

A six-month progress report on the govt's economic record

AN OPEN DIALOGUE

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The interim government (IG) headed by Dr Yunus is already facing some headwinds as it prepares to celebrate the first six months of its term on February 8. It has been fighting tooth and nail to contain inflation, solve the banking crisis, and reduce the budget gap. While the successes of the IG in these three areas are slow to come, social and print media have also highlighted some of the IG's economic and administrative setbacks. However, one also has to weigh the hurdles that the IG had to face and overcome. The transition of power was hardly smooth. Compared

political economy and on every move of the IG. Electioneering has already made an impact on the programmes launched by the interim government. Political parties are jockeying for power and publicly announcing that they can do better than the IG. Members of the various committees convened by the IG are also now openly pushing for their own points of view.

If it provides any solace to the IG, even a very popularly elected new administration often faces critics who are not gun shy. Take the case of the US. On January 23, only three

and tighten border security have put the lives of Americans at risk. It is well known that the media "experts" are often prone to hyperbole, and you can never win them all.

Fortunately, nobody, not even diehard Awami League supporters, can proclaim publicly that the IG has made Bangladesh weaker. The IG has managed to contain dengue fever, is

Being an indirect form of taxation, raising VAT will adversely affect the average consumer, and might trigger further inflation. Whether the increase was made in response to pressures from the International Monetary Fund (IMF) or as a short-term measure to close the shortage in its revenue collection, the IG needs to focus on tightening income and

"lame-duck" administration once elections are announced. After that, the complex political dynamics and the mood of the stakeholders will change. The legitimacy of the IG is already being questioned, and its actions may face more pushback. One has to wonder how much can be achieved in terms of reforms and economic growth in such a fraught environment.

The budget for FY2025-26 will be challenging. The previous government's imprint on the current budget is evident. It left a legacy of corruption and give-outs thanks to the megaprojects, and the lion's share of next year's budget will go to debt servicing. Balancing the development budget and providing a friendly investment climate will also require a lot of creativity from the finance adviser.

Higher interest rates, energy crises, and law enforcement issues have also raised uncertainty in supply chains. Business leaders of the country have called upon the IG to engage in more frequent dialogues and work closely with entrepreneurs and industrialists to foster a business-friendly environment. Finance Adviser Salehuddin Ahmed acknowledged this in a recent gathering organised by the American Chamber of Commerce in Bangladesh (AmCham). "We have to create a business-friendly foreign exchange market, credit flow, regulatory regime, and revenue customs tax," he said.

The white paper has made a set of recommendations to stabilise the economy. The country needs institutional reforms in the banking, energy, and the financial sector, as we all agree. The white paper recommends raising the tax rate on higher-income individuals and the corporate sector. Domestic resource mobilisation has been lagging and raising direct taxes is a recommended pathway. According to various

sources, the National Board of Revenue is currently working on this. It has also taken steps to digitalise the tax filing system. Recently the chief adviser announced, "We are gradually preparing to collect all types of taxes online," and provided plans to make tax compliance more accessible for everyone.

Bangladesh Bank governor recently said the IG has set a target to reduce inflation to seven percent by the end of June and eventually below five percent in the next fiscal year. Unfortunately, the public may not see the benefits right away. Every month the BB has to assess data in real time. To quote Raphael Bostic, the president of the Federal Reserve Bank of Atlanta, US, "It's hard to know for sure how things are going to evolve on a week-to-week or month-to-month basis." The US Fed has the world's best tools to gauge inflation, and tons of staff pouring over data and using some of the coolest models. So, the impact of the policies to curtail inflation in Bangladesh may take a little longer to manifest itself, and the impact may be felt probably after Ramadan.

There has been some progress initiated by the banking sector reform task force. To shore up the failing banks, asset quality review is in progress, and BB has hired auditors including some of the Big Four accounting firms.

The biggest challenge the IG will have to handle in the coming weeks is the election schedule. On January 24 at a World Economic Forum meeting, the chief adviser said that the government is waiting to hold elections, but the people have to decide whether they want a short-agenda or a longer-agenda in terms of reform. "If people want quick reforms, then we have set a target to hold elections by the end of this year. And if they say, no—we need long-term reforms; then we will need another six months," he said.

The looming parliamentary election in Bangladesh is casting a long shadow over the country's political economy and on every move of the IG. Electioneering has already made an impact on the programmes launched by the interim government. Political parties are jockeying for power and publicly announcing that they can do better than the IG.

to other countries where autocratic regimes were recently deposed and the economies bounced back, particularly the Intifada in Syria or "Aragalaya" ("people's struggle") in Sri Lanka, Bangladesh is not doing too poorly.

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days after Trump's inauguration as the president, *The New York Times* ran an op-ed, "Trump Is Already Making America Weaker and More Vulnerable." The well-regarded columnist Nicholas Kristof, wrote that Trump's executive orders on the first day to allow TikTok to operate, withdraw from the Paris Agreement and the World Health Organisation,



VISUAL: SIFAT AFRIN SHAMS

trying hard to manage inflation, and is making our borders secure. So, where is all the criticism targeting the IG coming from? I will only focus here today on a few of its economic vulnerabilities.

As mentioned, curbing inflation and raising revenue are two of the IG's toughest challenges. If the only goal was to curb inflation, the IG could use all the levers of monetary and fiscal policies, including higher interest rates, raising taxes, and curtailing government expenditures. It has done all of these. However, these steps are not popular and might conflict with the other goals—raising revenue, boosting investment, repairing the physical infrastructure, and providing social services.

The interim government recently raised VAT on several essential items.

corporate tax loopholes.

The Daily Star published an editorial on January 20, "What was the point of a white paper on economy?" and advised the IG to take immediate actions based on the panel's recommendations. The editorial aptly reflects the views of many scholars and some concerned citizens. However, after a careful review of the white paper, I found that most of the recommendations are not specific enough and require vetting before the IG can take policy actions based on them. Some measures taken by the IG after it assumed power have already shown some results, including banking reforms, foreign exchange control, and providing support to the victims of the July uprising.

It is possible that the IG only has one more year before it becomes a

WORLD WETLANDS DAY

Urban farmers' contribution must be recognised to restore Dhaka's wetlands

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EFADUL HUQ and MOHAMMAD AZAZ

At the corner of Banani Bridge, Rofikul and Johra run a temporary food stall. Around the stall, they grow vegetables on small patches of land along the Gulshan-Banani (or Korail) lake. The couple, long-term resident of the Korail neighbourhood, has been growing their food for many years. In 2020, the pandemic motivated them to focus more on this venture. They joined a group of urban farmers, Nogor Abad, which finally led to the establishment of the food stall. They grow chemical-free vegetables, fruits and spices, many of which find their way to the stall's tables. They also cook and sell packaged meals with the produce. Their earnings helped Johra reduce her working hours as a domestic worker to lead the couple's independent venture.

When we visited them in December 2024, Rofikul told us about the flowers he planted to draw pollinators. We spotted a common kingfisher perching on a bamboo pole in Johura-Rofikul's vegetable plot. Rofikul smiled proudly when we complimented him for creating homes for all forms of life along the lakeside.

Johra and Rofikul's greening practices, which received no formal recognition from urban authorities, depict the model of a healthier, fairer, and more liveable Dhaka, not just for people, but for a multispecies urban life. In fact, the couple's greening practices belong to a kaleidoscope of urban farming initiatives all over Dhaka. When done thoughtfully, such farming can benefit both farmers and their local ecologies—a medicine for the polluted urban soil, water, and air. However, urban farming practices, especially poor people's greening practices, are invisible in Dhaka's planning, architecture, and governance. When government authorities plan ecological infrastructure for the city, such as Hatirjheel, they displace poor people and erase their practices of environmental stewardship. An anti-

poor, anti-agricultural bias is baked into the technocratic ecological projects common in Bangladesh's urban development and governance.

The city corporation provides rebates to property owners engaged in rooftop greening. But there's no recognition for informal greening initiatives along lakes and canals or in Dhaka's slums where over 30 percent of the population live. This double standard not only exacerbates inequality but also undermines the ecological renewal of Dhaka. The prevalent argument against offering support to informal greening is that slum dwellers do not have tenure rights. But poor urban dwellers often do more to green Dhaka with fewer resources because their food and livelihoods are often dependent on greening. Not recognising their practices is a missed opportunity for creating pragmatic responses to Dhaka's environmental crises.

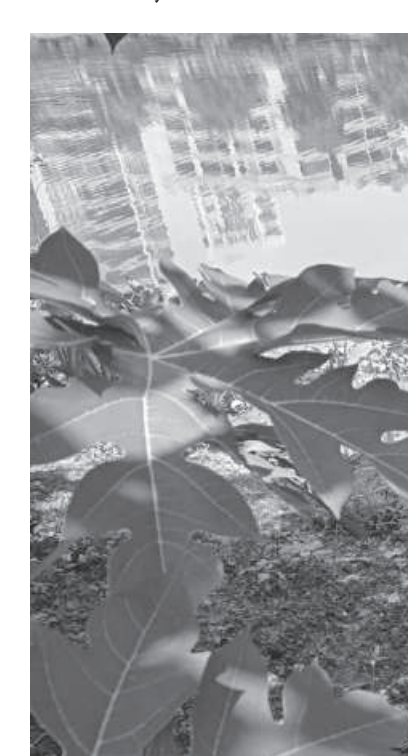
The limitations of Bangladesh's urban and spatial governance are rooted in profoundly exclusionary patriarchal, racial-capitalist, and colonial models of planning, architecture, and development. Government actors refuse to admit that their planning and development remain at a stubborn distance from the lived experiences of ordinary urban residents. In neighbourhoods like Korail, the state's exclusionary perspective has been internalised by political leaders who also use their power to forcefully grab lakeside land to the detriment of the environment and potential livelihoods.

If we are serious about creating a different Bangladesh, we cannot tolerate such exclusionary and violent urbanisation. To build nature-centred fair cities in Bangladesh locally-led agroecological restoration and stewardship are required. Agroecological practices refer to farming in a way that centres around the health and well-being of farmers while also restoring and sustaining local ecologies.

We surveyed 52 farming households in the Korail area in 2019 to learn about their growing practices. The survey found that the farm produce is worth 12 percent of their average monthly household income. For low-income families who have precarious and low-wage jobs, this contribution is significant. It reduces household food expenses

and allows mothers to allocate income elsewhere, such as education and health.

More recently, the ReWET initiative has conducted an ecosystem service valuation for the Gulshan-Banani (Korail) lake. Within its broader economic-ecological valuation framework, ReWET's latest study estimated the value of potential farming and fisheries in the lake and lakeside. Investigators found that farming in a restored Gulshan-Banani lake can be worth Tk 12.5 crore annually.



Greening practices along the Gulshan-Banani Lake by Korail residents are a model for creating a liveable Dhaka.

ReWET's economic valuation report on Gulshan-Banani Lake restoration challenges the myth that environmental conservation does not generate as much economic returns as land and housing development. The report claims that the total worth of benefits for a restored Gulshan-Banani lake over 20 years would be Tk 3,00,000 crores. The restoration would bring multiple economic benefits across various sectors, including property value, public health, and climate adaptation.

What we see in Korail is a global south urban innovation that bridges economic development with urban environmental restoration. Urban

agroecological practices underway in Korail are an integral part of such a restoration initiative, which ensures that environmental compliance vis-a-vis lakes and wetlands is not merely a matter of beautification, but a core dimension in national and urban economic development.

Agroecological restoration can also advance social inclusion and empowerment of women and youth. In our collaborative research with Korail's farmers, we have been documenting how women have more voice and agency within the household

shared that they turned the unsafe places around their homes into gardens. These reclaimed spaces provide community benefits. In Korail, we found that places where men once loitered, did drugs, and smoked have now become green spaces that feed the neighbourhood. Youth involved in farming also report a greater sense of dignity and pride in their neighbourhood.

The state does not require substantial financial investments to support urban wetland restoration. It simply needs to grant urban farmers

highlights a deep recognition of the importance of urban wetlands and their direct benefits to livelihoods and quality of life.

By enabling such locally-led efforts, the state could open up a new pathway for addressing Dhaka's environmental woes. Once empowered, communities will care for common resources like wetlands, because investing in restoration is, for these communities, an investment in a better future. Nevertheless, coproduction, which emphasises engaging directly with local communities to ensure their voices shape the restoration process, must be at the centre of agroecological restoration efforts. ReWET, for example, is bringing together diverse stakeholders—RAJUK, Dhaka North City Corporation, the District Commissioner's Office, the Department of Environment, and local residents—to create a co-creative model of urban wetland restoration.

However, coproduction is not without its challenges. Government agencies are not used to working closely with slum dwellers as collaborators in restoration projects. Such participatory processes predictably involve informalities that make officials uncomfortable. Communities, too, can be reluctant to engage with government officials as they have to invest substantial resources and energy to reach officials. Turf politics at the local level further complicates efforts, as political leaders and their strongmen often seek rent from restoration projects. These dynamics can leave urban farmers and lake stewards feeling threatened, adding a layer of complexity to achieving truly inclusive and fair urban restoration.

We urgently need to restore Dhaka's urban wetlands, because they are critical ecological infrastructure, particularly given the severe climatic forecasts, the prevalent destruction of ecosystems, accelerating urbanisation, and widening inequalities. Social inclusion and empowerment must be at the front and centre of restoration efforts. Co-production of restored urban wetlands must include local residents, particularly the most ones, by recognising their knowledge, experiences, and the role of urban farmers as environmental stewards.

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