

SEC okays BRAC debt instrument trustee

Public issue likely by June this year

M SHAMSUR RAHMAN

The Securities and Exchange Commission (SEC) yesterday gave clearance to the country's lone asset management company to act as trustee of a special purpose vehicle (SPV) in order to issue debt instruments against the micro-credit receivables of Bangladesh Rural Advancement Committee (BRAC). BRAC, the largest non-governmental organisation of the world, is planning to issue "securitized bonds" against its "micro-credit receivable", an idea which has never been tested elsewhere in the world. The demand for micro-level investment activities in rural areas is growing at a rate of 30 per cent a year. To meet this huge requirement, only donors' fund transfer did not prove sufficient, according to a senior official of BRAC.

BRAC is coming up with the issue based on a study conducted by the Asset and Investment Management Service (AIMS) of Bangladesh Ltd, the only asset management company in Bangladesh, which is expected to act as trustee to the SPV of the issue.

Their idea is that a registered trust will take over the micro-credit receivable and issue bonds against those. These bonds will then be sold to financial institutions and the money will again be used for BRAC's micro-credit programmes.

It will be the first issue of bonds by the private sector in Bangladesh, the initial size of which, according to sources, will be around Tk 10 crore.

Part of the issue is likely to be marketed through public offering under the SEC Public Issue Rules 1998 by June this year, AIMS sources said.

SEC officials said they are in the process of developing debt issue rules with technical and financial assistance from the World Bank.

BRAC now has Tk 750 crore outstanding loans under its micro-credit programme. Forty-five per cent of its funds come from the borrowers, who save their money with the NGO, 35 per cent from banks and the rest from the donors and commercial activities.

Some 36 lakh families are benefited from BRAC's micro-credit programme with a 98 per cent repayment rate, which is the world's highest.

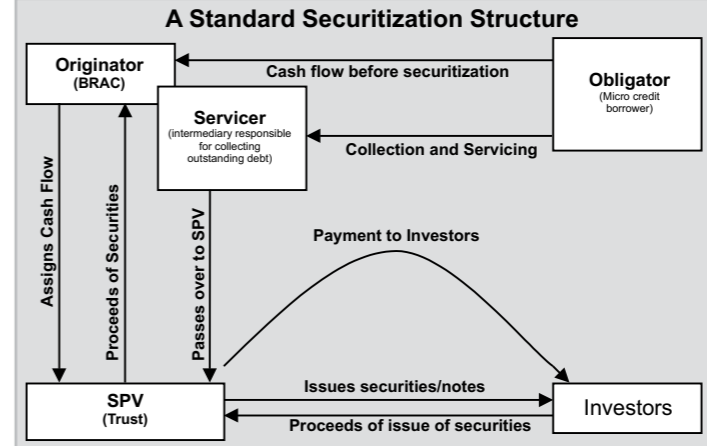
"But absence of a secondary bond market may be an impediment to developing Asset Backed Securities (ABS). Despite the constraints, banks, insurance companies, investment firms, government agencies, corporations, high net-

worth individuals as well as the general public could be potential investors in this bond," said AIMS Managing Director Yawer Sayeed, adding that the security would be designed as transferable and tradable with around two years of maturity.

He said with the SEC clearance, a trust in the form of SPV will be formed which will assess the outstanding and receivables of BRAC and purchase the receivables at a lesser price against which bonds will be floated with fixation of an interest rate.

"The interest rate of the bond will be above prevailing bank rates to facilitate bank investment in the bonds," Sayeed said.

The money that will be received through the issuance of bonds will be given to BRAC for extending micro credit and the money which



will start coming from the recipients against the receivables will be deposited with an account of the trust.

BGMEA apprises WB of garment sector problems

A senior official of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday apprised a World Bank delegation of the current state of garment sector in Bangladesh.

BGMEA's first Vice-president Ershadullah made the appraisal when a delegation led by a senior director of the Bank's South Asian region, Ms. Marilou Uy made a courtesy call on him at the BGMEA office here. Other members of the delegation were the Bank's two senior specialists from Dhaka office GM Khurshid Alam and Shamsuddin Ahmed.

On their query about the present situation of garment industries, Ershadullah explained in detail how this most potential sector in Bangladesh was facing a very dangerous consequence due to the TDA-2000 bill passed by the US congress, a BGMEA press release said.

About the progress of backward linkage industries, Ershadullah spoke of inadequate funds as the major problem in this regard. "The existing system of 50 percent equity to obtain loans from banks is even beyond the capacity of garment exporters," he told the WB delegation.

The BGMEA Vice-president sought help from World Bank and other donors to set up backward linkage industries in Bangladesh. He said the WB funded BGMEA Fashion Institute was now going on in full swing with various disciplines, including designing, standardisation of the goods and merchandising.

8-day training on SWIFT begins

An eight-day training programme on SWIFT has begun at the Training Academy of Arab Bangladesh Bank Limited.

The programme was inaugurated on Saturday, says a press release.

This is the second phase of the programme jointly organised by Arab Bangladesh Bank Limited and SSI technologies of Mumbai, India.

Dr. Anwar Hossain, Director IBA Dhaka University, was present as chief guest on the occasion. M. Taheruddin, Managing Director of Mercantile Bank Limited and President Bankers' Club, attended the ceremony as special guest.

C.M. Koyes Sami, President and Managing Director of ABBL and Chairperson of the SWIFT user group in Bangladesh, presided over the inaugural ceremony.

Sunil Kumar Bhardwaj, Senior Manager Training (SWIFT Services) of the SSI technologies Mumbai, India, was also present. He will conduct the course up to January 27, 2002.

Dr. Anwar Hossain, in his speech, emphasized on the importance of the emergence of modern technology in the communication sector.

Special guest M. Taheruddin pointed out the need for training as well as an independent SWIFT operations centre in Bangladesh.

In his concluding speech, C.M. Koyes Sami thanked the participating banks for their support in organizing the Phase-2 training programme on SWIFT.

DCCI course on financial analysis in computer

The Dhaka Chamber of Commerce and Industry (DCCI) organised a training course on "How to do financial analysis in computer" on Sunday at DCCI Business Institute (DBI), says a press release.

The training course was organised by the DCCI Business Institute (DBI) under a cooperation programme between DCCI and GTZ (German Technical Cooperation).

Fazle RM Hasan inaugurated the training course. The inaugural ceremony was attended, amongst others, by Md. Emdadul Haque, Acting Executive Director of DBI, Mridul Kanti Biswas, resource person and Chief Executive of Enterprise Development Initiative (EDI), Hasanur Rahman Chowdhury, Deputy Secretary (Trg.) of DCCI and Dr S.M. Tahir, Regional Director of American University of Hawaii.

The 5-day course incorporated topics like : Concept and scope of financial management ; accounting records and systems; positioning assets and liabilities; balancing balance sheet; fund flow statement; net present value (NPV); internal rate of return (IRR); pay back period; ratios and computer simulation.

35 participants attended the course from different private business enterprises.

Biman set to close Dhaka-NY route

Massive plans underway for making flag carrier profitable

UNB, Dhaka

To save the ailing national flag carrier, Bangladesh Biman which is dipping into further losses, the authorities have taken a series of measures including cancellation of some international flights, carrying the Hajj pilgrims on its own aircraft and D-check of F-28 aircraft at its own hangar.

Further steps are under consideration to inject dynamism in Biman, make it cost effective and restore discipline to attract the travelers, officials said.

One Dhaka-New York flight has been cancelled and two more are being withdrawn within next one and a half months to protect Biman from

heavy losses it used to incur on this route. The step was taken to make Biman a profitable concern.

Unlike the past, Biman will carry all the Hajj pilgrims from Bangladesh by its own aircraft this year. It will not take on lease foreign aircraft for which Biman had to pay US\$ 6.19 million in hard currency every year.

On return journey, none of the pilgrims having the ticket confirmed would be assured as was done in the past, assured the officials.

D-check of F-28 aircraft used to be done abroad. But now it will be done by local manpower at Biman's hangar. This has already saved about US\$11.74 lakh, said officials.

Biman took on dry lease a Singapore plane at US\$290,000 per

month since December 1999. The lease amount has been reduced to US\$255,000 through fresh negotiations, which will save US\$420,000 annually.

Foreign trainers, engaged for conducting RVSM and RNAV courses for the pilots, have been replaced by local trainers, which has already saved Tk 14 lakh.

Fresh deals reached with hotels for accommodation of Biman crew members in 7 foreign stations will reduce the cost by Tk 1.22 crore. Similar arrangements are being made in other foreign stations to save another Tk 1.50 crore annually.

Action has been taken against a number of officials to restore discipline and ensure proper service to

make the passengers happy and comfortable.

While appreciating the initiatives of Mir Nasiruddin, State Minister for Civil Aviation and Tourism, to make the Biman profitable, some officials felt the need for improvement in in-flight catering services, including on domestic routes.

Bangladesh needs to liberalise, shakes off certain dogmas to extend facilities and attract foreign tourists, a western diplomat told UNB while talking about development of tourism. "You need it to keep pace with neighbouring countries," he said pointing to easy availability of drinks and cheaper hotel accommodation to foreign visitors.

Workshop on non-farm rural economy begins

BSS, Dhaka

Speakers at a workshop organised by Bangladesh Institute of Development Studies (BIDS) Tuesday highlighted the importance of Rural Non-Farm Economy (RNFE) in the overall development and poverty alleviation in the country.

The first day of the workshop covered issues like International, Regional and National Status and Experience of RNFE, Rural Urban Linkage and Identification of Constraints and Priorities for Development of RNFE.

At the end of the workshop today the participating working groups will look for future strategies and policies for development of RNFE. In the key-paper today on rural

non-farm economy in Bangladesh economist MA Sattar Mandal and M Asaduzzaman observed that a major change had taken place in the rural areas in the relative numerical balance between farm and non-farm households.

Over the mid-eighties to the mid-nineties, the number of farm holdings grew at only 1.5 per cent per annum, compared to the number of non-farm households that had grown at five per cent per annum, the economists observed.

It was stated in the workshop that RNFE contributed 36 per cent to the country's total Gross Domestic Product about 31 per cent by agriculture. During the first half of the 90s, RNFE sector grew at 6.8 per cent per annum while overall GDP grew at 4.5 per cent a year.



PHOTO: AB BANK

An eight-day training programme on SWIFT Phase-2 jointly organised by ABBL and SSI Technologies of Mumbai, India began at the Training Academy of Arab Bangladesh Bank Limited on January 19. Picture shows Dr Anwar Hossain, Director of IBA of Dhaka University (3rd from left), M Taheruddin, Managing Director of Mercantile Bank Limited (1st from left), CM Koyes Sami, President & Managing Director of AB Bank Limited & Chairperson of SWIFT User Group, Bangladesh (2nd from left), and Sunil Kumar Bhardwaj, Manager of SSI Technologies (4th from left), attending the programme.

WTO members split on how to run new round of talks

REUTERS, Geneva

World Trade Organisation (WTO) countries are split, largely on North-South lines, on how to run a new round of global open trade negotiations just a week before it is to be formally launched, diplomats said Monday.

The envoys said the problems centred on who would chair the key body overseeing the negotiations, the Trade Negotiating Committee or TNC, and whether it would be autonomous or subordinate to the WTO's ruling General Council.

"It is largely a North-South divide, although many developing countries agree with us that we have to avoid squabbling and get the round under way quickly," said one diplomat from a richer power.

The round - which will aim to slash duties on industrial goods, open up farm trade and promote development of poorer countries presently marginalised in the process of globalisation - is officially supposed to be completed by the end of 2004.

Poorer countries, many of whom were only won over to the idea of a round in the weeks before a WTO ministers' meeting in Qatar last November reached agreement on the project, insist that the problems are not simply procedural.

"We must have a structure in which we can have confidence and that ensures that the big four don't steer things to their benefit," said one developing country diplomat. "We can't start negotiations until we are all happy."

These fears echoed concerns over arm-bending by the so-called Quad - the European Union, the United States, Canada and Japan - that blocked efforts to get new trade talks agreed until the ministers gathered in the Qatar capital, Doha.

The first meetings of the TNC, set up under the Doha decision, is set for January 28 and is due to approve an overall structure for the round as well as appoint a chairman and other officials to preside over negotiating groups. Under the old world trade body, the GATT, absorbed into the new WTO in 1995, the eight rounds held between 1947 and 1993 were chaired by the body's director-general, and developed countries want this to be the case in the "Doha Round."

UCBL declares cash, stock dividends

The Board of Directors of United Commercial Bank Ltd (UCBL) has declared 10 per cent cash and 20 per cent stock dividends for the shareholders for the year 2001, says a press release.

The dividend was announced at a meeting of the Board held in the city on Tuesday with its Chairman, Zafar Ahmed Chowdhury, presiding.

The dividend was given out of the profit earned for the year ending December 31, 2001 subject to the approval of Bangladesh Bank, Securities & Exchange Commission and Annual General Meeting of the shareholders.

The meeting also discussed important matters relating to accelerating bank's growth and development, approved loan cases and advised the officials to take concerted efforts to speed up recovery of stuck up loan.

Magnum Engring sends workers to Sudan for erecting building

Magnum Engineering Limited (MEL), Builders of Zamil Steel in Bangladesh, recently sent an 11-member team of skilled workers on a special assignment to Sudan for erecting Zamil Steel PEB building, says a press release.

Zamil Steel, the largest PEB manufacturer, had earlier recruited more than 100 persons from Bangladesh to work in its state-of-art factory at Dammam Industrial area in Saudi Arabia.

US warns Japan against relying on weak yen for recovery

AFP, Tokyo

US Treasury Secretary Paul O'Neill told Japan Tuesday not to rely on a sharp drop in the yen to fuel economic growth, warning that currency manipulation was a form of protectionism which was doomed to fail.

"Exchange rate modifications can do nothing to fix a mountain of problem loans ... or to improve underlying rates of productivity," O'Neill told reporters at a special briefing.

"Therefore I frankly think for Japan's important problems, this subject is beside the point," he said after meeting with Japanese Finance Minister Masajuro Shiokawa.

Separate comments by Shiokawa had sparked speculation the United States supported a weaker yen, which lost 10 per cent in value against the dollar over the last two months, dealers said.

"Japan itself has no intention to pursue a weak yen intentionally as an economic policy measure and in the meeting O'Neill told me that forex moves should be determined by market forces," Shiokawa said.

The dollar subsequently shot up to 133.92 yen at 5:50 pm (0850 GMT) - its highest level in over three years - from 133.15-17 yen in the morning.

A weak yen helps Japanese exporters by making their products more cost-competitive abroad and boosting profits in yen terms when repatriated.

It also raises the price of imports, helping to fight deflation which has gripped the nation since the mid-1990s.

Manipulating currencies is a form of protectionism, said O'Neill.

"Protectionist policies never work, and in effect a falsely manipulated currency is a form of protectionist action," he said.

"The longer you delay facing what the underlying facts are, the more difficult it becomes to work your way out," he stressed.

Shiokawa said O'Neill had expressed hopes Japan would boost its economy.

"He told me the US administration will offer all possible assistance for the Japanese government's efforts on the economy," the minister said.

But the only way Washington could help Japan was by supporting a weaker yen, argued analysts.

Shiokawa explained Japan's financial situation to O'Neill.

"(I) told him there may be a time when the (Bank of Japan) needs to increase liquidity into the banking system. We think continued monetary easing is needed to prevent a turmoil in liquidity provision," he said.

The government would decide whether to provide Japan with a further fiscal stimulus during a 150-day parliament session, which started Monday, he added.

Tokyo has already approved a 2.7 trillion-yen (22.3 billion-dollar) extra budget for the fiscal year to March and it submitted the draft for a second pump-priming package to parliament Monday worth a further 2.5 trillion yen.

Spectra Solutions, APNIC team up to train internet engineers

Spectra Solutions and the Asia Pacific Network Information Centre (APNIC) are teaming up to train network engineers in the fine art of planning and operating internet facilities, says a press release.

Under the sponsorship of Spectra Solutions, APNIC is providing a one-day training seminar in effective Internet Protocol (IP) address management in Dhaka, free of charge to Internet Service Providers (ISPs).

APNIC, the regional internet registry for the Asia Pacific, is one of three in the world responsible for managing the public IP address resource pool. APNIC trains internet technical staff throughout the Asia Pacific region.

APNIC's training experts will visit Dhaka to run the training seminar on 29 January 2002. The training is aimed at technical personnel responsible for managing internet resources for ISPs and provides a valuable opportunity to acquire skills in network planning. Champika Wijayatunga, APNIC's Training Manager, explains "APNIC training in IP address management familiarises trainees with internet resource allocation policies and procedures."

The training seminar will be held from 9 am to 5 pm at the conference center of Sena Kalyan Bhaban in Dhaka on January 29, 2002.

New MD of Anwar Landmark



Sadat Hossain Selim has been appointed Managing Director of Anwar Landmark Ltd, a concern of Anwar group of company, says a press release.

Selim is a fellow of British Business Management Institute. He started his career with Duncan Brothers. He held important positions in Partex, HRC and Apex Group.

He was a Director (Marketing) of Building Technology and Ideas Limited and also a Joint Managing Director of Rupayan Housing Ltd.

Bangladeshinfo completes first year today

UNB, Dhaka

Bangladeshinfo.com, one of the leading web portals of the country, completes its first year of operation today.

On this occasion Bangladeshinfo.com will organise a quiz contest and a special web page portraying major achievements of the portal during the last one year.

Bangladeshinfo.com is the only portal that has updated its different channels, specially news, business and sports round-the-clock in a professional manner, says a press release.

The portal has provided the internet users interesting, informative and interacting topics like question and answer session, live chat and interviews with celebrities.

Bangladeshinfo.com provided a major coverage on the October 1 election and exposure to breaking news, pre-poll news and political analysis, business news and human stories.

Shahjalal Bank opens branch at Dhanmondi

BSS, Dhaka

Shahjalal Bank Monday opened its third branch at Dhanmondi.

"Shahjalal Bank would follow Islamic Shariah in its operation," chairman of the bank Sajjatuz Jumma said while opening the new branch of the bank.

He added that the bank, which made its debut last year, will also encourage women entrepreneurs and offer a good number of consumers package to its clients.

Managing Director Matin Uddin Ahmed and other high officials of the bank were present at the inaugural function to mark the opening of the branch.



PHOTO: SHAHJALAL BANK

Chairman of Shahjalal Bank Limited Sajjatuz Jumma inaugurates the Dhanmondi Branch of the bank Monday. Among others, Managing Director Matin Uddin Ahmed and members of the Board of Directors were also seen in picture.