

The Daily Star

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## What's the outcome of Donald Lu's visit?

### Democracy, election, labour and human rights issues among topics discussed

US Assistant Secretary Donald Lu's visit to Bangladesh was the second by a top US official so far this month, but naturally, his was more closely followed. Before leaving Dhaka on Monday, he had a flurry of meetings with top government officials, labour leaders, and representatives of civil society. In official talks, both sides had discussions on a diverse range of issues including trade, investment, labour issues, human rights, democracy, development, security, as well as other bilateral and regional issues. The question is: what did Bangladesh achieve from this?

Although there is nothing yet in concrete terms, overall, the trip appears to have ended on a positive note. There have been signs of a warming of relations which were somewhat soured after a recent incident involving the US ambassador to Bangladesh, as well as the US sanctions on Rapid Action Battalion imposed on December 10, 2021. Lu has said as much, stressing that he had travelled to Bangladesh to "strengthen friendship". In their discussions, both sides laid out their priorities and concerns, and pledged to continue working together. On the question of restoring the GSP facility for Bangladesh, which the US had suspended after the Rana Plaza collapse, Lu said he is "very confident we're going to make progress this year."

There has been encouraging feedback on other issues as well, most notably the performance of Rab. Lu expressed his satisfaction, acknowledging "tremendous progress" in how the elite force reduced extrajudicial killings since 2021. "It shows that Rab is able to carry out its important counterterrorism and law enforcement functions while respecting human rights." The sanction issue naturally dominated public discourse ahead of his trip. There was even fear that more sanctions might follow. But nothing of that sort seems likely to happen now, and lifting of sanctions may be on the cards should Rab continue to show progress.

But in state relations, nothing is written in stone. The US-Bangladesh relationship is multi-dimensional, involving many aspects and layers. But one may recall the toughening of tones by ruling party politicians in recent weeks because of the US position on Bangladesh's rights situation, which indicated a narrow focus on our priorities and an inability to evolve with the evolving situation. Will their tough rhetoric continue if the US continues to talk about our rights situation, which it said it will? Can we expect real progress, not just in bilateral relations but in general, in such an environment? The truth is, beyond some feel-good statistics and cosmetic gestures, there has been little change on the ground, and little reform in the way state agencies approach fundamental human rights.

So while we appreciate the positivity generated during the recent trip, we must reiterate the importance of undertaking institutional reforms to protect people's inalienable rights, including the right to political association and assembly, freedom of speech, the right to vote and have inclusive elections, etc. The government must respect and establish these rights, not for the sake of the US, but because it is crucial for Bangladesh's long-term interests.

## A misguided approach to road crashes

### The claim that road safety campaigners are showing 'fabricated' data is troubling

We are quite surprised by the comments made by the Road Transport and Highways Division secretary as well as transport leaders at a recent workshop. Terming the road crash data prepared by different independent platforms as "fabricated," they claimed that the numbers of road crashes and deaths had come down last year compared to previous years. They even came up with a somewhat twisted justification by comparing the number of crashes and deaths with the number of vehicles plying on our roads. According to a BRTA director, while the numbers of crashes and deaths were 2,827 and 2,646 for 14.24 lakh vehicles in 2010, the figures were 5,200 and 4,638 for 55.92 lakh vehicles in 2022. We wonder what this comparison even means, with ordinary people frequently losing their lives or limbs in the absence of proper measures to prevent it.

Road safety campaigners such as Bangladesh Jatri Kalyan Samity, Nirapad Sarak Chai, and Road Safety Foundation Bangladesh unveiled their annual reports on crashes and deaths earlier this month. In that, they invariably claimed that the numbers of crashes and deaths had actually increased last year. According to Jatri Kalyan Samity, 9,951 people were killed in 6,749 crashes, while the numbers of deaths and crashes, according to Road Safety Foundation, were 7,713 and 6,829 respectively. However, according to police data, the numbers of accidents and deaths last year were 5,200 and 4,638.

The question is, why is the police showing fewer accidents and deaths? The answer, we think, is simple. While road safety campaigners collect data from media reports, the police reportedly rely solely on first information reports or general dairies for such data. So, while police data should be more reliable in any country, that is not the case in Bangladesh. The World Bank, in one of its reports, observed that our current system of recording and analysing data is error-prone, cumbersome and time-consuming. They also found a huge discrepancy between the WHO data and the police data - while the WHO estimated around 24,954 road crash deaths in 2016, the police only reported 2463 deaths in the same year.

And even if there may be some gaps in the way different organisations record data, they highlight an increasing upward trend in road crashes and deaths, which the authorities cannot overlook. Moreover, can the authorities term independent organisations' data "fabricated" when the government itself lacks a proper mechanism in recording this kind of data?

The transport authorities and leaders must remember that road crashes are not a percentage game; it is a reality for us. One life lost is one too many. The government's efforts should be aimed at curbing this menace by properly recording related data and working on it, enforcing the road transport act, and overhauling the entire transport sector.

## NEW ENERGY MASTER PLAN

# More power, but at what cost?

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The final Integrated Energy and Power Master Plan (IEPMP), prepared by the Ministry of Power, Energy and Mineral Resources (MPEMR), is coming out in March this year - at a time when the sector may still be going through a short to medium-term crisis. However, even if the crisis is not long lived, the strategy should still go beyond to tackle problems in the medium and long run.

The government of Bangladesh has taken up a number of initiatives aligned with the global goal of net zero emissions by 2050. The Prime Minister has announced a target of 40 percent of energy coming from renewable sources by 2041, by which year Bangladesh aspires to be a high-income country.

In this context, it is crucial to review the IEPMP to understand how it will achieve clean energy targets, and the strategies that need to be adopted for the power and energy sector, keeping in mind the issue of energy security in the coming years. Considering the simultaneous challenges and broad objectives of this plan, there are scopes for improvement to make it compatible with the decarbonisation initiative.

For the first time, the IEPMP has been formulated by the Ministry of Power, Energy, and Mineral Resources to set forth a long-term energy plan covering all of the sector and energy sources, considering present conditions in Bangladesh and the global momentum towards low carbonisation and decarbonisation. Previously, the Power System Master Plan (PSMP) 2016, supported by the Japan International Cooperation Agency (JICA), was developed to help Bangladesh create a comprehensive energy and power development plan up to the year 2041, including strategies for energy balance, power balance, and tariffs.

The method of developing the IEPMP is unique on several fronts. It is a complete plan that takes both energy and power-related concerns into account. The new draft plan applies rigorous methodology to understand energy demand, energy mix, energy efficiency, and transmission and distribution of energy. Among other things, it considers three scenarios for GDP growth projection by 2050 that are based on the IMF's long-term

projection, on the Perspective Plan (PP) 2041, and in between both projections, respectively. While the PSMP 2016 had no mention of a strategic environmental assessment (SEA), this IEPMP has introduced sector-wise SEA.

However, while a consultative procedure was used, it was not at the level of partnership. As a result, the draft plan, though found to be relatively thorough (as a specialised research organisation was involved in giving technical help), still holds several preferential biases. Over-reliance on GDP estimates, reliance on coal and LNG as the most important fuel mix, and passing over of renewable energy, are the three key prejudices observed in the IEPMP.

For starters, estimating power demand based on the GDP estimate of PP 2041 makes the whole exercise unreliable, as it forecasts 90 gigawatt (GW) of electricity demand by 2050. The proposed alternate scenario of "in-between" also seems ambitious at 70GW by 2050. Rather, the scenario based on the IMF projection seems more plausible to attain.

Such a high target of power demand makes the renewable energy-based power generation target (40 percent by 2041) unrealistic. The renewables commitment has also been changed to up to 40 percent from clean energy - this, however, includes coal and other hydrocarbon-based energy mixed with advanced technologies as "clean", which is wholly unacceptable. As a result, an alternative scenario needs to be set.

The IEPMP talks about clean energy through the promotion of carbon capture and storage (CCS)

technology. While certain countries have taken up pilot projects of CCS, they ran multiple feasibility studies before launching them, which is not the case for Bangladesh. On top of that, so-called clean energy through technologies like CCS can, directly and indirectly, promote coal and coal-based energy, which deviates from the plan's objective of moving towards low carbonisation, and makes the transition to renewable energy difficult.

The plan so far emphasises gas as a lion's share of the energy mix, which is likely to turn out to be costly imported LNG. The IEPMP promotes LNG by emphasising demand projections and the necessity of LNG in Bangladesh. The demand for LNG is projected from the PP 2041 for the year 2050 as 7,672 mcmd, and for the in-between scenario as 4,075 mcmd (without high-risk potential). However, huge investment is required to establish LNG-based infrastructure, which is economically burdensome. Rather, the IEPMP must place more emphasis on domestic gas fields' exploration to reduce reliance on long-term LNG contracts and LNG purchases from the spot market at a high price.

The draft plan does not adequately consider the financial burden of subsidy and capacity payments due to fossil fuel-based power generation and excess reserve margins. The plan is yet to properly discuss the impact and implications of energy tariffs, even though proposed technological choices could raise energy prices significantly. Amid the prevailing crisis, a clean energy scenario can instead be resource efficient, generate more power and save subsidy allocations.

The latest demand of subsidies worth Tk 56,858 crore in the power and energy sector alone, in addition to the already allocated Tk 23,000 crore in the national budget of fiscal year 2023, has created commotion.

The additional subsidy demanded in the power and energy sector seems to be

unrealistically high. According to the Centre for Policy Dialogue, only 42 percent of the demanded additional subsidy will actually be required.

We should also ensure that fossil fuel-based power plants that are in the process of retirement are not extended further under the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act, 2010. Recently, the government announced the scrapping of coal-based plants and the gradual phase-out of HSD and HFO-based power plants. But this was neither reflected in the initial draft of the IEPMP, nor included in several meetings held afterwards. The final version of the plan needs to address alternative viable options instead of fossil fuel, and stick to the government decision of early retirement of fossil fuel-based power plants.

If the government can implement the phasing out of oil-based power plants, install solar photovoltaic technology in primary schools, and transform diesel-based irrigation systems to solar-based ones, financial resources can be saved. In the medium and long term, renewable energy can be a business case that is not only economically viable, but also profitable.

The draft interim report is also yet to include any concrete acknowledgement of strategic environmental assessment policy guidelines, feasibility studies and legal frameworks, although it was decided in the third stakeholders meeting that a draft guideline would be established. In our opinion, it is necessary to enforce a legal jurisdiction to implement SEA by the stakeholders, along with a proper monitoring and evaluation unit. This can be strengthened by capacity development workshops and feedback sessions for financial and tech-related officials.

Based on the policy's scope, time frame, recommendations and feasibility studies, the IEPMP performs below average to moderately in terms of attaining the aim of long-term energy efficiency. However, the argument for decarbonisation is perhaps not pertinent because the efforts and processes are still at an early stage, and the performance so far is poor to below average.



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## A new idea to deal with the old problem of climate change



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In the context of the current global climate emergency, where we are already witnessing its devastating effects on economies, disproportionately affecting vulnerable populations, the need for climate resilience is stronger than ever. The costs of climate inaction far outweigh those of practising climate resilience - according to Deloitte, the former could cost the global economy a staggering USD 178 trillion over the next five decades, wiping out 7.6 percent of global GDP.

At COP27, climate reparations were on top of the agenda. The proposed loss and damage fund aims to mobilise climate finance in countries at the forefront of climate change. While this fund was long overdue, it has, unsurprisingly, met with resistance from developed nations who refuse to concede their responsibility in escalating climate vulnerability in low- and middle-income countries. While negotiations continue, it is imperative to develop alternative approaches to strengthen climate finance for

developing countries.

A critical contributor to mitigating the impacts of climate change is the insurance industry. Insurers can be considered one of the most significant drivers in transitioning towards a net-zero economy through its underwriting and investment strategies. Incorporating climate risk modelling in their projections can enable governments and policymakers to make informed decisions in enhancing climate resilience.

Having said that, it is time for Bangladesh to explore new avenues within the insurance industry without it being a double-edged sword. There has been a wave of climate change policies in recent years, but unfortunately, implementation efforts have remained fragmented. There needs to be active collaboration among insurance companies, government authorities, policymakers, and regulators to institutionalise climate change as a national issue.

One of the game-changers here is "parametric insurance." Launched for

the first time by African Risk Capacity (ARC) in Madagascar, parametric insurance offers pre-specified payouts based on a trigger event, which are insured based on two main criteria: the event must be fortuitous, and can be modelled.

Another critical component for this product is a well-established payout mechanism. Payouts will be met if the parameters reach or

satellite data. It acts as a contingency plan in the event of a natural disaster and provides an action plan for utilising the funds to improve crisis relief.

According to Bangladesh Disaster Related Statistics 2021, 54.69 percent of households were affected by floods in 2021 compared to 34.48 percent in 2015. Introducing parametric insurance schemes for people living in flood-prone areas can be a powerful mitigation strategy. Designing financial services that specifically address certain pain points of its consumers will accelerate the country's path to financial inclusion as well as climate resilience.

Bangladesh's insurance industry has come a long way over the past two decades. However, compared to its neighbouring countries, insurance market penetration in Bangladesh stands at 0.5 percent, whereas in India it is 4.2 percent. There is still a dire need for innovative insurance products that are scalable and can mitigate climate change.

The role of parametric insurance in mitigating climate risk for vulnerable countries such as Bangladesh cannot be neglected. It is high time for the country to step into the realm of parametric insurance, drawing inspiration from other countries and setting realistic benchmarks. Time is a critical factor in the fight against climate change, which means actions need to be taken quickly to withstand its impact.

**The main benefits of parametric insurance are that it provides speedy payouts after the occurrence of a trigger event, and can be tailored for any particular region with the help of satellite data.**

exceed a predetermined threshold. The threshold is typically aligned with the customer, and when dealing with natural catastrophes, the customer's dwelling region is heavily prioritised. The main benefits of parametric insurance are that it provides speedy payouts after the occurrence of a trigger event, and can be tailored for any particular region with the help of