

Tread carefully on forex use

Govt green-lights use of forex for development projects

In a move unprecedented in Bangladesh's economic history, the government has decided to use 524.56 million euros (Tk 5,417 crore) from the foreign exchange (forex) reserves for the dredging of a channel for Payra Port in Patuakhali, as part of a plan to use the reserves for high-priority development projects. This is the first project to be bankrolled from the Bangladesh Infrastructure Development Fund (BIDF), which was set up to lend money from the reserves. According to the finance ministry, the government will only use the fund to invest in projects that would have a high rate of return, and annual investment from BIDF would not be more than USD 2 billion. Initially, only projects related to the port and power sectors will be considered.

There is no denying that the decision to use forex reserves, meant to meet a country's external obligations, for such purposes may be highly consequential. The issue has been in discussion for some years now. Despite concerns raised by some economists, the government has decided to give it a go-ahead hoping it will bring in hefty returns and also help save on foreign currencies spent in projects where costs often shoot up due to the interest rates and other hidden costs of foreign loans. The economic argument of using surplus forex reserve in profitable development projects may sound convincing, but it all depends on how carefully and judiciously the government chooses and implements those projects. The government has laid out a number of guidelines in this regard. It has also sought to address concerns about the need for keeping adequate reserves by stating that reserves will be maintained to cover six months of import bills—an issue that will be observed closely going forward. As regards concerns about its likely discouraging effects on foreign lenders and foreign direct investment (FDI) in Bangladesh, the government has to ensure that nothing of this sort happens.

We're still in the early stages of this new development and a lot remains to be seen about how the government goes about it in the future. Given the very valid concerns about internal governance issues that often lead to financial corruption and losses, it will be advisable to tread carefully on this issue and consider the Payra Port project rather as a test case for how the theory of using forex for development projects works. In any case, the concerns of economists must be addressed with the highest priority and it must be reflected in all future actions and decisions. Only then can we be truly confident of the feasibility of this highly unusual decision.

Woman divorced for giving birth to a girl

Discrimination, prejudice still the biggest obstacle for development

ARE we living in the Middle Ages? The report carried in this paper yesterday about a helpless woman divorced and thrown out on the streets for giving birth to a girl child suggests that we are. It is unbelievable but true that even today, in this day and age, giving birth to a girl child incurs such a severe consequence for the mother. Leaving aside the legal, moral and religious aspects of the issue, the husband seems to have conveniently questioned the paternity of the baby. What followed by way of the comment of the husband, made to justify his illegal, immoral and irreligious action, is like hanging a dog and giving it a bad name. He has not only divorced his wife but has also cast aspersions on her character. The man wants to have a DNA test done to ascertain the identity of the child's father, and will accept her if it is proved that he is the biological father, but he will not accept the child's mother. What bigotry!

One may brush off this matter as a one-off incident, but as harsh as it may sound, the matter is fairly reflective of the attitude towards the girl child and women even today. One may not have heard of too many of such incidents, but such cases are not infrequent. It is a fact that the birth of a girl is frowned upon by the in-laws and the wife disdained till she produces a male child for the so-called purpose of continuing the family lineage. In many cases, the family forces the husband to remarry, hoping for a boy. In most cases, not only is the birth of a boy greeted with more joy and fanfare, and of a girl with disappointment, sometimes palpable and sometimes imperceptible, the subsequent treatment of the boy and the girl as they grow up is markedly different also. And it has nothing to do with the economic or social standing of the parents or the husband. This misogynist attitude is, unfortunately, fairly pervasive in society—at home, at work places and in the public sphere in general.

What the husband has done is not only illegal, since a divorce is not valid during the period of pregnancy, there seems to also be considerable deceit in the divorce process, since the wife has not received the divorce letter as yet. We believe that the relevant laws that protect women in such an event, should be applied rigorously. It is therefore frustrating that the police, reportedly, did not file a case in the matter. The husband deserves to be brought under the law and dealt with appropriately. The government must create awareness on the importance of girl children and women in our nation's development and it must punish those who deprive women and girl children of their rights.

LETTERS TO THE EDITOR

letters@thedailystar.net

Pandemic-hit economy

In Bangladesh, the Covid-19 pandemic has created a socio-economic crisis. Many rural citizens working in the capital had to leave Dhaka as they could not afford to pay rent and afford other necessities during the lockdown. The banking sector suffered badly from nonperforming loans. The government should take necessary initiatives to recover from this socio-economic crisis. The government can focus on private investment to stimulate the post-coronavirus economy.

Nikita Azmari Anika, North South University

Bringing population back into the conversation



ABU AFSARUL HAIDER

THE relationship between population growth and economic growth is of great interest both for demographers and for development economists. Thomas Robert Malthus, the English political economist who first raised concerns about world population two centuries ago, claimed that population growth has a negative effect on well-being. His theory was simple: given that there is a fixed quantity of land, population growth will eventually reduce the amount of resources that each individual can consume, because the increase of population will take place in a geometric progression, while food supply will increase arithmetically. At the time, he was misunderstood and heavily criticised by critics. What Malthus got wrong was his failure to anticipate the "technological revolution"—technologies to use the land, water and other limited resources more efficiently that would raise agricultural productivity to meet the need of the increased population. However, today many believe that Malthus will be proved right.

When Bangladesh gained independence in 1971, the population was around 71 million. Seeing this large population, the then government recognised population growth as the foremost national problem of the country. During the 1970s and early 1980s, a very successful family planning campaign was carried out by government agencies and supported by non-government organisations (NGOs) with slogans like "a small family is a happy family", "boy or girl, two children are enough", "not more than two children, one is better" etc, proliferated in different media outlets, conveying a message regarding the benefits of small families. As a result, fertility rate fell substantially, from 6.3 children per woman in 1975 to 2.04 children per woman in 2018. Even though the country has taken control of population growth and has achieved considerable success in reducing fertility, it is still adding approximately two million people to its population every year.

At present, the country has more than 167 million people, but strangely, the topic of "overpopulation" or "population explosion" receives little attention. Moreover, some quarters in our country tend to see this large population as an economic asset. There is no denying the fact that the population of a country is the greatest social capital a nation can have, but unchecked population growth can be

detrimental to economic development. Some empirical studies have found that an unchecked rising population comes with several economic and social challenges. It diminishes the availability of capital per head by limiting access to food, housing, sanitation, healthcare, education and employment, which in turn reduces the productivity of its labour force. It often has devastating effects on the environment as well.

Different research suggests that overpopulation coupled with high population density is a primary reason for degradation of natural resources, depleting both ecosystems and environment. In an area of roughly 148,460 square kilometres, Bangladesh is one of the most densely populated countries in the world. High population density has contributed to the intense use of forests, fisheries and to a certain extent, even soil and water resources. According to a report prepared by the Global Forest Watch, 278,000 acres of forest land in Bangladesh was destroyed from 2001 to 2018. This constitutes almost eight percent of the country's forest land. Recent statistics show that forest area as percent of land area is 10 percent in 2017, but according to the global forest policy, it should be at least 25 percent of the total land area of a country.

Bangladesh was once known as the land of the rivers, but today these rivers are dying slowly, mainly because of the

Bangladesh has more than 167 million people, but strangely, the topic of "overpopulation" or "population explosion" receives little attention.

pollution caused by human intervention. As per a survey of the Bangladesh Water Development Board (BWDB), there are 310 rivers in Bangladesh. Out of these rivers, the condition of 175 is miserable, and 65 are almost dead. Eighty percent of the rivers lack proper depth. However, by citing these statistics, I am not trying to put the entire blame of environmental degradation in Bangladesh on population growth alone, because much of it resulted from market and policy failures also.

The interconnections between population health and the economy are well known. Without a healthy population, there can be no healthy economy. While

Bangladesh has met, for the second time, all the three eligibility criteria for LDC graduation involving income per capita, human assets, and economic and environmental vulnerability, 29.5 percent of the population still lives in poverty, with one in every seven persons suffering from undernourishment, according to the 2019 Global Hunger Index (GHI). In another report prepared by the Cabinet Division of the Government of Bangladesh and World Food Programme (WFP), one in eight, or



PHOTO: FIROZ AHMED

more than 21 million people, cannot afford a nutritious diet in Bangladesh. According to the Food and Agricultural Organization (FAO), nearly two-thirds of the regular diet includes mostly rice, some vegetables, a little amount of pulses and small quantities of fish if and when available. Bangladesh is also lagging behind in providing appropriate nutrients to infants and young children—most suffer from high rates of micronutrient deficiencies, particularly vitamin A, iron, iodine and zinc deficiency. This scenario becomes more worrisome when we see, over the last decade, the number of undernourished people has risen by almost a million—from 23.85 million between 2004-06 to 24.2 million in 2018. It is a proven fact that a healthy and well-nourished population will perform better in economic activities than an unhealthy one.

Research shows that the Bangladesh population is likely to grow between 230-240 million by 2050. Such a large population will be demanding more food, water, energy and space in the future. The country is already struggling to meet current demand to house the existing population, let alone house any additional persons. Each year, Bangladesh loses a vast tract of agricultural land due to the extreme pressure of population.

A report on the loss of agricultural land based on a study carried out by the Soil Resource Development Institute (SRDI) indicated that nearly 69,000 hectares of agricultural land have been shrinking annually due to rapid industrialisation, unplanned urbanisation and increase in rural settlements. Such a situation is putting the country's food security at risk. The report also predicted that there will be no cultivable land left in Bangladesh in 50 years if land is taken away for non-farm

purposes at the current annual rate.

We cannot deny that overpopulation is one of the biggest challenges the country is facing and it has a significant impact on many of our socio-economic problems; yet, it is often left out of the conversation. Therefore, the sooner we acknowledge the scale of the problem and deal with the challenge, the greater the benefits will be in economic, environmental and social terms. And those who often take pride in the "demographic dividend" that overpopulation has bestowed upon us need to understand that demographic dividends are not automatic. To realise the dividends, we need to turn this huge population into human capital by investing much more in education, health and nutrition, and ensure good employment opportunities so that they can participate in the overall development of the country. On the other hand, if we fail, they can become a threat to stability and turn into a "demographic burden". There is a wide range of plausible futures, and which one happens depends to a great extent on decisions and actions taken today. Nothing is preordained.

Abu Afsarul Haider is an entrepreneur. He studied economics and business administration at the Illinois State University, USA.
Email: afsarulhaider@gmail.com

Invest in knowledge generation and capacity-building to tackle climate change



SALEEMUL HUQ

BANGLADESH is planning to adapt to the adverse impacts of human-induced climate change and aiming to become a resilient country by 2030, as both the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change goals are supposed to be achieved by that year.

At the same time, we are looking forward to graduating out of the Least Developed Countries (LDC) status in the next few years and need to also plan this transition carefully. One important dimension of transitioning from being an LDC to becoming a developing country is for knowledge generation and capacity-building to be carried out by our own citizens, rather than depending on international consultants to provide us with technical assistance.

How can we address this aspect of knowledge generation and capacity building for different stakeholders in the country to help up transition into a climate resilient country within a decade?

The first point to make is that we have already laid a significant foundation for several aspects, such as the creation of a climate change knowledge platform called Gobeshona, which now includes more than 50 universities and research institutions in Bangladesh that are working on climate change and sharing knowledge with decision-makers (including national, sectoral, and local policy and decision makers around the country). This is an excellent foundation upon which to invest

expand and enhance our efforts to combat climate change going forward.

How we can successfully implement these plans is another matter, of course. The first element is to allocate adequate financing from the national exchequer to achieve this aim. Bangladesh has already been making investments in the Bangladesh Climate Change Trust Fund (BCCCTF) and the Climate Change Budget within the national budget, which amounts to nearly eight percent of the total



PHOTO: REUTERS

national budget in 2020/21, spread across 25 ministries to implement this budget allocation. At the same time, there is global climate change financial aid coming in from sources like the Green Climate Fund (GCF) and the Adaptation Fund (AF) of the Global Environment Facility (GEF). My recommendation is not that we need more money to support the proposed investment in knowledge sharing and capacity-building, but that we need to allocate only a small percentage of the existing national climate change budget towards knowledge sharing and capacity building. My view is that we should allocate up to one percent of the national budget over the next 10 years which, if invested wisely, will give us a sizeable return on the investment over that time period.

The third foundation is the excellent initial investment on knowledge generation, knowledge sharing, and initial capacity-building across all the major stakeholders regarding the problem of climate change as well as how to tackle it. Hence, Bangladesh has laid excellent foundations upon which we can rapidly

expand and enhance our efforts to combat climate change going forward.

How we can successfully implement these plans is another matter, of course. The first element is to allocate adequate financing from the national exchequer to achieve this aim. Bangladesh has already been making investments in the Bangladesh Climate Change Trust Fund (BCCCTF) and the Climate Change Budget within the national budget, which amounts to nearly eight percent of the total

As for the ways in which such an investment could be deployed and implemented, there are a number of

existing options which would not require inventing new institutions. One such option is to give the responsibility to the BCCCTF under the Ministry of Environment, Forest and Climate Change (MOEFCC). Another option might be the Planning Commission, wherein it can feed into the Eighth Five Year Plan as well as the 2041 Perspective Plan and Delta Plan. Still another option might be with the SDG Monitoring unit under the Prime Minister's Office (MPO). In other words, there are several excellent existing options to consider for implementing such an investment plan without the need to create any new institutions.

The final aspect of this idea is the decision of the Climate Vulnerable Forum (CVF) countries to develop Climate Prosperity Plans over the next 10 years which Bangladesh, as the current Chair of the CVF, will be initiating and which the Prime Minister has already declared will be called the Mujib Climate Prosperity Plan (MCP) over two five-year cycles going forward. The first five years will be for scoping major investments and the second five years for scaling up the investments. Bangladesh will also be able to share its experiences with the other CVF countries and it may be worth recommending them to also invest one percent of their respective national budgets to help us generate knowledge and advance capacity-building to tackle climate change under their respective Climate Prosperity Plans.

Thus, the upcoming MCP will be an excellent vehicle to include this proposal of investing substantially in targeted knowledge generation from the universities and research institutions of our own country, while also investing in capacity-building of both government and non-government sectors, so that the country can take a whole-of-society approach to becoming both a climate resilient and prosperous country by 2030.

Bangladesh, thus, can make use of the opportunity to transition from a climate vulnerable developing country to a climate resilient middle-income country within this decade.

Saleemul Huq is Director of the International Centre for Climate Change and Development at the Independent University Bangladesh.