

Executive Summary

“Flow of External Resources into Bangladesh” is an annual publication of the Economic Relations Division (ERD) of the Ministry of Finance. It contains nearly all information related to external grants and loans received by the Government of Bangladesh. The objectives of the publication are:

- i. to facilitate government debt portfolio management in an efficient, transparent and accountable manner;
- ii. to support policymakers by providing information relating to foreign aid including commitments, disbursements, repayments of loan, service and other charges of loans, debt stocks and information of Annual Development Programme (ADP) such as year-wise and sector-wise allocation of project aid and its utilization;
- iii. to disseminate information to the public in general and to the academics, economists and researchers in particular;
- iv. to preserve historical data related to foreign aid in a time-series.

The book is divided into six sections. Data presentations in time series are in a tabular format except section I. Detailed information is included in the form of numerical figure with relevant notes. External aid flow data for the past as well as for the current year are presented in this publication.

Section-I gives an overview of external aid flows. Overview has started with a snap shot of aid flows and some selected macro-economic indicators. In this section, a brief description is presented for the financial year 2014-15 comprising commitment, disbursement, changing pattern in aid composition, debt servicing, aid utilization and debt management. With the help of graphic presentations, some comparisons with previous years are also shown. Thus, this overview would be helpful to figure out an introductory sketch about aid flows into Bangladesh.

Section-II deals with detailed information about aid commitment and disbursement. The cumulative commitment and disbursement of the reporting year are recording in table-1.0. Year-wise data related to food, commodity and project aid are presented in different tables 3.0 to 3.4. Foreign aid in the pipeline to date, yearly disbursed aid as percentage of total aid in the pipeline along with sector-wise disbursement of project aid since 1971-72 are also shown in tables-3.5 to 3.7. Moreover, data of commitment and disbursement according to types (grant and loan), sources (bilateral and multilateral) and purposes (food, commodity and project aid) together with changing pattern in the composition of aid disbursement are also included in this section (tables-3.8 to 3.10). Table-3.12 provides a list of projects, financing agreement of which have been signed by the development partners and the government during 2014-15. In short, this section provides comprehensive information of availability of foreign aid showing sources, types, purposes and actual inflows.

Section -III describes development partner focused data. Information regarding development partner-wise commitment and disbursement with its breakup into food, commodity and project aid are presented in this section (tables-4.1 to 4.3). Contributions of 20 major development partners including commitment and disbursement according to types and purposes are shown in different tables (tables-5.0 to 5.39). This section gives a clear understanding of the status of development partners in terms of their share of contributions in total foreign aid flow into Bangladesh.

Section-IV deals with the data of grants presenting development partner-wise and project-wise commitment, disbursement and closing balance of undisbursed grant up to 2014-15 (table-6.0). This section also offers detailed information related to grants specifying development partner's contributions to various projects.

Section-V is related to external debt. Tables 7.0 to 7.1 include data of debt servicing and outstanding external debt by development partners, currencies and years. Detailed project-wise accounts containing loan amount, principal and service charge/interest payments and maturity period of debt repayments are also presented in this section (table-7.2.1 to 7.2.2). Tables 7.3.1 to 8.3 present data related to debt under supplier's credit and in hard terms. This section also includes some important issues such as debt converted into grants or debt reliefs, year-wise debt servicing, budget for debt servicing and actual expenditure of the current year, few indicators for understanding status of external debt (tables-8.4 to 10.0). Moreover, aggregated account of debt obligation to IMF and flow of foreign grants and loan through NGO Affairs Bureau are presented in this section (tables-11.0 to 12.0). Hence, this section depicts an overall picture of external debt burden and debt sustainability position of Bangladesh.

Section -VI starts with information of some important economic indicators collected from Finance Division, Bangladesh Bank and Bangladesh Bureau of Statistics (table-14). In the table 15 net disbursement of Official Development Assistance (ODA) by the countries of Development Assistance Committee (DAC) in nominal values and in percentage of GNI is presented. This book concludes by presenting data related to Annual Development Programme (ADP) and Revised ADP (RADP) with year-wise and sector-wise allocation of project aid as well as utilization of the allocations (tables-17.0 to 17.18). This section furnishes information regarding utilization of project aid.

Methodology

It is felt pertinent to provide a short overview of the methodology used in compiling the publication “Flow of External Resources into Bangladesh”. The debt management software used is a globally adopted system, following international best practice. This UNCTAD developed software ‘Debt Management and Financial Analysis System (DMFAS)’ has been in use by Foreign Aid Budget and Accounts (FABA) Branch of Economic Relations Division (ERD) since 1992. It is used to record and maintain data of total debt and grant flow of Bangladesh government. Some secondary data have been collected from Bangladesh Bank, Bureau of Statistics and development partners to enrich the publication. Key methodologies followed in compiling, analyzing and reporting data for this publication are as follows:

1. Only external debt of the government and grants from development partners to the public sectors are included. The external debt of defense and private sector are excluded. Other Public Sector External Borrowing which includes some special borrowings for purchasing aircrafts, ships, food and crude oil is shown separately in an aggregate form. Debt extended by the IMF for balance of payment support, administered by Bangladesh Bank is also added in separately. Besides, it presents external loan and grant channeled through NGOs in a separate table.
2. The debt data are converted into US dollar in the following manner:
 - Stock figures such as debt outstanding is converted using end-period exchange rates;
 - Flow figures such as debt service and disbursement during period are converted using exchange rates as of the date of each transaction.
3. Outstanding debt is calculated by adding net disbursement (gross disbursement minus principal paid) during the year with the stock of debt of previous year after making adjustment of cancellations, conversion of loans into grants and exchange rate fluctuations, if any.
4. The amount of aid in the pipeline is determined after adjustment of cancellation, conversion of loans into grants and exchange rate fluctuations.
5. Most of the debt classification in each table complies with internationally adopted standards.