

## Owners bankrupting private banks

### Crony capitalism at its worst

BAD loans in the 57 state-owned and private banks in operation, have piled up to the tune of Tk 84,054 crores. This figure is more than 10 percent of all outstanding loans totalling Tk 810,011 crores. And much of the outstanding money is owed by the owners of many private banks who happen to be directors of the banks too. It is the odious nexus between owner-directors of private banks that help them to take loans from each other's banks with no intention of paying them back at all.

Loan default has become a culture of big business houses and businessmen, and these people thrive on taking loans, defaulting on them and then getting the banks to reschedule the loans, through mutual understanding with other director-shareholders, and eventually get them written off as irrecoverable. This has been made easier by the amended Banking Act that has allowed for up to four members of the same family to be directors in a bank. Unfortunately, this dangerous practice has been sustained by the structural weaknesses in the banking sector, where, among other things, the process of giving loans have been thoroughly corrupted.

The systemic flaws in the banking sector have not been rectified over the years; rather they have now become well established practices. The carnal bank's power has been weakened further by the aforementioned banking act, and the private banks are now actually run by owners rather than professionals. The central bank must strengthen and exercise with due diligence its regulatory authority and move strongly against illegal practices, disregarding extraneous influence and pressure, if some semblance of order is to be restored in the banking sector.

## Another victim of driver's disdain for life

### Is there no way to prevent these killings?

THERE is manslaughter and there is murder. The circumstances of deaths in the last few days caused by dangerous and reckless driving would certainly fall under the latter category. The roads have become even more dangerous as the statistics of road crashes and casualties therefrom will show.

The latest incident is the killing of a child in Kushtia, crushed under the wheels of a bus which was static while the mother with the child in her arms started crossing the road, but moved suddenly without any warning, throwing the child out of the mother's arms, crushing her and speeding away. The driver has not been arrested till going to press.

These are painfully repetitive stories, but our repeated calls entreaty through our columns, as well those of the common person on this issue has not moved the authorities to initiate quick and effective actions to stem the killings on the roads.

Plans are announced, lofty assurances are dispensed, and homilies bestowed on the public whenever there is a surge in public outcry, but those eventually come to nothing. Little has been done to prevent unqualified people from obtaining driving licences. On the contrary we find that instead of making the process stiff the authorities are relaxing rules for obtaining licence for heavy duty vehicles.

Slow moving and three wheelers continue to impede movement of vehicles on highways despite government announcement to stop them plying the roads. Surprisingly, lawmakers, instead of helping the authorities, are urging the authorities to rescind the order. Most disappointing is the proposed Road Safety Act-2018 which will do nothing to curb reckless driving.

The epidemic has to be stopped. Regrettably, political influence is standing in the way.

## LETTERS TO THE EDITOR

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### Banking sector mess!

Recent reports in some of the leading newspapers of our country, including *The Daily Star*, has revealed what has been suspected all along in regards to the banking sector. That a handful of individuals who become shareholders and directors of banks borrow money from each other's banks, causing all kinds of problems in the sector, primarily in the absence of any proper oversight.

Now how is that possible? There can only be one explanation—that these individuals are backed by politically powerful people, hence, regulators are left powerless to do anything against them, including preventing them from “looting” the banks, as one minister once said.

A country's banking sector cannot operate like this for long. Neither can its economy function without running into one form of problem or another, because of such corruption.

I hope those responsible for creating such a situation recognises this, and I also hope that they, along with regulators and others realises where we are ultimately heading because of the lack of morality and courage displayed, which are the real reasons why we are now, perhaps, on the brink of a real disaster.

Yearid Sirtaj, By-email

# Aid management in Rohingya camps

NAZNEEN AHMED

UN agencies leading the Rohingya crisis response appealed for USD 951 million for humanitarian assistance covering the period from March to December 2018. As only one-third of the appealed amount has been collected so far, there are reasons to get concerned about the future of the humanitarian response. However, with funding comes the responsibility of effective management of those funds. In this respect, on the part of humanitarian agencies, some issues of effectiveness and accountability need to be mentioned.

#### Non-contextual relief items

It is being consistently reported that the living conditions of the Rohingya refugees in the makeshift camps fall short of “accepted international humanitarian standards.” With full sympathy for the refugees, how realistic it is to expect the so-called international standards in a country of limited resources and competing priorities? Or, does the distribution of relief items that apparently serve little to no purpose to the refugees, but nonetheless, offers humanitarian agencies to tick-mark project activities, constitute a good example of “international standards”? These realisations were prompted looking at the distribution of a good number of non-food items (NFI), which the Rohingyas do not know how to use and finding them useless, sell them away to the local markets in Ukhia. For example, every household of refugees in one surveyed camp receives a hygiene kit after every two months: 39 bathing soaps, 21 laundry soaps, four pairs of sponge sandals (two pairs for adults and two pairs for children), among a few other things. For the sake of seeking value for money, does a household with an average of five members, need 39 bathing soaps in a 60-day period, really?

Citing another example, an international NGO was seen distributing a bucket that consisted of hand gloves, Harpic, liquid soap and the like. While distributing these materials, a few *Majhis* (Rohingya men in charge of blocks in camps) said confidently to the author that the households would use none of these items. Were the households provided with lessons of operation and maintenance of latrines? Of what use were the Harpic or hand gloves then?

Looking at the quantity and types of NFIs being distributed to Rohingyas, it appears that rarely any consultations were made by international humanitarian agencies or other charities to understand what Rohingyas themselves want, what their traditions, social values and institutions are—this is significant information that could guide programme designing, behaviour-change communication and awareness-raising activities. In the absence of such knowledge in the humanitarian response—and also in the attempt to meet “international standards”—what we see is, distribution of certain goods and services that Rohingyas find useless. Therefore, in dealing with the Rohingya emergency, the response operation is getting “international-ised” to the point where some aspects are being

non-contextual and irrelevant.

#### Impact assessment of products and services

Following from the above, distribution of non-contextual relief items actually points at the lack of or insufficient impact assessment of services that are being delivered in all sectors to show how a particular relief item is or is not being used or to what extent the delivered services are serving their purposes. As an example to explain this point, a number of pharmacies and road-side vendors have mushroomed around the Kutupalong and Balukhali camps to sell medicines—and some of these medicines could be easily identified as being fake. Besides, in some cases, these newly-established pharmacies avail medicines from Rohingyas, who in turn get these for free in health facilities. This is an issue that was reported by all the health workers that were interviewed—it is a common practice among some Rohingyas to visit health facilities on the pretext of

elements of ill-governance on the part of local contractors and NGOs alike. For example, local contractors were seen charging exorbitant amounts for the construction of latrines and tube-wells. For instance, where the cost of constructing a latrine ranges between Tk 30,000 to 40,000, contractors were found charging more than Tk 100,000. Additionally, there was no planned construction of latrines—a trend which is still continuing today. In the surveyed camp, currently, 100 latrines are again being constructed haphazardly by an international agency on landslide and flood-risk locations. Apparently, meeting deadlines and quantitative targets set by donors is more important for NGOs and INGOs alike, thereby prompting them to deliver fast by defying logic and quality.

Speaking of tube-wells, if NGOs collected permission from NGO Affairs Bureau to construct 700-feet deep tube-wells, contractors constructed tube-wells whose depth ranged from as low as 50

workforce. Importantly, when a humanitarian response is being led without any knowledge of the local context and culture, it has implications for strategic planning and decision-making—the distribution of 39 soaps in a two-month period perhaps testifies to this.

The expenses incurred by the recruitment of expatriates by international agencies are reflective of high overhead costs which, in turn, might affect allocation for “real” humanitarian work on the ground. Furthermore, although the omnipresence of posh office vehicles and logos may add value to organisational branding and visibility, unfortunately, they are exacerbating the perceived divide between host community and refugees and the growing resentment among local who are under the impression that Rohingyas are so fortunate to enjoy the custody of rich, international patrons.

Therefore, a careful assessment and reduction of overhead costs is urgently required to ensure that the benefits of



PHOTO: STAR

illness to get free medicines, which they sell to the local pharmacies.

#### Greater accountability of aid workers

Speaking on accountability and oversight mechanisms to monitor the work of both NGOs and INGOs, officials in the district and local administration revealed that leakage happens when organisations do not deliver the amount of goods and services they promise in their project proposals (FD 7) or compromise with quality. For instance, a certain organisation mentioned giving every refugee two *Gamchas* worth Tk 200 each and showed the entire budget in the project proposal accordingly. But at the time of delivery, one *Gamcha* was cut into two pieces, which means instead of Tk 400 for two *Gamchas* as shown in the proposal, an effort was made to get away by delivering only one.

Personal visit and statements of a couple of elected representatives revealed

feet to a maximum of 300 feet, thus rendering them useless within a short period of time. If such practices continue, there will never be either sufficient latrines and tube-wells or sufficient funding to construct these for the whole refugee population.

#### Overhead cost versus activity cost in projects

One finds a colourful variety of interventionists in Cox's Bazaar these days and the spectacular sight that captures the attention of locals is the sleek motorcade of international agencies wheezing daily on the Ukhia-Teknaf road.

This brings us to the topic of international recruits. While it is true that some senior overseas technical experts bring years of work experience from refugee crises across the globe, the same justification cannot be attributed to expatriates in junior and mid-level positions, which can make use of the Bangladeshi

limited humanitarian assistance are maximised at all times.

In summary, keeping the uncertainty of funding in mind, the overarching objective of the humanitarian response should not be to create a consumerist economy in the Rohingya camps. If that is done, then there will never be enough funding to meet expectations. As both local and international NGOs are contracted as implementing partners of donor agencies, hence, the line of accountability also rests with donors, and not just with the government to identify and avoid misuse of funds by directing them for products and services that are in line with the traditional practices of Rohingyas, and easily understood and owned by them.

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# Making the most of our trade relationship with China



THE OVERTON WINDOW  
ERESH OMAR JAMAL

in Bangladesh. Other media outlets and commentators too have been making similar remarks about China's increasing role in Bangladesh's development and economic activities recently, and for good reasons.

As pointed out by Gateway House, “China has committed to USD 31 billion worth of projects in Bangladesh, making it the second-biggest recipient of money in South Asia behind Pakistan,” including on “roads, railways, coal power plants and water treatment facilities.” Once private sector investments are included, this goes up to USD 42 billion, according to Ahsan Mansur, executive director of the Policy Research Institute of Bangladesh.

The *Financial Times* (US) report says that Chinese companies are seeking to take full advantage of the specially created economic zones in Bangladesh and are therefore considering setting up shop here. Already Zhejiang Jindun Pressure Vessel Co Ltd has offered to invest USD 5 billion in one zone to build up heavy industry near Chittagong, including establishing a 2.6-gigawatt power plant, which was the largest single investment proposal in the history of Bangladesh, according to the chairman of the Bangladesh Economic Zones Authority, Paban Chowdhury.

While all this investment (if properly utilised) is sure to benefit Bangladesh and, hopefully, China too, the real fruits of those benefits will take some time to

materialise. But in the meantime, what should not be overlooked is the disappointing performance of Bangladesh's exports to China at a time when imports from there (in the form of capital machineries and other resources) are sure to be on the rise, as that may endanger tilting Bangladesh's trade deficit with China even more to the extreme.

And by all indications, it looks like now is the time for the government to intervene in order to check that from happening at a worrying degree.

In FY 2017-18, Bangladesh's exports to

*If Bangladesh can successfully negotiate the implementation of DFQF market access to China, that will surely give a massive boost to exporters, increasing chances of Bangladesh reducing its huge trade deficit with China.*

China fell by 26.79 percent year-on-year to USD 694.97 million, despite China being one of the most promising markets in Asia. Part of that was due to the China Food and Drug Administration toughening its certification regulations and no longer accepting certification of the Bangladesh Standards and Testing Institution starting last year, as this newspaper reported. This means that Bangladeshi processed food exporters have to wait for days to receive testing certification from China, which is the

main reason for the fall in exports, according to ATM Azizul Akil, senior vice-president of Bangladesh China Chamber of Commerce and Industry.

This is one area where the government can easily use diplomacy to get a better deal for exporters, while using this opportunity to raise its own certification standards not only to further export opportunities, but also for the sake of better domestic quality control.

That aside, Bangladesh as a least developed country is also supposed to enjoy much greater duty benefit on exports to China than it currently does, as per a decision of the World Trade Organisation's ministerial conference of 2006 held in Hong Kong.

According to Commerce Minister Tofail Ahmed, “Under the Asia Pacific Trade Agreement, 5,074 Bangladeshi products have been enjoying duty-free market access but as per WTO rules China can provide DFQF [duty-free and quota-free] market access for at least 97 percent of Bangladeshi products and we have sent a letter of exchange to avail the trade facility.” In response, “China offered that if Bangladesh forgoes the existing benefits it is getting under APITA, the country would consider providing DFQF market access” to Bangladeshi products as per the WTO rules.

Last week, the minister said that a memorandum of understanding has already been agreed between the two countries for the signing of a free trade agreement. But before it was signed, Bangladesh asked China to start providing the prescribed duty benefit on export of Bangladeshi goods.

If Bangladesh can successfully negotiate the implementation of DFQF market access to China, that will surely give a massive boost to exporters, increasing chances of Bangladesh reducing its huge trade deficit with China. Therefore, this is something that the

government should urgently pursue.

However, while the government tries to resolve this issue, what exporters themselves should keep in mind is that Bangladesh's export to China is lagging behind not only because of policy issues, but because of other shortcomings too. For example, according to Azizul Akil, export of jute, jute goods, leather and leather goods are not doing as well as they could in Chinese markets simply because of the poor negotiation skills of Bangladeshi exporters.

Garment exports to China also has remained stagnant for the last two years primarily because of Myanmar and Vietnam—who export basic garment items to China for lower- and middle-income groups similar to Bangladesh—taking advantage of their geographical proximity to China. To overcome this, exporters should look to diversify their products more or come up with other alternatives instead of settling for the status quo, as China's demand for basic garment items is still relatively high with its manufacturers mainly producing high-end products for upscale western markets.

Ultimately, despite China's increased role in Bangladesh's economic development, Bangladesh is yet to position itself in a way that would allow it to fully maximise the benefits from this increased integration. This is something that the public and private sectors should look to address with their respective Chinese partners, in order to achieve what the Chinese president often terms as “win-win” outcome for both countries.

And given the possibilities that lie ahead for both nations, there is no reason to believe that such an outcome is not possible, should policymakers and other stakeholders take the right steps and make the right decisions.

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