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

When even legal migrants suffer

Workers migrating to Malaysia legally deserve better protection

We are gravely concerned by the observation of UN experts regarding the dismal conditions of Bangladeshi migrants in Malaysia who have gone there through the official labour migration process. Oftentimes, we have heard of migrants who are suffering abroad being criticised, instead of finding sympathy and support, for going there illegally. However, the migrants in question went to Malaysia following all the legal processes. Therefore, the fact that UN experts found the situation of Bangladeshi migrants who have lived in Malaysia "for several months or longer" to be "unsustainable and undignified," means that it is the authorities that are at fault, and there is no scope of shifting their blame.

According to the UN experts' findings, many Bangladeshi migrants upon arrival to Malaysia find that they do not have employment as promised and are often forced into overstaying their visas. Consequently, they face the risk of arrest, detention, ill treatment, and deportation. The experts also found that huge sums of money were being generated through the fraudulent recruitment of migrant workers by criminal networks operating in Malaysia and Bangladesh. Meanwhile, migrants are being forced to pay exorbitant recruitment fees to some fake recruitment companies, pushing them into debt bondage. And worryingly, some reports indicate that certain high-level officials in both governments are involved in this business or are condoning it.

Since the end of 2022, more than 400,000 Bangladeshis have gone to Malaysia for jobs under a syndicate of 100 Bangladeshi recruiting agencies selected by the Malaysian government. However, according to media reports, a significant portion of them are facing unemployment, underpayment, or no payment. And this means that the official system in place is not working correctly. But the question needs to be asked, who is benefitting from this?

The UN experts have called on the Malaysian authorities to take urgent measures to address the dire humanitarian situation of migrants and to protect them from exploitation, criminalisation, and other human rights abuses. And the Bangladesh government must ask for the same through dialogue. The Malaysian authorities should also investigate what is holding back safe migration for workers, and govern labour migration more effectively by adopting adequate safeguards.

The Bangladesh government, in the meantime, should sit with the concerned authorities in Malaysia and insist upon the safety of our citizens migrating there for work. Additionally, it must identify those taking advantage of migrant vulnerabilities on its side and punish them accordingly.

Chattogram keeps losing its hills to greed

What are the relevant agencies doing about it?

A photo on the front page of this paper yesterday showed the brutal and indiscriminate destruction of Nagin Pahar, a large hill in Chattogram. Chopped off from the top by local influentials, it has lost a large chunk of its height to make way for the construction of residential buildings. This relentless hill-cutting in Chattogram has been going on for decades, destroying the natural beauty of this scenic city with devastating consequences. Apart from the loss of greenery and the habitat of hundreds of birds and plant species, when hills are cut the risk of landslides is increased, often leading to human deaths.

The spree of real estate development has taken a heavy toll on these precious hills cleared away for construction. In the last four decades, around 120 hills out of 200 have disappeared from Chattogram city. So how is this killing spree of hills being allowed to go on unabated? In 2012, despite multiple court orders to protect the hills of the Chattogram area, one of which specifically mentioned those in the Akbar Shah area, a hill was cut. In 2023, a councillor of Chattogram City Corporation destroyed parts of a hill to build a primary school in the Akbar Shah area. According to a report in this paper, over several years he made plots by cutting the hills and selling them to people. He did this without any permission from the Department of Environment (DoE) which is mandatory. The DoE has filed cases against the councillor for destroying the hills. But the question is, how did he get away with it for so many years?

Unfortunately, the government bodies responsible for protecting these hills, have done precious little to prevent their demise. The Chattogram City Corporation, district administration, and the DoE seem to instead have allowed influentials to carry on cutting one hill after another. Thus, despite the persistent endeavours of environmental activists to stop hill cutting and despite the court's orders, the killing of hills continues.

Unless the government takes serious steps to enforce the law and hold its agencies responsible for enforcing it accountable, as well as appropriately punish violators, we may have to witness Chattogram city being reduced to a flat land with concrete high-rises all over the skyline where once there were lush green hills.

Bank mergers: All dimensions must be considered

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SELIM JAHAN

It has recently been reported that three weak Bangladeshi banks will merge with three relatively stronger banks. In two instances, Bangladesh Development Bank will be merged with Sonali Bank, and Rajshahi Krishi Unnayan Bank will merge with Bangladesh Krishi Unnayan Bank. A merger agreement is set to be confirmed among these four banks soon. Along with these, there have been reports that BASIC Bank will merge with Agrani Bank. And, a few weeks ago, a memorandum of understanding (MoU) for a merger was signed by officials of EXIM Bank and Padma Bank.

According to media reports, further mergers are on the cards involving private banks, including National Bank, AB Bank, Union Bank, Global Islami Bank, Bangladesh Commerce Bank, ICB Islamic Bank, and the National Bank of Pakistan (which is a foreign bank). Through such a process, the number of banks in Bangladesh may gradually be reduced from 61 to 50 or fewer.

Globally, mergers of banks, industries, and business enterprises are neither new nor uncommon. At various points in history, mergers have taken place in different economies, particularly during economic crises. In general, three things lead to such mergers. Firstly, to expand their economic influence, powerful enterprises engulf smaller and weaker ones. Secondly, strong entities take over weaker ones to reduce competition and ensure monopolistic power. And finally, problem-ridden entities are merged with sound enterprises to ensure market stability and confidence.

In that context, questions have been raised as to why so many banks in Bangladesh are being merged at the same time. Some indicate that given the size of the Bangladesh economy, the number of banks in the country has exceeded the optimal level. As a result, it was necessary to contract the banking sector to ensure sustainability, efficiency, and better services. People who are familiar with our banking sector think that unprecedented corruption and the bending of rules have made the entire banking sector in Bangladesh vulnerable. As a result, bad loans, loan defaults, and shortage of capital have become the norm. In addition, non-confidence and liquidity shortages are on the rise as well.

Against this backdrop, the government and Bangladesh Bank have looked at bank mergers as an option to increase stability. There is a perception that the current problems and instability of the country's banking sector have led to such mergers and that such a measure was needed to enhance confidence in the economy. Some argue that this measure was taken to rescue the weaker banks. Others, however, feel that bank mergers will allow corrupt groups to escape their liabilities. The vulnerability of the entire banking sector has been reported on as well. Under such circumstances, if the weaker banks are not merged with stronger ones, and if they fail, the whole banking sector would find itself in deep trouble.

In general, five issues need to be borne in mind when it comes to bank mergers in Bangladesh.

Firstly, if some banks fail to meet the criteria of competition and efficiency, it is better, by the rule of thumb, to let them die. The only exception could be a bank that is so big and so important that its death might have serious negative unbalancing impacts at the macroeconomic level of the country.

Secondly, if the merger could create a monopoly, then it should not be pursued. A monopolistic market will not provide competitive services to consumers and, as a result, the common people would lose out. The impacts of bank mergers on various sectors of the whole of the economy must also be evaluated.

Thirdly, to overcome the fundamental problems facing the banking sector in Bangladesh, structural reforms are necessary. Mergers cannot be the alternative to those unpalatable but necessary reforms.

Fourthly, if mergers take place in the banking sector, the job security of the workforce in weaker banks and the interest of the depositors of those banks must be ensured.

Finally, in the context of the overall economy, there is always an optimal number of banks to have. If the actual number of banks in the economy exceeds that optimal number, various vulnerabilities creep in. A pertinent question would be: if our banking sector suffers from such vulnerabilities, why have more new banks been approved? This issue needs to be examined. In other words, while attempts are being made to ensure better health of the banking sector through mergers—and as such reducing the number of banks—what is the justification behind giving approvals to new banks?

VISUAL: **REHNUMA PROSHOON**

In addition to all these, three issues need consideration. One, weaker banks are not limited to the private sector, they also exist in the public sector. For example, BASIC Bank, a state-owned enterprise, is also part of the current merger process. This means that bank vulnerabilities exist in both private and public sectors. Two, the World Bank has recommended bank mergers, but with a request that such mergers should not be imposed on any entity. It should be remembered that in Bangladesh, the financial sector reform was initiated in the late 1980s with advice and direct interventions from the World Bank. Today, through various peaks and troughs, we have reached a point where the liabilities of the World Bank must also be assessed. Three, it has been argued that mergers were pursued to ensure the sound health of the banking sector. In that context, assurances must be given that the workforce of the weaker banks would not be curtailed and the interests of the depositors of those banks would be ensured.

The phenomenon of bank mergers is relatively new in Bangladesh. Therefore, the various dimensions and probable impacts of mergers must be objectively assessed. It is also necessary to not approach the process as a purely mechanical exercise, but rather through a combination of practical points of view and a human lens. At the same time, the entire merger programme must be implemented as part of an overall financial sector reform.

Adaptation finance at NAP Expo 2024

Bangladesh, as the host, has many lessons to share

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MIZAN R KHAN

The NAP Expo 2024, organised by the Least Developed Countries Expert Group (LEG) under the UN Framework Convention on Climate Change (UNFCCC), is being hosted in Dhaka from April 22-25. Its objective is to share experiences and foster partnerships among stakeholders on how to expedite the implementation of National Adaptation Plans (NAPs), to achieve "transformative adaptation." This concept is being used increasingly by development agencies, as mere incremental steps will not suffice against climate extremes which impact the LDCs most. But this requires a key provision as an enabler: adequate international adaptation support, particularly for the LDCs.

However, what is the current status of adaptation finance? The first fact that pops out is that more than 60 percent of adaptation finance delivered to LDCs comes as loans, not grants, which fuels their already acute debt distress. Beyond that, more than half of the support to LDCs is meant to finance mitigation efforts, where adaptation is the primary and urgent need. Moreover, a lion's share of foreign aid packaged as climate finance is increasingly benefitting middle-income countries, at grave loss to the LDCs/LICs. Looking ahead, no road map was provided at COP28 for doubling adaptation finance, as was decided at COP26. Finally, the apprehension of cannibalising the little adaptation and other disaster risk reduction (DRR) funds of the UN and World Bank systems by the new Loss and Damage Fund is evidenced by mobilisation of less than $200 million for adaptation at COP28, against the target of just $300 million.

The narrowing fiscal space is already evident in very poor climate finance commitments by the US, followed by the recent curtailing of aid budget by some major EU countries. Coincidentally, 2024 is an election year in over 50 countries, but at least 20 of them, with competitive elections, will address climate change as a contested issue. The likely political shifts after these elections this year will have lasting ramifications for climate diplomacy. There are indications already that green parties in Europe will not fare well, and if Trump wins, the already poor US support is likely to dwindle further.

Against these odds, some positive trends present themselves as thin silver linings. We may recall that, together with the Bridgetown Initiative, last year's meetings on finance in Paris and Nairobi made the case for debt relief, enhanced international taxation for leveraging new sources of finance, and financial architecture reforms. The multilateral development banks pledged an additional $300-$400 billion to low-income countries over the next decade. Another reform agreed upon is a change to the World Bank's debt-to-equity ratio by one percent, to 19 percent, which may free up around $4 billion a year. The UNFCCC executive secretary recently called for the International Monetary Fund (IMF) to make more use of an obscure fund called the Catastrophe Containment Relief Trust, which provides grants for debt relief to the poorest countries when disasters hit a preset threshold of destruction. But the latest IMF report showed that the fund is in poor financial state.

So, adequate climate finance can in no way be mobilised without some extra budgetary sources. Brazil, as chair of the G20, is working to agree on a little tax on billionaires, and some of this levy could support climate action.

Another new instrument being agreed on by governments at the International Maritime Organization is to put a price on shipping emissions. But shipping negotiators suggest that this money is used to clean up their industry, and not as climate finance. Another research being completed by this author and his team is about a revised International Air Passenger Adaptation Solidarity Levy, which may mobilise up to $50 billion a year to finance adaptation.

We may recall that the cardinal principle of climate regime—the common but differentiated responsibilities based on respective capabilities—implicitly refers to polluter pays principle (PPP), which developed countries do not agree for international application, but apply in different ways within their borders. The Western market-based model upon which climate regime is founded taught us that climate change was the biggest market failure, which can be corrected through application of the PPP. While solid waste dumping is increasingly costly, emissions straddle across borders, as if atmospheric dump is free. Such moral corruption may not last long, as an increasing number of court cases are pending the world over, seeking monetary damages from big emitter governments and fossil fuel companies.

We may also recall the climate talks in Dubai where 159 world leaders committed themselves to action on food security and climate change by signing the Emirati Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action—the first of its kind. This commitment needs to align with other plans for scaling finance. Such recalibration of institutions' balance sheets for leveraging adaptation finance is a welcome development.

The NAP Expo 2024 will be an opportunity for many good adaptation practices to be shared across the Global South. Bangladesh, as the host, has many lessons to share—its model of disaster management and its smart agriculture and adaptation practices among them. These lessons can be strengthened with two additional steps: scaling locally led adaptation as stipulated in the Mujib Climate Prosperity Plan and developing the Monitoring, Evaluation and Learning Framework, as suggested by the COP28 decision under the Global Goal on Adaptation. But these achievements in Bangladesh, mostly at the cost of domestic resources, cannot be sustained for long in view of the country's increasing burden of debt repayment. So, there is no alternative for LDCs/LICs to scale grant-based adaptation finance, to be mobilised by imposing solidarity levies on emissions.

New Message
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Subject

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