

এসআইবিএল ইসলামিক হোম ফাইন্যান্স
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star BUSINESS

DHAKA SUNDAY NOVEMBER 15, 2015

WB approves \$177m for low-cost power

STAR BUSINESS DESK

The World Bank has approved an additional \$177 million fund, aiming to increase reliable and low-cost electricity supply in Bangladesh.

The additional financing will help the construction of a 335-megawatt combined cycle power plant at Siddhirganj, near Dhaka, the Washington-based lender said in a statement yesterday.

The credit will come from the International Development Association, the World Bank's concessional lending arm. The terms are based on 38-year maturity with a six-year grace period and a service charge of 0.75 percent.

The combined cycle technology allows the plant to produce higher energy with lower gas consumption and it reduces carbon emissions while ensuring higher thermal efficiency.

The plant will deliver at least 2.49 billion kWh of power annually, which accounts for 6 percent of the total electricity delivered to the national grid.

"Despite increased power generation capacity, Bangladesh still faces significant outages during the peak demand hours," said Martin Rama, acting country director of World Bank for Bangladesh.

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Bangladesh moves into crisis of aid utilisation

CPD's Debapriya talks about challenges as govt meets donors today

SAJJADUR RAHMAN

For quite a few years, Bangladesh has been enjoying respectable economic growth, improvement in social indicators, and diminishing roles of foreign aid. This has been paralleled by remarkable changes in foreign aid architecture and aid environment amid protracted global recession, rising violence and insecurity, and influx of refugees in Europe.

Against this backdrop, Bangladesh government and its international development partners are going to meet today at the two-day Bangladesh Development Forum (BDF) meeting in Dhaka after a gap of nearly five years.

The last BDF meeting was held in February 2010. This long gap between the two meetings is usually attributed to the Padma bridge controversy, precipitated by the withdrawal of World Bank funding from the project on corruption allegations.

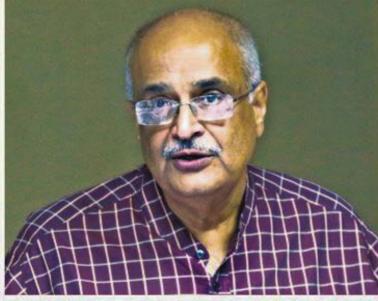
Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue (CPD), expressed his surprise as the BDF meeting this time did not attract much media attention as he had seen on previous occasions.

"Possibly the media people are busy with other events happening around us," he said.

This may also reflect the diminished role that foreign aid currently plays in the Bangladesh economy, he added.

"We have come a long and successful way from the first Aid Group meeting held in Paris in October 1974."

However, he feels there is a need to keep the county's aid relationship under constant scrutiny, not only for its quantitative dimensions,



Debapriya Bhattacharya

RECOMMENDATIONS

- Improve utilisation of foreign aid
- Review earlier measures
- Get assurance about incremental support for five-year plan
- Negotiate properly for hard-term loans offered by donors
- Take AIB as a complementary source of fund, not as a substitute

but also for its qualitative aspects. Bangladesh received about \$55 billion as foreign aid in nominal terms in last four decades. The economist said the role of foreign aid has been gradually declining since 1990s. Data shows, during 1995-2004, foreign aid

accounted for 2.9 percent of Bangladesh's gross domestic product (GDP), which came down to an average of 1.9 percent of GDP by 2014.

"Curiously, the diminishing dependence on foreign aid such as official development assistance (ODA) and other official flows (OOF) often gives us a deceptive sense of complacency," Bhattacharya said.

If one looks at Bangladesh's annual development programme (ADP), it becomes evident that more than half of financing of the social and physical infrastructure is still sourced by foreign aid.

This means that while the aggregate dimensions of aid are falling, its strategic importance is still very pertinent to the country's development, he added.

Aid commitment has remained stable at 3.3 percent of GDP for the last two decades. As a result, the gap between disbursement and commitment is widening, reflecting the country's historical poor capacity to utilise the low-cost foreign resources.

Bhattacharya pointed out that, presently, Bangladesh is being able to use \$60 for every \$100 committed by its international development partners. The comparable figure a decade back was \$65. Accordingly, unspent foreign aid in the pipeline doubled to \$20 billion in 2014-15 in a span of three years.

"The rate of utilisation is not improving and I am concerned with this steep rise in aid money in the pipeline as it is affecting the pace of our economic growth and social development," Bhattacharya said.

One may wonder whether this \$20 billion amount is real or virtual money, he added.

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Bike sales punctured by duty hike, high registration fees



SOHEL PARVEZ

High registration fees and the government's duty hike have dampened the demand for motorcycles, with marketers posting a 31 percent slump in sales in the first four months of the fiscal year.

Between July and October, 46,745 units of motorcycles were sold, in contrast to 68,233 units a year earlier, according to data compiled by Bangladesh Honda Private Ltd.

The government this fiscal year raised the supplementary duty on motorcycle components to 45 percent from 30 percent, mainly to encourage local manufacturing.

The hike was not welcomed by Bangladesh Motorcycle Assemblers and Manufacturers Association, which predicted that the move would push up prices and subsequently eat into sales.

"Before July, we requested the government not to raise the supplementary duty, but nobody listened to our pleas," said Yoichi Mizutani, managing director of Bangladesh Honda, a joint venture between Japan's Honda Motor Company and state-run Bangladesh Steel and Engineering Corporation.

He said the higher supplementary duty will shrink sales to 148,000 units this fiscal year -- the lowest since fiscal 2008-09. Some 1.75 lakh units of motorcycles were sold in fiscal 2014-15, according to data from the association.

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Citi's micro-entrepreneurship awards step into 11th year



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From left, Rokia A Rahman, a former adviser to caretaker government; Rashed Maqsood, Citi country officer for Bangladesh; Wahiduddin Mahmud, chairperson of the advisory council of Citi Micro-entrepreneurship Awards, and Zahida Fizza Kabir, executive director of SAJIDA Foundation, attend a press briefing at The Daily Star Centre in the capital yesterday.

STAR BUSINESS REPORT

Citi Foundation, the philanthropic arm of Citigroup, yesterday launched Citi Micro-entrepreneurship Awards for 2015 to recognise leadership, entrepreneurial skills and best practices of micro-entrepreneurs in Bangladesh.

The awards initiated in 2005 will be given in five categories to promote micro-entrepreneurship, said Wahiduddin Mahmud, chairperson of the awards' advisory council, at a press briefing at The Daily Star Centre in Dhaka.

One of the key features for this year's awards is that the definition

of micro-enterprises has been widened, he said. "There is a 'missing middle' between the micro-enterprises and small and medium enterprises."

Of the two crore active microcredit members across the country, around 8 percent or 16 lakh have become micro-enterprises that can receive up to Tk 5 lakh in loans from micro-finance institutions.

"But from this year, those who are receiving up to Tk 25 lakh credit from commercial banks and non-bank financial institutions will be recognised as micro-enterprises," said Mahmud, who is also a former adviser to caretaker government.

About 8-9 percent of the 16 lakh micro-enterprises are now receiving credit of up to Tk 25 lakh from banks and non-bank financial institutions, he said.

The award giving ceremony is expected to be held in May next year, and each winner will get prize money from Tk 1 lakh to Tk 4.50 lakh.

The best agricultural micro-entrepreneur will get Tk 3.5 lakh, the best woman micro-entrepreneur Tk 3.5 lakh, the best micro-entrepreneur Tk 4.5 lakh, the best microfinance institution Tk 3 lakh and the most innovative microfinance institution Tk 4 lakh.

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Telcos start biometric registration of SIMs

STAR BUSINESS REPORT

Mobile phone operator Banglalink launched biometric registration for new subscribers on a trial basis on Wednesday, while other operators will start similar projects today.

Biometric registrations began at Banglalink's 12 outlets, said Taimur Rahman, a senior director of Banglalink.

The operator is set to start biometric registrations at another 209 points shortly, said.

Earlier, the government fixed November 15 as the deadline to launch the biometric system for new subscribers.

It will become mandatory for all phone users from December 16.

All mobile operators have already established connectivity with the national identification database of the Election Commission, so that collected fingerprints can be verified.

If any SIM is found to be registered under fake IDs, the users will be asked to re-register with a genuine national ID. The SIMs will be cancelled permanently if users fail to meet the deadline.

Operators will be charged Tk 2 for every single access to the national database for verification.

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Bangladesh to back Bhutan for WB fund for river transit

REJAUL KARIM BYRON

Bangladesh will urge India to include Bhutan in the tri-nation team eligible for a World Bank fund to increase the navigability of a river transit route.

In April, Bangladesh and India decided to take assistance from the WB for the route, and the Washington-based multilateral lender agreed to provide the loan from its regional connectivity fund.

But, it added a condition that at least three countries jointly apply for the credit.

Bangladesh will make the recommendation for Bhutan at a four-day meeting scheduled to start in India today between the shipping secretaries of the two countries.

A 13-member team led by Shipping Secretary Alam Mehedi has already reached New Delhi.

The final decision regarding Bhutan

will come up in the meeting, which will allow the country to take benefit from the river transit facility.

In the meeting, Bangladesh will also propose a charge of maximum of Tk 242.22 or \$3.11 from India for each tonne of goods ferried through its river route. The exchange rate has been calculated at Tk 77.74 for \$1.

The minimum fee structure would be Tk 192 a tonne, which is equivalent to \$2.46, according to the proposal from Bangladesh.

The fee has three components: Tk 130 for the National Board of Revenue, Tk 10 for the Bangladesh Inland Water Transport Authority for facilitating smooth transit of goods, and Tk 1.024 a tonne per kilometre for the Road Transport and Highways Division for using its road network.

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BB chief advises banks to use long-term savings for big projects

STAR BUSINESS REPORT

Banks should find avenues to pool in long-term savings for lending money for long-term projects in order to avoid tenure mismatch, Bangladesh Bank Governor Atiur Rahman said yesterday.

If banks want to finance long-term projects from short-term savings there will be tenure mismatch, Rahman said at the inauguration of a seminar on 'banking in Bangladesh'.

The Association of Banks, Bangladesh Ltd (ABB), a forum of chief executives of banks, organised the seminar at the capi-

tal's Radisson Blu Water Garden Hotel.

The alignment of tenures is of crucial importance in smooth conduct of financing operations of all sizes and scales, he said. As long-term domestic savings are scarce, the central bank is working with the government to put in place pension savings schemes, besides the existing pensions and provident funds for formal sector employees.

As an interim measure, the central bank has already lined up a World Bank-funded \$300 million long-term lending line in dollars.

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