The Daily Star
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Loco crisis can cripple the railway

Govt should urgently find a way to address engine shortages

The way those in charge of the railway have been going about addressing its longstanding locomotive crisis is alarming. At a time when the railway is going through a severe shortage of engines threatening to derail its operation, the authorities have been moving at a snail's pace to fix it. That is, if they are moving at all. As per a new report, two projects – which, if executed as planned, would have added 70 new meter-gauge (MG) locomotives to its fleet and overhauled 21 old locomotives – are now at risk of being cancelled. Reason? Because of zero progress achieved in the projects despite years spent in preparation. It shows how, instead of fixing the engine crisis, the relevant authorities are allowing it to continue which can only mean public suffering down the road.

Getting into the details of these long-delayed projects serves up useful lessons. Bangladesh Railway (BR) took up the first project to procure 70 MG locomotives in August 2011. But despite three deadline extensions since then, punctuated by a major revision in 2018, when the project budget was increased from Tk 1,946 crore to Tk 2,659.33 crore, things are yet to pass the preliminary stage. The second project, taken up in July 2019, also suffered more or less the same fate. Reportedly, the project authority floated tender thrice over the last four years, but still failed to get it off the ground. The delay that has been witnessed in both cases is anything but usual, even by government standards. These projects have been evidently undone by the mismanagement, poor planning and incompetence of those involved. The question is, who will answer for that?

Even if these projects are now cancelled and replaced by fresh initiatives to procure and overhaul locomotives, it will be merely a bureaucratic formality with no guarantee that the same problems will not recur to haunt them. And the fact remains that we wouldn't have to deal with this situation had the higher authorities been remotely sincere about addressing the dire engine crisis. According to the latest estimate, the state-run BR has only 171 MG locomotives, of which a whopping 82 percent are old or "overaged", requiring urgent overhauling. Of the 92 broad-gauge (BG) locomotives under the BR fleet, 55 percent are also overaged. Clearly, the BR is headed toward a crisis point even if it may not publicly acknowledge it.

Unfortunately, the problems that derailed the locomotive projects have been the hallmarks of most railway projects over the last decade or so. We have frequently seen how, in the absence of any functional institutional accountability, expensive projects have been taken up and frequently revised to allow for inflated bills, only for them to add little to the railway service in the long run. How long will such mismanagement, irregularities and corruption be allowed? How long will taxpayers have to see their hard-earned money go down the drain like this? We urge the government to immediately address this issue. The locomotive crisis must not be allowed to continue any longer.

Clean up the canals before monsoon

And before waterlogging disrupts everyday life once again

Canals becoming blocked due to encroachment and pollution is hardly surprising news. But it never fails to leave us with a sense of helplessness anyway. It foreshadows the suffering of the residents when the roads stay flooded as a result. The state of four major canals in Dhaka as reported by Prothom Alo – being clogged with garbage, impeding their ability to drain out flood waters – is a case in point.

On paper, the Jirani Khal, for example, is almost 20 feet wide in some places and 50 feet in others. It goes through major points in the city such as Shantinagar, Motijheel, Naya Paltan, Kamalapur and Khilgaon, carrying rain water and eventually pouring into the Balu River. But the reality is, it remains clogged with garbage and vegetation as it has not been dredged since the last rainy season. Three other canals – Manda, Shyampur and Kalunagar – are in the same condition. With these four canals being blocked, major areas under the Dhaka South City Corporation (DSCC) will fail to clear rain water during the upcoming monsoon season.

According to a city corporation official, dredging of these canals will begin within two months. This means, actual dredging will start during the rainy season. But how will that be carried out with the continuous downpour? In 2022, the government approved the project to revive the four canals – the total length of which is 19.78 km – to reduce the city's waterlogging problems. The main aim was to free them from encroachers and pollution. In addition, the project included boundary walls, 36 pedestrian bridges, 10 public toilets, walkways, plazas, bicycle lanes, and so on. It is supposed to be completed by 2024.

But as we know from past experience, many development projects are intended to make life easier for city-dwellers but end up getting unnecessarily delayed because of bureaucratic inertia. The result is continued misery of the people whose everyday lives are hampered, in this case by waterlogging. We have seen on many occasions how mayors have vowed to solve the waterlogging problem. But somehow, after each heavy rain, the roads of many parts of the city become flooded, with water stagnating for hours on end.

We, therefore, urge the government to take all necessary steps to make sure that the two city corporations of Dhaka prioritise dredging and cleaning of clogged canals as soon as possible. Although cleaning up the four canals in question is being prioritised, we hope such activities would be a routine function of the relevant authorities all year round. The government should also ensure that the city corporations have the capacity and resources to carry out such crucial work, and hold them responsible when they fail to do so on time. Awareness campaigns to dissuade people from throwing garbage in the canals also have to be conducted regularly. Keeping our drains, canals, and other water bodies clean and free-flowing is the responsibility of both the government and the city-dwellers.

NEW WORLD BANK PRESIDENT

Ajay Banga's plateful of challenges

MACRO MIRROR

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FAHMIDA KHATUN

The world is going through several challenges including the fallout from the Covid pandemic, the Russia-Ukraine war, soaring inflation, and climate emergencies. Despite decades of progress, we are now in a situation where growth and poverty reduction have slowed down. Climate change has exacerbated these problems as millions of lives face displacement, poverty, and hunger.

The new World Bank (WB) president pick, Ajay Banga (who is set to take over on June 2, 2023) will have to address these emerging issues and the existing ones, as expectations from the world's largest multilateral bank are high. Indeed, the Indian-American businessman and former CEO of Mastercard has a lot on his plate.

One of the first things Banga would have to tackle is reforming and modernising the institution, something that stakeholders have asked for across sectors. For a long time, member countries have been urging for designing the WB as a fit-for-purpose institution. The reason behind this is that the 20th century organisation cannot address 21st century issues as their nature, dimension, extent, and scale have changed a lot. So, solutions have to be changed radically from what they would have been 80 years ago.

The WB has recently published "Evolution of the World Bank Group: A Report to Governors," which aims to propose ways to enhance its mission and strengthen its operating model. While this is a welcome move, reforms have to go much deeper in order to deal with multidimensional problems that pose existential threats to our world.

Against current geo-economic and geopolitical realities, the World Bank's programmes should be much more comprehensive in order to capture the interconnectedness of developmental and other sectoral goals. The magnitude of problems requires not just the addition of new issues on the programme list, but the integration of these issues in the overall mission and operating model of the organisation.

Take the example of climate change. The World Bank's efforts in this case have been fraught with limitations. At the leadership level, the inertia in recognising the severity of the problem and guiding the climate action agenda holistically has been absent so far. This limitation is reflected in the country offices of the WB. There are some initiatives by the organisations on climate change at the country level. However, those are still "add-ons" to the overall programme. They are not designed as part of the overall development programme of each country office. Hence, these programmes are implemented on a piecemeal basis. The country-level programmes are often not aligned with national goals on climate change, either. There are, of course, the Country Climate and Development Reports of the World Bank, which aim to guide countries on how their national development priorities can be aligned with international climate goals. But the inclusiveness in consultation while designing programmes is limited to only a select few stakeholders.

Several climate-vulnerable and poor countries do not have the capacity to design their own programmes and have to accept what is offered to them. So, programmes need to be packaged with capacity development in mind. Also, the continuity of programmes is crucial as climate programmes must be ongoing and will continue to impact people's lives and livelihood. The investment requirements for climate issues are massive and the WB must play the catalytic role to mobilise the incremental resources from various sources.

The new World Bank president pick, Ajay Banga, is set to take over on June 2. FILE PHOTO: REUTERS

For climate change issues, Banga will have to make tough choices in order to create a radical shift in the way the World Bank Group (WBG) funds projects. Among the five WBG institutions – namely the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Disputes (ICSID) – some have been accused of continuing to finance fossil fuel-based projects even after the Paris Agreement. Hence, the WBG has to be transparent and accountable in regards to direct and indirect energy financing, the emissions due to such investments, and their impact on the community.

While focusing his attention on climate crises, there is no scope for the new World Bank president to shy away from other difficult issues such as fighting poverty, tackling inequality, and reducing the debt burden of low- and middle-income countries. New and additional resources should be generated to confront the existing and new challenges. The mounting debt crisis in several countries must be addressed, too. Debt as a percentage of countries' gross national income (GNI) has increased significantly during the last decade. Countries in Sub-Saharan Africa, Latin America, the Caribbean, the Middle East, and North Africa have experienced a sharp increase of their debt-GNI ratio during 2010-2021. And though South Asia has seen only a two percent average increase of its debt-GNI during this period, countries such as Pakistan and Sri Lanka are facing difficulty due to high debt.

The G20's "Independent Review of MDBs' Capital Adequacy Frameworks" launched last year called for improving the balance sheets of multilateral development banks and making lending restrictions flexible and affordable for lower-income countries so that they can recover from the pandemic and achieve the Sustainable Development Goals. To match this, the WB needs to mobilise private-sector finance to meet both developmental and climate goals.

As part of its reform, the efficiency of the WB itself needs to be invigorated. The processing time for projects is lengthy as bureaucratic requirements are high and so are the transaction costs. This may discourage countries from borrowing from the WB to invest in infrastructure. The institution has to find ways to eliminate such limitations without compromising on the standards and quality of the bureaucratic process. Coordination with other multilateral institutions is critical for priority-setting so that resources are allocated and used efficiently, without duplication of programmes. Such collaboration has to be initiated from the top levels, which can help overcome institutional rivalry.

Therefore, the new president of the World Bank will be settling into the hot seat during a turbulent period in a new world. His task is not only to consolidate what has been achieved so far, but to also help the institution evolve into one that can face the ongoing crises. Member countries await to see how well Ajay Banga can live up to their expectations.

The complicated issue of paying 'living wages'

RMG NOTES

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MOSTAFIZ UDDIN

A report emerging from Australia recently claimed it will take up to 75 years for many leading fashion brands to start paying a living wage to any of the workers who make their products. This is despite progress in other areas of sustainability over the past decade. The "Ethical Fashion Report" was produced ahead of the 10th anniversary of the Rana Plaza collapse. It claims progress towards paying workers a living wage has so far consisted of empty promises.

What are we to make of this? Are these criticisms unreasonable or do the authors make a decent point? Should fashion brands be under scrutiny for their failure to address this issue?

I think it is right and proper that we should use the 10th anniversary of the Rana Plaza collapse to pause and reflect on the progress made by our industry. Garment worker remuneration is clearly a part of this, and the challenges faced by workers has been in the spotlight in the run up to this anniversary.

While on one hand I would always want the best for garment workers and will continue to campaign on social issues, we all need to understand that the subject of living wages is complex. Better wages cannot be introduced by any one actor alone. A leading fashion brand attempted to do this a few years ago and found that it was impossible without widespread industry collaboration.

It is perhaps worth asking, why are people paid the wage that they are? Why does a person making clothing in Bangladesh make, say, $100 per month while one in China makes $1,000 per month? In fact, workers in China's textile industry also do not receive "living wages" as their living standards are higher than that of their counterparts in Bangladesh.

For one, China's economy is more advanced and sophisticated than that of Bangladesh. Garment factories in Bangladesh are now competing with many other, higher paid industries which add more value. This has created an upward pressure on wages across the board and garment workers have been beneficiaries.

By contrast, in countries such as Bangladesh – and also India and Pakistan – the pace of economic development has been slower and industrialisation is not as advanced. It is important to stress that there are broad macroeconomic issues at play here which are deep-seated and cannot be changed by any one factory or brand alone.

Another related factor is productivity rates. Economists calculate productivity as the gross domestic product generated per hour of working time. By this yardstick, Bangladesh's productivity is less than half of China's, is slightly below Vietnam's, and just above Cambodia's. We need to improve our productivity rates to increase wages. This means raising skills and implementing more technology to create greater added value.

Similarly, we need to look at the clothing being produced, its quality, and the relation to wages. If lots of low-value items are being produced, profit margins will be small and this will impact wages. By way of contrast, in the world's most sophisticated industries, where barriers to entry are significant due to the unique nature of the product being produced, skilled labour is in sharp demand and wages are high.

Despite all these structural challenges, I do believe it is possible to raise wages for workers, who are the most important aspect of the fashion supply chain. And we must continue to strive to do so.

In the broadest sense, the biggest factor is taking into consideration the price we pay for clothing. This is a challenge for retailers as they are in a hugely competitive market. No retailer is going to reduce their prices in isolation. That would be commercial suicide.

But could we do more as an industry to educate end consumers about the lives of garment workers? Could we do more to help them understand that the price they pay for clothing ultimately has an impact on the wages paid to workers? Of course we can. Storytelling is a vital component of a modern, transparent fashion supply chain. Why not do more to tell the stories of the workers who produce our clothing?

There are a few more aspects of this issue that are worth exploring. Firstly, how does one calculate what a living wage is? I would argue that this is a nearly impossible task, with rents varying across locations, the number of dependents per person being different, and so on. To reiterate, living standards have risen in Bangladesh, with many garment workers now, for instance, having smartphones. We are not some third-world country, as occasionally portrayed by Western media.

There is also a concern that, if we ever do get anywhere near a fair wage, many brands and customers might simply decide to move production elsewhere.

A publicly listed company has to post increasingly good results, or investors will diversify their portfolio. How can a brand post both increasing margins and also pay fair prices to factories to enable fair living wages? Or is this the Holy Grail?

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