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LATE S. M. ALI

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Waterbodies in Tangail on their deathbed

Govt must take emergency measures to stop this

IT is heart-breaking to learn of the near death of three rivers and one canal in Tangail due to the dumping of polluted elements by some mills and factories in the given area, according to a DS report yesterday which was World Environment Day. While many people have been badly affected by the degradation of these waterbodies aquatic life of the area has been completely extinguished.

According to the Tangail office of the Department of Environment (DoE), there are 14 such polluting mills and factories along with an industrial zone that throw toxic wastes into these waterbodies. The DoE had fined these factories several times in the past, but this did not stop them from dumping the chemicals untreated. Local people can no longer use the water of these rivers for bathing or farming. Even cattle of this area suffer from diarrhoea after drinking water from these waterbodies. The noxious smell from these rivers and canals are also making it hard for the local people to live there.

It is beyond our comprehension why these factories are not using the Effluent Treatment Plant (ETP) that lessens the amount of toxic elements from industrial waste. Although most of the above-mentioned factories have this technology, locals allege that these machines remain shut most of the time to lessen operational costs. The locals have also alleged that the owners of these factories are connected to influential figures and large kickbacks are given so that the factory owners can run their businesses as they wish—without treating the chemical wastes that they dump into the water.

On July 1, 2020, the High Court published its 17-point directive to save our waterbodies from further encroachment and pollution. Also, the High Court order declared the National River Conservation Commission (NRCC) as the sole guardian of our waterbodies. The court has given this commission such authoritative power that any government agency has to take permission from NRCC first to do anything related to our rivers, canals and so on.

As NRCC is a government body, it has to carry out its work without any interference. NRCC must take emergency steps to save the rivers and canals of Tangail. The commission has to punish those who are polluting the rivers, find out if allegations against those who have let these factories run for such a long time in exchange of bribes are true and if so, punish them according to the laws of the land. The practice of treating the chemicals through the ETP must be enforced—and industries must be heavily penalised if they don't. Whatever fines they paid have obviously not been enough to deter them from breaking the law so far.

Merely having laws on paper and a commission in name only will not bring the desired results. If the government is committed to saving the rivers of our country that are the lifelines of the people and home to thousands of species of aquatic life, it has to ensure unbiased enforcement of environmental laws.

The new poor left in the lurch

Rectify the allocation inefficiency to cater to them

WHILE generally the FY21-22 budget is business friendly, the same regrettably cannot be said about its provisions for the poor, particularly those who have been newly thrust below the poverty line due to reasons induced by the pandemic. It is deeply disappointing that the government, presenting the second budget of the pandemic, has not taken into account the economic effect of the pandemic on the poor and the marginalised.

The figures about the new poor vary. According to an estimate of the Centre for Policy Dialogue in April, the pandemic has forced another 16 million people to join the nearly 20.5 percent of the population already living in poverty. However, another survey in the same month by the Power and Participation Research Centre and the Brac Institute of Governance and Development showed that the number of people affected by the pandemic is a good deal higher, by about 10 million. And this had happened even before the second wave of the pandemic hit. The World Bank figure of a 30 percent poverty rate jump due to the pandemic is even bleaker.

This means that the government has to brace itself for the prospect of more people going below the poverty line, but it won't know the exact number unless the BBS updates its 2019 estimate of poverty rate. Regrettably, the allocation in the relevant heads, do not indicate that the government is committed to helping the people already in poverty and the ones that have joined them newly. We believe that the social protection allocation needs to be beefed up. As it is, of the present outlay, more than a quarter has been set aside for pension for retired public employees. This is not only higher than the allocation of the last fiscal year; it outshoots the allocation for the social safety net schemes. What is disappointing is that allocation for such programmes as Work for Money and the Skills and Employment Programme has been slashed also—as has been done in the case of several programmes that address the needs of the marginalised, vulnerable and disadvantaged groups. On the other hand, allocation for government spending and investment, that would create jobs, has not been increased either. No nation can claim to achieve economic equity with a third of its population in poverty. If a budget is meant to reduce the rich-poor gap, this budget does not. The finance minister should rethink and put right the glaring allocational inefficiency in the budget, to cater for the people in poverty, including the new poor.

Budget FY2022 addresses pandemic priorities only partially



MACRO MIRROR
FAHMIDA KHATUN

IN the year of Bangladesh's golden jubilee, the finance minister has presented the 50th budget of Bangladesh for fiscal year (FY) 2022. This is probably the most challenging budget in the history of Bangladesh. This is also the second budget since the Covid-19 pandemic erupted in Bangladesh in March 2020. The budget comes at a time when the country is also being swept away by the second wave of the pandemic. Thus, before the economy could move towards the recovery phase it has fallen into health, economic and social risks afresh. Hence this budget has been prepared in the context of an unprecedented situation as the economy is mired in multiple challenges which Bangladesh has never observed in the past.

A well-formulated budget and its effective implementation would be an important mechanism to mitigate these challenges. To what extent the budget for FY2022 is going to do so is examined here by looking into a few important aspects in the context of the ongoing pandemic.

Allocation for priority sectors and their utilisation capacity

The budget for FY2022 has made allocative priorities in a business-as-usual manner where the impact of the Covid-19 pandemic has not been taken into consideration. In terms of sectoral allocation, the priority sectors during the pandemic are clearly health, social safety net and employment generation. However, resources are not sufficient for these sectors. To start with, though allocation for health sector as a share of the total budget has increased from 5.15 percent in FY2021 to 5.42 percent in FY2022, in terms of its share in GDP there is no change. It is 0.95 percent of GDP in FY2022, as it was in FY2021. The logic behind low allocation for the health sector at a critical time is mentioned to be the inability of the health ministry to utilise its allocation. In fact, actual expenditure as a percentage of revised budget allocation has worsened significantly over the past decade. Besides, utilisation of nondevelopment budget has been consistently higher than development budget utilisation for the last several years.

The other important sector, social safety net (SSN) programmes have undergone a few changes which are not encouraging. The overall SSN budget as a percentage of total budget increased from

17.75 percent in FY2021 to 17.83 percent in FY2022. SSN budget as a percentage of GDP saw an insignificant increase—from 3.10 percent in FY2021 to 3.11 percent in FY2022 budget. A major component of the SSN budget is pension for the retired government employees and their families. Hence, the share of SSN budget excluding pension declined from 2.35 percent of GDP in FY2021 to 2.34 percent of GDP in FY2022 budget. Allocation for pension has increased from Tka 23,000 crore in FY2021 to taka 26,690 crore in budget for FY2022. This increase is 16 percent which is higher than the rate of increase of overall social protection.

Surprisingly, SSN budget excluding pension as a percentage of budget decreased from 13.49 percent in FY2021 to 13.41 percent in FY2022 budget. There are also some deductions in allocation for a number of programmes. For example, allocation has been

reduced for programmes protecting livelihoods, such as Work For Money and Skills and Employment Programme in Bangladesh. Allocation for three types of education stipends have been reduced in FY2022. Also, allocation for several programmes which address the needs of the marginalised, vulnerable, and left behind communities has been slashed in the FY2022 budget. As it is, there is insufficient allocation for SSN, the lowering of allocations for these programmes is not reasonable. These should be reinstated urgently.

Investment and employment

The estimated growth of GDP for FY2021 is 6.1 percent. In anticipation of a back to normal scenario, the GDP growth target for FY2022 has been set at 7.2 percent. To achieve this growth, a lot of investment will be needed. Private investment is expected to be the major driver of this investment. In FY2022, public investment-GDP ratio is projected to be 8.1 percent compared to 8.2

percent in FY21. And private investment is estimated to be 25 percent of GDP in FY2022. This implies that an additional Taka 117,000 crore will be needed to achieve this growth. Given that private investment has been stagnant at about 23 percent of GDP for the last couple of years, how private investment will improve in a pandemic year is unclear. Of course, one can expect that the private sector would be encouraged to invest since the government has offered several incentives through tax exemptions and reductions. However, higher investment is not only a function of low tax. Several factors, such as less bureaucratic hassles, infrastructural facilities, corruption free environment and skilled human resources are also important preconditions for higher investment.

If businesses pick up in FY2022 it will help create employment which is

crucial for recovery from the fallout of the pandemic. At the same time, a number of ministries which have direct link to employment generation need to have more allocation and speed in their ADP implementation. For example, the Ministry of Industries, the Ministry of Labour, the Ministry of Youth and Sports, and the Ministry of Expatriates' and Overseas Employment received lower allocation in FY2022 compared to FY2021. The implementation rate of their ADP allocation is only 44.7 percent during the first 10 months of FY2021.

Support to the poor and low-income group

While businesses, particularly the large ones, have been provided with so much support through fiscal measures, the government forgot about the poor and low-income groups. The pandemic has created new poor and eroded incomes of the informal sector employees. Moreover, the threshold of tax-free income of the small earners has not been raised. This could help the people in the low-income group as they would have more disposable income. The government could also earn indirect tax through their purchases.

Trickle down approach

The policymakers seem to believe that if the large businesses flourish it will automatically benefit the poor, low income and middle-income groups. Sure, private businesses will create employment for many, but it does not guarantee reduction of inequality. It is the government which has to intervene and take targeted measures to reduce inequality of all forms. Budgetary measures are one such mechanism for government intervention. The government can incentivise some sections through fiscal measures such as tax cut, tax exemptions, tax holiday and subsidies. Through progressive taxation and redistributive measures, the government can also extend some respite to those who have less or no resources.

The budget for FY2022 aimed to protect lives and livelihoods. But this has not been supported by mindful measures and adequate resource allocation.

Dr Fahmida Khatun is the Executive Director at the Centre for Policy Dialogue. Views expressed in this article are personal.



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Low investment on human capital is not only reflected through low health budget, but also low allocation for the education sector. Total allocation for education sector in FY2022 budget increased by only 8.68 percent compared to FY2021. However, the revised education budget as a share of GDP decreased to 2.08 percent in FY2022 from 2.14 percent

Getting to the Net Zero Olympics



AS the rich countries get their vaccination numbers up, whilst poorer countries are still struggling, there is some hope that we are getting to grips with the pandemic. On the climate change front, there has been some remarkable achievements in the last two months.

First, US President Biden's Climate Summit in April got 40 top leaders to commit towards working together on climate change. Even though several countries did not commit to anything new, notably Australia, just getting the US back into the Paris Agreement was a big deal. With China, Russia and all of G20 emerging markets aboard, this was a sign that enemies and rivals can cooperate where it is important for mankind.

Second, the International Energy Agency (IEA) just published their Net Zero by 2050 report. Since the energy sector accounts for three-quarters of greenhouse carbon emissions, its views on whether Net Zero by 2050 counts. The main message was that "all technologies needed to achieve the necessary deep cuts in global emissions by 2030 already exist, and the policies that can drive their deployment are already proven." In other words, science and industry think that the Net Zero is technically achievable. Net Zero means that the carbon dioxide emissions are balanced globally by removal of carbon dioxide through capture or storage, such as reforestation.

Third, the leading oil and gas firms are facing major pressure to change to low carbon strategies. In May, activist investors forced ExxonMobil to pay attention by replacing two existing board members so as to drive a greener carbon strategy. Chevron also buckled to investor pressure. In addition, the Dutch courts forced Shell to cut its carbon emissions by 45 percent in the next decade.

Fourth, the world's central banks are ramping up pressure on the financial system to manage their climate risks. A Green Swan Conference is on this week, hosted by the Bank for International Settlements, Bank of France, the IMF and Network for Greening the Financial System (NGFS), to see how the financial sector can take immediate action in practice on climate risks.

All these suggest that following Greta Thunberg's wake-up call, both the public and private sector are gearing up for UN COP26 (Annual UN Conference of the Parties on climate change), which will be held in Glasgow this November. The UK hosts hope that COP26 will deliver concrete commitments to reduce carbon emissions this year.

Former Bank of England Governor Mark Carney, in his role as UN Special Envoy for Climate Finance, was

financial firms. Will all these new energy and efforts work?

If the technical solutions are there, and finance seems readily available, why is progress on reduction of carbon emissions still slow? The fundamental barriers are politics and very basic issues on how to put these complex ideas into practice.

First, the controversial politics of climate change has always been about



The Olympic rings are pictured in front of the International Olympic Committee headquarters, in Lausanne, Switzerland, March 24, 2020. PHOTO: REUTERS

instrumental in establishing the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) launched at the Paris One Planet Summit in 2017. This indirectly used the financial system to push the real sector (corporations, households and governments) to up the ante on climate action.

Working with the Task Force on Climate-related Financial Disclosure (TCFD), chaired by Michael Bloomberg, the NGFS aims to improve climate related metrics and targets, risk management, strategy on climate-risks and governance measures on the broad climate action by

who was responsible for the bulk of carbon emissions, and who should pay for the cleaning up. The rich countries today are still the big emitters, but they feel that newcomers like China and emerging markets should now play a bigger role in helping to limit carbon emissions. China-bashers argue that since the Paris Climate Agreement in 2015, half of the increase in CO2 emissions is due to China, with China still building more coal burning power stations.

Second, the scale of zero carbon transformation is so deep and complex that it requires huge coordination between whole-of-government and

whole-of-society to make the necessary changes. The slow response to carbon action was fundamentally due to economists' bias for market-based solutions, thinking that carbon pricing would help create carbon-trading markets so those who "save" on carbon emission are rewarded or paid by offenders who are carbon emitters. Carbon markets have not been successful because of the lack of good rules, enforcement and efficient pricing of carbon.

It has taken a long time for the public and climate activists to realise that climate action needs BOTH market and state, since pollution and resource depletion are essentially market failures. Thus, the current race to the top on climate action between the US and China is the best thing that can happen for the planet.

Let's see who can implement the commitments to Net Zero by 2050 faster, better and more comprehensively.

Each government will have to design very comprehensive road maps and timelines to achieve their Net Zero carbon targets. This requires very detailed government-market working together to design and implement very specific but practical plans, projects and programmes, so that individual consumers, households, corporations and different levels of government will be incentivised (or punished) to meet these targets. This is truly about mass mobilisation, not about elite wishful thinking.

To contribute to Net Zero, rich cities like Hong Kong must lay out very clear programmes and projects that will cut carbon emissions, energy and resource wastages at household and firm levels. This means that Net Zero strategy must fit into the Smart City with Smart Green Living that is also market and people-friendly. Net Zero is like the 2050 Olympics for every city or country to demonstrate that they can win on behalf of not just their community, but for the whole world.

Greta Thunberg is right: "we are in the beginning of a mass extinction and all you can talk about is money and fairy tales of eternal economic growth."

The Net Zero Olympics is on, and may the best city or economy win.

Andrew Sheng is an honorary adviser with the CIMB Asean Research Institute and a distinguished fellow with the Asia Global Institute at the University of Hong Kong. He comments on global affairs from an Asian perspective for the Asia News Network (ANN), an alliance of 24 news media titles across the region, which includes The Daily Star. The views expressed are his own.