

Padma bridge: The financing aspect

M. JINNAT ALI MIAN

THE finance minister, in a pre-budget meeting with the Economic Reporters Forum (ERF), spelled out the financing plan for the Financial Year (FY) 2013-14 to 2016-17 of the 6.15 km Padma Bridge, totaling Tk.221.79 billion, from internal resources. The international tenders for the project will be invited at the latest by June next.

According to the plan, the bridge is expected to be completed by the end of FY 2016-17. The estimated total foreign currency component of the bridge is \$1.80 billion, the details of which the minister did not spell out; except that the Indian grant of \$200 million has been set aside.

In an earlier pre-budget discussion meeting with senior journalists and editors of different media, the minister asserted that railway communication is “very important for the transit facility for neighbouring countries” and added that the budgetary allocations would have special bias towards the Padma bridge and the railway sector.

In a pre-budget meeting with members of a number of parliamentary standing committees on March 31, the finance minister also declared that the government would float a Sovereign Bond with 15 years maturity at an interest rate of about 6%.

This means that out of the total requirement of \$1.80 billion the government, with only \$200 million Indian grant as tangible foreign currency in hand, is going ahead with the project.

Despite the uncertainty in foreign currency, most of the MPs in the pre-budget meeting were in favour of resuming the bridge construction as soon as possible to fulfill the election pledge. Without elaborate discussions on the pros and cons of financing the bridge from domestic resources, one of the MPs even told the meeting that, to win over the vote banks, “at least one pillar” of the bridge has to be erected before the national election.

Meanwhile, the ministry of communications has been instructed to re-appoint Maunsel Aecom Limited as the project consultant, whose contract was earlier cancelled due to, reportedly, commission scam. This shows that the government is expeditiously hurrying to “erect at least one pillar” of the bridge before the national election. But it seems this might not be possible because there are still many stages like inviting tenders, submission of tenders by the bidders, evaluation of the bids, awarding of the work order, mobilising resources like construction materials and equipments before resuming the construction work, which might take at least 9 months.

The authority might feel upbeat about the good inflow of foreign currency as aid and grants from sources like ADB, IDA, World Bank and development partners during the last 8 months of the current fiscal year. In the face of persistent pre-election political instability, the inflow of foreign aid and grants is indicated to fall in the coming months.

The FDI inflow, in the face of complex procedures, weak governance, gas and power shortages, etc, as identified by UNCTAD, coupled with the current political uncertainties, will remain uncertain until the present cloudy political sky is clear.

For the same reason, possibilities of local investment are also bleak. To reinvigorate both foreign and local investments will take time even after the political impasse is settled. Bangladesh Bank and Bureau of Statics say that the GDP growth in the current fiscal may fall to 6-6.2% against the target of 7.2%. The ADB, however, projected that the GDP growth in the current FY will fall to 5.7% and World Bank indicated GDP growth at 5.8% for the same period.

The recent Savar disaster, in addition to previous



In view of the bleak possibilities of foreign currency availability in the immediate future and possible negative impacts on development projects the authority may put a “pause” on the resumption of construction work on the Padma bridge until low-cost foreign currency component of the project is available from international sources.

mishaps in the garment sector, has put a big question mark on the possibility of gaining the Generalised System of Preference (GSP) in the US market. The possible withdrawal of some readymade garment buyers will be a big blow to the export earnings of the country, thereby impeding the GDP growth rate.

Even if no new tax or levy is imposed, with our nature-dependent agriculture and import-based economy, financing the bridge project as per the declared allocation of funds over the next four FYs from own resources will eat up the allocations in other sectors, inflicting negative impact on the much needed development projects like gas, electricity, roads, railways, and social sectors, which in turn will possibly further reduce the GDP growth in the coming FYs unless the present political crisis is resolved.

Apart from these, the possible unproductive election expenditure of billions of taka in the next national election will push the inflationary pressure upward to 9-10%.

The other ominous offshoots of financing the bridge from internal resources are:

Uncertainty in mobilising foreign currency: Apart from the Indian grant of \$200 million there is no other known fund in the pipeline. The \$1 billion from sovereign bond is shrouded in uncertainty. So the government has to shop around for the remaining \$1.60 billion of the foreign currency component.

In view of this uncertainty, the finance minister's effort to impel the World Bank in the meeting during April 19-21 to divert the scrapped \$1.20 billion Padma bridge fund to other development projects seems to have failed. Raising foreign currency from Sovereign Bonds at a high interest rate of 6% does not seem to be economically viable for the bridge project.

Meanwhile, the Japanese ambassador recently asserted that Japan will not extend financial support for Padma bridge, and the overseas proposals from Malaysia and China are now just stories.

Resuming the bridge construction work with the uncertainties in foreign currency component of the project could lead to further delays in the completion of the bridge, which would raise the project cost by another 15-20%!

Confidence problem: The complex construction of the multipurpose bridge needs highly experienced world-class bridge builders of international repute. Such world-class bridge builders, in the uncertain funding arrangements, might not show interest. This will pave the way for the second grade builders to bid for the bridge project, delivering unsatisfactory work to adversely affect the long life of the bridge.

Bridge supervision: Quality and security, needing sophisticated tests, are very important aspects of bridge construction which need internationally reputable, very experienced and specialised companies to do the job. For the same reason of fund arrangement qualified supervisory companies might not show interest in the project.

Finally, the downward trend in the national economy will continue until the present political impasse is resolved. But unfortunately, no sign is visible as yet that it will be resolved in the near future. In such a situation, the government needs to hold the foreign currency reserve of about \$14 billion for possible “rainy days” instead of spending part of it in the bridge project, as intended.

In view of the bleak possibilities of foreign currency availability in the immediate future and possible negative impacts on development projects the authority may put a “pause” on the resumption of construction work on the Padma bridge until low-cost foreign currency component of the project is available from international sources.

The writer is a Transport Economist and former Transport Consultant, Tehran Department of Transport, Iran.
E-mail: mjinnaat@yahoo.com

'What we are seeing are symptoms, not the disease'

Dr, Akbar Ali Khan, a former adviser to a caretaker government, talks with A.B.M. Shamsud Doza of The Daily Star about the recent violence centering Hefajat-e-Islam's programme on Sunday.

The Daily Star (TDS): What is your reaction to the events of wide-spread eruption of violence centering Hefajat-e-Islam's programme last Sunday?

Akbar Ali Khan (AAK): It is extremely tragic. We are very anxious about the future of Bangladesh. The way things are moving there could be escalation of violence in future unless there are conscious efforts from everyone.

TDS: How do you look at the government's role in handling this situation? For the time being the government has dispersed the Hefajat-e-Islam gathering, but do you think it is the end of the game?

AAK: Government role has to be assessed not in terms of what happened yesterday but in light of what has been happening in Bangladesh for the last few months. The biggest malady of Bangladesh society is the politics of confrontation. So far, there has been no attempt to reduce the tensions in our present politics of confrontation. So as a result, the events which transpired last Sunday are the inevitable result of politics of confrontation.

There are many dormant volcanoes in our society, for example the role of religion in our life. It is one of the most controversial volcanoes. But, most of the time it lies dormant because we have learnt to live with extreme views. Unfortunately, if such volcanoes are not handled properly then they could create an explosive situation. The government will have to remember that any action has its reaction. That is why the government should move in a manner so that these dormant issues do not get ignited.

This is not the end of the game. This is not a sustainable solution. Religion has a role in the life of Bangladeshi people. It is not possible to eliminate it altogether. So that is why there is necessity of adjustment of contradictory forces in our society. These problems can never be solved by force. We should try to reduce those tensions, if we cannot eliminate them.

Whether there is any excess or not I think there should be an independent judiciary inquiry commission to find out the real picture.

TDS: Do you think there are forces behind the scene who are trying to manipulate Hefajat's programme?

AAK: Mollah Nasiruddin once said that you cannot fix the responsibility for any event. Then the king said how do you say so? Mollah replied that few minutes ago, you sentenced a person to death for killing another person. The king said I have enough evidence that he killed that person. Then the Mollah said did you ask why this man killed that person? This man is mad. Why did he become mad? He became mad because his wife went to somebody else. So is the man responsible for it or is his wife responsible for it? Things are closely connected with one another. I think the violent events of last Sunday are close related with and culmination of the chain of events going on for the last few months.

TDS: How can we get out of this violent politics?

AAK: All sides should refrain from attacking each other in violent manner. They should have some respect for each other. Only then, will you be able to respect some of the sensibilities of your opposition. Governments have done so in the past. For example, Taslima Nasrin did not get support either from Awami League or BNP. She did not get shelter in West Bengal or in New Delhi. The governments showed sensitivity about religious sentiments. They are secular governments. At the same time, we have to keep in mind that majority of our people do not believe in extremism in the name of religion. We have to treat religious sentiment with respect. The government has to show utmost restraint. It should find out ways of reaching out to the opposition and bring them into confidence.

What we are seeing are symptoms, not the disease. The politics of confrontation is the disease. As long as the struggle between the two big parties intensifies and continues we will see many unhealthy developments in our society. That is what we are worried about. If we can put behind the politics of confrontation then most of the problems will be solved.



Akbar Ali Khan

The state, reasserting itself

SYED BADRUL AHSAN

IT was swift, no-nonsensical and thoroughly surgical. The freeing of the Shapla Chottor area and thereby the loosening of the vicious grip of the bigots on the city as a whole brings with it a sense of relief for the people of Bangladesh. The more important point is that the joint operation by the police, BGB and Rab restores the authority of the government at a time when questions were beginning to be raised about the perceived pusillanimity of the powers that be in light of the threats to social order made by the Hefajat-e-Islam. That the government finally went for decisive action against these forces of incremental anarchy is commendable.

But let there be no illusions here. The threat to politics and to citizens' lives is not over with the clearing operations at Shapla Chottor and its neighbourhood. The desperation with which the Hefajatis resorted to violence as they retreated out of Dhaka and towards Kanchpur on Monday morning is a potent sign yet that they could regroup and cause fresh new mayhem. That is the reason why the government must demonstrate no let-up in its campaign to restore normality in the country.

Toughness pays, especially when such toughness is deployed against

forces determined to undermine the authority of a legally established, popularly elected government. In these past few weeks, Prime Minister Sheikh Hasina's conciliatory responses to the demands of the Hefajat have been misconceived by her detractors as a sign of the growing weakness of her government in dealing with the bigots, who at some point became the recipient of the support of a political opposition that has deliberately stayed away from parliament out of pique and a

Let the state, having reasserted its power in the early hours of Monday, hold fast to the notion that while political tolerance may underpin its essence, firmness of purpose will always define its actions every time someone or some group attempts to break the gates down and overrun the valley of our social and political liberalism.

host of untenable excuses.

Now that the government has made it known just who exerts authority in the country, the task becomes one of not only identifying and neutralising Hefajat elements across the country but also inquiring into the sources of their financial and organization strength. The Hefajatis have for close to three months kept the nation hostage to their whims, among which has been their thirteen-point demand that was a clear invita-

tion to a journey back to all things anti-modern and therefore anti-liberal.

Now comes the time to inquire into the question of how many of these Hefajatis are closet Jamaatis as also the links they have with the Jamaat-e-Islami itself. Judging by the terror unleashed in Dhaka on Sunday, it will not be hard to believe that a sinister nexus has been at work not only to push the government toward collapse but also to undermine the stability of the republic. On whose instructions the chief of the Hefajat-e-

Islam decided to stay away from his supporters' rally on Sunday calls for a full-length investigation.

It is also time to inquire into and make public the role the Bangladesh Nationalist Party has played in fanning the flames of bigotry first lit by the Hefajatis. Khaleda Zia's call on Sunday to all residents of Dhaka to stand beside the Hefajatis on Monday and to provide them with food and shelter speaks of a very well-organised plan to push the

country into absolute chaos. While the government may engage the BNP in talks over the future political course of the country, it would be well-advised to keep the matter of the BNP's encouragement of Hefajati mayhem on a separate plane and deal with the issue accordingly.

Finally, it becomes the responsibility of the government and all Bengalis to ensure that never again will individuals and organisations arise with the stated intent of undermining the fundamental principles of the state of Bangladesh as ordained in the course of the War of Liberation in 1971. Never again should any individual or body demand that Bangladesh's women retreat into corners from which they have been emerging into light over the last forty two years. Never again will decent, God-fearing and patriotic citizens be tarred by self-proclaimed guardians of faith with the brush of atheism.

Let the state, having reasserted its power in the early hours of Monday, hold fast to the notion that while political tolerance may underpin its essence, firmness of purpose will always define its actions every time someone or some group attempts to break the gates down and overrun the valley of our social and political liberalism.

The writer is Executive Editor, The Daily Star.
E-mail: ahsan.syedbadrul@gmail.com