Government plans a digital service delivery system

STAR

Ine Fahle, consultant of Accenture Norway, speaks at a seminar on "e-governance: the experience of Norway" on the sidelines of BASIS SoftExpo at Bangabandhu International Conference Centre in Dhaka yesterday. Anir Chowdhury, policy adviser to the Access to Information Programme at the Prime Minister's Office; Ragne Birte Lund, Norwegian ambassador in Dhaka; Md Rafiqul Islam, secretary for information and communication technology; and Rony Riad Rashid, chief commercial officer of GPIT, were also present.

STAR BUSINESS REPORT

THE government aim to digitise its service delivery activities to provide better and quality services to the masses, especially the poor, said a senior government official yesterday.

For this, the government has already introduced a number of web-based centres such as 4,500 union information and services centres, one-stop e-centres at all district commissioners' offices and digital e-purjee system for sugarcane growers.

"We are aiming at e-governance, not e-government," said Anir Chowdhury, policy adviser to the Access to Information Programme at the Prime Minister's Office.

"It means that we are focusing on the needs of the citizen, not the needs of service providers," he added.

Chowdhury spoke at a seminar on "e-governance: the experience of Norway" on the sidelines of BASIS SoftExpo.

"We are actually looking at e-services as it will help the citizens to get better and quality services from the public entities."

The government also aims at introducing a blog site for the grassroots people so that they can place their complaints to the higher authority easily.

While presenting the keynote paper on e-governance, Ine Fahle, expert consultant of Accenture Norway, said public service providers should focus on providing the web-based services for the citizen.

Accenture is a global management consulting, technology services and outsourcing company. She said the Norwegian government has introduced "Altinn", an integrated web portal for reporting to public agencies in 2003.

Fahle said the implementation of the first stage of Altinn had been an undoubted success in Norway as the web portal processed around 34 million forms of different types since its inception.

Bangladesh can also pursue an integrated web portal like Altinn as it will help the government to save public funds and ensure better service delivery to the taxpayers, said Ragne Birte Lund, Norwegian ambassador in Dhaka.

"It will give access to get quality information and create an enabling environment," said the ambassador.

Md Rafiqul Islam, secretary for information and communication technology, also spoke.

Muhith for IT parks in divisional economic zones

Five-day BASIS SOFTEXPO begins

STAR BUSINESS REPORT

FINANCE Minister AMA Muhith yesterday suggested setting up information technology parks in all proposed divisional economic zones in the country.

He said the Janata Tower at Karwan Bazar in the city would be available for the software industries within three months while the Hi-Tech Park in Kaliakoir in Gazipur would be launched within a year.

The minister spoke at the inaugural ceremony of the "BASIS SOFTEXPO 2012" at Bangabandhu International Conference Centre in Dhaka.

Themed 'Empowering Next Generation', the exposition is the biggest ICT fair in the country. Bangladesh Association of Software and Information Services (BASIS), the apex body of the software industry and ITES based services in the country, has organised the five-day event.

The minister urged the authorities concerned to give special attention to take internet services to the commoners at cheaper rate and in much easier way. "Mobile telephony and internet service providers have played a key role in ICT revolution in the country. Special attention should be there," he said.

He expressed his strong resolve that IT division would not take place in the country and said the government is continuing its efforts to expand the facilities of IT-enabled services.

The minister said that government is working to establish a full-fledged ICT ministry. The issue is not just a technical one rather it is a matter of political decision.

Bangladesh produces about 4,000 IT engineers and scientists every year, he said.

BASIS President Mahboob Zaman demanded the government undertake a crash programme for creating 10,000 IT professionals on public private partnership basis to overcome the dearth of skilled manpower.

He said an opportunity has created where IT could become the lifeline of the country's economy.

Carel Richter, charge de affairs of the Netherlands embassy in Dhaka, said that his government is committed to supporting the IT sector in Bangladesh.

Nazrul Islam Khan, national project director of Access to Information (A2I) programme, said the exposition would expedite the government's bid for building Digital Bangladesh.

Around 16,000 offices at the district and upazila levels would be brought under e-services by December this year, he said.

About 150 exhibitors are showcasing software products and IT-enabled services at the fair. Representatives of 12 IT companies from the Netherlands, Denmark and the United Kingdom are also taking part.

This year, more than one hundred new IT inventions will be displayed at the fair. The Code Warriors' Challenge, IT Innovation Search Programme and BASIS Freelancer of the Year Award will be the highlights of the exposition, said organisers.

With a view to encouraging the freelancers, the association has introduced the award.

The fair opens to visitors everyday from 10:00am to 8:00pm.

China currency enters its next phase

ANITA FUNG

IT is becoming clear that the Renminbi (RMB) will inevitably become the next global reserve currency. Policy-wise, in the upcoming 12 months, we expect regulators to shift gear and focus their RMB efforts away from appreciation towards internationalisation.

However, completion of several pivotal steps is required, creating first a trade currency, then an investment currency and finally, a reserve currency. As the first step to creating a global trade currency is underway, policymakers have begun taking more decisive steps in establishing RMB as an international investment currency. Central to this long-term goal is the emergence of a liquid and sustainable foreign direct investment (FDI) component of RMB.

The recent introduction of the RMB FDI rules is an extremely well-timed addition to the evolving offshore market. The announcement of the RMB FDI scheme by Chinese Vice Premier Li Keqiang during his visit to Hong Kong in August 2011 was one of the most significant moves forward in the internationalisation agenda and will strongly encourage the use of RMB as an investment currency. There will be major implications for Hong Kong too in the longer term, particularly towards its standing as the leading offshore RMB hub globally.

Equally, when the formal announcement regarding RMB FDI was published by China's commerce ministry in October 2011, it unsurprisingly followed the same rules currently in place for USD-denominated FDI, mergers, acquisitions and anti-monopoly probes. All and all, it appears Mainland regulators have approached the structure of the RMB FDI scheme with their expected level of caution.

According to the commerce ministry, there are two major regulations governing RMB FDI. Firstly, RMB-denominated FDI deals below RMB300 million can be approved at the local provincial level, and will not require ministerial level approval. Any application for RMB FDI valued at RMB300 million or above must be submitted to the commerce ministry for prior approval.

Secondly, RMB-denominated FDI funds are not permitted to be invested in domestic securities or derivative instruments neither can they be used to repay domestic loans inside China. Similar to FCY-denominated FDI, the commerce ministry's approval is required for investment into restricted industries under the central government's monitor list.

So what do these regulations mean for the development of RMB FDI? Foremost, these initial regulations remove many of the logistical obstacles of investing in China's onshore asset market and provide a level of transparency previously unavailable.

There are several other issues surrounding the formalisation of RMB FDI worth noting as additional cross-border flows open up. For example, the structural weaknesses in the offshore RMB (CNH) market exposed by the recent imbalance where demand has been particularly strong and trade settlement quotas and decelerating deposit growth have somewhat limited supply. This has thus resulted in a significant premium in spread between the onshore RMB (CNY) and offshore RMB (CNH).

While formalisation of the RMB FDI scheme will unlikely result in an immediate closure of the current spread between CNH-CNY exchange rates, it will create additional demand for offshore RMB, contributing to both a more consistent liquid FX market and better balance of participants on either side of the USD-CNH trade.

Specifically, we see Hong Kong's dim sum bond and CNY equities markets as the biggest likely beneficiaries from RMB FDI. As more liquidity enters the market, CNY will appear far more attractive as a potential channel for FDI funding. In our experience, numerous potential issuers, particularly in the bond market, have cited the lack of a standardised framework for the remittance of RMB funds raised offshore as a deterrent. Establishing an FDI framework through the aforementioned regulations addresses these concerns.

With this in mind, we expect the impact on the bond market will become more apparent in the short-term. In terms of supply, influenced by the introduction of FDI regulations, we expect gross issuance of RMB260 billion to 310 billion in 2012, suggesting that the market's total size could double again, to RMB400 billion to 450 billion, by end-2012.

We expect the issuer profile to expand as a result of FDI regulations. Specifically, we expect more international corporates looking to remit RMB offshore back into China to use this channel. We also anticipate that as a result of the RMB FDI launch and other market regulations, that increasing numbers of non-state backed Mainland corporations will tap the dim sum bond market, further broadening the issuer base.

AFP

A Chinese woman buys gold jewellery at a gold shop in Qingdao, northeast China's Shandong province. China is set to overtake India as the world's largest gold buyer this year as demand for the metal for jewellery and as a safe-haven investment surges.

Outside of the dim sum market, the RMB loan market in Hong Kong will be impacted by FDI. According to recent comments made by Norman Chan, RMB loan assets in Hong Kong at the end of September 2011 were approximately RMB19 billion, compared to around RMB2 billion at the beginning of 2011. Although small compared to the Hong Kong dollar (HKD) loan market, this growth is significant and RMB FDI will only expand this pool. However, due to current global market conditions and investor sentiment, it is difficult to accurately forecast short-term growth patterns, but we do believe the total amount of RMB loans will be higher in 2012.

Specifically, we expect there may be more demands on RMB loans because selected companies may decide to borrow RMB to fund their onshore capital expenditure either by way of FDI or shareholder loans. Irrespective of size, some companies may decide against tapping the debt capital markets, and decide to borrow from the RMB loan market. For example, the amount required may be relatively smaller versus the cost and resources required for roadshows essential to the dim sum bond space, which will add to the attractiveness of the loan market.

Additional channels will also emerge as a result of RMB FDI formalisation beyond the more traditional loan market and dim sum bond market, as borrowing demand expands. For example, recent trends in Hong Kong show that a sustainable offshore RMB syndicated loan market is starting to emerge in Hong Kong. Arranging banks like HSBC have been fielding more enquires since the formalisation of the RMB FDI programme. And as the dim sum market heats up further and will inevitably become more expense for certain participants, we expect that some borrowers will gradually switch to the RMB-denominated syndicated loan market.

Similarly, as regulators further clarify the RMB FDI scheme and potentially look to raise the level of applicable FDI above the current RMB300 million ceiling at the longer term, more channels emerge and the number of participants will swell.

While RMB FDI is clearly a significant development within the overall internationalisation picture, the immediate impact on the market will be limited. On a short-term basis, we expect that the an unstable global risk environment and concerns of a China hard landing may impact demand for RMB FDI and cause volatility in CNY-CNH spreads.

However, as the regulations governing RMB FDI become clearer, the sky is the limit for this market. Clearly, by issuing the regulations governing FDI and pledges from policymakers to focus on internationalisation rather than appreciation, RMB FDI will play a larger part in the overall scheme, which is extremely positive news for Hong Kong.

The writer is the chief executive officer of HSBC in the Hong Kong SAR and a Group General Manager of HSBC Holdings plc. She is also a non-executive director of Hang Seng Bank Ltd, a board member of the Hong Kong Airport Authority, and a director of Bank of Communications. She is also the deputy chairman of HSBC Bank (China) Company Ltd.