

Star BUSINESS

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ADB offers new financing for big projects

BB to examine downside risks

UNB, Dhaka

Asian Development Bank (ADB) has offered a new loan arrangement to Bangladesh suitable for financing big projects, but Bangladesh Bank (BB) preferred examining the downside risks of the offer.

An ADB delegation yesterday made a presentation to the BB senior executives in the bank's conference room in presence of Governor Dr Salehuddin Ahmed.

Under the arrangement, the finance will be available mainly for state-owned enterprises (SOEs) as well as for the corporate sectors without state guarantee as required for other modes of ADB loans and grants.

The loan will be of local currency to be mobilised mainly through issuing bonds in the local money

market, with ADB providing a substantial portion of the total loan.

The central bank governor and other senior executives, however, mentioned some risks of issuing such bonds and the pricing policy.

"We'll have to examine whether government's borrowing capacity will be reduced due to such bonds," the governor told reporters after the ADB presentation.

He said if the price of the bond is set higher than the government bonds, the cost of government borrowing through bonds would increase.

During the presentation, Dr Salehuddin said he was worried whether the SOEs would be viable in the long run, but admitted that it would give signals to the SOEs to become vibrant.

The ADB financing arrangement

through bond, he added, would deepen the country's capital market, attract foreign portfolio investment and help activate the secondary bond market.

Besides big projects, Dr Salehuddin said the municipalities would be benefited from such bonds if they could meet the requirements to qualify for the loans to be evaluated by ADB.

ADB's South Asia Department Director for Governance, Finance and Trade Ashok Sharma told reporters that there would be no competition with the local banks, as they cannot meet the demand for huge projects.

ADB executives informed the meeting that they assumed the demand for such loans will come from infrastructure projects in Bangladesh, but now they see that

demands are coming from the financial sector particularly from the nationalised commercial banks (NCBs) going through substantial reforms.

They said ADB would carry out extensive due diligence to select SOEs for the financing and the SOEs certainly have to be willing to restructure management and ensure governance as key elements.

For instance, they said the policy in the power sector of Bangladesh is being changed positively.

The ADB executives said such loan arrangements for Agrani Bank, Power Grid Company of Bangladesh Limited, Infrastructure Development Company Limited, Teletalk Bangladesh Limited and Dhaka Electric Supply Company (DESCO) are in the pipeline.

Executive body meet of Saarc chamber today

UNB, Dhaka

Dasho Ugen Tsechup Dorji, president of the Saarc Chamber of Commerce and Industry (SCCI), arrived here yesterday to attend a meeting of the South Asian trade body.

The chamber leader will chair the 39th Executive Committee Meeting of SCCI to be held today onboard 'Ostrich', a ship of Bangladesh Inland Water Transport Authority (BIWTA), in the Meghna.

Vice-presidents and Executive Committee members from the eight Saarc countries will attend the meeting organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

President of FBCCI Mir Nasir Hossain will attend the meeting as vice-president of SCCI from Bangladesh.

A seminar on trade liberalisation under Safta will be held at Pan Pacific Sonargaon Hotel on Saturday under the joint auspices of SCCI and FBCCI in association with Friedrich Naumann Stiftung (FNS).

Commerce Adviser Dr AB Mirza Azizul Islam will inaugurate the seminar as chief guest.

Retail investors asked to gain knowledge about stock market

STAR BUSINESS REPORT

Speakers at a seminar yesterday urged retail investors to acquire adequate knowledge about stock market before making any investment.

If the investors take decisions based on rumours, they will lose money, the speakers told the seminar on 'Journalists' Role in Developing Stock market' organised by Chittagong Stock Exchange (CSE) in Dhaka yesterday.

The speakers also urged journalists of the print and electronic media to present proper and correct information in reports about stock market.

Addressing the function, CSE President MKM Mohiuddin said the investment in the stock market is risk-return oriented and it requires sources of transparent information, adequate training, up to date knowledge, analytical skills and investment techniques.

"As the journalists are writing reports on stock market and a large number of investors are fully dependent on their reports, their knowledge sharing with experts is necessary to uphold the quality of news on stock market," he said.

He also called for immediate steps for implementing book-building method, introducing derivatives products, declaring Sunday as weekly holiday and development of bond market to develop the country's stock market.

Arif Khan, general manager of Industrial Development Leasing Company (IDLC) of Bangladesh Limited, said though investment in the stock market is risky, return from the stock market is very high.

He said the media can also play the biggest role in developing the capital market through highlighting successful investors and their strategy in the local market.

Yawer Sayeed, managing director and chief executive officer of AIMS of Bangladesh Ltd, said when the stock market witnesses a bullish trend, the newsmen go to the market stakeholders for comments. "But, I think the journalists should go to the issuer company for comments as to why market trend is bullish or bearish," he suggested.

Emirates offers summer packages

Emirates' passengers looking forward to the Dubai Summer Surprises packages will be delighted to know that weeks of fun and excitement can be available from as little as \$50, says a press release.

Valid from 21st June until 31st August 2007, the packages must be booked for a minimum of three nights and offer customers a choice of 14 city and beach hotels in various price-brackets. Prices include all accommodation-related taxes and service charges and are available to all Emirates' passengers regardless of class of travel.

As part of the packages, customers are treated to a personalised meet-and-assist service on arrival at Dubai International Airport. They also receive an Arabian Adventures Welcome Pack including a special discount voucher booklet for Wafi City, one of Dubai's premier malls. First and Business Class passengers receive chauffeur-driven transfers between Dubai International Airport and the hotel.

ADB's 3-YEAR ASSISTANCE PROGRAMME

Focus on governance, infrastructure

UNB, Dhaka

Asian Development Bank (ADB) will promote growth, human development and good governance in Bangladesh during 2008-2010 with increased focus on power, gas, transport, education, urban development and regional cooperation.

It will also play a supporting role to complement other development partners' initiatives in SME, agri-business, irrigation, finance and agriculture development, according to a press release.

Senior government officials and ADB officers at a high-level roundtable at the Economic Relations Division (ERD) yesterday discussed these key sectoral issues and operational priorities, which will be supported by ADB's planned assistance for the next three years.

Representatives from ADB's joint strategy partners, Japan, World Bank and DFID also participated in the roundtable.

The four partners have collaborated to prepare a joint country strategy to support the implementation of the government's National Poverty Reduction Strategy (NPRS) approved in 2005.

Initiating ADB's joint country programming mission (CPM) and country portfolio review mission (CPRM), the roundtable laid emphasis on maximising development results, strengthening monitoring and project implementation, and addressing fiduciary risks.

At the roundtable, the ADB proposed to help develop strategic transport links and cross-border arrangements, promote public-private partnerships, particularly in the energy and transport sectors, and catalyse large private sector investments.

The ADB also emphasised regional cooperation and integration, good governance and promotion of the private sector.

The roundtable further underscored the need for expediting project approval, procurement and resolving audit objections.

The understandings reached at the roundtable and the feedback received from senior government officials will help further sharpen the focus of ADB's proposed lending programme for 2008-2010 and contribute to further improvement in project implementation.

"To ensure sustainable growth, the ADB will focus on results through joint monitoring with the development partners and the government, based on the CSP for Bangladesh," said Hua Du, the ADB country director in Bangladesh.

She said a result framework with indicators and milestones for a common set of outcomes consistent with the government's Poverty Reduction Strategy is already in place.

GP to sponsor upkeep of 5 wards, OT of Ahsania Mission cancer hospital

Adviser reminds firms of CSR

STAR BUSINESS REPORT

Grameenphone (GP), the leading cellphone company, has stretched its hand of cooperation to facilitate construction of the Dhaka Ahsania Mission Cancer Hospital.

The company yesterday signed an agreement to enter a CSR partnership with the hospital.

Kafil HS Muyeed, director, new business division of Grameenphone, and Kazi Rafiqul Alam, president and chief executive of Dhaka Ahsania Mission, signed the deal on behalf of their respective organisations.

Health Adviser Major General (rtd) Dr ASM Matiur Rahman was present at the signing ceremony as the chief guest.

Under the deal, the Grameenphone will sponsor the development and upkeep of five wards and an operating theatre (OT) at the Dhaka Ahsania Mission Cancer and General Hospital now under construction.

Speaking at the function, the adviser said many companies have the ability to do something for the society. "Profit making should not be the only goal of any business," he said, suggesting "everyone should come forward to do something for the people who are really in a backward position in our society".

"We have always said that Grameenphone works for the development and betterment of our society, with this agreement we can honestly say that we really mean what we say," said Erik Aas, the

managing director of Grameenphone.

He said, "I find the efforts of the Dhaka Ahsania Mission in this field extremely commendable and am pleased to be holding hands with them on this noble venture."

Referring to the Bangladesh Cancer Society statistics, Kazi Rafiqul Alam said there are about 1 crore cancer patients in Bangladesh. About 2 lakh new cancer patients are added every year and 1.5 lakh die from the disease.

Against this backdrop, the existing cancer treatment facility in Bangladesh is extremely limited and only 15,000 patients receive proper treatment every year, he said.

Under the agreement, Grameenphone will also work with the Dhaka Ahsania Mission authorities to screen the patients who are to be admitted to the five wards to ensure its proper utilisation. One third of the beds sponsored by the Grameenphone will be reserved for more economically disadvantaged patients who will receive free admission and full treatment.

The rest of the disadvantaged patients who are screened will receive treatment, which will be subsidised by the Grameenphone.

Grameenphone will also work closely with the Ahsania Mission to create necessary awareness about cancer and its risks within the country, according to the deal.

Weak gasoline inventories send oil prices higher

AFP, Singapore

Oil prices were higher in Asian trade Thursday after a US energy inventory report showed weak gasoline (petrol) supplies heading into the peak demand season, dealers said.

At 2:20 pm (0620 GMT), New York's main oil futures contract, light sweet crude for delivery in July, was up 12 cents to 65.89 dollars a barrel from 65.77 dollars in late US trades.

Brent North Sea crude for July was up 19 cents to 70.79 dollars. In London on Wednesday, Brent hit 70.84 dollars, the highest level since last August.

The US Department of Energy (DoE) said in its weekly report that gasoline stocks rose 1.5 million barrels in the week to May 18 but remained "well below the lower end of the average range."

The market has been preoccupied with gasoline prices ahead of the peak demand season from the end of this month when Americans take to the roads on holiday.

"The report was very weak for crude oil and very bullish for gasoline. Even though gasoline inventories have increased, demand is very strong and the situation is not really improving much," Mitsui Bussan Futures chief commodities strategist, Tetsu Emori, said from Tokyo.

Global Insight analyst Simon Wardell said gasoline stocks should be rising more sharply in May and June but refinery outages in the United States have hit inventories. US gasoline inventories have

risen for the past three weeks after steady falls for three months amid refinery problems that still continue.

Emori said the current run-rate at US refineries is not enough to meet demand.

"The US should increase their import of gasoline as much as possible from places like Russia," he said.

Meanwhile, Algerian Energy Minister Chakib Khelli ruled out an Opec output hike to help bring oil prices down, saying that the recent spike was not the result of supply problems.

He was quoted by the APS news agency on Wednesday as saying: "The current spike in oil prices is not a result of insufficient (crude oil) supply."

"Opec cannot intervene in problems like cuts in Nigerian production and decide to increase the output of its (other) member countries," said Khelli who is also vice president of the Organisation of the Petroleum Exporting Countries.

Nigeria, Africa's biggest oil producer, has lost about a quarter of its output in the restive oil-producing south.

At the same time concerns have grown over Iran which persists in defying UN demands to stop enriching uranium.



PHOTO: STAR
Kafil HS Muyeed (2-R), director of New Business of Grameenphone Ltd, and Kazi Rafiqul Alam (2-L), president of Dhaka Ahsania Mission, exchange documents after signing an agreement in the capital yesterday. Under the deal, the cellphone operator will sponsor the development and upkeep of five wards and an operating theatre at Dhaka Ahsania Mission Cancer and General Hospital now under construction. Dr ASM Matiur Rahman (L), health ministry adviser, and Erik Aas, managing director of Grameenphone, are also seen.