

FOUNDER EDITOR
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Investment in new transports

Remove all impediments

WHEN the roads and highways are strewn with rundown and ramshackle vehicles, the syndicates are proving to be serious impediments to the introduction of new and comfortable vehicles in the private sector. This was revealed in a front page report in a leading Bangla daily yesterday.

The statistics regarding the state of vehicles plying all over the country are mind-boggling. Nearly 30 percent of all the buses and mini buses are more than 20 years old, and around 60 percent are more than 10 years old. Given the lack of maintenance of these vehicles, it is not surprising that the number of road accidents in Bangladesh is so high.

If that is the situation, we wonder why the owners' syndicate should continue to monopolise the transport sector by making the job of new investors in this sector difficult. The idea of mandatory membership of the owners' association before a route permit can be issued is absurd and so is the exorbitant contribution demanded from new intending members by the owners' association. This practice goes against the ethics of free trade and certainly falls in the category of monopolistic and restrictive trade practices.

One of the reasons why this sector has remained static in terms of quality is this very brazen control of the sector by a few owners' associations. A business sector, particularly one that has to do with providing service to the public, can only improve with fair competition. And it is for the government to provide a level playing field so that the public are not held hostage to a particular group. That, unfortunately, seems to be the case with the transport sector.

Foreigners residing illegally?

An issue to be decisively grappled with

IT appears that we have an issue with illegal migration on our soil or overstays on various pretexts. This is concerning on two levels. For one thing, we do not have the exact number of foreign nationals staying in the country without authorisation which is reflective of surveillance gap and attendant security risks. For the other, our report citing SB sources put the number at 12,000 in the very least who have been staying illegally since as early as 2000.

A study of how they could have prolonged their stays almost seamlessly reveals the cracks in the system: once caught by law enforcers, they would quietly serve a sentence to avert deportation. Soon they come out on bail and move freely until their cases are settled, an open-ended waiver, so to speak. Serving in private organisations, they hire flats in groups and get involved in drug trade, VoIP business, gold and currency smuggling racket aside from assorted petty crimes.

Some steps have been long overdue given the complexity and ramifications of unsupervised migrations into a densely populated country with an expanding economy. So, a wake-up call is sounded for the authorities to develop a mechanism to effectively deal with illegal immigrants.

First and foremost, a database must be set up, maintained and updated with due diligence. A checking and surveillance apparatus should be put in place to separate out foreigners with valid work permits from those without proper documents. Then we need to plug legal loopholes following the best practices with logistic and fund support thrown in.

Funding the battle against poverty



MACRO MIRROR
FAHMIDA KHATUN

THE conference on Financing for Development of the United Nations held in Addis Ababa from July 13-16 received much less importance from global leaders than expected. As a result, it drew very little media attention. In spirit, however, the meeting carries a lot of significance as the world is set to adopt Sustainable Development Goals in September and reach an agreement on climate issues in December this year. The UN has termed the Addis meeting a milestone for global partnership in achieving SDGs in the next 15 years and a step forward towards the climate negotiation to reduce global carbon emissions. The Addis conference, which is the third of its kind after the first one in Monterrey in 2002 and the second one in Doha in 2008, puts forward various proposals to end poverty, ensure inclusive economic growth and reduce vulnerabilities to climate change.

The Addis Ababa action agenda includes more than 100 measures on issues including finance, technology, science, innovation, trade, infrastructure, taxation, illicit financial flows and institutional issues. If these measures are implemented, they would lead to financial investments by both public and private sectors to address challenges that

the world is faced with today. In short, the Addis agenda includes collaboration on technology. Towards that, countries agreed to establish a Technology Facilitation Mechanism at the Sustainable Development Summit next month in New York. Similarly, establishment of a Global Infrastructure Forum was agreed upon for addressing infrastructure gaps and exploring opportunities for investment and cooperation in projects which are environmentally, socially and economically sustainable. Countries also adopted a social compact for the poor and vulnerable groups and committed to set up social protection systems.

On foreign aid, countries promised to reverse the decline in aid to the poorest countries. They recommitted to provide 0.7 percent of their Gross National Income (GNI) as overseas development assistance, and 0.15 - 0.20 percent of their GNI to least developed countries. The EU pledged to strengthen LDCs' investment promotion regimes through financial and technical support. The Addis agenda urged developed countries to fulfil their vows to mobilise \$100 billion per year by 2020 for developing countries to address the adverse impacts of climate change. Countries also pledged to do away with fossil fuel subsidies gradually.

The Addis agenda, however, falls short of expectations on several counts. The financing framework for "leaving no one behind" and "ensuring lives of dignity for all" was not a holistic one. The UN has estimated that the cost of implementing 17 goals and 169 targets under the proposed SDGs will be \$172.5

trillion over a period of 15 years. According to UNCTAD, developing countries currently have investment equal to \$1.4 trillion per year while total investment requirement to achieve their development goals is in the range of \$3.3-4.5 trillion annually. Thus, estimates of annual investment requirements are high with significant gaps at present. The Addis meeting has emphasised on mobilisation of this huge resource from several sources. However, there was no indication of new money from developed countries. The assurance on ODA sounds dry and dull as it is more than four decades old. There was no specific timeline on the fulfilment of this promise. The issue of reforming the global financing system to achieve SDGs by 2030 was overlooked as always.

Domestic resource mobilisation has been identified as one of the major sources of finance to implement SDGs. Therefore, improving tax collection and preventing illicit financial flow from countries caught the attention of global policymakers. Countries committed to collect more taxes, reduce tax evasions and work towards dealing with illicit financial flows which are performed in various ways, including tax dodging, forming fake companies, money laundering and transfer pricing. But there was no commitment to establish an international body for cooperation on tax issues. Due to the absence of such cooperation, a huge amount of resources is being misappropriated, which otherwise could be used for the poor. The Global Financial Integrity report estimates that the amount of illicit financial flow

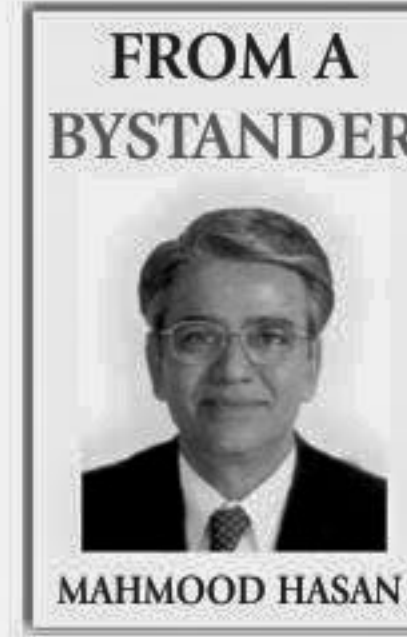
from developing countries is around \$1 trillion per year. In order to stop the outflow of such huge resources from poor countries, transparency within the global financial system is an urgent need. While there is a need for strong and accountable tax system in each country for higher domestic resource mobilisation effort, this should not be viewed as an alternative to developed countries' contributions to poor countries.

But everything is not about finance only. How this resource will be channelled to and utilised for the extreme poor to bring them above the \$1.25 a day threshold level is a bigger challenge. SDGs are viewed as transformative agenda for taking human civilisation forward. This is a transformation from the MDGs in the sense that the MDGs aimed for certain levels of achievement for certain number of people in some areas. But the SDGs focus on development for "all" in several areas, including poverty reduction and access to health, education, food, energy etc by 2030. Achievement of SDGs will depend on adequate resources backed by robust policies and implementation mechanism. Governance and accountability at national and global levels are preconditions for the fulfilment of such ambitious global development agenda. As the world awaits the adoption of SDGs next month, these issues surface prominently in global discussions than ever before.

The writer is Research Director at the Centre for Policy Dialogue.

MALAYSIA FINANCIAL SCANDAL

Rough ride for Najib Razak



FROM A BYSTANDER
MAHMOOD HASAN

MALAYSIAN Prime Minister Najib Razak is passing a difficult time, amid allegations of a financial scam. In early July, the Wall Street Journal (WSJ) carried reports that \$700 million was transferred through a complex web of transactions to Najib's bank accounts in Kuala Lumpur in 2013. Graphic details of the flow of millions of Ringgit

through banks, companies and government agencies, linked to 1Malaysia Development Berhad (1MDB), to Najib's private account also came to light. Neither the source of the money nor its final destination is clear. Handsome amounts from Najib's accounts went to "Barisan Nasional" (BN) coalition component parties. Apparently, the funds were used for election campaign in 2013.

1MDB is a Malaysian government-owned development company. It was established in January 2009, to drive strategic initiatives for long term economic development of the country through global partnership and promoting foreign direct investment. 1MDB focuses on the areas of energy, real estate, tourism and agribusiness. Prime Minister Najib Razak chairs the advisory board of 1MDB.

In 2009, 1MDB and PetroSaudi International Limited set up a \$2.5 billion joint venture to facilitate the flow of FDIs from Middle East to Malaysia. According to reports, this joint venture was involved in the financial scam, helped by some middlemen close to Najib.

Allegations of financial mismanagement regarding 1MDB's operations kept mounting over the years, particularly from opposition parties. Its credential and transparency were frequently questioned by the media, as its accumulated debt rose to over \$11 billion. There were allegations that 1MDB overpriced its purchases and donated the money to Najib's foundation.

In early March 2015, the government set up a Joint Task Force to probe the alleged mismanagement of funds in 1MDB. A second Special Task Force (STF) was constituted in July to investigate the allegations against Prime Minister Najib. The members include the Attorney-General, Central Bank Governor, Police Chief and Anti-Corruption Commission. STF members have been drawn from different departments, so that it cannot be influenced.

When these stories appeared in local and international media, the reaction from Prime Minister Najib was to deny that any such fund was transferred to his accounts. "Accusations by the WSJ are malicious and supported by certain quarters in the country with the purpose of forcing me to quit as prime minister and president of the UMNO (United Malays National Organisation)," said the embattled Prime Minister.

Indeed, the federal political culture in Malaysia largely revolves around UMNO. Najib Razak's UMNO is the largest component of Barisan Nasional (BN), a coalition of 13 parties, and had been in power since Malaysia's independence from Britain in 1957.

The Special Task Force has been sniffing around for

clues surrounding the sudden swelling of funds in Najib's personal accounts. Bank accounts have been blocked, 1MDB office has been raided and several arrests have been made so far.

To keep the situation under control, Najib Razak in a drastic move on July 28, sacked his deputy Muhyiddin Yassin and replaced Attorney General Abdul Gani Patail. Muhyiddin had asked Najib to give up the 1MDB chairmanship and was quite vocal about Najib's handling of the allegations. Najib also elevated close ally Home Minister Ahmed Zahid Hamidi as his deputy prime minister and replaced four other ministers. Gani, who was heading the investigation, had probably stepped on something incriminating. He was apparently preparing a charge sheet against Najib.

Though the new cabinet has stood by Najib's ordeal,

hindrance. She however failed to capitalise on Najib's vulnerability as they are in disarray. The loose opposition alliance is split into several factions.

In an interesting twist to the ghastly episode, the Malaysian Anti-Corruption Commission (MACC) on August 3 confirmed that the huge amount of money in Najib Razak's account came from "donors" and not from 1MDB. It did not disclose the identities of the donors or the purpose of the contribution. Neither did it say how the money was spent. MACC said it was referring the matter to the central bank and police. MACC stopped looking into Najib's bank accounts; instead, it is now looking into one of the subsidiaries of 1MDB. MACC's statement also said that there was no draft charge sheet prepared against Najib.

Though this news may give some relief to Najib, it



Najib Razak

PHOTO: AFP

there are speculations of restlessness in UMNO. In another move to stifle the media, the Home Ministry suspended two newspapers - *The Edge Financial Daily* and *The Edge Weekly* - for reporting on the scandal, as the ministry deemed its reports "prejudicial to public order".

Najib Razak's probable nemesis lies within his party. His greatest threat is former Prime Minister Dr. Mahathir Mohamad, still widely respected as the architect of modern Malaysia. Mahathir, who carries considerable weight within UMNO, called upon Najib to prove his innocence by letting the Task Force look into his accounts or else resign. Mahathir's next move will be interesting to watch.

The opposition alliance has been making loud noises. Azizah Ismail asked Najib to go on a leave so that the investigation can proceed without any

smacks of manipulation and intimidation. The dismissal of top officials earlier was a clear enough warning to the MACC. Najib Razak has apparently made arrangements to delay the findings of the Task Force and eventually clear his name.

There is a maxim in bureaucracy—"Do not setup an investigation, unless you know the results of the findings well in advance." It would be naïve to think that Najib does not know the findings of the Task Force.

Whatever may be the ultimate findings of the Task Force, the fact that huge amounts of money were transferred to Najib's accounts has been established.

It looks like Najib will probably ride through this crisis. But his moral authority and credibility have been badly dented.

The writer is former Ambassador and Secretary.

COMMENTS

"Ansar-Al-Islam claims responsibility for Niladri murder"
(August 8, 2015)

Nasrin Sultana

Islam is the religion of peace. Islam never supports killing.

Sharier Hazari

An extremist group has claimed responsibility for the murder but there are some people who are still trying to blame the government or some other bogeyman.

Sajit Bukht

Bangladesh has now plenty of people who like to defame religion and we are witnessing the result of that.

Hermit Imrul

This is extremism, not Islam. Islam doesn't support these kinds of heinous activities.

Tasnim Alam

Those killers are ISIS followers. They can't be called Muslims.

Razu Ahmed

This is the problem with the media; a group claimed the responsibility and the media is spreading the news without verifying it.

Abu Elias Sarker

As long as the culture of impunity is there, these kinds of killings will continue.

LETTERS TO THE EDITOR

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Tigers' brilliant performance

Bangladesh cricket team, fondly called the Tigers, deserve praise for their three consecutive one-day series wins. First they defeated Pakistan, then they beat India and after that they won the series against South Africa. Young talents like Soumya Sarkar and Mustafizur Rahman played important roles in winning the matches. Senior members like Shakib, Mahmudullah, Mushfiqur Rahim and Tamim Iqbal also played well.

We congratulate the Tigers for their brilliant performance.
Zabed Wali
Chittagong



PHOTO: ANURUP KANTI DAS

Traffic jam at Mohakhali flyover

Those who live at the north of the Mohakhali flyover and regularly use it to travel to the rest of the city, have to face severe traffic jam at the entrance of the flyover. This jam is created by mostly buses, travelling to the Mohakhali bus stand or beyond. They block the entrance of the flyover, waiting for the light at the Mohakhali intersection to turn green. I would like to urge the authorities concerned to erect a barrier from the entrance of the flyover to north, thus dividing the road into sections, one going towards the Mohakhali intersection and the other towards the flyover. Such divisions of road have been created in a number of places in the city which has benefited commuters. In addition, I would request the authorities not to allow the buses to load and unload passengers at the entrance of the flyover.

Hussain Gulshan