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## New EC takes charge

### Restore the credibility of the institution

BA NGLADESH has a new Election Commission (EC) now. It is for the first time that an EC has been established under a law. Although we had our views on the nomination process by the search committee, and had our reservations with the individuals nominated—that is in the past now. We welcome the new CEC and his team to what we feel is a most difficult and onerous responsibility. One would hope that as guardians of the country's most important democratic institution, they would bring a change for the better.

In this regard, we reiterate the CEC's initial comments following the announcement of the appointments. He has put his finger on the most vital of his tasks, which is to hold an election that would be acceptable to all. We reiterate that the last five years have witnessed the steady stripping of the credibility of this institution, and the consequent denudation of people's faith in elections and politics in general. The steady decline in voter turnout in the polls attests to that. This—for a country whose most important article of faith is pinned on freedom of electoral choice of the people, and freedom to vote without let or hindrance—is a sad state of affairs.

We believe that the new EC, with former Senior Secretary Kazi Habibul Awal at the helm, has its work cut out for it. It is up to the CEC and other election commissioners to decide how they would acquit themselves and live up to the expectations of the people. Given the past five years, it is a tall ask. The EC does not have a magic wand. And there are impediments that would take time to remove. However, we hope that the new EC would take objective lessons from its predecessor's acts of omission and commission. Their task is not only to hold elections, but also to do everything to restore the credibility of this institution by providing an electoral process, at every level, that is transparent and free of coercion, and where every participant has a level playing field.

It is worth mentioning that the majority of the new commission members are successful ex-bureaucrats. They have been used to working in a milieu that demanded adherence to orders of the higher up—i.e. their political masters. In their new incarnation, they are obligated to no one except the people—and to them, and them only, are they accountable. They should keep in mind that they will be under constant public scrutiny, and therefore must perform in a fair, ethical and morally unimpeachable manner. We would like to caution that failure is not an option, and merely having regrets—for not being able to hold universally acceptable elections—is not an alternative to the "joy of success."

## Drivers kill, owners enable

### Vehicle owners too must answer for their part in road crashes

AS road crashes and deaths continue to surge in Bangladesh, despite all efforts by the authorities, one particular party that seems to be eluding the police dragnet is the vehicle owners. Often drivers are the only ones deemed culpable for crashes, while their employers are left untouched. While drivers in most cases are the obvious suspects, it's the owners who have the important job to ensure that their vehicles are roadworthy, necessary documents are updated, and there are eligible drivers behind the steering wheels—which they often fail to do.

As per the BRTA data, as of last month, 508,000 registered vehicles eligible for fitness tests have not renewed their documents. Meanwhile, at least one million registered vehicles are being driven by unlicensed drivers on the roads. As per the Road Transport Act (RTA), 2018, if a vehicle does not have updated documents, its owner would also be made responsible for any accidents involving the vehicle. Unfortunately, this is but one of many parts of the act that are yet to be properly implemented.

The pickup van that recently took the lives of six brothers in Chakaria of Cox's Bazar has been found to be faulty, with its papers expired three years ago. Earlier, on November 29, 2021, a bus killed an SSC examinee in Dhaka's Rampura area. Its driver was arrested soon afterwards and is now in jail. But why is the owner still living freely, given that the bus, reportedly, neither had a route permit nor an updated tax token? Similarly, the driver in the Chakaria case is in jail, while the vehicle's owner is reportedly on the run. Given that the responsibility of owners in cases of road crashes are acknowledged in the RTA, why are they not being held to account? Unfortunately, vehicle owners are often influential and politically connected people, making them immune to any fallout from their crimes or the lack of responsibility.

This can't be the norm if we truly want to prevent road crashes. We can't continue to grant undue concessions to the influential vehicle owners and transport associations. As per police data, at least 5,088 people were killed in 5,472 road crashes in 2021. This shows the urgency of immediate interventions from the relevant authorities. The government must properly and evenly enforce the road safety law to bring some semblance of order to our chaotic transport sector, and stop the march of deaths on our roads.

# How to make the universal pension scheme a success



MACRO MIRROR

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FAHMIDA KHATUN

THE recent announcement by the government to introduce a universal pension scheme (UPS) in Bangladesh from the 2022-23 fiscal year is a welcome and timely move. The ruling party committed to the scheme during the 2008 general elections, and it has been planning to introduce it since FY2017-18. The aspiration to provide support to the country's senior citizens is featured prominently in various government documents. The seventh and eighth Five-Year Plans have both outlined the need for UPS. The 2015 National Social Security Strategy (NSSS), too, talks about social safety for all.

The need for a UPS is felt particularly because the average life expectancy in Bangladesh has increased—currently, it's 73 years. While this increased longevity, in a way, indicates our better socio-economic situation, the absence of any old-age support mechanism puts our senior citizens in a vulnerable position. The average age of the Bangladeshi population is only about 26 years, indicating the prospect of a useful demographic dividend. But the size of our ageing population is also increasing. According to the Bangladesh Bureau of Statistics (BBS), old people will make up 20 percent of our total population by 2031, compared to 11 percent in 2017. Except for the public sector, there is no opportunity for pension in Bangladesh. There is the option of provident fund and gratuity in some organisations in the private sector and autonomous bodies. Meanwhile, the government provides old age allowance under its social safety net programme. But about 40 percent of the population currently don't have any pension.

Therefore, this initiative to provide security during old age through the UPS could bring relief to many people. However, it all depends on how the scheme is implemented. A number of issues will have to be taken into account and several preparatory activities undertaken to successfully implement the scheme.

First, in the face of increased government expenditure and a very limited fiscal space due to extremely low revenue collection effort, implementing the UPS will be a challenging task. The

government is already facing difficulty in continuing several infrastructure projects, whose costs are rising manifold from their originally estimated costs. The finance minister is expected to spell out where the government's contribution to the scheme would come from.

Second, the issue of accountability and good governance is at the forefront as the

accountable system in place. Investment decisions must be made in a way that will generate higher income and ensure smooth transfer of people's income after their retirement.

Examples of good practices may be a guide for us in implementing the UPS. The underlying factor behind effective pension schemes in other countries is the efficient



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proposed UPS is discussed, since there are instances of poor governance and misappropriation of resources whenever a large amount of money is involved. This is not uncommon even in the case of social safety net programmes. The government has several such programmes that provide direct cash support to the poor and old people. However, studies and reports have found many incidents of mistargeting and rent-seeking from those allowances. Many of the poor remain excluded from the beneficiary lists, while many others who are financially better off manage to be included in the list through bribing.

Third, the institutional and legal framework of the UPS will have to be designed with specific terms of reference for the authority of the pension scheme. The government has prepared a strategy paper on the proposed UPS, and will also prepare the legal and regulatory framework to operationalise it. It also plans to have a separate authority to implement the UPS. Issues such as responsibility and modality of work of the pension authority will be crucial to the scheme's smooth operation. The authority has to ensure good quality of services to the UPS beneficiaries.

Fourth, proper management of this fund will be crucial. In many developed countries, banks manage pension funds by investing in profitable ventures. Sadly, Bangladesh's banking sector suffers from various governance related challenges. This sector should prepare adequately to manage the UPS fund, doing which will require institutional reform to put an

management of such funds backed by a strong legal framework. The governments in those countries are investing the funds to earn profits, and using a part of the fund to cover the operational costs while the other part goes to the people. This is a smooth process, since the governments don't have to face any pressure, and the people are happy to receive their pension income.

Fifth, transparency is of paramount importance on issues such as how and where the pension fund will be invested, and how the profits will be distributed. People want to have their money safe and get it back without hassle. The operational and administrative costs should be within acceptable levels, so that the pension account holders receive a good return on their money. A robust supervision and monitoring system should be in place to avoid wastage. The beneficiaries should receive regular statements with updates on their income. The UPS should be fully automated with all relevant information available to the pension account holders.

Overall, the government's initiative to introduce a UPS is praiseworthy. This is commensurate with Bangladesh's aspiration to become an upper middle-income country by 2031 and an advanced country by 2041. Its implementation will determine whether we are moving towards that direction or not. This fund should not become another source of corruption, and pensioners should be able to receive their money instantly—without giving any bribe.

**The initiative to provide security during old age through the UPS could bring relief to many people. However, it all depends on how the scheme is implemented.**

## Don't let labour shortage derail our RMG momentum



RMG NOTES

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MOSTAFIZ UDDIN

OUR RMG industry has been characterised by the phrase "feast or famine" these last two years. After Covid-19 broke out in early 2020, clothing orders were extremely hard to come by for a period of time. Business picked up briefly, then slumped again, then really gathered pace towards the end of 2021. It has not stopped since.

This volatile business environment presents several challenges before us, the RMG manufacturers, and one of them is staffing. Forced to let workers go during the pandemic, RMG factories are now scrambling to hire workers to meet record orders. Unfortunately, the demand for workers is exceeding supply, and skill shortages are now a real issue in our industry. Rumours I have heard suggest that we have a worker shortage of 15-20 percent. In terms of numbers, this represents hundreds of thousands of garment workers—the lifeblood of our industry.

Why do we have this problem? There are several factors at play. The first is the unprecedented uptick in orders. Bangladesh broke records in RMG exports in the last quarter of 2021, and this momentum has been carried over to 2022. The shipping crisis in China doesn't look like it will go away until the end of this year either. So, Bangladesh has become a safe haven for RMG production, even if we ourselves are not completely immune to logistical challenges at the moment.

Amid the record number of orders, we face a crisis of labour. Many of the RMG

workers who were terminated as orders were cancelled were forced to return to their village homes. There is evidence that suggests that many of them have left the garment industry for good. If this really is the case, it's a huge loss for our industry. Besides, many garment workers have gone abroad in search of work in other RMG-producing countries. I recently saw a report quoting that 40,000 Bangladeshi workers are currently employed in the

This includes facilitating the re-entry of working mothers into the workplace through implementing alternate working hours, creche facilities, and so on. These are areas that a progressive business should be addressing anyway, so now might be a good time to invest in such human resource strategies.

In the medium-to-long term, two obvious solutions spring to mind. The first is a better, more coordinated skill strategy for our industry. There is compelling evidence that upskilling workers results in near-term efficiency gains and a reduction in defects. Are our current workers skilled enough to meet future staffing requirements in our sector? During the pandemic, Shimmy, an industrial edtech startup that upskills RMG workers, conducted the Apparel Automation Pulse study in Bangladesh. The study uncovered increased investments in advanced machines in the sector, and the skill gaps alongside it. There is no time better than now to expand this type of research and make sure that we have the right systems and processes in place.

The second step is to look at production levels as well as automation. Are factory workflows in our industry established as efficiently as they could be? Could better, more qualified management make a difference in this area? The two go hand in hand. It is also time to consider possibilities for investment in technology that could boost productivity. If orders remain high, factories will have the opportunity to boost cash reserves. This should improve the opportunities to invest in operational capacity and efficiency. Some amazing new solutions for garment factory automation are available right now. With the world's textile events and exhibitions now opening once again for face-to-face business, we as factory owners need to be looking at ways we can use them to future-proof our industry, and to help us better manage fluctuations in orders and output requirements.



**Having a massive crisis of labour amid a record number of orders does not bode well for the RMG industry of Bangladesh.**

FILE PHOTO: STAR

Jordanian garment sector. Others have left to work in the garment industries in Mauritius and Malaysia.

We need these workers now more than ever, in what looks to be a huge year for our RMG industry. Our factories might typically run at 50-60 percent capacity, but at present, many are operating at around 90 percent. Record levels of garment exports are on the cards in 2022, but this success story could turn into a pipe dream if we don't tackle the staffing crisis in time.

How do we address this crisis? I believe there are several options.

In the short term, there are several tactics that we could adopt. We could raise wages and other fringe benefits to attract more workers to join our factories. This could include bonuses or benefits such as sign-on incentives. Another option is flexible working practices.