

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.49%	0.24%	\$1,906.26	\$40.82	40,522.10	23,485.80	2,512.87	3,254.32	83.95	98.19	108.50	12.35
4,867.96	8,363.69	(per ounce)	(per barrel)					BUY TK	84.95	101.99	112.30
								SELL TK	84.95	101.99	112.30

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Use external funds effectively as debt keeps rising

Analysts say at CPD-OECD webinar

STAR BUSINESS REPORT

Bangladesh must set development priorities, identify the types of external funds it needs and use them effectively amid growing per capita debt in order to take the economy on the path to recovery in the post-pandemic period, economists said yesterday.

At the same time, policymakers should be vigilant about debt sustainability and pay higher thrust on using foreign aid already committed by multilateral lenders and donors, they said.

The view came at a virtual discussion on "The Multilateral Response to Covid-19 - Perspectives from South Asia," organised jointly by the Centre for Policy Dialogue (CPD) and the Organisation for Economic Co-operation and Development (OECD).

Currently, \$50.39 billion in

foreign aid is available for the government, the highest on record.

Bangladesh and other South Asian countries should fix their development priorities and identify the types of finance they needed from donors, CPD Chairman Prof Rehman Sobhan said.

"You must get your policy-making agenda in shape. You must be more serious about implementing policies, and you must be in a better position to dictate the external lenders what you want," he said.

"You must make better use of your major sources of external finances, including remittance."

Sobhan said the global development finance architecture is increasingly coming under the control of bilateral donors who use it at the bilateral level and also pledge funds to multilateral

ROLE OF FOREIGN AID: BANGLADESH TRENDS

Sectoral composition of foreign aid inflow

- Almost **40%** each for social and economic infrastructure
- Multisector -- almost **8%**
- Humanitarian -- another **8%** (for Rohingyas)

External debt stock remains comfortable at about 38% of GDP

Debt per capita -- about \$232

Debt service liability -- about 6.5% of goods and services and primary income

COVID-19: AID COMMITMENTS

At least **\$4 billion** worth of fresh aid commitment was made in the context of Covid-19

This amount accounts for about **1%** of GDP

About **90%** of the total amount came from multilateral development banks and funds and another **2.4%** from UN system

Bilateral sources accounted for about **7.8%**

THREE MAJOR EXTERNAL FINANCE DEMANDS:

- Financing post-pandemic rebound and recovery
- Locating compensatory concessional finance in view of dual transition (LIC to LMIC and out of LDC)
- Mobilising for covering shortfall of SDG financing

Three Policy Management Challenges:

- Improved choices of external finance
- Vigilance about debt sustainability
- Access to real time data and information

institutions to exercise their preferences.

In the case of Bangladesh, the main problem is not debt overhang. But there is a lack of utilisation of foreign finance, prioritising them and using them effectively.

CPD Distinguished Fellow Debapriya Bhattacharya said Bangladesh needs to find compensatory concessional finance given its graduation from a least developed country (LDC) to a lower-middle-income nation. He said Bangladesh's external

debt stock remains comfortable at about 38 per cent of the gross domestic product (GDP) and debt per capita is about \$232.

Per capita debt was \$177.12 in fiscal 2016-17, according to the Economic Relations Division.

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Titas Gas faces Tk 736cr shortfall in pension fund

STAR BUSINESS REPORT

The state-run Titas Gas has a provision shortfall of Tk 736 crore in its pension fund, according to the company's audit report.

Besides, the listed natural gas distribution company did not keep any provision against its fixed deposit receipts (FDRs) with Padma Bank and ICB Islamic Bank, it said.

In its financial statements, Titas Gas showed that it is owed about Tk 168 crore as cumulative penal interest since 2002, which was doubtful to the auditor.

The company also did not comply with an order from the Financial Reporting Council on transferring share money deposits to share money capital.

Against this backdrop, the company's auditor provided a qualified opinion on its financial reports for the year that ended on June 30, 2020.

The information was disclosed yesterday on the Dhaka Stock Exchange website.

A qualified opinion is a statement issued in an auditor's report that suggests the financial information provided by a company was limited in scope or there was a material issue with regard to the application of generally accepted accounting principles.

The financial statements of Titas Gas showed that the company required a provision for its pension fund for eligible employees.

As per the actuarial valuation, the pension fund amounted to Tk 819.74 crore as of June 30, 2018.

However, the provision for the pension fund was only Tk 30 crore, resulting in a shortfall of about Tk 789 crore, the audit report said. And so, the actuary firm recommended making an annual provision of Tk 188.90 crore for the next five years to make up the said deficit.

In addition, the required provision for the pension fund for the years 2018-19 and 2019-20 has been increased by Tk 59.62 crore and Tk 59.55 crore respectively.

The company also paid Tk 51.58 crore and Tk 49.28 crore respectively as a final settlement for the outgoing employees for the preceding two years.

As such, the required provision for the pension fund stood at Tk 838.05 crore as of June 30, 2020.

But citing an inadequacy of funding as well as insufficient yearly profits, the company had initially decided to provide Tk 188.90 crore in three years commencing from 2018-19.

It would later review the provision amount for the subsequent years, against which the company has made a provision of only Tk 124 crore as of June 30 this year.

A further provision of Tk 24.84 crore for 2018-19 and Tk 24 crore for 2019-20 have been kept in the accounts, the audit report said.

Titas Gas showed in its financial report that its penal interest and other charges for delays in bill payment from bulk customers, including the Power Development Board, amounted to Tk 168.33 crore.

It showed that this amount has been generated since 2002 but there is still no realisation till date.

"We also came to know that the customers are not interested to pay such penal interests," the auditor said in its report.

And so, there is substantial doubt that the company will be able to realise this interest, it added.

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The company also did not keep any provision against its fixed deposit receipts with Padma Bank and ICB Islamic Bank

Pandemic casts gloom on greenfield investment

Unctad says inflow to Bangladesh falls 78pc

STAR BUSINESS REPORT

The value of greenfield investment project announcements - an indicator of future foreign direct investment trend - fell by 78 per cent in Bangladesh in the first eight months of 2020 because of the coronavirus pandemic, said the Unctad yesterday.

The Global Investment Trends Monitor of the United Nations Conference on Trade and Development (Unctad) made the disclosure. It did not provide any figure.

Greenfield investment typically refers to projects that create new physical facilities which are considered productive, in part because they usually generate jobs.

Bangladesh received \$2.49 billion in gross FDI in the July-March period of the last fiscal year, down from \$3.97 billion in the same period a year ago, Bangladesh Bank data showed.

FDI in South Asia fell 31 per cent to \$20 billion in the first half



FDI FLOW TO BANGLADESH

In billion \$; SOURCE: BB
*From July to March

of the year. India, the largest FDI recipient in the region, saw FDI contracting by 33 per cent to \$17 billion as the country struggles with Covid-19 containment, the UN agency said.

In other South Asian countries where investments are largely tied to export-oriented apparel manufacturing, greenfield investments have taken a severe hit due to activity stoppages and contracting global demand.

Announced greenfield projects in Bangladesh fell by 78 per cent and in Sri Lanka by 97 per cent.

Global FDI flows plunged 49 per cent in the first half of 2020 compared to 2019, due to the economic fallout from the Covid-19.

In the wake of the pandemic, lockdowns around the world slowed existing investment projects and the prospects of a deep recession led multinational

enterprises to reassess new projects.

"The FDI decline is more drastic than we expected, particularly in developed economies. Developing economies weathered the storm relatively better for the first half of the year," said James Zhan, Unctad's investment and enterprise director, in a press release.

"The outlook remains highly uncertain."

According to the report, developed economies saw the

biggest fall, with FDI reaching an estimated \$98 billion in the six-month period - a decline of 75 per cent compared to 2019.

The trend was exacerbated by sharply negative inflows in European economies, mainly in the Netherlands and Switzerland. FDI flows to North America plummeted by 56 per cent to \$68 billion.

Meanwhile, the 16 per cent decrease in FDI flows to developing economies was less than expected, due mainly to resilient investment in China. Flows decreased by just 12 per cent in Asia but were 28 per cent lower than in 2019 in Africa and 25 per cent lower in Latin America and the Caribbean.

In the six months to June, developing countries in Asia accounted for more than half of global FDI. Flows to economies in transition were down 81 per cent due to a strong decline in the Russian Federation.

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Mobile data speed: Bangladesh only ahead of Afghanistan in South Asia

MAHMUDUL HASAN

Bangladesh has fared badly in mobile data speed, ranking below all South Asian nations except for Afghanistan, at a quality listing of global mobile and broadband internet networks.

Bangladesh ranked 133rd out of 138 countries on Ookla's Speedtest Global Index for mobile internet speeds with 10.76 megabits per second (Mbps) for downloads in the month of September, considerably lower than the global average of 35.70 Mbps.

Bangladesh's average mobile upload speed stood at 6.96 Mbps and latency was 39 milliseconds (ms). The global averages are 11.22 Mbps and 42 ms. The Maldives topped the chart among South Asian nations, ranking 57th with a download speed of 35.70 Mbps, a little over the global average.

Sri Lanka came 102nd with 19.95 Mbps, Pakistan 116th with 17.13 Mbps, Nepal 117th with 17.12 Mbps, India 131st with 12.07 Mbps

MOBILE DATA SPEED			BROADBAND SPEED		
Out of 138 countries; As of September			Out of 175 countries; As of September		
SOURCE: OOKLA'S SPEEDTEST GLOBAL INDEX			SOURCE: OOKLA'S SPEEDTEST GLOBAL INDEX		
COUNTRY	RANKING	DOWNLOAD SPEED (MBPS)	COUNTRY	RANKING	DOWNLOAD SPEED (MBPS)
The Maldives	57	35.70	India	70	46.47
Sri Lanka	102	19.95	Sri Lanka	94	31.42
Pakistan	116	17.13	Bangladesh	98	29.85
Nepal	117	17.12	Nepal	113	22.36
India	131	12.07	The Maldives	117	21.56
Bangladesh	133	10.76	Bhutan	126	19.09
Afghanistan	138	7.26	Afghanistan	157	10.31
			Pakistan	159	10.10

and Afghanistan 138th with 7.26 Mbps.

This index category did not include Bhutan. In fixed line broadband internet speeds, Bangladesh fared better, ranking 98th out of 175 nations with a download speed of 29.85 Mbps, upload speed of 45.74 Mbps and latency of 21 ms. This is still far behind the global average download speed of 85.73 Mbps.

Among the South Asia peer nations, Bangladesh came after India (70th, 46.47 Mbps) and Sri Lanka (94th, 31.42 Mbps).

However, it was ahead of Nepal (113th, 22.36 Mbps), the Maldives (117th, 21.56 Mbps), Bhutan (126th, 19.09 Mbps), Afghanistan (157th, 10.31 Mbps) and Pakistan (159th with 10.10 Mbps)

"The mobile download speed shown in the ranking is better than the benchmark of the Bangladesh Telecommunication Regulatory Commission (BTRC)," said an official of a telecom operator.

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