

Crime and reward: Immunity to the World Bank

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It seems that the World Bank has become impatient to get complete immunity in Bangladesh. Why? What it has done that it needs immunity to save its skin? Why is the government moving fast to give complete immunity to the World Bank? What makes the champion of transparency and development nervous of the court and public scrutiny? Is it only to keep reported internal irregularities under the carpet, or more? We are concerned for reasons I would like to explain.

The International Monetary Fund (IMF) and the Asian Development Bank (ADB) were given full immunity in 1972 and 1973; the World Bank was then given partial immunity. Now the government of Bangladesh has taken an initiative, not to correct the wrong, but to complete the wrong, to give full immunity to the World Bank.

Since then the World Bank, along with IMF, ADB, and other international agencies, has been playing a leading role in formulating policies and monitoring implementation of its agenda. In different ways it has been working to influence the direction of the economy of countries like Bangladesh according to the needs and ideology of global power.

Projects of development or destruction?

We have thousands of projects conceived and monitored by the World Bank and/or its allies in different fields for energy development, poverty reduction, forestation, flood control and irrigation, education, health, industry, financial sector, etc. We are overburdened by loans and our hard-earned foreign currency goes to pay the interest every year. But what brings the projects? What results came from these projects? We have plenty of projects and we have increased number of people living under poverty line, we have permanent water-logging and more frequent floods after implementing several flood control projects, we have arsenic in the water around the country after successful and failed implementation of projects of ground water, we get monocrop after losing diverse agriculture and poisonous production boom through implementing projects in agriculture, we lost our authority over our natural gas resources and we now pay more for gas and electricity after implementation of energy projects, we find huge coastal area permanently damaged after implementing shrimp projects, we find loss of natural forests because of implementing foreign currency earning projects, we have vulnerable public sector education and health to see growth of handicapped but expensive private sector, we find basic industry like steel mills and large jute mills closed after implementing projects concerning growth and industry! People have been suffering, the material and human loss is uncountable. People of Bangladesh are made more indebted for these projects and made more vulnerable. But, we know, there are beneficiaries of these projects. The rich and powerful, local and foreign, have gained a lot from these. The vulgar growth of super rich in a "poor" country has direct links with these projects.

Then who will be accountable for these projects? What about the evaluation of the past not to repeat disasters? No money, no initiative from the powerful for that. Projects, bigger is better, bring money, bring beautiful cars, and give fatty lives to consultants, commission agents-ministers-bureaucrats and business elites. Projects like the above ensure market for big corporate bodies, projects helps to expand space for them, it gives a heavenly life for international consultants and bureaucrats of agencies like the World Bank. In the latest move by the agency, PRSP (read: poverty re(production) strategy paper), a new comprehensive assault on the people is on the making in a similar line of the "development efforts" so far. The local beneficiaries are also excited about that.

Steps towards grabbing

We have plenty of records to show the real direction of the projects and the face of the development agencies. I have written earlier on manufacturing sector, water and flood control projects, and on production sharing contracts (PSCs). Here let me shed some light on a specific area -- energy sector, the area of power and gas -- to understand the steps of the agency.

First elaborate discourse by the World Bank on Energy sector of Bangladesh was made in 1982. It was a report of the Joint World Bank/UNDP Energy Sector Assessment Program. The report was kept secret in the same line with most of other reports of these agencies. This report was based on the findings of the Energy Assessment Mission undertaken during October 1981. The report seemed certain about the size of the gas reserves, even though no scientific analysis was cited. Even 10tcf gas was considered as "substantial economically recoverable natural gas reserves" and according to their estimate "at present consumption levels would last for several decades." The report also suggested creating atmosphere to entry of multinational oil companies. Moreover, it continued, since "the supply of gas is likely to remain well in excess of Bangladesh's expected internal needs for a substantial period of time" they offered different export options including "export gas through a pipeline to India." So, the issue of disastrous production sharing contracts and exporting gas is not a recent phenomenon, the option was prescribed two decades ago by the World Bank, et al.

A similar scenario can be seen in power generation and distribution. How the government, Rural Electrification Board (REB), and Palli Bidyut Samity (PBS), have been coming into terms and where the World Bank and its window International Development Association (IDA) stand in the process are matters of importance to understand the "development" in power sector. Both REB and PBS were born through earlier projects. Agreements with IDA and undertakings obtained from the government might help in this regard. According to the agreements, the report of the World Bank of 1982 says: "(1) GOB will lend Credit proceeds to REB, and REB will transfer assets to PBSS, on terms satisfactory to IDA, and the local component of project cost will be provided by GOB to REB as a grant. (2) GOB will cover any

deficit from REB's operation in future. (3) GOB will initially subsidize the difference between an agreed bulk tariff for BPDB supply to PBSSs, and PBS payments based on their ability to recover costs, according to a formula satisfactory to IDA. (4) GOB will submit to IDA, by December 31, 1982, a satisfactory formula to calculate and adjust the BPDB bulk tariff to PBSSs, and BPDB to implement it thereafter." The

production and distribution, was also given the same task. As a consequence, Bangladesh Power Development Board joined Petrobangla in incurring losses. This pattern was already evident by 1998. Since then, the World Bank and the Asian Development Bank have applied pressure to ensure payments occurred to the multinational corporations. This is usual lobbying. It should not be taken as

Step 3: Constant advocacy for raising price of gas and electricity.

Step 4: Gas blocks awarded to the MNCs. According to the contract, Bangladesh is bound to purchase its own gas with more than double of present price and with foreign currency. National exploration agency has been kept idle. Budget deficit and negative effect on foreign exchange reserve increased. Similar things happened

goods, (3) hard earned currency being used to purchase gas and electricity which could be bought with local currency at a much cheaper rate, (4) dismantling of local production skill and exploration establishment, (5) losses of BPDB and Petrobangla becoming huge, (6) common property becomes private property being used to maximise profit, and (7) public resource like natural gas

tion in Bangladesh and elsewhere. Wrong! History and geography show that never and nowhere the World Bank feels happy with the governments who really want to end corruption. Corruption is huge in Bangladesh, but that is why the Bank finds here very strong support base. How can institutions like this survive without the life-support of corruption? How can otherwise the projects World Bank pursues be endorsed?

In fact the World Bank does enjoy the status of "sovereign body" -- entering everywhere -- but no accountability. It appears that the agency needs now to have that status as legally valid.

The present government's move to give immunity to the World Bank is not inconsistent. It is also consistent with its recent agreement with the US government to give immunity to US nationals (especially US army). Government spokesmen, ministers Saifur Rahman and Moudud Ahmed in particular, recently defended strongly the immunity move by saying that responsibility for all the projects lie with the government. Very much true, indeed! The governments, present and past, are primarily responsible for all disasters made through development projects and otherwise. They must explain and should

stand before trial. Then why the immunity law? Why legal procedure is being restricted? Let the court identify responsible parties and the degree of their crime.

We understand their problem. A coalition is there which smells trouble in the air. World Bank along with other agencies, local policymakers i.e., ministers, bureaucrats, consultants, and commission agents are the honourable members of the coalition. It seems that all of them need to keep all things away from any public scrutiny; they need to seal for ever the possibility of opening the Pandora's Box to show the ugly truth!

But even if the government gives immunity, the people will not. There are a number of public trials already held in different parts of the world. The number will increase at a faster rate. Global institutions like the World Bank, by their worldwide similar operations, invite affected billions of people to raise voice against them, to create global resistance. Immunity will not be able to save them from that people power, nor will the local goons and beneficiary groups be spared forever.

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agreement confirmed all conditionality of the World Bank to begin a "power transmission network" with the government and the BPDB as the bearer of all excess costs "satisfactory to IDA." Huge subsidy from the people to the corporate bodies!

In October 1996, as a follow-up of similar other projects, the government approved a private sector power generation policy (PPGP). Its essence was that new power generation capacity would be created through multinational corporations in power sector usually called as Independent Power Producer (IPP). And the new power generators would be constructed on a Build-Own-Operate (BOO) basis. Although there was "absence of prior experience by the Power Cell (a newly set window under energy ministry, GOB) in dealing with IPP projects" projects have been taken temporarily by the Bangladesh Power Development Board (BPDB) "in inviting and finalising bids from IPPs." Finally, the World Bank made its expectation clear that in the future only the Power Cell would be processing Independent Power Producer projects.

To make investment in Bangladesh's power sector an attractive opportunity for multinational corporations, the World Bank offered a number of prescriptions in 1997. These included: (1) the commercialisation of BPDB's generation assets and establishment of profit centers; (2) the commercialization and corporatisation of the distribution units; (3) private sector participation by way of rehabilitation, operation and maintenance (ROM) contracts in selected profit centers; and (4) BPDB's proposed direct investment in four public sector power generation projects (Barapukuria coal based, Shahjibazar, Baghabari, Sylhet gas turbines) to be postponed and these to be carried out through IPPs. These asked, in clear terms, to dismantle another public sector institution and to clear path for the multinational companies in power sector, i.e., IPPs and to subsidize these efforts by public money.

Things proceeded accordingly. After IPPs were given contracts the cost of electricity to the citizens of Bangladesh, as happened with the gas, also increased by more than 200 percent. And similar to the experience of the state agency for gas exploration and distribution (Petrobangla), which was given responsibility to purchase gas from multinational oil companies at a higher price with foreign exchange, BPDB, the state agency for power

surprising that the Bank kept mum on the compensation payment from UNOCAL to Bangladesh due for many years which is more than Tk 60 billion. On the contrary, it put all strength to close down Adamjee jute mills and throw about 100,000 people under the poverty line, accusing it for making loss of Tk 12 billion in 30 years!

Since the mid-90s, foreign direct investment increased dramatically. Presence of multinational corporations (MNCs) in gas, electricity, hybrid and telecommunication became visible, and new contracts were being signed in gas, telecommunication, and power sectors. After working long to pave the way for this anti-development foreign direct investment, the World Bank shifted its emphasis for gas sector. In 1999, the World Bank stated that the nature of foreign direct investment "has implied little augmentation of foreign exchange reserves" because "the bulk of FDI in the power sector so far is made up of imports (e.g. pre-fabricated barge mounted power plants); so are capital costs of IOCs engaged in the gas sector, and much of the foreign investment and lending in the telecom sector finance imports of telecommunications equipment."

The World Bank, therefore, made it clear that, "the import intensity of FDI inflows and subsequent profit repatriation and interest payments imply a worsening current account deficit associated with FDI." In order to understand reasons behind the Bank's unusual recognition of adverse effects of foreign direct investment in Bangladesh one has to go further to read their suggestion: "there is no discernible accumulation of foreign exchange reserves in the absence of gas exports." The prescription offered in 1982, i.e., export of gas, appeared as a compulsion in 1999.

Therefore, if we sketch the steps taken by the World Bank and its allies in the energy sector we find the following:

Step 1: Study on energy to provide a policy prescription to restructure and downsize public institutions in order to create space for others.

Step 2: Argument followed that the foreign private investment would provide an inflow of foreign currency, would ensure remarkable development of the energy sector and would contribute to develop other sectors as well. Precondition of this was to downsize or dismantle public institutions.

in power sector.

Step 5: Further increase of the price of gas and power, export of gas are prescribed to avert further crisis and to ensure further development.

The results of these steps have been disastrous for the economy and the people. Because, (1) price of gas and power on a continuous increase, as a result of which (2) cost of production in every level increased which resulted in fall in competitiveness of Bangladesh

becomes huge liability.

This is a pattern of doings of the World Bank and its allies, a "road map" to ensure businesses to big corporate bodies by creating a myth that they are working for the people and development of the poor countries.

Corruption and immunity

The World Bank always tries to make point against corruption, tries to show that they are pursuing programmes to curb corrup-

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