The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

BR needs a complete overhaul

Those responsible for its repeated failures should be held accountable

BANGLADESH Railway (BR), perhaps to no one's surprise, is once again set to miss the completion deadline for 14 of its 20 ongoing projects scheduled to end by this fiscal year. But we must ask: Why should such a state of things continue to be underplayed and even accepted? Of the 14 projects set to miss deadlines, 13 have seen at least one revision already and, reportedly, the authorities are seeking another extension from one to three years for each.

As has become the norm, BR officials have attributed the slow progress of work to delays in land acquisition, unavailability of foreign loans in time and shortages of manpower—the only new excuse added to this old list is "disruptions" due to the Covid-19 pandemic. The other reasons that were mentioned by transport experts are poor planning, faulty feasibility studies and political influence to undertake premature projects. But these have been plaguing the BR for decades. Except for repeating these excuses every time the BR fails to deliver on its targets and objectives, what has it done really? Why haven't the authorities addressed these longstanding problems yet? Are we to assume that they suffer from yearly amnesia, or has the incompetence level at the BR reached an unsolvable height?

In the last one decade, the railway ministry saw a significant budget increase, becoming one of the five ministries or divisions that received the highest development fund allocations. Given that some of the projects undertaken by BR has the potential to produce great economic benefits for the country, we do not have any objections to that. However, since the BR repeatedly fails to implement the projects on time—leading to enormous cost extensions and attendant challenges—we simply don't understand why the government allows for such a state of things to continue without holding the top-level BR authorities to account.

At a time when government high-ups brag about the development of the country at every opportunity—and when other countries are building high-speed railways at a rapid pace—the fact that Bangladesh's state-owned rail transport agency cannot even construct basic rail tracks on time makes a mockery of those claims about our development achievements. It really is embarrassing that a country on the cusp of graduating to a developing country status has such incompetent people and institutions in charge of its rail transport system.

It is time for a complete overhaul of the BR. And those responsible for its chronic failures over the years must be held accountable for wasting valuable public funds and causing or sustaining public sufferings. This will set an example that will make sure such failures are not repeated.

Why create unnecessary sufferings for visitors?

Online ticketing system for national museum, Ahsan Manzil not working

IT is disappointing that people have had to face huge trouble while buying entry tickets for the national museum and the historic Ahsan Manzil as they went to visit those places after Eid holidays. According to a report by this daily, visitors could neither buy tickets online nor from the ticket counters on the spot. While on-spot ticket sales remained closed, online tickets could also not be bought due to the complexity of the process and issues with the servers. Visitors, therefore, had to buy tickets at exorbitant prices from the black market. While the regular entry fee to the museum is Tk 20, they had to pay up to Tk 100 for each ticket bought from the black market.

Reportedly, both the national museum and Ahsan Manzil started selling tickets online after they reopened in August following a long closure induced by the pandemic. Visitors have been facing difficulty in buying tickets since. The problem has intensified after Eid as the number of visitors greatly increased. Selling entry tickets for the two places has become a lucrative business for some locals who buy the tickets online and sell them at high prices. The authorities of the two sites are aware of that too. Why, then, are they not taking any action to regulate the ticket selling system? It is also not understandable as to why they haven't yet reopened the on-spot ticket counters. While the visitors are suffering due to mismanagement in the ticket selling system, the authorities are also being deprived of profits from ticket sales. Only the black marketeers are making profits.

Dhaka only has a few historical sites left for its residents to visit, as one by one all such sites and museums are being ruined due to negligence and lack of preservation efforts from the government. We would urge the government to do the needful in preserving and promoting these sites of historical value. Ahsan Manzil and the national museum are two such places that enrich our knowledge about our history.

Therefore, the government must ensure that people do not face any trouble in visiting them. We urge the authorities to make the on-spot ticket counters operational again and also make the online ticket selling service more convenient and accessible. Visitors should have both options available for them. At the same time, the authorities must take action against the black marketeers who are manipulating the system and creating problems for the visitors.

Could Bangladesh be the next Sri Lanka?

AN OPEN DIALOGUE

Dr Abdullah Shibli
is an economist and serves as a Senior Research Fellow at the US-based International Sustainable Development Institute (ISDI).

ABDULLAH SHIBLI

PUBLIC demonstrations, political protests calling for the government to resign, and long queues at gas stations and grocery stores have been a regular feature in Sri Lanka for the last few weeks. Sri Lanka's finance ministry said on April 12 that the government approached the International Monetary Fund for emergency financial assistance. It claimed that the pandemic and the war in Ukraine eroded the country's finances to the point it can no longer service its debts and sought comprehensive restructuring of its outstanding foreign-denominated debt.

What are some of the lessons that Bangladesh can take in from its South Asian neighbour? You could brush this question aside in one sentence: "Bangladesh is not Sri Lanka!" But such dismissal begs the question: Does trouble always come with a warning?

In the case of Bangladesh, if one were to use the same yardsticks, in sharp contrast to Sri Lanka, the former will come out with flying colours. The foreign exchange reserves and capital accounts are robust. However, there are other red flags. Just to mention a few, the cost overruns for megaprojects, the endemic pressure to devalue the currency, the banking sector with high non-performing loans (NPLs), and the overflow of resources through the black market are all draining the economy and its energy. Bangladesh is an import-dependent country and volatile exchange rate or supply chain problems could affect its foreign reserves within a short span of time.

A recap of the Sri Lankan disaster

To recap, it cannot be gainsaid that the recent flare-ups in Sri Lanka were many years in the making, stemming from an amalgam of problems. An accumulation of debt on infrastructure spending, sweeping tax cuts that decimated government revenue, and political missteps, to name a few.

Sri Lanka's President Gotabaya Rajapaksa has been widely criticised for appointing his brothers as ministers and giving other key positions to relatives.

PHOTO: AFP

For many years, particularly since 2019, Sri Lanka has stumbled from one economic crisis into another without any let-up, compounded by economic mismanagement, a rise in external debt, depleting foreign exchange reserves, a weakened currency, and rising prices.

The country declared bankruptcy earlier this month and expressed its inability to meet its debt service obligations to its creditors. While the Sri Lankan government declared it was only a "temporary" default, it is unprecedented in the country's history.

Bangladesh, which has had its own skirmishes with human rights bodies in recent years and faced occasional flare-ups of socio-economic discontent, is also struggling with the after-effects of global inflation and supply chain disruptions. The war in Ukraine, rising oil prices, and higher cost of imports are leading the civil society in Bangladesh to ask: Are we also facing a future that might push us on the path to a similar economic and social upheaval?

What about Bangladesh?

Let us all recognise that there is a difference between economic downswings and the catastrophic calamity that is happening in Sri Lanka and the one that could come down in Bangladesh. Bangladesh has a larger economy and a population which is far bigger and an economy which is more robust than Sri Lanka. The per capita debt of the people of Bangladesh is one-fifth of Sri Lanka. Similarly, the steady inflow of remittances from the expatriates working abroad gives Bangladesh an edge. All our other international economic metrics indicate a healthier current state of affairs.

Bangladesh economy, on the other hand, and its balance of payments are overly dependent on RMG exports and remittances—making them vulnerable to global market fluctuations in demand and prices. Bangladesh has also incurred an undisclosed amount of debt to Chinese lenders mostly in the form of suppliers' debt. The government has other major challenges. As per studies done by BUILD, a think tank of DCCI, under and over-invoicing in import and export bill is amounting USD 12-13 billion per annum on an average. Another form of financial rigmarole is "front loading" of infrastructure projects which now amounts to 20-25 percent of the projected cost.

A specialised mission of the IMF's Monetary and Capital Markets department visited Bangladesh twice before the pandemic for a diagnostic review of Bangladesh's banking sector and came up with 43 measures to reform the creaky system. As of today, all of these are in a state of limbo.

While Bangladesh received a "BB-" rating in an assessment of its credit-worthiness by Fitch Ratings Inc., thanks to Bangladesh's resilient external finances, relatively strong growth despite the pandemic, and government debt levels that remain below the peer median, it cautioned the preponderance of low government revenues, weak governance indicators, and the problem-ridden banking sector. A World Bank report "Bangladesh Development Update" (April 2022) summarises the situation as follows: "A robust economic recovery in Bangladesh faces new headwinds, as higher global commodity prices exacerbate the current account deficit and inflationary pressure."

In the final analysis, our foreign exchange reserves could come under pressure as the Bangladesh Bank continues to intervene aggressively to support the exchange rate in the event of an external or confidence shock. The exchange rate will continue to slide as domestic demand improves and imports of capital goods associated with large infrastructure projects resume picking up. But the more worrisome issues are delays and cost overruns in project implementation, financial sector weaknesses, and the non-economic—social and political—soft underbelly.

We need a better urban social protection system

Sarah Amena Khan
is a development practitioner.

SARAH AMENA KHAN

COVID-19 has forced Bangladesh to take a hard look at its urban poverty situation and fragmented social protection system. Urban areas were already emerging as the new frontier of poverty even before the pandemic. And the knock-on effects on unemployment, income and food insecurity have already been widely documented. While Bangladesh focused on countering the pandemic's impacts, especially in low-income urban communities, measures were often temporary and difficult to administer. Now, the challenges are becoming apparent even as the economy recovers, and the country navigates towards the post-Covid recovery phase.

Among the key issues, general inflation (point-to-point) has notably risen to 6.17 percent in February 2022 compared to 5.32 percent a year back. Non-food inflation drove the general trend over recent months with price hikes for transport, clothing, furniture, and furnishings.These hikes are partly linked to costlier imports of energy and essential commodities driven by Covid-induced surges in global prices and freight costs. Domestic price adjustments for fuel, gas, and transport together with weak market monitoring of essential commodity prices also added to the problems. Global uncertainty owing to the ongoing Ukraine-Russia crisis, resurgence of Covid in China, and other developments are also impacting global trade and supply chains. This may further affect inflationary trends in Bangladesh. Overall, inflation will likely continue to rise, as per the Bangladesh Bank.

Households on low, fixed incomes—especially the poorest urban households already hurt by Covid-19—are likely facing tighter budget constraints. Lower middle-income households may also be facing food insecurity. Considering these, Bangladesh cannot afford to lose focus on social protection (including urban social protection) especially in the upcoming national budget. Open Market Sales (OMS) schemes in urban areas must be continued and expanded as part of ongoing government efforts.

Given the new realities and by drawing on international experience, Bangladesh can explore how to introduce and expand affordable social insurance schemes to all working adults that will reduce their insecurity.

Beyond these immediate concerns, Bangladesh needs to invest in a shock-responsive urban social protection system that can respond to the country's climate crisis. Bangladesh has already been experiencing rapid urbanisation with economic growth. At the same time, more frequent and intense climate-induced disasters are displacing rural populations towards urban settings such as Dhaka. One in every seven people is likely to be displaced by climate change by 2050, studies estimate. But major cities such Dhaka and Chattogram may also become less hospitable. According to a 2018 World Bank study on internal climate migration in South Asia, these are highly vulnerable to sea level rise, storm surge impacts and heavy flooding. Covid-19 has already exposed faultlines in Bangladesh's urban social protection system. This underscores why investments need to be made now and include cities beyond Dhaka and Chattogram.

Bangladesh already has the blueprint to transition towards such a system—the long-term National Social Security Strategy and action plan. This includes expanding coverage of social assistance and introducing social insurance programmes in urban areas. Some forms of social assistance programmes for children, the elderly and persons with disabilities are already envisioned as part of ongoing reforms. However, simply extending or duplicating rural social assistance programmes will not respond well to the distinct vulnerabilities of those in urban areas. They face higher living costs, multiple aspects of deprivation, and more precarious employment.

Social protection reforms that focus on employment policies and on social insurance are also key priorities alongside social safety nets, as emphasised in Bangladesh's 8th Five Year Plan. As noted earlier, the pandemic disproportionately hurt vulnerable urban households. Working adults from such households are likely to be self-employed, informally employed, or belong to unprotected, low-income formal sectors. They need support to protect their incomes and jobs especially during a crisis. Here, gendered needs of women require serious attention.

Bangladesh plans to introduce social insurance schemes (e.g., unemployment insurance schemes) for both formal and informal workers as part of a pilot National Social Insurance System under the National Social Security Strategy. However, the benefits are more likely to accrue to formally employed workers who can afford to contribute towards investing in their own security compared to those who are working in the informal economy. Given the new realities and by drawing on international experience, Bangladesh can explore how to introduce and expand affordable social insurance schemes to all working adults that will reduce their insecurity.

Here, partnerships will be key to designing and implementing such urban-specific, shock-responsive programmes, especially during emergencies. Bangladesh can leverage established partnerships between the Local Government Division and development actors working on urban poverty. For example, UNDP's Livelihoods Improvement of Urban Poor Communities Project (LIUPCP) is among the biggest urban poverty reduction initiatives in the country. Similarly, the role of non-government organisations (NGOs) can be pivotal in piloting small-scale programmes to draw insights into what works for vulnerable urban households. Partnerships with actors in Bangladesh's insurance sector may also be crucial moving forward.