

IFC, Climate Investment Funds to finance climate-resilient SMEs

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The International Finance Corporation (IFC) yesterday announced an investment of \$10 million in the Small Enterprise Assistance Fund Bangladesh Ventures Fund (SEAF BV) to boost the financing available for climate-resilient small and medium enterprises.
The investment, with support from the Climate Investment Funds-Pilot Programme for Climate Resilience (CIF-PPCR), would strengthen their capacity to address operating difficulties arising from climate change, according to a statement.
CIF-PPCR helps developing countries scale up efforts to combat climate change, the IFC said. This equity investment is a \$10 million blended finance solution from the IFC and CIF-PPCR.
SEAF BV, launched by the IFC and the Small Enterprise Assistance Funds (SEAF) in 2010, is mandated to invest in SMEs in Bangladesh.
"IFC's extended support over the years has been invaluable in the successful ini-

tiatives of the fund. Its engagement will also help the fund begin investing in climate resilience activities for small businesses, helping SMEs to cope better with the adverse impacts of climate change," said Hubertus Jan (Bert) van der Vaart, CEO of SEAF.
Mengistu Alemayehu, IFC's director for South Asia, said: "This project is IFC's first climate resilience fund investment, and will help demonstrate the business case for increased climate resilience financing in Bangladesh and other countries which are vulnerable to climate change."
IFC, a member of the World Bank Group, has previously invested \$12 million of equity into the fund to catalyse investment in high-growth SMEs.
The investment complements the IFC's wider investment programme in Bangladesh, where it promotes sustainable growth and private-sector development by investing in critical infrastructure, boosting financial inclusion, enhancing competitive manufacturing, and supporting reforms, according to the statement.

Bangladeshi bankers attend ICC Austria's event in Vienna

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Forty one bankers from 17 commercial banks of Bangladesh attended the ICC Austria Global Trade Finance Week held in Vienna recently.
The three-day event was also attended by more than 200 bankers from EU countries to discuss issues related to letters of credit, bank guarantees and credit risks, International Chamber of Commerce (ICC) Bangladesh said in a statement yesterday.
ICC Bangladesh President Mahbubur Rahman was the chief guest at the concluding session of the 11th Global Conference on Letters of Credit, International Trade Finance Week, Vienna.
He mentioned that Bangladesh needs to enhance its capacity and efficiency in the banking sector on a priority basis as the country is now the 41st largest economy in the world.
ICC Bangladesh has arranged the event jointly with ICC Austria in Vienna for the bankers as EU is the largest export destination for Bangladesh's garment industry, Rahman said.
Muhammad A (Rume) Ali, chairman of ICC Bangladesh Banking Commission, and Helal Ahmed Chowdhury, former managing director of Pubali Bank and member of ICC Bangladesh Banking Commission, attend the event as speakers.
ICC Bangladesh Secretary General Ataur Rahman also attended event, according to the statement.

Euro dented by Draghi remarks

AFP, London
The euro slid Tuesday against rival currencies after European Central Bank chief Mario Draghi hinted the bank will stick to its loose monetary policy for now.
London and Paris equity markets shed about half a percent, but Frankfurt turned flat.
Trading was somewhat muted one day after a public holiday in the British capital and also on Wall Street.
British Airways owner IAG saw its share price slide after a chronic IT crisis sparked thousands of flight cancellations over the busy holiday weekend. However, Draghi stole the limelight after declaring that the ECB was "firmly convinced" it must maintain its interventions in the eurozone economy to avoid undermining recovery.
"We remain firmly convinced that an extraordinary amount of monetary policy support, including through our forward guidance, is still necessary," he told European Parliament lawmakers in Brussels on Monday.
The comments disappointed those who had hoped for some form of tightening at the ECB's upcoming June gathering.
"Draghi ... has taken some wind of the euro-dollar rally by saying that the eurozone still needs quantitative easing," said analyst Naeem Aslam at trading firm ThinkMarkets.
The ECB has set interest rates at historic

lows, offered cheap loans to banks, and buys tens of billions of euros in bonds each month in a bid to pump cash through the financial system and into the real economy.
Derek Halpenny, analyst at The Bank of Tokyo-Mitsubishi UFJ in London, added that the euro "has been undermined by a pick-up in European political risk".
Reports suggested Italy could hold elections earlier than planned, and there was also uncertainty over further financing for Greece, Hardman said. In London, IAG shares fell 2.61 percent to 598 pence after three days of global flight disruption.
Some 75,000 passengers were affected by the computer system outage that caused chaotic scenes at London Gatwick and Heathrow, Europe's busiest airport.
"IAG is in the doldrums after a long weekend of chaos at British Airways," noted ETX Capital analyst Neil Wilson.
"BA faces all kinds of questions in the wake of its IT failure and investors are rightly turning a bit cautious."
"It is estimated that the cost of the fiasco might be around 100 million euros, or around five percent of pre-tax profits this year. Far worse is the reputational damage to the brand."
In Asia, most stock markets drifted lower in holiday-thinned trade on Tuesday, with Hong Kong and Shanghai shut.

Bank Asia disburses Tk 52 lakh of German Red Cross among villagers in Hatiya

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Bank Asia has distributed Tk 52 lakh among 1,058 villagers of Hatiya in Noakhali as relief on Monday, before the cyclone Mora hit the area.
Each person received Tk 5,000 from German Red Cross (GRC), a humanitarian organisation.
The cash relief payment was made by Bank Asia using its agent banking digital payment platform, the bank said in a statement yesterday.
Bank Asia and German Red Cross (Bangladesh) signed an agreement with an aim to disburse GRC grants to its beneficiaries in disaster-prone areas of Bangladesh in March. Under the agreement, the grants were transferred to respective beneficiaries' account opened with Bank Asia, according to the statement.



Villagers stand in queue at Hatiya upazila in Noakhali on Monday when Bank Asia disbursed Tk 52.90 lakh among 1,058 people of Hatiya before the cyclone Mora hit the area. The fund has been distributed as part of a deal signed between the bank and German Red Cross.

French consumer confidence reaches nearly 10-year high

AFP, Paris
French consumer confidence last month hit its highest since August 2007, statistics showed Tuesday, as more people had a positive outlook about their future earnings as the country elected a youthful president with a reformist agenda.
Coming in at 102 points, the consumer confidence index broke its long-term average of 100 points for the first time since the global economic crisis struck in the second half of 2007, the French national statistics agency Insee said Tuesday.
The Insee survey questions consumers about their perceptions of their personal finances and the general economy.
French consumers' confidence about their personal outlook jumped by four points to reach its long-term average for the first time since September 2007. While the figure for those who judge it a good time to make big purchases dropped by seven points, it still remained above its long-term average, said Insee.

The survey also found a boost of optimism about the outlook for the economy as a whole, with a jump of five points to a level unseen since August 2007.
Insee noted a boost of optimism in this indicator has been observed during previous presidential elections.
Emmanuel Macron swept a runoff election in May to become France's youngest president at the age of 39, leading a new centrist political party that aims to overcome the left-right political divide seen as having hobbled the country's efforts to reform and modernise.

Telcos call for rational tax rates

FROM PAGE B1
In 2015, the SIM tax was brought down to Tk 100 and the industry's contribution edged up to 6.2 percent.
"Therefore, there is a clear case for bringing down the tax," said Ahmed, the first local CEO of a foreign-owned mobile operator.
The rate of corporate tax, which stands at 45 percent, also needs to be brought down to the minimum level and the tax on consumption also needs to be lower to incentivise people to spend more.
Specifically, he said the value-added tax on internet usage must be removed to expedite the process of digital Bangladesh.
The industry can contribute up to \$17 billion and create 8.20 lakh jobs, directly or indirectly, in 2020 if an enabling environment is created for mobile operators, Ahmed said referring to a report of GSM Association.
Currently, 54 percent of the country's population use mobile phone and the number would be much higher if the government reduces taxes, he said.
The Robi CEO also called for resolution of all outstanding disputes.
"There are too many disputes at the moment and they don't help in winning investor confidence. Besides, continued disputes over customs duty are easily avoidable -- all we need is to adopt a harmonised approach."
Ahmed, who previously served as Robi's chief operating officer, said Bangladesh is

the only country where VAT is imposed on spectrum fees.
Subsequently, he urged the government to remove VAT on spectrum.
About the planned launch of 4G services in the country, he said the government should plan for the long-term and frame regulations accordingly.
"We would like to see the spectrum fee payable over the entire 4G licence period. The rollout obligation as stipulated in the proposed 4G licensing guideline does not take into cognisance the reality on the ground."
The Bangladesh Telecommunication Regulatory Commission has proposed Tk 150 crore as bank performance guarantee, which has to be paid in two separate segments: Tk 75 crore as rollout obligation and another Tk 75 crore to clear future dues, if any.
Under the rollout obligation, the operators will have to take 4G network to all divisional headquarters within the first nine months of getting the licence and to district headquarters within 18 months, according to the guideline.
They will get a total of three years to complete their rollout of 4G services across the country.
If the operators comply with the obligations, they will get a refund of Tk 25 crore in each segment.
Ahmed said the industry over the last three years has invested \$3.80 billion to expand 3G coverage to 65 percent of the

population. But, the operators only have 18 percent of their subscribers using 3G service at present.
"Hence, we humbly request the government to review the rollout obligations in light of the ground-reality."
Since its inception in 1997, the industry has invested over Tk 100,000 crore in the country and managed to recoup only 3 percent of the sum, according to Ahmed.
"Only one operator is making profit now and the rest are struggling."
The industry would like to be convinced that the licensing framework offers a sound business case for investors and a long-term roadmap is needed as well.
For the 2100 band the floor price recommended for per megahertz is \$27 million, for 900 band \$28 million and for 1800 band \$35 million.
The operators will also have to share, most likely, 5.5 percent of their revenue with the government from 4G service.
"The proposed framework has not convinced us that it can facilitate us to make a decent return on investment."
When 3G was introduced back in 2013, the penetration rate for 3G-enabled handset was 8 percent. After three years, it has increased to 30 percent.
Robi has conducted a study and found that only 2.3 percent of the smartphones on its network are 4G-enabled.
According to its assessment, at most 4 percent of the smartphones in the country are 4G compatible.

"This makes you wonder how long it will take for us to create an enabling market for the growth of 4G in Bangladesh."
Ahmed also said one-third of Robi's 3G sites are unable to generate enough revenue to cover for their operational costs.
Even though the industry is observing a major hike in data consumption, the service contributes to about 10 percent of the revenues.
In 2016, Grameenphone earned Tk 1,440 crore from mobile data services, Robi Tk 684 crore and Banglalink Tk 491 crore, according to the operators' financial statements.
"I wonder how long it will take for us to reach break-even, let alone make profit from 4G services."
He also highlighted the importance of spectrum price calculation in a way that even the weakest operator can afford it.
Referring to 3G spectrum auction, Ahmed said due to the exorbitant price operators bought less spectrum, as a result of which a huge amount is remaining unused.
"Spectrum on its own has no commercial worth. It needs to be allocated first and then commercial entity having the right to use it needs to make significant amount of investment to monetise this precious resource."
At present, there is 148 MHz of spectrum that has remained unallocated. "These are precious national resource that remains unutilised."

Falling egg prices taking toll on growers in Savar

FROM PAGE B1
Shahidul Islam, another poultry farmer of Kalampur in Dhamrai, said he has never seen such low prices of eggs in his 16-year-long farming career.
"I have 10,000 chickens in my farm. I sell eggs of Tk 35,000 every day, which is much lower from my daily spending of Tk 45,000."
"If the situation continues, the industry will be destroyed in a year." However, the retail prices of the food item full of protein have remained the same at Tk 7-8 per piece since 2016, said Murshiduzzman, a consumer who buys 12 to 16 eggs every week.

From Meherpur to Europe

FROM PAGE B1
"I am dreaming of cultivating world-class mangoes on 100 bighas of land next season," Shahin said, while seeking the government's help in entering the Chinese market.
The district has mango orchards spanning 20,000 hectares, 15,000 hectares of which are dedicated to the Himsagar variety, according to the DAE.
"All kinds of necessary help will be provided to the mango growers in the district," the DAE's Rahman added.

Slow remittance flow to hurt economy: analysts

FROM PAGE B1
"Though it is said that remittance inflow has declined, it is not true," said Abul Barkat, former president of the Bangladesh Economic Association.
The figure shown by the BB is only the amount that came through the banking channel, he said, while urging the government to find out the actual remittance figure by tallying the amounts coming through both the formal and informal channels.
Islam, however, disagrees with Barkat. "Though it is often claimed that the unofficial remittance figures are way higher, I believe that remittance growth has really dropped."
The Middle Eastern countries are going through an economic downturn due to a fall in oil price. Even Saudi Arabia, a large labour market

for Bangladesh, is facing budget deficit. As a result, migrant workers are losing jobs or seeing wage cuts, both of which account for the slump in remittance inflow.
The World Bank recently said the low oil prices, weak economic growth and fiscal tightening in GCC countries and the Russian Federation were taking a toll on remittance flows to South Asia and Central Asia. "If the current trend continues, consumption of those who are remittance recipients will shrink," Islam added.
The slower remittance growth will put pressure on the exchange rate by depreciating the local currency, said Biru Paksha Paul, former chief economist of the central bank.
But the depreciation will not have a negative impact on the economy

immediately as the devaluation of the local currency will encourage remitters to send money through the proper banking channel.
He also suggested the BB take measures to spread remittance services in remote areas to encourage expatriates to send money home through the formal channel. Remittance is the largest source of foreign exchange in Bangladesh after exports.
Money sent by Bangladeshi workers, which accounted for about 6 percent of the gross domestic product in fiscal 2015-16, supports growth through their impact on household income and consumption.
Remittances accounted for about 30 percent of the current account receipts in 2014-15, more than offsetting the trade deficit.



Abdur Rouf Talukder, executive project director of Skills for Employment Investment Programme, and MA Kalam, CEO of Limerick College of Business Studies (LCBS) Dhaka, attend the launch of a training module "Training of trainers and assessors on effective teaching and pedagogy" on the campus of LCBS in the capital yesterday.