

Grameen Bank: Victim of dangerous propaganda

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MD. Oliullah is a student of Dhaka University. He sent me an e-mail being dismayed at a comment of a banker, with a close link to the government, on Dr. Yunus. The banker's comment on a TV show was "Dr. Yunus is not a genuine Bangali!" Mr. Oli requested me to write about this. The problem is I do not know how to measure the authenticity of a Bangali. But I know this for certain that after Bangabandhu Sheikh Mujib, Dr. Yunus is the man who has done the most to make Bangladesh respected in the world. He has also contributed the most to the alleviation of poverty in the country.

Regrettably, a dangerous and mendacious propaganda against such a person has been going on in our country. Some known pro-government faces have said that he has never been to the Shaheed Minar or the National Mausoleum. Such was the case that Nurjahan Begum of Grameen Bank had to show, on a private TV Channel, pictures of Dr. Yunus visiting the Shaheed Minar and National Mausoleum and appeal for stopping the vicious propaganda. At the time of removal of Dr. Yunus from Grameen Bank, a pro-government journalist had predicted that in the coming year 1 million bankrupt peasants, who had taken loan from Grameen Bank, would commit suicide! But the fact is that till now no peasant has committed suicide.

The main aim of the propaganda is not to denigrate Dr. Yunus only. The way the Grameen Bank Ordinance has been amended by the government to impose its authority of 3% ownership on 97% ownership of the poor members of the Bank, one suspects that that there is a coterie in the government who are plotting to plunder this Bank like other government owned banks. The way thousands of crores of taka have been plundered from some government banks, including Sonali Bank, ostensibly in collusion with the government appointed boards of the banks, such a fear would not be misplaced.

To create a ground for establishing government control, first a misinformation campaign was launched to poison the minds of the people. The extent of this propaganda can be understood by analysing the explanation given by the Yunus Centre recently on some allegations against Grameen Bank and Dr. Yunus.

The oft repeated misinformation about Grameen Bank is that its interest rate is very high. But the fact is that the interest rate of Grameen Bank is the lowest among all the microcredit programmes, including government programmes. The highest limit of interest rate of Grammen Bank was 20%, and it gradually came down to 10%. In some cases this rate is much lower, viz., the annual interest rate of the house building loan of

Grameen Bank is 8%, in case of higher education this rate is 0% during education and after completion of education it is 5%. Dr. Akbar Ali Khan, a noted economist, has explained that in case of Krishi Bank, like other government banks, where one has to bribe to get loan, the actual amount of interest stands much higher than that of the Grameen Bank.

Government supporters have claimed that many women have fled their houses failing to pay back instalments of Grameen Bank's loan. The fact is that Grameen Bank is not a law enforcing agency, it has no armed gang. Litigation is the only way for the Bank to recover the loans, although it has never filed any such case against its borrowers.

Another foul propaganda against Grameen Bank is that its 8.4 million owner members are in name only; they do not get any profit; Dr. Yunus himself enjoys all the profit. But the fact is that among 8.4 million members, 5.5 million have already bought shares of the Bank, and these members have received Tk.77 crore of profit by owning share of Tk.55 crore. When many people have become paupers by investing in share market -- being deceived by government campaign, women members of Grameen Bank have received more profit than any other well established company. But as Dr. Yunus is not a shareholder of the Bank he never received any profit.

The government has recently raised a question as to how much money Dr. Yunus had taken away from the Bank during his "extra" eleven years tenure. According to the information provided by Yunus Centre, in these 11 years he got Tk.38 lakh 82 thousand after deduction of house rent; that means his average cash salary was Tk.29,900. As he does not have any share in Grameen Bank or any institution named after Grameen, he did not get a single penny out of these institutions except the aforesaid salary. It is surprising that the government has raised the issue of Tk.3.8 million as 11 year's salary of a world famous person like Dr. Yunus in the cabinet meeting, whereas the finance minister of the same government, referring to the plundering of Tk.4,000 crore, said that there is nothing for the media to create a furor about this "trivial" issue.

There are lots of other propagandas against Grameen Bank. It is said that the members of the Board of Directors of Grameen Bank are elected in name only and they are puppets controlled by Dr. Yunus, whereas, these members are elected through three phases of election where the 55 lakh shareholders get the chance to vote at some stage or other. As a result, there is no scope for anyone other than the capable and devoted female members to get elected. And the proof that they have not worked as puppets is that the four government-appointed members had never taken decisions in conflict with their views.

Extremely false information about Dr. Yunus is being spread apart from the vicious propaganda against Grameen. It is said that the 54 organisations under the

name of Grameen are actually owned by Dr. Yunus himself and that he used the Bank's money to establish them for his own gain. The truth is, Dr. Yunus has no ownership of these organisations and he is not even a shareholder of any of

these. The financial statement of the income of these organisations and the purpose for which the money is being used is given to the government every year.

It is alleged that Dr. Yunus does not use his international connections for the benefit of the country. In this regard, the explanation of Yunus Centre is that the government needs to play a role in using the influence of a citizen; the government has to give some responsibility to that individual, even informally if necessary. The present government has not done so, and on top of that it gave out the signal to the international community that Dr. Yunus is persona-non-grata to the government. In order to prove it, the government has even taken steps which have put public interest at stake. For example, Dr. Yunus formed Grameen Employment Services (GES) three years back. Its aim was to train and export manpower to different countries. Because of Dr. Yunus, companies of different countries expressed interest in importing manpower through this organisation, and some companies had even placed advance orders. But it has not been possible till now as the government is yet to give permission to start GES.

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Padma Bridge scam: Dissecting fact from fiction

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I am not a journalist, let alone an investigative one. Yet, a number of factors prompted me to write this piece. Firstly, the issue is an important one related to economic growth and international image of the country whose pride and prosperity is so dear to my heart. Secondly, the Canadian engineering giant which is involved in the deal is situated practically in my backyard. Thirdly, many of my former students are working in the prestigious company. Fourthly, one of the two indicted persons, who claimed to have known me since the year 2000 when I was the President of Bangladeshi Engineering Association of Ontario, currently lives a few minutes drive from my residence. And most importantly, there were numerous reports and analyses in Bangladeshi media, most of which were more of fiction rather than objective journalism.

Many Bangladeshi journalists wrote their stories based on hearsay, many of which are devoid of truth. Paradoxically, in some reports, the bribe amount in the so-called (unpaid) bribe far exceeded the worth of the failed contract bid submitted by SNC-Lavalin. Last month, one English language weekly reported that the two indicted men are "languishing in jail." I was informed about the report by a friend from outside Canada while I was in a coffee shop with one of the indicted persons.

The TV Channel i of Bangladesh broadcast similar news on September 6, 2012 in its nightly news. Even *The Daily Star* billed (and quoted extensively) by all Canadian newspapers and agencies as "the largest English daily in Bangladesh," reported, on June 26, that RCMP "arrested former chief executive Pierre Duhaime, along with Bangladeshi-born Canadian citizen Ismail Hossain and Indian-born Canadian citizen Ramesh." But the fact is that SNC-Lavalin CEO Pierre Duhaime was never in the scene vis-à-vis the Padama Bridge project, let alone getting arrested. He resigned from the company last March amid allegations he allowed \$56 million payments to "agents" in Libya and Tunisia on construction contracts. So, objective journalism became the primary casualty in the fiction.

Three individuals from SNC-Lavalin whose names appeared in the news media are: Kevin Wallace, Ramesh Shah and Mohammad Ismail. Kevin Wallace, a former vice president and general manager, who left the company in October 2011 to become the president and general manager of Candu Energy; Ramesh Shah, a former vice president of International Project Division, who was let go from the company in June 2011 and is currently a financial consultant elsewhere; and Mohammad Ismail, who joined the company in 2004 as a material engineer and became its director, International Projects. Ismail left the company in May 2011, and has been CEO of his own consulting company -- ASCO Global Inc.-- since then.

In early 2011, Ismail along with Kevin Wallace visited Bangladesh and met a number of Bangladesh government officials and other people related to the Padma Bridge project. While in Dhaka, he used to inform Ramesh Shah on regular basis, updating their discussions with the stake-

holders in Bangladesh. My source corroborated the statement in this regard made by the ACC chief as reported in *bdnews24.com* (July 1) that "the World Bank had not given anything except for the list of probable corrupt individuals," as inscribed in Ramesh's diary. In fact, in my conversations with RCMP, its spokesperson did not intend to disclose any more than this at that time, since the matter is still under investigation.

It was all quiet on this front since SNC's failed bid to secure contract to act as engineer for the Bangladesh government, supervising the construction of contractors which was worth C\$10 million as reported by *Reuters* (June 25) while the former minister Syed Abul Hossain mentioned the amount as \$37 million in his deposition to ACC on

September 3. In response to my query, SNC-Lavalin spokeswoman Senior Vice-President, Global Corporate Communications, Leslie Quinton wrote to me (September 9), and I quote: "Our portion, had the project been awarded, would have been minimal since the mandate was to be the client's engineer." While my close source at SNC indicated the number as \$45 million, Leslie Quinton in a follow up e-mail wrote to me: "I did not understand it to be of that magnitude."

It was not until September 3, 2011, that it was reported that RCMP had initiated an investigation into the company regarding alleged corruption in the bridge project in Bangladesh following a request by the World Bank, and had

executed several raids in that company's Oakville office. In the process of investigation the RCMP's anti-corruption team arrested Ramesh Shah and Mohammad Ismail on February 29, but the news did not emerge until (June 24). An incorrect version of their names (Ramesh Saha and Ismail Hossain) appeared in a Bangladeshi newspaper.

Although no money changed hands, they were formally charged jointly on April 11 with one count under the Corruption of Foreign Public Officials Act (CFPOA), which carries a maximum penalty of five years in prison. Incidentally, in June last year, Niko Resources, based in Calgary, was fined C\$9.5 million under CFPO after pleading guilty to bribing a Bangladeshi minister. The duo are on bail and have made several court appearances, the latest of which was on June 25, when the court set a hearing for April 8-19, 2013 to determine if there is enough evidence to warrant a trial.

On April 2, SNC-Lavalin spokeswoman Leslie Quinton said the company has not been charged and she is not aware if other former employees face charges or have left SNC-Lavalin in relation to issues in Bangladesh. The failed bid was supposedly for \$45 million, merely 3.75% of WB's share of \$1.2 billion cancelled loan. Mohammad Ismail was a technical director of the company with no monetary disbursement authority whatsoever while Ramesh Shah, although a VP, could hardly commit any illegal international disbursement of this sort without the approval of the highest authority of the multi-billion dollar engineering giant as allegedly happened in acquiring projects in Libya and Tunisia. So the obvious hindsight leads one to ask the million dollar question: who made the duo the scapegoats to serve whose interest?

The writer is the Convener of the Canadian Committee for Human Rights and Democracy in Bangladesh.



STAR

Myanmar needs peace for true development

SUPALAK GANJANAKHUNDEE

ALTHOUGH Myanmar has been part of the Greater Mekong Subregion (GMS) scheme since it was set up 20 years ago, it has not really moved ahead in terms of development.

Established in 1992, with sponsorship from the Asian Development Bank (ADB), the GMS has been an umbrella scheme for regional infrastructure development. The Myanmar delegation attended all GMS meetings, but its projects were rarely implemented in the country because of internal difficulties and international sanctions.

Though it participated in all sectors of GMS cooperation, Myanmar did not get any financial aid for projects because of sanctions, an ADB document said. As per the GMS plan, Myanmar is key to a link-up with Vietnam, Laos, Cambodia, Thailand and even China, India and the rest of South Asia.

Geographically, Myanmar is a perfect connecting point linking the two major houses of growth in Asia -- India and China -- but physical infrastructure for such a link-up is not tangible in many parts of the country.

Road links from China to Thailand via Laos' Route No 3 to facilitate transport from Yunnan to Bangkok were completed years ago. Travelling on land from Thailand via Laos' Route No 9 to Vietnam was also made possible several years ago, while bridges across the Mekong River to the eastern parts of Southeast Asia have been ready for a while now.

Yet connecting the west of Thailand to Myanmar has been difficult because of the existence of battle zones. Border checkpoints are sometimes open, sometimes not, while border trade has been in the hands of smugglers for a long while.

The establishment of the Mae Sot-Myawaddy special economic zone has been in the pipeline for a decade now. Though it is reviewed from time to time and many governments in the past have told journalists that this project would see the light of day under their watch, nothing has really become of it so far. Indeed, the Mae Sot-Myawaddy border only just opened last December after a long closure.

As for the idea of linking Thailand with India via Myanmar, strategic partners have discussed it regularly, but nobody knows how to get it started.

The GMS Development scheme has successfully completed several infrastructure projects in the Mekong region over the past two decades, and now -- as it celebrates its 20th year -- it has decided to put Myanmar on the top of its agenda. Myanmar is undergoing reform both economically and politically. In its most recent report, the ADB predicted that this country would be the next rising star if the momentum of reforms went in the right direction.

Economic sanctions imposed by the West as well as international financial institutions, including the ADB, have been either relaxed or suspended, if not totally lifted, to ease the inflow of capital.

Many countries have shown their readiness to pour funds into nearly all sectors in Myanmar. In fact, China already has many investment projects, perhaps too many, in the country, while Thailand has picked up the Dawei project as a key agenda to build up economic ties and connectivity with Myanmar.

GMS countries have also asked the ADB to analyse and provide additional information on the economic prospects of the economic-corridor extension, including the port on the Andaman Sea and a link to India.

Now, the one challenge Myanmar faces is maintaining peace long enough to allow for trans-border development and connectivity that is of benefit to all stakeholders.

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