

## Why preferential treatment to Root Group?

### Rescheduling default loans wrong move

We are perplexed as to the red-carpet treatment being given by Janata Bank to one of its more prominent defaulters, Root Group, which ranks 49 out of the top 300 defaulters with the bank. The group that is not very well-known, is a textile and fertiliser producer, has outstanding loans amounting to Tk 1,049 crores (group's total outstanding loans is Tk 1,060 crore) and is being allowed to regularise this amount. And here is the catch. The bank is preparing to extend fresh import financing worth Tk 750 crore to the group. A few questions come to mind. First, the defaulting group represents 19.51 percent of all defaulting loans from Janata Bank. The bank's financial state is precarious to say the least—default loans stand at Tk 21,410 crore, which is 44 percent of total outstanding loans.

The bank has breached the Bangladesh Bank's (BB) single borrower exposure limit which is set at 15 percent and yet here we find Janata Bank decided to reschedule Root's default loans by taking 3 percent down payment (Tk 30.8 crore). There is more. A report by BB found evidence of money laundering way back in 2013 and there is proof that Tk 373 crore was diverted and yet the bank kept financing the group. It brings us to the question why Janata Bank bypassed a High Court order and permitted Root to reschedule loans at three and not five percent. The Bangladesh Financial Intelligence is investigating the matter, since there is the question of money laundering. We have seen all this before. The big question here is that how will loan defaulters be discouraged if the regulator takes such a lenient approach to defaulters? Why bother with repayment when a company can get loans regularised with a paltry three to five percent deposit? With regularisation comes the new opportunity to take out fresh loans and the whole cycle begins again. Are we not, in fact, institutionalising the culture of loan default through these measures? The message being given out here is that it is alright to default on loans, because the policy is to go easy on them.

## Three quarter projects under ADP incomplete

### Planning ministry mulling new policy

It is disheartening to learn from the Implementation Monitoring and Evaluation Division (IMED) secretary that three out of four projects undertaken under the annual development programme (ADP) fail to materialise within project deadlines! That speaks volumes about wasted financial resources and time and are proving to be costly for the government. These matters came to light during the 13th meeting of Public-Private Stakeholders' Committee organised by the Central Procurement Technical Unit (CPTU) recently.

We are encouraged by the planning minister who has announced that no project will be revised more than twice. Implementing agencies will have to explain why such delays are occurring. The fact that bad contractors seem busier in killing time than getting a move on project work has been identified and a new policy on their conduct could change the way public projects are done in our country. Of course, all this has been said before. Precisely what steps are going to be taken against errant contractors is something we will have to wait and see, because several of the mega projects undertaken by the present government is years behind schedule.

It is hoped that CPTU will not waste time to formulate the policy. Although there exists a list of blacklisted contractors, it is apparently not followed strictly. The monitoring of contracts for thousands of ongoing projects will require engagement of citizens and it seems that the planning ministry hopes to engage citizens to give feedback on the progress of projects in their localities. If a workable mechanism can be found for citizens to give feedback, without fear of retribution from contractors, then it could pave the way for real time monitoring for the authorities. We hope the new policy will have provisions to not only cancel contracts but penalise contractors who deliberately delay work in the hope of getting timeline extensions resulting in cost overruns.

## LETTERS TO THE EDITOR

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### No justice for Rohingyas

The Rohingya crisis is now around two years old. For these last two whole years, Bangladesh has had to house thousands of Rohingyas who were forced to leave Myanmar by its military in cahoots with extremist aspects of its society and government.

The cost that Bangladesh has had to bear cannot be measured it is so high. However, it was incumbent upon its government and people to give refuge to the helpless Rohingyas.

During this entire period, Myanmar has borne no cost, it has shown no remorse and has acted shamefully following its disgraceful persecution of its own people. Countless reports released by the UN and its related agencies have already made clear the crimes committed against the Rohingyas in Myanmar. Yet, it has refused to accept responsibility for its crime, despite the fact that they are well known and established.

What has been even more disappointing is that the international community, except for paying lip-service, has done very little to actually alleviate the sufferings of the Rohingyas. It has provided very little political support to Bangladesh, and has failed to put any substantial pressure on Myanmar to work with Bangladesh and the international community to resolve the crisis. The international community, through this failure, has failed to stand up for justice.

Shamsun Nahar, by email

# On the path to climate action

## Why self-reflection is critical for Bangladesh

FIRDAUS ARA HUSSAIN and MOKBUL MORSHED AHMAD

THROUGH the UN Climate Action Summit on September 23, 2019, UN Secretary-General António Guterres is calling upon global leaders to come to New York with concrete, realistic plans to enhance their nationally determined contributions by 2020, in line with reducing greenhouse gas emissions by 45 percent over the next decade, and to net zero emissions by 2050. Prime Minister Sheikh Hasina has responded to the call of Secretary-General Guterres, and Bangladesh will join the summit being

the country also has a national trust fund for addressing climate change.

As a preparation for the summit, Bangladesh should gather the adaptation best practices to share with the world, and it should reflect on where the delivery of adaptation falls short. In other words, we need to critically consider whether our attempt to support the most vulnerable households are helping them to adapt. Adequately utilising climate funds to reduce the impact of potential risks at the household level are essential for successful adaptation to climate change. A comparative study was conducted

not under the support. The assisted households had an average higher monthly income, and the majority of the households had an increase in overall assets through the support from climate finance. Furthermore, households were able to get increased access to credit from their social circle, private lenders and government. This establishes that climate finance can help in increasing access to finance to extremely vulnerable people for adaptation.

Results indicate that generally vulnerable households perceive the risk of being affected in climatic events in

research made it evident that the poor and vulnerable households were bearing most of the adaptation costs from their own pockets, as climate finance provided to them for adaptation measures was mostly inadequate.

A special report by IPCC on climate change and land was launched in August 2019, which highlighted that better land management is key to tackling climate change in terms of food security, forestry and carbon sequestration, bio-energy among others, but is also not sufficient and must be coupled with an immense effort in emission reduction by governments. Land, or the lack thereof, has also been identified as one of the constraining factors to get support for adaptation by the climate finance study. A major challenge of extremely vulnerable households is that they have lost their land to natural calamities such as river erosion, flooding, storm surges or rising sea-level and now they are forced to migrate away or live on polders, embankments, khas land or on privately owned land temporarily. However, it has been frequently seen that families live on embankments for years in meagre conditions as they, especially the older generations, think they have nowhere else to go. On the other hand, often government and international support are given for housing, agriculture and gardening, which requires land as a prerequisite. So bricks and tins for housing are provided as support, but since the poor and vulnerable households do not have the land rights of where they were staying, they are unable to utilise these resources. Similarly, households which were engaged in agriculture, livestock and fisheries previously are unable to do so as they do not have agricultural land or ponds anymore. Thus, survival becomes a critical issue for them.

Coming back to the occasion for reflection, the UNSG summit prompts the Bangladesh government to share its success stories such as saline tolerant crops, which should induce the self-improvement process of removing bottlenecks in the effective delivery of climate finance support better to the poor and climate-vulnerable people of Bangladesh.

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A major challenge of extremely vulnerable households is that they have lost their land to natural calamities. PHOTO: ICCCAD.NET

one of the country members of Track No 6 on resilience and adaptation.

As one of the front-runners for the much-needed action to address climate change, Bangladesh has taken self-initiative to address climate change and has over the years increased its climate-relevant expenditure. In the Bangladesh climate protection and development budget report 2017-18, around 19 percent of the total budget was allocated to six key ministries which have climate change relevance which is considerable given that

in the coastal region of Bangladesh to examine how households getting climate finance support are faring in comparison to households who are not receiving it. The empirical research was conducted in Galachipa Upazila of Patuakhali district, which is exposed to the effects of climate change.

Findings of the study indicated that climate finance recipient households were more involved in adaptation interventions than those who were

the future. However, analysis has shown that higher income, assets, information on climate change, social capital and financial support from different sources enhance the households' risk assessment and encourage households to adapt for uncertainties proactively. Data from the research also showed that information on climate caused the recipient households to engage in an increased number of adaptation measures. The downside of this story remains that the data from this

## PROJECT SYNDICATE

# America's Superpower Panic



J. BRADFORD DE LONG

GLOBAL superpowers have always found it painful to acknowledge their relative decline and deal with fast-rising challengers. Today, the United States finds itself in this situation with regard to China. A

century and a half ago, imperial Britain faced a similar competitive threat from America. And in the seventeenth century, the Dutch Republic was the superpower and England the challenger.

History suggests that the global superpower should aim for a soft landing, including by engaging with its likely successor, so that it still has a comfortable place in the world once its dominance fades. Sadly, US President Donald Trump is no historian. And his incoherent, confrontational approach to China could seriously damage America's long-term interests.

Like Britain and the Dutch Republic before it, America is the world's dominant military power, and its reach is global. It has some of the world's most productive industries, and dominates global trade and finance.

But, also like its predecessors, America now faces a rising power—a confident, ambitious country that has a larger population, is hungry for wealth and global preeminence, and believes it has a manifest destiny to supplant the current hegemon. And, unless something goes badly wrong, the challenger's continued rise is all but assured.

Inevitably, conflicts will arise. The up-and-coming superpower wants more access to markets and to intellectual property than the incumbent wishes to provide. And what the incumbent does not willingly give, its challenger will seek to take. Moreover, the rising superpower wants a degree of influence in international bodies commensurate to what its fundamental power will be a generation from now, and not to what it is today.

These are all legitimate disagreements, and the two powers need to manage them by advancing and defending their respective interests. But these tensions do not outweigh the two countries' common interest in peace and prosperity.

What, then, should the incumbent hegemon do?

In the Anglo-Dutch case, a series of trade skirmishes and naval wars in the 1600s led to a remarkably large number of derogatory expressions entering the English language, such as Dutch book, Dutch concert, Dutch courage, Dutch leave, Dutch metal, Dutch nightingale, and Dutch reckoning. In the long run, though, Britain's fundamental strengths proved decisive, and the country became a global power.

Yet the Dutch created a world in which they were largely comfortable long after their predominance ended.

The Dutch shift from opposing Britain

“no popery or wooden shoes!”—the latter being a contemporary symbol of French poverty. And with British backing, the Dutch remained independent, rather than falling involuntarily under French control.

More than a century later, imperial Britain eventually adopted a similar strategy of engagement and cooperation with America. This culminated, as Harold Macmillan unwisely (because too publicly) put it when he was seconded to General Eisenhower's staff in North Africa during World War II, in Britain playing Greece to America's Rome. As a result, the US became Britain's staunchest

game is and play it. Second, America should not try to contain the Soviet Union unilaterally, but rather assemble broad alliances to confront, resist, and sanction it. Third, America should become its best self, because as long as the struggle between the US and Soviet systems remained peaceful, liberty and prosperity would ultimately be decisive.

But since taking office in January 2017, Trump has steadfastly ignored such advice. Instead of forming alliances to contain China, Trump withdrew the US from the proposed Trans-Pacific Partnership trade deal. And he continues



US President Donald Trump and China's President Xi Jinping arrive at a state dinner at the Great Hall of the People in Beijing, China, November 9, 2017. PHOTO: THOMAS PETER/REUTERS

to engaging with it was a crucial factor in this transition. On October 24, 1688, a change in wind direction allowed the Dutch fleet to leave harbour in support of the aristocratic Whig faction in England, thereby ending the would-be absolutist Stuart dynasty. Thereafter, the two powers' joint interests in limited government, mercantile prosperity, and anti-Catholicism formed the basis of a durable alliance in which the Dutch were the junior partner. Or, as a viral slogan of the 1700s more bluntly put it, there would be

geopolitical ally of the twentieth century.

Today, US policymakers could learn much by studying the actions of the Dutch Republic and Britain when they were global hyperpowers pursuing soft landings. In addition, they should read “The Sources of Soviet Conduct,” the 1947 article by US diplomat George F Kennan that advocated a US policy of containment toward the Soviet Union.

Three of Kennan's points stand out. First, he wrote, US policymakers should not panic, but recognise what the long

to make random, incoherent demands—such as immediately eliminating the bilateral US-China trade deficit.

Rather than carefully playing the long game with regard to China, Trump seems to be panicking. And, increasingly, China and the world know it.

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