

Rise in losses caused by natural disasters alarming

Govt must strengthen social protection schemes to help those most vulnerable

IT'S alarming to know the devastating effects of natural disasters, particularly floods, that caused damage worth of Tk 1,79,198.8 crore in the country from 2015 to 2020, as revealed recently by Bangladesh Bureau of Statistics. The BBS report says that loss and damage that households faced increased tenfold during this time, compared to the period of 2009-2014. Of the total loss incurred by the households, flooding alone accounted for 56.4 percent. They were also affected by cyclones and hailstorms.

While people in the lowest-income group lose 97.17 percent of their earnings during the period of a disaster, it's only 9.33 percent for the highest income group, the report adds. We, in fact, do not need much research to know that it is the lowest-income people who are the worst-affected during any kind of natural disaster, including flood, because they're the ones involved in agriculture and other income-generating activities related to nature. In Sylhet and Sunamganj, for example, where millions of people have been affected by the ongoing flood, many have lost all their belongings and are living under the open sky with no food. Needless to say, many were involved in farming before. They cultivated paddy in the hope of a bumper production but are now barely trying to survive. When the flood water recedes – it might still take some time for that to happen – it is the farmers and such low-income people who will have to struggle more to get back on their feet again.

While the affected people now need government relief and all kinds of assistance to pass through this difficult time, we have seen how the government has failed to provide them that. Since flood in Bangladesh is a regular phenomenon, there can be no justification for the lack of preparation of the government agencies concerned. We expected a well-planned relief operation from them, but instead were met with frustration. This begs the question: will the government be able to give the affected people necessary support, including for rehabilitation and income opportunities, after the flood water recedes?

The government must have special allocations for the flood victims this year under its social protection schemes, while its regular programmes must also continue to support the poor and vulnerable groups affected by past disasters. At the same time, steps must be taken to stop the activities that are harmful to nature – including unplanned development, earth-filling in water bodies, and destruction of hills. Any development, big or small, in the coastal areas should be planned in line with the government's climate change policy, otherwise it will lead to more disasters like floods and cause higher economic losses, affecting the low-income people even more.

A pro-people pension scheme on the way

Govt must ensure good governance and accountability from the very beginning

WE are pleased that the government has made good progress with the universal pension scheme it plans to introduce this year. According to a report by *The Daily Star*, the cabinet on June 20 gave its final approval to the draft of the Universal Pension Management Act, 2022, which is now awaiting a nod from the Legislative Division. Reportedly, people between the ages of 18 and 50 can participate in the pension scheme, including expatriate Bangladeshis. Those participating will have to provide a premium for at least 10 years to get pension from the age of 60 until their death. The amount of premium will be determined by a rule under the proposed law. The law further proposes the establishment of a five-member national pension authority headed by a chairman, and also a 15-member governing body with the finance minister at its helm.

The main target of the scheme is to bring the growing elderly population of the country under a sustainable social safety net programme, which we are badly missing. As the percentage of elderly people is set to increase from 11 percent in 2017 to 20 percent in 2031, it is high time for the government to set up and introduce such a scheme. However, as is the case with nearly every government scheme in Bangladesh, the effectiveness of the scheme is not guaranteed – without checking corruption and mismanagement.

Introducing the scheme may already prove to be a challenge for the government due to its increased expenditure and low revenue collection. The issue of accountability and good governance, no doubt, will again be at the forefront. As such, designing the institutional and legal framework to check any scope for irregularities now, and in the future, will be key. Proper management of this fund will be crucial. Therefore, the government must ensure the maintenance of proper checks and balances, and nurture the technical ability of those who will be handling such a vital task.

While we congratulate the government for planning to introduce this pro-people scheme, ultimately, the people will only benefit from it if the government can ensure full accountability and transparency in its application. We hope the government remains conscious of its poor record when it comes to the implementation phase of such schemes, and works doubly hard to ensure this scheme can avoid those traditional pitfalls.

EC's Big Nothing

From a crowning moment to a humbling experience



OF MAGIC & MADNESS

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NOW that the Cumilla City Corporation (CCC) election is over and everything there was to see and hear has been seen and heard, we need to address the elephant in the room. No, it's not the dramatic turnaround that saw the ruling Awami League's candidate win by a razor-thin margin of 343 votes. Or his rival's rejection of the result and subsequent explanations offered by election officials. Or the chaos into which the meeting of rivals descended over the announcement of the result. Or the slow voting caused by EVMs. These problems notwithstanding, the election served up some good moments too, notable among them the absence of violence.

But election memories are notoriously fickle. Recency bias can get the better of us all, and all these moments from one election may soon be forgotten as more are held and eventually shoehorned into mere statistics. The only memory that will likely last, at least in the public mind, is the impression we're left with ahead of the final test in December 2023. Will we feel scared? Will we feel concerned? Or will we feel confident going into the general election?

It is in this context that we have to address the elephant in the room. No, it is not the CCC election but the Election Commission itself, or more specifically, its shocking retreat in the face of opposition from a ruling lawmaker who defied its order to leave the city for violating the electoral code of conduct. His subsequent tutorial on how the EC should conduct its business only solidified any sense of helplessness the EC may have had, which it seemed to project in two phases: First by expressing its inability to *make* him leave, and then, on Monday, by further softening its tone through a U-turn on earlier claims of breach of code.

This remarkable turn of events is significant on several levels. First, when the directive was issued, many thought it would be the EC's crowning moment, staking its claim to the full range of its power as accorded by the constitution. In any turf war, you don't establish your superiority by scaring the odd *mastan* off but by making a statement move against the biggest/baddest of them. Over the years, election in Bangladesh has morphed into a kind of turf war – between the EC and the Big Power – and the last two commissions, frankly, lost their fight as well as dignity because they didn't have the courage to stand tall in front of it.

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he didn't comply within an hour. If that commission could do it, we told ourselves, this one can too. After all, as experts say, sections 31 and 32 of the code of conduct empowers it to mete out penalties for any violations, including the imposition of fines, jail sentence and even cancellation of the candidature of any candidate. Yes, it can even postpone an election too.

In the end, however, the EC's big moment turned into a big bag of nothing. The whole exercise became a humbling experience for it as it was forced to retract its allegations. The EC even appeared to be apologetic for the inconvenience caused to the lawmaker. You don't see this level of effort or concession when the pride of an opposition leader is hurt. This, in the coming days, will be used as an example of defeat in the EC's first real negotiation with power, and a reference point for any such defeat from here on. The memory of how powerless it made citizens feel will stay with us.

Unfortunately for the EC, this is the kind of events that set narratives, or rather, override them. If the EC wanted to establish a narrative that it can deliver a "peaceful, fair and transparent" election – to quote the CEC – it has been overshadowed by the more powerful image of its surrender when faced with

real power. When this image of a peaceful election is put side by side with the image of its surrender, what we have is cause at once for short-term relief and long-term horror.

Relief, because of the experience of an election without violence, if not without hassles. Horror, because of its dire implications for the future of the Election

Commission and the electoral system in general.

When this commission was installed in late February, there was no doubt in anyone's mind about what would be expected of it: to restore public confidence after two highly controversial general elections that had put Bangladesh under critical scrutiny. The EC, thus, has a very clear role to play: Undo the damage. Damage done to the electoral system. Damage to the voters' trust. Damage to how other stakeholders, including the administration and political parties, approach elections. And damage to the idea of EC itself.

No one said it would be an easy task. But having clarity of purpose can be a source of comfort. And we were led to believe that it can be a source of strength too. All the newly appointed commissioners including the CEC spoke in unison as they vowed to bring opposition parties back to the campaign trail and citizens back to the booths, with their trust restored. Perhaps the EC should remember those vows now. It should understand that undertaking real change requires courage. It requires doing away with the old, bureaucratic ways of doing things. It requires breaking the status quo.

Why are we still rewarding money launderers?



A CLOSER LOOK

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FINANCE Minister AHM Mustafa Kamal has placed a controversial suggestion in his budgetary proposal: money launderers – read financial criminals – will be allowed to legalise their laundered money without having to face any questions, if they pay a meagre 7-15 percent tax. The move is apparently aimed at creating scope to roll back the laundered money into the mainstream economy.

While the proposal has been criticised as unconstitutional and discriminatory towards honest taxpayers, at this point, we need to ask ourselves, why are we failing to stop capital flight to begin with?

To understand the country's money laundering ecosystem and find answers to the above question, we need look no further than the much-publicised case of PK Halder. The Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank had flagged PK Halder's fake companies as "risky borrowers" way back in 2016. Despite this, Halder and Co. were allowed to carry on with their crimes, till those could no longer be kept under the wraps.

This particular case has raised questions about the competence and intentions of the financial institutions (FIs), intelligence agencies, and the regulators. Why was the DFIM flag not taken seriously in 2016? Why did the FIs keep lending Halder money, despite his companies being termed risky borrowers?

Time and again, the authorities have not only been reluctant to bring financial criminals to justice, but have gone out of their way to protect them. The proposal of the finance minister to legalise laundered money without launderers even having to answer for them is only a continuation of that long tradition.

Why did the law enforcers not catch him in the act? Is there a problem with the existing laws, or does the problem lie with their application?

In an attempt to unearth the answers to these questions, I caught up with Dr Iftekharuzzaman, Executive Director of Transparency International Bangladesh (TIB). The problem, he said, wasn't with the law, but with the lack of political will, as well as the technical capacity to implement them.

"The 2012 Anti-money Laundering Act (AMLA)... is a very strong law. To complement, there are robust and well-designed international procedures including mutual legal assistance facility against money laundering. It is the lack of enforcement of such national and international legal provisions that is making the nation vulnerable to the ever-increasing menace of money laundering... Apart from illicitly transferring money abroad through creation of paper-based, shady companies, a significant chunk – more than 70 percent – of money is laundered through trade misinvoicing, every year. The culpability of sections of the concerned authorities is also a possibility that cannot be overlooked," he explained.

A similar opinion was shared by former World Bank lead economist Dr Zahid Hussain: "It all boils down to governance. Financial scams cannot take place without cooperation between the criminals and the enablers, and there is almost always an inside enabler. In the past, the nation has been shocked by the massive scale scam of Hallmark Group and Bismillah Group, and in both the cases it was highly experienced state-owned banks – Sonali and Janata – which had been the lenders. One might be pardoned for asking, how could such experienced banks fall for the lies and

fraudulence of these unscrupulous and dishonest businesses? The micro-prudential regulations that are in place are sound, so are the policies. The regulator and the financial institutions need to ensure compliance not selectively, but even handedly."

One also wonders if nonentities like P K Halder or Tanvir Mahmud or Khaza Soleiman Anwar Chowdhury – who have aggressively looted financial institutions – operate only with the help of a few inside officials, or are there "influential" people behind them, holding the strings. Each time such a case gets exposed, it is usually only the small fries who get caught, who may face punishment. At best, political opponents are implicated. But are small players really capable of pulling off such stunts without political patronage? Would FI officials risk their jobs and reputations only for money, or under some form of external pressure?

These missing pieces of the puzzle need to be put together to understand the full picture. Bangladesh's struggle with capital flight is not new. Over the decades, this disease has spread across different layers of our financial sector, making it weak from within. And little has been done to cure it. Time and again, the authorities have not only been reluctant to bring financial criminals to justice, but have gone out of their way to protect them. The proposal of the finance minister to legalise laundered money without launderers even having to answer for them is only a continuation of that long tradition.

We cannot afford to give these criminals such impunity. The finance minister should rethink this esoteric and controversial proposal, and retract it. After all, we do have a legacy of going back on our words. For once, let it be for a good reason.