

# World powers 'misuse' World Bank, IMF: BRICS bank exec

AFP, Washington

Europe and the United States have "misused" the World Bank and International Monetary Fund for their own ends, according to an executive at a new bank launched by major developing countries.

While such an accusation is hardly new, it is unusual for it to come from a rival institution.

"The Washington institutions fundamentally reflect the point of view, the interest, the ideology of the North Atlantic powers, the Europeans on one hand the Americans on the other," Paulo Nogueira Batista, vice president and chief risk officer at the New Development Bank, told AFP in an interview.

The remarks come as the World Bank and IMF, long-standing pillars of the post-war global economy, gather this week in Washington for their annual meetings -- and as Washington and Brussels confirmed their de facto monopoly on the institutions' leadership.

As has been the case since their creation, an American man, Jim Yong Kim, has just been recon-

firmed as World Bank president, while in July France's Christine Lagarde also began a second term as head of the IMF.

"The unwritten rule shows that change in these institutions is slower and the expectation that they will change has been reduced compared to what it was during the 2009-2010 crisis," said Nogueira Batista, who served as Brazil's representative to the IMF for eight years.

"When we see these things happening in Washington, we say, well we were right to start our own bank."

Based in Shanghai, the New Development Bank was launched in 2015 by the "BRICS" countries -- Brazil, Russia, India, China and South Africa -- to upset the established order, pushing back against the underrepresentation of developing countries in the major international financial institutions.

During the economic crises of 2009-2011, Europeans and Americans, fatigued from economic storms, promised to cede more ground to China and India.

But these hopes were soon dashed despite long-delayed governance

reforms at the IMF and the recent inclusion of China's yuan currency in the IMF reserve assets basket.

"The BRICS would not have gone so far as to create their own development bank if they were fully satisfied with the existing institutions," said Nogueira Batista.

The birth of the "BRICS bank" and of their own monetary fund marked a small revolution, according to Nogueira Batista. "It's the first time that a development bank of global scope is established by emerging market countries alone with no participation of the industrialized countries," he said.

China and its allies of course remain full-fledged members of the World Bank and IMF but expect "seek to build our own path."

"If we make mistakes, we hope to make at least new mistakes, not the same old mistakes that the old institutions have made."

The greater challenge will be to avoid the "politicization" of the bank.

"One of the problems of the Bretton Woods institutions is that they have been misused as vehicles of the bilateral agendas of their

major members," he said.

He pointed out that neither Russia nor Iran, which are at odds with Western powers, have access to World Bank financing.

To guarantee a political balance, none of the five founding member countries of the New Development Bank will hold the same veto power that is wielded by the Americans at the World Bank and IMF.

The new lender, which is approving its first projects this year and has an authorized capital of \$100 billion, also wants to stand out from others by emphasizing cooperating with borrowing countries, according to Nogueira Batista.

The World Bank and IMF "often have a notion of what is required and they impose policies," he said.

The new bank is still a minnow compared to the IMF and World Bank, with their 189 member states. And its success is far from being a foregone conclusion, as its own vice president concedes.

"It's still an open question whether we will be successful because the goal is quite broad," said Nogueira Batista. "Only time will tell."



Md Abdur Rouf, chief operating officer of Aarong, receives the Marketing 3.0 award given by the Asian Marketing Federation, at the federation's annual award ceremony in South Korea.

## ACC arrests two Janata Bank officials in graft case

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The controversial group siphoned off Tk 526.95 crore from three branches of Janata Bank, Tk 326.28 crore from Prime Bank, Tk 154.66 crore from Jamuna Bank, Tk 104.04 crore from Shahjalal Islami Bank and Tk 62.53 crore from Premier Bank, record shows.

Of the Tk 526.95 crore, Bismillah Group through its sister concerns—Alpha Composite Towel Ltd and Shahrish Composite Towel Ltd—siphoned off Tk 333 crore from the corporate branch of Janata

Bank.

The accused of Bismillah Group created fake sales contract with their own companies abroad and applied to banks for export facilities, according to the case statement.

Later, by issuing back-to-back letters of credit to the companies they pocketed the money without supplying any goods.

On the other hand, the bank officials breached the conditions of approval for LCs and violated the guidelines of Bangladesh Bank to help Bismillah Group in the process, reads the document.



NCC Bank Chairman Abdus Salam opens the relocated Banani branch of the bank on Road 11 at Banani in Dhaka on October 1. Managing Director Golam Hafiz Ahmed was also present.

## Group CFO of StanChart visits Bangladesh

STAR BUSINESS DESK

Andy Halford, group chief financial officer of Standard Chartered Bank, left Dhaka after his maiden visit to Bangladesh yesterday.

During his two-day visit, he met with the policymakers, including deputy governor and other senior officials of Bangladesh Bank, and key clients.

He also attended a training session organised for peer educators, who conduct the bank's "Financial education for youth" programme in 20 schools in Chittagong.

Halford was accompanied by Sanjeev Agrawal, regional chief financial officer for Singapore, Asean and South Asia.

"Bangladesh is a rising market with strong fundamentals. Throughout our



Andy Halford

111 years, we have been a proud partner in progress to the nation," said Abrar A

Anwar, CEO of Standard Chartered Bank Bangladesh.

"Andy Halford's visit reaffirms the group's commitment to continue this legacy at a time when Bangladesh is set to make giant strides forward."

Halford was appointed as group chief financial officer and group executive director of Standard Chartered PLC on July 1 in 2014.

He is based in London and is responsible for finance, treasury, business efficiency, property, investor relations, corporate development and strategy functions, the bank said in a statement.

He holds a bachelor degree in industrial economics from Nottingham University and is a fellow of the Institute of Chartered Accountants in England and Wales.

## 63pc repair works complete in Alliance factories

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The number of committees rose from 16 to 54 since April, and committees will be operational in a majority of Alliance factories by July 2018, according to the report. Some 40 factories have achieved substantial completion of their corrective action plans, while 97 have been suspended from the list of Alliance-compliant factories for failure to make sufficient remediation progress.

Worker Safety Committees empowered to monitor on-site occupational safety and health issues have been established or are in formation in 54 factories.

More than 1.2 million workers have been trained in basic fire safety, with nearly 800,000 receiving the interactive refresher course. About 23,000 security guards have been provided with fire safety leadership training.

The Alliance Helpline has become a go-to resource for workers inside and outside Alliance factories, receiving an average of 4,200 calls per month and nearly 90,000 calls in total since the helpline was established, the report said.

Maintaining safe factories require sustained commitment by the owners and the management, the report said.

## Spend more on CSR activities: Gowher

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He also said the CSR activities of the Korean companies in Bangladesh together with the Korean government will help the country achieve sustainable development and social stability that will accelerate the overall socio-economic development. Mostafa Kamal, president of Korea-Bangladesh Chamber of Commerce and Industry, said: "We can set up industries for economic development. But if the industries always damage the environment and society, it will not be beneficial to the people."

The businesses should be engaged in alternative activities to save the environment and the society for future generations, he said. Business organisations always look for profit, but the objective should be sharing profit with the people for sustainable development of the community.

"If we cannot achieve sustainable development, we cannot keep our environment healthy for our future generations and improve the society," he added.

The conference's technical session gave an overview on CSR activities by Korean companies and the organisations operating in Bangladesh. Officials of Youngone, Samsung, Korea Telecom and LG Electronics made four separate presentations on their CSR activities in Bangladesh.

## Solar irrigation pumps winning farmers' hearts

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The installation of a 15kW solar pump requires one bigha of land. "We are installing the solar panels in such a way that we can grow other crops on the land used for the solar irrigation pump." The sustainability of solar irrigation pumps without the state support is another concern.

Currently, Idcol provides 50 percent grants for solar-based irrigation schemes. Ahmed said it would be tough for a firm to survive if it depends on irrigation only.

Farmers do not need irrigation throughout a year, so if anyone sets up solar panels for irrigation purposes only, it will be very tough to survive. "One has to find multiple use of the energy system throughout the year to make such a scheme viable. We are working on that," he added.

## Japan's Fujitsu eyeing PC merger with China's Lenovo

AFP, Tokyo

Shares in Japanese IT giant Fujitsu soared Thursday on news it is considering merging its struggling personal computer division with China's Lenovo, the world's biggest PC maker.

A deal would mark the latest move by a Japanese firm to hive off struggling divisions to repair their finances, with Toshiba and Sony among a string of companies that have sold off assets in recent years. Japanese personal computer makers have been scaling back their businesses as consumers move to mobile devices to check e-mail or use the web.

The leading Nikkei business daily said the merger was among a number of options Fujitsu was considering for the money-losing unit. It did not give financial details.

In response, the conglomerate confirmed it is looking at "various possibilities including the reported move" but did not elaborate.

The firm's Tokyo-listed stock surged nearly six percent to close at 568.7 yen Thursday.

Fujitsu has been struggling to find a partner for its PC unit. It had been in talks with Toshiba and Vaio to merge their once high-flying personal computer businesses, but the talks have yet to result in a deal.

The reports on Thursday from the Nikkei and other Japanese media said Fujitsu and Lenovo were aiming to reach a deal by the end of this month as Fujitsu looks to focus more on its IT services business.

Possible options include transferring its PC design, development and manufacturing operations to a Lenovo-led joint venture, the Nikkei said.

## Syndication to ease lending risks: study

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Discussions at the event linked the decline in syndicated financing in the last two years with a rise in the flow of foreign loans and the increased capacity of individual banks to fund relatively bigger projects.

"It is good that we were able to reduce non-performing loans and help borrowers through syndicated financing," said Mesbah Uddin Ahmed, general manager and head of corporate at IDLC Finance.

The power and energy sector received the highest of 29 percent of total funds under syndicated financing, followed by telecom, engineering and the steel industry. But the highest number of projects was financed in the garments, textile and spinning sectors, while the lowest number was in real estate.

At the event, BB Deputy Governor SK Sur Chowdhury said the central bank encourages banks and financial institutions to finance large projects through syndication, in order to reduce banks' credit risk for better financial analysis and monitoring.

The benefit of syndication is that it splits and spreads out the various risks of the banks, he added.

"While bankers are striving hard to reduce their non-performing loans, the syndication mode can be a way out of this situation," said Chowdhury.

However, there are some problems, such as the cumbersome and lengthy process of syndication, said the paper. It discourages good borrowers from raising large funds

from the domestic market through syndication. There is also a lack of skilled human resources, added the BIBM paper.

Mohammad Shams-Ul Islam, managing director and chief executive of Agrani Bank, said the central bank should frame a prudential guideline on syndication.

Entrepreneurs in the past considered projects worth Tk 60-70 crore, but they now dream big projects worth Tk 1,000 crore, said Golam Hafiz Ahmed, managing director and chief executive of NCC Bank.

Banks should go for syndication in relatively small projects to avoid the risk of concentration in the long term, he added.

Arif Khan, chief executive and managing director of IDLC Finance, said Bangladesh is on a growth trajectory and the real issue would be financing long term projects.

He suggested development of a bond market and pension funds. In the short term, syndication can be a good instrument for entrepreneurs.

BIBM Supernumerary Professor Muhammad Yasin Ali warned that onslaught may come to the banking sector for failure of a group. "We can avoid the risk through syndication."

There should be rules that any group that wants loans should raise a part of its funds through the capital market, he added.

He suggested better coordination between the central bank and Bangladesh Securities and Exchange Commission.

BIBM Director General Toufic Ahmad Choudhury chaired the session.



MA Sabur, chairman of United Commercial Bank; Muhammed Ali, managing director, and Mohammed Abdus Salam, chairman of Chittagong Club Ltd, attend a deal signing ceremony at the bank's corporate office on Wednesday. The bank will sponsor the renovation of the club's banquet hall.



Md Emran, project director of Skills and Training Enhancement Project (STEP), and Md Redwan-Ul-Haque, head of business of Chakri.com, exchange documents of a deal at a programme on Monday. Chakri.com will provide career and training related consultancy to STEP.