

# Idcol gets Global Climate Fund accreditation

STAR BUSINESS REPORT

Infrastructure Development Company Ltd (Idcol) has recently received accreditation to develop and submit funding proposals for consideration by the Green Climate Fund (GCF).

The certification was given during the board meeting of the GCF in Songdo, South Korea on July 6, according to a press release.

Established by the government in 1997, Idcol is playing a major role in bridging the financing gap to develop medium to large-scale infrastructure and renewable energy projects in Bangladesh.

The GCF is a unique global initiative set up to respond to climate change by investing in low-emission and climate-resilient development.

Idcol is one of the GCF's six new partner organisations to have got the accreditation. The other partners are Small Industries Development Bank of India; the Bank of Tokyo-Mitsubishi UFJ; the Japan International Cooperation Agency; the Micronesia Conservation Trust; and CDG

Capital SA.

This brings the number of GCF-accredited entities to 54.

The board meeting adopted decisions to strengthen operations and help generate high quality funding proposals for climate finance investments in low-emission and climate-resilient projects and programmes in developing countries.

To date, the GCF has approved \$2.2 billion in funding for 43 projects in 64 countries.

The board took into account lessons learnt from an initial five rounds of funding proposals and endorsed a number of actions to improve the approval process.

More than 300 partners gathered at the GCF headquarters in Songdo for the meeting, including observers from civil society and private sector organisations, national designated authorities, accredited entities and climate finance delivery partners.

The next meeting of the board will be held in Cairo, Egypt from September 30 to October 2.

## New head for MEC, Maxus NewCo agency

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Hasan Faruque, a director of Maxus Bangladesh, has recently been appointed as the head of newly combined MEC and Maxus NewCo agency in Bangladesh.

The company will be launched in January 2018, the company said in a statement. Asiatic 360 and Tim Castree, Global CEO of MEC and GroupM's NewCo, yesterday announced the appointment.

"We're merging Maxus and MEC to form a brand new billion dollar revenue media, content and technology agency, dubbed 'NewCo' for now," said Castree.



Hasan Faruque

"With such ambition, comes a need for brilliant talent to lead and inspire, and so today's news is very exciting for us, the CEO said.

"Under Hasan's leadership, I am confident that we have the right team in place to truly blend the best of MEC and Maxus and make NewCo Bangladesh a formidable future-facing agency."

Hasan started his career in advertising at Asiatic JWT and later moved to clientside, working at Aktel (now Robi Axiata), GlaxoSmithKline Consumer Healthcare and BBC Media Action.

He also worked for Unilever, Horlicks, Boost, Robi Axiata and BBC Janala.

## BB advises banks to help flood victims

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Bangladesh Bank has advised all scheduled banks to distribute relief and financial assistance among the flood-affected people in the country, especially those in the northern areas, under their corporate social responsibility activities.

The banks were asked to show such expenditure as spending in social projects or community investment sector, the central bank said in a statement yesterday.

Some 6.5 lakh people of 54 upazilas in 13 districts have been affected by floods triggered by torrential rains and the release of upstream water, according to the disaster management and relief ministry.

The ministry warned floods could affect five more districts Munshiganj, Manikganj, Chandpur, Shariatpur and Bhola.

Between July 3 and July 11, some 4,000 tonnes of rice, Tk 1.9 crore in cash and 18,000 packets of dry food were distributed among the flood victims, said the ministry.

## Fed's Yellen says economy steady enough for more hikes

REUTERS, Washington

The United States is healthy enough to absorb further gradual rate increases and the slow wind down of the massive bond portfolio accumulated by the Federal Reserve during the financial crisis, Fed Chair Janet Yellen said in prepared testimony to be delivered to Congress Wednesday morning.

In what may be one of her last appearances on Capitol Hill, Yellen depicted an economy that, while growing slowly, continued to add jobs, benefited from steady household consumption and a recent jump in business investment, and was now being supported as well by stronger economic conditions abroad.

The Fed "continues to expect that the evolution of the economy will warrant gradual increases in the federal funds rate over time," Yellen said, while reductions in the Fed's more than \$4 trillion in securities are likely to begin "this year."

Yellen will present her latest economic summary to the House Committee on Financial Services at 10 a.m., after which committee members will question her. Her appearances before the House panel have sometimes involved sharp exchanges with lawmakers who think the Fed's influence over the economy has grown too large, and who want policymakers to be guided more closely by a mathematical rule for setting interest rates.

In a report released last week the Fed compared its current policy to that prescribed by a variety of such rules - pointing out that the choice of a rule itself involved judgments that would lead to vastly different outcomes. Yellen referred House lawmakers specifically to that section of the report in her testimony.

Yellen's appearance comes as the Trump administration mulls whether to replace her when her term ends in February.

## Stocks fall on profit booking

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The daily turnover stood at Tk 914 crore at the end of the trading, a decline by 30.77 percent from the previous day.

The turnover hit a four-month high of Tk 1,320 crore on Tuesday when the key index reached 5,830 points, the highest ever.

The fall in the index was expected as the market was going upward since the beginning of the week making records in turnover, a senior executive of a merchant bank said. Investors' active participation kept the turnover buoyant since the opening of the market after the Eid vacation, he said.

Retail investors went for booking profits yesterday, which triggered a selling pressure in the market, he added.

The index fluctuated between 5,840 and 5,820 points in the first half of the session, LankaBangla Securities said in an analysis.

In the last half of the session, the index kept falling and closed the day in the red at 5,790.79 points, according to the analysis.

Only 3 out of 20 sectors gained yesterday with food and allied registering a 0.75 percent gain.

At the premier bourse, 65 securities gained, 232 declined and 33 remained unchanged.

Keya Cosmetics topped the turnover list yesterday. Its shares gained Tk 0.1 or 0.55 percent to close at Tk 18.20 with issues worth Tk 74.76 crore of the cosmetics-maker changing hands.



Square Group Director Tapan Chowdhury and Runner Group Chairman Hafizur Rahman Khan exchange the signed documents of a deal at a programme in Dhaka on Monday. Guardian Life Insurance, an enterprise of the Square Group, will provide insurance facilities to the employees of Runner Group.

## PDB to finance Tk 763cr Sylhet power plant

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The power division last year had sent the details of its nominated contractor, who was the lowest bidder, to the IDB for consent. But the Jeddah-based multilateral lender instead suggested awarding the work to the second lowest bidder, a Sri Lankan consortium.

The BPDB and the IDB exchanged views several times over the matter, after which the development lender withdrew from the project. However, the IDB said the funds can be used for any other project of the energy sector. Subsequently, the BPDB turned its attention to implementing the project on its own. Chinese firm Shanghai Electric Group, the lowest bidder, will implement the project.

"It appears that the remaining funding from the WB will depend largely on the assessment by the team," he added.

## WB to assess progress in VAT digitisation

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A senior official of the NBR said it is a routine visit from the WB to assess the overall situation.

But the appraisal by the mission will be important following the postponement of the new VAT law from this month.

Until February, Tk 122 crore has been spent on the project, according to a finance ministry document.

The multilateral lender until July disbursed \$20 million for automation and modernisation of the VAT system against the overall expenditure for the project by the government, which is about \$18 million, according to the NBR official.

"It appears that the remaining funding from the WB will depend largely on the assessment by the team," he added.

At the prescription of the International Monetary Fund and to fulfil the conditions of its \$1 billion Extended Credit Facility loan, the government in 2012 framed the new VAT law, but it changed the deadline twice for enforcing the legislation. The last deadline was July 2017.

But the government, at the eleventh hour, shelved the bid in the face of opposition from businesses and lobby groups and a fear of inflationary spiral, and decided to continue with the existing VAT Act 1991.

Until yesterday, 41,081 businesses signed up online for the 9-digit Business Identification Number. Of those, 25,679 have re-registered and 15,402 got fresh BINs to run their business, according to the NBR.

## Source tax on exports remains at 0.7pc

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"We thank the government for this," Mohammed Nasir, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, told

The Daily Star over telephone yesterday.

"Such support from the government will help us recover from the falling trend of export," he added.

## Volatile euro, dollar to blame for flat exports

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The declining exchange trend of the US dollars against the euro continued throughout the fiscal year.

In August last year, one euro was exchanged at 1.135 dollar, which came down to 1.045 in December.

The trend continued until June this year, after which it reversed. In the first week of July, one euro was exchanged at 1.140 dollars.

The local exporters have also been facing challenges for the appreciation of the taka against the US dollar for many years.

The appreciation is particularly large vis-à-vis the euro, but also pretty large against the US dollar, said the Policy Research Institute in a study recently. The Bangladesh taka appreciated 34 percent against the US dollar between 2006 and 2016, according to the think-tank.

"These substantial appreciations of the taka in real terms against the major global currencies that underlie

Bangladesh exports and imports suggest a huge currency tax on exports and are a major factor why most exports have failed to fire after ignition," the PRI said.

On the other hand, the exchange rates of currencies of some major garment exporting countries were devalued against the US dollars, which eventually improved their competitiveness in global trade.

The Indian rupee depreciated 32 percent, Turkish currency 102 percent and Pakistani rupee 15 percent over the last five years, according to data from the Bangladesh Garment Manufacturers and Exporters Association.

"In fact, the appreciation of the taka decreased our competitiveness in international trade, as the garment manufacturers of other competing countries can draw more than us in value," said Mahmud Hasan Khan Babu, vice-president of the BGMEA.

Even a few years ago, exporters used to draw Tk 84-85 against a US

dollar, but it slumped to Tk 77-78 and remained at that level for a while, he said.

"My profitability declined at least 4 percent in the last fiscal year due to the volatile exchange rate," said Asif Ibrahim, vice-chairman of Newage Group, which exported \$100 million worth of garment items last fiscal year.

He said the dollar's exchange rate should be Tk 85.

Babu urged the government to give garment exporters cash incentives of at least 3 percent against export receipts until the exchange rate is revised upwards.

"I do not support the cash incentive to exporters or for a particular sector," said Ahsan H Mansur, executive director of PRI.

The government should manage the exchange rate instead, he said, adding that the central bank can devalue the local currency by reviewing the policy so that all businesses can benefit from it.

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