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

Brace for a COVID-dengue double blow

Proper measures needed to prevent potential outbreaks

We are alarmed by the simultaneous resurgence of COVID and dengue at a time when the healthcare system and the government arms responsible for managing them remain quite unprepared. Of the two health threats, the rise in coronavirus infections—returning after a gap of several years—is particularly concerning, given how far behind public hospitals are in resuming basic testing services. If this situation persists, in an environment proving to be conducive to the spread of these infectious diseases, there could be simultaneous outbreaks, taking things out of control.

Currently, as per a report, over 90 percent of COVID tests are being conducted by private hospitals. In the first 15 days of June, tests were carried out at 20 hospitals, of which only three were government-run. This is because most government hospitals are still unable to conduct testing, with many requiring recalibration of long-unused equipment or facing a shortage of trained technicians in part due to the expiry of a major COVID support project. Although some government hospitals have received test kits and announced plans to resume testing, many have yet to begin. Meanwhile, 11 medical colleges outside Dhaka were instructed to reactivate their RT-PCR facilities. Given that the extended Eid holiday has only just concluded, some delay in resuming or upgrading services is understandable, but we urge swift progress.

Between June 5—when the first COVID death was recorded after the gap—and June 15, there have been four coronavirus-related deaths. As data on infections shows, the virus is quietly regaining ground, and with the Eid holiday now over, and increasing risks of community transmission in public spaces drawing large footfall, there could be a significant uptick if proper measures are not taken. Reports from neighbouring countries about a surge in infections caused by new coronavirus sub-variants also underscore the risk.

Equally worrying has been the parallel spike in dengue cases. From March to May, the number of dengue patients doubled each month. In the first half of June, 1,643 new cases were reported, which is nearly the same as May's total. The dengue risk is particularly grave outside Dhaka where current weather patterns—with excessive rain and humidity—as well as insufficient mosquito control measures in the absence of elected representatives have created an ideal breeding ground for Aedes mosquitoes. What makes this situation more alarming is the simultaneous resurgence of coronavirus. Their convergence is bound to have a debilitating effect in areas already underserved by local health infrastructure.

We, therefore, urge the health authorities to expedite their preparations. Without proper interventions—such as mass awareness campaigns, improved testing and treatment facilities, and aggressive mosquito control drives—we risk repeating the mistakes that made previous outbreaks so deadly. Raising awareness is also crucial as most people still seem unaware of the health risks and protocols.

Alarming increase in default loans

BB must take strict policies to improve banking sector's health

We are concerned about the rising volume of bad loans in the banking sector, which reached a record Tk 420,335 crore at the end of March. This accounts for 24.13 percent of the sector's total loans of Tk 17,41,992 crore. In other words, nearly one-fourth of all loans have become defaulted, which is staggering. According to the latest central bank data, state-run banks had bad loans amounting to Tk 146,407 crore, making up 46 percent of their total disbursed funds, while private banks faced Tk 264,195 crore in defaults, or 20.16 percent of their loans. Moreover, foreign banks had Tk 3,239 crore in bad loans, while specialised banks had Tk 6,494 crore. Additionally, the banking sector faced a provisioning shortfall of Tk 170,666 crore, further weakening its financial stability.

It should be mentioned that this increase in bad loans is largely the result of irregular lending practices during the now-ousted Awami League government, which are now turning into defaults. Reportedly, the rise in defaulted loans has been driven by various factors, including the rescheduling of term loan maturities through a central bank directive, the reclassification of large loans from certain clients as substandard by the Bank Inspection Department, the failure to reschedule existing loans, delays in repaying instalments of rescheduled loans, and the accrual of interest on already classified loan accounts. The recent tightening of loan classification rules has also contributed to this surge. Whereas previously loans were classified as overdue after 270 days, starting from April 2025, they are to be classified as non-performing after just 90 days. In some cases, defaults have also occurred due to genuine business struggles under global economic pressures.

When the Awami League assumed power in 2009, the total volume of defaulted loans stood at just Tk 22,481 crore. Since then, the amount has risen steadily. Economists allege that influential figures close to the then-government siphoned large sums from banks through irregular means, much of which was laundered abroad. Moreover, the government allowed banks to conceal the true scale of the crisis. Political appointments, manipulative accounting, nepotism, and a lack of transparency in lending during the AL tenure contributed significantly to the sector's current instability.

We urge the government to take stringent measures to address the growing crisis of non-performing loans. It must act decisively against habitual defaulters and improve financial governance in the sector. At the same time, credible businesses should continue to receive necessary support, while efforts must be made to steadily reduce the volume of bad loans.

THIS DAY IN HISTORY

Mumtaz Mahal dies

On this day in 1631, Mumtaz Mahal, wife of Mughal emperor Shah Jahan, died during childbirth, and in her memory he built the Taj Mahal.

We must reform the health sector to ensure equity

Mamun Rashid, *an economic analyst, is chairman at Financial Excellence Ltd and newly former managing partner at PwC Bangladesh. He was engaged with Bangladesh healthcare industry review and review of the health budget utilisation under the Sixth Five-Year Plan.*

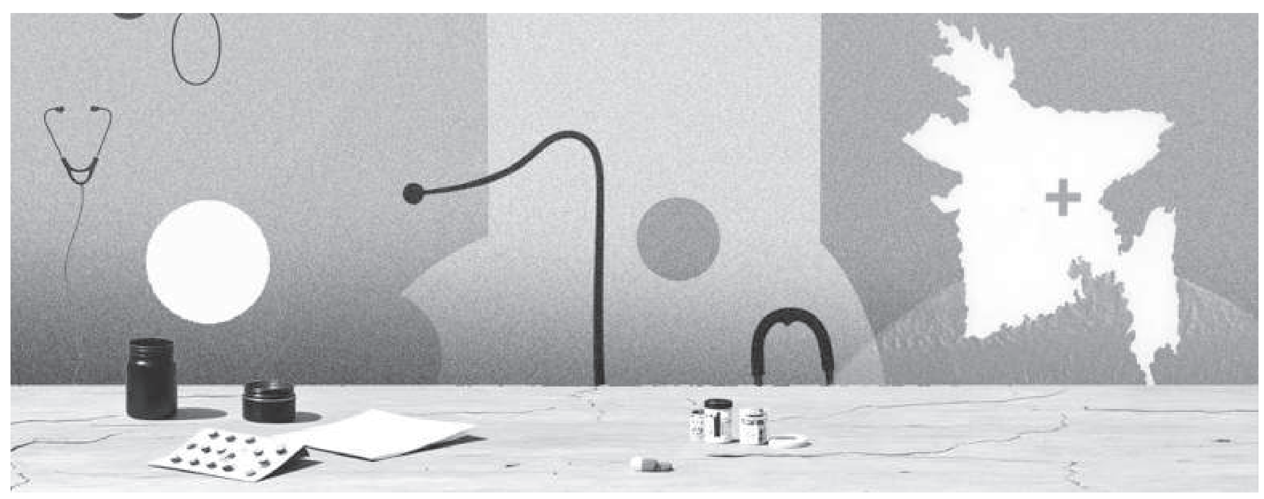
MAMUN RASHID

In a small village in northern Bangladesh, a mother holds her sick child close, waiting for the only health worker who visits the area once a week. This is not just one family's story but the daily struggle faced by thousands around the country. While Bangladesh has made progress in some health indicators, the ground reality tells a grim story. Especially in rural and low-income areas, people continue to suffer due to a lack of basic medical services. The system is burdened with limited funding, staff shortages, and services that fail to reach those who need them the most. If you are lucky enough, you get a doctor to write you a prescription, and most of the medicines you need will require spending money from your own pocket. If you are extraordinarily lucky, you might get some medicines from the hospitals, but they will likely be of low quality and at times may even be adulterated.

Despite so much talk about development in Bangladesh, healthcare remains one of the most neglected sectors. In the outgoing national budget, an allocation equivalent to only 0.74 percent of the country's GDP has been set for public health. This is way below the five percent allocation recommended by WHO. As a result, most patients here are forced to pay out of their own pockets when they need treatment. In fact, in Bangladesh around 68.5 percent of all health spending comes directly from the patients—one of the highest rates in the world. For the poor, this often means choosing between medicine and food. Our health ministry is one of the top ones that don't have a good track record of spending their budget allocation efficiently, not to mention the rampant corruption and malpractices contaminating its activities.

If someone living in an upazila or union falls ill, finding proper treatment can be a huge challenge. Union-level health and family welfare centres are supposed to provide basic care, but many are not functioning properly. The 2022 Bangladesh Health Facility Survey found that a significant number of public healthcare facilities across the country face severe shortages of trained staff, equipment, electricity, and medicines. These gaps have left large sections of our population without access to even the minimum healthcare support.

To address these long-standing problems, the Health Sector Reform Commission has made some serious recommendations. One of the core ideas is that primary healthcare should be recognised as a basic right under the constitution. This would mean providing free and essential health services to all citizens—whether they live in Dhaka or in a remote char area. If implemented, this move could bring real change to how healthcare is delivered across the country.



VISUAL: **SALMAN SAKIB SHAHRYAR**

The commission has suggested forming an independent national health commission that would monitor reforms, ensure transparency, and make health governance more accountable. It also proposes setting up a separate and autonomous health service authority to improve professionalism and reduce political interference in the health sector. A dedicated public service commission for healthcare recruitment would ensure that only qualified and committed individuals are brought into the system. Moreover, multiple government agencies dealing with healthcare should be brought under one umbrella, specifically under the Directorate General of Health Services (DGHS), to reduce overlap and confusion.

Healthcare for women, especially in rural Bangladesh, has long been overlooked. The commission has recommended setting up a national institute for women's health that would focus on issues like maternal care, safe childbirth, family planning, and diseases that particularly affect women. This is long overdue and would mark a significant step towards making healthcare more inclusive.

To decentralise healthcare, the commission recommends forming 11 regional health authorities at the divisional level. These bodies would take local-level decisions and speed up services. In cities, it proposes that primary healthcare centres be managed at the ward level, ensuring quicker access to services for urban poor communities who often fall through the cracks.

Another vital area is medicine. The current system allows pharmaceutical companies to influence doctors with gifts and incentives, pushing branded drugs over more affordable generics. The commission has rightly suggested banning such practices and encouraging doctors to prescribe using generic names. It has also proposed a nationwide pharmacy network that will make essential medicines available either free of cost or at subsidised rates, which could be a game changer for poor households.

Let's also, with all due respect, talk about ensuring minimum possible governance structure and regulatory framework for prescribing and known-to-be-specialist doctors. There have been countless allegations that many of them have the tendency to prescribe more than required medicines to their patients, and more so rampantly recommending antibiotics without even recognising drug allergies and sensitivities. They allegedly don't even ask the patients if they have an allergy or what medicine they have used previously for the identified problems. As many experts have pointed out, this can create havoc on the patients' overall well-being, sometimes causing detrimental effects. Despite these dangerous practices, we seldom get to know any prescribing doctors being held to account. Many such specialists are also short on the communication to critical patients and/or their relatives. Medical communication is one important area where most doctors lack skill.

Implementing major ideas to improve our healthcare industry will no doubt not be easy. It will require political willingness, adequate funding, and sincere coordination among the ministries and agencies including rights bodies, may be the media as well. Health has never received the budget or more importantly the attention it truly deserves. That needs to change. The interim government now has a unique opportunity to start this transformation, and political parties engaged and to be engaged in this value chain should support these reforms for the benefit of the people.

The future of healthcare in Bangladesh depends on whether we can move beyond words and take real action. Whether someone lives in a high-rise building in Dhaka or a flood-prone village in Sirajganj, they deserve the same care and empathy when they fall sick. Overhauling our healthcare system is not just about building hospitals or appointing doctors. It is about fairness, compassion, and building a system that works for everyone with minimum possible responsibility. Only then can we say that our society truly cares for its ailing people.

Bangladesh's energy policy raises more questions than it answers

Shafiqul Alam *is lead energy analyst for Bangladesh at Institute for Energy Economics and Financial Analysis (IEEFA).*

SHAFIQUL ALAM

The government's approval of a new renewable energy policy, which sets higher targets of 20 percent and 30 percent electricity generation from renewables by 2030 and 2041 respectively, is a welcome step towards advancing the energy transition. However, despite these enhanced commitments, a lack of support mechanisms and persistent policy inconsistencies continue to hinder progress in the renewable energy sector.

While the national budget for fiscal year (FY) 2025-26, unveiled on June 2, articulates an ambitious vision of building a society based on "three zeroes"—zero poverty, zero unemployment, and zero net carbon emissions—it fails to offer incentives for the private sector to scale up renewable energy deployment.

In parallel, the government has made sweeping changes to the energy and power sectors. It repealed the Quick Enhancement of Electricity and Energy Supply Act (QEEESA) 2010, which previously allowed unsolicited project proposals without competitive bidding. It has also suspended renewable energy projects that had received Letters of Intent (LOIs) under QEEESA before August 2024. Additionally, the government floated four tender packages for renewable energy projects totalling over 5,000 megawatts (MW) in capacity but removed the payment guarantee clause. Such abrupt policy shifts raise serious concerns for investors.

The recent announcement to build a new coal-fired power plant to generate cheaper electricity than oil-fired peaking plants further highlights the lack of policy coherence. A baseload coal plant is unlikely to reduce the share of oil-fired generation and may instead exacerbate the sector's overcapacity, especially amid sluggish power demand growth.

Proposed budget fails to incentivise renewable energy

While solar power can reduce reliance on expensive oil-based generation, the proposed FY2025-26 budget does not include any incentives to promote solar or other renewable technologies. It also excludes the Tk 100 crore ($8.2 million) in renewable energy funding that was allocated in the previous year's budget. This disconnect between the government's stated ambitions and actual fiscal measures undermines momentum in the renewable energy space.

Abrupt policy changes dent investor confidence

The sudden shift to competitive bidding and the suspension of more than 30 renewable energy projects have cost developers dearly, as many had already invested substantial time and resources in land acquisition.

Furthermore, the exclusion of an "implementation agreement clause"—a provision akin to a payment guarantee—from the tender documents has negatively affected project bankability. Developers may now struggle to secure debt financing. The issue is already visible: Bangladesh failed to attract bidders for the first tender package of 12 projects totalling 453 MW, leading the government to extend the submission deadline six times.

Although 20 local companies ultimately submitted proposals, no foreign firms participated. This lack of foreign interest signals serious challenges for Bangladesh in achieving its 6,145 MW renewable energy target by 2030. Reaching this goal would require annual capacity additions of around 750 MW between July 2025 and December 2030. With the country's current renewable energy capacity at 1,562 MW—and only 400 MW of utility-scale projects under construction—domestic capital alone will not suffice. Foreign investment, along with support from multilateral and bilateral development partners, will be critical.

New coal plant will strain the power sector

In June 2021, Bangladesh scrapped 10 coal-fired power projects due to concerns over excess capacity and the growing difficulty of securing funding, especially from institutions focused on environmental, social, and governance (ESG) criteria. The move was also presented as part of the country's enhanced greenhouse gas (GHG) mitigation efforts, raising hopes for an accelerated renewable energy transition.

Fast forward to June 2025: the current government is now reconsidering one of the scrapped plants and plans to build a 1,200 MW coal-fired power plant in Matarbari, next to an existing plant. Although the rationale is to generate cheaper electricity compared to oil-based generation, this logic appears short-sighted.

Bangladesh's peak electricity demand declined by around 1.1 percent in 2025 compared to 2024—falling from 17,200 MW to 16,999 MW. With more than 7,000 MW of baseload capacity already under construction, adding another coal plant will only worsen the country's reserve margin, which currently stands at around 61 percent. This surplus will further strain the power sector's finances as capacity payment obligations rise in the absence of sufficient demand.

The decision also contradicts the GHG mitigation pledge made in 2021 and risks damaging Bangladesh's credibility in the eyes of investors and development partners.

As the government finalises the FY2025-26 budget, it should reconsider introducing a dedicated renewable energy fund and reinstating the Tk 100 crore allocation. It should also waive import duties on components used in rooftop solar systems.

Achieving Bangladesh's renewable energy targets will require not only sustained fiscal support but also a stable and predictable policy environment. Avoiding abrupt policy reversals is essential to attract long-term domestic and foreign investment.

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