

## New ADB project to groom SMEs

### Bangladesh, Bhutan, Nepal, India on agenda

BSS, Manila

The Asian Development Bank (ADB) is promoting the growth and development of the small and medium enterprises (SMEs) sector of four South Asian countries, including Bangladesh, with the help of a regional technical assistance (RETA) grant of 750,000 US dollars.

The project will improve access of SMEs in Bangladesh, Bhutan, Nepal, and Northeast India (BNNI) to financial support and business development services.

"The aim is to create an environment that will nurture the growth and development of viable, sustainable, and competitive SMEs," says ADB Senior Financial Economist Virgilio Velasco.

A mix of historical and geographic factors has hampered SME growth in the region, including fragmented policy and regulatory

frameworks, high costs of doing business, and underdeveloped market support, which limits access to credit and business development services.

Compounding these problems are formidable mountain terrain, border tensions, and ethnic heterogeneity, which contribute to the perception of political instability and high business risk in the South Asian region.

The project will tap into the region's network of financial institutions and business service providers, and the organizational and governance structure of the executive agency, the Dhaka-based Southeast Enterprise Development Facility (SEDF).

The SEDF was established in April 2002 to address constraints in SME development in the four countries and to promote cross-border trade.

With a primary focus on Bangladesh, the SEDF is managed on behalf of the contributing donors by the Small and Medium Enterprises Department of the World Bank Group, a joint department of the International Finance Corporation and the World Bank.

The ADB will be a member of SEDF's Donor Oversight Committee that will set its strategic directions and programme of activities.

The project will help the SEDF to evaluate and prepare SME projects for financing, strengthen local providers of business development support services, and carry out studies and provide advice on issues and reform areas related to SMEs.

Projects and studies to be funded from the RETA will be subject to mutually agreed eligibility criteria.

The project will also support reform measures and improvements in the regulatory processes.

The ADB is also undertaking in Bangladesh a related technical assistance project to prepare a sector development programme for SME development and export expansion (SMEDEEP) to foster the growth and competitiveness of SMEs.

The main linkages between SEDE and SMEDEEP will be to formulate joint projects, adopt a user-friendly rating system for potential SME borrowers, share information, and build a pipeline of subprojects for financial institutions participating under SMEDEEP.

In the business development and services area, both SEDF and SMEDEEP will interface with the UK Department for International Development's project on

Developing Business Development Services Markets for Business Development Services in Bangladesh.

At a meeting held at the Bangladesh Resident Mission of ADB, Toru Shibuichi, Country Director, apprised Thomas Davenport, Manager, SME Department of the World Bank Group and Anil Sinha, General Manager, SEDF, about the approval of the RETA by ADB President.

Sinha explained that rather than providing financing, SEDF will work to build access to local business advisory for SMEs and also to improve the local business climate, where smaller businesses are constrained by weak corporate governance, and other legal and regulatory issues.

## Level playing ground key to telecom sector growth

### Telenor CEO tells The Daily Star

MUSTAK HOSSAIN

Jon Fredrik Baksaas, chief executive officer (CEO) of Telenor, said a level playing field is prerequisite for faster growth and better service of telecommunications sector in Bangladesh.

"A level playing ground is very important for all telecom operators for their growth which would ultimately help subscribers get a better service," Baksaas, who was on a two-day visit to Bangladesh, told The Daily Star in an exclusive interview on Monday.

He said Bangladesh has tremendous potential to grow its cellular phone market as the country is criss-crossed by rivers and telepenetration is still very low. He, however, refrained from giving any projected growth figure.

He appreciated the investment climate of the country in the filed of telecommunication and lauded the role of the government for the development of Information Communication and Technology (ICT), which he thinks would help foster economic growth.

Baksaas also praised the role of the country's telecom regulator -- Bangladesh Telecommunication Regulatory Commission (BTRC) -- for its endeavour to deregulate the



Jon Fredrik Baksaas

telecom sector and rationalise tariffs of Internet service and VSAT.

Though the BTRC started functioning less than a year ago, it has done some commendable tasks, he said. "But it should try to learn and gather experience from telecom regulators of different countries in order to understand issues relating to telecommunications."

He welcomed more competition in the cell phone sector and said unified rules should be applied to all companies in the field.

Telenor, a leading Norwegian telecommunication firm, owns 51 per cent share in GrameenPhone,

the leading GSM operator in Bangladesh, which controls over 75 per cent of the country's cellular market.

Baksaas praised the function and service quality of GrameenPhone. "I was amused by the quality and prompt service after I had made a call from my Norwegian phone to Bangladesh," he said.

Commenting on the market share and balance sheet of Telenor, he said, "The company has a healthy balance and a good growth rate. Telenor also enjoys a good market position compared to other telecom firms in Europe."

Telenor has stake in cellular business in three South and South East Asian countries -- Thailand, Malaysia and Bangladesh. It also operates fixed line telephony in Norway and Russia.

Telenor is a state-owned telecommunication company in Norway operating since 1885. It is amongst the oldest, most sophisticated, and diversified telecom companies in the world.

Telenor has been playing a pioneering role in the development of GSM (global system of mobile communications) technologies.

## Int'l trade fair in Khulna next month

UNB, Khulna

A 16-day International Trade Fair 2003 will be arranged here next month by the International Trade Promotion Centre (ITPC).

The fair will begin on February 18, aiming to attract prospective foreign investors in the Mongla Export Processing Zone (MEPZ).

ITPC sources said local entrepreneurs along with investors from five countries will participate in the fair which will have 170 booths and 30 pavilions.

The total budget for organising the fair is Tk 35 lakh, ITPC official Nazir Shahin told UNB yesterday.

## MBM job fair held at BIBM

BSS, Dhaka

Governor, Bangladesh Bank Dr Fakhruddin Ahmad, yesterday inaugurated the Masters of Business Management (MBM) Day and MBM Job Fair 2002 organized by the Bangladesh Institute of Bank Management (BIBM) in the city.

Held at the BIBM auditorium, the inaugural function was addressed, among others, by Professor and Director (CPGS), Dr Toufique Ahmad Chowdhury, Managing Director, NCC Bank Ltd, M Aminuzzaman, Managing Director, Prime Bank Ltd, SM Nurul Alam, and Former Director General of BIBM AHM Nurul Islam Chowdhury. While, the programme was chaired by Director General, BIBM Dr Mohammad Sohrab Uddin.

Dr Fakhruddin Ahmad said the MBM programme is playing a pioneering role for providing skilled manpower in the banking sector. As a professional degree, the banking sector has already started to be benefited out of MBM degree holders and it will continue, he said.

The BB Governor highlighted the importance of specialized education for the development of skilled manpower.

Dr Ahmad considered the MBM graduates as "bankers for tomorrow" and said they will be able to create a disciplined and robust banking sector through combining their merit, skill and creativity.

He also hoped that skilled female bankers will emerge through the MBM programme.

## Dhaka Bank foundation course ends

A 16-day foundation training for bankers concluded at the Dhaka Bank Training Institute (DBTI) at Uttara in the city recently, says a press release.

A total of 22 newly recruited probationary officers from different branches and head office of the bank participated in the course.

KAM Majedur Rahman, acting managing director of the bank, addressed the valedictory session and distributed certificates among the participants.

The valedictory session was also addressed by Salahud Din Ahmed, senior assistant vice-president and faculty member M Saiful Karim Chowdhury, assistant vice president and faculty member of DBTI, and some participants of the course.

## Correction

In a news item published on this page yesterday under the headline "Three Summit Power plants receive ISO certificate," the average selling price of electricity was inadvertently printed as Tk 2.40/KWhr. The exact figure is Tk 2.04/KWhr. We regret the mistake.



PHOTO: PRIME BANK  
The annual business conference of Prime Bank Limited was held at a city hotel yesterday. Quazi Sirazul Islam, chairman of the bank, Shahadat Hossain, vice-chairman of the bank's Board of Directors, M A Khaleque, chairman of the Executive Committee, Firoza Amin, chairman of the Policy Committee, member of the Board R A Ghani, Representative Director M A Wahhab, Shah Md Nurul Alam, Managing Director, and M Shahjahan Bhuiyan, additional managing director of the bank, are seen with the branch managers who achieved their budgetary target in 2002.

## Pakistan's commitment to reforms satisfies IMF

REUTERS, Islamabad

The International Monetary Fund said Monday it was satisfied with assurances by Pakistan's new civilian government that it would stick to a reform path launched three years ago.

George Abed, director of the IMF's Middle Eastern department, told a news conference he expected the fund's board to meet in February to decide on the release of the next \$115 million of a \$1.31 billion loan to Pakistan agreed in December 2001.

Pakistan's senior financial official Shaukat Aziz told the news conference the government had told the IMF it would stick to the economic reform path pursued over the past three years.

"We said that we believe in continuity of reforms, because if we stay on course we will get higher

growth," said Aziz, who is adviser to Prime Minister Mir Zafarullah Khan Jamali on finance.

Abed said he would tell the IMF board he was "content and satisfied" with assurances that reforms initiated in 2000 by military President Pervez Musharraf, would continue with the new civilian administration installed in November.

"The continuity is there, the commitment is there," he said.

Abed said the IMF was confident Pakistan would meet a budget deficit target of 4.6 per cent of GDP for the fiscal year to June 30.

Pakistan has set a fiscal deficit target of four per cent for this fiscal year. An IMF official said the difference in the targets was the result of different methods of calculation used by the government and the fund.

The IMF loan to Pakistan is intended to help battle poverty and offset the impact on its economy of the war in neighbouring Afghanistan.

Pakistan received \$115 million in November as the fourth tranche and the IMF says timing of the disbursement of the fifth will depend on the assessment of Abed's mission.

The IMF and other donors to Pakistan have expressed concern about Jamali's decision to cut electricity tariffs last month without consulting the country's power sector regulator.

But Abed, who met both Jamali and Musharraf, said he was sure the role of the regulatory bodies would be strengthened. "We have every reason to believe that it will continue," he said.



PHOTO: SHAHJALAL BANK  
Matin Uddin Ahmed, managing director of Shahjalal Bank Limited, and Sk Raihan Ahmed, chairman of Link3 Technologies Ltd, sign an agreement at the bank's head office in the city on Monday. Under the deal, the bank will get online banking system from Link3 Technologies Ltd.

## Manila urges rich nations to ease drugs patent rules

AFP, Manila

Developing countries facing major health problems should be allowed greater flexibility in accessing cheap drugs, Philippine trade minister Manuel Roxas said Tuesday.

Roxas noted that the World Trade Organization (WTO) agreed in talks in Doha in 2001 that poor countries battling epidemics should take precedence over patent rights held by pharmaceutical firms.

Countries without the means to produce such medicines, however,

have demanded the right to issue "compulsory licenses" to local manufacturing companies, which could force the pharmaceutical industry to share patents.

Negotiations on relaxing global patent rules on medicines have stalled over the thorny issue of what should be covered by the agreement and opposition from major pharmaceutical companies.

"Clearly, the declaration (in Doha) intends to afford countries the unfettered right to determine what constitutes public health

problems," Roxas said in a statement.

The US government last month blocked a deal that would have outlined how poor countries could access vital medicines, claiming the coverage went beyond the focus on HIV/AIDS, malaria, and tuberculosis agreed to in Doha.

In a bid to break the impasse, the European Union last week proposed a list of 22 diseases for which developing countries could issue the compulsory licenses.

## CEOs of Telenor, Telenor Mobile call on PM

Chief Executive Officer of Telenor AS of Norway, Jon Fredrik Baksaas, and Chief Executive Officer of Telenor Mobile Arve Johansen called on Prime Minister Khaleda Zia at her office on Monday, says a press release.

They exchanged views about the investment opportunity in Bangladesh. Mahmudur Rahman, executive chairman of the Board of Investment, was present on the occasion.

Ola Ree, managing director of GrameenPhone, handed over a cheque for Tk. 25,00,000 to the Prime Minister for PM's Relief Fund. Telenor is the majority shareholder of GrameenPhone, the largest mobile phone operator in the country.

They later visited Village Phone subscribers at Rupganj Upazila. Professor Muhammed Yunus, managing director of Grameen Bank, Khalid Shams, deputy managing director of Grameen Bank, and Masud Isa, managing director of Grameen Telecom also accompanied them.

## Prime Bank holds business conference

The 8th annual business conference of Prime Bank Limited was held at a city hotel yesterday.

Quazi Sirazul Islam, MP, Chairman of the Board of Directors of Prime Bank Limited, inaugurated the conference as chief guest while Shah Md Nurul Alam, managing director, presided over it.

Vice-Chairman of the Board Md Shahadat Hossain, Chairman of the Executive Committee, MA Khaleque, Chairman of the Policy Committee, Firoza Amin, members of the Board, Dr RA Ghani, and Representative Director MA Wahhab were present on the occasion.

M Shahjahan Bhuiyan, additional managing director, all branch managers and head office executives of the bank were present at the conference.

The bank in the year 2002 earned a pre-audited operating profit of Tk 81.02 crore. Return on Assets was 4.70 per cent.

## Citibank holds workshop on SWIFT

Citibank NA Bangladesh organised a daylong "Users Workshop on SWIFT" for the officials of nationalised commercial banks (NCBs) in the city on Sunday, says a press release.

Minister for Science, Information and Communication Technology, Abdul Moyeen Khan, was present as the chief guest at the concluding session of the workshop.

In his speech, Abdul Moyeen Khan stressed the need for increasing use of SWIFT in banks.

A total of 52 professionals from Sonali Bank, Agrani Bank, Janata Bank, BASIC Bank and Citibank NA attended the workshop.

Senior professional from Exim Bank, Bashirul Islam with extensive training on SWIFT method, conducted the workshop focusing on issues like "Overview on SWIFT," "Customers payment & Financial Institutional Transfer" and "Documentary Credit & Guarantee and Customer Status."

Rashed Maqsood, head of Financial Institutions, Mamdudur Rashid, senior country operations officer, and other senior officials of Citibank NA were present.



PHOTO: DSE  
A five-member delegation led by M Zubaidur Rahman, programme coordinator of Financial Management Unit of the World Bank, visited Dhaka Stock Exchange (DSE) on Monday. Picture shows the team at a meeting with DSE Chairman Ahmed Iqbal Hasan. Among others, DSE Councilor Ahmed Rashid, Member Saiful Islam and ICAB President M A Bari were present.

## Koizumi sees low growth for another 2-3 years

AFP, Tokyo

Japanese Prime Minister Junichiro Koizumi said Tuesday the country must tolerate low growth for another two to three years before enjoying the fruits of a major reform drive.

"Structural reforms are still progressing. We must endure low growth for two to three years before seeing the effects," Koizumi said on the legislative floor of parliament where he answered questions from opposition lawmakers.

"We will comprehensively conduct four pillars of reforms -- financial system, tax system, budgetary spending, and regulations -- while

working to overcome deflation," he said.

Opposition lawmakers blamed the Koizumi cabinet for Japan's billowing economic woes, such as decreasing tax revenues and weak stock prices.

They called on Koizumi to resign as premier and said the lower house should be dissolved for a snap election.

In response, Koizumi said: "I have no intention to dissolve it."

"Our work on reforms is mounting. We should think about (dissolving the parliament) after we make achievements. I have no intent to resign, either," he added.

Outside parliament, lawmakers and business leaders continued to debate whether the Bank of Japan (BoJ) should implement a positive inflation target to reverse a steep slide in prices that has restricted economic growth.

The talk came as the central bank began a two-day policy setting meeting.

"It is important... for us to have continued discussions" about implementing a target for inflation, Masashi Teranishi, chairman of the Japanese Bankers Association, told a news conference.

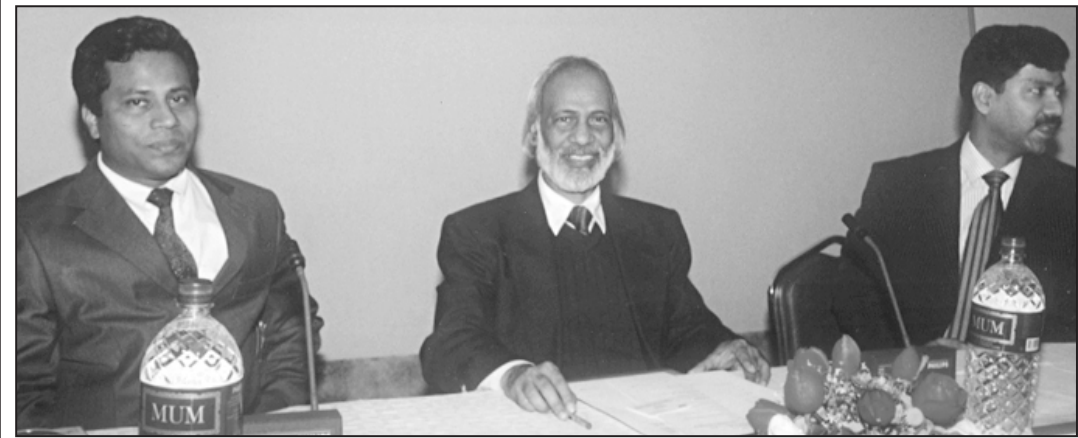


PHOTO: CITIBANK NA  
Picture shows Minister for Science Information and Communication Technology Abdul Moyeen Khan, Mamdudur Rashid, senior country operations officer, and Rashed Maqsood, head of Financial Institutions of Citibank NA, at a workshop organised by the bank in the city on Sunday.

## Key German index rises, offers economic hope

AFP, Mannheim, Germany

A leading confidence index in Germany published on Tuesday rose in January for the first time in seven months, offering a glimmer of hope for the beleaguered German economy, currently the worst performing in the 12-country euro zone.

The ZEW economic research institute's economic expectations index, based on a poll of 323 ana-

lysts and institutional investors, rose by 13.4 points to plus-14.0 points in January, ZEW said in a statement.

It was the first time since June 2002 that the index has risen and was a much better reading than most analysts had been expecting, with forecasts ranging from a renewed fall in the barometer to a slight gain.

"It's the first glimmer of hope on the horizon," said ZEW President

Wolfgang Franz. But he added: "There are of course still substantial risks, such as the outcome of the Iraq crisis and German economic policy."

Feeding the improved sentiment was the expectation that oil prices would fall in the medium term. And the stabilisation on the world's stock markets was also having a positive effect, Franz explained.