

Bangladesh needs a 'green' growth strategy



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Loss of forest land, the degradation of land, sea and river water pollution, indiscriminate filling of water bodies for land acquisition, unsustainable use of ground water and fishery resources in ponds, lakes and rivers, and unsustainable ways of shrimp farming have collectively taken a huge toll on the degradation of the eco-system and consequent loss of bio-diversity. A global ranking of per capita forest cover prepared by NatonaMaster.com for 2005 puts Bangladesh at the near bottom of the list of countries compared (186 out of 192). Bangladesh is one of the lowest ranked countries in the global Environmental Performance Index prepared by the Yale Centre for Environmental Law and Policy: in the 2016 report it ranks 173 out of 180 countries.

At the macro-level, indicative projections show that the combined effects of moderate climate change could cause an average GDP growth loss of about 1.3 percent per year between FY2017 and FY2041. Environmental degradation lowers growth by reducing the capital stock as well as by lowering the productivity of capital. Any slowdown in growth will have negative consequences for the growth of employment and the progress with absolute poverty reduction in both forms: extreme and moderate. Accordingly, Bangladesh will also fail to achieve its target to eliminate extreme poverty by FY2031.

Policy intervention attempts have largely gone unrewarded

The growth policy articulated in the Bangladesh 6th Five-Year Plan (2011-2015) and the Perspective Plan Bangladesh (2010-2021) have 'green' growth elements and seek to introduce poverty, climate and environ-

ment into development planning processes. The National Strategy for Sustainable Development (NSDS) 2010-2021 was adopted in May 2013, and contains an impressive list of environmental laws, regulations and plans that covers a wide range of environmental issues including forestry control, air pollution, water pollution, bio-diversity preservation and wetland management. The 7th Five-Year Plan articulates the promotion of green growth and sustainable development. The Plan outlines that the development approach will revolve around three themes, one of which is: "A sustainable development pathway that is resilient to disaster and climate change; entails sustainable use of natural resources; and successfully manages the inevitable urbanisation transition".

Despite this array of policies and programmes, the overall environmental management performance in Bangladesh is weak owing to several binding constraints:

First, the national sustainable development framework lacks strategic focus. Fragmented attempts at reform in support of environmental management in a few sectors including fisheries, wet land management, biodiversity promotion, forestry, and agriculture have not been sustained and the impact on natural resources generation has not been tangible. How the various laws and regulations interact with each other and connect to the overarching goals of high sustainable growth and poverty reduction are mostly missing.

Second, the governance and institutional arrangements for environmental management are weak. The focal environmental management ministry, the Ministry of Environment and Forests (MoEF), and its main agency for environmental management, the Department of Environment, are constrained in terms of capacities, technical knowledge and staffing, owing to very limited resources. Technical data on environment performance is scarce and not regularly monitored to check progress. There is inadequate coordination between the MoEF and other ministries that have a major role in determining the quality of the state of the environment. Another major institutional weakness is the absence of any meaningful role of local government institutions in environmental management.

Thirdly, at the heart of the weak performance of environmental protection



STAR/FILE

The pattern of urbanisation contributes to severe water and air pollution, providing yet another major challenge for environmental protection.

is the shortage of financial resources. Direct spending by the coordinating ministry responsible for managing the national environmental programmes has been almost negligible (0.06 percent of GDP). Total public spending of the core ministries dealing with water and environment-related services and the water and sanitation component of the local government division and local government institutions constitute only 1 percent of GDP.

So, what could be the way forward?

The agenda for green growth for Bangladesh is undoubtedly daunting, but not impossible. The 2041 Perspective Plan, currently under preparation, provides a major opportunity to jump start the green growth agenda and step up the policies, programmes, institutional reforms and financing that will allow Bangladesh to reconcile its growth and poverty agenda with environmental protection.

A first major strategic consideration in translating the vision of 'green' growth and corresponding targets for environmental management into actions is to demonstrate tangible ways in which the green

growth strategy can help the growth agenda. For example, in the context of a neo-classical growth model, green growth strategy can help accelerate growth by increasing the availability of capital that substitutes for exhaustible natural resources (e.g. renewable energy; conservation of surface water) and by increasing the productivity of capital (e.g. avoiding land degradation, reducing the adverse effects of natural disasters, cost savings on health, etc).

Second, is the challenge to identify and adopt policies, institutions and programmes that internalise environment as an integral part of the growth process and not as an add-on to worry about as an international commitment or as a part of a donor commitment. Bangladesh has made a start in this integration process by incorporating climate change agenda in the national plans and in the budget. But there is a long way to go. Incentive policies for environmental protection such as adoption of green tax on fossil fuel consumption are missing. Similarly pricing policies for water, fertiliser and timber do not allow for environmental consideration.

Regulatory policies for controlling water and air pollution are either

weak or not properly enforced. Monitoring and evaluation of environmental degradation and effectiveness of redressing measures is absent or weak owing to a lack of adequate information and capacity.

Third, at the macroeconomic level, the growth strategy should incorporate environmental protection as an integral part of the macroeconomic framework by recognising the adverse effects of environmental degradation and associated costs in terms of loss of growth prospects and slower pace of poverty reduction. As against this base case, policies and programmes must be identified to offset these costs and the implications for additional investment must be incorporated in the planning process.

Finally, sectoral policies, programmes and institutions need to internalise the environmental considerations in developing proper sectoral objectives and strategies that are consistent with the targets and objectives of the macroeconomic framework.

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A year after cash ban, India's black money market is thriving

AFP, New Delhi

WHEN India declared most bank notes unusable a year ago in an effort to flush out tax cheats, one steel manufacturer was so spooked he resolved to do business by the book in future.

But 12 months on from the shock move, the industrialist says he has gone back to cash under the table at the insistence of his buyers -- undermining government claims that the bold scheme has cleaned up India's graft-ridden economy.

Prime Minister Narendra Modi's decision last November to withdraw India's high-value rupee bills was intended to root out a culture of tax evasion so widespread it had become the norm.

His Bharatiya Janata Party (BJP) had won the 2014 election on a promise to root out corruption, which had led to popular disillusionment with the previous government. But the move wrought havoc on businesses in Asia's third-largest economy, causing growth to slump to levels not seen since Modi was elected.

Now, as businesses from streetside stalls to wholesalers rekindle their love affair with cash, Modi is coming under pressure to explain whether the most controversial policy of his tenure was worth the economic pain.

The steel producer, who spoke on condition of anonymity, said his efforts to keep business above board backfired when his buyers insisted on paying cash -- and keeping their payments off the books.

"They said, 'we have cash at home, and if you want to be paid, we can pay you in cash immediately, but we cannot arrange a bank payment'," he told AFP.

The government had hoped the surprise move, which meant high-value notes could not be spent and instead had to be banked, would encourage a switch to traceable digital



Indian Congress party supporters shout slogans and hold placards during a protest on the eve of the first anniversary of India's demonetisation scheme in Mumbai on Tuesday.

payments in a country where just three percent had been paying taxes.

Modi personally championed credit and debit cards in the aftermath of demonetisation, beaming down from billboards encouraging Indians to embark on a digital revolution. But sales from plastic have declined 13 percent from highs in December 2016, when new cash notes remained scarce.

Mobile banking figures for August, the latest data available, showed \$16 billion in transactions -- a 20 percent drop compared with November.

Sanjay Moria, a tea vendor in central Delhi, said at least half his income in the weeks after demonetisation came through a popular payment app, but since then, digital sales had plunged.

"I'll take any form of payment, but people are mostly back to working in cash," he said, as office workers sipped hot spiced tea from small paper cups.

Many poorer Indians, reliant on cash, were left scrambling to buy basic necessities as their meagre savings evaporated in an instant.

"Was it worth it? Certainly not," said Sunil Sinha, principal economist at India Ratings & Research.

"It brought huge pain and disruption. People lost lives, lost their livelihoods."

Authorities also expected that a portion of non-tax payers would fail to bank their unuseable cash for fear of exposure.

But in August the Reserve Bank of India announced that 99 percent of the devalued bills had been returned, undermining Modi's claim that stashes of black money would be uncovered.

Now traders say they are operating much as they did before the ban, with cash once again king, as fears of being stung by the taxman have faded.

"We're in a wait and watch phase before we decide if we should increase the cash portion (of the business) or not. It depends how closely the government monitors this," said a dry fruit importer in a traditional market in Delhi's old quarter.

"Everyone does this. This is how business is done in India."

America first? Global trade on the block as Trump heads to Apec

AFP, Vietnam

THE future of global trade comes under the microscope this week as Donald Trump addresses Asia-Pacific leaders in Vietnam, a visit that will be carefully examined for clues as to how his "America First" mantra will guide US engagement with the world.

During a sweep through Asia, the US president has sought to build a consensus against North Korean nuclear ambitions.

But he has also raised loud objections to what he calls "unfair" trade, an election campaign cornerstone that saw him scoop up votes by promising to rewrite the rules of global trade in America's favour.

Analysts expect him to put meat on the bones of his "America First" rhetoric in the Vietnamese city of Danang on Friday when he arrives for the Asia-Pacific Economic Cooperation (Apec) summit, a forum of 21-nations representing 60 percent of global GDP.

Shortly after landing he will address a room packed with global CEOs -- a speech that will be closely watched for details on how he intends to engage with the world's economy.

Trump wants to "ensure that governments do not unfairly subsidise their industries, discriminate against foreign business, or restrict foreign investment", his national security adviser H.R. McMaster told reporters ahead of his trip.

Previously the US president has said America's powerhouse economy means it can write its own terms of trade bilaterally with its partners.

He has railed at multilateralism for supposedly pinching American jobs by giving an advantage to countries with cheap labour and heavy subsidies, pulling the US from the sprawling Trans-Pacific Partnership (TPP) pact.

The TPP was conceived as a 12-nation deal linking low tariff trade across the Asia-Pacific region to



US President Donald Trump addresses the National Assembly in Seoul on November 8.

labour and environmental protections.

It was chiselled out under Barack Obama's administration during a "pivot" to Asia, presented as a counterpoint to China's growing regional heft. But the ascent of the combative billionaire Trump -- and the accompanying threat of an American retreat -- has allowed China to stake out its ground as the new architect of global commerce.

When Trump speaks on Friday the "indications are he'll elaborate on this idea of an open and free Indo-Pacific region," said David Dollar, an analyst at the Brookings Institution.

"I think they're still trying to figure out exactly what this concept is. But it would be easy to interpret this as something of an anti-China effort."

At the Apec summit, which begins on Saturday, he is likely to encounter other resistance to his trade narrative. The block, which has a combined GDP of some \$45 trillion, brings in 21 Pacific Rim economies, from giants like the US, China and Japan, to poorer but booming nations like Vietnam and Indonesia.

A stream of world leaders -- including Japan's Shinzo Abe and China's Xi Jinping -- are expected to champion multilateralism in speeches bookending Trump's address on Friday.

On the sidelines the remaining 11 TPP economies -- which do not include China -- are aiming to resuscitate their deal, without the US.

"Indications seem positive" for an agreement to press on with the so-called TPP-11 in Danang, a diplomatic source told AFP.

There are hopes a revived TPP-11 -- driven through by Japan -- could eventually prod the US to return to the deal.

But as trade delegations met ahead of Apec, diplomats said Washington appeared poised to pare back its involvement in the global trade order.

The US has already opposed the use of "multilateral trading system" in the Apec leaders' statement -- a standard phrase used by the grouping, a senior trade official with knowledge of negotiations told AFP.

Trump's America First policy is not without its critics.