The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

BCL strikes again!

For how long will they have free reign in our public universities?

We are always bemused at how the Bangladesh Chhatra League (BCL) is able to stay at the forefront of things – rarely for better, and mostly for worse. Just on Monday afternoon, a faction of the ruling party's student wing reportedly vandalised chairs, tables, crockery items and several flower tubs in front of the Chittagong University (CU) vice-chancellor's office. They also halted shuttle train services between CU and Chattogram city, causing immense suffering to students. What did the organisation deem significant enough to react to so intensely? Reportedly, the vandalism was carried out because the university administration passed over the application of former BCL leader Raihan Ahmed for a teaching position at the CU's marine science department. The group's real gripe, as they have claimed, is that the teachers being hired by the university harbour "anti-government" sentiments. Whether one sees such violent displays of loyalty as positive or not, such activities of the BCL are almost yawn-worthy, given the dismal track record of the group inside and outside public university campuses.

The disrespect shown towards the VC of CU, and by extension towards the institution itself, is almost elemental to how the BCL operates. More importantly, this is only a repeat of what happened in 2017, when BCL members vandalised the front of the VC's office when their demand for the removal of a teacher, who they alleged was "spreading personal enmity" against elected representatives, was not being met. In August of 2022, in the span of a few days, the BCL at CU made headlines on two separate occasions: 1) when they enforced a shutdown of all academic activities (even semester final exams) for 35 hours to protest members of a faction of the BCL not being elected in its new CU committee; and 2) when two BCL activists, who had been suspended by the CU for harassing some female students in 2021, were able to sit for final examinations.

But of course such audacity and impunity of the BCL extends outside of CU and disrupts the regular operation of many public universities. At Comilla University in November 2022, for example, the president of the BCL unit there reportedly misbehaved with the university's VC for not recruiting BCL men in different posts at the university.

There is no denying that, for years, the ruling Awami League has consistently turned a blind eye to the myriad terrors caused by the BCL across the country's public university campuses. From the kind of vandalism mentioned above, to attacking students (physically and sexually), university staff, and teachers, to even murdering people, there are few forms of crime that have not been exercised by this group – and all while being practically coddled by the AL, save for a few harsh words of admonishment now and again from party seniors at the BCL's rallies and such. How long will this continue while our public universities increasingly become unsafe for anyone not satisfying the arbitrary whims of this group? The ruling party needs to stamp down on its student wing and hold them accountable for their disproportionate reactions to public universities' official decisions. While it is well-known where the BCL draws its sense of authority from, the government must, through its actions, establish that it is illegitimately gained.

Carry out necessary reforms

IMF loan cannot be the only factor behind much-needed structural changes

It is heartening to note that the International Monetary Fund (IMF) has given the final approval to Bangladesh's USD 4.5 million loan proposal. Even though the loan itself may not make an enormous difference – given that it is quite a small amount – it still sends a positive signal to the market and other multilateral lenders in regards to our economy. Additionally, in order to get the full loan amount from the IMF, which we will receive in instalments over time, Bangladesh will need to carry out a series of badly needed policy reforms.

In regards to these reforms, it is disappointing that the government had waited so long to agree to implement them, and only after being forced to agree to them to get the IMF loan, when our economists and experts had been calling for them for years. It is never a good thing to give up our policy sovereignty over to others, but on the other hand, it is a fact that our economy will benefit from most of the reform measures that it has agreed to implement – including key structural reforms that the government has been stalling over for a long time.

Among the reforms that the government needs to implement are raising the tax-GDP ratio, setting up an asset management company to dispose of soured loans, bringing down the banking sector's default loans to within 10 percent, and raising the capital adequacy ratio to the BASEL 3 requirement of 12.5 percent. The banking sector has been a particular worry for us for more than a decade. And a primary reason for that is the politicisation of the sector, which has allowed influential borrowers who are connected to the ruling party to borrow hefty sums – in many cases, violating rules and regulations of the banking sector – with seemingly no intention of paying them back. The government has repeatedly allowed these individuals – or organisations they are a part of – to get away with such malfeasance without any repercussions, while bending the existing rules in their favour and at the expense of our financial sector and the overall economy.

Given the existing economic reality, the government desperately needs to increase its social spending to support ordinary people – and also because it's a part of the IMF loan agreement – and for that, it needs to urgently raise the tax-GDP ratio. This is something our economists have been harping on for years. And they have even provided the government with roadmaps on how to achieve that. We hope the government finally adheres to their recommendations, as that is the only way to fulfil the IMF's conditions.

There were two major hurdles that prevented such reforms in the past. One was the government's refusal to acknowledge they are needed – which it can no longer do if it wants to acquire the full loan amount. The other was the political will to carry them out, which we hope has also changed. But aside from trying to implement these reforms to get the IMF loan, we hope the government also does it to improve the economic conditions of ordinary people. Keeping that in mind, the government should also look to implement other urgent reforms proposed by our economists and experts for our national interests.

How do LNG subsidies affect public spending on social sectors?

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Energy subsidies have emerged as one of the most important policy challenges for energy-importing countries, particularly for developing nations like Bangladesh. The substantial amount of money spent on energy subsidies restricts state spending on vital development areas. Given our current financial stress, the additional requirement for subsidies to meet the expenses of liquefied natural gas (LNG) import would significantly impact the government's capacity to allocate the budget in several ways. The funding and subsidies given to other important sectors, such as agriculture, health, education and social safety, would be reduced because of the allocation made to support LNG import.

Bangladesh's LNG imports have progressively grown after contracts were signed with Qatar's Ras Laffan Liquefied Natural Gas Company Ltd (Qatar Gas) and Oman Trading International (OQT) in FY 2017-18. We imported 5.73 million cubic metres of LNG during FY 2018-19, 9.45 million cubic metres during FY 2019-20, and 10.15 million cubic metres during FY 2020-21. Overall, 25.33 million cubic metres of LNG was imported from various sources until June 2021. Of this amount, 93.7 percent were imported under long-term contracts, and the remaining 6.3 percent was imported from the spot market.

During FY 2018-19, Bangladesh spent USD 8.97 per MMBtu on LNG imports from Qatar Gas. The unit cost dropped in the following years, reaching USD 6.23 per MMBtu in FY 2020-21. Similarly, Bangladesh paid USD 8.08 per MMBtu in FY 2018-19 to import LNG from OQT, which went down to USD 6.29 per MMBtu in FY 2020-21. On average, USD 7.98 per MMBtu was paid for purchases from the spot market during FY 2020-21. According to estimations by the Centre for Policy Dialogue (CPD), a total of Tk 44,991 crore was spent to import LNG between 2018 and 2021.

Since LNG imports began in 2018, government subsidies have increased to keep up with the rising costs. Petrobangla received Tk 1,000 crore in LNG subsidy in FY 2018-19, Tk 2,500 crore in FY 2019-20, and Tk 2,812 in FY 2020-21. LNG subsidies increased in FY 2021-22 owing to the Russia-Ukraine war. The government disbursed Tk 4,000 crore in subsidies to import LNG in the first nine months of FY 2021-22, which might have doubled towards the end of the year. After the announcement of the new retail tariff for gas (a rise of about 148-178 percent) on January 18, the subsidy burden is likely to be eased. Even then, subsidies as a percentage of the budget and GDP would remain a major concern.

If subsidies continue to grow exponentially, the government may be forced to reallocate funds or resources from other economic activities or turn to borrowing funds. The economy may have inefficiencies in distributing and allocating resources across diverse sectors and activities.

VISUAL: **TEENI AND TUNI**

According to a CPD analysis, in 25 net energy-importing countries, public spending on health and education decreases by an average of 1.63 percentage points of GDP if energy subsidy rises by one percentage point of GDP. If this analysis is considered for Bangladesh, then the social sectors (which in this case includes education and health sectors only) were deprived of Tk 1,706 crore in FY22.

The CPD found that during FY 2022-23, the education sector got 11.8 percent of the overall ADP, up from 10.3 percent in FY 2021-22. However, in terms of GDP, this is 1.83 percent less than that in the previous fiscal year. Having one of the lowest public spending for education in the world, it accounts for much less than the advised minimum of four to six percent of GDP and 20 percent of the national budget. Meanwhile, compared to the ADP of FY 2021-22, the health sector's share climbed slightly to 7.8 percent. In contrast, the share of health in terms of GDP decreased by 0.12 percent. Overspending on subsidies, including those for LNG import, would be a reason for a decrease in the budget for social sectors.

Along with the usual budgetary allocation, recently the finance ministry granted Petrobangla permission to spend Tk 2,000 crore from the Gas Development Fund (GDF) in response to a request from the Energy and Mineral Resources Division (EMRD). Such a decision is against the principle of GDF, which is supposed to be used for the development of domestic gas reserves through exploring on- and off-shore gas fields. More importantly, if the GDF is used for exploring more domestic gas reserves, the financial and fiscal burden due to LNG imports would substantially decline.

Recent trends and developments suggest that the country's development process may be threatened by the rising reliance on LNG from outside sources. The government may consider the following measures in order to improve public spending on social sectors.

- Subsidies for the imported LNG industry need to be rationalised. There are concerns that the country's financial stability may be negatively impacted by the rising trend in LNG prices in the international market, which would ultimately shift the cost burden to social sectors that are more vulnerable. Bangladesh has to immediately adopt subsidy reform to streamline spending for the energy sector.
- If the government continues to subsidise the LNG business, the country will have a tough time switching to clean and green energy. Additionally, Bangladesh has a lot of underutilised gas resources. Thus, the government needs to invest more into utilising domestic gas reserves.
- To ease the financial strain and excessive subsidy burden for importing LNG and other fossil fuels, the government should encourage increased investment in sustainable energy. By utilising green climate funds, the private sector may invest more in renewable energy. To promote foreign direct investment in smart grid systems, energy efficiency, and renewable and sustainable energy, necessary fiscal instruments must be developed.
- Future long-term LNG contracts must account for and be restricted to the gas demand that is currently in place; they must not consider expected future demand. This will make it easier for alternative energy sources, such as renewable energy, to meet future demand.

Bangladesh must invest in health justice

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ABM UDDIN

A 2016 research study published in the *Oxford University Journal* analysed health inequality in Bangladesh, which found that income variance is the prime factor behind health disparities. Private health providers contributed to 95 percent of the health gap, while public providers contributed the least. The study also concluded that healthcare benefit utilisation is pro-rich, and "the poorest people with largest need for health actually received lower benefits."

It is clear that a correlation exists between family/personal income and the level of healthcare one receives. According to the Borgen Project, in Bangladesh, there are 35 infant deaths per 1,000 births for the lowest income quintile, as opposed to 14 infant deaths per 1,000 births for the highest income quintile.

The World Bank uses the Gini Index to measure income disparity, which can also be applied to healthcare to decide health inequity, as done by the WHO in member states. The Gini Index data available for Bangladesh from 1982 through 2016 shows that income inequality has only burgeoned every year, and that we are stuck with ever-increasing health disparities.

To effectively confront health disparity, we must embrace health equity or health justice – equitable care for all based on everyone's unique socioeconomic needs. This means expanding healthcare access for the under-served, and acknowledging the right to healthcare and human dignity of those severely afflicted by income inequality.

Health equity is currently a major driving force in US healthcare. Gini Index data from 1976-2020 shows that income disparity has steadily grown in the country, exacerbating health disparities. As a result, the US has undertaken major health equity initiatives for the poor, and encouraged all healthcare actors to do the same.

The federal and state governments have designed joint programmes, especially Medicaid and the Children's Health Insurance Program (CHIP), providing comprehensive social and healthcare services to 91 million low-income individuals as of August 2022. This constitutes one-fourth of the total US population.

In the US, healthcare for low- and middle-income families has consistently remained a major political agenda in all national elections since the 1980s. In December 2021 and January 2022, HIMSS Market Insights conducted a survey on 110 US healthcare executives, in which 89 percent of respondents said that health equity is a part of their core business strategy.

Luckily, Bangladesh has already implemented the core strategy of improving health and healthcare by investing in the poor. A glowing article by Nicholas Kristof published in *The New York Times* in March 2021, titled "What Can Biden's Plan Do for Poverty? Look to Bangladesh," cited many examples of how Bangladesh has successfully eradicated poverty for 25 million people in the last 15 years, and improved life expectancy by investing in the poor, especially low-income women, girls, and children.

President Joe Biden's American Rescue Plan, which, among others, allocated funds generously to address child poverty in the US, drew criticisms from detractors. A strong advocate of the plan, Kristof asserted that it would cut child poverty by half, advising critics to look at Bangladesh's examples.

However, there is still a great need in Bangladesh to improve access to healthcare for marginalised populations by adopting health equity. A 2017 article published in the International Journal for Equity in Health concluded that about 63 percent of the healthcare costs in Bangladesh are out-of-pocket costs, which are increasing by the year, and the rest is paid by the government. This places an unequal burden on low-income individuals.

Bangladesh must continue to invest in taking care of its most needy. The government should increase its cost share for health coverage for rural and underserved populations. It must scale up identifying disadvantaged populations across the socioeconomic spectrum and create social safety networks for them.

The government must also work in tandem with private and non-profit healthcare providers, such as community-based organisations (CBOs), to build the capacity of our healthcare system in order to provide for the complex medical and social needs of those who live at the bottom of the social ladder. CBOs have in-depth experience in rural and community health, and can support evidence-based practices.

Collective action is always more powerful than the government's actions alone. Hence, the political leadership must ensure that healthcare measures are comprehensively informed by public and private input.

Health equity can be a paradigm on which Bangladesh can address the healthcare gap. It must step up its investment in the poor. The government must have NGOs, CBOs, and private healthcare providers on its side when driving health equity initiatives.

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