

# Foreign aid use slumps

REJJAUL KARIM BYRON

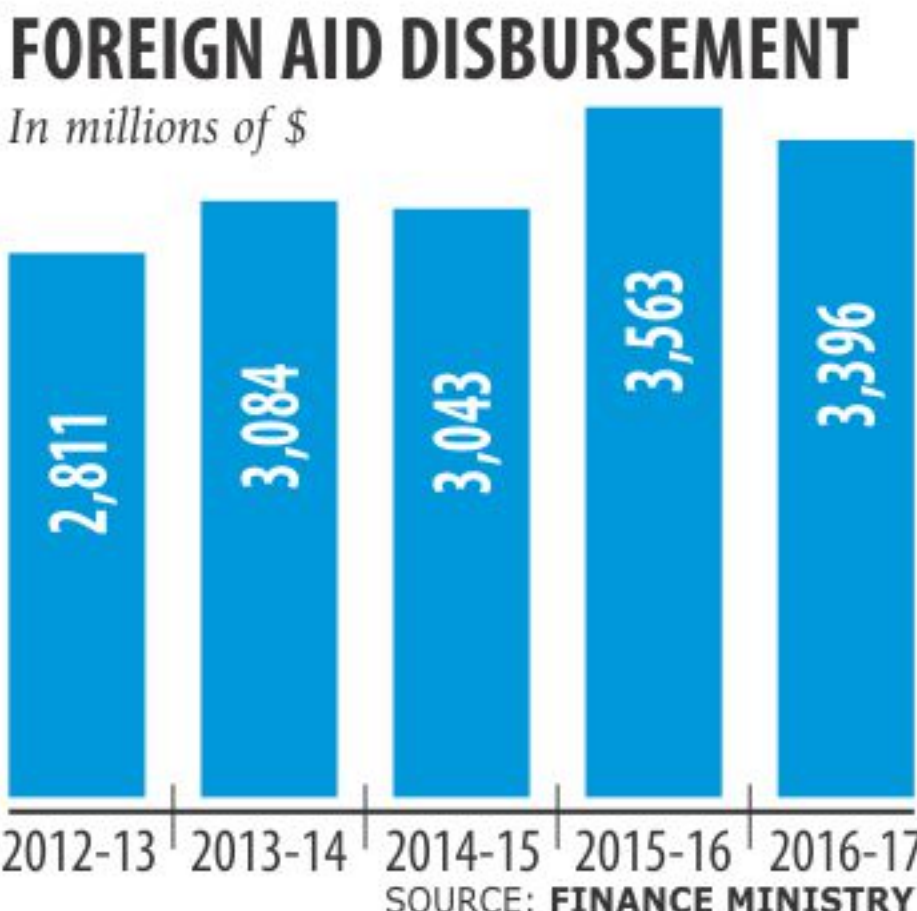
Foreign aid disbursement slid 4.78 percent last fiscal year even though a huge amount is ready for use and is now sitting idle in the pipeline.

In fiscal 2016-17 foreign aid disbursement stood at \$3.39 billion, according to statistics from the finance ministry. The government had targeted to utilise more than \$4 billion of foreign aid last fiscal year. The government typically deems expending one-fifth of the amount at the start of a fiscal year to be a satisfactory outcome.

On July 1 last year, the amount of foreign aid in the pipeline was \$21.87 billion, and the ministries and divisions could manage to use only 15.54 percent of the sum during the course of the year.

In recent years, the capacity of the ministries and divisions in spending foreign aid has increased slightly but it is yet to reach the targeted level.

In fiscal 2008-09 the amount of aid utilisation was less than \$2 billion; it crossed the \$3-billion mark in fiscal 2013-14. And for the next



three years more than \$3 billion was spent.

Over the last one decade, commitment from donors has been on the rise, but the implementation capacity of the ministries and divisions did not increase accordingly, said a finance ministry official.

However, last fiscal year the implementation of many mega projects had ground to a halt following the militant attack in Gulshan.

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# Banking Companies Act to be amended to fund power projects

STAR BUSINESS REPORT

The government may amend the banking law to facilitate the country's power sector to get loans beyond the single borrower exposure limit.

The move comes after the power division last month requested banks to channel Tk 20,000 crore into the power sector over the next six months.

At present, banks can provide loans of up to 25 percent of their capital to a single borrower. For some banks it would not be possible to lend at a scale needed by the power sector companies without exceeding the limit.

For instance, a prominent business group has recently sought a large sum for its power project from a state-owned bank but was turned away due to the single borrower exposure provision.

This prompted the chairman of the group to request the Bangladesh Bank to relax the provision.

Subsequently, a committee was formed on July 4 to go through the Bank Company Act 1991 to check if there is any provision that bars banks from providing large loans to the power sector. If yes, the committee has to recommend the necessary amendments.

The single borrower exposure limit is a global practice to enable banks to effectively manage their credit risks, said Salehuddin Ahmed, a former governor of the BB.

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# Businesses welcome FTA move

STAR BUSINESS REPORT

Top businesspeople from Bangladesh and Sri Lanka yesterday welcomed the two countries' decision to sign a free trade agreement.

They spoke at a programme -- "Bangladesh and Sri Lanka investment and business dialogue: Moving towards greater economic partnership" -- at a hotel in Dhaka.

Sri Lankan President Maithripala Sirisena attended the dialogue along with Bangladesh's Foreign Minister Abul Hassan Mahmood Ali and Principal Coordinator on SDG Affairs Abul Kalam Azad.

On Friday, Dhaka and Colombo agreed to sign an FTA by 2017 to boost bilateral trade.

Two-way trade between the two countries stood at \$75.47 million in 2015-16, according to a number of trade bodies. Bangladesh's exports stood at \$30.45 million and Sri Lanka's \$45.02 million in the year.

"The current volume of bilateral trade is nothing. We want to expand our business and investment with the island nation," said Md Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

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# Export tariff should be cut further

Says joint statement after Sri Lankan president's visit

DIPLOMATIC CORRESPONDENT

Acknowledging that bilateral trade is far below the potential, Dhaka and Colombo yesterday agreed that tariff on economically meaningful exports should be lowered further and non-tariff barriers expeditiously addressed.

To reap the benefits of wider economic partnership, leaders directed authorities concerned to fast finalise customs cooperation agreements, avoid double taxation, and promote and protect investment.

Prime Minister Sheikh Hasina and Sri Lankan President Maithripala Sirisena also underlined that investment could reap profits through increased joint ventures and public-private partnerships.

In a 35-point joint statement issued at the end of Sirisena's three-day state visit, the duo agreed to work for shared prosperity through mutually beneficial win-win partnerships and underlined the need for a peaceful, stable, inclusive and sustainable South Asian region.

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Construction work is going on in Gazipur at one of the two Bangabandhu-1 satellite's ground stations. During a visit yesterday, State Minister for Telecom Tarana Halim said testing would begin from September as 88 percent of the project's work has been completed.

PHOTO: BTRC

# Satellite's ground stations testing begins in Sep

STAR BUSINESS REPORT

Bangabandhu-1 satellite's ground stations will be ready for testing from September as 88 percent work of the project has already been completed, said State Minister for Telecom Tarana Halim yesterday.

"We hope to launch the Bangabandhu-1 satellite commercially by April next year, which was earlier scheduled for next June," she told reporters while visiting one of the stations in Gazipur to oversee the progress made. The other is in

Rangamati's Bethbunia.

She said the ground stations would start holding test runs from October.

Construction of Bangladesh's first satellite is expected to be completed in November. The launch depends on different factors such as the weather and schedule of the launch from the US.

The government had earlier planned to hold the launch in December from Florida.

French firm Thales Alenia Space is manufacturing the satellite for \$248 million (Tk 1,959 crore) under an agreement signed with Bangladesh

Telecommunication Regulatory Commission in November 2015.

The most sophisticated technological project in Bangladesh is costing around Tk 2,967.95 crore. It might come down by a few hundred crore taka, said Tarana in reply to a question.

Tarana said local and foreign companies were being contacted for the sale of half of the satellite's capacity on connectivity.

There have been positive responses from Indonesia and some local companies, said project officials.

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