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

A never-ending saga of mismanaged funds

Health ministry keeping funds unutilised despite massive need for services

It is disheartening to know that the Ministry of Health and Family Welfare has once again failed to utilise the funds allocated for it in the national budget of the outgoing fiscal year. As per a report, in the first 10 months of FY2022-23, the ministry – through its two divisions – has spent only 32.22 percent of its total Tk 12,189.77 crore allocation in the budget. Sources tell us that there wouldn't be much change in the scenario when the remaining two months are accounted for. Such mismanagement of funds, year after year, despite the country's per capita health expenditure being the lowest in South Asia, is a damning indictment of the government's apathy towards public health.

The healthcare system has long been in dire straits. Insufficient infrastructure, inadequate medical supplies, and a severe shortage of healthcare professionals have crippled the system, leaving countless citizens without access to even the most basic healthcare services. The failure of the ministry to effectively utilise allocated funds exacerbates these challenges, further compounding the suffering of ordinary patients. The extent of its failure can be understood from the fact that among the 15 ministries that received the highest allocations in the outgoing year, the health ministry has been the slowest in implementing the ADP.

The question is, why is this most vital sector putting up such abysmal performance? One may even wonder why government officials, who often allow corruption through inflated bills, would pass up a chance to spend. Health experts have identified a number of reasons, including poor budget planning, lack of vision, inefficiency, vacant posts leading to unpaid salaries (a big portion of the health budget is allocated for salaries), the ministry's "heavily centralised nature" delaying procurement plans, officials' fear of audit scrutiny, etc. While some of the problems are procedural, the others are simply down to lack of integrity and capability of officials.

Whatever the reason, however, the consequence of underutilisation or mismanagement of funds is felt across the health system. The burden falls disproportionately on the disadvantaged sections of society, who must spend and suffer heavily as a consequence. This cannot be left unaddressed indefinitely. The health ministry must be held accountable for its repeated failures to utilise its budget. The government must improve its capacity and accountability so that funds are planned and utilised efficiently to serve their intended purposes.

DSA warnings keep on coming

Govt should pay heed to UN special rapporteur's suggestion to suspend it

Yet another alarm has been sounded about the repercussions of the continued use (read: abuse) of the Digital Security Act (DSA). This time, it was Olivier De Schutter, the UN special rapporteur on extreme poverty and human rights, who flagged the law for its intimidating effect on people with critical opinion, and recommended its suspension until significant improvements are made to it. What Mr Schutter said, however, has been said many times before. Rights defenders have frequently highlighted all the problematic provisions in it, the plight of victims, and the culture of fear that it has created, but to little effect so far.

Lately, however, in the face of sustained criticism and potentially to convince voters ahead of the national election, the government seemed inclined to accept some of the concerns raised. But while it says it is open to make some amendments to the law, it remains adamantly opposed to the idea of repealing it, or scrapping two of the provisions as recommended by the United Nations High Commissioner for Human Rights. This is quite concerning.

The fact is, token amendments will neither assure voters nor build trust in the usefulness of the law, so we urge the authorities to pay heed to the UN call for suspending it for now. With the 12th parliamentary elections approaching fast, the next six or seven months are going to be crucial. We do not want to see the DSA being used as a tool to suppress critical opinions or punish journalists and political opponents. We want to see free flow of thoughts so that voters can make informed decisions.

Any suspension, however, will be a stopgap solution – just to keep the political environment on an even keel till the elections. The ultimate solution is a complete abolition of the DSA. There are so many flaws in the law that mere amendments cannot save it. So the government must scrap it eventually, and go back to the drawing board to come up with one that truly serves the people.

LETTERS TO THE EDITOR

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Ensure free movement for ambulances

Every now and then, when stuck in traffic, we get to hear the urgent sirens of an ambulance. Even though free movement of these emergency service vehicles is extremely important, it does not get enough attention. In many cases, a patient's life cannot be saved as they do not get the treatment at the right time for failing to reach the hospital on time. Due to heavy traffic and a lack of awareness of commuters on the streets, many ambulances fail to reach their destination on time. This results in casualties that could be easily avoided. There should be more awareness on this matter and the authorities should take quick action in this regard.

SM Imranul Islam Rajon
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The nation expects brevity and sobriety in the budget

OPEN SKY

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BIRUPAKSHA PAUL

Understanding the nation's expectations in designing the budget for FY2023-24 is essential. This would be the last budget of the Awami League government's third term in office. And hence there are expectations of seeing it as a concluding statement of a journey, a summary report – not a bungling attempt to open another Pandora's box. The rule of writing the summary of a thesis is not to introduce any new arguments in concluding remarks, and that very style must be followed in formulating the last budget of AL's current term.

Herein lies the irony of Bangladesh presenting the longest budget speech in the world while posing one of the weakest fiscal capacities on the globe. There is no need to cram the speech with a self-praising chorus and complacencies. Instead, let people be the judge of the government's accomplishments so far. The finance minister could deliver a short speech on programme evaluation, along with the commitment towards and feasibility of completing unfinished projects.

Visionary statements are only appropriate for five-year planning documents, and there exists a separate ministry for this job. This budget warrants moderation in language and humility in attitude.

Addressing the declining trend of fiscal capacity, which has been dwindling over the years since 2012, should be the first priority of the FY2024 budget. It would be smart for the government to announce the formation of a new revenue ministry – separate from the finance ministry. The entire revenue administration must be run by a fully fledged minister, not just by a senior bureaucrat at the NBR, if the government really wants to make the revenue sector dynamic, pro-people, and accountable to parliament. This change is necessary if the country does not want to follow in the footprints of Sri Lanka.

Sri Lanka's revenue-GDP ratio was the best in South Asia, but the country plunged into a never-seen-before crisis when that ratio declined to eight percent in recent years from 17 percent in 2001. Although there are other reasons (such as inept debt management and unbridled spending) behind this collapse, its damage would have been minimised to a great extent had the country's fiscal capacity not turned hollow over time. India's revenue-GDP ratio was 11 percent in 2009 and is now close to 14 percent, suggesting how the country reaped the harvest of reforms in this area.

Bangladesh's sagging performance in terms of the revenue-GDP ratio, from 12 percent in 2012 to less than eight percent in 12 years, is a clear sign for us to be alert when it comes to macro-stability and the future of the economy, no matter how bright it may look now to some over-complacent politicians. If history is any guide, danger descends on nations quite abruptly, without leaving much room for disaster management. That is what we have seen in the cases of Pakistan and Sri Lanka. Of course, Bangladesh is in a better position than them. But revenue incapacity and forex reserve depletion must be addressed effectively to avoid any possible slide into despair. In this case, pampering of the super-rich warrants reevaluation.

Going downhill in terms of the tax-GDP ratio sends two messages to policymakers: 1) It does not justify the parallel story of growth acceleration; and 2) Required reforms are absent in the tax administration which could help reap the benefits of growth.

This acceleration has not been possible without better profitability in business. But businesses were not taxed by the government proportionately. The tax rate as a share of profit is highest at 55 percent in Sri Lanka and then at 50 percent in India. The corresponding rate is 34 percent for Pakistan and Bangladesh, suggesting that the top profit-makers are highly pampered and regularly excused in both countries.

VISUAL: REHNUMA PROSHOON

The national budget should underscore the gravity of reforms in the fiscal sector. Complexity of tax calculations and bureaucratic tentacles are responsible for why it takes so long to prepare tax returns and pay in Bangladesh. World Bank data suggest that it takes 129 hours on average to prepare and pay taxes in Sri Lanka. The corresponding statistic for India is 251 hours, 283 hours for Pakistan, and as high as 435 hours for Bangladesh. This does not lend credence to the ministerial claim that the country is heading to an elevated level of smartness and development.

Bangladesh is far behind its neighbours in fiscal sector reforms and modernisation. The sheer amount of time needed to resolve insolvency proves how bureaucratic and lingering tangles are pulling corporate matters backward, despite the pressure from the prime minister to reduce hassle and sufferings for the business sector. As per the WB data, resolving insolvency takes only 1.7 years in Sri Lanka and 2.6 years in Pakistan, but a staggering four years in Bangladesh. India was able to reduce its insolvency resolution time to 1.6 years from as high as 4.3 years just a couple of years ago, evidencing that corporate reforms can be implemented if a regime is dedicated enough to make it happen. These attributes helped India to drastically improve in the ease of doing business index.

Bangladesh's fiscal pace is sluggish and irresolute. Hence, any bragging about ultra-ambitious commitments would be inappropriate in the coming budget – which otherwise should remain brief and sensible to attain credibility.

The increasing trend of fiscal incapacity is eventually trespassing into the monetary space as borrowing from the banking sector increases, thus crowding out private borrowers. It would be advisable to correct this structure and divide the finance ministry into three separate branches: finance, revenue, and investment plus economic relations. This would be the best strategy for the government to strengthen the fiscal and financial domains of the economy, and to insulate the country against fiscal bankruptcy in the long run.

Utilise the demographic dividend as an asset, before it becomes a liability

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MD NURUZZAMAN KHAN

Bangladesh has a predominantly youthful demographic. Our population is close to 170 million, according to the post-enumeration check of the government's preliminary survey conducted by the Bangladesh Institute of Development Studies (BIDS), with about two-thirds falling within the working-age group of 15-64 years. The remaining population is divided, with nearly 29 percent under 15 and approximately six percent above 65. This favourable age structure offers significant potential for driving our economic growth, known as the demographic dividend, which started in 2007 and is projected to continue until 2040.

To fully benefit from its demographic dividend, Bangladesh needs to prioritise improvement in education, healthcare and job opportunities for the youth, while ensuring social welfare and healthcare for the growing elderly population. Substantial changes in these areas are still lacking, posing a risk of losing this once-in-a-lifetime opportunity. This underscores the relevance of the Malthusian population theory, which warns of economic and social challenges when a rapidly growing population is not effectively managed.

Bangladesh has made remarkable progress in establishing a comprehensive education infrastructure to meet the needs of its youthful population, comprising primary schools, colleges and universities. This development has resulted in a significant rise in enrolment rates at primary and secondary levels. The higher education sector has witnessed an even more remarkable expansion, with an annual influx of approximately five million students, representing a marked surge compared to the mere 31,000 tertiary-level students in 1972. Enrolment in vocational and technical education sectors has also increased, although not to the same extent as the tertiary level.

In order to fully leverage the potential of its growing student population, the country must prioritise education quality alongside infrastructure development. Unfortunately, this crucial focus on quality is often neglected at all levels of education, while prioritising visible developments such as infrastructure or the graduation of students with good GPA scores.

This is evident in the surge of students achieving high GPA scores in secondary and higher secondary levels, setting new records each year. For instance, in 2022, nearly 160,000 students attained GPA 5 at the HSC level, compared to only 20 in 2003 when the grading system was introduced. However, this surge in GPAs does not reflect the overall quality of Bangladesh's education system, which continues to lag behind other countries and its own records of previous years. Consequently, the tertiary education system is now accepting students of lower calibre compared to the previous years, exacerbating the existing challenges at this level.

At least 72 percent of tertiary-level students are enrolled at affiliated colleges of the National University, where the quality of education is highly questionable due to limited research capabilities, inadequate infrastructure, high student-to-teacher ratios, and a shortage of qualified instructors. Almost all public and private universities in Bangladesh, particularly newly established district-level ones, face similar challenges. Moreover, they have mostly failed to align their curricula with market demands and establish strong industry-academia connections. As a result, the overall quality of tertiary education remains poor, despite an increase in students achieving good CGPA scores. Consequently, the country is experiencing rising unemployment, accompanied by an increasing number of foreign employers.

Bangladesh still relies on foreign manpower to implement large-scale projects, instead of having a sufficient number of relevant graduates. This is in addition to the limited job opportunities available. Additionally, the allure of job security in the public sector has made it an attractive option for tertiary-level students. The harsh reality is that a significant portion of university-level students view their education solely as a means to qualify for job exams, undermining their educational growth and skills development.

The country's health sector also faces numerous challenges, including detrimental health issues and suboptimal outcomes that hinder economic growth and development. For instance, there is still a lack of universal progress in women's healthcare, who make up half of the workforce, due to societal and healthcare facility challenges. Prevalence of early marriage also remains high, as around 50 percent of women aged 20-24 years reported being married before the age of 18 in the Bangladesh Demographic Health Survey 2022. Ensuring a safe work environment for women and reducing violence against them are ongoing concerns. Utilisation of maternal healthcare services with continuity remains low.

Furthermore, the healthcare system in the country inadequately addresses rising health challenges, especially for the working population. For instance, the prevalence of non-communicable diseases such as diabetes and hypertension is surging, affecting young adults and middle-aged individuals. However, the healthcare system lacks sufficient initiatives to tackle these issues. Many cases go undetected.

Half of Bangladesh's demographic dividend period has passed. Yet, the country has made limited efforts to fully utilise the potential opportunities arising from this shift. It is crucial for the country to focus on actively and effectively exploiting the remaining opportunities now and in the future. Prioritising educational quality and ensuring universal healthcare coverage instead of solely focusing on infrastructure are essential. Failure to do so could transform this demographic shift from an asset to a liability when the once-in-a-lifetime window of the demographic dividend period closes.

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