

WB rolls out \$300m for local govt project

STAR BUSINESS DESK

The World Bank yesterday approved a \$300 million fund for Bangladesh to empower the local governments that would benefit more than 11.5 crore residents.

Under the programme, discretionary funds would enable communities to decide and implement local development priorities at grassroots level, the multilateral lender said in a statement.

Built on the success of two predecessor projects, the Local Governance Support Project-3 or LGSP-3 will cover all the 4,550 union parishads, the lowest tier of the local government. The project will establish national budget transfers to the union parishads as a norm.

On Tuesday, the Executive Committee of the National Economic Council approved the project.

The project will also be expanded to the urban local government and pilot a fiscal transfer system in 16 municipalities in all eight divisions of the country, according to the statement. For the first time, the eligible municipalities will receive block grants with discretionary power to select sub-projects to improve service

delivery.

"The World Bank has been a long-standing partner in supporting the government's vision of advancing decentralisation and empowering the local governments," said Rajashree Paralkar, World Bank's acting country director for Bangladesh, Bhutan and Nepal.

"A predictable and transparent financial resource transfer system will help the union parishads and the participating pourashavas to further improve planning, participatory budgeting, public finance management, and accountability."

To institutionalise the fiscal transfer system, starting from the fourth year of the project, the government will fully finance the union parishad block grants out of the national budgetary allocations, with all the principal features.

This will allow the union parishads to respond to local needs more effectively, and further strengthen the accountability linkage between union parishads and their citizens, the World Bank said.

"Like its predecessors, LGSP-3 will also place a strong emphasis on gender empowerment. At least one third of the ward committees and supervision

committee members will continue to be women," said Shenhua Wang, World Bank's team leader for the Local Governance Support Project-3.

"To ensure women's decisions are implemented, 30 percent of the grant will be earmarked for schemes prioritised by women."

Since 2011 through the predecessor Local Governance Support Project, all union parishads have been receiving annual block grants with full discretion to deliver local services, after undergoing rigorous audit process.

The available funds that each union parishad receives annually for discretionary spending grew by more than 11-fold since 2006, when the first Local Governance Support Project pioneered the provision of block grants to the union parishads.

The LGSP-3 will maintain the momentum and continue to support transfer of enhanced fiscal resources to union parishads.

The credit from World Bank's International Development Association, which provides grants or zero-interest loans, has a 38-year term, including a six-year grace period and a service charge of 0.75 percent, according to the statement.

Seed Board approves new varieties of rice, wheat, potato and kenaf

REAZ AHMAD

The National Seed Board has approved a range of rice, wheat, potato and kenaf varieties with promises of higher productivity, and better resistance to disease and stress.

The new crop varieties that got regulatory approval for commercial release include a hybrid rice variety developed by a private seed company, two disease-resistant wheat varieties, four potato varieties developed by Bangladesh Agricultural Research Institute (BARI) and a kenaf variety developed by Bangladesh Jute Research Institute (BJRI).

The meeting took place at the ministry yesterday with the agriculture secretary in the chair, said Md Azim Uddin, chief seed technologist of the ministry.

NSB gave approval to Supreme Seed Company's hybrid rice variety Heera-19, as it was found to be at least 20 percent more productive, compared to BRRI dhan-28, one of Bangladesh's top-performing high-yielding rice varieties (HYV).

Two wheat varieties that got a nod are BARI Gom-31 and BARI Gom-32, both of which have a yield advantage over some of BARI's earlier wheat varieties and have better resistance against rust. These can

also withstand heat better compared to the existing ones.

"Though the new wheat varieties have been in breeding phases long before the recent outbreak of wheat blast, we observed that these two appear to be less susceptible to blast as well," BARI Director General Dr Abul Kalam Azad told The Daily Star.

Of the four new potato varieties released -- BARI Potato-74, 75, 76, and 77 -- the former two are table potatoes (that need to be cooked before being consumed), while the latter two are good for industrially-processed food items.

BARI Potato-74 is highly productive with a yield potential of up to 46 tonnes a hectare, according to Azad.

Chief Seed Technologist Md Azim Uddin said the natural fibre plant kenaf variety -- BJRI Kenaf-4 -- is the first of its kind released in the country. It is red in colour, grows faster and can withstand submergence, he added.

Kenaf is one of the allied fibres of jute and shows similar characteristics. The main uses of kenaf fibre have been in rope, twine, coarse cloth and paper. It is also used in engineered wood, insulation, animal bedding, packing material, and materials that absorb oil and liquids.

New CEO for Siam City Cement



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PN Iyer has recently joined the Thailand-based Siam City Cement (Bangladesh) Ltd as managing director.

He has over 35 years of experience in sales and marketing in different cement companies in the world, Siam City said in a statement. Iyer is an alumnus of IMD Business School, Switzerland and has been to Harvard Business School, according to the statement.

Siam City Cement was first established in 1969 and began cement production after the completion of its cement plant in 1972. The company got listed on the Stock Exchange of Thailand in 1977, the company said.



MA Rouf, chairman of Mutual Trust Bank, opens the 111th branch of the bank at Sarkerhat in Chittagong. Anis A Khan, managing director, was also present.

Microsoft launches coding workshop for school children

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Microsoft Bangladesh is initiating coding for local school children to teach students the basics of computer programming.

As a part of the initiative, Microsoft Bangladesh will organise a two-hour workshop titled "Coding for Kids" tomorrow at Bangabandhu International Conference Centre as part of the BASIS SoftExpo-2017.

The event is open for all school children from class I-VIII. Around 400 children from different schools are expected to participate in the workshop that will be conducted from 10:30am to 12:30pm by Wellington Perera, developer experience lead for the Southeast Asia new markets at Microsoft Asia Pacific.

"It is critical for children to learn technology based skills which they need to seize the unprecedented opportunities ahead," said Sonia Bashir Kabir, managing director of Microsoft Bangladesh.

Hatil introduces new set of office furniture

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HATIL has come up with a new collection of office furniture, the company said in a statement.

The furniture includes workstation, file cabinet, chest of drawers, chairs and sofa in different designs with customisation facility for color, texture and upholstery.

"For office furniture, our design philosophy is to create something that helps a business space wear a look that draws people in, comforts its staff, and above all, sends a vibe that is essentially contemporary," said Selim H Rahman, managing director of Hatil Complex Ltd, owning company of brand Hatil.

Bosch to pay out \$327.5m over scandal

AFP, Frankfurt Am Main

German car parts maker Bosch said Wednesday it will pay out some \$327.5 million (303 million euros) in compensation to US buyers and dealers of Volkswagen-made diesel cars affected by the 'dieseldgate' scandal.

Bosch made some elements of the sophisticated software, known as "defeat devices", that VW installed in 11 million diesel engines worldwide to minimise emissions during regulatory testing.

Bosch said in a statement that a compensation agreement "would settle the claims of consumers and dealers of used vehicles against Robert Bosch GmbH, its affiliates, employees, and directors" in the United States.

US customers who bought vehicles from Volkswagen and Audi with 2.0-litre diesel engines between 2009 and 2015, as well as 3.0-litre VW, Audi and Porsche cars produced between 2009 and 2016, will receive compensation.

The agreement must still be approved by a US federal judge in California, with a hearing slated for February 14.

Remittance continues its slide

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Bangladeshi embassies and high commissions in countries where a huge amount of remittance comes from have been alerted so that unscrupulous quarters cannot remit money through illegal channels like hundi, Kabir.

"We are also assessing whether banks are charging higher commission for transferring remittances," he added.

The exchange rate is also responsible for the slower remittance inflow as expatriates get higher prices for dollars in the kerb market.

As of January 31, the interbank exchange rate against the dollar stood at Tk 79, whereas in the kerb market the rate is hovering between Tk 83 and Tk 84.

Slower remittance growth has hit the current account balance negatively and widened the balance of payments.

The current account balance turned into negative \$726 million and trade deficit widened to \$3.88 billion during the July-November period of fiscal 2016-17, according to the central bank data.

Sylhet Gas takes up Tk 505cr project to make best use of condensate

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Petrobangla Chairman Abul Mansur Md Faizullah called for completing the project on time.

Alain Dambon, a director of PT Istana Karang Laut, hoped his company would deliver the project within the stipulated two-year deadline.

Phillippe Supper, operations director of PT Istana Karang Laut, and Md Showkat Alam Quadri, company secretary of Sylhet Gas Fields Ltd, signed the deal on behalf of the respective parties.

Another 4,000 bpd condensate fractionation plant is being built in Rashidpur, which will be fed by the Chevron-run Bibiyana gas-field.

Petrol to be produced by the plant will be fed to the catalytic reforming unit for converting the petrol into octane, Islam said. Sylhet Gas Fields Ltd, a company of Petrobangla, runs five gas fields -- Haripur, Kailashilla, Rashidpur, Beanibazar and Chhatak -- with 13 producing gas wells.

Tk 31cr package to boost aus paddy

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Last fiscal year, farmers planted paddy on 9.42 lakh hectares during the aus season, down 7.37 percent year-on-year. Subsequently, aus production declined 7 percent year-on-year to 21.34 lakh tonnes, according to provisional estimates from the Bangladesh Bureau of Statistics.

Once the second biggest crop, aus lost its appeal to boro, which provided higher yield. Aus now accounts for 7 percent of total annual rice output.

Agriculture ministry officials said the objective of providing incentives is also to familiarise farmers with the newly introduced varieties of rice for cultivation during the aus season.

The ministry will provide 5kg of HYV seeds or 10kg of Nerica seeds, an African drought-tolerant rice variety, to each farmer along with 20kg of urea, and 10kg of Diammonium Phosphate and Muriate of Potash for the cultivation of rice on one bigha of land.

They will also get Tk 400 in cash to meet their irrigation needs and another Tk 400 for weeding.

The expenditure per farmer will be Tk 1,355, according to officials. In exchange, the government is expecting production of 70,100 tonnes of paddy, the value of which is estimated to be Tk 222.32 crore.

The incentive package will cost Tk 1,950 for each farmer, which is expected to grow paddy worth Tk 21.4 crore, according to the press meet.

The ministry also announced incentives worth Tk 1.9 crore to encourage pesticide-free pumpkin, jute and sugarcane cultivation.

Foreign funds in stocks jump on bright data

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A sustained revival of the foreign interest was backed by the rising corporate profitability and increasing consumption level of Bangladesh, he said.

Also among the frontier markets, Bangladesh did better in terms of declining interest rate, strong currency and GDP growth.

Riadh expected that big-cap companies with attractive valuation on which foreigners have high interest will strongly come back with top and bottom line growth in 2017 and Bangladesh market is expected to get higher weight from foreign investors.

Banks are the foreign investors' preferred sector, followed by non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT.

Global investment banks such as Morgan Stanley, JPMorgan and Goldman Sachs, and asset management firms such as BlackRock have presence in Bangladesh.

Also known as portfolio investment, foreign investment accounts for only 1 percent of the premier bourse's total market capitalisation, which stood at Tk 367,325 crore at the close of trade yesterday.

Net foreign investment in 2016 was Tk 1,340.7 crore, up from Tk 185.5 crore the previous year.

Sovereign wealth fund to take off with reserves

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Scope to expand the sovereign wealth fund by taking loans from Bangladesh Bank and any multilateral financial institution may also be kept.

"If the fund is formed in this process there would be a compulsion to pay the loan, which will ensure efficiency in fund management and strengthen its legal, institutional and management structure," the committee said in the report.

It will also work as a catalyst in increasing good governance, accountability and subscribers' trust.

Finance ministry officials said the finance division will soon send a proposal to the cabinet division about the formation of the fund.

If the cabinet gives the green light, all preparations will start in line with the recommendation of the committee, said one official.

Initially, the fund's authorised capital will be \$5 billion and the paid-up capital \$1 billion.

The committee said the sovereign fund will have to be formed through a separate law; there must be a provision for appointment of an executive management and a board of directors. The fund should be managed by a team of efficient and professional financial managers capable of

handling big infrastructure financing and proper risk management.

An advisory council or expert panel may be formed with financial sector experts and eminent citizens who will review whether the fund is being managed properly and make recommendations to the board accordingly.

To ensure transparency and accountability, the minutes of board meetings, the report of expert panel and annual audit reports must be published on the website.

The committee said a healthy foreign currency reserve is good for the economy but if it is very large compared to what the economy needs then it creates some problems such as overvaluation of the local currency.

In the last two to three years, the central bank had to undertake a sterilisation programme regularly to keep the foreign currency market stable, which is very costly for the central bank, according to the report.

In recent years, many central banks have accumulated reserves in excess of their needs to manage liquidity or exchange rate, and most of them have diversified into assets other than highly liquid short-term assets.

As of September 2016, the total

assets under sovereign wealth funds around the world stood at \$7.4 trillion, up 0.76 percent from a year earlier, according to the Sovereign Wealth Fund Institute, a US-based company that analyses public asset owners such as SWFs and other long-term government investors.

Norway's government pension fund ranks number one in terms of the size of sovereign wealth fund. China Investment Corporation, Abu Dhabi Investment Authority, Saudi Arabia's SAMA Foreign Holdings and Kuwait Investment Authority round up the top five spots.

Experts, however, called for cautious approach.

The opportunity to employ the growing reserves in infrastructure development might provide Bangladesh with a cushion against debt liabilities, according to the Centre for Policy Dialogue.

However, utilisation of this national asset must be considered with utmost care, the think-tank said last month.

Pragmatic policies must be chosen. Independent institutional mechanism, moderate interest rate, feasible maturity period and appropriate monitoring governance should be the priority issues, the CPD said.

Software expo kicks off

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Parliament Speaker Shirin Sharmin Chaudhury opened the four-day expo -- BASIS SOFTEXPO 2017.

Software is an emerging export-earning sector for the country and it would act as a driving force for the economy, she said in her speech.

Subsequently, she urged the government to provide incentives to the information technology sector so that it can reach its export target of \$5 billion by 2021.

Planning Minister AHM Mustafa Kamal said the value of the global software market is around \$3 trillion.

"BASIS has been working together with the government to expand the footprint of the local software firms abroad," he added.

The government is working together with the private sector to create a business-friendly environ-

ment for the IT sector, said State Minister for ICT Zunaid Ahmed Palak.

The exhibition area has been divided into four separate zones: Business Software Zone, ITES & BPO Zone, Mobile Innovation Zone and e-Commerce Zone.

Since 2003, BASIS has been organising the exposition with a view to stimulating the growth of the industry through promotion, development, invention and research of IT and ITES products and services.

Match-making sessions for local and foreign firms will be organised in order to help local companies expand their ventures.

Some 10 ICT-related technical sessions and 20 seminars will also take place.

The organiser is expecting over 500,000 people to visit this year's

exposition.

BASIS President Mustafa Jabbar, Microsoft Bangladesh Managing Director Sonia Bashir Kabir and Expo Convener Syed Almas Kabir also spoke at the inaugural ceremony.

The exact figure from the export of software and IT-enabled services is hard to come by.

Exports from computer services stood at \$152 million in fiscal 2015-16, according to data from the Export Promotion Bureau.

Industry people in September last year said the export would stand at about \$1 billion -- a mark the government targeted to reach in 2018.

The gap is down to many companies bringing in their export earnings in the form of inward remittance, while those incomes are not reported to the government properly.