

Kuwait's economic recovery faces risks

IMF says

REUTERS, Dubai

Kuwait's economic recovery is ongoing but risks to the oil producer's outlook "remain substantial" and gridlock between the government and parliament continues to delay reforms, the International Monetary Fund said on Wednesday.

The IMF's executive board, in an assessment following "Article IV" consultations with the Kuwaiti government, said real gross domestic product (GDP) is seen slowing to just 0.1 percent this year after 8.2 percent growth in 2022, mainly due to oil production cuts.

Kuwait is part of Opec+, a producer group comprising the Saudi-led Organization of the Petroleum Exporting Countries and Russia-led allies, which has been cutting crude output since November to prop up prices.

Political gridlock between the government and Parliament could continue to delay reforms, the IMF said.

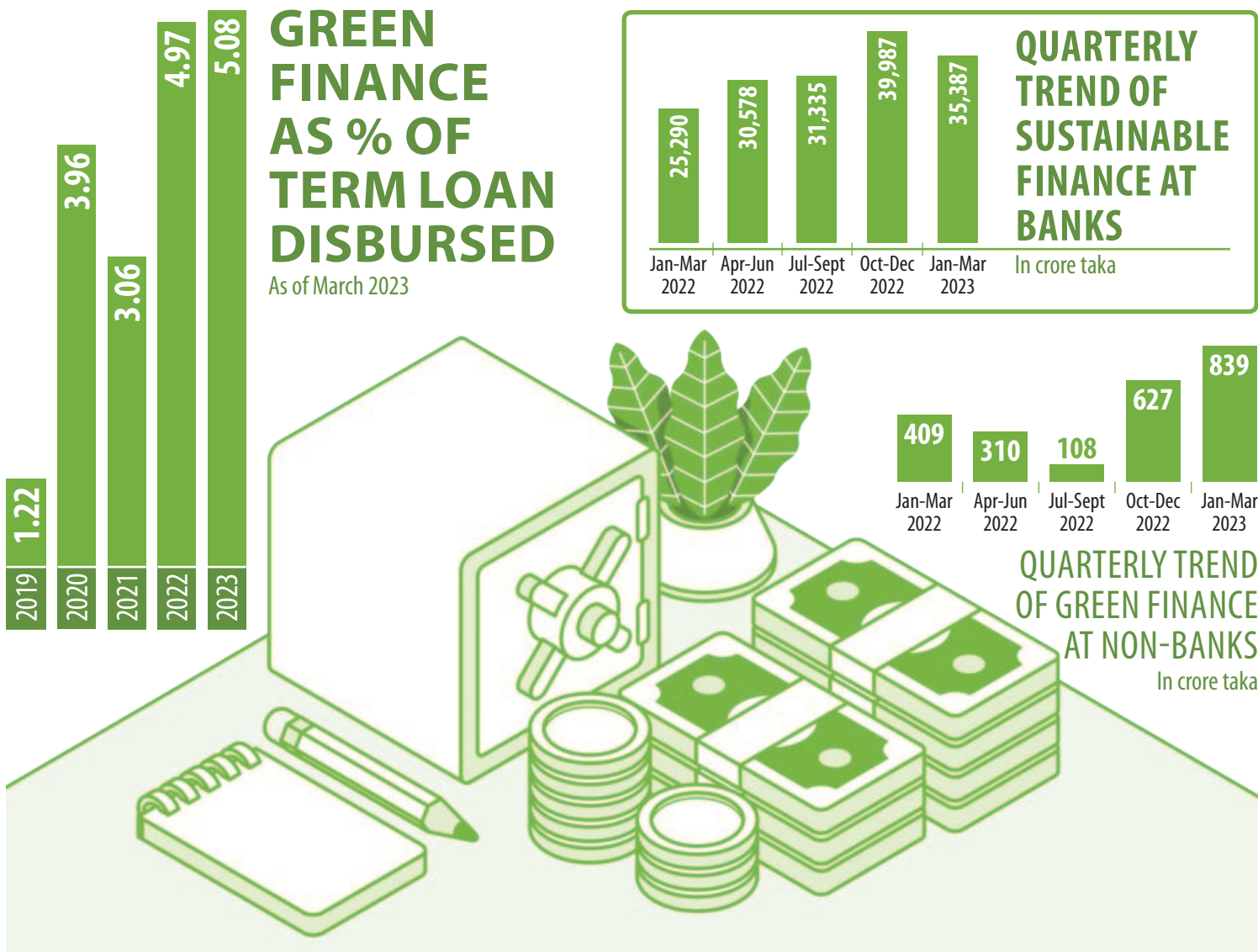
The IMF in May had forecast real GDP to slow to 0.9 percent. Despite the expected stagnation, the IMF on Wednesday forecast real non-oil GDP growth at 3.8 percent this year from 4 percent in 2022.

"Given Kuwait's large fiscal and external buffers, it can undertake needed reforms from a position of strength. However, political gridlock between the government and Parliament could continue to delay reforms," the IMF said.

Feuding between successive appointed cabinets and elected parliaments has hampered fiscal reform for years, including passing a debt law that would allow Kuwait to borrow international debt. It resorted to palliative measures to temporarily boost finances after the pandemic slammed oil prices in 2020.

"Resolving the impasse is critical to accelerate reform momentum, and to thereby boost growth and diversify the economy," the IMF said.

The IMF said higher spending in Kuwait's draft budget for the fiscal year "is appropriate given the negative non-oil output gap".



Sustainable finance on the rise

MD FAZLUR RAHMAN

Sustainable finance extended by banks rose nearly 40 percent year-on-year to Tk 35,387 crore in the first quarter of 2023 as lenders keep disbursing a higher volume of loans to eco-friendly businesses and industries, official figures showed.

The amount stood at Tk 25,290 crore in the identical January-March quarter of 2022, according to the Quarterly Review Report on Sustainable Finance of Banks & Financial Institutions of the Bangladesh Bank.

The disbursement in the first quarter of 2023 was slightly down from Tk 39,987 crore lent in the October-December quarter.

The BB introduced green banking activities in 2009 and issued guidelines on green banking in 2011. It rolled out the sustainable finance policy in 2020.

The central bank defines sustainable finance as any form of financial service that includes investment, insurance, banking, accounting, trading, economic and financial advice integrating environmental, social and governance criteria into business or investment decisions for lasting benefits of both clients and society.

It includes green finance, sustainable agriculture, sustainable cottage, micro, small and medium enterprises, socially responsible financing, working capital and demand loan of green products, projects and initiatives, and priority green or eco-friendly products in the trading sector.

Green finance of banks surged 65 percent year-on-year to Tk 2,775 crore in the first quarter of 2023. This, however, was down from Tk 4,050 crore reported in the October-December quarter.

The amount totalled Tk 1,689 crore in the January-March quarter of 2022.

Green credits disbursed by non-bank financial institutions (NBFI) more than doubled to Tk 839 crore in January-March

this year compared to Tk 409 crore a year earlier.

In 2022, banks and non-banks disbursed Tk 12,226 crore in the form of green finance, up from Tk 7,232 crore in 2021.

In Bangladesh, green finance as a percentage of the total term loan given out more than quadrupled from 1.22 percent in 2019 to 4.97 percent in 2022. It rose further to 5.08 percent in the January-March quarter of 2023.

Similarly, sustainable finance rose to Tk 130,762 crore from Tk 82,551 crore in 2021. Such funding accounted for 8.04 percent of the total loans in 2021, 11.59 percent in 2022 and 13.77 percent in the first quarter of 2023.

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According to the report, 56 banks out of 61 and 13 NBFI out of 34 had exposure in sustainable finance in the first quarter.

Rajshahi Krishi Unnayan Bank topped the chart among the banks when it comes to sustainable financing. Its attainment stood at 64.57 percent, followed by Bangladesh Krishi Bank's 56.42 percent, Shahjalal Islami Bank's 39.81 percent and National Bank's 35 percent.

Bangladesh Infrastructure Finance Fund, Infrastructure Development Company and UAE-Bangladesh Investment Company all hit the target among the NBFI.

Forty-two banks and nine NBFI had exposure in green finance in the January-March quarter.

Exim Bank, Shahjalal Islami Bank and

Shimanto Bank were the top three banks in green finance in the three-month period while Bangladesh Infrastructure Finance Fund and Infrastructure Development Company achieved the goal set by the BB.

In January-March, 19 banks and eight NBFI surpassed the target of green finance, which was set at 5 percent compared to the total term loan disbursement.

The banks were Exim, Shahjalal Islami, Shimanto, State Bank of India, United Commercial, Islami Bank Bangladesh, Jamuna, Trust, Prime, Modhumoti, Mutual Trust, Janata, HSBC, Uttara, City, Social Islami, Eastern, Brac, and Bank Asia.

The NBFI were Bangladesh Infrastructure Finance Fund, Infrastructure Development Company, UAE-Bangladesh Investment Company, Bangladesh Finance & Investment, CVC Finance, United Finance, Agrani SME Financing, and IDLC Finance.

Besides, 15 banks and 10 NBFI managed to fulfil their target of sustainable finance compared to the total loan disbursement.

In the report, the central bank said in an emerging economy like Bangladesh, environmental management needs to be the key focus area of the business fraternity, especially the banking industry, which is a major intermediary.

"Green and sustainable interventions and frameworks are crucial for making future development more sustainable. Forming sustainable frameworks is very much within the broader scope of sustainable development agenda of a country like Bangladesh."

It said banks and NBFI hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities and influence environmental risk management in real economy and sustainable growth.

"These institutions can accelerate the movement of a clean world to a large extent."

Foreign trip or company-paid holiday?

MAHTAB UDDIN AHMED

While having lunch with his colleagues, Jamal announced he was going to Singapore to attend a training workshop. Cheers followed, but some were struggling to conceal their resentment with "But you came back from Bangalore last month" and the like.

The corporate world is rife with sour grape symptoms. Every organisation seems to have a handful of people getting opportunities to attend meetings or courses abroad that others hanker for.

The resentment against the so-called company-paid holiday runs deep among colleagues and is often undermined or overlooked by superiors. It is a complex and controversial issue that involves various perspectives and factors.

Research shows that organisations spent \$359 billion globally on training in 2016. Was it worth it? Not when you consider the following: 75 percent of 1,500 managers surveyed across 50 organisations were dissatisfied with their company's learning and development (L&D) function. Only 12 percent of employees apply the new skills learned in L&D programmes to their jobs.

According to a recent McKinsey survey, only 25 percent of respondents believe that training measurably improved their performance. Now imagine how much I had to sweat when an ex-boss of mine would always ask me to calculate, as a standard guideline, the ROI (return on investment) for each travel.

I once attended a three-day conference in Mumbai along with 12 others. I was surprised when some of them failed to turn up at the venue for the entire conference duration.

Recently, I had the opportunity to attend a programme of the South Asia Federation of Accountants in the Maldives, where I enjoyed being a flag bearer in an international forum.

While in conversation with a senior diplomat, I expressed how we, as a nation, sometimes miss opportunities to bring matters to our favour despite having strong evidence in our support. However, I was immediately reminded that little can be achieved in bilateral negotiations if the officials are more preoccupied with shopping and sightseeing.

I pondered how we could improve when I had the opportunity to spend time with foreign ambassadors and was amazed at their level of clarity on the job at hand and their focus on their countries' interests.

There are immense professional benefits to foreign work trips.

On the one hand, they can offer opportunities for learning, networking, and exposure to different cultures and markets, enhancing employee motivation, satisfaction, and loyalty.

On the other hand, they can also pose a challenge regarding costs, logistics, language barriers, family obligations (particularly for young mothers) and cultural clashes. They can also create resentment among employees who do not get similar opportunities or work extra hours for their absent colleagues.

Companies that provide opportunities for their employees to travel abroad for training or conferences have better global branding and a more glamorous image in the local job market, attracting greater talents and retaining them better than their counterparts.

Foreign trips also demonstrate a company's commitment to innovation and learning. However, they can also raise ethical and social questions about the company's environmental footprint, social responsibility and accountability. They can also be seen as a waste of resources or a sign of privilege or extravagance.

There is no doubt that travel widens the mental horizon, offers professional exposure, and does wonders for self-confidence and motivation. But it is equally important to focus on the takeaways from a professional trip and how to put them to good use in the future.

The author is founder and managing director of BuildCon Consultancies Ltd

Sri Lanka orders lending rate cap

AFP, Colombo

Sri Lanka's central bank on Thursday capped maximum lending rates after accusing commercial banks of failing to pass on benefits of a relaxed monetary policy to borrowers.

Colombo defaulted on its \$46 billion foreign debt in April 2022 and most of its 22 million people endured months of food, fuel and medicine shortages, sparking civil unrest that eventually toppled then-president Gotabaya Rajapaksa.

His successor Ranil Wickremesinghe has doubled taxes, removed generous subsidies on energy and sharply raised prices to shore up state revenue.

The Central Bank of Sri Lanka reduced benchmark policy rates 450 basis points to 12 percent over June and July, but commercial banks had not correspondingly lowered their lending rates. It decided against another cut Thursday.

"Accordingly, the monetary board (of the central bank) decided to impose caps on interest rates," the bank said in a statement.

It said commercial banks will be restricted to charging a maximum of 28 percent on credit card balances, compared to current rates of 36 percent.

Over drafts will be limited at a maximum of 23 percent interest, compared to over 30 percent charged by some financial institutions.

Inflation peaked at 69.8 percent last September, but fell to 6.3 percent in July, its lowest rate in nearly two years.

The government secured a \$2.9 billion bailout from the International Monetary Fund in March.

The IMF said in June that Sri Lanka's economy showed "tentative signs of improvement" but warned Colombo still needed to pursue painful reforms.



A vegetable vendor counts Indian rupee notes in Mumbai. The Indian rupee marched to a three-week high yesterday on a pullback in US Treasury yields and the central bank's resolve to defend the currency.

PHOTO: AFP/FILE

Saudi Arabia may cut oil output further

REUTERS, London

Saudi Arabia will likely roll over a voluntary oil cut of 1 million barrels per day for a third consecutive month into October, five analysts said, amid uncertainty about supplies and as the kingdom targets drawing down global inventories further.

Opec+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, agreed a broad deal in early June to curtail supplies until the end of 2024. Saudi Arabia at the time announced the additional voluntary cut which brought its oil production to a multi-year low of 9 million bpd.

Earlier this month, Riyadh extended the voluntary cut into September, with the energy ministry saying that it could be "extended, or extended and deepened".

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