

# Idcol to help develop market for improved cooking stoves

STAR BUSINESS REPORT

**I**NFRAStructure Development Company Ltd (Idcol) now plans to help develop a sustainable market for adoption of improved cooking stoves in Bangladesh after it successfully installed one million burners two years ahead of schedule.

The Idcol's ICS Programme was initiated in 2013 with the aim of installing 1 million stoves by December 2018.

The state-owned financial institution achieved the target in January 2017, and more than 1.48 million improved cook stoves were disseminated among the rural households till February 2018.

The next phase of the programme is aimed at supporting a sustainable market for adoption of ICS, reducing greenhouse gas emission and indoor air pollution (IAP) by way of cutting usage of cooking fuel, said Rasel Ahmed, assistant manager (renewable energy programme) of Idcol.

"This will benefit about 5 million rural households in Bangladesh by 2021," Ahmed said after talking to the users of the stoves in Gabtoli upazila under Bogura district.

The agency is implementing the ICS programme in 290 upazilas through 66 partner organisations (PO) with financial assistance from World Bank.

The POs are mostly NGOs, microcredit institutions, and private organisations.

Idcol extends grant, capacity building and other technical assistance to the POs, which manufacture and install stoves and ensure after-sales service and promote the technology in their allocated upazilas.



The stoves designed by the Bangladesh University of Engineering and Technology (Buet) create a smokeless environment in the kitchen.

Currently, 150 ICS production centres exist across the country capable of producing 80,000 stoves per month.

This has established a strong base to achieve 100 percent coverage of improved stoves by 2030 in line with Bangladesh's Country Action Plan for Clean Cookstoves, said Idcol in the statement.

Only 10 percent of the over 30 million households in Bangladesh have access to natural gas for clean cooking solutions, leaving the majority of the population to depend on traditional biomass fuels such as wood, dung, and agricultural residues for cooking in low-efficiency stoves (5 to 15 percent fuel efficiency).

This inefficient traditional stove produces smoke composed of a

large number of particulate matters and carbon monoxides through incomplete combustion of biomass fuels, thus creating indoor air pollution.

IAP resulting from the smoke is linked with many diseases such as acute and chronic respiratory conditions, lung cancer, heart disease, stroke, and cataract.

According to World Health Organization, more than 100,000 people die every year in Bangladesh due to various diseases caused by IAP, which is also responsible for degradation of the natural environment and deforestation.

The IAP and deforestation can be controlled by using ICS, according to Idcol.

The stove has been designed by the Bangladesh University of

Engineering and Technology (Buet) and tested by the Centre for Rural Technology, the University of Dhaka.

The agency said it is convenient to the cooking process and creates a smokeless environment in the kitchen. The energy efficiency of burning biomass fuel in ICS is between 20 and 35 percent, far better than that of traditional stoves.

The ICS Programme has been well-recognised worldwide for its unique modality and effectiveness.

The Green Climate Fund Secretariat said the approach or business model of the Idcol for market development of, and barrier removal related to, clean cooking stoves is an important benchmark case study for many other countries.

# Financial literacy changes lives of rural women

AHSAN HABIB, back from Comilla

Just a year ago Razia Sultana doubted her ability to start a business to supplement the income of her family in Comilla's Mainamoti.

But a daylong training and a small loan from non-government development organisation BURO Bangladesh helped her overcome shyness and inspired her to do much more than just household chores.

She now runs a grocery shop in Durgapur village and is making profits.

"I am helping to meet my family's expenditures. This dream has come true for gaining financial literacy," said Sultana, particularly mentioning how her husband was proud of her success.

Among the women who took the training on business risk management and other issues, at least 15 have become entrepreneurs. Nargis Begum runs a shop similar to Sultana's, Ruzina Begum a chotpoti shop and Jhorna Begum one serving meals of rice and whole wheat bread or roti.

Another took up fish cultivation while one widow bought two CNG-run autorickshaws and now rents those out.

All of them voice the same: that they have gained the confidence to open and run a business.

"We want to continue this programme so that rural women become successful entrepreneurs by analysing risks of businesses," said Zakir Hossain, executive director of BURO Bangladesh.

He said they provided financial and non-financial services to 1.6 million families across the country.

Apart from its own programme, BURO Bangladesh has partnered with the corporate social responsibility activities of MasterCard Worldwide to provide training to 150,000 such female entrepreneurs in four phases since 2013.

"We want to involve rural women in business activities so that the economy can go ahead at a fast pace," said Syed Mohammad Kamal, country manager of MasterCard Bangladesh.

# Eastern Bank, DEG deepen collaboration in financing

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Eastern Bank and Germany's development finance institution DEG have entered into an initial agreement to intensify collaboration in the fields of SME, corporate and infrastructure financing in Bangladesh.

EBL Chief Executive Officer Ali Reza Iftekhar and DEG CEO Bruno Wenn signed the memorandum of understanding at a hotel in Dhaka yesterday.

In a statement, Iftekhar said, "It's a privilege working with the DEG over last decade and developing financial solutions for Bangladesh market."

"We look forward to closely working with the DEG in the coming days to contribute meaningfully to Bangladesh's journey to a developing country." In February, EBL and the DEG celebrated the 10th anniversary of their partnership.

In the decade, the DEG has provided EBL with long-term funding to support

local SMEs and green lending. In addition, the organisations have co-financed local corporates.

The DEG has partnered with EBL in developing a social and environmental risk assessment system, for sustainable business growth, said the statement.

For the coming decade, the DEG and EBL will seek more opportunities to jointly support the real economy in Bangladesh, it said.

To date, the DEG and EBL have partnered in three financing agreements, including two with other development finance institutions, for an aggregate amount of more than \$100 million.

Under these agreements, EBL has obtained foreign currency funds from the DEG to meet customers' requirements with respect to long-term foreign currency financing requirements and related areas from its banking unit in export processing zones.

# Blockchain for seamless foreign remittance



ABM KAMRUL HUDA AZAD

**R**EMITTANCE to Bangladesh constitutes the single largest source of foreign exchange and plays a critical role in the country's socio-economic development.

It has resulted in improved living standards for the wage earners' families and helped in improving the income distribution in favour of poorer and less skilled workers.

I am an immigrant myself and I have been working in the foreign remittance sector since I migrated to the UK. But, foreign remittance is something that I am connected with since my childhood as my father was a wage earner. I can recall all those days of waiting months to encash the Demand Draft we used to receive by post.

The post used to take more than 3 weeks to reach our home in the remote area and then waiting for the amount to be available in our account.

Over the years, the process of sending remittance has been faster under the government patronage, the central bank's initiative and the proactive approach of banks in Bangladesh.

The timeline to credit the foreign remittance to beneficiary account is reduced to 1 to 2 days from what used to take roughly a week even 5-6 years ago.

In the transformed world where we can communicate, share photos instantly or talk live, is it enough that remittance is taking still days to credit to beneficiary's account? Is there anything that we can do to bring the timeline down to seconds, real time or near real time? This should be as instant as we chat on Skype, Viber or WhatsApp.

The growing development and spread of new technologies have been rapidly transforming many sectors.

The innovation includes products like cars, music, lighting, computers, software to the creation of new disruptive business



Remittances sent mainly by migrant workers constitute the single largest source of foreign exchange of Bangladesh.

like Uber, Airbnb, Amazon and so on.

Similarly financial technology is rapidly changing the world in which we live. From investment management and payments to lending and digital currency, it is transforming what it means to receive and provide a financial service.

Distributed Ledger Technology (DLT) can be the game changer in foreign remittance for faster, cheaper and secure solution.

Blockchain is one type of DLT, but often the term is wrongly tagged with digital currencies like Bitcoin, ether and so on.

In fact, blockchain and distributed ledgers are the building block of "internet of value" that enable economic interactions and transfer value peer-to-peer, without the need of a middleman.

On a DLT-based platform, banks and financial institutions can record, share and synchronise transactions in their respective electronic ledgers instead of traditionally maintained centralised ledger.

The advantages of using DLT in foreign remittance are that it will be: faster and frictionless; cheaper as it eliminates the need for an intermediary bank; secured

and resilient; and transparent.

Spanish banking giant Santander is reportedly launching the first bank to offer blockchain-based foreign exchange payments for consumers soon.

Not only in foreign remittance, a DLT-based platform is being tested for domestic clearing as well.

The Bank of England published a report last year as to find how blockchain technology could enable Real Time Gross Settlement (RTGS) capability.

A consortium of 16 Japanese banks have developed a smartphone application called 'MoneyTap' to allow their customers to settle transactions instantly, round-the-clock.

Recently, the Saudi Arabian Monetary Authority has offered a pilot programme for Saudi banks to help improve their payments infrastructure using DLT.

The success of the pilot programmes by the central banks will not only be helpful to understand the opportunities and limitations of the technology but will also fuel its global momentum.

In all the above cases, the technology is provided by San Francisco-based

blockchain start-up Ripple.

The technology is relatively new and the traditional banks, except a few, are still reluctant to embrace it.

We have seen in other sectors how consumer demand is rapidly changing and firms are compelled to innovate or create new business models to meet the growing demand.

So it is not far that more banks, payment services providers and money service businesses will be embracing DLT for cheaper, better and faster processing of foreign remittance.

A recent report published by the World Bank states that DLT applications will likely be incremental, and will likely replace processes and activities that are still manual and inefficient.

Therefore, DLT could increase efficiency and lower remittance costs, enabling banks to credit foreign remittance instantly. This will ultimately benefit customers -- to a great extent.

The writer is the chief executive officer of BA Exchange (UK), a subsidiary of Bank Asia.

# Prime Bank focuses on SME, consumer banking

The lender celebrates 23rd founding anniversary

STAR BUSINESS REPORT

Prime Bank plans to double its lending for micro, small and medium enterprises and boost consumer banking within 4/5 years, said its top executive yesterday.

Rahel Ahmed, managing director of the private commercial bank, said, "The bank has a target to double its micro SME and consumer banking loan in the next several years."

He made the comments while attending a news conference organised to mark the bank's 23rd founding anniversary at the Dhaka Club.

Currently, the share of consumer and micro SME portfolio on its loan book is about 20 percent.

Ahmed said the key focus of the bank is to improve the service quality and expand the business of micro SME and consumer segments across the country.

The bank has formed an Islamic micro SME team to expand business activities and restructure products for micro and small borrowers, he added.

The CEO also talked about the country's banking industry.

The banking sector is going through various challenges and Prime Bank has taken up initiatives to navigate through the difficulties, he said.

He said there is no liquidity crisis in the banking system. However, there is an imbalance in liquidity distribution.

According to Ahmed, Prime Bank has been able to retain its advance deposit ratio below the regulatory ceiling of 83.5 percent.

"The bank has enough capability to meet fresh lending amid the liquidity challenge."

The bank's profit declined 50 percent to Tk 107 crore last year from Tk 214 crore a year ago.

The high provisioning eroded the profit of the bank, said Mohammad Habibur Rahman Chowdhury, chief financial officer of the bank.

He said the bank has strictly maintained the provisioning requirement to avert any future risk.

The bank has intensified its loan recovery activities to keep the non-performing loan within 5 percent, said Md Golam Rabbani, deputy managing director of the bank.

The default loan of the bank stood at more than 8 percent in 2015 and it came down to 5 percent thanks to the extensive recovery drive, he said.

The second-generation lender, which started its journey in 1995, had a total deposit of Tk 19,901 crore in 2017 and its loan portfolio stood at Tk 19,832 crore, according to a statement from the bank.

It has 146 branches across the country. Habibur Rahman, additional managing director, and Touhidul Alam Khan and Syed Faridul Islam, both deputy managing directors, were also present.