

Japan to give \$615m in loans to Myanmar

AFP, Tokyo

JAPAN is to provide Myanmar with \$615 million in government loans, a report said Sunday, just days after the United States scrapped a ban on most imports from the long-isolated Southeast Asian nation.

Myanmar nominally ended nearly half a century of military rule last year and rapid changes have sparked a widespread lifting of sanctions and a scramble to tap a potentially lucrative market.

Japanese Prime Minister Yoshihiko Noda will make the loans announcement when he meets Myanmar's President Thein Sein on the sidelines on a Southeast Asian summit in Cambodia on Monday, the Nikkei business daily said.

Japan's first low-interest, long-term government loans to Myanmar in nearly three decades will "back up moves by Japanese companies into the country and hold China in check after it increased its influence in Myanmar", it said.

Japan will provide the loans in the fiscal year to March 2013 while the World Bank, the Asian Development Bank and major creditor nations are expected to announce in January they will waive debts owed by Myanmar, the Nikkei said.

The 50 billion yen in loans will be used for three projects including infrastructure related to a Japan-led special economic zone outside former capital Yangon.

The huge Thilawa project is led by a consortium of Japanese companies including Mitsubishi Corp., Sumitomo Corp. and Marubeni Corp., the Nikkei said.

The two other projects are repair work on a thermal power plant near Yangon and infrastructure development in 14 rural regions aimed at reducing poverty.

Japan, with its export-reliant economy, is looking to foster growth in the resource-rich Mekong region, a part of the world that is also being courted by China.

Unlike its Western allies, Japan maintained trade ties and dialogue with Myanmar, warning that a hard line on the then-ruling junta could push it closer to China, its key ally and commercial partner.

The European Union, Canada and Australia have suspended virtually all sanctions. The US move on Friday came ahead of a landmark trip by President Barack Obama to Myanmar.

The Tokyo government has in recent years provided other Asian nations with similar low-interest, long-term loans, known as "yen loans", aimed at boosting economic development, including Vietnam and India.

In April, Japan agreed to forgive 300 billion yen of the 500 billion yen which Myanmar owed.

Obama turns to a place where economy grows

WILLIAM PESEK

BARACK Obama's trip to Myanmar is a gift from the photo-opportunity gods. The sight of the US president standing beside political-prisoner-turned-Nobel-laureate Aung San Suu Kyi in Yangon will be a heart-warming moment for a world yearning for good news.

During the four-day journey, Obama will bypass China as well as such staunch Pacific allies as Australia, Japan and South Korea, not to mention Europe and the Middle East. Rather, he is visiting Thailand, Cambodia and Myanmar.

The obvious motivation for the route is to drum up new markets for corporate America with US-led regional trade talks. Less obvious is telling Southeast Asia that for the US, China isn't the only game in town. It is a show of support not just for Myanmar's opening, but for nations that may be future democratic bulwarks in a region awash in authoritarianism.

That is surely how many in China see Obama's journey, and he shouldn't be reluctant to own that message. China's belligerent behaviour has unnerved other Asian nations, prompting their leaders to put out a large welcome mat for the US. It is an ideal juncture for the US in a region that is home to most of the world's people, many of its geopolitical trouble spots and some of the most-dynamic economies.

That designation is a wink to Obama's time spent as a child in



US President Barack Obama speaks with Thai King Bhumibol Adulayadej, centre right, during an audience granted at Siriraj Hospital in Bangkok yesterday.

Indonesia. Attributes that were a disadvantage in his race against Romney and keep billionaire Donald Trump awake at night play well in Asia. I'm reminded of some farmers I met in September on the outskirts of Naypyidaw, who longed for the Obama-Suu Kyi moment on Burmese soil.

When he took office in 2009, Suu Kyi was locked up, trade negotiations with Malaysia and Thailand were stalled and the US wasn't even showing up to Asian summits. Obama's second term gives him a chance for a reset.

Asia has all too few strong and creative leaders to articulate its aspirations and where it wants to be in 20 years. It is telling that the most potent words uttered about Asia's brawl over various insignificant tiny islands came from Japanese novelist Haruki Murakami. He called the nation-

alism driving Asia apart "cheap liquor": it gets you drunk, causes you to do and say things you regret and ends in a bad hang-over.

This leadership vacuum means Asia's disputes and challenges fester from one generation to the next. It allows a crafty and ambitious power like China to wrap its tentacles around the future.

Japan's territorial claims also heighten tensions. The prospect of former premier and nationalist Shinzo Abe returning to the job next month after a national election won't calm nerves.

Myanmar will lead the headline parade as Obama meets with Suu Kyi. The Chinese won't like it. Nor will they like Obama bonding with Thein Sein. He enraged China last year by scrapping a huge hydroelectric-dam project amid popular discontent.

In Bangkok, Obama was expected to secure Thai entry into a US-led trade pact set up in opposition to China. It would be the 12th country to join negotiations in the Trans-Pacific Partnership, Obama's top trade priority. In Cambodia, Obama will speak at the East Asia Summit in Phnom Penh to press his case that America increasingly views itself as a Pacific nation.

It's a decent start for Obama's second term, but hardly enough. There has rarely been a better time for the US to play a transformative role in Asia. To succeed, Obama needs to do more than speak in generalities and pose for photos. He must relocate that quality that first endeared him to Americans: audacity.

William Pesek is a Bloomberg View columnist. The opinions expressed are his own.

Donors help perk up rural lives

MD FAZLUR RAHMAN, back from Sirajganj

THE realisation of holding taxes nearly trebled in Sirajganj district municipality in just three years, thanks to a donor-funded project in the northern district.

The local governance unit could collect only 36 percent of the Tk 1.77 crore in household taxes in fiscal 2008-09.

It rose to a stunning 87 percent in 2011-12 when the municipality collected Tk 3.4 crore against the target of Tk 3.5 crore, as the municipality is implementing a five-year project supported by a number of development partners.

In the July-September period of the current fiscal year, the municipality achieved 90 percent of its tax collection targets, Mokaddas Ali, mayor of Sirajganj Pourashava, told reporters during a meeting in the town recently.

The municipality's income, including taxes, rose by 122 percent to Tk 6.17 crore in 2011-12 from a paltry 38 percent four years ago, he said.

The project is part of the \$167 million "Second Urban Governance and Infrastructure Improvement Project", which focuses on energy efficiency, urban governance and infrastructure and health.

The Asian Development Bank, the German Technical Cooperation (GIZ) and German Development Bank KfW are co-financing the project along with the government of Bangladesh.

Although small, the municipalities and the beneficiaries are also contributing -- \$7.30 million and \$0.70 million separately -- to the project.

The project mainly aims to finance construction of roads, upgrade slums, and build drainage systems or marketplace.

The project aims to enable the municipalities to implement, operate, manage and maintain basic urban infrastructure services, and increase accountability towards

their citizens.

The project started in January 2009 and will be completed in December 2014.

Sirajganj district municipality is one of the 35 municipalities where the donors are implementing the project.

GIZ and KfW are supporting 12 municipalities -- Mymensingh, Mirzapur, Faridpur, Sreepur, Jamalpur, Rangpur, Thakurgaon, Natore, Dinajpur, Kurigram, Gaibandha and Sirajganj.

Ali of Sirajganj Pourashava said the project has a direct positive impact on the condition of the people in these areas.

It has increased access to social and economic benefits, accelerated income growth and improved gender equality.

The project also supports a performance-based allocation of investment funds, which are utilised to improve municipal transport, drainage, solid waste management, water supply, sanitation, municipal facilities, and basic services in slums.

Ali said the project is also supporting efforts to create women entrepreneurs, stop child marriage and drug abuse, and properly manage waste management.

He said, with the help of KfW, the municipality is constructing a six-storey shopping complex in the district town's Masumpur area, which will house 120 shops.

Johannes Schneider, development secretary of German embassy in Dhaka, said during the meeting: "We are overwhelmed by the big interest shown to us and the project. We are also interested to learn from your experience from the project."

KM Hasan, president of District Red Crescent Association, said only two years ago the municipality struggled to clear the waste and garbage.

The KfW and ADB are also financing the transmission efficiency improvement programme, as Bangladesh has long been suffering



A woman in Gazipur boils water on an energy-efficient cooking stove.

from inadequate electricity supply as well as stable system voltage in some areas.

In the first step, the ADB improved several substations of 132 KV lines and in the second step KfW financed modernisation of substations and improvement of system voltage of 33 KV lines by installing capacitor banks (power compensators).

Further, the programme supports the rehabilitation of an old but important substation near Khulna. The contribution of German financial cooperation to this programme is 15.21 million euros, the total program volume being 24.97 million euros.

The project which began in 2007 is now at its final stage and is scheduled to be completed by December 2012.

Officials said the project has enhanced the voltage profile and thus increasing the reliability of the

power system, expects to improve the reliability of the power supply.

These improvements shall lead to increased crop production fuelled by improved efficiency in the irrigation sector. It will also enhance the operational efficiency of the industries. Further, the project expects to increase the transmission efficiency with reduced transmission loss (by 8.3 percent).

Kabirpur substation in Gazipur is one of the 132kV grid substations, where industrial units, garment factories, heavy electrical equipments, pharmaceutical factories, and residential area consume 150 megawatt of electricity.

The donors helped set up a capacitor bank there. With this addition, 4 percent of voltage and 9.67 percent of power factor improvement have been achieved, said officials of the substation.

The German Financial Cooperation, in cooperation with the Dutch

development organisation SNV, has supported the installation of the biogas plants in the rural areas of the country since 2006.

KfW contributed 8.60 million euros to this programme, whereas the total volume of the programme is 23.61 million euros. Under the programme, a total of 100,000 biogas plants will be constructed by 2016.

During a visit to Barotopa village under Sreepur upazila of Gazipur district, it was found that a total of 49 biogas plants have been installed by Grameen Shakti and Rural Services Foundation.

The German Development Bank contributed 16.5 million euros to the country's solar home system project.

Only a portion of Barotopa village has access to electricity supplied from the state-run Rural Electrification Board. Sixteen households live in the un-electrified area

of which nine households have purchased solar home systems from Grameen Shakti and Rural Services Foundation.

Khalequzzaman, 40, is overseeing a project to construct and promote cooking stoves in Rakhaliyachayala in Gazipur. He said they are creating at least two entrepreneurs in each union across the country, as part of the long-term plan to bring the country's three crore families under the cooking stove network.

"Apart from training, we are also providing marketing support," he said, adding that there are 170 offices across the country to create the entrepreneurs.

Sayed Begum, a 45-year-old homemaker, said she is happy with the stove, as it requires less wood.

The German Development Cooperation has been providing financial and technical support to health, maternal and child health programmes in Bangladesh.

The country's new Health, Population and Nutrition Sector Development Programme will run from July 2011 to June 2016.

About \$8 billion has been earmarked for the largest programme in the health sector in the world, said Bertold Liche, a focal area health coordinator of KfW. Of the fund, about \$1.7 billion is expected to come from the development partners.

KfW, which is providing \$35.3 million to the project -- is implementing a project at Sreepur Health Complex.

Germany has been supporting the development of Bangladesh since the country's independence in 1971. More than 2.5 billion euro or Tk 25,805 crore has been disbursed for a broad spectrum of projects and programmes, both in technical and in financial cooperation, in the last four decades.

For 2012 and 2013, the world's largest economy in Europe has committed funds of up to 101 million euros.

DSE to install software to detect abnormal trade

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) is set to introduce state-of-the-art surveillance software in the next three months, which would enable the bourse to faultlessly identify manipulative stock trading.

The premier bourse yesterday signed an agreement with Trapets AB of Sweden and its local partner CIBL Technology Consultants to develop and install the surveillance software by February of next year.

Musharraf M Hussain, chief executive of DSE, Gunnar Wexell, chairman of the board of Trapets AB, and Muhammad Mohbob Hussain, managing director of CIBL, signed the deal on behalf of their organisations.

DSE officials said the key feature of the new software will be the automatic alert system for abnormal buy or sell positions taken by the investors.

The present software's alert function is very weak and the surveillance team often ends up doing it manually, the officials said.

The existing one will also remain operative after installation of the newly developed surveillance software, they said.

After the signing ceremony, DSE president Rakibur Rahman said the new software is aimed at strengthening the surveillance and monitoring system of the market.

"The surveillance will be stronger after introduction of the new software," he said.