The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

Unlock export funds tied up in four banks

Any barrier to exporters' operations should be removed

We are worried to learn that a significant portion of the Tk 10,000 crore Export Facilitation Pre-Finance Fund (EFPF)—established by the Bangladesh Bank to help exporters finance raw material imports through the banking system—remains stuck in four crisis-hit banks: Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, and Union Bank. According to a report in this daily, approximately Tk 3,035 crore remains unpaid to the central bank by these banks, which are struggling with severe liquidity shortages. This has made it difficult for other, sound banks to secure sufficient liquidity from the fund to lend to exporters for raw material purchases from foreign markets.

These troubled banks were previously controlled by the Chattogram-based S Alam Group, but following the political changeover on August 5, their boards have been restructured, removing S Alam's influence. Despite that, the banks continue to face a liquidity crisis that is affecting their depositors as well. Among them, only Islami Bank, which owes Tk 2,000 crore, is in a better state now, with the central bank officials optimistic that it may be able to repay its portion by December as its account balance improves.

The regulator introduced the EFPF in January last year to support export industries amid a persistent foreign currency crisis. Since then, it disbursed Tk 7,900 crore among various banks, while recovering Tk 3,200 crore in principal. Currently, members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), and B and C type industries in export processing zones (EPZs) are eligible for financing from the fund. Each borrower can secure up to Tk 200 crore through banks which are required to pay it back in six months. Without timely repayments by the banks, the fund cannot function as intended as this creates an artificial shortage of financing.

It is, therefore, important that the Bangladesh Bank takes measures to unlock the EFPF capital tied up in the troubled banks. One approach could be to facilitate strategic repayment arrangements, backed by partial guarantees, to ensure that the banks can gradually repay their dues while minimising disruption to exporters. It is equally important for the regulator to enforce tighter oversight over EFPF distribution to prevent future lapses, ensuring that the fund remains accessible only to responsible banks. Exporters are the backbone of our economy, contributing billions in foreign earnings and employing millions. Any barrier to their operations must be removed.

Policy shift necessary to solve gas crisis

Gas shortages hitting our industries hard

We are concerned about the acute gas crisis that has hit the country hard in recent times. While it has severely affected the industrial sector, the situation is also dire for households and filling stations in Dhaka and across the country, causing public sufferings. The condition of the industrial sector is particularly alarming, with textile and other factories being forced to reduce their production. The crisis is said to be increasingly severe in Gazipur, Narayanganj, Savar, Chattogram and Narsingdi.

Reportedly, our daily gas deficit is approximately 1.35 billion cubic feet, with industries receiving 30 percent less gas than their demand. Industry owners say they are having to run factories at additional costs for using alternative energy sources. If the situation persists, industrial production will face a severe crisis, potentially leading to many factory shutdowns. And if factories close or cannot pay salaries, a large number of workers may lose their income.

Among the affected industries, the textile sector is perhaps the most vulnerable, with its production down by 65 percent compared to the capacity. In many factories, gas pressure remains low or absent throughout the day, hindering production, while reliance on diesel instead of gas only inflates production costs. In Chattogram, the production of steel, cement, and glass is also being hampered by the gas crisis. Gas-based power plants are also struggling to generate electricity due to supply shortages. These plants require 1.2 billion cubic feet of gas daily to maintain normal electricity supply in the country, but they are currently receiving only about 920 million cubic feet.

The question is: why has the situation reached this critical point? Clearly, the previous government's flawed energy policy is to blame. The Awami League government focused heavily on importing LNG while overlooking exploration of domestic gas reserves, despite its significant potential. On the one hand, this negligence has led to reduced gas production; on the other hand, the demand for gas has increased, culminating in this acute crisis. Even importing adequate LNG has become difficult due to the dollar crisis. Many factories have already closed down due to these problems, and many owners are also contemplating keeping their operations shut, as remaining open leads only to losses.

Therefore, the government must urgently devise a solution to ensure adequate gas supply to the industries and households. For a long-term resolution, it needs to revise the energy policy, prioritising the exploration of domestic gas sources and reducing its over-dependence on imports.

CORRIGENDUM

In the article titled "An effective credit rating system could be a real game-changer," published by *The Daily Star* on October 31, 2024, the Credit Rating Agency of Bangladesh (CRAB) was incorrectly described as a regulatory body and a credit information provider, which it is not. We apologise for the error.

INTERNATIONAL DAY TO END IMPUNITY FOR CRIMES AGAINST JOURNALISTS

A moment for self-reflection

A CLOSER LOOK

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TASNEEM TAYEB

Revolutionary or not, transitions are messy. In Bangladesh, the recent political upheaval has revealed just how deeply entrenched the challenges for the press have been. But it gives us pause to face a harder truth: that the journalist community must take responsibility for its role in a media landscape shaped by fear, restriction and, at times, self-censorship. As we mark the International Day to End Impunity for Crimes against Journalists, this is an opportunity to not only demand justice for the crimes and repression they suffered, but also recognise where journalists have faltered—and where they must do better.

During the Awami League's tenure, the country witnessed escalating restrictions on freedom of speech and a constriction of press freedom. Intimidation, threats and lawsuits became common tools used to stifle dissent, yet these actions did not go unchecked by the media. However, too often, journalists and media institutions were hesitant to confront these injustices outright. Self-censorship—whether to avoid legal repercussions, or retain access to those in power, or simply out of fear—crept into the daily practice of journalism, subtly diluting the role of the press as a check on power. By choosing silence at critical moments or opting for softened critiques, journalism lost much of its power to rally people around the truth, to protect their right to know and, in essence, to protect democracy.

Today, as Bangladesh enters a new phase, our responsibility to confront this culture of silence and promote the practice of speaking fearlessly has never been greater. In the days following the Awami League's fall, journalists have been attacked, threatened and sued in various areas. On August 14, the Chittagong Press Club was stormed, injuring at least 20 journalists. Three days later, two Somoy TV journalists were beaten during protests in Sylhet. Several media houses were attacked and vandalised. These incidents, along with the ongoing assaults and arrests (at times in cases that look suspicious at best), remind us that the cost of pursuing truth can be high, especially in times of political transition.

It is a shame that even as we have ousted a fascist regime after a decade and a half of persecution, coercion and suppression, we have not been able to create a conducive environment where journalists can go about doing their work without fear or favour. Even today, we see journalists being assaulted by criminals, harassed or threatened on social media, or put behind bars, while known criminals are getting out on bail. In the aftermath of August 5, many journalists have remained missing in action. Have they gone into hiding? If yes, why? If not, have they been subjected to enforced silence? We do not know the answer, but this is something worth reflecting about.

The path forward is clear: journalists must step up to fulfil their role with renewed commitment. Journalists today must be both defenders of truth and advocates for change within the profession and in the wider society. Speaking out against abuses and holding power accountable is no longer optional or contingent. It's essential. By doing that, they can reinforce the standards of integrity, courage and transparency that are the cornerstones of a democratic press.

We must remember that journalists are more than just enablers of the fourth estate; they are essentially historians in their own right—recording facts, documenting truth for the future generations to study, and analysing the past. But if we can't be vocal when we should raise our voice, or if we opt for vague narratives when we should point to specifics, we would essentially be playing a role in the distortion of history that our children will identify with us and our actions.

International organisations, including the IFJ, BMSF, and the United Nations Commission on Human Rights, are all calling for journalists' safety and accountability for crimes against the press, but these calls are most powerful when matched by journalists' actions. The interim government has a duty to protect journalists, but we must demand this protection, shoulder-to-shoulder, as we insist upon the right to report and comment freely. Importantly, a media reform commission has been recently formed as part of efforts to introduce much-needed changes in various key sectors. This commission must prioritise the need to uphold the freedom of the press and the security of journalists, so they are able to do their job without fear of unjust repercussions from those with influence.

Transitions, as I already said, are indeed messy, but they bring opportunities for change. Our nation deserves a press that does more than report; it deserves a press that illuminates, empowers, and inspires. To rebuild the trust that has been eroded over the years, journalists must now be part of the solution, creating a culture where speaking truth to power is the expectation, not the exception.

The time for action is now. Let us confront our past shortcomings and rise to the challenge ahead. The people of Bangladesh deserve better journalism, and we owe it to them to be fearless in this pursuit.

FILE VISUAL: **SALMAN SAKIB SHAHRYAR**

COP29 and the stakes for Bangladesh

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MIZAN R KHAN

The 29th Conference of Parties (COP29) to the UN Framework Convention on Climate Change (UNFCCC) will be hosted by Azerbaijan, beginning on November 11. We all understand that COP29 will mainly focus on climate finance. There are reasons for this: no substantive progress has been achieved so far, despite having 11 so-called expert dialogues for the last three-plus years. A new collective quantified goal (NCQG), keeping the long-pledged $100 billion as the floor, is to be agreed by and during COP29. But no silver lining is yet in sight.

The second issue of urgency at COP29 relates to completing the operationalisation of Article 6 of the Paris Agreement, which is about emission reduction through market and non-market mechanisms. Article 6 allows parties to voluntarily enter bilateral or multilateral cooperation as buyers and sellers to implement their nationally determined contributions (NDCs). Such cooperation can take three forms: cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMO, Article 6.2) in a decentralised manner; use of a centralised mechanism to contribute to GHG mitigation (Article 6. 4), which replaces the Clean Development Mechanism (CDM) under the Kyoto Protocol (both mechanisms must ensure environmental integrity through robust accounting and corresponding adjustments by both buyers and sellers); and non-market approaches (NMAs), under which developing countries can mobilise finance through performance-based implementation of emission reduction policies and programmes, under Article 6.8.

COP26 adopted guidance on cooperative approaches under Article 6.2; rules, modalities and procedures (RMPs) for Article 6.4; and a work programme on NMAs under Article 6.8. However, COPs 27 and 28 failed to complete the operationalisation of Article 6.2 and 6.4 because of differences among parties about the level of transparency and coverage of areas for trading. For example, no decision could be reached yet on the agreed electronic platform (AEP) under Article 6.2. The Azeri Presidency apprears determined to complete the process.

So, it is time for Bangladesh to consider a strategy of negotiation on Article 6. Experience in emissions trading shows Bangladesh as a front-runner among the LDCs, which could mobilise projects under both the Kyoto Protocol and the voluntary carbon market (VCM), which allows industrial country emitters to offset their emissions by purchasing reduction units, called certified emission reduction (CER) from projects in developing countries. The projects in Bangladesh, similar to other LDCs in some regards, involved brick kilns, waste management, clean cooking, control of methane and leakage of gas, and others. Reports show that, unlike in the CDM where LDCs were very marginal—only three percent share of global CERs—they command 37 percent of market share when it comes to VCM.

Why is there this front-runner status of LDCs in VCM? First, sellers from LDCs are induced for short-term gains, as buyers from developed countries are out to get cheap harvest from the LDCs, which are easy to identify and quantify. This will leave for them the higher cost mitigation options in the future. Second, the distribution of benefits is unequal between buyers and sellers, with a layer of intermediaries like project developers, brokers, resellers, funders and consultants creaming off the major share. Third, the process is opaque in terms transparency about who gets what and how much. This was the reason why no consensus on AEP under Article 6.2 could be reached yet. Still, many LDCs entered into such unequal exchanges based on inadequately informed decisions due to weak institutional and individual capacities and knowledge. But emissions trading is perhaps the most complex, technical and knowledge-intensive area.

In actuality, the largely opaque carbon market inhibits a realistic assessment of resources, transferred so far to the LDCs including Bangladesh. A Carbon Market Watch report indicates the market value of LDCs from emissions trading amounted to around $400 million in 2023, where the bulk of projects has been clean cook stoves. But in other developing countries, renewable energy, wind power in particular, formed a major share of the VCM market.

Therefore, the mobilisation potential of finance under carbon market is measly compared to other flows such as overseas development aid (ODA).

There could be other negatives in carbon trading as well, affecting the LDCs. Investment in mitigation, which is already more than adaptation even in LDCs, may create additional incentive for buyer countries to further redirect ODA towards Article 6.2 activities, scaling their relabelling as climate finance in coming years. Also, the exemption of five percent of levy from projects under Article 6.4 in the LDCs and SIDS (Small Island Developing States) may be viewed as an additional contribution of donors for adaptation. This might be true only if such exempted levies are deposited directly into their national adaptation funding mechanisms. But, participation in carbon markets may contribute better to structural transformation of our economies if more projects are initiated in renewable energy and energy efficiency areas.

It is encouraging that in late June this year, the Bangladesh government issued a notification for establishing a National Designated Authority (NDA) on Article 6, to develop the required policy-institutional framework and build capacity for carbon pricing and emissions trading. Additionally, there are a number of projects, such as the joint crediting mechanism, with Japan or the World Bank supported Partnership for Market Implementation. These projects will contribute to a learning by doing process as well.

So, my final suggestion is to have a cautionary approach, with a "wait and see" policy. Negotiations on Article 6 are not yet complete. Currently, the average price per CER (one metric tonne) is below $10. Once Article 6 is fully operationalised, demand for CERs may push the price up by several times. In the meantime, our newly established NDA could design appropriate frameworks and build capacity, while the private sector may lead in project development with external partners.

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