

## TIB study says country's energy policy captured by foreign investors, governance challenges prevail despite progress



**Dhaka, 11 May 2022:** Bangladesh's electricity production capacity and energy regulation have seen unprecedented progress in the last decade, but governance challenges in the sector are still persistent. Notably, the energy policy is essentially 'captured' by foreign donors, investors, and companies as the country is highly dependent on foreign planning and project expertise, said Transparency International Bangladesh (TIB) in a virtual release of the research report titled 'Coal and LNG-based Power Projects in Bangladesh: Governance Challenges and Way Out'. TIB's research has also stated that there has not been much progress in renewable energy sources despite national and international commitments.

TIB conducted qualitative research by analysing three power plants: the Barisal coal power plant, Banshkhali SS power plant, and Matarbari LNG power plant. The focus of the study was to analyse policy mechanisms and governance challenges related to the planning, approval, and implementation of the power plant.

The study findings unearth that the energy development sector relies on donor-based policy and planning. It says that local and foreign investors in the sector have captured policy mechanisms by taking the chance of legal loopholes that allow investors to get higher profits by importing surplus coal technology into Bangladesh. Even if they are not necessary, the authorities approve coal and LNG-based power plants as vested quarters can carry out illicit dealings and earn quickly from such projects.

By analysing energy policy structures, researchers at TIB revealed that the government could not prepare the Power System Master Plan (PSMP) on its own. Instead, they depended on the donor organisation JICA to prepare it. The donor organisation hired Tokyo Electric Power Company (TEPCo) as a consultant for the task, demonstrating a conflict of interest. As a result, the PSMP was designed to expand Japanese businesses, which preferred coal and LNG-based power plants for protecting monetary interests. On the other hand, local experts were not included in the PSMP preparation process.

The quick rental electricity projects adopted under the Quick Enhancement of Electricity

and Energy Supply (Special Provisions) Act 2010 were not implemented in a planned way, making way for more irregularities, said the TIB study. In addition, energy projects are being implemented in ecologically critical areas as legal loopholes in the Environment Conservation Act, 1995 allow companies to sidestep regulations. These supercritical and ultra-supercritical coal power projects are also deemed massive carbon emitters.

Speaking to the press during the research release, TIB Executive Director Dr. Iftekharuzzaman said, “Overdependence on donors and investors has led to policy capture in the sector, which is alarming. The abuse of power and corruption by influential quarters to maximise profits of power producers and investors is also evident. The investors in the sector are getting unethical advantages as competitive methods are not followed in producing and buying electricity due to special provisions. In many cases, the power projects are planned and implemented without considering environmental and social factors.”

Mentioning that environmental protection activists have even faced human rights violations while protesting such projects, Dr. Zaman said, “Despite the cancellation of 10 coal power projects, the number of coal and LNG-based power plants planned to be implemented by 2030 is a matter of concern. The Constitution of Bangladesh (Article 18A) states that the environment and biodiversity must be protected. And as per international mandates and SDGs, Bangladesh is supposed to move toward renewable energy sources. In contrast, we are going in the opposite direction with coal and LNG-based power projects. As donor organisations and investors are designing the energy master plan, the conflict of interest creates a dangerous situation.”

The TIB ED emphasised attracting more investments in the renewable energy sector as global prices of the technology have significantly reduced, and Bangladesh must take the opportunity to adopt such technologies. The research also gave seven recommendations, including the removal of quarters with conflicts of interest from the energy policy and the formation of a specific roadmap to adopt renewable energy projects.

For details of the research release, visit - [Coal and LNG-based Power Projects in Bangladesh: Governance Challenges and Way Out - Transparency International Bangladesh \(TIB\) \(ti-bangladesh.org\)](#)

## **Disgraceful that a TTE got suspended for fining the Rail Minister's relatives for traveling without tickets: TIB demands a temporary resignation of the minister for proper investigation**

**Dhaka, 7 May 2022:** There have been reports that a TTE working for the Bangladesh Railway has been temporarily suspended after he fined three passengers, who claim to be relatives of the Rail Minister's wife, for traveling without tickets on a rail journey. Transparency International Bangladesh (TIB) has expressed deep concerns and termed the incident a disgraceful example of abuse of power. TIB has commented that the TTE was quickly suspended instead of being rewarded for his dedication to duty and it is clear to the people of the country that the law is not applicable to the powerful and their relatives, rather one must surrender to all injustice and wrongdoings to make a living. On the other hand, TIB is calling for the temporary resignation of the minister on moral grounds to ensure a free and fair investigation into the incident.

Referring to reports published on the media, TIB Executive Director Dr. Iftekharuzzaman said, "This incident is a shameless and disgraceful example of abuse of power. Mainly, there have been abuse of power in two ways. Firstly, the minister's relatives had decided to travel without tickets, meaning that they assumed from the very beginning that the law is not applicable for them. Secondly, the ticket examiner was temporarily suspended over the phone and was given no chance to defend his position even after performing his duties accordingly. The incident of getting reprimanded instead of being praised sends the message to the countrymen that abuse of power and irregularities are the reality. Moreover, this will send a very wrong message to the very few people who are still executing their duties with honesty and integrity in their respective workplaces."

However, the rail minister has denied any involvement with this incident to the media and claimed to not know any of the passengers who claimed to be his relatives. The minister has also agreed to the rail authority's claims that the TTE was suspended for misbehaviour with the passengers. But this raises the question, why did the passengers claim to be related to the rail minister? Did the rail authority verify their identities? How was their alleged relation to the minister taken into account when the TTE was suspended for misbehaviour? These questions need to be answered.

TIB thinks that the rail minister should temporarily resign from his position for a free and fair investigation as the situation involved his alleged relatives. The anti-corruption organisation has also called for an atmosphere free of fear and external pressure so that anyone related to this incident can be investigated properly.

## TIB calls for urgent implementation of an independent committee of economic strategic advisors to tackle potential economic crisis and ensure continued sustainable development

**Dhaka, 20 May 2022:** To avoid the potential economic crisis instigated by post COVID-19 supply crunch and multilateral international instability due to the Russia-Ukraine crisis, and to maintain sustainable development initiatives, Transparency International Bangladesh (TIB) has suggested the immediate formulation of an independent committee of economic strategic advisors for public policy support.

According to media reports, the Prime Minister has directed the finance and commerce ministries along with the Bangladesh Bank to rethink policy mechanisms needed to face multilateral challenges and potential economic crisis instigated by food inflation, the Russia-Ukraine crisis, the devaluation of Bangladeshi Taka against the dollar and its impacts on the foreign currency reserves. The head of the government has also called for austerity and logical spending to get rid of unwanted expenditures during these challenging times. TIB Executive Director Dr. Iftekharuzzaman praised the initiatives taken to tackle the potential economic crisis, and said, "In order to control increasing inflation and reduce pressure on foreign reserves amid massive import costs, the state has to focus on reducing expenditures and prioritise the implementation of a well-thought economic strategic roadmap that ensures public welfare and inclusion. And it must be implemented with courage. We believe that the government is committed to do that. We call on the government to urgently form an economic strategic advisory committee comprising of economists, social scientists, and other experts from Bangladesh with local and global recognition so they can independently and neutrally support the government to maintain national income and ensure the continuity of praiseworthy progress of Bangladesh in development indexes.

Mentioning that the socio-economic impact of climate change is also instigating global economic crisis and poverty amid the COVID-19 pandemic and the Russia-Ukraine crisis, Dr. Iftekharuzzaman said, "There are logical concerns that Bangladesh might also need to face food crisis and multilateral challenges like other countries. Experiences tell us that such crisis severely impacts good governance in every country, which in turn deepens corruption, money laundering, and irregularities in financial sectors. Socio-economic inequality, poverty and marginalisation also increase drastically. Moreover, human rights protection becomes increasingly challenging. In order to avoid such crisis, a realistic, professional, scientific, and neutral strategy direction would especially assist the government. A strategic committee can contribute vastly towards tackling the economic crisis in the short and long term, and help the country to achieve upper-middle income status by 2031 and high-income status by 2041. They could also help to eradicate extreme poverty by 2031 and reach zero poverty by 2041."

## **Provision to bring back laundered money in the form of remittance with minimal punitive fines is unethical and tantamount to patronising money launderers: TIB**

**Dhaka, 30 May 2022:** The government, basing its logic on the crisis of foreign currencies, has announced to allow laundered money to be brought back in the form of remittance or foreign income. In this case, money launderers will also get incentives at the rate of two and a half percent of the income sent by expatriates into Bangladesh. At the same time, the finance minister in his pre-budget brief has indicated that the government might allow the declaration of current and fixed assets amassed abroad and get 'tax amnesty' by paying low penalties. Enabling such provisions is not only unethical and against the government's mandate of zero tolerance against corruption, but also unconstitutional. On the other hand, the government's expectations of bringing back laundered money by enabling this unethical provision has zero or close to none chances of being materialised. Transparency International Bangladesh (TIB) has expressed its concerns saying that giving prizes to perpetrators instead of enacting strict punishments for doing heinous crimes under local and international laws is tantamount to patronising the corrupt and money launderers.

In a press brief issued on 30 May 2022, TIB called for the cancellation of such unethical and unlawful provisions. The anti-corruption organisation has also urged the government to take effective steps to bring back laundered money to the country by identifying money launderers and ensuring proper enforcement of national and international laws. In the press statement, TIB Executive Director Dr. Iftekharuzzaman said, "Basing its logic on the crisis of forex reserves due to global economic instability, the government is giving unethical and discriminatory provisions to corrupt money launderers, which is like binning the Money Laundering Prevention Act, 2012 which was implemented to curb money laundering from the country."

Expressing concerns over the ongoing trials of cases filed over billions laundered illegally as corruption and money laundering is getting such amnesty, Dr. Iftekharuzzaman asked, "If perpetrators accused in money laundering cases want to avail this provision, won't they face penalties? In that case, will the government leave the rule of law and rely on compromise?" He added, "There needs to be a clear explanation regarding this. There are embarrassing examples that the government has failed to increase revenues even after allowing black money to be whitened with unfair, unconstitutional, discriminatory, and corruption-friendly provisions. It is illogical and against the government's zero-tolerance against corruption mandate to think that such unethical provisions in the name of bringing back laundered money would bring any realistic results. This will rather incentivise launderers to move more money, and also expand and widen money laundering. This is not desirable in any way."

Quoting Global Financial Integrity (GFI) data citing that more than 8 billion dollars are laundered out of Bangladesh just under the guise of international trade, TIB Executive Director said, "This fact is not unknown to the government. This points towards incompetence, negligence of duty, and lack of goodwill of the government's institutions."

The possibility of corrupt personnel's collusion with perpetrators cannot be dismissed either. The government had previously brought back laundered money from Singapore and it is proof that the government's good will can bring money launderers to book and even bring back laundered money. Alongside the Anti-Corruption Commission (ACC), relevant anti-money laundering organisations working with law enforcement agencies, National Board of Revenue (NBR), the Bangladesh Bank Financial Intelligence Unit (BFIU), the Attorney General's Office, and other relevant organisations can jointly work with countries that are deemed destinations for money launderers. It is concerning that the government is not taking the chance to work jointly to identify money launderers and bring back the laundered money by enforcing strict laws."

Dr. Iftekharuzzaman further added, "Money laundering cannot be stopped by sidestepping specific and tested methods of law enforcement and providing unethical provisions to money launderers. By now it is clear that it is impossible to stop money laundering without professional excellence and courage in relevant organisations alongside political goodwill in all spheres. There needs to be solid political decisions against money laundering and laws need to be strictly enforced."

TIB thinks that the data presented by an international organisation like GFI on money laundering in Bangladesh is partial. GFI only provides data on money laundering carried out under the guise of international trade. In reality, the process and depth of money laundering is much more. As a result, preventing money laundering, bringing back laundered money, and ensuring accountability of persons related to this crime should be a national priority. The government should refrain from giving money launderers the provision of bringing back laundered money and ensure accountability of perpetrators alongside bringing back laundered money by following legal and procedural steps.

**Editor:** Sheikh Manjur-E-Alam

**Sub-Editor:** Mohammad Tauhidul Islam, Xavier Sku, Kazi Mahdi Amin, Mathews Chiran

**Design:** Samsuddoha Safayat



**Write us: Transparency International Bangladesh**

✉ [advocacy@ti-bangladesh.org](mailto:advocacy@ti-bangladesh.org) 🌐 [www.ti-bangladesh.org](http://www.ti-bangladesh.org) 📺 [TIBangladesh](https://www.facebook.com/TIBangladesh)