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IMF draft for next Country Assistance Strategy says Political affray, uncertainties about reforms raise Bangladesh's risks

By Inam Ahmed

The International Monetary Fund (IMF) has said that the deteriorating political situation and increasing uncertainties about the government's commitments to policy reforms in the run-up to next elections have increased the risks for Bangladesh.

The 1998 floods revealed the vulnerability of Bangladesh's external accounts position and the importance of increased aid flows for maintaining foreign exchange reserves in the face of declining export performance. IMF noted in its draft for the next Country Assistance Strategy (CAS) for Bangladesh, now under preparation.

According to the Bretton

Woods organisation, Bangladesh now represents a low base-case with base-case performance in macroeconomic management and in its social sectors, and a much lower performance in public sector and banking reforms.

Based on the country's performance, the IMF is suggesting a low base-case lending, averaging US\$ 600 million a year over FY 99-01.

Dwelling upon the prevalent political situation, the IMF said: "Bangladesh continues to be mired in political morass. Confrontational politics and street agitation documented a year ago have unfortunately intensified."

"Frequent boycotts by the

opposition, which alleges that its representatives are deprived of a fair hearing, have rendered the Parliament virtually ineffective in debating national issues. Not surprisingly, people's confidence in politics and political parties continues to erode."

The present course of politics suggests that confrontation on the streets between the government and the opposition will continue to escalate until the next parliamentary elections, which must be held by 2001 but are widely expected much earlier. Progress on the policy and institutional reforms during the remaining part of the government's tenure may be an inevitable casualty of this political strife."

Second emerging theme concerns the trend towards centralisation of powers and responsibilities to the local level. This would empower local institutions and communities to adopt an integrated approach to poverty reduction and to management resources for local development. "The challenge

The Fund has identified five themes of cross-cutting nature for explicit attention in its CAS. The first of these pertains to sharpening the focus of assistance programmes on poverty alleviation. The key issues here would be to assess the impact of interventions on poverty and to think about and act upon poverty reduction programmes in a holistic way.

A fourth theme is related to how IMF can assist the government in engaging labour unions in dialogues on reforms since labour resistance is often the single-most difficult obstacle to privatisation.

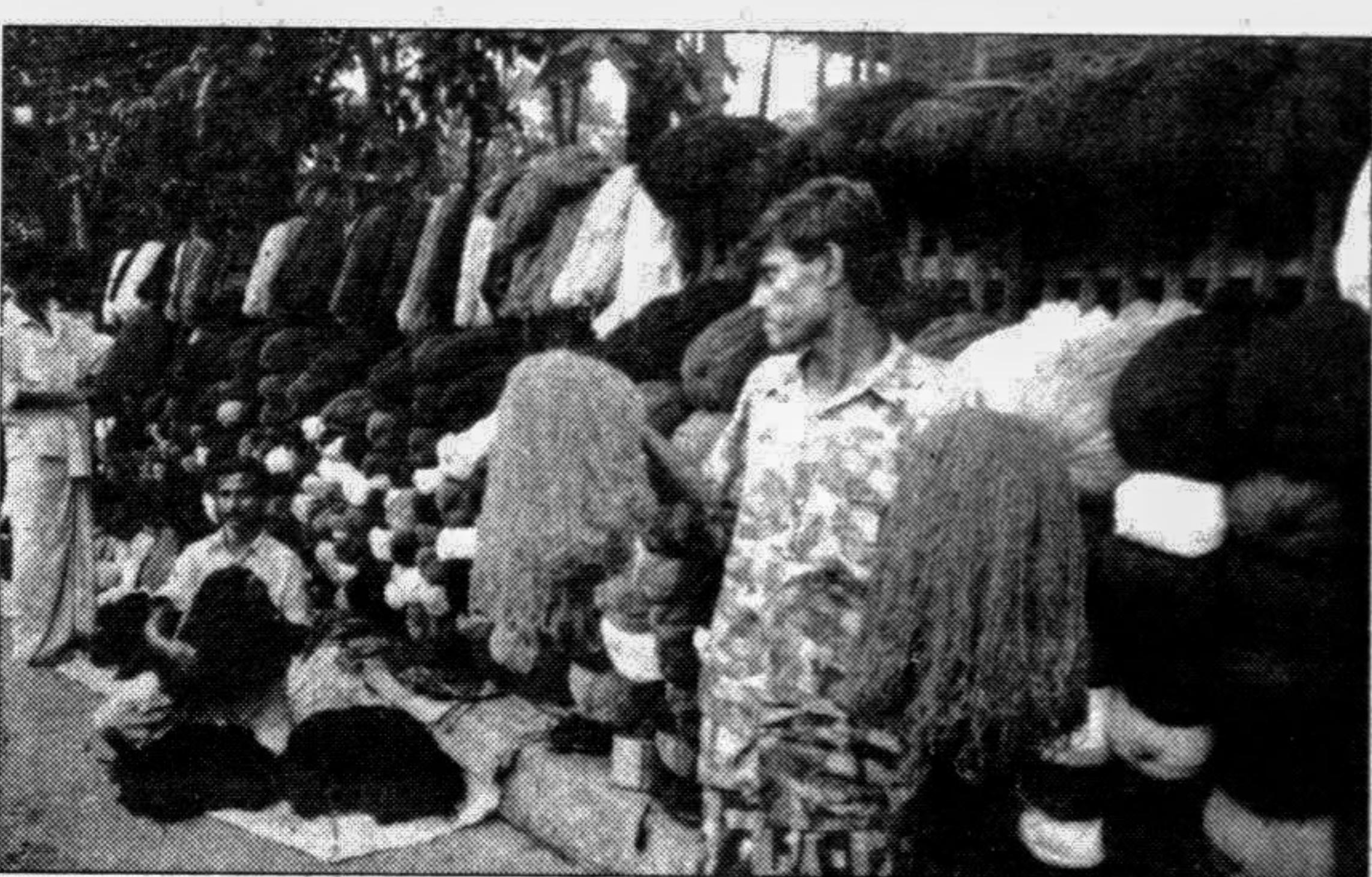
A fifth theme is improving project implementation to better the impact of programmes on poverty reduction.

ahead is how to adapt our assistance strategy to take advantage of and promote the positive forces of decentralisation while being aware that there are risks of decentralisation as well."

A third theme is better disaster-preparedness of IMF assistance to allow for quick reallocation of resources for flood assistance.

A fourth theme is related to how IMF can assist the government in engaging labour unions in dialogues on reforms since labour resistance is often the single-most difficult obstacle to privatisation.

A fifth theme is improving project implementation to better the impact of programmes on poverty reduction.



The demand and sales of winter clothes have these days registered a sharp rise in the city markets as the winter is progressively casting its chilly hands on the country. This picture, taken from city's Paltan yesterday morning, shows some wool traders getting ready for the day's business. Hand-made woollen winter clothes are still a favourite despite the much availability of readymade products in the market.

— Star photo

DCCI-ERRA seminar in city demands

Update IT curriculum to ensure software industry growth

Information technology (IT) experts and leaders of Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the authorities to update and streamline the computer education curriculum of different educational institutions to ensure optimum growth of local software industry, reports BSS.

"A gulf of difference is observed in the official policy announcement and the existing environment for development of software industries in the country," M.H. Rahman, President of DCCI said.

He further said it is not clear how our neighbour India, being a developing country, is moving ahead with a vision to earn 100 billion US dollars through software exports by 2008 and our unemployed youth are yet to be imparted with effective

training to meet the challenges of the next millennium.

He was addressing a seminar titled "Computer Software and Databases: A high value-added and export-oriented business sector," organised jointly by the DCCI and Economic Reform and Research Advocacy (ERRA) wing of CIE, an affiliate of the US Chamber of Commerce, Washington, at DCCI auditorium at Motijheel in the city.

Aftabul Islam, DCCI's Coordinating Director of IT, presided over the session while Mohammed Zahid Hussain of Ahsanullah University of Science and Technology presented the theme paper. DCCI executives Mirza A. Matin, A M Mubash-Shar, Mohammad Azizur Rahman, Ali Noor Sidiqi and Fazlul Karim, among others, participated in the discus-

sion.

In his paper Mohammed Zahid Hussain said according to a recent survey, out of 18,719 IT professionals only 1,121 individuals have necessary skills to run world-class programming language. The survey was conducted among various types of professionals like computer teachers, network administrators, system analysts, database experts, network experts, programmers, hardware engineers, desk top publishers (DTP) and common operators.

"The procurement cost of computers and peripherals is still too high and absence of a domestic software industry is a major setback in developing software," he said.

Blasting the level of education in most of the private and the so-called international IT

institutions Zahid Hussain said that private IT training institutions lacked required quality trainers to teach advanced programming languages. He alleged that they (private IT institutions) do not follow any standard course curricula and examination system.

Terming the government vision to create 10,000 programmers annually by the year 2000 an "unattainable dream," he said, the number of graduates in computer-related subjects produced by the universities each year is far less than the actual requirements.

Explaining the software markets, he said, popular transactions in the software arena occurs in the fields of data entry/data processing, body shopping, customised software and Y2K compliance.

Defending the decision, the spokesman said prices in the international market had increased by over 50 per cent since the petroleum prices were revised in Pakistan in May.

Pakistan raises oil prices

ISLAMABAD, Dec 12: Pakistan's military government yesterday announced an increase of about 10 per cent in petroleum prices, reports AFP.

A spokesman for ministry of petroleum and natural resources said the decision had been taken due to increases in the international market.

A similar oil prices increase was made in May by former prime minister Nawaz Sharif's government, which was ousted in a coup by army chief General Pervez Musharraf on October 12.

Musharraf chaired a cabinet meeting Saturday which reviewed the international price trend of petroleum products and the government's commitment with international agencies, the spokesman said.

"It is inevitable to increase the consumer prices of petroleum products," he added.

However, special consideration has been made in reviewing the price of kerosene oil which is a common man fuel, and diesel used in agriculture and transport," he said.

Defending the decision, the spokesman said prices in the international market had increased by over 50 per cent since the petroleum prices were revised in Pakistan in May.

Iraq resumes oil exports between Dec 15-17

BAGHDAD, Dec 12: Iraq will resume UN-authorised oil exports between December 15 and 17, following a suspension of three weeks, an oil ministry official told AFP today.

"We hope to restart loading Iraqi crude oil to tankers under the 'oil-for-food' programme between December 15 and 17," the official said, asking not to be named.

He said Iraq had "started to conclude new contracts for oil sales."

The UN Security Council decided on Friday to renew the oil-for-food humanitarian programme for a normal six-month term, after Iraq rejected two short extensions since November 20 and cut off its exports.

3 firms qualify for PSI

Three out of the six agencies have qualified in the technical evaluation of the bids for appointment for Pre-Ship Inspection (PSI) and audit, says UNB.

The 5-member committee to select the agencies for pre-shipment inspection, headed by member (Customs) of National Board of Revenue, at a meeting yesterday evaluated the technical documents of the bidders.

The authorities have decided to disclose the names of the three technically successful agencies. The six agencies which submitted bids are Control Union, Quantum Inspection Bureau, Veritas, ITS, Inspectro Giripid and ICS. Of them, ICS applied for audit only.

The financial part of the bids will be opened during the third week of this month because of the stipulation that financial documents would be evaluated after seven days of the technical evaluation.

Competent sources said the committee has decided to meet on 19th of this month for financial evaluation.

"If the contending companies come out successful in the financial evaluation, they would be appointed immediately," said a member of the committee.

In such an event, the government's effort to start PSI within next January would come into being.

Finance Minister SAMS Kibria, in his budget speech in Parliament on June 10, proposed re-introduction of the PSI system to ensure unhindered imports.

Kibria hoped that the system would also bring discipline in the Customs desks at the ports.

BOI chief leaves for Bangkok to attend FDI roundtable

Executive Chairman of Board of Investment (BOI) Mokammel Haque left here yesterday for Bangkok to attend a two-day roundtable on Foreign Direct Investment (FDI) beginning there today, reports BSS.

The main objective of the roundtable is to share experiences of relevant policies and practices that can influence flows of desirable FDIs and help realise its potential socio-economic benefits for Asian countries.

Discussion on Sustainable Human Development in Asia: "Past, Experience and Future Prospects" organised by FIAS and UNDP will also be held during the roundtable.

The meeting will also discuss the context of sustainable development and FDI attraction, the importance of institutional arrangements and the significant impact of FDI infrastructure on sustainable human development and poverty alleviation.

RAKUB meet reviews Miracle Programme

A conference of the zonal and regional managers of RAKUB (Rashtriya Krishi Unayan Bank) was held on Saturday with AKM Sajedur Rahman, Managing Director of the bank presiding, says a press release.

The conference reviewed the progress of loan disbursement, recovery, deposit and particularly the recovery of classified loans under the Miracle Programme launched recently by the bank.

While addressing the managers, the Managing Director said: "We have to implement the Miracle Programme and recover the huge classified loans under the comprehensive five-year strategic plan."

He stressed the need for quality of loan projects and disbursement in the areas like crop, fishery, live stock, agriculture implements, agro-based industries and poverty alleviation to increase performance assets by 20 per cent every year.

Besides, he advised the field level officials to collect the small savings to achieve the deposit target for investment in the rural areas.

Sajedur Rahman urged the bankers to work hard and give sincere efforts to implement the different aspects of the Miracle Programme to recover more classified loans and reduce the losses of the bank.

The bank disbursed Tk 102.8 crore during the last five months of the current fiscal year, which is Tk 9.25 crore higher than the previous year and recovered Tk 100.67 crore during the months.

Wal-Mart, AOL seen nearing marketing pact

NEW YORK, Dec 12: America Online Inc. may be close to a marketing pact with Wal-Mart Stores Inc., a deal that would link the Internet powerhouse with the world's biggest retailer, reports AP.

Speculation of an agreement circulated on Wall Street this week, and one investment firm said imminent. Both companies declined to comment.

Such a partnership would bring together two corporate giants that are both looking to expand their reach on the Internet.

For AOL, aligning with Wal-Mart would step up efforts to grow their subscriber base, already nearly 20 million strong. AOL could tap the tens of millions of customers who shop at Wal-Mart's 3,600-plus stores worldwide.

Wal-Mart would get a technology partner that could help it build and gain exposure for wal-mart.com, on Web site expected to be launched early next year.

NEPC gets \$87m loan from Citibank

NEPC Consortium Power Ltd has received 87 million US dollars loan from Citibank NA under US OPIC facility, says a press release.

The 13-year loan is guaranteed by the overseas Private Investment Corporation (OPIC) and funded by Citibank NA New York.

Citibank NA Dhaka and Citibank NA New York will play the role of onshore collateral agent and security trustee.

NEPC Consortium Power Limited, a joint venture of US-based El Paso Energy International Company, Ogden Energy Inc. and Wartsila NSD North America Inc. has constructed a 110-MW barge mounted power plant at Haripur. Commercial operation of the plant started on July 1 this year and since then it has been supplying power to the national grid.

Commenting on the loan, Mahmud Ali, Managing Director of NEPC Consortium, said: "This is an important step for our company. The OPIC/Citibank loan facility provides a sound, cost-effective, long-term financial structure which assists NEPC in providing Bangladesh with a reliable, competitive supply of power."

BB-T bill auction held

The 66th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday, reports BSS.

Bangladesh Bank said Tk 216.90 crore, Tk 27 crore, Tk 80 crore, Tk 34 crore and Tk 15 crores were offered for the 28-day, 91-day, 182-day, 364-day and 2-year bills respectively.

Of these, Tk 1961 crore, Tk 20 crore, Tk 60 crore, Tk 25 crore and Tk 3 crores of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

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