Private sector vital for SDGs

HSBC

Md Abul Kalam Azad, *centre*, principal coordinator for SDG affairs at the prime minister's office, and Francois de Maricourt, *fourth from left*, CEO of HSBC Bangladesh, attend a thought leadership programme titled "Private Sector Engagement for Sustainable Development Goal 6"at InterContinental Dhaka on Tuesday.

STAR BUSINESS REPORT

PRIVATE sector's engagement is vital for achieving Sustainable Development Goal 6 that stands for ensuring availability and sustainable management of water and sanitation for all, speakers said at a programme yesterday.

The Hongkong and Shanghai Banking Corporation (HSBC) in collaboration with WaterAid organised the event at InterContinental Dhaka.

Abul Kalam Azad, principal coordinator for the SDG affairs at the Prime Minister's Office attended the programme as the chief guest.

Azad put emphasis on private sector's involvement in achieving the SDG 6, saying Bangladesh needs to spend 2.5 percent of its GDP to ensure water and sanitation for all.

"Of the funds, 80 percent will come from the government and the rest 20 percent from the private sector," he said, adding the ongoing five-year plan has touched upon the SDGs, but the next one will incorporate the goals in details.

He also hailed the HSBC for its role to ensure access to clean water, sanitation and hygiene in the country.

Francois de Maricourt, chief executive officer of HSBC Bangladesh, said, as the world's leading international bank, it is committed to supporting clients to develop sustainable supply chains that support their global growth ambitions.

"We look forward to continuing to work with WaterAid to deliver essential water, sanitation and hygiene (WASH) services that transform working and living conditions and improve water management in Bangladesh's apparel sector," Maricourt said.

Md Khairul Islam, country director of WaterAid Bangladesh, presented a keynote paper highlighting the efforts of WatrAid and HSBC.

He said businesses should be part of the solution to the global water, sanitation and hygiene challenge – this, in turn, can present business benefits and opportunities as well.

"Engaging business and industry partners is a vital step in driving action and creating transformational change, and can profoundly accelerate the country's efforts in reaching the SDG 6 targets by 2030."

Matthew K Lobner, group general manager of HSBC's Asia-Pacific region; Kedar Lele, CEO and managing director of Unilever Bangladesh; Kyoko Yokosuka, deputy resident representative of UNDP Bangladesh; Rubana Huq, managing director of Mohammadi Group; and Sultan Ahmed, director general of the Department of Environment; took part in the discussion moderated by Dr Ainun Nishat, Professor Emeritus at BRAC University.

Dev partners eager to help Bangladesh achieve SDGs

STAR BUSINESS REPORT

INTERNATIONAL development partners yesterday expressed interest in supporting Bangladesh in the attainment of the sustainable development goals (SDGs), particularly those in areas of human rights and good governance.

The expression came at a "Goal Groups' Consultation with International Development Partners" organised by the Citizen's Platform for SDGs at Brac Centre Inn in Dhaka.

Representatives from organisations and agencies such as the United Nations Development Programme, United Nations Population Fund, Food and Agriculture Organization, Swiss Agency for Development and Cooperation, High Commission of Canada, German Embassy, International Labour Organization, and Korea International Cooperation Agency, among others, attended the event.

Debapriya Bhattacharya, convenor of Citizen's Platform and distinguished fellow at the Centre for Policy Dialogue (CPD), chaired the discussion.

It was attended by Prof Mustafizur Rahman, core group member of the platform and another distinguished fellow at the CPD; Fahmida Khatun, executive director of the CPD, and Anisatul Fatema Yousuf, convenor of the platform and director of the CPD.

The CPD is the secretariat of the platform.

A meeting of the United Nations High-Level Political Forum (HLPF) on sustainable development will be held in July in New York, followed by the SDGs Summit in September 2019.

Keeping the HLPF 2019 in view, the platform is preparing review reports on some SDGs.

These reports will mainly focus on the progress of the SDGs with reflection from the contribution of the non-state actors in delivering the SDGs in Bangladesh with a view to promoting the "Leave No One Behind" target.

CPD

Debapriya Bhattacharya, a distinguished fellow of the CPD and the convenor of the Citizen's Platform for SDGs, speaks at an event titled "Goal Groups' Consultation with International Development Partners" at Brac Centre Inn in Dhaka yesterday.

Grab eyes more funding after record $4.5bn round

REUTERS, *Singapore*

Grab is considering raising more funds from strategic investors, the president of Southeast Asia's top ride-hailing firm said, after raking in over $4.5 billion in the region's largest private financing round that included SoftBank's Vision Fund.

The Singapore-based firm continues to see strong interest from global investors after securing nearly $1.5 billion from the Vision Fund in a year-long round, Ming Maa told Reuters.

The financing round kicked off shortly after ride-hailing giant Uber surrendered its Southeast Asian operations to Grab in March 2018 after a costly battle and in return took a 27.5 percent stake in Grab's business.

"We continue to see a tremendous amount of investor interest around the world, and may consider upsizing this financing in the future," said Maa, a former SoftBank executive, who was instrumental in SoftBank's earlier investments in Grab before joining the startup in 2016.

Maa, 42, said Grab was keen to tie up with more partners that could provide it with a complementary set of technologies or services to help it expand its offerings.

Citing a valuation of $11 billion, research firm CB Insights had ranked Grab among the top 15 unicorns globally before SoftBank's latest funding. Sources familiar with the matter said Grab's valuation had now jumped to about $14 billion.

Grab declined to comment on its valuation.

With Draghi's job eyed, ECB prepares for grand reshuffle

REUTERS, *Frankfurt*

EURO zone leaders will have to pick a new president to lead the European Central Bank in the coming months, reshaping the 19-country currency bloc's most powerful institution.

The selection will cap a year of change that will see half of the ECB's board and more than a third of its Governing Council replaced, an unprecedented reshuffle in the euro's 20-year history.

The Holy Grail is of course the presidency, with Mario Draghi's term ending on Oct 31. The mandates of the ECB's chief economist Peter Praet (May 31) and board member Benoit Coeure (Dec. 31) also expire. In addition, Austria, Belgium, Cyprus, Estonia, Ireland, Latvia, Slovakia and Slovenia are all due to get new central bank chiefs this year.

Central Bank of Ireland Governor Philip Lane's nomination as chief economist is virtually a done deal. The other two board positions are up in the air.

For president, Francois Villeroy de Galhau (France), Jens Weidmann (Germany), Olli Rehn and Erkki Liikanen (both Finland) are in the race. Coeure (France) is also mentioned in the press as a contender, but as a sitting board member, he is not eligible for reappointment. Some have suggested that if he resigned before a nomination, he could gain eligibility, but such a move would be unprecedented and contrary to the spirit of the law.

Appointments to the six-member ECB board are political, though key roles are usually filled by leading economists.

The next ECB president and the new heads of the European Commission and the European Council are all likely to be negotiated as part of a package after elections to the European Parliament in late May.

Draghi was appointed four months before he formally took over in 2011. The timeline will be tighter this year but the process should end by the time Europe shuts for summer holidays.

What are the unwritten rules of the selection process?

★ECB presidents are usually picked from among the 19 national bank governors who sit on the Governing Council along with the six board members, and should be top-flight economists.

★As the three biggest countries, Germany, France and Italy generally claim board seats, the 16 other members usually share the remaining three spots. Italy could be off the board for more than a year, however, as Draghi is unlikely to be replaced by an Italian. Since the next seat to fall vacant is held by France, it's possible that Italy will have to wait until Yves Mersch's term expires on Dec. 14, 2020 to reclaim a board position.

ECB President Mario Draghi

★A nation should not have more than one board seat. So if, for example, Weidmann is appointed ECB president, the other German on the board, Sabine Lautenschlaeger, will be expected to resign.

★The Netherlands, France and Italy have all had ECB presidents in the past and some argue that they should not get the job again until others have had the chance.

★The European Parliament has often complained about the dearth of women in top ECB jobs. Currently, only two of the 25 members of the Governing Council are women and one is due to leave this year.

The Germans certainly think so. But Bundesbank President Weidmann has antagonised many. He openly opposed the ECB's stimulus programme, credited with reviving growth, and got into a public fight with Italy's prime minister over fiscal discipline.

Philip Morris paid for India manufacturing despite ban on foreign investment

REUTERS, *New Delhi*

PHILIP Morris International Inc has for years paid manufacturing costs to its Indian partner to make its Marlboro cigarettes, circumventing a nine-year-old government ban on foreign direct investment in the industry, internal company documents reviewed by Reuters showed.

The Indian government in 2010 prohibited foreign direct investment (FDI) in cigarette manufacturing, saying the measure would enhance its efforts to curb smoking.

Restricting foreign investment leaves cigarette manufacturing largely in the hands of domestic players, and is supposed to prevent any foreign-funded expansion. A year after the government's decision, Japan Tobacco exited India, citing an "unsustainable business model".

Philip Morris, though, stayed in India and used another route, according to company documents dated between May 2009 and January 2018. A year before the FDI ban, it struck an exclusive deal with India's Godfrey Phillips to locally manufacture the world-famous Marlboro cigarettes.

Ever since then, Godfrey has publicly acted as a contract manufacturer of Marlboro cigarettes in India, while Philip Morris's majority-owned local unit acts as a wholesale trading company and promotes the brand.

But dozens of internal company documents - including invoice bills, legal agreements, e-mails and accounting statements - show Philip Morris has for years indirectly paid costs related to Marlboro cigarette manufacturing in India.

Some former Indian enforcement officials said the practice of indirectly paying for manufacturing-related costs violates regulatory rules. However, some lawyers such as Pratibha Jain, a partner at Nishith Desai Associates, disagreed, pointing out that the federal rules did not explicitly prohibit such payments.

Philip Morris' director for corporate affairs in India, R. Venkatesh, in an e-mail, said the company's "business arrangements with Godfrey Phillips India comply with Indian Foreign Direct Investment Rules". He did not elaborate. The company did not answer detailed questions for this article and did not offer any executive for interview, despite repeated requests from Reuters over the past month.

Six invoices issued by Godfrey showed billing of 45.5 million Indian rupees ($644,200) to Philip Morris between December 2013 and January 2018 for manufacturing-related charges. Philip Morris paid for items ranging from large cigarette-making machines to costs of smaller equipment such as barcode scanners and printers deployed in Godfrey's factories.

One invoice from January 2018 sent from Godfrey to Philip Morris showed the Indian company had spent 206 million rupees ($3 million) on capital expenditure for Marlboro-related manufacturing activities since 2009, though it was not clear how much of that was paid by Philip Morris.

Godfrey Phillips' head of corporate affairs, Harmanjit Singh, said in an email that all the commercial arrangements "are in complete compliance with the extant regulations governing the Indian Foreign Direct Investment and other applicable laws, and, incidentally, all transactions are in Indian Rupees. Also, it is our considered view that no illegality can be impugned to these commercial transactions between the parties."

Philip Morris' local unit and Godfrey arranged a mechanism for such transfer of funds around the time they struck the 2009 deal. A 94-page "procurement agreement" signed between the two sides that year, which is not public but has been reviewed by Reuters, said that Godfrey may acquire new machinery for solely manufacturing Marlboro cigarettes and will then "invoice PM (Philip Morris) India" for charges in a phased manner. Philip Morris "shall pay such invoice by bank transfer", the agreement said.

The agreement specified Philip Morris would make periodic payments calculated according to the normal depreciation charge of the machinery, plus 10 percent per annum on its net book value.

Other than those regular payments, Philip Morris also signed off on one-time expenses and refurbishment costs incurred by Godfrey on at least two occasions in 2013 and 2014, according to internal e-mails and accounting records. It then accounted those transactions internally under a heading "Packaging - Research", accounting records showed.

Three former officials and one former head of India's main financial crime-fighting agency, the Enforcement Directorate, reviewed the Philip Morris documents for Reuters and said the dealings should be investigated for circumventing India's foreign investment rules.

REUTERS

A woman waits for customers as a Marlboro advertisement is pasted up inside her stall in New Delhi yesterday.

One of the former officials said that paying for machines to manufacture cigarettes essentially resulted in the promotion of cigarettes, and the government's intent of banning foreign direct investment in 2010 was to deter that. Bhure Lal, a former head of India's Enforcement Directorate, said the companies "should be investigated ... they are camouflaging".

The current chief of India's Enforcement Directorate, Sanjay Kumar Mishra, did not respond to a request for comment.

If the Enforcement Directorate investigates a company and finds it to be in violation of the rules, Indian law allows it to impose a penalty of up to three times the amount contravened.

Jain of Nishith Desai Associates, which also advises global companies on foreign investment rules and reviewed the Philip Morris documents for Reuters, said the company was able to circumvent the FDI prohibition in cigarette manufacturing by paying for the machines through invoices.