

The Daily Star

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No austerity for dollar-guzzling power plants!

Govt must stop entertaining 'capacity' payments to the plants

IT'S outrageous that "capacity charges" – that predatory costing exercise that allows power plants to take a big bite out of our budget regardless of whether the power is bought or produced – will have to be paid amid ongoing power outages and depleting forex reserves. This is despite the fact that the government, on Monday, shut down all diesel-fired power plants due to low fuel stocks. But it is bound to pay their capacity charges nonetheless. Data disclosed by the Bangladesh Power Development Board (BPDB) shows how this exercise has been a huge drain on our scant resources.

The BPDB paid Tk 16,785 crore in capacity charges in the first nine months of the 2021-22 fiscal year for 22,118MW daily power generation capacity, although it had not been able to use more than 14,000MW a day during that period. Earlier, it paid Tk 18,977 crore in 2020-21, and Tk 18,123 crore in 2019-20. To put things into perspective, these numbers dwarf the subsidy packages the government set aside for the power sector in the corresponding years. For example, the subsidy package was Tk 7,400 crore in the 2019-20 budget, Tk 8,900 crore in the 2020-21 budget and Tk 12,000 crore in the 2021-22 budget. Capacity charge is a trap that the government set for itself, for reasons that continue to elude us, and we're having to pay for that even during a time of austerity.

Nothing about that makes business sense. The current demand for electricity in the country ranges between 14,000MW and 14,500MW. But due to the crisis of gas imported from international sources, the government is producing 12,000-13,000MW, but continues to pay for the unutilised power. Already, the government has announced up to two hours of "load shedding" across the country. Citizens from many areas, however, have reported longer and frequent spells of outage. The question is, how effective will these measures be to tackle the energy crisis?

According to experts, a comprehensive assessment of the situation was not done before undertaking these measures. For example, despite the closure of diesel-run power plants, diesel use in other sectors is bound to rise. The generators being used in farms, factories and offices are all run on diesel; load shedding will only increase the use of fuel to run these generators. Clearly, piecemeal solutions will not work against a crisis that has, frankly, developed over years. A big part of the problem is the capacity charges, which have to be paid in dollars, another big barrier to the drive to save foreign currency. Therefore, we think the government should urgently renegotiate the terms with power plants to stop capacity payments. This will take a huge burden off our collective shoulders, and help us focus on the wider issues.

Time to act to secure GSP-plus status

Bangladesh's labour law and rights situation under EU scrutiny

IT comes as no surprise that Bangladesh will need to fulfil certain conditions to be eligible for the European Union's Generalised Scheme of Preferences Plus (GSP-plus), as has been made clear by the visiting delegation of the European Parliamentary Committee on International Trade. The delegation categorically said that Bangladesh needs to improve its rights situation and amend its labour law in line with international standards. Among the issues it flagged is the progress achieved in workplace safety since the Rana Plaza disaster which, it claimed, has not been "substantial". The committee also expressed – justifiably, we may add – concerns over certain aspects of the labour law, extrajudicial killings, enforced disappearances, and shrinking of civic space in the country.

The warning comes at a time when Bangladesh is struggling on multiple fronts to ensure sustainable economic growth and good governance with the rights of workers and general citizens protected. Bangladesh is scheduled to become a developing country in 2026, and in this regard, a UN committee has recommended that the country should get five years, instead of three, to prepare for the transition due to the impact of Covid-19. Understandably, until 2026, Bangladesh will continue to enjoy trade benefits reserved for Least Developed Countries (LDCs). To get the GSP-plus status, however, it will have to implement 32 international conventions on human rights, labour rights, environment, and good governance. In return, the EU will cut its import duties to zero on more than two-thirds of the tariff lines.

But the road ahead is certainly challenging. Bangladesh is under pressure to make a uniform labour law for workers both inside and outside of the Export Processing Zones (EPZs). Currently, the law allows trade unions only outside the EPZs. If all workers are allowed to unionise, it will increase their bargaining power and help address grievances related to working conditions. Bangladesh is also under pressure to fulfil its commitment to eliminate child labour by 2025. This will be harder to achieve given how children continue to be employed in vast numbers across the country. Meanwhile, the general rights situation also needs to be drastically improved, with concerns over the shrinking of civic space, using legal tools such as Digital Security Act, remaining largely unaddressed.

All these boxes will need to be ticked going forward. Otherwise, Bangladesh's export of readymade garments and other exportables to the EU will not be the only thing affected. The future of our democracy will also be negatively impacted. We urge the government to rise to the occasion and undertake necessary reforms.

Why should MPs have a role in school, college management?



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KAMAL AHMED

IT is hard to imagine the level of humiliation and agony Principal Salim Reza of Rajbari Degree College in Rajshahi has been forced to endure. First, he was assaulted, and then he was forced to issue a denial by the same person who assaulted him. It can only happen if the alleged perpetrator turns out to be so powerful that protesting an assault or defiance for telling the truth means losing what else the victim is left with, such as safety and dignity of other members of his family and his livelihood. Reports suggest that both the incidents took place at the same venue, the private chamber of the local MP Omor Faruk Chowdhury. Salim was assaulted by the MP in front of other principals of different colleges in his constituency. And the second event was so surreal that he had to read a prepared statement to the assembled press, sitting beside the same MP, denying his ordeal at the hands of the host.

Principal Salim Reza's denial is only comparable to those so-called admissions by suspects extracted during police remand. The choreography of the press conference of MP Omor is quite extraordinary, where he presented ready-made witnesses in defence of his invented innocence. One such witness was Abdul Awal, principal of Matikata Degree College, who, rather incriminating himself, said he and Salim were arguing about something when "I couldn't take a word he uttered during the argument and pushed him, and I am sorry for that." Following repeated questioning by journalists, Principal Awal, according to Prothom Alo, further added, "To control the situation, the member of parliament pushed me, and also pushed Principal Salim Reza." Principal Awal's desperate bid to whitewash MP Omor's alleged manhandling of Principal Salim Reza unwittingly establishes the fact that the MP indeed resorted to applying physical force, which is clearly not included in the lawmaker's job description.

The whole episode raises some serious questions regarding the roles of both the lawmaker and the college principals. Media reports quoted MP Omor asking journalists to give him back the reputation he had lost because of the assault allegations. But the lawmaker should know



ILLUSTRATION: BIPOLO CHAKROBORTY

that, before sympathising with him, someone needs to know whether his behaviour was suitable to his office. If the reports saying that he was annoyed with Principal Salim for his failure to discipline a teacher for slandering him are correct, he should have taken the legal course for mitigation of his alleged suffering. No law permits him to summon the victim to his office and assume the roles of a prosecutor, judge and executioner. His rivals have alleged that, a few years ago, MP Omor had assaulted Principal Abdur Rahman of Godagari Government College over allegations of monetary dealings to get government grants. No action was taken against him then, but the principal lost his job in the following months.

What makes it obligatory for college teachers to maintain such close relations that require attending MPs' private offices? What makes one principal engage in heated exchanges with another, which ultimately becomes violent in the presence of a lawmaker? Do those principals belong to the ruling party? Otherwise, why have references of leadership contests in the local unit of the Awami League been made in the denial statement

body of these colleges. Hopefully, those teachers who became accomplices – either voluntarily or through force – will face appropriate reprimand and penalties. But the biggest challenge the university probe body faces to conduct its investigation fairly is to get cooperation from MP Omor. Isn't it quite strange that neither the speaker, the guardian of the parliament, nor the ruling party has initiated any investigation and disciplinary procedure against the MP for harming the image of parliamentarians in general and bringing the party into disrepute?

Educational institutions have long been a very important tool for expanding political power and influence in Bangladesh. According to the government policy, the most important role in the formation of a school or college management body is that of the member of parliament in the area. Though their role is defined to be consultative, it would be difficult to find a single institution where the management committee has been formed without the approval (unofficial) of the local MP. Even in electing the representatives

sentiment, subsequent investigations by the media have found that local politics also played a part in it, over the appointment of principal. After these details came to light, the ruling Awami League also expelled one person from the local committee, a colleague of Swapan Kumar Biswas.

Many of us have forgotten how Shyamal Kanti Bhakta, headmaster of Piar Sattar Latif High School in Narayanganj's Bandar upazila, was humiliated and tortured in the presence of the local MP, Salim Osman. No action was taken against the lawmaker by the House speaker or his party, Jatiya Party. A criminal case filed by the victim was discharged by a court in Dhaka for lack of proof.

Establishing control on schools and colleges has become crucial for parliamentarians for various reasons, including the role teachers play during elections as polling officers for the Election Commission. It's about time we rethought the MPs' consultative role in constituting management committees in our schools and colleges. Protecting teachers' dignity and rights is an issue of changing our political culture too.

We need to talk about the World Bank



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SAYEED AHMED

NARMADA Devi, 63, lost her home to a World Bank (WB) funded hydropower project in the north Indian state of Uttarakhand, the *Japan Times* reported on May 30. In 2021, construction waste from the plant buried what she had once called home. Hers was one of over 240 households in the village that had to make room for the under-construction 444MW plant on the Alaknanda River.

Officials from the project's owner, THDC India, cajoled the locals to sell their lands "involuntarily" for a compensation of one million Indian rupees each. Those who refused were forcibly taken to a police station, while their homes were turned into a pile of rubble.

Curious, I searched the World Bank's (WB) database. According to the project summary, social protection is one of its objectives, and the extent of "forced displacement" was zero percent. But Devi's saga tells an altogether different story. What's the problem, then? To find out, let's go back several years.

In 2007, WB's senior IT staffer John Kim noticed a serious anomaly of USD 2 billion in the bank's accounts. Finding no institutional avenue to report the matter, he shared it with the *Forbes* magazine. The bank promptly identified Kim as the source of the information, put him on administrative leave for two years, before firing him on Christmas Eve in 2010. Kim didn't have the option of a legal course; WB is above the jurisdiction of any court,

including in the US. In a press release on July 28, 2012, it denied that the accounts glitch had ever happened.

The Washington, DC-based Government Accountability Project (GAP) represented Kim from 2009 to 2011 in an internal case for wrongful termination and received orders for his reinstatement. The bank acknowledged it had wronged Kim, but retired him instead.

In a separate incident, in May 2019, the World Bank Group launched an external review of its private funding institutions' – International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) – environmental and social accountability. The group's – including the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD) – sustainability policy, adopted in 2006, is clear about its environmental and social (E&S) responsibilities. Supervising the client's adherence to the policy and taking corrective action where necessary is the IFC's job.

What the review found was incriminating. In only 13 percent of the cases, remedial actions were adequate to bring the projects into compliance. For 37 percent, they were partly satisfactory, and for 50 percent, unsatisfactory. The most damaging issue it raised was an "internal approval culture" that rewarded staff for pushing through as many projects as possible, without adequate attention

to environmental and social impacts.

The next big scandal at the WB surfaced more recently, in September 2021. An investigation found that senior leadership at the bank manipulated the Doing Business index under pressure from China and Saudi Arabia for the 2018 and 2020 reports,

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respectively. The index, first published by the World Bank in 2002, ranked countries on several aspects of business regulation. The ranks were important; a one percentage point improvement in the overall Doing Business score correlated with USD 250-500 million additional foreign direct investment (FDI). As a result, governments were tempted to manipulate them. Scores forced governments to change their policies, and governments lobbied with the bank to change the scores. WB insiders already knew about it. In January 2018, its Chief Economist Paul Romer told the *Wall Street Journal* that political motivations of the World

Bank staff had tainted the index. Twelve days later, Romer resigned.

All these incidents over the years point to a cultural problem and only strengthen the call for the World Bank Group's reform. One of the major criticisms is its US-centric policies and practices, including the unwritten rule that Washington will select the group's president. The process of preparing the since defunct Doing Business index was heavily biased towards the Common Law that the US and the UK follow. Countries operating under a civil legal code such as France – one of the world's largest economies – had initially ranked poorly for low scores on the "registering property" and "getting credit" metrics.

Let's recap the World Bank Group's *raison d'être*. Its main objective is to provide funds for development to nations that cannot finance it themselves. But that has changed. Today, China is one of WB's biggest borrowers. It also holds the world's largest foreign exchange reserves, is one of the highest recipients of FDIs, enjoys some of the best borrowing terms of any sovereign borrower, and is itself the world's largest sovereign lender. Why does the WB still lend money to China? Being the world's second-largest economy, China doesn't need the bank's funds. But the bank needs to lend because China is a good borrower, and it significantly benefits the bank's balance sheet.

The idea of the World Bank and the International Monetary Fund (IMF) came into being at a global conference in July 1944 at Bretton Woods in New Hampshire. The world has moved a long way from the post-World War II situation, when the US was the only financial power. Have the Bretton Woods institutions lost relevance in today's world?