

## Petrobangla’s dangerous dependency on gas imports

Self-sufficiency can rid us of the threat of energy crises

WHO gave Petrobangla the permission to spend Tk 2,000 crore from the Gas Development Fund (GDF) to import liquefied natural gas (LNG)? Certainly not the Bangladesh Energy Regulatory Commission (BERC), even though Petrobangla is legally bound to ask the commission before spending from the fund, which was set up in 2009 for gas exploration. While officials are fully aware that this fund is not for gas import, the money, apparently, was taken as a loan for emergency circumstances with the approval of the Finance Division.

The ongoing energy crisis could definitely be considered an emergency. But how does that explain that this is not the first time such loans have been taken? Last month, BERC told Petrobangla to pay back an amount of Tk 9,227 crore that they took from the Energy Security Fund to import LNG between July 2018 and June 2021. The national oil company was also asked to return Tk 3,000 crore to the GDF, which was deposited with the state exchequer last year.

Let us not forget that the Tk-17,000 crore GDF is actually paid for by consumers through the tariff that is levied on them. These same consumers are now suffering in the heat through hours of load shedding, because we failed to tap into our own gas reserves and are still dependent on gas imports. This is not just unfair to consumers. At a time when the price of LNG has crossed USD 39 per MMBtu from below USD 10 earlier this year – and when our foreign exchange reserves have become so precarious that the government is planning on taking a loan from the IMF – it is a dangerous policy to continue to spend huge amounts of foreign currency on energy bills.

According to experts, Bangladesh is one of the least explored countries in the world in terms of gas reserves, with only one third of its onshore area being explored. Yet, over the past few years, plans to drill exploratory wells and conduct seismic surveys for offshore exploration have been scrapped or postponed with no explanations. We fail to understand why. Does the government have a long-term policy to deal with the energy crisis beyond passing over the costs and impacts onto the shoulders of consumers?

In terms of our climate commitments, it also makes sense to prioritise self-sufficiency over importing gas. A large portion of gas imports comes from Qatar, whose huge North Field gas fields have been identified as the biggest new “carbon bomb” in the world. It is far better for us to make plans to achieve self-sufficiency than be affiliated with such catastrophic projects. However, in the long run, we must understand that the future lies in growing renewable energy capacity to finally be free of the volatility of fossil fuel prices.

## BCL must answer for forced CU closure

No one has the right to hold students hostage for their own agenda

THERE is something deeply problematic when a major public university is forced to remain shut not because of the expression of genuine grievances by students, but because of unruly political thugs holding them hostage for their own petty gains. Yet, this continues to be tolerated. Most recently, we saw this when the activists of a faction of the Chattogram University (CU) wing of Bangladesh Chhatra League (BCL) enforced a shutdown after they failed to secure positions in the newly formed BCL committee there. As a result, all kinds of academic activities including examinations remained suspended for 35 hours.

Though the strike was called off on Tuesday morning, no exams could be held that day as fear still gripped the campus. We are told that because of the shutdown and ceasing of shuttle train and other transport services, 11 final examinations of nine departments could not be held, although nearly 700 students had taken full preparation for the exams. Understandably, it may take some time for the students and teachers to overcome their fear and uncertainty. The deans and department heads will have to prepare new schedules which may take some time. The students, with their academic life frequently halted by the pandemic, have now been put through the same experience. For what? Who will answer for this?

Reportedly, over the past three years, different factions of the CU-BCL committee have enforced eight shutdowns in the university, all because of such non-academic issues. The latest shutdown came to an end only after the state minister for education criticised the activities of BCL in a Facebook post urging the authorities to deal with them firmly. Within half an hour, the BCL fraction lifted the strike. This makes us wonder why such student organisations are not permanently stripped of the power to call strikes whimsically, which are disrupting regular academic activities.

Unfortunately, what happened in Chattogram University is a reality shared, or rather suffered, by many other public universities in Bangladesh. The ruling party’s student wing continues to enjoy impunity despite the massive disruptions caused by its leaders and activists to pursue their own petty agenda. It is the general students who have to pay the price ultimately. This must not be tolerated any longer. We urge the administrations of public universities to take a tougher position when it comes to maintaining order on the campus. Most importantly, the ruling party must discipline their student-activists. The BCL must be held accountable for the activities of its members.

# Taking loans v tackling laundering: Which serves us best?



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UNDER growing economic pressures, especially the looming crisis of foreign exchange reserves, the government has introduced multi-dimensional austerity measures. An IMF loan of USD 4.5 billion has been sought, while multiple more requests to similar multilateral and bilateral development partners are reportedly in the pipeline. These will be loans, repayable with interest by taxpayers and the people at large.

While there is nothing unusual in a country securing international support in such challenging situations, the question is whether the measures represent a crisis management strategy that puts public interest first. More specifically, whether sufficient thought has been given to potential alternative sources that could yield substantially higher amounts than the intended budget and balance of payment support from IMF and the like, at no cost to the people.

In fact, there is a policy option that could generate foreign exchange that is many times higher. This is through sustainably fighting tax evasion and preventing trade-based illicit financial outflows. Before moving on to the potential control of tax evasion and money laundering, which are the key objectives of this decision, it should be noted that the deepening and widening of the drainage of public resources continue unabated.

At the heart of this is the already bedevilled banking sector. The extension of rescheduling of defaulted loans for eight years from the previous provision of two has granted impunity to loan defaulters to the extent that it could transform into the last nail in the coffin of any prospect of recovery of the huge sums of money swindled and laundered from the banking sector in the name of loans.

The other white elephant is the tens of thousands of crores as charge for the unutilised capacity of installed power projects that the Government has trapped itself into. Here too, there is hardly any indicator that this Frankenstein of capacity charge can be controlled in the foreseeable future.

Turning to the problem of money laundering, the government and the relevant government institutions



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continue to be evasive and ineffective in enforcing the relevant laws and taking advantage of international cooperation. This is despite the fact that in recent years, these mechanisms have become much more robust in facilitating prevention, control and accountability, including the repatriation of stolen assets.

On export and import-related misinvoicing alone, as reported by Global Financial Integrity, Bangladesh on average lost a staggering USD 8,275 billion (Tk 71,000 crore) annually during 2008 to 2015. Judging by the prevailing trend, more updated data can only show much higher amounts of illicit transfers, no less than USD 12 billion annually. By the very nature of this crime, outflows are most likely to be even higher in crisis situations like the current one.

The lion’s share of such illicit transfers land in developed countries, where syndicates of law firms, trust companies, offshore specialists, real estate agents, accountants, regulators, and banking and financial services companies collectively facilitate secret deals. Trade-based illicit financial outflows are only one, though the largest, of the many other ways of money laundering. It also includes

the age-old practice of hundi, various forms of illicit investments and transactions for residencies and other acquisitions in the likes of Canada’s Begumpara, Malaysia’s second homes, and facilities in other neighbouring and Middle East destinations.

The total amount of annually laundered money out of Bangladesh is mind-boggling – many times more

tax systems.

It requires financial institutions and tax authorities to identify and automatically report information about financial accounts of foreign tax residents to local tax authorities. It covers accounts held by individuals and entities including businesses, trusts and foundations. Not just banks, but broker-dealers, investment funds

than what the government is trying to raise internationally from the likes of IMF. Whereas it is well within the reach of the government to control this menace, and substantially raise tax revenue and arrest the laundering of money and assets.

The institutions authorised to prevent and control this crime by enforcing the Anti-Money Laundering Act of 2012, parallel with provisions available under the UN Convention against Corruption, tend to invest energy explaining disagreements with the reported data on money laundering, rather than acting to control and prevent the same. Hardly anything has yet been done to control trade-based misinvoicing, and here lies the missed opportunity.

Unlike well over 120 countries, including some of our regional neighbours, Bangladesh is yet to adopt the Common Reporting Standard (CRS) for automatic exchange of information on financial transactions, which could facilitate robust tracking of money held across borders.

Developed in 2014 by OECD principally to fight tax evasion, the CRS is an information-gathering and reporting requirement of parties to protect and promote the integrity of

and insurance companies are required to report.

The CRS is effective in cracking down on undisclosed offshore bank accounts by obliging countries to mandate their banks to share data into the pool of information, which gets fed to every other member country to keep tabs on its citizens. It practically marks the end of bank secrecy, and the good news is that the signatory countries of the CRS include most of the tax havens and offshore banking systems, who are already exchanging data. This means that anyone with international elements to their income and wealth are subject to it.

Bangladesh has the opportunity and, in fact, a national obligation, to take its starving revenue system and nearly non-existent anti-money laundering initiatives to a new level. This could mean sustainably earning many times more annually at no cost, compared to the IMF-like single-shot packages involving repayment obligations inclusive of interest. However, whether the government will have the political courage to accede to this facility will remain in doubt as long as policymaking remains influenced by perpetrators and protectors of tax evasion and illicit financial outflows.

## For safe consumption, rainwater needs proper harvesting

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FOR 13 years, a schoolteacher from Gabura in Shyamnagar, Satkhira, had been collecting rainwater that seeps through her asbestos roof for drinking. Now, she has been diagnosed with lung cancer due to prolonged exposure to asbestos.

Lack of safe drinking water is an acute problem in the coastal regions of Bangladesh, which are highly affected by salinity intrusion. Generally, people living in climate-change-affected areas practice the traditional technique of harvesting rainwater in earthen pots, blue barrels, polythene bags or a container. However, although rain is considered to be one of the safest sources of drinking water, in order to ensure that it is indeed safe, the rainwater harvesting system (RHS) has to be maintained and practiced properly. In the case of these coastal regions, the water stored falls directly off their roofs, without any filtration.

Despite the practice of capturing rainwater in coastal districts, its limited scale still causes a shortage of drinking water supply in the drier seasons. As a consequence, people are bound to drink water from nearby water sources that are severely affected by salinity intrusion. Hence, they suffer

from various water-contaminated ailments.

Along with salinity intrusion, climate change is to blame for the summer heatwaves, which is also hampering water security. This is having a devastating effect on coastal communities who do not have access to adequate water supplies. This poses a dire and growing threat to the health of people, mainly women and children.

The coastal area of Bangladesh is privileged by the huge quantity of rainfall during monsoon. In Mongla, rainfall generally varies between 170mm to 429mm per month, which usually lasts from May to October, with occasional rainfall in November. However, in recent times, there have been changes in the rainfall pattern, which shows heavy sudden rainfalls have increased, leading to fewer, more intense rainfall events in many areas of Bangladesh. Extreme and unpredictable weather is having a serious impact on the social and economic conditions of coastal communities, who end up paying the most for their water.

Nur Jahan Begum (52) lives in Bagerhat’s Mongla upazila, and her

monthly family income is Tk 8,000. The cost of drinking water she bears is 3.5 percent of her daily income. She reckons an even larger amount of money goes into buying water during the dry seasons.

Access to clean water is not only fundamental to achieving Sustainable Development Goal 6 (SDG 6), but is also a critical adaptation strategy for communities in coping with the effects of climate change. In this context, rainwater harvesting has always been an efficient and vital alternate solution to address the problem. However, there is a need to generate knowledge on the proper management of rainwater to ensure sustainability of the environment, and enhance the social and economic growth and development of Bangladesh. Rainwater harvesting is feasible, practical and environmentally vital for people, profit and the planet. Working with the climate-change-affected vulnerable communities in Mongla, a rainwater harvesting system (RHS) has been developed by Brac’s Climate Change Programme (CCP) to support low-income households in tackling the safe water crisis. The technology includes a concrete base, a polyplastic tank with a low-cost cloth or a device – used for filtration – and pipe fittings that are attached to the tank’s roof. The capacity of the water tank is 2,000 litres for individual households, which is sufficient to drink during the

summer and onwards.

However, the water tank requires regular maintenance, and simple but effective processes need to be followed to prevent contamination and preserve the quality of water. When it rains, it is advisable to turn the tap on and keep it on for the first 5-10 minutes to dispose of the polluted first flush of the rainwater. During the rainy season, the water can be stored and used, but just before the arrival of drier seasons, the tank needs to be filled with rainwater to drink in the next six months.

In the coastal communities, the sufferings of people when collecting drinking water for their families are inexplicable. The water available from the pond is salty and polluted, so people have to travel miles to find a safe source of drinking water. Even the water stored for household use can get contaminated. In addition to all this, intensified use of groundwater in domestic and agricultural purposes further exacerbates the current gap between water sources and demand for safe water supply.

From ancient to modern times, harvesting rainwater has always been a backup plan to meet water needs. The recent safe water crisis in the coastal communities is teaching us to adopt strategies that could scale up and promote innovative technologies and policies as the most potential solution to the pressing condition of water security in Bangladesh.