The Daily Star
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Whose per capita income?

Angry reactions to official growth figures show disconnect from reality

TOO good to be true—that's how many people have reacted after the government's provisional data for the 2021-2022 fiscal year was disclosed on Tuesday. One of the disclosures that hit particularly close to home is that the provisional per capita income in FY 2021-22 has gone up 9 percent to USD 2,824. Many in their social media platforms took issue with the unusually high figure, saying it's in no way a reflection of their actual earnings or that of ordinary citizens who are struggling with the extremely high living cost and shrinking income-generating opportunities. Clearly, they feel excluded from the rosy official narratives. So they asked, if not theirs, whose per capita income is it then?

Government officials, however, are confident that people's income level has certainly risen, a conclusion they support with reports of high purchasing trends in rural areas, long queues at supermarket checkouts, lack of manual labourers, etc. This is only half the story, though, as almost all other signs point to increasing suffering as a result of high inflations and extremely high income inequality. As per the latest Household Income and Expenditure Survey of the Bangladesh Bureau of Statistics (BBS), the country's Gini coefficient—the economic measure of equality—stood at 0.482 in 2016, up from 0.458 in 2010. The Gini coefficient is measured on a scale of 0 to 1; the closer it is to 1, the higher the inequality. Now, the Gini coefficient of Bangladesh is at an all-time high, meaning that inequality in society is also at an all-time high.

Other provisional figures for FY 2021-2022 also show the widening gap between official estimates and the reality. For example, according to BBS, Bangladesh's economy will grow at a remarkable 7.25 percent this fiscal year, the third time since FY 2006-07 that the GDP growth will cross the 7 percent-mark. This is despite the fact that Bangladesh, like the rest of the world, is still struggling to cope with the economic fallout of the pandemic, which makes such optimistic projections hard to believe. Notwithstanding the government's enthusiasm, ordinary people neither have any patience for the intricacies of BBS statistics nor any illusion left to believe them at face value. They want to see tangible improvements in their lives. They want to have decent jobs and be able to earn enough to pay for daily essentials, medical expenses, housing and schooling, etc.

The government, if it is really sincere about improving people's lives, should not confine its focus to statistics only. It should pursue a development policy that is inclusive and sustainable so that everyone—not just the haves—can benefit from it.

Why can't privately run trains make profits?

They are dragging BR further down the abyss

IT is unfortunate that Bangladesh Railway (BR) has not been able to make much progress when it comes to getting the customer trains operated by private firms and making profits. According to a working paper submitted by the railways ministry to the parliamentary committee, the agency is incurring huge losses as privately run passenger and freight trains have failed to make any profit in the last three years. According to a report published by this daily, for every kilometre an individual travelled by train operated by private firms, BR spent Tk 2.43 and earned Tk 0.62, incurring a loss of Tk 1.81. And when it comes to transporting goods by freight trains, BR is also counting a loss of Tk 5.76 for each tonne of goods carried for each kilometre.

The data presented by the railways ministry, however, lacked details—for instance, they could not provide the income and expenditure of each of the 40 trains currently being operated by private firms. While the paper mentioned that the trains earn over Tk 98. 61 crore a year, it did not say how much money is being spent to operate them. As the issue was discussed in the national parliament on Monday, the Parliamentary Standing Committee on the Ministry of Railways expressed dissatisfaction for presenting such an incomplete report. And rightly so. How could the parliamentary committee learn about the actual situation if the ministry provides fragmented data? Does it not expose the inefficiency with which the ministry prepares these reports?

What is the point of allowing private firms to operate the trains if they fail to make any profit? And what measures can be taken to make them profitable again?

Reportedly, BR has been incurring huge losses for the last 12 years despite receiving massive investments from the government. According to a ministry document, the transport agency incurred a loss of Tk 2,086.70 crore in the fiscal year 2019-20. And, as per the data of the Bangladesh Railway Information Book-2020, the agency has not made any profit since FY 2008-09.

Against this backdrop, we think the BR needs a massive overhaul to right the wrongs done by the organisation. It is true that it cannot be turned into a profitable one instantaneously, but if corruption, mismanagement and poor services can be checked and a culture of accountability established, it can definitely be turned into a profitable transport agency soon enough.

Everything that's wrong with Bangladesh Railway

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WHEN was the last time we heard of any positive news about Bangladesh Railway (BR)? I don't remember coming across any in recent years. But negative news? There were plenty of them in the last couple of months alone—from counting losses every year to not being able to complete the myriad projects undertaken to improve its services, it seems that the agency could not do a single thing right. If we only go through some of the reports published by *The Daily Star* in the past few months, we will get an idea about the extent of its incompetence.

According to a report published on May 7, 2022, BR will likely miss the completion deadlines for 14 out of 20 projects scheduled to end by this fiscal year. Of these 14 projects, deadlines for 13 have seen at least one revision already, and the authorities are seeking another extension from one to three years for each. Among the other six projects, one has been cancelled halfway, while the deadlines for the remaining five, due to be complete by June this year, have also been extended several times—meaning that there was not a single project among these 20 which could meet its first deadline.

Among the 40 projects currently under implementation by the BR, with funding from the government, Asian Development Bank, India, and China, 26 have got new deadlines. Usually, after each revision and deadline extension, project costs go up significantly, as prices of raw materials increase over time, new components are added to the project, and sometimes the original designs of the projects are also changed.

Still, the BR has been taking on these massive projects without increasing the efficiency of its officials and without recruiting the skilled manpower required for such huge undertakings. The BR authorities have attributed the slow progress of the projects to delays in land acquisition, unavailability of foreign loans in time, shortage of manpower and Covid-19 disruptions—but have they taken any measures to address the issues? Have they held anyone accountable for such slow progress of work? Do the railway authorities even care that it is public money that is being wasted in the process of frequent revisions?

If they do, what measures have they taken in all these years to complete the projects on time? Why do they still not have the capacity to design and plan a project with the much-needed expertise? Or is it because of corruption and irregularities of its officials that the projects can never meet their original deadlines?

While BR officials have identified their own reasons for such poor performance, transport experts have identified some vital issues such as poor planning, faulty feasibility studies and political influence to undertake premature projects as the main barriers to timely project completion. What happens when the plan for a project is done hastily without taking the much-needed expert opinion and the feasibility study is done without much care? Citing examples of some of the ongoing projects should be enough to understand this.

PHOTO: RASHED SHUMON

Despite being one of the five ministries that received the highest development fund allocations in the past decade, the railways ministry is among the lowest performers in terms of project implementation.

According to a report in this daily on January 29, 2022, the government undertook a project to procure 70 Metre Gauge (MG) locomotives in 2011 to mitigate the growing crisis of rail engines and to expand the services of Bangladesh Railway. While the Tk 1,946 crore project was supposed to be completed by 2017, the project authorities could not even complete the bidding process by that time. As the deadline of the project was extended twice and it went through a major revision in 2018, the project cost jumped to Tk 2,659.33 crore. After the revision, the deadline was extended again to June 2024.

The BR then signed an agreement with the South Korean Hyundai Rotem Company which was supposed to arrange the required funds. But according to our report, the company wanted to pull out from the project as the government asked it to manage soft loans instead of non-concessional loans, as agreed by both sides earlier.

Many of the foreign-funded projects, like the one mentioned above, faced uncertainties, as the companies that were supposed to arrange project funds did not want to fund them anymore due to changes in the agreement. In the case of the Joydebpur-Ishwardi double-line project, the Chinese government clearly mentioned last year that they did not want to fund the project because there was a "lack of in-depth preliminary work and insufficient feasibility study".

After facing these problems with the foreign-funded projects, have the railway authorities changed anything to improve their planning and overall execution?

It is unfortunate that despite being one of the five ministries that received the highest development fund allocations in the past decade, the railways ministry is among the lowest performers in terms of project implementation. According to a report by the Implementation Monitoring and Evaluation Division, it could not achieve even the average ADP implementation rate twice in the last six fiscal years.

Besides the failures in project implementation, the BR is also incurring huge losses year after year. Between FY 2008-09 and FY 2019-20, it had incurred Tk 13,492.70 crore in losses, according to BR documents. As per the data of the Bangladesh Railway Information Book-2020, the agency has not made any profit since FY 2008-09, despite the fact that the government has increased its funding both for operation and development.

Unless the government holds BR authorities accountable for their repeated failures in project implementation and check the various irregularities and mismanagement inside the organisation, we will no doubt hear of more such failures in the coming days, and the poor performance of Bangladesh Railway will continue to make citizens suffer.

100 billion to tackle climate change is a trillion too short

POLITICS OF CLIMATE CHANGE

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SALEEMUL HUQ

A decade ago, developed countries pledged to provide developing countries with USD 100 billion each year, from 2020 onwards. The year 2020 came and went and the USD 100 billion was not delivered even in 2021. At COP26 in Glasgow in November 2021, the developed countries apologised for their failure to keep their promise and pledged again to fulfil it.

In the meantime, the 6th Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) has reported that the impacts of human-induced climate change have already become a reality and the world needs to step up its investment for both mitigation and adaptation, while also addressing loss and damage.

Hence, the amount that has been pledged so far is completely inadequate to tackle the climate disaster, as trillions of dollars are required to allow the world to develop in a climate-resilient manner.

The Covid pandemic and the current war in Ukraine have only added to the climate crisis and highlighted the need to redirect future investments towards a more sustainable and resilient world.

The first redirection needs to be for global investment in renewable energy, and abandoning the use of fossil fuel. The war in Ukraine has highlighted the dangers of Europe's dependence on fossil fuel from Russia, and countries in Western Europe are fast tracking their plans to invest more in renewable energy. This is a welcome development even if it is happening later than it should have.

This redirection of investment from fossil fuels to renewable energy needs to be replicated in every country in the world, as quickly as possible.

PHOTO: REUTERS

The Bangladesh government has wisely cancelled plans for some coal-based power plants and is ramping up investment in solar energy, which should be expanded rapidly. It would also be worth exploring the employment of offshore wind in the Bay of Bengal, where the newest wind turbines can be installed and operated safely even during times of cyclonic wind speeds. It will require initially investing in the feasibility study on such offshore wind energy and, if it seems feasible, to bring in billions of dollars worth of investments from global green investment funds, which Bangladesh has yet to tap into.

One example for us to learn from is the successful launch of a Green Sukuk bond by Indonesia, which raised more than USD 1 billion for green investments in the country.

Besides investment in mitigation and energy, the world also needs to increase investment in adaptation to prepare for the enhanced level of adverse impacts of climate change that are now inevitable for all countries, the poor and the rich. This will require national governments everywhere to enhance investment at national and local levels, and for developed countries to finally deliver on their pledges of financial support to developing countries.

Finally, we also have to invest in addressing the loss and damage that will inevitably occur due to human-induced climate change in every country. It is important that the Glasgow Dialogue on Finance for Loss and Damage, agreed upon at COP26, results in the creation of a new facility for financing loss and damage at COP27 in November this year.

It is fair to say that both government and civil society actors in Bangladesh are well aware of these needs, and some investments are already happening at public and private sector levels. The need of the hour is to rapidly enhance the levels of investment in Bangladesh and look to tapping into the global green investment funds, which we have not yet been able to access.

This means looking beyond climate change funds such as the Green Climate Fund (GCF) or the Adaptation Fund (AF), and into the trillions of dollars now available in the global green funds.