

IFAD signs \$40m loan for small business owners in rural areas

STAR BUSINESS DESK

The Bangladesh government and International Fund for Agricultural Development (IFAD) are about to undertake a project to give rural micro-entrepreneurs better access to financial services and markets.

The two parties signed a \$40 million loan agreement yesterday that will provide financial services and technical training to 452,000 rural women and men.

The project -- Promoting Agricultural Commercialisation and Enterprises -- will put in place mechanisms to link smallholder farmers and micro-entrepreneurs to markets and create jobs for the rural poor, IFAD said in a statement.

Mohammad Mejahuddin, senior secretary of Economic Relations Division, and Hubert Boirard, country programme manager of IFAD, signed the deal in Dhaka.

With a total cost of \$92.9 million, the IFAD-supported project is co-financed with additional contribu-

tions from the Palli Karma-Sahayak Foundation, its partner microfinance institutions and the Republic of Korea, according to the statement.

"Our experience shows that investing in and building the capacity of rural people to become micro-entrepreneurs in the agricultural sector bears excellent results," said Boirard.

"Such investments create employment opportunities and the training and financial support will allow small business owners to take advantage of market opportunities and engage in the use of new technologies."

The new project will address some of the main causes of poverty in rural Bangladesh, including limited land, low agricultural productivity and limited access to technology and markets, resulting in a lack of job opportunities for the landless and ultra poor.

In addition to providing financial services and training, the project will facilitate sustainable businesses opportunities in the agricultural sector.

Food security and a lack of eco-

nomie opportunity remain a persistent challenge in Bangladesh. The proportion of people living in extreme poverty in rural areas is three times higher than in urban areas, according to the statement.

Many rural people have an inadequate diet and suffer from periods of food shortage. Half of the rural children are chronically malnourished.

"By investing in new ways for rural people, especially women, to generate an income, this IFAD project is contributing to household food security and improved nutrition," Boirard added.

Since 1978, IFAD has invested \$673.9 million in 30 projects in Bangladesh benefiting nearly 9.3 million households.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, it has provided about \$15.8 billion in grants and low-interest loans to projects that have reached some 430 million people.

Emirates raps Airbus over A380 gaffe

REUTERS, Paris

The head of Dubai's Emirates issued a furious reaction to a public suggestion by Airbus that it might discontinue the A380 superjumbo and told Reuters it was ready to invest massively in an upgraded version if the planemaker went ahead with it.

Tim Clark, president of Emirates airline, said he had protested to Airbus after its finance director aired the possibility of cancelling the world's largest airliner project due to poor sales.

Finance Director Harald Wilhelm said Airbus would be able to breakeven on the A380 through 2018 "if we would do something on the product, or even if we would discontinue the product".



Prime Minister Sheikh Hasina receives a sample of one lakh pieces of blankets from Sahabuddin Ahmed, chairman of Dutch-Bangla Bank Foundation, as donation to Prime Minister's Relief and Welfare Fund, at a programme at Gono Bhaban in Dhaka on Wednesday.

BPC may see profits this fiscal year

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"If people get the price benefits, both the cost of doing business and inflation will fall," he said. Ahsan H Mansur, executive director of Policy Research Institute, however, said, though consumers are not being benefitted directly, they are getting the protection of price stability.

On the possibility of a cut in prices of

petroleum products in the domestic market, a senior official of the energy ministry said they are now watching the price trends.

"If the prices on the global markets continue to remain at the present level, there may be a price cut," he said, requesting not to be named. Both diesel and kerosene are being sold at Tk 68 per litre, while petrol and octane at Tk 96 a litre and Tk 99 resp



Rumea A Hossain, chairman of Bank Asia's board executive committee, opens the agent banking booth of the bank at Parshuram upazila in Feni recently.



Extreme right, Mahbubur Rahman, president of International Chamber of Commerce, Bangladesh, presents a memento to Rishad Bathiudeen, industry and commerce minister of Sri Lanka, during a meeting in Colombo recently. From left, Aatur Rahman, ICCB secretary general, and Rizwan-ur-Rahman, executive board member of Dhaka Chamber of Commerce and Industry, are also seen.

Fast-track factory inspections

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"So the challenge remains that if those factories go wrong, it will pull back the progress of the sector."

Rabin's comments came at a conference on "Global Social Responsibility-Shareholder Value vs Social Responsibility", organised by the Bangladesh German Chamber of Commerce and Industry at the capital's Radisson Hotel.

Rabin also called upon the factory owners to become more careful with imports of fire doors.

Apparel makers have so far imported around 9,000 fire-protected doors, but only 1,100 seem to have credible certification, he added.

The engineers of Accord have also completed its first round of inspections in September, said Rob Wayss, executive director of Accord.

A lot of progress has taken place in three important areas -- fire, building and industrial relations -- over the last 18 months, he said, adding that some challenges still remain unresolved.

The challenges of proper installation of fire doors, remediation financing, strengthening of fire brigade and genuine representation of workers in trade unions, are yet to be resolved. Wayss too called for imports of genuine fire-protected doors.

Many entrepreneurs are investing lots of money on fire doors, but it will all go to waste if the doors are not properly certified, he added.

The two inspecting agencies also called upon the factory owners to invest their own funds rather than relying on donor funds for factory remediation.

Many entrepreneurs look for free money for remediation financing, said Rabin.

"Remediation is the responsibility of the entrepreneurs. But as shared responsibilities, we can help them find low-cost funding so that remediation does happen."

The International Labour Organisation is obviously giving more importance to inspections of garment factories in Bangladesh, said Tuomo Poutiainen, manager of the ILO's garment sector programme.

All factory inspections under the national initiative will be completed by the end of April, he said.

ABM Khorshed Alam, chief executive of the National Skill Development Council, urged factory owners to implement small cautionary measures to ensure fire safety.

Some measures include separating warehouses from the main factory buildings, installing dedicated generators and creating open water reservoirs, he said, adding that these are the key factors in ensuring fire safety.

There will be no problem of space as many apparel makers are relocating their factories to outside of Dhaka, he said.

The aim of the third Global Social Responsibility conference is to provide a platform for engagement in dialogue between the major stakeholders such as garment producers, civil society, the government and the development partners, said Sakawat Abu Khair, president of BGCCI.

Daniel Seidl, executive director of BGCCI, and Mohammed Abdul Jabbar, managing director of DBL Group, also spoke.

National electricity week begins

UNB

The National Electricity Week began in the city yesterday with a call to be economical in using power keeping in mind the energy security of the future generation.

President Abdul Hamid inaugurated the event at Bangabandhu International Conference Centre.

"We must consider the energy security for the future generation. We'll have to keep in mind that electricity production is an expensive process which needs a lot of investment," he said at the opening ceremony.

"We must come out of the mentality of using electricity as per our sweet will. We'll have to be economical in using electricity thinking about the future generation."

The president also suggested reducing the system loss, now at 12.26 percent, in addition to increasing the use of environment-friendly renewable energy sources to reduce dependency on fossil fuels.

Hamid said increased power production is necessary for the country.

The government plans to raise electricity production to 24,000 megawatt by 2021 and to 40,000mw by 2030, as part of its plan to provide electricity to all.

"The supply of electricity is important to implement the programme Electricity for All. So, we'll have to increase our capacity

to produce electricity," said Hamid.

As of 2014, Bangladesh has about 10,650 megawatts of power generation capacity, with production standing at 6,000mw, according to state-run Power Development Board.

Although the government has doubled the power generation capacity as well as the production since 2009, Bangladesh is still one of the most energy deficient countries in South Asia, and energy shortages are estimated to cost the economy up to 2 percent of gross domestic product growth.

Around 60 percent of the population has access to electricity in the country where power consumption has increased by 11 percent annually in the decade since 2001.

As part of the weeklong event, a three-day fair on electricity equipment and associated businesses began at the same venue where 97 public and private organisations are taking part. The exhibition will remain open from 10am to 8pm everyday.

Nasrul Hamid, state minister for power, energy and mineral resources; Tajul Islam, chairman of the parliamentary standing committee on the power, energy and mineral resources ministry; and Monowar Islam, secretary of the Power Division, also spoke at the opening ceremony.

Leather sector aims for \$5b in exports

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"We are addressing the environmental issues with the government and I am confident that those will be overcome by mid-next year."

Salehuddin Ahmed, managing editor of The Daily Star, moderated the session.

The leather sector is the next promising sector after garments, Ahmed said. "If we put our minds together, we will succeed in the sector, like in RMG."

The leather sector has the potential to deliver rapid growth as it has a huge supply of hide, competitive cost base, huge workforce, tariff-free access, business shifting to Bangladesh from China, and a growing middle class, said Adnan Nafis, head of trade promotion at BGCCI.

Vietnam has set its goal of \$12 billion in leather-product exports in 2014. In the first nine months of the year, Vietnam received around \$7.4 billion from shipping footwear abroad, up nearly 24 percent year-on-year and \$1.9 billion from exporting handbags, up 37 percent year-on-year, according to data from the Southeast Asian nation's government.

"So our target of \$5 billion in exports is achievable," Nafis said.

Bangladesh exports leather products mainly to Italy, New Zealand, Poland, the UK, Belgium, France, Germany, the

US, Canada and Spain.

In addition, Japan, India, Nepal, Australia and some other countries are emerging as potential importers of Bangladeshi leather goods.

Bangladesh's leather exports account for a mere 0.005 percent of the global leather and leather goods market worth around \$230 billion, according to industry insiders.

The sector has immense potential to tap more export orders, said Nabhash Chandra Mandal, executive member of Board of Investment. The sector registered 28 percent growth last year, he added.

The duty free import of raw materials and tax rebate facility for the sector will encourage foreign companies to form joint ventures with local companies, he said.

"The tannery relocation process is slow. We should complete it soon."

About 80 tanneries have started relocating from the toxic tannery hub of Hazaribagh to Savar, according to the tanners' association.

The industries ministry has already allocated plots on the 200-acre leather estate in Savar to 155 tannery owners through Bangladesh Small and Cottage Industries Corporation, a wing of the industries ministry that is implementing the project.

The central bank also declared

an incentive package for tanners to help them move the hazardous factories to a designated industrial park.

Bata Shoes is facing some problems, such as high value-added taxes and counterfeit shoes from Myanmar and Thailand, said Iftekhar Haider Chowdhury, industrial relations manager at the company.

"We have 300 outlets across the country but counterfeit shoes are sold on the roads or others showrooms, which affect our business."

"The company pays VAT twice on its finished products. It pays VAT when the product comes out of the factory and again when it is sold."

"The problem should be addressed," Chowdhury added.

The company has the highest market share of 22 percent in Bangladesh, playing an important role in transforming the economy as it paid \$ 22.5 million in tax and VAT to the government last year, he said. Bata sold 30 million pairs of shoes last year.

The collection and preservation process of rawhide should be developed to produce quality finished products, said Sabur Ahmed, chairman of the leather engineering department at Dhaka University.

"We should add value to our finished products to get more export orders."



Iftekharul Islam, vice chairman of Uttara Bank, opens the Mohammadpur branch of the bank in Dhaka yesterday.



Iqbal Ahmed, chairman of NRB Bank, opens the 10th branch of the bank at Uttara in Dhaka recently. Muklesur Rahman, managing director, was also present.