

# BRAC Bank opens research into SME finance

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BRAC Bank has launched a project to research the socioeconomic impact of SME finance on people, planet and profit, in association with the Centre for Corporate Governance and Finance Studies (CCGFS) of Dhaka University.

The research will follow the 'five action track' goals of Global Alliance of Banking on Values (GABV), an international consortium of sustainable banks that believe in "value-based banking".

Mohammad Mamdudur Rashid, deputy managing director of BRAC Bank, a founding member of the consortium, signed an agreement with Prof MA Baqui Khalily, chairman of CCGFS, at the bank's office in Dhaka yesterday. Muhammad A (Rumee) Ali, the bank's chairman, was also present.

Members of the global alliance agreed on the five action track goals in their global conference held in Dhaka in April. The extent to which such financing has

impacted the individual, society, the economy and the environment remains unknown, BRAC Bank said in a statement yesterday.

The bank and CCGFS will pair up to research "this vital aspect of banking" for the first time in Bangladesh, the statement added.

The "impact measurement" study will be carried out on the SME customers of BRAC Bank. A team headed by Khalily will do the research.

The CCGFS will develop internationally replicable standard indicators -- impact measurement metrics -- to measure the impact on SME customers.

The indicators will be presented at the global conference of GABV in Lima, Peru, in 2011. It will then be adopted as a model for similar research in other parts of the world among GABV members in North and South America, Europe, Asia and Australia.

"Bankers must recognise the fact that their financing decisions have very deep

impact on the individuals, the community, the environment and of course the economy. It is therefore important that they behave in a responsible manner and are aware of the risks that their decisions can have on all their stakeholders," said Rumee Ali.

"This study will be small but a significant step in our journey towards banking on value. BRAC Bank has always been working on various initiatives with our triple bottom line or 3Ps [people, planet and profit] philosophy in mind and this project will significantly enhance our knowledge in this area."

Prof Khalily said: "This research initiative is one of its kind; so far, no such exercise has been undertaken on such a huge scale across the globe to the best of my knowledge."

"We have disbursed over Tk 13,000 crore in SME financing alone in just nine years; it is time to measure the impact," said Mamdud. "Someone has to take the brave step. Why not us?"



Mohammad Mamdudur Rashid, deputy managing director of BRAC Bank, exchanges documents after signing a deal to run a research into SME financing with Prof MA Baqui Khalily, chairman of Centre for Corporate Governance and Finance Studies, in Dhaka yesterday. Muhammad A (Rumee) Ali, the bank's chairman, was also present.

# Call to equip the poor with resources

STAR BUSINESS REPORT

The government should provide assets to the poor so they can fight well against poverty, using those resources, said the chief of a parliamentary standing committee yesterday.

The beneficiaries of various safety net programmes spend all they receive, and cannot come out of poverty, said Israfil Alam, chairman of the parliamentary standing committee on labour and employment ministry.

The ruling party lawmaker said the government in the current fiscal year allocated around Tk 6,000 crore to Tk 7,000 crore for a raft of social safety net programmes to lift the poor out of the poverty trap.

"Under these projects, the poor people regularly receive allowances, benefits and incentives, but they spend all the assistance they get. They do not use the assis-

tance to build capital," said Alam, also the chairperson of All Party Parliamentary Group on extreme poverty.

He also called upon the government to boost the rural economy for the poor.

He said the seasonal unemployment that exists in the agriculture sector also warrants proper attention.

The lawmaker also criticised the country's education system, which, he said, is responsible for generating millions of educated unemployed.

Alam was speaking at a public event on 'building awareness and creating opportunities to address extreme urban poverty' at Banani Chairman Bari field in the capital.

Shiree, a partnership between Bangladesh and UKAid, and Urban Partnership for Poverty Reduction (UPPR), an initiative between Bangladesh, UKAid and United Nations Development Programme, co-

organised the event titled 'Promote Inclusive Cities, Eradicate Extreme Urban Poverty'.

Shawkat Ali MP, deputy speaker and co-chairman of All Party Parliamentary Group Commission, attended the programme as chief guest, while Shaheen Anam, executive director of Manusher Jonno Foundation, chaired the discussion.

Representatives from the government, donors, non-government organisations, private sector and poor communities attended the event that discussed the challenges, possibilities and innovative approaches to fight extreme urban poverty.

According to the speakers, around 40 percent of Dhaka's 15 million population are poor, languishing in nearly 5,000 slums without access to basic services such as water, sanitation, electricity and gas, education and housing.

Half of the country's eight million extreme urban poor, who live on less than Tk22 a day, also live in Dhaka, they said.

"We will not be able to solve the problem with piecemeal solution," Shawkat Ali said.

He said urban poverty is the part of national poverty, and so all the political parties, development partners and social organisations should work collectively to solve the problem.

The deputy speaker also warned that Bangladesh will have to face problem if it fails to rein in the rising population.

"The population is increasing across the country and there is no control," he said. "It seems that we are not being able to control it or we are not controlling it."

Ali said the poor remains poor even if they move to towns and cities from villages.

Shaheen Anam said the importance of

the people living in the capital's slums cannot be undermined.

"Dhaka will come to a standstill if they stop working for just a single day," she said.

She said people come to urban areas, as the scope for employment is very limited in rural areas. "Everyone of this group is working, but most of them do not have access to basic services."

Shaheen Anam underscored the need to find innovative ways to help difficult-to-reach citizens get access to basic services.

Shishir Shil, secretary general of All Party Parliamentary Group, Kaiser Kabir, chief executive officer of Renata Ltd, and Debasish Deb, country manager of Coca-Cola, also spoke.

A fair was also organised on the sidelines of the event, where 35 organisations showcased their poverty alleviation projects.

## Philippine Airlines prepares for huge severance bill

AFP, Manila

Philippine Airlines said Wednesday that it expects to be hit with a bill of almost 60 million dollars in severance payments to staff when it farms out ground crewwork.

The flag carrier wants to outsource its in-flight catering, airport services, and call-centre reservations divisions, at the cost of 2,600 jobs, in a bid to reduce its long-term costs.

But the government's labour department has ruled that the firm must guarantee the staff being laid off will get a fair package while also making sure they will be absorbed by which ever company takes over.

# AMCs demand wider reach

Prime unit fund closes subscription ahead of schedule



Moin Al Kashem, managing director of Prime Finance Asset Management Company, speaks at a press meet for its Prime Financial First Unit Fund at La Vinci restaurant in Dhaka yesterday. Md Hasan Imam, head of finance and HRM, and Moinul Islam, head of fund management, were also present.

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An asset manager yesterday stressed the need for expanding the activities of asset management companies (AMCs) so that they can deal with other funds, in addition to mutual or unit funds.

There are types of funds such as private fund, savings of non-resident Bangladeshis, surplus fund of corporate entities and provident fund that usually remain idle or unutilised, said Moin Al Kashem, managing director of Prime Finance Asset Management Company Ltd.

"If we are allowed to handle these funds professionally, we can utilise these as investment tools in our stockmarket," he said. "We will formally request the Securities and Exchange Commission to consider our appeal."

Kashem was addressing a function in Dhaka to mark the subscription closing of the first privately sponsored open-ended unit fund managed by his company. "The unit fund is a less risky investment tool for the people and institutions who want to avoid a highly volatile market."

AMCs are currently allowed to manage only mutual funds or unit funds sponsored

by institutions. Thirteen AMCs are licensed to manage funds in Bangladesh.

Subscription of the unit fund, Prime Financial First Unit Fund, closed amid huge enthusiasm on Sunday, a week before the deadline.

The initial size of the fund was Tk 20 crore, with general investors subscribing 81 percent and institutional investors 19 percent.

The unit fund is ready for 'buying' and 'selling' from December 1, Kashem said, adding that the newly sold units will be added to the fund. If any investor sells units, those will be deducted from the total fund size, he added.

An open-ended unit fund is a professionally managed collective investment scheme that has unlimited lifetime and size. The fund manager pools money from investors through its sales agents and invests it in stocks, bonds and short-term money market instruments and pays out dividends to unit holders annually.

The open-ended unit fund, however, will not be listed or traded on the exchanges or secondary market.

Currently, the state-run Investment Corporation of Bangladesh manages three open-ended unit funds sponsored by the government.

# DO system to go by year-end

Says commerce minister

STAR BUSINESS REPORT

The government plans to introduce within this year a dealership system instead of the existing traditional delivery order (DO) system with regard to distribution of imported basic commodities, said Commerce Minister Faruk Khan yesterday.

The DO system has become corrupt because a section of traders handover documents without importing goods, Khan told journalists at a meeting with outgoing EU Ambassador Dr Stefan Frowein at his secretariat office.

"A committee comprising ministry officials and private sector businessmen are now working on a new system and most probably, we'll introduce the dealership system by the year-end," he said.

The minister also pointed out that some businessmen import commodities without being a member of a trade body. As a result, nobody wants to take responsibility if any problem arises.

"So, we'll make it mandatory for an importer to become a member of a trade body."

He said the government will not put pressure on the private sector businessmen to accept the new system, as it will be evolved in consultation with all stakeholders.

In formulation of the new system, the Indian and Malaysian models are to be followed, the minister hinted.

He said the government is working to amend company laws, trade ordinance and competition law for smooth running of businesses.

Khan said the government did not allow the import of iodised salt, but different kinds of salt for industrial purposes.

"The government will investigate if anybody imports iodised salt, defying the ban," Khan said.

The minister sought cooperation from the EU in river dredging, infrastructure development and poverty alleviation.

He pointed to the country's \$16.2 billion exports last year, of which 52 percent went to the European Union.

Frowein said Bangladesh needs 6-9 percent economic growth a year to achieve a mid-income country status within 2020.

# Societe Generale reports profits jump, strong capital base

AFP, Paris

French bank Societe Generale surprised with a doubling of quarterly net profits on Wednesday and said its capital base would exceed new tough standards six years early.

The bank said it would achieve this without having to raise new capital.

The 110-percent rise in net profit to 896 million euros (1.254 billion dollars) in the third quarter from the equivalent figure last year reflected a reduction in provisions for bad loans.

Provisions have the effect of reducing taxable profit, but if they are unused they return to the profit line. Many banks made huge provisions for loans turning sour owing to the economic downturn last year.



Ahsan Parvez, managing director of Emerging Credit Rating Ltd (ECRL), hands its first credit rating report to Mohammed Habibus Samad, managing director of Central Depository Bangladesh Ltd, at a programme in Dhaka recently.

# GMG connects Riyadh

STAR BUSINESS DESK

Bangladesh's largest private airline GMG Airlines has added Riyadh to its list of destinations by launching direct flights from Dhaka.

The inaugural flight landed at King Khalid International Airport in Riyadh on Tuesday.

Bangladesh Ambassador to Saudi Arabia M Fazlul Karim and high officials of King Khalid International Airport were present when GMG's maiden flight to Riyadh arrived.

The airline is deploying its Boeing 767-300 ER aircraft to operate the direct flights to Riyadh thrice a week.

GMG, earlier, entered the lucrative Saudi Arabia market by launching flights to Jeddah in August.

GMG Managing Director Shahab Sattar said, "Adding Riyadh is a big boost for the airline considering the large number of Bangladeshi migrant workers living in Saudi Arabia."

"GMG Airlines is expanding its global network to connect more destinations."

The pioneer in aviation business in Bangladesh has taken up a substantial modernisation project to accelerate its growth. As part of this project, GMG Airlines changed its logo in May.

To serve demand of the increasing number of customers, GMG Airlines added new aircraft to its fleet, launched a new web portal and gradually expanded the network of destinations.

GMG will soon manage electronic tickets via interfaces from a range of devices, such as cellular phones, check-in kiosk, online check-in, boarding cards and baggage handling through a departure control system.

The airline started operations on April 6, 1998 with domestic services and launched international flights in September 2004, flying to Chittagong and Kolkata.



AK Azad, president of Federation of Bangladesh Chambers of Commerce and Industry, meets M Vakur Erkul, Turkish ambassador, in Dhaka yesterday.

**Government of the People's Republic of Bangladesh**  
Police Headquarters  
Dhaka

E&T/EQ/39-2010/5249(6) Dt: 28.10.10

## Corrigendum of International Tender Notice

Invitation for international tender notice published in different national dailies as per Memo No. E&T/EQ/39-2010/4844(6) dated 20/09/2010 is hereby amended as follows:-

Sl No.	Description	Published	Revised
Tender Notice No. E&T/EQ/39-2010/10 dated 19/09/2010			
Lot No. 01, 02, 03, 04, 05 & 06			
1.	Tender last selling date	03-11-2010	10-11-2010
2.	Tender closing date and time	04-11-2010 at 12:00 noon	11-11-2010 at 12:00 noon
3.	Tender opening date and time	04-11-2010 at 12:30pm	11-11-2010 at 12:30pm

Other terms and conditions shall remain as before.

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