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JBCCEC meet in Tokyo told

Possibilities of setting up SMEs in Bangladesh to be explored

Foreign Minister Abdus Samad Azad yesterday sought increased Japanese investment for the development of Bangladesh during a luncheon meeting with Japanese investor in Tokyo, reports BSS.

Azad said with Japanese investment, Bangladesh, besides providing employment for the semi-skilled and unskilled manpower, will be benefited by having modern technology, a message from Tokyo said.

Japan-Bangladesh Committee for Commercial and Economic Cooperation (JBCCEC) hosted the lunch in honour of the visiting Bangladesh Foreign Minister Abdus Samad Azad.

JBCCEC is a forum comprising both private and public leadership of two countries for promoting trade, investment and economic cooperation between them.

While welcoming Azad, Chairman of JBCCEC Uzuhiro Uwatoko disclosed that the organisation will explore the possibilities of setting up of medium and small-scale industries in Bangladesh. It was in-

formed in the luncheon that JBCCEC in collaboration with Bangladesh Embassy in Tokyo is planning to arrange a business conference of SMEs (Small and Medium Enterprises) of the two countries in Dhaka in February at the time of the tenth meeting of Japan-Bangladesh Joint Committee, the message said.

Addressing the Japanese business leaders, the foreign minister mentioned that Japan is a great friend of Bangladesh and hoped that the cooperation between the two countries would be strengthened in the coming years. He mentioned about Japanese assistance in building Bangabandhu Bridge and said Bangladesh was interested to attract investment in small and medium scale industries as it suited its overall abilities. The Chittagong Hill Tracts peace accord, the minister said, had brightened the opportunities for setting up of industrial park and agricultural farm in the region, the message added.

Uwatoko conveyed to Azad the deep appreciation of the trade delegation that visited Bangladesh last week under his leadership. He spoke high of the efficient handling of relief and post flood rehabilitation activities.

Bangladesh Ambassador in Japan Rashed Ahmed, CEOs of Japanese big trading houses and officials of Bangladesh Embassy attended the luncheon.

Meanwhile another APB reports says: While speaking at a dinner hosted by the Japan-Bangladesh Parliamentary League and Japan-Bangladesh Friendship Association in Tokyo Monday, the Foreign Minister hoped Bangladesh would continue to receive Japanese support to forge ahead with its cherished goals of attaining self-reliance and alleviation of poverty.

Expressing deep gratitude to the people and the government of Japan for the generous help and assistance since its independence, Samad Azad recalled

their support in the Liberation War and subsequently in the reconstruction of the country's war-ravaged economy.

Former Foreign and Finance Minister of Japan Hiroshi Mitsuzuka, referring to the strong bond of friendship established by Bangabandhu Sheikh Mujibur Rahman, appreciated the leadership of Prime Minister Sheikh Hasina in ensuring democracy and development in Bangladesh.

Mitsuzuka, a veteran parliamentarian, lauded the efficient handling of recent floods. He appreciated the role of Bangladesh government in consolidating democracy and strengthening regional cooperation.

He also lauded Dhaka's role in organising the three-nation Business Summit.

Praising the formation Bangladesh-Japan Parliamentarians' Friendship Association, he expressed the hope that both the countries would be immensely benefited with the exchange of views among the parliamentarians.



Market centres in the city remained closed for the second consecutive day yesterday. — Star photo

SAPRI report on WB projects says

Dhaka's implementation rate 40pc lower than global average

The World Bank's projects in Bangladesh are being implemented at 40 per cent lower efficiency than the global average, according to a report of Structural Adjustment Participatory Review Initiative (SAPRI).

"In its lending, Staff-Years (SYs) spent on every approved projects in Bangladesh were almost 40 per cent higher than the Bank's global average. Bangladesh's project completion rates were over twice the South Asian average, and 4.3 times the Bank-wide average," said the report titled "Towards Demystifying a Process: The Structural Adjustment Policies (SAP) in Bangladesh."

The primary measure used by the Bank for estimating efficiency of its assistance programme is staff years (SYs).

The SAP review, carried out by Dr Debapriya Bhattacharya and Rashed A. M. Titumir, revealed that 12.5 per cent of the on-going portfolio of the Bank was given a "problem rating" in FY80, which climbed to a peak of 29.5 per cent in FY86 to re-

main pegged for the rest of the eighties.

The proportion of problem-rated projects has declined during the nineties to 21.4 per cent in FY96, which is still above the Bank's global average.

Project execution has been identified by the Bank as a persistent problem, negatively affecting implementation of the Bank's development assistance strategies.

Regarding the implementation status, the SAPRI working paper informed that the disbursement ratio for Bangladesh was still below the Bank's global average of 18.8 per cent, though it improved to 17.3 per cent in FY96 from the average of about 11 per cent throughout the eighties.

Of the 63 projects evaluated by the Bank's Operation Evaluation Department (OED) during 1980-96, 24 or 38 per cent were rated "unsatisfactory", compared to the Bank's global average of 33 per cent, the SAPRI paper informed.

Against the backdrop of the dismal performance of WB-assisted projects in Bangladesh, the Bank has advised its operational wing to complete "most of the required actions" needed for satisfactory implementation before the approval of the projects by WB board.

The dismal performance of the Bank's projects was attributed to "administrative logjams in the country, lack of full commitment to the projects and deficient project preparation and design," in Country Assistance Review (CAR), WB's internal report.

"Bangladesh requires over 50 per cent more calendar time to take a project from its conception to the World Bank's Board approval," a study on structural adjustment policies (SAP) said.

While assessing the Country Assistance Strategies (CASs) for Bangladesh over the last 15 years, the WB put marginally satisfactory ratings to the "appropriateness of instru-

ments proposed."

Although evolving CASs have reflected growing appreciation of issues such as political economy and governance over the years, it failed to cast back the failure or success of the past experiences.

While political economy and governance issues were less appreciated during the first half of the eighties, the sensitivity to these issues now tops the list.

The review informed that "appropriateness of instruments proposed" received "marginally satisfactory" ratings for three consecutive years, beginning from 1980.

The review, known as Country Assistance Review, gave "highly-satisfactory" ratings to the Bank's strategies during 1991-96 for reflecting sensitivity to political economy and governance issues, the working paper added. The CAR was carried out from FY80 to FY96 to evaluate the relevance and efficacy of the Bank's assistance to Bangladesh. The CAR covered sixteen years and 93 projects.

Donors cut aid when utilisation improves

WASHINGTON, Nov 10: The World Bank has blamed the stingy attitude of rich nations, as reflected in cuts in their overseas assistance, for the perpetuation of mass poverty in the developing world.

A new bank study released here today notes that at a time when more and more developing nations are beginning to use foreign aid efficiently, its quantum has fallen to its lowest point in more than 50 years.

While the list of nations that can use aid effectively has risen, foreign aid fell to 0.22 per cent of donor nations' gross domestic product (GDP) in 1997 -- its lowest level since 1947, says the report.

"It is ironic and tragic that the volume of aid is declining just as the environment for effective aid is improving," says senior World Bank research economist David Dollar, who is lead author of the study titled, "Assessing Aid: What Works, What Doesn't and Why."

It shows that, due to a wave of economic reform in developing nations in the nineties,

three out of four of the world's poorest people -- about two billion people -- live in countries where more foreign aid would speed up poverty reduction.

Taking into account inflation, financial aid from rich to poor countries is one-third less today than in 1990. If yearly aid flows were increased by \$10 billion -- less than the amount necessary to restore annual aid flows to the level of 1990 -- this would pull an extra 25 million people out of poverty provided that the new funds were targeted to poor countries with sound economic management.

However, the same amount allocated across the board, in the way that aid is currently distributed, would lift only seven million people out of poverty. Donor countries could do a better job of allocating aid, focusing a larger amount on poor countries with sound policies, Dollar said.

The study has used a broad definition of sound policies and institutions that closely correlates with economic growth and poverty reduction. These in-

clude: open trade, secure private property rights, the absence of corruption, respect for the rule of law, social safety nets, and sound macroeconomic and financial policies.

In poor countries that score well on these indicators, one percent of GDP in aid money translates into a one percent decline in poverty, a similar drop in infant mortality, and roughly half a percent growth in national income.

According to the report, in 1996 some 32 countries with poverty rates above 50 per cent had policies and institutions that were better than average for all developing countries. These include countries as diverse as India, Bolivia, China, Ethiopia, Honduras, India, Kyrgyz Republic and Uganda.

The report finds that in these countries, every dollar of foreign aid attracts two dollars of foreign investment, because aid increases the confidence of the private sector and helps to provide public services that investors need, such as education and infrastructure.

It argues that aid is more than just money. It is actually a combination of money and ideas or knowledge. In countries that lack the policies and institutions to make good use of large financial flows, aid agencies can sometimes help foster a climate for successful reform without offering large-scale financial assistance.

It, however, acknowledges that foreign aid has also been, at times, an unmitigated disaster. Large financial flows to countries that lack sound policies and institutions have had little impact. It cites the case of Zambia.

The report recommends that donor countries and institutions should consider the recipient country's overall public expenditure programme when providing aid. This is standard practice at the World Bank.

A dollar worth of aid to education may lead to little or no additional spending on education, says Lant Pritchett, co-author of the report and a principal economist at the World Bank. But while targeting

Report on workers returning from Malaysia 'baseless'

The Labour and Employment Ministry today described a news report about the return of 50,000 Bangladeshi workers from Malaysia by November 15 as a baseless one, reports BSS.

A PID handout issued Monday night quoted Bangladesh High Commission to Malaysia as saying that the High Commission issued travel permit to 12,173 illegal Bangladeshi workers straying in Malaysia by November 6. Of them, 10,120 workers have returned to their homes.

The rest 2,053 workers will return home soon, it said adding, "The report of returning of 50,000 workers is not true."

The labour and employment minister discussed the issue with the state minister for foreign affairs who denied that he told NGO representation things like this (the earlier news report quoted NGO representatives as saying).

The Labour and Employment Ministry called upon all concerned to refrain from spreading such rumour for misleading the people.

Tk 67cr RAKUB loans for 4 dists

RANGPUR, Nov 10: Rajshahi Krishi Unnayan Bank (RAKUB) has undertaken a scheme to disburse Tk 67.06 crore loan in four districts of greater Rangpur during the current season, reports UNB.

The districts are Rangpur, Kurigram, Lalmonirhat and Nilphamari.

Of the total loan, said the officials, Tk 20.95 crore will be distributed in Rangpur, Tk 16.99 crore in Kurigram, Tk 13.91 crore in Lalmonirhat and Tk 15.21 crore in Nilphamari.

The Bank has already disbursed Tk 10.67 crore. Of the amount, Tk 2.97 crore was given in Rangpur, Tk 2.94 crore in Kurigram, Tk 3.08 crore in Lalmonirhat and Tk 1.68 crore in Nilphamari district.

The loan is being disbursed through 71 branches of the bank. It has realised outstanding loan to a tune of Tk 8.70 crore in the zone against the target of recovering Tk 152.89 crore during the current fiscal year.

BKB disburses Tk 60.64 cr agri loans in Barisal

BARISAL, Nov 10: Bangladesh Krishi Bank (BKB) of Barisal region has so far disbursed a sum of Tk 60.64 crore among the farmers as agriculture loans through 192 branches of the bank in 11 southern districts of this region from July till October 31 last, reports BSS.

According to an official source, BKB has fixed a target of Tk 222.20 crore for disbursement among the farmers this year including Tk 47.03 crore as post-flood rehabilitation programme.

JS body finalises reports on two bills

A meeting of the Parliamentary Standing Committee on Finance Ministry yesterday finalised reports on two bills which were earlier introduced in the House and sent to the committee for scrutiny, reports UNB.

The bills are: The International Financial Organisations (Amendment) Bill, 1998 and The Post-Flood Rehabilitation (Internal Resource Mobilisation) Bill, 1998.

Presided over by committee chairman Professor Ali Ashraf, the meeting was attended by committee members Alhaj Syed Abul Hossain and Alhaj Syed Masud Reza.

Chairman of the National Board of Revenue and Secretary of the Internal Resources Division Abdul Mueyed Chowdhury and concerned high officials were present in the meeting.

Russia reaches food aid deal with EU

MOSCOW, Nov 10: Russia has reached a tentative agreement on food aid with the European Union just days after completing a similar deal with the United States, news reports said Tuesday, reports AP.

Under the plan, Russia would purchase food worth 400 million European currency units (\$480 million) and receive EU humanitarian aid worth 10 million to 12 million euro (\$12 to 14 million). Deputy Prime Minister Gennady Kulik said, according to Russian news agencies.

The two sides will meet shortly to finalise the deal, he said. EU officials said Monday that a deal was in the works, but have not yet announced any agreement.

The food purchased by the Russian government would be sold on the Russian domestic market with the profits spent on social programme, Kulik said. Russia wants the humanitarian aid to be targeted primarily toward its frigid northern regions, he said.

The report comes just four days after Russia and the United States signed a \$625 million agreement for 3.1 million tons of US food aid, including wheat, corn, pork and beef.

Russia's economic crisis, combined with drought and falling food imports, have raised concerns about the country's food supplies heading into the winter. No serious food shortages have been reported, but the government wants to ensure that plenty is on hand.

Meanwhile, Prime Minister Yevgeny Primakov rounded up several of his top Cabinet ministers and head to parliament in a bid to win broad support for his economic recovery programme.

The session was closed, but was expected to revolve around an anti-crisis plan that was approved by the Cabinet 10 days ago. The major themes have been widely discussed, but the government has yet to release all the details.

Russia's economic crisis hit almost three months ago, and Primakov's government has moved slowly to put together a response. The prime minister has sought to stabilise the shrinking economy and has not taken any drastic steps.

Primakov still has wide respect among the various political factions, but liberal critics say he's too hesitant to pursue genuine market reforms.

EU talks on new membership open

BRUSSELS, Nov 10: The European Union opens membership talks with six nations Tuesday amid anxiety about the slowness of admitting newcomers, reports AP.

In the case of divided Cyprus, some EU members wonder if it should be admitted at all.

The EU foreign ministers meet with their counterparts from Poland, Hungary, the Czech Republic, Slovenia, Estonia and Cyprus, countries in the lead after preliminary expansion talks that began in March.

Bringing up the rear are Lithuania, Latvia, Slovakia, Romania and Bulgaria.

Ahead of Tuesday's meeting there were complaints about the EU's handling of its most ambitious expansion drive to date.

In a rare joint statement on Monday, the Netherlands, Germany and France said the inability of Greek and Turkish

Cypriots to reconcile their differences weighed heavily on their island's membership chances.

And the leaders of Latvia, Lithuania and Estonia, at a meeting in Oslo, complained the EU moved so slowly it could cause instability in their region.

The EU has set no date for its eastward expansion. But the most successful candidates may join as early as 2003 or 2004.

Lithuanian Prime Minister Gediminas Vagnorius warned of "unnecessary tensions" that could complicate relations with Russia and other neighbours unless the EU accelerates its scrutiny of candidates.

Internal membership negotiations with Cyprus and five East European nations open several days after the European Commission, in a first-thick assessment report declared the expansion drive "broadly on track."

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & OD
USD	48.7050	48.7450	48.3100	48.1570	48.0850
GBP	81.1864	80.011	81.0386	79.7576	79.6384
DEM	28.9480	28.5351	28.9718	28.4448	28.4022
JPY	0.4002	0.3934	0.4005	0.3922	0.3916
FRF	8.7533	8.4360	8.7605	8.4691	8.4564
SAR	13.0217	12.8467	13.0342	12.8060	12.7869
MYR	12.4497	12.3457	12.4610	12.2562	12.2865
AED	13.2972	13.3081	13.1163	13.0748	13.0552
KWD	166.6983	154.6167	166.7351	154.1271	153.8966
QAR	13.4181	13.2320	13.4291	13.1901	13.1704

Bill buying rates:

TT Doc	30 Days	60Days	90 Days	120 Days	180 Days
48.2112	46.5191	46.1282	45.7373	45.3463	44.5645

US Dollar London Interbank Offered Rate (LIBOR) as of November 10, 1998

	Buying	Selling	Currency	1 Mont	3 Months	6 Months	9 Months	12 Months
Cas	46.685	47.305	USD	5.339	5.55055	5.3620	5.2233	5.16735
h	0	0		84		3	6	
T C	46.685	47.305	GBP	6.93	6.90	6.6875	6.4687	6.43

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.277	57.29	36.92	3.7997	7950	13141318
42.285	57.34	37.02	3.8002	825	

Amex notes on Tuesday's market USD/BDT market was dull on Tuesday as most of the banks stayed away. USD/BDT mostly traded within range of 48.6490-48.6500.

Call money market was active on Tuesday. Call rates opened as high as 8.5% before falling to 7%.

Dollar sentiment was buoyant on Tuesday, with USD marching to a one-month high against the yen on growing perceptions the US economy would not fare as badly as previously expected.

Dollar/yen's peak of 122.80 means the pair has risen three per cent since the start of the week.

Dollar/mark was below the 6-1/2 week high reached on Monday, but traders said sentiment there was also firm today. "It reflects the change in the market's view on where US interest rates are going," said Stephen Lewis, chief economist at Monument Derivatives in London. "Some weeks ago many people thought the US Fed funds rate was going to fall quite sharply, but that is not a widespread view today," he added.

The recent sustained recovery in New York stock prices has been key in buoying the dollar against other major currencies. Expectations that the world's major nations and financial organisations are nearing agreement on a financial aid package for Brazil and all the implication this has for the United States with its close ties to Latin America -- were also helping. The dollar was extending its gains in European morning trade to stand at 123.00/05 yen at 0840 GMT, up from 121.79/99 in late European trade on Monday.

Dollar/mark was at 1.6886/92 against 1.6908/18 late yesterday. One Monday it rallied 1.3 per cent to 1.6936 marks. Its strongest since September 23. Some traders, however, were starting to become wary about the speed of the dollar's rally. "Dollar sentiment has improved in the past few days but fundamentally speaking, little has changed in real terms," said one trader at a Japanese bank in London. "If (asset) markets stay stable and nothing drastic happens, these levels are sustainable. But the good news we have now is not enough to keep up the upward momentum the dollar has had over the past day or so," he added. Dollar/mark has now returned to the level it was at in early October before the dollar's plunge which, in a matter of days, took it to its lowest in more than a year against a host of major currencies.

USD stood at 1.6846/48 DEM, 1.3919/24 CHF, 122.72/77 JPY, 5.6488/98 FRF and GBP was at 1.6610/20 USD at 11.30 GMT.

Business Briefs

Manila gov't to give up PAL stake

MANILA (Philippines): The Philippine government is ready to give up its stake in ailing Philippine Airlines and will not infuse any additional capital if a new investor, possibly Cathay Pacific Airways, comes in, officials said Tuesday.

"Our objective is full privatisation. The government's policy is to be out of the company that is being privatised," Finance Secretary Edgardo Espiritu said.

PAL is negotiating with Cathay Pacific, which could buy up to 40 per cent of the airline under Philippine law.

Cathay Pacific has said it wants management control of the Philippine flag carrier, which has been mired in debt and labour unrest. A PAL official has said it is willing to give Cathay Pacific management control.

Several Manila newspapers reported Tuesday that Cathay Pacific also is demanding that the government divest its shares in PAL before it will agree to conclude a deal with the airline.

PAL executive vice president Manolo Aquino said there was no such demand, adding that the government's shares in PAL will be sold to the highest bidder. A deal is forged and Cathay Pacific puts in new capital.

President Joseph Estrada said he would agree to any setup in PAL as long as it remains the country's flag carrier.

S'pore to contract by 1 pc in '99

SINGAPORE: Singapore's economy is technically in recession and could contract as much as 1 per cent in 1999, the Ministry of Trade and Industry said Tuesday.

"On a quarter-on-quarter basis, (gross domestic product) shrank for the second consecutive quarter, signalling that the economy is in a technical recession," the ministry said.

Two back-to-back quarters of negative growth is generally accepted as the definition of a recession.

The government also revised the economic growth forecast for 1998 to 0.5 per cent to 1 per cent, down from an earlier forecast of 0.5 to 1.5 per cent. It predicted the economy in 1999 will hover between a 1.0 per cent contraction and 1.0 per cent growth.

The government said Singapore's GDP contracted by 0.7 per cent in the third quarter, compared with a year earlier. This is the first time that the economy has shrunk on a year-on-year basis since the first quarter of 1986.

New Japanese plan to end recession

TOKYO: Hoping to pull Japan out of recession, the ruling party and a major opposition force have agreed on a plan to offer shopping vouchers to eligible consumers, a spokesman said Tuesday.

Mitsuyoshi Mizoguchi, of the New Komeito party, said his party and the ruling Liberal Democrats have agreed "in principle" on the plan. The New Komeito is the second largest opposition party.

The idea is to give shopping vouchers to families with children, aged 15 or younger, and to individual senior citizens, as a way to prod tight-fisted consumers to help Japan spend its way out of a nagging economic downturn.

But Mizoguchi said the two parties have yet to narrow differences over whether all people 65 and older should be eligible or even how much to provide.

ROK to probe into crisis mishandling

SEOUL (South Korea): South Korea's parliament will open a potentially divisive probe next month into alleged mishandling of the country's economic crisis.

President Kim Dae-jung, who leads the ruling coalition, met with Lee Hoi-chang, head of the main opposition Grand National Party, Tuesday and agreed to start the hearing in the single-chamber National Assembly on Dec. 8.

South Korea plunged into financial turmoil late last year while the current opposition party was in power. President Kim, who won election in December, has vowed to punish state economic planners.

The hearing was expected to trigger a heated debate on whether policy failures should be subject to criminal punishment and whether former President Kim Young-sam should be called to testify.

Nasdaq price-fixing settlement okayed

NEW YORK, Nov 10: A federal judge approved a 1.03 billion dollar class-action settlement between 37 brokerages and investors who alleged they were cheated by the firms in a price-fixing conspiracy involving Nasdaq-listed stocks, says AP.

The deal, which was brokered last December, is the largest civil antitrust settlement in history. The companies include the biggest names in the securities world such as Merrill Lynch and Co., Goldman, Sachs and Co. and Salomon Smith Barney Inc.

The firms denied any wrong doing.

— AP reports