STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)	USD	EUR	GBP	JPY
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	81.25	106.49	127.30	0.96
Closed	Closed	$1,661.40 (per ounce)	$106.51 (per barrel)	1.78%	Flat	0.52%	Flat	SELL TK	82.25	110.47	131.30	1.02
4,863.48	9,062.77			17,052.78	10,018.24	2,974.50	2,350.60					

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Foreign aid use hits 3-year low

Govt meets donors tomorrow to discuss bottlenecks

REJAUL KARIM BYRON

Bangladesh spent only 7.3 percent of foreign aid in the first seven months of the current fiscal year, which is the lowest in the last three fiscal years.

The Economic Relations Division (ERD) found a number of reasons behind the slow pace in using foreign aid, including delays in bidding process on the government side.

However, the ERD said both the government agencies and the development partners were responsible for the failure, which will be discussed at a donors' meeting tomorrow.

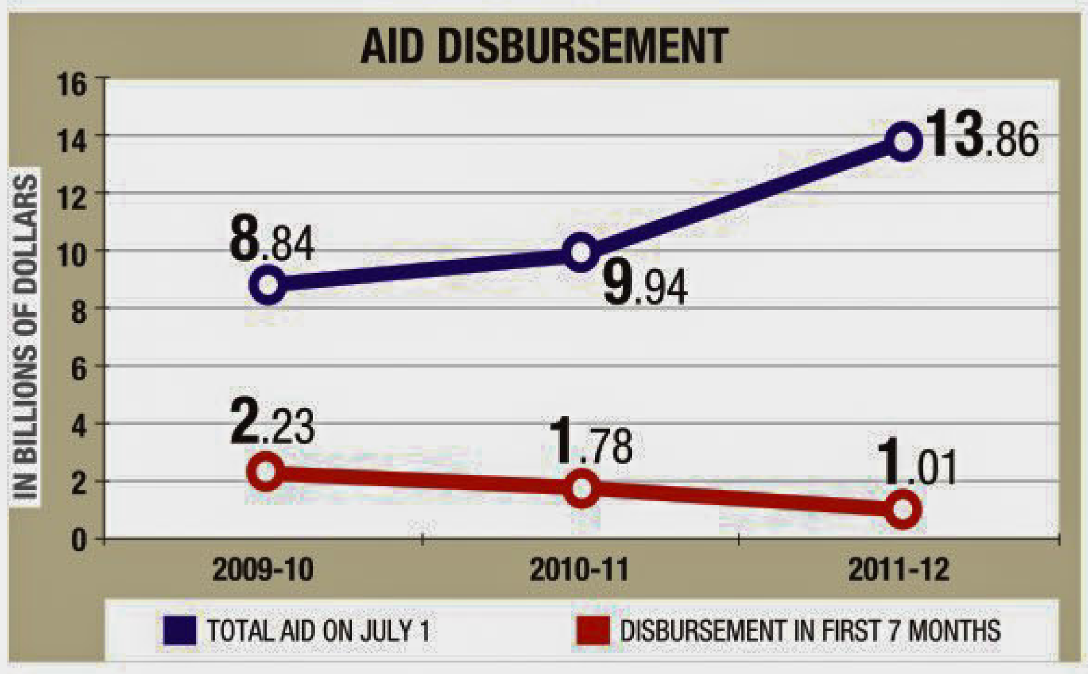
ERD Senior Secretary Iqbal Mahmud will lead the Bangladesh team at the meeting, while the development partners will be represented by World Bank Country Director Ellen Goldstein.

ERD Additional Secretary Arastoo Khan is likely to make a presentation on "unblocking aid disbursement for better results".

The ERD has already prepared a report on aid disbursement and the causes of low expenditure.

The average disbursement over the years hovered around 23 percent of the "opening pipeline", according to ERD statistics.

Opening pipeline is the amount of unused foreign aid on the first day of a new fiscal year.



Data from last three years show that the disbursement has gradually been shrinking. In the first seven months of fiscal 2009-10, the amount of disbursement compared to the opening pipeline was 25.18 percent. During the same period in fiscal 2011, the amount was 17.87 percent.

An ERD official said, at the beginning of the current fiscal year, the opening pipeline was nearly $14 billion, which may cross $16 billion at the beginning of the next fiscal year.

Bangladesh receives about 70 percent of its total foreign aid from the WB and the Asian Development Bank (ADB).

In the first seven months of the current fiscal year, disbursement to Bangladesh from the WB and ADB is 33.33 percent and 41.84 percent less compared to the same period last year.

The ERD official said they have reviewed a number of problematic projects and identified the causes for less disbursement.

The major reason on the government side is delay in the bidding process. Despite repeated warnings, the ministries failed to reduce the delay.

Another reason is lodging complaints by unsuccessful bidders against the bidding process, which causes a significant delay, the official said.

During the scrutiny of the tenders, unhappy bidders sometimes raise complaints, which are not baseless often, he added.

Other causes identified on the government side are faulty project documents, unrealistic requisition for fund allocation, delay in land acquisition and a lack of manpower for the projects.

On the development partners' side, one of the major causes is the delayed appointment of consultants.

The ERD official said the development partners do not finance any project without appointing a consultant. In many cases, much delay occurs in appointing consultants.

Another reason is delay in giving approval to contracts. The ERD official said the development partners take much time in scrutiny to detect corruption in a project which causes delay.

Another high official of the ERD said, in the tomorrow's meeting they will try to take some concrete decisions to speed up disbursement of foreign aid. Discussion will take place on holding special tripartite review meeting on problematic projects.

The representatives of the development partner concerned and the line ministry will jointly review the projects having problems to quickly solve those.

The bigger foreign-aid projects will be closely monitored round the year. If necessary, a team of the ERD will go for field level inspection.

Higher duties thwart P&G's expansion

Procter & Gamble high official speaks about the constraints his company faces in Bangladesh

SOHEL PARVEZ

Procter & Gamble (P&G) plans to introduce more of its products to Bangladesh to tap the market potential, as the steady economic growth of the country is fuelling demand for consumer goods.

But higher import duty for personal care goods acts as a barrier to the world's largest consumer goods company to launching more of its items in the market of 16 crore people.

Samuel S Kim, vice president for Asean and Asia development markets of P&G Asia, shared this view with The Daily Star in an interview during his recent visit to Dhaka. Import duty and supplementary duty together stand as high as 110 percent for shampoo, he said.

Higher duty also becomes a bottleneck for P&G to offer products at prices affordable to a large number of consumers here, Kim said.

"It makes Bangladesh ironically one of the places in Asia with the highest duties. Therefore, it's difficult for us to be able to provide products (to consumers) of great value and benefit at prices that can be lower," he said.

"Supplementary duty is the key challenge to reduce prices. It makes me feel bad that we are not being able to provide consumers with these products at prices that they should pay."

Kim said supplementary duty on top of


Samuel S Kim

basic import duty ranges 20-60 percent.

Out of 304 brands in different categories, the USA based multinational P&G markets its hair care brands Pantene and Head & Shoulder, shaving razor and foam under Gillette brand, skin care product Olay, Oral-B toothbrush, baby diaper Pampers and feminine napkin Whisper.

Of the products, the 175-year-old company enjoys leadership in the razor segment in Bangladesh where it has been selling its products through agents since 1996.

Its anti-dandruff shampoo -- Head & Shoulder -- sells well along with Pantene in Bangladesh's $500 million common consumer goods market, where another multinational firm Unilever is the main player.

READ MORE ON B3

Online stores get more hits

SOHEL PARVEZ

Online shopping is becoming popular in Bangladesh, encouraging new entrants to open e-portals for consumer goods and household essentials.

In the past one year, nearly a dozen online shopping portals or e-trading platforms launched operations, offering products and services from vegetables, clothes, computer accessories to books and travel tickets, said IT sector insiders.

The trend started after Bangladesh Bank cleared ways for payment by debit and credit card in the local currency.

"The extent of visits and deals made through these online portals is rising," said AKM Fahim Mashroor, chief executive of bdjobs.com, a leading online job portal.

Bdjobs.com opened an online trading platform, ajkerdeal.com, six months ago to promote client merchants' products and services to consumers at discounted prices.

Of the portals that came into operation last year, at least 10 received good responses. Some 5,000-10,000 visitors visit these online platforms on a regular basis, said Mashroor, also the senior vice president of Bangladesh Association of Software and Information Services (BASIS).

Thanks to growing internet penetration, shopping portals have received impetus, widening scope for a buyer to purchase goods sitting at home.

An increased use of internet-enabled mobile phones also added vigour to online shopping. Some online stores have already kept provisions to place orders by mobile phone.

Now 50 lakh people use the internet daily and 25 lakh people have a Facebook account in Bangladesh, he said.

Of the portals that came into operation last year, at least 10 received good responses. Some 5,000-10,000 people visit these online platforms on a regular basis

Bangladesh's headway in online retailing coincides at a time when online portals account for a major share of daily retail trade in the developed world.

In China and India, these sites are becoming popular because of the convenience, according to IT sector insiders.

It gives customers scope to buy products at prices lower than the rates quoted in showrooms, Mashroor said. An entrepreneur can offer products at low prices because online platforms save on operational costs like showroom rent.

"So, it is a good platform for small and medium enterprises to market their products," said Mashroor.

"Our aim is to build a platform to reduce the number of hands in the supply chain by selling producers' goods directly to consumers," said Ataur Rahman, director of Future Solution Business (FSB).

The company launched an online portal -- amardesheshop.com -- to sell vegetables, fish and handicrafts to people in urban areas earlier this year. Amardesheshop.com is a component of the Amar Desh Amar Gram e-commerce initiative of FSB, which took the step to establish an ICT based network to connect rural producers with consumers in the city and vice versa.

"The prices of vegetables and other products that we offer usually are lower than market prices," said Rahman, adding that the firm receives orders online and over the phone and they deliver goods home on a weekly basis.

"When we started, we had 20 clients. Now we supply to 50 families in Dhaka," he said. "Many producers are linked with us through our IT centres at production areas."

Shameem Ahsan, chief executive of another e-commerce firm akhoni.com, said the company is registering fast growth due to rising demand.

READ MORE ON B3

BMW recalls 1.3m cars

AFP, Frankfurt

German luxury carmaker BMW said on Monday it was recalling some 1.3 million cars worldwide due to battery problems that could in extreme cases result in a fire.

"In order to carry out a quality measure, BMW is recalling all BMW 5 and 6 Series models of the previous generation, built between 2003 and 2010 and still on the market, for repair at authorised dealers," the firm said in a statement.