

Microcredit schemes fail to benefit ultra poor

Speakers observe at discussion on microfinance innovations

STAR BUSINESS REPORT

Speakers at a seminar yesterday urged NGOs, banks and financial institutions to come up with flexible credit products for the ultra poor with a view to improving their living standards.

They said the NGOs (non-governmental organisations) have been able to extend microcredit facilities to the poor but they failed to benefit most of the hardcore poor.

"Many studies have revealed that the extreme poor have so far received less than one-fourth of the total microcredits," said Atiur Rahman, chairman of Credit and Development Forum (CDF), at a discussion in Dhaka.

organised the meeting on "Microfinance Innovations for Poor and the Extreme Poor" in cooperation with the Swiss Agency for Development and Cooperation (SDC).

Atiur identified high interest rates and rigid repayment systems as the two reasons behind the NGOs' failure to reach the ultra poor. "In many cases, poor people think that they may not follow the hardness of the repayment system."

He said Bangladesh is the pioneer in the filed of poverty alleviation. Despite the fact the government has to adhere to donor recommendations for designing poverty reduction strategy paper (PRSP) because of bad governance.

Speaking at the seminar, Corinne Huser, deputy country director of SDC, said the donor agencies have also realised that microcredit has improved the living standards of poor people remarkably but the extreme poor are not benefitted.

"We have initiated a pilot project to examine whether it is possible to work with the extreme poor or not," said Huser, adding, "So far the results are positive."

Mohammed Emrul Hasan, an official of Plan Bangladesh, presented the case studies of three NGOs now working with the extreme poor.

The NGOs -- Come to Save (CTS) Cooperative Limited,

Dushtha Shasthya Kendra (DSK) and People's Oriented Programme Implementation (POPI) -- are working at Dinajpur, Gazipur and Lalmonirhat.

Emrul Hasan said after taking loans from the NGOs the extreme poor people have been able to get access to the financial services (savings and credit) which has allowed them to develop and strengthen their household asset-base.

Abdul Mannan, executive director of CDF, and Ned Espey, country director of Plan Bangladesh, also spoke. SA Chowdhury, former managing director (MD) of Sonali Bank and MR Khan, MD of Rajshahi Krishi Unnayan Bank, were present.

Mercantile Bank to collect GP bills

Mercantile Bank Limited has signed an agreement with GrameenPhone (GP) Limited.

Under the deal, Mercantile Bank will collect bills of GrameenPhone customers soon.

AKM Shahidul Haque, deputy managing director of Mercantile Bank Limited, and NKA Mobin, finance director of GrameenPhone Ltd, signed the agreement on behalf of their organisations in Dhaka recently, says a press release.

Shah Md Nurul Alam, managing director of Mercantile Bank Limited, and Ola Ree, managing director of GrameenPhone Limited, along with other senior executives of both the organisations were present.

WTO hits EU again over sugar, Brussels may appeal

REUTERS, Geneva/Brussels

Brussels said on Wednesday it was weighing an appeal after the World Trade Organization again declared a big part of the European Union's multi-million-dollar sugar exports illegal.

In a final ruling in a dispute brought by Brazil, Australia and Thailand, WTO trade judges reiterated a verdict last month that the 25-nation bloc had exceeded limits on the export of subsidized sugar.

Critics say the EU depresses world sugar prices, costing poorer exporters hundreds of millions of dollars in lost income.

The EU's executive Commission will "carefully study" the ruling and take a decision on an appeal "in due course," its agriculture spokesman Gregor Kreuzhuber said in a statement.

New MD of Sonali Bank



M Tahmilur Rahman has taken over as managing director of Sonali Bank.

Prior to his joining the new position, he was the managing director (current charge) of the bank, says a press release.

Rahman started his banking career as a probationary officer in 1973. During his long service career, he held responsibilities in different branches, principal offices and different divisions at head office of the bank.

US to appeal some aspects of WTO cotton ruling

AFP, Washington

The United States will appeal portions of a World Trade Organization ruling that payments to US cotton farmers were illegal under global trade rules, officials said Wednesday.

The office of the US Trade Representative (USTR) described as "mixed" the final ruling in the case brought by Brazil and other countries opposing subsidies to US cotton producers.

"We strongly disagree with some aspects of the panel report, which we will be appealing," US Trade Representative Robert Zoellick said.

"The facts do not show that US farm programs have distorted trade and caused low cotton prices. Moreover, some aspects of the panel report belong in negotiation and not litigation."

The statement from the USTR office said the appeal process "is lengthy, and there will be no immediate impact on US farm programs."

The WTO confirmation of a recent informal announcement leaves Washington with 60 days to appeal against the decision. According to the USTR, the WTO panel agreed with the United States that payments to US cotton farmers and others that is "fully decoupled" from production and prices -- not linked to production -- has not depressed world cotton prices,



PHOTO: BANK ASIA LIMITED

M Syeduzzaman, chairman of Bank Asia Limited, inaugurates the 17th branch of the bank on CDA Avenue at Nasirabad in Chittagong on Wednesday. Vice-Chairman A Rouf Chowdhury, Directors Md Shafiuddin Chowdhury, Jahir Uddin, Rumea A Hossain and President and Managing Director Syed Anisul Huq were also present.

Bank Asia to launch Islamic banking soon

New branch opens in Ctg

STAR BUSINESS REPORT

Bank Asia Limited will soon introduce Islamic banking.

The Board of Directors has decided in principle to introduce Islamic banking soon, the bank's President and Managing Director Syed Anisul Huq told the opening function of a new branch on CDA Avenue in Chittagong on Wednesday.

With this, the bank has now a total of 17 branches including four in Chittagong.

M Syeduzzaman, chairman of the bank, formally inaugurated the branch, said a press release.

The bank's Vice-Chairman A Rouf Chowdhury, directors Dr Shafiuddin Chowdhury, Jahir Uddin and Rumea A Hossain also spoke at the opening function.

In his speech, the Bank Asia chairman said globalisation has created tremendous opportunities for the economy of Bangladesh, utilisation of which will depend on the efficiency of the banking system.

He said the bank has laid emphasis on building a skilled workforce through continuous training to make them ready to face the challenges of globalisation.

The bank has also undertaken major programmes to introduce technology-based products to reach the benefits of modern banking to the clients, he added.

The new branch will be online from the first day, and like other branches, it would carry out full range of services including consumer banking, retail banking, infrastructure development, trade finance and term loan.

The chairman said the philosophy of the bank is to earn highest level of confidence of the public through efficient and honest banking. "The bank does not believe in aggressive banking."

He said with the launching of the new branch, the activities of the bank in Chittagong would expand significantly and it would play an important role in further development of the port

city's economy.

The bank's Vice-Chairman A Rouf Chowdhury highlighted the commercial potential of Chittagong and said the bank has remained actively associated with the development of the port city.

With the addition of one more branch in Chittagong, the activities would gain further pace, he added.

Managing Director Syed Anisul Huq in his address of welcome gave an account of the activities of the bank including e-banking and tele-banking.

He also listed the achievements of the bank in different areas especially unprecedented over-subscription of IPO, acquisition of foreign banks and recruitment of national cricketers.

S M Khurshid Alam, zonal head of Chittagong region, also addressed the gathering on various aspects of the bank's operations in Chittagong.

The function was attended by a large number of people including businessmen, industrialists and elite.

New DFID head in Bangladesh due tomorrow



David Wood, the new head of UK Department for International Development (DFID) in Bangladesh, arrives in Dhaka tomorrow.

Wood, who replaced Paul Acroyd, has expertise in the field of governance including public sector performing improvement, poverty reduction strategy process, institutional development, legal and judicial reform, anti-corruption and aid effectiveness, says a press release.

The DFID is the UK government department responsible for promoting sustainable development and reducing poverty.

DFID has a substantial programme in Bangladesh. The total volume of aid resources has been rising in recent years and is £100 million in 2004-05.

Prime Finance to give Tk62.24m to ColorMaster

Prime Finance and Investment Limited (PIFL) has extended Tk 62.24 million equity support to ColorMaster Limited, a yarn-dyeing venture of SQ Group.

An agreement to this effect was signed between the two companies in Dhaka recently, says a press release.

PIFL Managing Director Tapan K Podder and ColorMaster Managing Director Syed Ahsan Habib signed the agreement on behalf of their organisations.

SQ Group Chairman M Ghulam Faruq and ColorMaster Director M Mosaddek Hossain were also present at the function.

Oil prices slip on signs of rising supply

AFP, London

Oil prices dipped slightly here Thursday on expectations of rising output from the Opec producer group and as the International Energy Agency said markets were "well supplied with crude".

The price of benchmark Brent North Sea crude oil for delivery in October fell six cents to 40.33 dollars per barrel in early trading in London.

New York's reference contract, light sweet crude for October delivery, shed nine cents to 42.68 dollars per barrel in pre-opening electronic deals.

The Paris-based IEA said: "What is clear for now is that supply is running ahead of demand and stocks are building."

The report was "slightly more bearish than it has been in the past", said Commerzbank analyst David Thomas.

Forex reserves still above \$3b after ACU payment

STAR BUSINESS REPORT

Foreign exchange reserves remained still above \$3 billion despite paying \$257 million to the Asian Clearing Union (ACU) in import payments yesterday.

In the early business hours yesterday foreign exchange reserves were at \$3.31 billion, the highest ever forex reserves for Bangladesh, but after the ACU repayment in the afternoon forex reserves came down to \$3.06 billion, Bangladesh Bank (BB) sources said.

The reserves have shot up because of increased income from

exports and remittances, BB sources added.

In the first two months of the current fiscal year, remittances were boosted by a whopping 16 percent rise to hit a figure of \$562 million compared against \$485 in the corresponding period of last year.

Riding on a spectacular growth in readymade garment (RMG) export, Bangladesh witnessed an encouraging 28 percent overall export growth in the first month of this fiscal year compared with last year's July performance.

After achieving a six-year high export growth in the last fiscal year, Bangladesh exported goods worth

\$868.13 million in July 2004 against \$678.17 million in July last year. The target for this July was \$782.06 million.

Export earning hit a six-year high growth of 16.10 percent in the last fiscal year fetching \$7.6 billion, which was 2.2 percent higher than the target of \$7.4 billion. The government has fixed this fiscal year's export target at \$8.5 billion.

Finance Ministry sources, however, said large funds from the World Bank and International Monetary Fund alongside the export and remittance boom have helped Bangladesh maintain such a high foreign exchange reserves.

Asian telecoms giants seek survival in new markets

REUTERS, Taipei

They are huge, dominate their markets and earn steady profits.

But Asian telecom giants' former monopolistic thrones are under attack from new technologies and aggressive competition.

The onslaught is forcing companies such as South Korea's KT Corp., Singapore Telecommunications Ltd. (SingTel) and Taiwan's Chunghwa Telecom Co. to spend billions of dollars to move into new markets and services.

While their competitive situations may differ, the strategic choices they make about video-on-demand, cable television, new wireless applications and Internet voice

services could prove crucial to their survival.

"They could sit there and manage their slow decline," said Andrew Chetham, a telecoms analyst with Gartner in Hong Kong.

"But in three years' time the decline would speed up... and in 10 years, if they don't act, they could be half the size or a third of what they are now. They have to act."

After reporting quarterly earnings that fell 22 percent, KT Corp., South Korea's top fixed-line and broadband operator, said last week it would invest \$15.6 billion by 2010, primarily in new growth engines such as wireless Internet, mobile services and home networking as core operations stall in a mature market.

But investors have doubts KT can leverage its dominant position to create more profits. Shares in the former state monopoly have fallen more than 16 percent so far in 2004, underperforming the broader index's 0.3 percent gain.

One of the first and most aggressive to respond to stiff competition in a small home market was Southeast Asia's largest phone company, SingTel, which saw quarterly profit before one-offs rise 16 percent.

SingTel has spent \$517 billion in four years, investing in companies in Australia and emerging markets that have greater growth potential. Overseas investments now generate about two-thirds of SingTel's pretax earnings.

African leaders meet to draw up poverty battle plan

REUTERS, Ouagadougou

More than a dozen leaders from across Africa met Wednesday hoping to draw up a battle plan to fight poverty and create jobs in the poorest continent.

Leaders from Africa's biggest and some of its smallest economies hope to succeed where previous efforts have failed and break the twin scourges of poverty and unemployment.

"The peace and stability of our states will be built on the victories won in the field of employment," Burkina Faso's President Blaise

Compaore told delegates at the opening ceremony.

Leaders from Algeria in the north to South Africa in the south, from Ethiopia in the east to Sierra Leone in the west of the continent converged on Compaore's poor, landlocked country for the summit, called by the African Union (AU).

Alpha Oumar Konare, former president of neighbouring Mali and now chairman of the AU Commission, painted a grim picture of a continent gripped by HIV/AIDS, malaria and malnutrition and let down by donors who failed to live up to their pledges.

"This is an embarrassing score card for a continent so richly endowed," said Nigerian President Olusegun Obasanjo, who currently chairs the AU.

"The adoption of an investment-led poverty reducing employment strategy has become therefore a necessity," he said.

Rodrigo Rato, on his second trip to Africa since becoming International Monetary Fund managing director three months ago, said Africa needed higher, sustainable economic growth in order to beat unemployment and poverty.



PHOTO: MERCANTILE BANK

AKM Shahidul Haque, deputy managing director of Mercantile Bank Limited, and NKA Mobin, finance director of GrameenPhone Limited, exchange documents after signing an agreement in Dhaka recently. Under the deal, Mercantile Bank will collect bills of GrameenPhone customers soon.