

The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

Why is Bhabadaha still waterlogged?

Authorities should consider using tidal river management (TRM) approach

IT is hard to believe that the residents of Bhabadaha region in the south of Bangladesh—consisting of around 52 beels in Jashore Sadar, Abhaynagar, Monirampur, and Keshabpur upazilas of Jashore, and Dumuria upazila of Khulna—have been suffering due to waterlogging for several years now. Reportedly, over one million people of the area have to face waterlogging for seven to eight months of the year, while for a significant portion of the people, this problem persists all year round.

According to a report by this daily on January 16, around 120 villages in Jashore and Khulna are still submerged in water this winter. Around 150,000 residents of these villages are going through unbearable suffering, because it is not only their croplands that are inundated, but their homesteads are also under knee-to-waist deep water.

Our correspondent recently visited some of these villages and found that only the roads in those villages were above water. Villagers are going through severe financial hardship as they cannot cultivate in their lands due to the waterlogging. While many of them have turned to fish farming, that is not as economically rewarding as cultivating crops.

Unfortunately, the various projects undertaken by the Bangladesh Water Development Board (WDB) to solve this problem have not yielded much result. Over the years, they have implemented a number of coastal embankment projects to stop tidal water from entering the villages, as well as various other projects to pump the water out from the region, but with little effect.

According to experts and villagers, these projects are not well thought-out, and thus are unlikely to solve the issue. They suggest that the tidal river management (TRM) approach is a more practical method that should be used here. In this method, an embankment is built around a beel, leaving two cut-points for water to enter and recede from there. When the water recedes during low tide, it takes the sediment deposited on the riverbed in a process of natural excavation. Thus, this method keeps the depth of the rivers and beels intact.

According to the Centre for Environment and Geographical Information Services (CEGIS), TRM is less expensive, technically feasible and also environmentally friendly. According to the organisation, there was less waterlogging in the Bhabadaha area before 2012 because of the implementation of the TRM. People in the affected areas also want this approach to be implemented by the WDB to save them from the perennial waterlogging. The question is, what is stopping the WDB from taking this approach?

We urge the authorities concerned to take expert suggestions on the issue into consideration as well as listen to the people of the region, and take pragmatic approaches to solve the problem, thereby saving over a million people in the region from such unnecessary sufferings.

In search of breathable air

Dhaka's unhealthy air quality remains a concern

IT is quite alarming, if not as surprising, that Dhaka city has ranked fourth in the latest list of world cities with the worst air quality, as per the Air Quality Index (AQI). For a city to have "good" or "moderate" air quality, it will have to have an AQI score of zero to 100. An AQI score of up to 150 is likely harmful for sensitive groups, but anything above that may affect all members of the public. While the score varies from area to area in a country and across different times of day, the capital's AQI was found to be a staggering 189 on Saturday morning.

Dhaka's air quality has been a cause for concern for quite some time. The major sources of pollution are well-known: there are the construction sites littering almost every part of the city. Add to that the unfit and outdated vehicles continuously exuding fumes. And given the lack of rain during winter, dust from the streets also pollutes the air. Prolonged exposure to such pollutants can affect the health of not just vulnerable groups—children, elderly, or those with respiratory issues—but healthier individuals as well. But perhaps the main villain is the constellation of brick kilns and factories situated on the outskirts of the city, emitting toxic fumes constantly. Many of these are not built following proper designs or operated in line with the environmental rules.

A simple statistic can highlight the gravity of the situation: in 2019, around 1.7 lakh people had reportedly died due to air pollution in Bangladesh. Of these, 10,500 were infants. With the constant exposure to those pollutants, imagine how much of a fighting chance those affected by them will have against respiratory diseases like Covid-19.

The situation calls for an urgent undertaking if Dhaka is to make its air more breathable. The city authorities must find a way to stop or significantly reduce the effect of the pollutants. Regular spraying of water should be conducted in order to keep the dust on roads from rising. We must also get rid of the outdated vehicles emitting toxic fumes throughout the city. However, it is crucial that factories and brick kilns in the division and elsewhere are also made to follow environmental laws and are penalised for noncompliance. If urgent measures are not taken and if the polluters are allowed to get off scot-free, Dhaka's air quality will continue to be unhealthy for its residents.

Financing the economic growth of Bangladesh



MACRO MIRROR
Dr Fahmida Khatun is executive director at the Centre for Policy Dialogue (CPD). Views expressed in this article are the author's own.

FAHMIDA KHATUN

AFTER a downturn due to the ongoing Covid-19 pandemic, Bangladesh's economy has been trying to get back on track and has succeeded in some cases. The official statistics show that the growth rate dropped to 3.5 percent in FY 2019-20 from 7.9 percent in FY 2018-19 due to Covid-19. However, it was estimated to grow by 5.4 percent in FY 2020-21, and is projected to grow by 7.2 percent in FY 2021-22, according to government statistics. An economy which has been growing fast, defying all challenges, requires financial resources, among other needs. An important source for such finance is domestic resource mobilisation, where taxation is the key component.

However, domestic resource mobilisation efforts in Bangladesh have not been encouraging till now. The current tax-GDP ratio is well below the requirement for a dynamic economy that looks forward to achieving various milestones, including becoming an upper-middle-income country by 2031 and an advanced country by 2041. With the tax-GDP ratio at only 9.5 percent in FY 2019-20, Bangladesh has one of lowest tax efforts in the world. Such low tax collection poses a real challenge for the fulfilment of the country's goals.

The need for higher tax effort is well appreciated by the government. This is reflected through the higher targets set for the National Board of Revenue (NBR) by the Ministry of Finance each year. However, the growth of tax collection has been much lower than the targets. For example, in FY 2020-21, the government originally targeted an 11.9 percent growth of tax, which was revised downwards to 11.4 percent. In FY 2021-22, the target for revenue growth is 27 percent. But the growth trend during July-October of FY 2021-22 indicates that the achievement of the ongoing fiscal year's target will require more dynamic effort, since revenue mobilisation has to grow by 30.7 percent during the rest of the year.

In the current global economic and political scenario, when foreign assistance is being shifted towards various emerging challenges in much more difficult regions of the world, developing countries will have to mobilise their own resources domestically. Therefore, both the achievement of nationally set growth targets and global goals such as the Sustainable Development Goals (SDGs) will have to be achieved mainly

through their own resources. In view of the high demand for resources to meet the expenditures of a growing economy like Bangladesh, the government sets a high target for the NBR every year. Unfortunately, the target remains unfulfilled as it is difficult to achieve this in the current institutional set-up. On a positive note, in the last couple

of years, the NBR has taken several initiatives, which include e-filing of income tax returns, instalment of tax calculator software on the NBR website, restructuring of manpower and other facilities of the income tax department, motivational programme for income tax and VAT payers, introduction of tax card for highest taxpayers, and reforms in VAT administration, etc. However, there is also a need for tax rationalisation for individuals and businesses for higher mobilisation.

The reasons for low share of direct tax are widely discussed. Among them, narrow tax base, high level of tax avoidance and high volume of illicit financial flow are the most important ones. In this regard, the precondition for increasing higher tax collection is to have a strong and efficient tax administration, and policy and institutional reforms. Considering the population size and the prospective number of taxpayers, there is a need for more human resources and higher skills. Also, full automation of the NBR is crucial to improve efficiency. Tax evasion and avoidance are problems across various income groups and economic sectors. Implementation of e-governance through the use of ICT can reduce such evasions. It will also help establish an easy tax collection procedure and increased

compliance. People want to have a hassle-free tax system that will respect and cooperate with taxpayers.

There were a few reform initiatives in the past to have a simplified, transparent, efficient and effective tax administration. Some of these include: Reforms in the Revenue Administration (RIRA) in 2002; Income Tax Management System in



ILLUSTRATION: STAR

In the current global economic and political scenario, when foreign assistance is being shifted towards various emerging challenges in much more difficult regions of the world, developing countries will have to mobilise their own resources domestically.

of years, the NBR has taken several initiatives, which include e-filing of income tax returns, instalment of tax calculator software on the NBR website, restructuring of manpower and other facilities of the income tax department, motivational programme for income tax and VAT payers, introduction of tax card for highest taxpayers, and reforms in VAT administration, etc. However, there is also a need for tax rationalisation for individuals and businesses for higher mobilisation.

The reasons for low share of direct tax are widely discussed. Among them, narrow tax base, high level of tax avoidance and high volume of illicit financial flow are the most important ones. In this regard, the precondition for increasing higher tax collection is to have a strong and efficient tax administration, and policy and institutional reforms. Considering the population size and the prospective number of taxpayers, there is a need for more human resources and higher skills. Also, full automation of the NBR is crucial to improve efficiency. Tax evasion and avoidance are problems across various income groups and economic sectors. Implementation of e-governance through the use of ICT can reduce such evasions. It will also help establish an easy tax collection procedure and increased

2004; and Tax Administration Capacity and Taxpayers Services (TACTS) in 2010. Unfortunately, most of these initiatives have either been discontinued or they remain dysfunctional for unknown reasons.

In the face of the pandemic, the need for resources is felt much more. Economic activities have to be expedited. The government has to provide support to small businesses and extend direct cash support to the poor who are yet to recover from the impact of the pandemic. Besides, public investment for large infrastructure will also have to be continued. The Padma Bridge, which is being financed by the country's own resources, is going to be completed this year. If other large infrastructures are to be constructed with domestic resources, higher resource mobilisation will be required. Of course, people would like to see that their taxes are used efficiently. Responsible citizens know that in order to progress and receive services from the government, they have to contribute to the government's exchequer. But cost escalation, wastage, faulty design and misappropriation of funds are not expected by taxpayers. Indeed, effective resource mobilisation effort very much depends on its efficient utilisation.

PROJECT SYNDICATE

Argentina's Covid Miracle



Joseph E Stiglitz, a Nobel laureate in economics, is professor at Columbia University and a member of the Independent Commission for the Reform of International Corporate Taxation.

JOSEPH E STIGLITZ

ALTHOUGH Covid-19 has been hard on everyone, it has not been an "equal opportunity" disease. The virus poses a greater threat to those who are already in poor health, many of whom are concentrated in poor countries with weak public health systems. Moreover, not every country can spend one quarter of its GDP to protect its economy—as the US did. Developing and emerging economies have faced hard financial and fiscal constraints. And because of vaccine nationalism (hoarding by rich countries), they have had to scrounge for whatever doses they can get.

When countries suffer such acute pain, officeholders tend to receive more blame than they deserve. Often, the result is a more fractious politics that makes addressing real problems even harder. But even with the deck stacked against them, some countries have managed to deliver strong recoveries.

Consider Argentina, which was already in a recession when the pandemic hit, owing to a large extent to former President Mauricio Macri's economic mismanagement. Everyone had seen this movie before. A right-wing, business-friendly government had won the confidence of international financial markets, which duly poured in money. But the administration's policies turned out to be more ideological than pragmatic, serving the rich rather than

ordinary citizens.

When those policies inevitably failed, Argentinians elected a centre-left government that would spend most of its energy cleaning up the mess, rather than pursuing its own agenda. The resulting disappointment would then set the stage for the election of another right-wing government. Regrettably, a pattern repeated over and over.

But there are important differences in the current cycle. The Macri government, elected in 2015, inherited relatively little foreign debt, owing to the restructuring that had already occurred. International financial markets were thus even more enthusiastic than usual, lending the government tens of billions of dollars, despite the absence of a credible economic programme.

Then, when things went awry—as many observers had anticipated—the International Monetary Fund (IMF) stepped in with its largest-ever rescue package: a USD 57 billion programme, of which USD 44 billion was quickly dispersed in what many saw as a naked attempt by the IMF, under pressure from US President Donald Trump's administration, to sustain a right-wing government.

What followed is typical of such political loans. Domestic and foreign financiers were given time to take their money out of the country, leaving Argentinian taxpayers holding the bag. Once again, the country was heavily indebted with nothing to show for it. And, once again, the IMF "programme" failed, plunging the economy into a deep downturn, and a new government was elected.

Given the mess that Argentinian President Alberto Fernandez's government inherited in late 2019, it appears to have achieved an economic

miracle. From the third quarter of 2020 to the third quarter of 2021, GDP growth reached 11.9 percent, and is now estimated to have been 10 percent for 2021 while employment and investment have recovered to levels above those when Fernandez took office. The country's public finances have also improved. There has been significant growth in exports too, following the implementation of development policies designed to foster growth in the tradable sector.

Despite this significant progress in the real economy, the financial media has chosen to focus wholly on issues such as country risk and the exchange-rate gap. But those problems are hardly surprising. Financial markets are looking at the mountain of IMF-furnished debt coming due. Given the enormous size of the loan that needs to be refinanced, an agreement that merely extends the amortisation timeline from 4.5 to 10 years is hardly sufficient to alleviate Argentina's debt worries.

Cleaning up the previous government's financial mess will take years. The next big challenge is to reach an agreement with the IMF over the Macri-era debt. The Fernandez government has signalled that it is open to any programme that does not undermine economic recovery and increases poverty. Though everyone should know by now that austerity is counterproductive, some influential IMF member states may still push for it.

The irony is that the same countries that always insist on the need for "confidence" could undermine confidence in Argentina's recovery. Will they be willing to go along with a programme that does not entail austerity? In a world still battling Covid-19, no democratic government can or should accept such conditions.

Given the mess that Argentinian President Alberto Fernandez's government inherited in late 2019, it appears to have achieved an economic miracle.