

The Padma Bridge saga

ZIAUDDIN CHOUDHURY

THE World Bank announcement canceling the \$1.2 billion credit to Bangladesh for Padma Bridge construction may have shocked most people in Bangladesh. However, it is no surprise to the people, either at the World Bank or at the other development agencies, who have been monitoring Padma Bridge development over the last one year or so. I can understand the shock and surprise of the average person in the country, but I cannot understand why those who had been involved in discussions with the World Bank through the run-up to the cancellation announcement should be surprised or pretend to be surprised.

The Bank first communicated with our government on the reported foul play in the bidding for hiring management consultants for the project and the findings of the institution on suspected shenanigans by some of our top public servants as early as September, 2011. Instead of working with the Bank on this reported misconduct and illegality, and carrying out an impartial investigation, our response has been a stubborn denial of any wrongdoing and defense of the persons accused of corruption.

Instead of removing this cloud of suspicion of misdeeds and examining the evidences proffered by the Bank through a mutually acceptable third party, we engaged our own investigators who have defined limits and authority to operate. We did not seem to care whether the investigation could be fair or impartial when the people suspected of perpetrating the alleged misconduct were kept in positions of power and authority. Should we be surprised that the World Bank cancelled the Credit?

I understand the discomfiture and indignation of our senior public servants and national leaders at the disassociation of the World Bank from such a nationally important project. And that too on charges of venality by some public servants tasked with implementing the project. But could we not have avoided this discomfiture and indignation by taking actions to make right what went wrong? No country wants to be dictated on how to conduct its policies, let alone how to govern. However, when a country asks for partners to assist in its development, it consults with the partners and takes their advice.

The World Bank has been Bangladesh's development partner since our independence. It provides a

major part of funds for our annual development programmes. Most of our major development projects carried out in last forty years were spearheaded by the Bank.

The financial assistance that comes from the World Bank is actually funded by the International Development Agency (IDA), the low-cost financing arm of the World Bank Group. The financial assistance, called Credit, bears no interest and is repayable over 30-40 years. Each Credit has a small commitment fee. IDA Credits are available to low-income

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countries of the world. Bangladesh is among fifty or so low-income countries that currently receive this type of assistance. The World Bank assistance for Padma Bridge was also a no-interest Credit for \$1.2 billion. A major fallout of this cancellation is that we have to seek an alternative source, but at a higher cost.

Cancellation of a loan or IDA Credit is a loss to the Bank also. It takes months or even years to take a project to a stage where it can be properly appraised, and later approved, by the Bank's Board of Directors. Enormous amount of resources in money and staff time are spent in bringing a project to the final stage. The Bank gets no delight in canceling a project. In fact, very few projects have been canceled or suspended in recent times by the Bank on charges of corruption or foul play -- the last major project where the Bank did so was the Chad-Cameroon Oil Pipeline. The loans and credits funded by the World Bank form the principal assets of the Bank. No entity

would like to erode or diminish its assets.

The decision for cancellation of the Padma Bridge Credit must have been a tough one for the Bank. It was based on hard findings of the Bank's Integrity Vice-Presidency (INT) -- the unit that is tasked with dealing with charges of corruption and misconduct in Bank Group financed projects. In FY10, INT managed a case load that spread across 84 countries and 260 projects, all while closing investigations well under targeted timeframes. As a result of INT's investigative work, the Bank Group in FY10 debarred 45 firms, individuals and non-governmental organisations.

The World Bank had presented the findings of INT on alleged misconduct and improper dealings in Padma Bridge management contract bid to our government, and had been holding discussions for an amicable resolution. It is our misfortune that we failed to show serious interest in our follow-up to these findings by holding an impartial third-party investigation. We were given opportunities but we did not use those to our advantage. We buried our heads in the sand, and expected that we would tide over these accusations and get the Credit back when a new administration took over at the World Bank. But we do not know that policies never change in international organisations with every change in leadership, unlike in some countries in our part of the world.

Self-righteousness works when one does not need the help of others. It works poorly when a country needs every support it can garner to serve its poor masses. When our capital investment for infrastructure requires massive financing from external partners we cannot afford not to listen to their advice. The World Bank may have canceled the IDA Credit because it thinks this is the best way to respond to our seeming unresponsiveness. But the door need not be closed forever, if we realise that for the greater good of the country and our people we have to take some bold and corrective steps. A nation's interest is much more precious and our people's future is much more important than preserving the interests of an individual or a few people.

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The writer is a former civil servant and a World Bank retiree.

India politics: Back to the future

AMULYA GANGULI

IT'S now or never for Manmohan Singh. Unless he shows the courage to push through the economic reforms and not succumb yet again to Sonia Gandhi's pressure to go easy on them, the country is doomed. The economist in him has to be assertive, therefore, perhaps for the first time, vis-à-vis the populist Sonia.

It is necessary to clarify, however, that Sonia cannot be said to have put pressure on the prime minister directly. Instead, it was more by means of innuendo, such as the framing of laws by the National Advisory Council (NAC) led by her, which made a mockery of the reforms by their unbridled populism entailing huge expenditure.

At the same time, it has to be pointed out that the prime minister did resist these extravagant suggestions, including the one on the Food Security Bill, which aims at feeding 600/700 million with subsidised grains. In his case, too, it was more by implication as when the cabinet passed so contentious a bill in one hour despite Sharad Pawar's objections, thereby underlining a disinclination to spend much time on it when Sonia was so keen on its passage.

However, it is the resistance offered by the prime minister, mild though it has been, which has led to the current policy logjam and which, in turn, has resulted in the stalling of the reforms and the consequent economic slowdown. In hindsight, though, this isn't such a bad thing, after all, for it has awakened everyone to the possibility of the country's widely admired growth story coming to an end.

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And, now that he is in charge of the finance ministry again, Manmohan Singh has the chance to showcase his talent for infusing "animal spirits" into the economy, to quote what he said to the finance ministry officials on the day he took charge. But does he have the gumption? He cannot be unaware that there are influential anti-reforms elements ranged against him. They include the Communists, their intellectual standard-bearers like Booker Prize winner Arundhati Roy, social activist Medha Patkar and others, a major Chennai-based newspaper which editorialised that Sonia was more "clued in" to the socialistic aspirations of the common people than the pro-American prime minister, and, of course, the Left-leaning members of the NAC.

So, it is going to be an uphill struggle for the prime minister. But, there are some hopeful signs. The rural development minister, Jairam Ramesh, for instance, has shot off a letter to Sonia and Rahul Gandhi, suggesting a series of measures such as decontrolling diesel and cooking gas, enforcing fiscal discipline and introducing FDI in the aviation and retail sectors. Surprisingly, it is the same person whose aggressive "green" agenda as environment minister had stalled several industrial projects, including those of South Korea's mining giant, Posco, in Odisha.

But, suddenly, he has changed so much that he has even spoken out against Sonia's favourite rural development scheme by stressing its unproductive nature, which its critics had noted right at the beginning.

"How many ditches will you dig?" he has asked its supporters, "how many ponds will you rebuild?" The minister has also criticised the huge amount spent on subsidising diesel, cooking oil and kerosene, pointing out that it is more than the defence budget.

It is difficult to say what is responsible for this transformation, but just as the balance of payments crisis led to the initiation of the reforms in 1991, the falling rupee has seemingly galvanised the ruling politicians into favouring the reforms, for they well know that the rupee's continuing depreciation is a potent weapon in the hands of the opposition.

As if to lend support to this change of heart, references to Sonia's lack of acquaintance with economic theory and practice are at last being made. Till now, politeness may have prevented any such unflattering comment, but now the Bharatiya Janata Party's Yashwant Sinha has written in the *Economic Times* that the Congress president "does not understand economics. She only understands populism." A contributor to the saffron-tinted *Pioneer* has made the same point.

This, of course, is the crux of the matter. This is the reason why the government is floundering on the economic front despite the presence in its ranks of notable economists like Manmohan Singh himself, his economic advisers, C. Rangarajan and Kaushik Basu, and the Planning Commission's Deputy Chairman, Montek Singh Ahluwalia.

Unfortunately, they have lacked the courage to tell Sonia where she is going wrong. The fact that Manmohan Singh is a political lightweight and an "accidental" prime minister, as he once said, has apparently made him all the more diffident.

If he is now beginning to shed his diffidence, the reason is that he knows that if the economic scene deteriorates any further, he will have to share a major part of the blame. And, if Sonia allows him to usher in the reforms, it will be because of the realisation on her part that she will be blamed if the Congress goes down in 2014 because of the economic difficulties.

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E-governance: Dream of the nation

M. SHOEBO CHOWDHURY

GLOBALISATION is the process of increasing connectivity and interdependence of the world's markets and businesses. In the last three decades, two driving forces -- advances in telecommunications infrastructure and the rise of the information technology, and its rapid productivity growth in the global economy -- played a key role in accelerating the pace of internationalisation. Information Technology (IT) dramatically changed traditional business and working patterns in the 1990s. Companies are now redistributing their businesses and jobs around the world.

We know that Electronic Governance (popularly referred to as e-governance) is one of the most significant tools for shaping business and economics today. According to *The Economist's* print edition, February 14, 2008: "Countries like India may leapfrog the rich world. As it becomes clear that getting entrenched rich-country bureaucracies to move towards e-government will be slow and difficult, hopes are turning to poorer countries. Not that their bureaucracies are intrinsically more promising. Even under British colonial rule, Mahatma Gandhi was a severe critic of Indian officialdom. His words of advice are displayed in public offices all over India: "Who is a customer? The customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider in our business, he is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so."

The wide use of IT has restructured the fundamental principles of services and operations of different sectors, which are providing faster, easier and better services than before. Governments around the world have started realising that IT can be utilised to provide better services to citizens and businesses.

As a result, a wide range of IT applications are being developed in government departments.

E-governance has emerged as a keyword for all such IT applications, which reinvent the way the government works. Often e-governance is used as a synonym to describe an IT driven system of governance that works better, costs less and is capable of servicing the needs of the citizens and businesses as never before.

Its goal is to create a more responsive, productive and effective administration. E-governance is also referred to as SMART governance because it aims at using IT in government functioning to bring about Simple, Moral, Accountable, Responsive and Transparent governance. Welcome to the transforming potential of e-governance.

Definitions of e-governance range from "use of information technology for free movement of information to overcome the physical bonds of traditional paper and physical based systems" to "use of technology to enhance access to and delivery of government services to benefit citizens, business partners and employees."

The World Bank's definition of e-governance is "government owned or operated systems of information and communication technologies that transform relations with citizens, the private sector and/or other government agencies so as to promote citizens' empowerment, improve service delivery, strengthen accountability, increase transparency, or improve government efficiency."

The targets of e-governance are four major groups: citizens, businesses, governments and employees. Electronic transactions and interactions between gov-

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ernment and each group constitute the e-governance web of relationships and the respective four main blocks of e-governance -- Government to Citizens (G2C), Government to Business (G2B), Government to Government (G2G) and Government to Employees (G2E).

The initiatives of government agencies and departments to use IT tools and applications, Internet and mobile devices to ensure good governance, strengthen existing relationships and build new partnerships within civil society, are known as e-governance initiatives. This technological innovation represents a tremendous impetus to move forward in the 21st century with higher quality, cost effective government services and a better relationship between citizens and government.

E-governance has different connotations, like e-administration, e-services and e-democracy. Though these terms and what they connote are understood globally, their exact definitions have not taken final shape, hence the plethora of terms.

The world shifted towards increased deployment of IT by governments in the nineties with the advent of the World Wide Web. This support hyperlinked information and interactive information, and was an avenue for government to citizens interactions and the promise of the attainment of the goals of good governance. Governments weighed down by the rising expectations and demands of a highly aware citizenry began to believe that there could be a new definition of public governance characterised by enhanced efficiency,

transparency, accountability and citizen-orientation in the adoption of IT enabled governance.

Governments worldwide are dealing with the problem of transformation and the necessity of modernising administrative practices and management systems. The public sector has begun to recognise the opportunities offered by IT and e-business models to fit with citizens' requirements, to offer better services and to increase efficiency by streamlining internal processes. IT causes a "paradigm shift" by introducing "the age of network intelligence," reshaping businesses, governments and individuals. Paradigm shifts prevail in the public sector too. The traditional bureaucratic paradigm, characterised by internal productive efficiency, functional rationality, departmentalisation, hierarchical control and rule-based management is being replaced by competitive paradigm.

The world today is following a common economic path, called "knowledge based economy" (k-economy). K-economy requires flexibility, network organisation, vertical/horizontal integration, innovative entrepreneurship, organisation learning, speed up in service delivery, and a customer driven strategy. These new paradigms thrust the shift toward e-governance paradigm, which emphasises coordinated network building, external collaboration and customer services.

But how far we are in implementing e-governance? I have simply stated here some basic ideas about e-governance. I believe that if the government can implement these ideas the dream of "Digital Bangladesh" will come true. Then we can endorse the famous remark by Indian politician, G. K. Gokhale: "What Bengal thinks today, India thinks tomorrow."

The government has launched a "Vision 2021" road map, giving priority to achieving "Digital Bangladesh." Thanks to e-savvy Prime Minister Sheikh Hasina for her dream. But in attaining this target, her government has been facing multiple challenges including corruption, nepotism and politicisation. Robert Klitgaard of RAND Corporation (an EU based think-tank) has an interesting equation to explain corruption: C = M+D-T (Corruption = Monopoly + Discretion - Transparency). E-governance will help in reducing corruption.

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I hope the government will give more importance to establishing "Digital Bangladesh" and also ensuring a transparent and corruption free nation. Like former UN Secretary General Kofi Annan said: "Good governance is ensuring respect for human rights and the rule of law; strengthening democracy; and promoting transparency and capacity in public administration."

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