The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

Why delay probing money launderers?

Investigators sitting on information about Dubai real estate purchase despite HC order

Our financial investigators seem to have a habit of sitting back and waiting for information to fall into their laps, as their inaction in various corruption cases will suggest. But to fail to act even when information is available is callous at best, and collusive at worst. This is what happened after a Washington-based organisation in May reported the purchase of Dubai real estate by 459 Bangladeshi nationals, presumably with laundered money. But even after about 10 months have passed, and despite a High Court order issued on January 15 to investigate the matter, relevant agencies have failed to take action. This is quite disturbing.

As per a report by this daily, the court had ordered the Anti-Corruption Commission (ACC), Bangladesh Financial Intelligence Unit (BFIU), National Board of Revenue (NBR), and Criminal Investigation Department (CID) to initiate the investigation and share their findings within one month. But they have done neither, apparently because they haven't received a written copy of the order. You cannot help but wonder: Why would they delay action on such a technicality, particularly when the message was unmistakeable? Why would they need to be told to do what they should be doing anyway?

There are many instances where the investigating agencies launched probes based on media reports, without requiring a court order. For example, in 2020 and 2021, the ACC went through 2,167 media reports as its primary source of information and picked some cases for investigation. The other agencies have done the same from time to time. Their inaction in this case thus raises suspicion. Is it lack of respect to the court? Is it lack of coordination for which our state institutions are so notorious? Or is there a higher motive given how powerful money launderers are?

Investigation, it should be noted, is but the first step in the direction of justice. Ideally, it would be followed by filing of cases, then further investigations leading to charge sheets, then a lengthy trial process given the capacity of our judiciary, and finally a conviction, if we're being really optimistic. But if the first step takes so long to initiate, what will happen in the subsequent stages? After all, as a 2022 assessment shows, some 976 money laundering cases have been registered in the country since 2003, of which only 203 have been disposed of. In total, 856 cases filed on charges of laundering money have been pending with various trial courts for years. It almost seems like the whole system is designed to protect money launderers. As a result, billions of taka have already left the country illegally.

We have often expressed our concerns about the state of agencies dealing with money laundering and other financial crimes. The ACC, in particular, remains ill-equipped in this regard. We have also seen repeated foot-dragging under various pretexts. We think the government owes it to its own economic ambitions to stop this disastrous trend, and punish the corrupt and scammers, however well-connected they may be. For now, it must investigate the allegation of illegal real estate purchase in Dubai.

Pollution choking Khowai river

Habiganj municipal authorities must stop dumping waste into the river

It's quite frustrating to see report after report on the pollution and encroachment of the Khowai river, flowing through the Habiganj town, with the local authorities doing visibly nothing to stop such activities. According to a report published by this daily, the banks of the river have now turned into a veritable dumping ground for all kinds of household and commercial waste, which is not only choking the river to death but also damaging the surrounding environment. What is most concerning, the municipality's conservancy workers often discharge waste collected from the town straight into the river, despite there being a designated dumping ground located about four kilometres away from the main town.

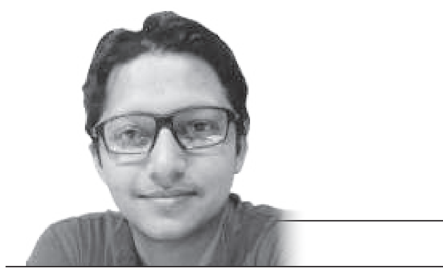
Reportedly, indiscriminate pollution has not only affected the river's marine life, but also become a big public health concern for the town's residents. According to one resident, he used to bathe in the river just a decade ago. Now, it is even impossible to get near it because of the stench of rotting waste dumped on its banks. According to him, people living nearby have to keep their doors and windows closed to get rid of the smell. Fishing in the river has become a story of the past.

Sadly, the situation that the Khowai river is facing is not unique. In fact, this is the condition of the majority of our rivers at present. In most cases, pollution and grabbing take place under the very nose of the authorities, while in some cases, those responsible for taking care of the rivers have become polluters themselves. In the case of the Khowai river, the municipality's garbage collectors are majorly responsible for polluting it. This daily published quite a few reports in the last few years highlighting the reasons for the river's slow death. But no substantial steps have been taken to address this issue.

In order to save our rivers from such pollution and encroachment, the authorities must comply with the directives given by the High Court in 2019. The National River Conservation Commission (NRCC), which is the legal guardian of our rivers, must play the role expected from it. It cannot remain a toothless tiger while most of our rivers are facing an existential threat. Reportedly, the commission made a list of river grabbers in the country a few years ago. We would like to know what it has done with the list.

The shipping minister has recently said that Bangladesh will not survive if our rivers stop flowing, while assuring that the government will rescue the rivers from encroachers. We hope his words will translate into action, and his ministry will take concrete measures to restore the natural flow of our rivers. Only strong political will, backed by proper action from the NRCC, BIWTA and other relevant authorities, can reverse their condition.

Living like the poor, paying like the rich



OF MAGIC & MADNESS

Badiuzzaman Bay
is assistant editor at The Daily Star.

BADIUZZAMAN BAY

Ramadan is supposed to be a month of abstinence. Instead, it may turn out to be one of obstinance this year. That's according to an assessment of food prices that continue to soar higher thanks to what economists now call "greedflation", with traders stubbornly raising prices to take advantage of the inflation, which has risen again after five consecutive months of relative decline. According to data from the Bangladesh Bureau of Statistics (BBS), headline inflation rose to 8.78 percent in February, up from 8.57 percent in January. And so much of it is reportedly down to higher food inflation. For example, the prices of 26 of the 47 food items assessed by the BBS has seen continued increase.

If the current trend holds, prices will remain high even during Ramadan, despite stern warnings from the prime minister as well as assurances of "sufficient" food supplies. And why not? If you were a trader, particularly one of those corporations controlling the supply chain, why would you not exploit the inflation when it is seen as "not uncomfortable or excessive" by the state minister of planning himself? Why would you stop for a month when your greed is so handsomely rewarded on a daily basis? If the state doesn't care about public suffering, why would you?

One of those food items now on the radar is broiler chicken, which on Thursday was sold for Tk 270 per kg in Dhaka, up from Tk 160 just a month and a half ago. Astonishingly, this is twice as much as the cost of its production which averages about Tk 130-140. According an analysis by *Prothom Alo*, large firms/corporations are to blame for this exorbitant price which they manipulate in various ways. As a result, not only are the poor being deprived of their right to protein food (prices of chicken and eggs are affecting prices of fish and beef as well), but ordinary entrepreneurs in the poultry sector are being driven out of the market as well. What we are witnessing is astonishing corporate greed on a historic level, and the total collapse of any market regulation that is in place.

The question is, why are consumers being forced to buy even domestic products at such high prices? Why are field-level growers, farmers and workers so poorly compensated? The few items that used to be known as the "poor man's protein", including chicken, eggs, pangas and tilapia fish, are no longer accessible to the poor. In Ramadan, they will no longer abstain from food simply because they want to, but also because it makes good financial sense. Just imagine: in the year between March 9, 2022 and March 9, 2023, the price of beef has increased by about 16 percent, according to the Trading Corporation of Bangladesh (TCB). During the same period, the price of mutton rose by about 17 percent, and the price of broiler chicken by a staggering 55 percent. Prices of different types of fish have increased by at least 15 percent. The problem is, while prices of essential food items have increased manifold, real income for most people has remained the same as before.

"Sufficient" food supplies mean nothing if they can't afford it. It means nothing if the money that used to fill a shopping bag before now fills only half of it, leading them to resort to what an expert wryly termed "shrinkflation", or "shrinking" their food choices. Inflation followed by greedflation followed by shrinkflation – is there no way out of this trap?

Of course, for the poor, inflation statistics are nothing but meaningless claptrap. Just as those rosy figures related to GDP growth and per capita income which cannot stand up to close scrutiny. The poor don't understand inflation, however. They don't care about it either. But they are the first to face its fallout. If you ask the government, it will remind you of OMS sales and other social protection schemes. But welfare initiatives cannot be the be-all and end-all of the state's response to grinding poverty, nor is its definition or enlisting of the poor inclusive of all families in need of support.

Sadly, the government's response to the high inflationary trend that followed the Russia-Ukraine war a year ago, or the economic pain that preceded it, has left a lot to be desired. True, the economic fallout of the war has been massive and wide-ranging. But it cannot be used as a crutch in the face of so much suffering, especially when poor governance and corruption are clearly helping to aggravate it. There is a surplus of rules but a deficit of executions. How will the government explain it? Where's the initiative to eradicate corruption and ensure better market monitoring? Where's the urgency to raise people's income level? Living like poor but looking (and paying) like rich – could anything be better reflective of our present reality?

Going forward, this must change. The government must address our cost-of-living crisis, but it must also address our cost-of-profiteering crisis, which is at the heart of the chaos and lawlessness prevailing in the consumer market. We cannot address one without addressing the other. We cannot help the poor without dismantling the influence of dishonest profiteers and their political backers who are taking advantage of our economic crisis. Instead of frequently raising gas, water and electricity bills in the name of global economic uncertainties, and thereby raising the costs of food, transport and so on, the government should address the mismanagement draining its coffers.

With Ramadan just days away, it is not enough to say that there will be no increase in food prices during this month when the prices are already insanely high. We need concrete actions, rather than empty rhetoric, to bring them within the purchasing ability of the poor. The time has come to stop giving excuses and start delivering results.

ILLUSTRATION: **BIPLOB CHAKROBORTY**

Why is green finance not taking ground in Bangladesh?

Karimul Tuhin
is an environmental economist and green finance professional.

KARIMUL TUHIN

Greening the economy is a prerequisite for attaining sustainable development goals (SDGs). Transitioning to a green economy requires large-scale investment, with a principal role for the government to build enabling environment for private sector financial institutions to scale up green investments. As such, many countries established clear guidelines and mandatory regulations to direct public and private financing towards green products and projects, offering an encouraging atmosphere for domestic financial institutions.

Similarly, the Bangladesh Bank has already moulded policy guidelines to boost green finance and sustainable finance. Bangladesh Bank set a minimum target of 5 percent green finance attainment for every bank and non-bank financial institution (NBFI) working in Bangladesh. Central Bank data shows Tk 7,340 crore has been disbursed as green finance in 2021 by all banks and NBFIs, which is merely 3 percent of the total term-loan disbursement of that year. Bangladesh Bank calculates green finance based on the term loan disbursement only. As per the green finance taxonomy of Bangladesh Bank, there are 68 green products. If any of those products are financed in a term-loan structure, it is considered green finance. Bangladesh Bank has also introduced three refinance schemes for green products which offer lower interest rates and higher tenors.

Despite the significant policy initiatives from the Sustainable Finance Department of Bangladesh Bank, green finance is still at a very early stage in Bangladesh. Consequently, only green debt financing is slowly taking ground in the nation.

However, financial actors other than the banking industry (banks and NBFIs) are not subject to regulations set by the Bangladesh Bank. Globally, alternative investments such as impact investors, venture capital (VC) funds, and private equity funds are the primary sources of financing green projects because of their attributes. Alternative investments typically have a long lock-in period, which aligns well with the appetite for green projects. Those alternative financiers have the potential to add value by providing specialised knowledge, industry connections, or management skills; therefore, carrying additional benefits to the financial contribution. Although the government is encouraging overseas impact investors by reducing stamp duties since the introduction of Alternative Investment Rules in 2015, the number of overseas impact investors operating in Bangladesh is still very low in number.

Since the formulation of the Bangladesh Impact Investment Strategy Action Plan, no significant changes have yet been visible in the market of alternative investments. To scale up green finance and meet the financing gap for sustainable development, the alternative investment market needs to be vibrant alongside the green debt financing of the banking industry.

In a developing economy like Bangladesh, the entrepreneurs of green projects expect soft loans or low-cost funds from the funding agency. The soft loan means funding with a lower interest rate, longer tenure, and higher grace period. The banking industry of Bangladesh uses low-cost refinance facilities of the Bangladesh Bank to finance green projects, which is inadequate considering the demand in the market. Other than refinance facilities, the banking industry uses depositors' money for financing green projects which incurs higher interest rates at the borrower's end due to the high cost of funds. Alongside the high cost of funds, another challenge the banking industry encounters in financing green projects is the maturity mismatch because of the long-term nature of green projects.

Bangladesh is now the 35th largest economy in the world and experiencing higher GDP growth. To match the speed of the current economic growth, a considerable amount of green funds need to be mobilised. Foreign development partners (development finance institutions) and multilateral development banks (MDBs) can play a catalysing role in mobilising green finance together with the Bangladesh Bank and other regulators. DFI can provide low-cost green funds to commercial banks directly in order to finance green projects. As a result, the banking industry will be able to offer lower-interest loans to green projects using the low-cost fund from the DFIs instead of using depositors' money. The Green Climate Fund (GCF) could be a potential source of green funds for commercial banks.

Although the banking industry is the leading source of green financing in Bangladesh so far, the scalability of green projects has always been a challenge for banks and NBFIs. Generally, small-scale green projects lack proper documents as required by financial institutions for their due diligence. Besides, small-scale green projects do not have enough capacity to prepare high-quality project proposals in line with banking industry requirements. In some cases, small-scale green projects are unable to utilise funds within the prescribed timeframe. In these circumstances, a blended mode of financing is a suitable financing model for small-scale green projects where impact investors, NGOs, DFIs, the government, and the banking industry can work jointly. In many parts of the world, the blended finance model has proven effective for small-scale restoration and other environment-friendly projects.

The government alone cannot support the green economic transition of Bangladesh. Similarly, the banking industry alone is unable to meet the high demand for green finance. A joint effort from the foreign development finance institutions, multilateral development banks, impact investors, venture capital, private equity funds, green bond market, NGOs together with the banking industry can take green finance to the next level.

Another barrier to growth of green projects is the additional cost due to extra requirement for monitoring, verification, and reporting on Environmental Social Governance (ESG) compliance compared to orthodox projects, which often discourages entrepreneurs. Tax subsidies, or any other monetary incentives along with other regulatory support will motivate entrepreneurs to move towards green projects.

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