

Don't let corrupt traders exploit Ukraine crisis

Effective oversight, subsidies needed to control prices

IT'S alarming to know that prices of local consumer goods have already started to take a hit from the fallout of Russia's invasion of Ukraine and fears of consequent price hikes on the international market. Since Thursday morning, according to a report, the wholesale prices of major consumer goods have gone up from around Tk 100 to Tk 600 per maund. Any increase in the global prices of essential commodities—especially oil and gas—would, understandably, impact the local market too. The commerce minister has said as much while commenting on the Ukraine situation, assuring that the government would control prices with subsidies if it happens. But as the report suggests, this is already happening, with a combination of greed, fears and speculations driving up the prices.

Apart from edible oil, wholesale prices of rice, wheat and sugar in Khatunganj, Chattogram—the country's largest wholesale market for consumer goods—have reportedly gone up, as have that of other food and non-food items. To justify the early price hikes, traders talk of fears of global fuel prices rising in the wake of the Ukraine crisis. There are also fears of disruptions in the global supply chain, leading to an increased demand for advance purchases. The rising demand for products ahead of Ramadan is also causing a hoarding spree. It may not be long before the debilitating effects of all this hits the retail market too.

We are deeply concerned by what this means for ordinary consumers. They are already overwhelmed by skyrocketing prices of almost all essential items amid talks of another round of tariff hikes of gas, water and electricity. The cost of living has significantly gone up. According to a report, a typical middle-class resident of Dhaka needs more than Tk 50,000 a month to meet the basic needs of a family of four. The truth is, the majority of Dhaka's 20 million residents don't even earn that amount. A grotesque testament to their actual buying ability of late has been a growing pile of videos showing people running after the Open Market Sale (OMS) trucks. These trucks, meant for selling products at controlled prices to the poor and low-income groups, are now being frequented by people from middle-income groups too.

So when the commerce minister says that the government will control prices with subsidies if the Ukraine crisis increases prices on the international market—and that various products are being sold through TCB trucks to "10 million low-income people across the country" to help meet their needs—one cannot help but wonder if he is underselling the risks. If the heart-rending scenes unfolding on Dhaka's streets are anything to go by, large numbers of people are clearly falling through the cracks. Apart from a routine pledge of "strict punishment" for unscrupulous traders manipulating market prices, we've yet to hear of any concrete action. We urge the government to initiate the kind of intervention that actually helps control the prices, with effective oversight, greater transparency and subsidies, otherwise ordinary consumers will continue to suffer.

Climate change brings disturbing new reality

Bangladesh faces huge labour loss from global warming

GLOBAL warming is having multidimensional impacts on countries and communities—and not just in terms of erratic climate events. A new study conducted by Duke University found that Bangladesh sustains losses of about seven billion working hours annually due to extreme heat exposure caused by global warming. Low- and middle-income tropical countries like Bangladesh are most vulnerable to global warming as a majority of their populations relies on manual work to earn their livelihoods. Researchers say if global temperature increases by only one degree Celsius, Bangladesh may lose approximately 21 billion working hours, and it would lose 31 to 57 billion working hours if the temperature rises by 2 or 4 degrees Celsius.

This means, as heat and humidity levels rise because of climate change, options for moving outdoor labour to cooler hours will become increasingly less possible, as one of the researchers said. This would ultimately result in further labour losses. The research also shows that on a hot summer day in Dhaka, temperature remains between 27 and 28 degrees Celsius, and in a 12-hour workday, an average worker loses 10 minutes of working hours due to exposure to extreme heat.

These are alarming figures as they show the multidimensional crisis we face as one of the worst affected countries in terms of climate change. For once, we are the victims of a condition that we haven't helped create or sustain, nor do we have the means to resolve it on our own. However, findings of the research, published in a peer-reviewed paper, provide important pointers for our own researchers to delve deeper and find out what these mean for affected communities, individuals and sectors, and if we can try and minimise the damage from the fallout.

One thing is certain: going forward, we will have to live with increasing losses of working hours and even capabilities, which is particularly disturbing as our production sectors—from agriculture to industry—are vastly labour-intensive. Therefore, the cumulative impact of this on our economy will be significant. There is no option left but to design and implement policies to cushion the adverse impacts of global warming. The government will be wise to heed the warnings.

How many revisions does a development project need?



Dr Nawshad Ahmed, an ex-UN official, is an economist and urban planner. He is the author of the book "The Children of Bangladesh".

NAWSHAD AHMED

DESPITE the higher authorities' public expression of dissatisfaction with frequent revisions of government projects, the practice of taking projects to ECNEC meetings to be granted deadline extensions, design changes, expansion of scope and budget enhancements has continued unabated. In most cases, the underlying factors that warrant project revisions are slow implementation and cost escalation. While sometimes there are genuine reasons for such revisions—such as the rise in market prices of construction materials and, recently, impacts of the Covid-19 pandemic on project implementation—the reasons given to justify deadline extension and cost escalation are often difficulties in procurement, challenge of land acquisition, delay in release of imported goods from the ports and late recruitment of project staff and consultants. In essence, there are design-level weaknesses, unrealistic budget estimations, followed by delays in floating of tenders and completing procurement formalities.

The total amount of ADP proposed in the current fiscal year's (2021-22) budget is Tk 225,324 crore, which is 6.5 percent of the GDP. As many as 1,426 projects are included in this year's ADP. About 25 percent of these projects have been revised one to three times already. Frequent revisions of development projects are discouraged in the government's guidelines, which do not allow revision of a project more than twice. A third revision is possible but only with prior approval of the planning minister.

The ADP guidelines allow project revisions only in cases where a) planned objectives of a project are not achievable and have to be changed, b) costs have increased due to currency fluctuations, c) CD/VAT charges have increased, d) national pay scale and other allowances



▲ **The government needs to undertake more projects but, at the same time, exercise more scrutiny and caution in its selection process and only fund projects that are essential.**

ILLUSTRATION: STAR

have increased, e) costs of physical items have changed, f) the project design needs changes, and g) the project needs additional resources. The implementing ministry of a project has the approval authority of a revision costing up to 10 percent of the total budget. If the project costs require a 25 percent increase or decrease, the planning minister has the

authority to approve the change within a limit of Tk 50 crore. Revisions of high-value projects are placed before the ECNEC for approval.

Making requests for extension of a project's tenure and its costs is a regular practice in the country, however. The huge time and cost overruns of many projects are encouraging a culture of seeking revisions since there are a number of grounds given in the ADP guidelines for revisions. In January 2022, 10 projects were placed before the ECNEC for revision whose original costs were around Tk 3,099 crore. The estimated cost escalation requested for approval of these projects totalled about five times more at Tk 14,961

crore. During the first eight months of the current fiscal year, the additional project costs approved by the government, according to *The Daily Star*, amounted to a staggering Tk 59,919 crore, which can potentially fund two megaprojects like the Padma Bridge.

This is a huge amount of project budget escalation and, therefore, requires a closer look at the way project plans are drawn up, reasons for increase of project costs and the appropriate steps needed for timely completion of projects.

No doubt the government urgently needs to address the challenge of frequent project budget revisions. The first step here is to realistically plan and build sound implementation modalities into project proposals. Proper planning and projection of project activities and associated funding requirements should be carefully drawn up in project proposals.

The volume of public investment is rising every year in Bangladesh due to the increased demand for infrastructure and services. The government needs to undertake more projects but, at the same time, exercise more scrutiny and caution in its selection process and only fund projects that are essential. Ministries should be strict in their screening and appraisal of projects, and monitor their implementation so that so many undertakings do not require revisions every year.

Improvement in the entire project cycle is necessary in order to minimise the phenomena of project revisions. From the feasibility study phase to the development of a project proposal, from the approval of a project to its implementation, supervision and monitoring, everything should be streamlined so that improvement is visible and tangible. Inadequate monitoring and supervision of field activities to ensure quality implementation is also lacking. The government needs to address all the bottlenecks faced and maximise projects' outputs. Boosting the capacity of public-sector projects will help raise employment opportunities, create effective demand in the short term and enhance social impact in the long run. Improvement of the quality of project performance is essential to enhance ADP implementation which contributes to increased rate of GDP growth.

Pandemics, pain and prosperity



Debra Efroymson is the executive director of the Institute of Wellbeing, Bangladesh, and author of "Beyond Apologies: Defining and Achieving an Economics of Wellbeing".

DEBRA EFROYMSON

AFTER two years, it is no wonder that people are fed up with the changes the Covid-19 pandemic has inflicted on us. Time and again, we've seen children out of school, people out of work, and hospitals out of beds and oxygen. These crises seem to be the "new abnormal," one which is by no means easy to adjust to. People are tired and just want things to go back to normal.

A couple of things should be clear by now. First, we are not going to acquire a magical post-Covid life any time soon, if ever. The most likely scenario is that Covid-19 will eventually be restricted to smaller outbreaks or fewer locales, though new variants may continue to cause misery. But it is also inevitable that other infectious diseases will appear and wreak havoc, as they have done in increasing numbers since 1980 due in no small part to the climate crisis and deforestation. Since 1980, we have seen several new diseases: HIV/AIDS, SARS, H1N1 (swine flu), MERS, Ebola, Zika, and of course Covid-19. Meanwhile, cholera, malaria, dengue, polio, and other diseases continue to devastate populations.

Diseases are not the only threat we face. Our global economic system is not as sustainable as we have been led to believe. Since the 1990s, there have been major regional and global economic crashes at least every dozen years. While tens of millions of people have been lifted out of poverty, tens of millions more remain entrenched in it. Income inequality is on the rise. Meanwhile, our supposedly sustainable development has caused irreparable damage to our planet and its climate, causing rising temperatures, worsening storms, and devastating floods, droughts, and forest fires which threaten the existence not only of other species, but of humans, too. Inevitably, we are going to face ever-worsening shortages of food and fresh water, which will lead to violence and unrest. Relying on ever-increasing consumption to create



▲ **If global leaders could respond so strongly to a transmissible disease, then why not to the climate crisis?**

PHOTO: AFP

economic opportunities has proved an environmental disaster.

Unbelievably, policymakers continue to act as if times are normal and economic growth is a rising tide that will continue to lift boats—not just for billionaires, with their super luxurious yachts (now a booming business), but for everyone. Telling ourselves lies is not good preparation for facing these multifarious

still continue to spread disinformation and resist any sensible approach to curbing the disease. But many more have complied with the requirements and worked together to save people from illness. We have gained much ground in fighting new diseases, and we can do so with future ones as well—if we work together and remain alert to new dangers. Meanwhile, changes that were

and complex problems.

It may seem difficult to find a bright side in the midst of all these terrifying threats, but there is (at least) one. Covid-19 has brought about untold suffering, but it has also shown us the possibility of governments bringing about major changes to face major challenges. When the ozone layer's depletion and the threat that it entailed to humans became clear, governments worked together to ban products that harm the ozone layer. Covid-19 restrictions have been more complicated and political, but enormous changes did happen throughout the world. People started wearing masks. Unpopular and difficult as they were, shutdowns helped slow the spread of disease—and resulted in remarkably clean air in many polluted cities. Scientists rushed to develop not just one, but several effective vaccines. Massive vaccination programmes quickly brought millions of people protection. Through it all, many bickered and complained, and many

unimaginable before the pandemic have become global in scale. Who even used Zoom before Covid-19? How many people successfully worked or studied remotely? The hours a day gained from not being stuck in traffic has gone towards more productive purposes: time for one's self, studies, hobbies; time for family.

The benefits have not persisted but we did experience a few months of quiet, clean air, and respite from many of the ills of modern life. Perhaps most importantly, we broadened the definition of the possible. Many people are now questioning, if global leaders could respond so strongly to a transmissible disease, then why not to the climate crisis? Perhaps prosperity is less about having more stuff and more about the basics: clean air and water, decent housing, sufficient and safe food, time, and health.

We can't be assured of a return to life before Covid-19, but we could instead achieve something far better.