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ANNUAL REPORT 2018

building sectoral competitiveness through PPD

BUSINESS INITIATIVE LEADING DEVELOPMENT (BUILD)



BUILD
*for Business
Reforms*

S T I N E T I N C O N

GOVERNANCE	4
OVERVIEW OF ACTIVITIES IN 2018 FROM CHAIRMAN	5
ABOUT	10
BUILDING SECTORAL COMPETITIVENESS THROUGH PPD	11
1. RESEARCH	13
2. REFORM STORIES	18
3. WORKING COMMITTEE MEETINGS	26
4. PSDPCC	35
5. PARTNERSHIP	38
6. REFORM POLICIES	40
7. ONGOING POLICY PAPERS	49
8. MAJOR PROJECTS IN 2018	51
9. MAJOR DIALOGUES	56
10. INTERNATIONAL EVENTS	63
11. MAJOR EVENTS	64
12. FOCUS GROUP DISCUSSION	73
13. SURVEYS IN 2018	76
14. TRAINING PROGRAM	78
15. PROPOSALS FOR NATIONAL POLICIES	79
16. PUBLICATIONS	91
17. FINANCIAL STATEMENT	95

ACRONYMS

ADR	Advance Deposit Ratio
AIF	Alternative Investment Funds
APBF	Asia Pacific Business Forum
APEC	Asia Pacific Economic Cooperation
ASYCUDA	The Automated System for Customs Data
BAPA	Bangladesh Agro-Processors' Association
BCAS	Bangladesh Centre for Advanced Studies
BFLLEA	Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association
BFSC	Bangladesh Fire Service Civil Defense
BFTI	Bangladesh Foreign Trade Institute
BIAA	Bangladesh Indenting Agents Association
BNBC	Bangladesh National Building Code
BPGMEA	Bangladesh Plastic Goods Manufacturers and Export Association
BRTW	Battery-run Three Wheeler
BSCIC	Bangladesh Small and Cottage Industries Corporation
BSEC	Bangladesh Securities and Exchange Commission
BSTI	Bangladesh Standards and Testing Institution (BSTI)
BTA	Bangladesh Tanners Association
CCI&E	Office of the Chief Controller of Import and Export
CCRU	Common Chrome Recovery Unit
CD	Customs Duty
CETP	Common Effluent Treatment Plant
CFTM	Climate Finance Transparency Mechanism
CKD	Completely Knocked Down
CP	Cleaner Production
CPTU	Central Procurement Unit
CRR	Cash Reserve Ratio
DED0	Duty Exemption and Drawback Office
DoE	Department of Environment
EC4J	Export Competitiveness for Jobs
ECC	Environmental Clearance Certificate
ECNWRC	Executive Committee of National Water Resources Council
EDF	Export Development Fund
EEG	Engineering and Electronics Goods
EPB	Export Promotion Bureau
ERC	Export Registration Certificate
ERW	Electric Resistance Welding
ESS	Electric Safety System
ETP	Effluent Treatment Plant
EV	Electrical Vehicles
FBCCI	Federation of Bangladesh Chambers of Commerce and Industries
FE	Foreign Exchange

ACRONYMS

FICCI	Foreign Investors' Chamber of Commerce and Industry
FRTMD	Forex Reserve and Treasury Management Department
FSDWC	Financial Sector Development Working Committee
FSE	Fire Safety Equipment
FSS	Fire Safety System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GTF	Green Transformation Fund
HS	Hydrant System
ICEs	Internal Combustion Engines
ICT	Information and Communication Technology
IFC	International Finance Corporation
ILET	Institute of Leather and Engineering Technology
IPT	Investment Promotion Team
ITO	Income Tax Ordinance
JETRO	Japan External Trade Organization
JV	Joint Venture
LCD	Liquid Crystal Device
LED	Light Emitting Diode
LFMEAB	Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh
LLG	Leather and Leather Goods
NBFIs	Non-Banking Financial Institutions
PaCT	Partnership for Cleaner Textile
PET	Polyethylene Terephthalate
PIC	Project Implementation Committee
PPD	Public Private Dialogues
PPR	Public Procurement Rule
PSDPCC	Private Sector Development Policy Coordination Committee
RIA	Regulatory Impact Assessment
RJSC	Registrar of Joint Stock Companies and Firms
RPPs	Reform Policy Papers
SFD	Sustainable Finance Department
SGGWC	Sustainability and Green Growth Working Committee
SRO	Statutory Regulatory Order
T&IWC	Trade and Investment Working Committee
TIED	Tannery Industrial Estate of Dhaka
TSP	Textile Sustainable Platform
TWC	Taxation Working Committee
UNCOP	United Nations Climate Change Conference
WARPO	Water Resources Planning Organization
WC	Working Committee
WBG	World Bank Group
WTO	World Trade Organization

BOARD OF TRUSTEES

We are grateful for the round the year non-stop and sincere support and guidance provided by our Board of Trustee Members of BUILD. The Board of Trustees, constituted in the Deed of Trust in 2013, is responsible for providing policy direction to the organization from time to time. The Board is vested with the authority and responsibility to exercise control over all the activities conducted by BUILD. Presently there are eight members who are representatives of institutions from successful leading and prime chambers in Bangladesh, along with a member secretary of the organization to run routine activities.



Mahbubul Alam
Chairman of Trustee Board
President
The Chittagong Chamber of
Commerce and Industry (CCCI)



Abul Kashem Khan
President
Dhaka Chamber of Commerce
and Industry (DCCI)



Nihad Kabir
President
Metropolitan Chamber of
Commerce and Industry (MCCI)



Farooq Ahmed
Secretary General, MCCI



A.H.M Reazul Kabir
Secretary General, DCCI



Engr. Mohd. Farque Ahmed
Secretary, CCCI (Acting)



Asif Ibrahim
Advisor to Trustee Board
Founder Chairman



Ferdaus Ara Begum
Member Secretary



FROM THE CHAIRMAN

The year (2018) is one of a great challenges for BUILD. It has not been without cause for celebration, too. We marked a real milestone in the history of BUILD – holding its 7th Anniversary. As an anniversary, it has proved an appropriate moment to reflect on our achievements since 2011, and also to look forward to the years ahead – and to consider how our role will continue to change and develop in response to the challenges and opportunities for the private sector that lie ahead of us.

The targeted investment to GDP of Bangladesh in the year 2018 was 33.54%, while the achievement was 31.2%. There are regulatory barriers hampering investment, and in this regard, BUILD proposed a number of proposals to address these barriers and thus unlocking investment potentials. BUILD conducted a number of studies, surveys, research and dialogues in that respect and was successful in achieving some key reforms through its structured dialogues with the Government and private sector.

As the Chairman of BUILD, we present an overview of activities of BUILD for which it devoted its full efforts throughout the whole year of 2018. Before going further, it is worth mentioning our achievements of implementing reforms in the years with specific mention of the year 2018.

BUILD proposed 690 reform proposals in the last seven years and 187 in 2018 through its Taxation, SME Development, Financial Sector Development, Trade and Investment, and Sustainability and Green Growth Thematic Working Committee and finally placed through the Private Sector Development Policy Coordination Committee (PSDPCC). To date, the Government has implemented 203 reforms of which 32 reforms were implemented in 2018.. While the rest are being examined by the corresponding bodies of the Government for implementation. Doing so keeps BUILD relevant and useful to the Government and the private sector and the international partners it collaborates with. Some of the vital reforms are as follows:

- *Cold Storage now in 'Green Category';*
- *Inclusion of Definition of Deemed Exporters in Export Policy 2018-21;*
- *Simplification of Coefficient Providing Process for Getting Duty Drawback for the Exporters of Leather Sector;*
- *Allocation of SME loan and Manufacturing Portfolio Increased;*
- *Bangladesh Bank Published Guidelines for Foreign Exchange Transactions 2018;*
- *Foreign Investment in Alternative Investment Funds under NITA Allowed;*
- *Simplification of Policies for Service Export;*
- *Paid up Capital Limit Increased to BDT. 100 Crore without any Prior Approval of BSEC*
- *Battery Export Support Extended;*
- *Tax at Source for Exports Reduced;*

OVERVIEW OF ACTIVITIES OF BUILD IN 2018

Since its inception, BUILD has placed Income Tax, VAT and Customs related reform proposals under its Taxation Working Committee (TWC) to the National Board of Revenue (NBR) before National Budget announcement. As part of advocacy, BUILD placed budget proposals in a pre-budget meeting organized by the National Board of Revenue (NBR) in 2018. Around 110 fact based proposals were placed, of which 13 reform proposals were implemented.

Notable, National Board of Revenue has included BUILD as a member of the Investment Promotion Team (IPT), formed by different investment encouraging departments/organizations of the Government. Some major reforms implemented under Finance Act-2018 are as follows:

- *SD Imposed on Plastic/Polythene Bags at Distribution Level;*
- *Simplification of Import for Fire Safety equipment in Bangladesh;*
- *The Government imposed 25% export duty on Refined Lead in the Finance Act 2018-19: Tafsil-1 to Help the Growth of Local Battery Industry in Bangladesh;*

We successfully organized five Public- Private Dialogues including two Private Sector Development Policy Coordination Committee (PSDPCC) meetings under the chairmanship of Principal Secretary of Prime Minister's Office.

In 2018, we tabled five reform policy papers through PSDPCC meetings on export competitiveness of leather footwear industry, and quality constraints of plastic sector, simplification of sample export and import policy, definition of import against indent and pro forma invoice and post -budget (FY 2018-19) discussion. Some reforms are under review for which BUILD is currently working with different stakeholders;

- *Leather and Leather Goods Policy is underway for finalization by Ministry of Industries (Mol);*
- *Boiler Act-1923 and Boiler Regulations 1951 is amended by Ministry of Industries;*
- *A Comprehensive PSD Policy and Guideline for Repatriation of Royalty fees for Technical Knowledge or Technical Assistance, Technology Transfer fee are underway of finalization by BIDA;*

PSDPCC meetings apart, we held three Thematic Working Committee meetings in 2018 and placed 21 reform policy papers.

During the year, we geared up our efforts to respond to the time, necessity and demand of private sectors and held dialogues for advocating recommendations to address the issues. We were rewarded for our immediate response and high-quality work, which is a special feature of BUILD in facilitating the improvement of business environment of Bangladesh in an effective manner. We also helped the Government hit the national goals.

We appreciate the keen interest of the Government in supporting our efforts. We gratefully acknowledge the support from the Private Industry and Investment Adviser to the Honorable Prime Minister, Principal Secretary of Prime Minister's Office, including all the Co-chairs of five Working Committee such as; Secretary of Ministry of Commerce, Secretary of Ministry of Industries, Chairman of National Board of Revenue, Secretary of Environment, Forest and Climate Change and Deputy Governor of Bangladesh Bank in particular including Presidents of FBCCI, MCCI, DCCI, CCCI and BGMEA who played a tremendous role to our cause.

OVERVIEW OF ACTIVITIES OF BUILD IN 2018

Let us allow to give you insights on some of our projects accomplished in 2018. BUILD has been implementing a project named Provide Policy Advocacy Support through Structured Public-Private Dialogue in collaboration with IFC-WBG in which four sectors, namely; Leather, Leather goods and Footwear, Plastic and Light Engineering have been identified as priority sectors for export diversification. The main objective of the project is to create jobs through export diversification. BUILD is organizing sectoral dialogues and contributing to the policy advocacy part of EC4J project. The main implementing agency for this project is the Ministry of Commerce, GoB.

Apart from this, through the Textile Sustainability Platform (TSP) under PaCT Program, BUILD undertook an assessment of the implementation success and challenges of reforms proposed under PaCT-I and explored areas to improve. Notable, BUILD prepared and sent the assessment report of the reforms under PACT I.

A project on 'Action Research for Reducing Trade Barriers' in the area of enforcing contracts in Bangladesh was conducted by BUILD with support from PROKAS, a program of British Council. Through this project, studies were completed on four issue-based projects (IBPs) related to labor migration, climate change, food safety, and paperless trade.

As part of strengthening partnership, BUILD signed MOU with Bangladesh Centre for Advanced Studies (BCAS) and WEConnect International in 2018. BUILD has already started implementing a component of Climate Finance Transparency Mechanism (CFTM) Project supported by PROKAS under the agreement with BCAS.

BUILD in collaboration with BCAS conducted a study on "Electric Vehicles and Sustainable Transportation System in Bangladesh" and organized a dialogue aimed at greening the transportation system and thus contributing to mitigation of emission. We are aware that transportation is the most polluting agent to the environment. The study findings if implemented, could largely impact the environment.

BUILD also extends support to WEConnect International to continue its implementation of a World Bank Group capacity building program for women-owned businesses in Bangladesh that will provide access to global networks and corporate procurement opportunities through online and in-person trainings and networking events. Under this MoU, BUILD organized a consultation meeting titled 'Engaging Women Entrepreneurs in Public Procurement and Corporate Supply Chain' and a dialogue titled 'Public Procurement Policy and Gender Perspective' in cooperation with IFC-WBG.

BUILD signed an agreement with Japan External Trade Organization (JETRO) for a study and a Dialogue on Battery Run Three Wheeler (BRTW) in Bangladesh in 2017, which was completed in April, 2018. BUILD continues to put advocacy efforts for formalizing the policy of BRTW.

Some stakeholder consultation sessions and roundtable discussions on Anti-Dumping (AD) measures on Hydrogen Peroxide and Jute were organized by BUILD in collaboration with WTO Cell of Ministry of Commerce. A three days long (15-17, October, 2018) consultation session on "Addressing Trade Remedial Measures for Export Products of Bangladesh (Anti-Dumping Measures on Hydrogen Peroxide and Jute Goods)" was also organized by BUILD and WTO Cell, MoC. These consultations aimed to analyze the present situation of anti-dumping measures on some exports of Bangladesh imposed by other countries and to present the findings of the consultations also required for the next step to be initiated.

OVERVIEW OF ACTIVITIES OF BUILD IN 2018

BUILD accomplished a Market Research on Electrical and Electronics Industry of Bangladesh (Television, Refrigerator, and Air Conditioner) to understand the current market situation of each industry, customer's preference regarding products, choice and size, the impact of market segmentation customer purchasing decision and the reason behind the impact. It will help the electronic industry of Bangladesh.

Let us allow to give some insights on our publication launched in 2018. A CD of Business Start-up Licenses: A Regulatory Guide" was launched by the Trustee board members of BUILD which was researched, prepared and published by BUILD in cooperation with Bangladesh Investment Development Authority (BIDA), Prime Minister's Office that electronically provides information regarding license, permit approval, certificate, registration etc. needed for doing business in Bangladesh.

Early in the year, BUILD organized First Bangladesh-Austria Trade and Economic Forum along with Advantage Austria. BUILD has been the official partner of Austrian Embassy Commercial Section (Advantage Austria) since 2016. BUILD and Advantage Austria organized the prestigious National Energy Globe Award Giving Ceremony-2018 as well.

As part of its support to identify different dimensions and manifestations of regulatory unpredictability faced by the private sector and understand better how businesses assess the predictability of the regulatory system, BUILD and the World Bank Group conducted a survey on regulatory predictability in 2018.

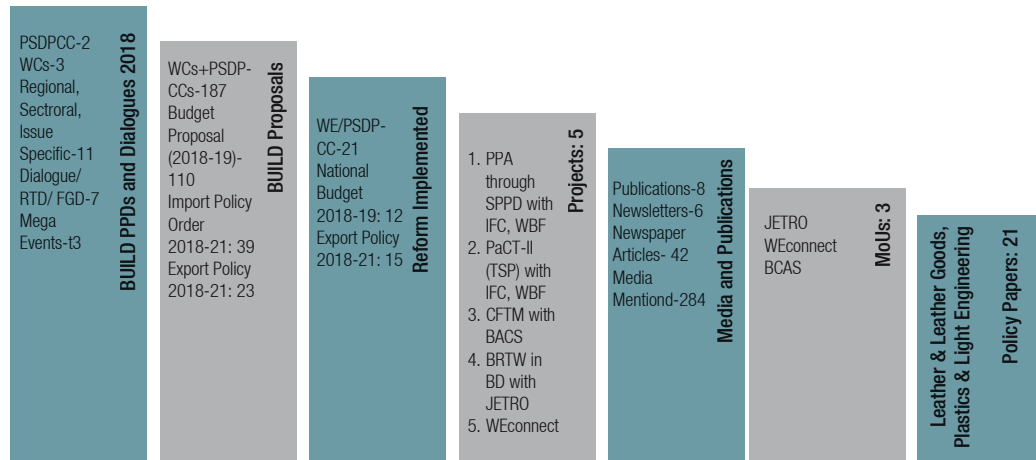
BUILD has become a valued partner of Citizen's Platform for SDGs, Bangladesh to contribute to the delivery of the SDGs and enhance accountability in the implementation process. BUILD has played a critical role completing a study, portraying the role of private sector on the progress in achieving the development targets of SDG 8: Decent Work and Economic Growth, to be placed at the meeting of the High-Level Political Forum (HLPF) on Sustainable Development in 2019 in New York.

In 2018, BUILD put comments on different business policies like, Monetary Policy, Export Policy 2018-21, Import Policy 2018-21, Foreign Exchange Transaction Guideline-2018, Leather and Leather Goods Policy, SME Policy, Guideline for Repatriation of Royalty fees for technical knowledge or technical assistance, technology transfer fee etc. . A substantial number of BUILD's comments was incorporated in the policies.

BUILD is a member of more than 20 different high-status committee established in both public and private sector organizations such as National Steering Board of the Bangladesh Water Multi-Stakeholder Partnership (MSP) Steering Committee, Water Governance and Sustainability Work Stream and Agriculture Work Stream of Ministry of Water Resources; National Consultative Committee on Export and Import Policy; Integrated Private Sector Policy Concept Note Preparation Committee, Project Implementation Committee (PIC); Member of the project for promoting Investment and Enhancement of Industrial Competitiveness of BIDA; National Single Window of MoC; Trade Facilitation Committee; Simplification of Export Documentation Ease of Doing Business Committee of MoC; SDG Private Sector Working Group of ILO; Asia Pacific Business Forum (APBF) of UNESCAP; Working Group on Improvement of Investment Climate (Japan), Review of the Decision/Discussion of 1st Japan Bangladesh Public-Private Joint Economic Dialogue, Follow-up

OVERVIEW OF ACTIVITIES OF BUILD IN 2018

Meeting of Agreements, Understandings, and Discussions during the visit of Hon'ble PM of Bangladesh to China of Prime Minister's Office; Ease of Doing Business Committee in Bangladesh Bank, Green EZ Guidelines and Investment Promotion Team etc.. BUILD has been engaged in a number of activities with them and attending meetings regularly.



It is a particular source of personal pride for me to thank our Board of Trustees and Dhaka Chamber of Commerce and Industry (DCCI), Metropolitan Chamber of Commerce and Industry (MCCI) and Chittagong Chamber of Commerce and Industry (CCCI) for their guidance and support in advancing the work of this vital organization.

We would like to extend sincere thanks to the Prime Minister's Office, World Bank Group, International Finance Corporation, UNDP Bangladesh, USAID, International Trade Centre-Geneva, Austrian Embassy Commercial Section, ActionAid, Japan External Trade Organization, and PROKAS of British Council for selecting BUILD as one of the partners. At the same time, we would extend sincere thanks to a number of Chambers/Associations that acknowledged our role and were benefited from the services of BUILD.

We look forward to working with the Board, our partners and policy makers, as well as the Government. Our mission remains more important than ever—to place BUILD as a platform for fact-based and research-backed dialogue and advocacy for unlocking potential growth of the private sector in Bangladesh. Our commitment to the private sector that we will stay true to our mission and targets that are aligned with the national development plan for Bangladesh Government – helping the Government in creating jobs through investment and new SMEs.

Md. Mahbubul Alam
Chairman of the Trustee Board, BUILD (2018)

WHO WE ARE

BUILD is a joint initiative of the Dhaka Chamber of Commerce and Industry (DCCI), Metropolitan Chamber of Commerce and Industry (MCCI) and Chittagong Chamber of Commerce and Industry (CCCI) working as a platform in Bangladesh for an exchange of actionable ideas between the public and private sectors. It works as a strategic partner of the Private Sector Development Policy Coordination Committee (PSDPCC) established at the Prime Minister's Office (PMO) since 2011 and extends all secretarial services through the Policy Coordination Unit (PCU) of the PMO.

It has been designed as a sustainable platform for action-oriented reform that simplifies the process of doing business in Bangladesh by working closely with the government. It assists the government undertakes business reforms through focused public-private dialogue, backed by rigorous analysis and advocacy to ensure that concrete and results-based reforms are implemented as the Government's trusted partner in promoting private sector-led growth, and a united and powerful voice for business.

BUILD features public-private dialogue on five thematic areas – Tax, SMEs, Financial Sector and Trade and Investment, Sustainability and Green Growth. It undertakes much of the analysis and advocacy to support the dialogue process, and assist in ensuring that BUILD develops specific, measurable and results-based recommendations for the Government to implement.

OUR VISION

To be a key thought leader and center of knowledge, data and experience on private sector issues in Bangladesh in an attempt to eradicate constraints facing private sector growth in Bangladesh Corporate Values.

OUR MISSION

To place BUILD as a platform for fact-based and research-backed dialogue and advocacy, with the objective of identifying investment climate constraints and recommending changes to laws, policies and regulations in order to unlock growth potential of the country's private sector.

OUR VALUES

The following set of values drive the operations of the organization:

- Professionalism: education, relevant skills, dedication, team spirit, competency and commitment
- Integrity: ethical behavior, credibility, appreciation, trust and transparency
- Competitiveness: effectiveness, efficiency, quality services, pro-activeness and dynamism

Bangladesh is transforming into a middle income country with high GDP growth rate that is close to double digit, and expected to reach per capita income of USD 12,000 by 2041. Some of the benefits enjoyed by Bangladesh as an LDC may obviously face erosion. Review of GSP benefits and stringency of official development assistance (ODA) are some of the identified issues, while providing subsidies to the exports and other sectors will face question.

As the dynamics of national and international trade and investment have been undergoing tremendous changes, policies would also need to be changed. PPD platforms deal with sectoral needs for export competitiveness. A recent project being implemented by the Ministry of Commerce, namely Export Competitiveness for Jobs (EC4J) in collaboration with IFC-WBG is working for addressing export competitiveness of some selected sectors. Initial studies have found potential of sectors like; leather & leather goods, footwear, as well as plastic and light engineering. BUILD is a partner to deal with the advocacy for policy reforms, thereby addressing regulatory barriers impeding growth of these sectors.

Domestic market for the 3 sectors is enormous, amounting to \$2.5bn. Import is also significant: about \$5.7bn. Raw materials are mostly imported, both for local and export market. Policies of the government are supportive for these sectors, but there is absence of detailed and specific strategies. Following are very important and common issues related to the four above-identified export sectors:

Changing Global Value Chains and Landscape

- A key problem is that light engineering and plastic businesses are mostly SME driven and have limited ability to enter into the global value chain and the specific policy-making process is also not clearly supportive.

The Government Institutions

- Government is often concerned about compliance and diligence of the private sector, while the businesses also sometimes see regulatory processes as difficult to negotiate.
- The Secretaries of the government can play a very important role in making decisions about reform, while the chamber leaders can represent sectoral interests and pledge commitments about decisions.

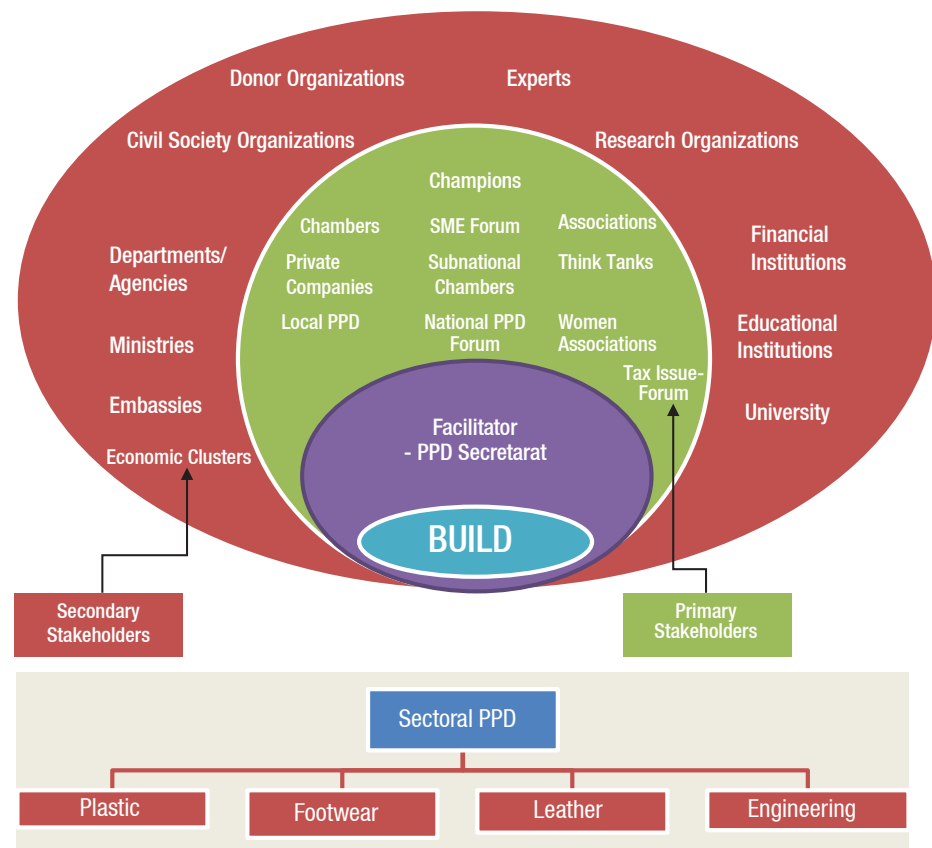
Change Agents

- The key agent as the driver of change could be dialogue and advocacy platforms that align the interests of the government and private sector by providing evidence-based recommendations that would benefit businesses in line with the government priorities.

How effective Dialogues can contribute to address these complex issues: Fact-based cross-sectoral dialogues can be planned through structured platforms, Public Private Dialogues (PPD) platforms are familiar throughout the world, a number of complicated problems are resolved through these structured dialogues. The design and the structure differ based on the need of the issues and context of the country. Institutionalization of PPD platforms is very important. Key challenges for PPD is to promote sub-sector and horizontal dialogue processes and improving vertical linkages and communication to ensure that issues that have to be addressed at a higher level policy are indeed taken up properly.

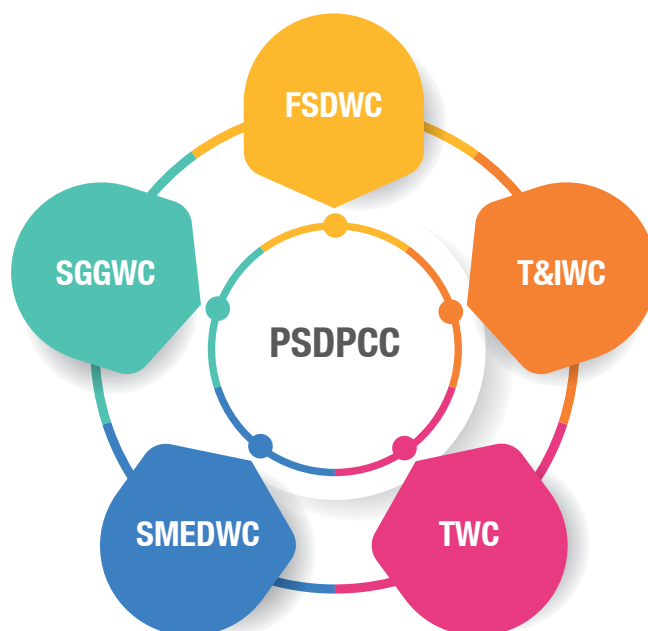
Identified constraints of these sectors are related to policy, procedural, tax, capacity, financing and quality and environmental sustainability. IFC conducted some initial studies and prepared sectoral notes in consultation with the sector players. PPD platforms have conducted further detailed assessments based on the sectoral notes. The overall constraints are divided under six broad heads, viz: policy, tax, procedural, financing, quality and capacity building.

Importance of PPDs: Stakeholders play a very important role in planning and advocating their issues throughout the span of PPD. An example of a stakeholders mapping is presented below to give an idea on how a PPD accommodates concerned stakeholders:



BUILD has been supported by IFC-WBG to bring global experiences and expertise to build capacities of the PPD consultants and bring confidence among stakeholders. Political partners also played an important role to rely on PPD Secretariat to bring changes in the policies. As Chambers and Association model is working effectively since long, PPD practices are too some extent new in the country. As a result, there is a perception that the two kinds of organizations are similar or overlapping and thus the relevance of the PPD process is not clear to many stakeholders. PPD practitioners do not have direct access to constituencies but have access to cross-sectoral business associations as they get research support from the PPD platforms. PPD platforms try to accommodate all those concerned people as much as possible. While accommodating all types of stakeholders may take some time to get results on a specific issue through PPD process, it ensures sustainability of the reforms. Sectoral Dialogue is another initiatives to put more thrust on sectoral issues, addressing constraints to establish a different implementation mechanism.

CHAPTER 1

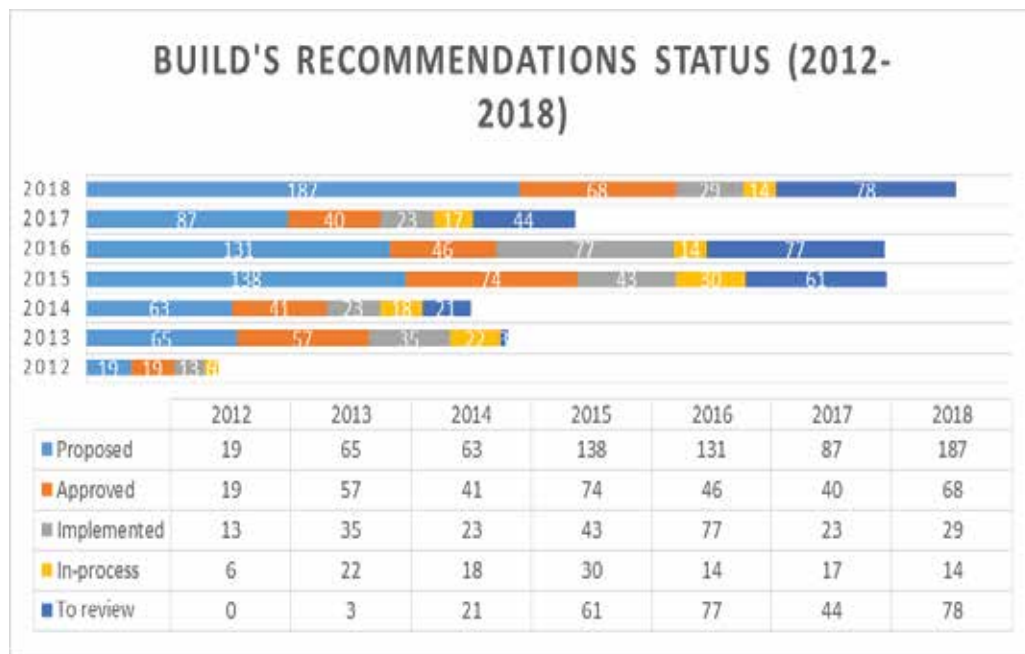


Working Committee	Objective	Public Sector Co-chair	Private Sector Co-chair
Trade and Investment Working Committee (T&IWC)	To unlock the investment potentials of Bangladesh and address the issues related to trade and investment policies	Secretary, Ministry of Commerce	President, MCCI
Financial Sector Development Working Committee (FSDWC)	To identify constraints to SME business and eventually create a conducive business environment for SMEs	Deputy Governor-1, Bangladesh Bank	President, DCCI
Taxation Working Committee (TWC)	To bring in reforms for tax formulation and continuous re-appraisal of tax-policies and tax-laws	Chairman, National Board of Revenue	President, FBCCI
SME Development Working Committee (SMEDWC)	To identify constraints to SME business development and promote SMEs for alleviating poverty and generating employment	Secretary, Ministry of Industries	President, CCCI
Sustainability and Green Growth Working Committee (SGGWC)	To create awareness among business for climate change for green growth and environment friendly sustainable business	Secretary, Ministry of Environment, Forests and Climate Change	President, BGMEA

How PSDPCC works!

The Private Sector Development Policy Coordination Committee (PSDPCC) at the Prime Minister's Office headed by the Principal Secretary to the Prime Minister coordinates and catalyzes activities of government agencies and private sector working related to Private Sector Development matters. The committee takes an inter-ministerial integrated approach to make decisions on regulatory policies. Getting policy directives from the five thematic working committees, BUILD works as the Secretariat to the PSDPCC since its inception (2011). The ToR (Terms of References) of the committee is to identify constraints of PSD, analyze investment climate and prescribe policy suggestions.

BUILD'S COMMITMENT TO RESULTS: REFORM SCORECARD



05

BOOKS

48

ARTICLES

10

SPECIAL REPORTS

30

POLICY REFORMS

48

EVENTS

03

INTERNATIONAL EVENTS

06

CEO SERIES

288

MEDIA MENTION

38

DIALOGUES

06

NEWSLETTERS

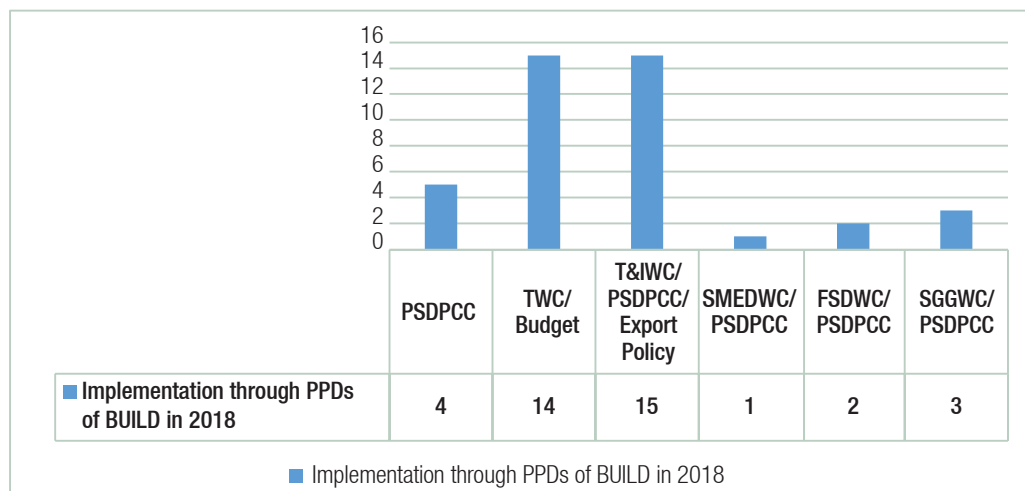
12

PROJECTS

Our publications respond to current private sector related policy issues in the trade and commerce spheres in line with our mission and research agenda.

MAJOR REFORMS IN 2018

A structured filtration system is maintained to implement recommendations. BUILD puts its utmost efforts to identify the crosscutting and sectoral issues. Issue identification method and collection of baseline information follow a structured process of filtration. Implementation of the filtration mechanism of BUILD ensures that this basic information is available even before the reform is recommended. PSDPCC and Five working committee play a significant role in the entire reform architecture of BUILD. Using PSDPCC, Working Committees, National Budget consultation, and other platforms, BUILD successfully managed to implement 39 reforms. Summary of the reforms are as follows:



SUMMARY OF THE REFORMS

PSDPCC

1. Cold Storage sector is now in 'Green Category' of Environment Certificate.
2. Foreign investors can increase paid-up capital up to BDT 100 Crore without any approval from Bangladesh Security Exchange Commission (BSEC).
3. De Minimis Value has been raised to BDT 2000 (USD 24) in the Customs Act, 2018 (reference: Chapter 6, Section 26, Subsection 1 (b), Customs Act 2018.) which was only BDT 1000 (USD 12) as per the Customs Act 1969.
4. Bangladesh Standards and Testing Institution (BSTI) takes initiative to sign an MoU with the concern governments to simplify export and import of 33 accredited items as per BUILD proposal.

SMEDWC/PSDPCC

1. Simplification of Co-efficient Providing Process for getting Duty Drawback for the exporters of Leather Sector

SGGWC/PSDPCC

1. Executive Committee of National Water Resource Council has already held a number of meetings following the proposal of BUILD.
2. WARPO is having project-based MoU with BUET.
3. Water pricing rules are mentioned in Water Rules to be set in subsequent National Water Resources Plan.

FSDWC/PSDPCC

1. Bangladesh Bank Published Foreign Exchange Transactions Guideline 2018.
2. Foreign investment in Alternative Investment Funds (AIF) registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 is allowed through Non-resident Investor's Taka Account (NITA) while the ADs need to follow some specific instructions mentioned in the circular.
3. Any income from an alternative investment fund recognized by the BSEC has been included in the exclusion from total income (6 Schedule, Part A of 54) before it was a case of double taxation issue. [6 Schedule, Part A of 54 (Exclusion from Total Income), Income Tax Ordinance 1984 Chapter 4, Finance Act 2017, published on 29.6.2017]

TWC/National Budget

1. Finance Act. 2018, Point- 13 (Gha), Section 30 (h) of ITO 1984 has been replaced as follows:
 “(h) so much of the expenditure or aggregate of the expenditure by an assessee by way of royalty, technical services fee, technical know-how fee or technical assistance fee or any fee of similar nature, as exceeds the following:
 For the first three income years from the commencement of the business or profession- Ten percent (10%) of the net profit disclosed in the statement of accounts; and for subsequent income years- eight percent (8%) of the net profit disclosed in the statement of accounts.
2. Supplementary Duty (SD) on importation of 1600-1800 cc hybrid motor cars has been reduced from 45% to 20%.
3. The Electrical Vehicles (EV) has been exempted from all kinds of import duty till EV sector starts production in Bangladesh.
4. New HS Code specification under HS Code 85.29 has been introduced for Open cell (18.5 inch or above of diagonal length) for use in manufacture of Liquid Crystal Device (LCD)/Light Emitting Diode (LED) panel, imported by VAT registered television manufacturing industry.
5. Custom Duty of finished mobile, battery charger, UPS/IPS, voltage stabilizer has been increased to 15% from 10%.
6. VAT Exemption on local Motorcycle ((CKD Motorcycle) and Parts Manufacturers.
7. In case of widening tax network “Virtual business: and online advertising platforms has been incorporated in existing VAT law (SRO No. 205-AIN/2018/808/VAT (S079.00-Social Media and Virtual Business).
8. For Publicly traded Banks, Insurance and Financial Institutions, the rate of Corporate Income Tax has been now 37.5% instead of present 40% (Finance Act. 2018, Paragraph- KH, Section : kha)
9. Finance Act 2018, ITO 1984-Section 18
 (d) the sale of any goods or services by any electronic means to purchasers in Bangladesh; or
 (e) any intangible property used in Bangladesh.
10. VAT on coriander seed at import stage has been exempted (SRO No. 167-AIN/2018/790-VAT)
11. Export oriented industries are enjoying tax at source @ 0.25% now.
12. SD Imposed on Plastic/Polythene Bags at Distribution Level.

13. Government has included only “Seamless Pipe” under HS code 7304.39.90 to be imported by the exporters for which 5% import duty was imposed as per and SRO 158=AIN/2017/44/ Customs.
14. The government has imposed 25% export duty on Refined Lead in the Finance Act 2018-19: Tafsil-1 to help the growth of local battery industry in Bangladesh.

T&IWC/PSDPCC/Export Policy 2018-21

1. Inclusion of Definition of Deemed Exporters in Export Policy 2018-21.
2. Inclusion of Definition of Sample Item in Export Policy 2018-21.
3. EDF ceiling for leather sector will be as same as RMG sector (Export Policy 2018-21: Clause 6.2.1)
4. Compliant leather footwear and leather industries will be included under Green Category of environment certificate (Export Policy 2018-21: Clause 6.2.3)
5. Leather sector can be exported about USD 20000 of sample yearly (Export Policy 2018-21: Clause 3.2.1.2 ^৯).
6. Value Addition Criteria will be 30% for new export sector (Export Policy 2018-21: 5.7.1).
7. All export-oriented sectors may import machineries used for fire doors, fire control and fire safety without import duty (Export Policy 2018-21: Clause 5.11.5).
8. Initiatives will be taken to establish the Central Bonded Warehouse for availability of raw materials and in particular the reduction of lead time in the leather industry (Export Policy 2018-21: Clause 6.2.2).
9. Motor cycle and Battery has been included in the Special Development Sector. (Export Policy 2018-21, Clause: 4.4.1).
10. Tannery industrialists and exporters (except tannery owner), can import essential chemicals in flat rate (Export Policy 2018-21: Clause 6.2.4).
11. Deemed and direct export earning of plastic sector will be included in the total export earnings (Export Policy 2018-21: Clause 6.9.7).
12. Plastic sector will be included under Green Category of environment certificate (Export Policy 2018-21: Clause 6.9.8) .
13. Plastic business council will be given full and effective institutional structure (Export Policy 2018-21: Clause 6.9.9).
14. Export Registration Certificate (ERC) renewal can be managed by Banks (Export Policy 2018-21: Clause 5.28.8).
15. Policies are now simplified for Service Export through a SRO circulated by Ministry of Commerce.

CHAPTER 2

2.1 Reforms through Private Sector Development Policy Coordination Committee (PSDPCC)

2.1.1 Cold Storage now in 'Green Category'

The Government has recently included Cold Storage in 'Green Category' under the Bangladesh Environment Conservation Act, Clause 20. (Source: SRO No 349 Law/2017 dated 21/12/2017 by the Ministry of Environment, Forest and Climate Change. Having reviewed the guideline, this policy reform came into force following the recommendation of BUILD placed at the 5th Private Sector Development Policy Coordination Committee meeting at the Prime Minister's Office.

Previously Cold Storage was under Orange B category of the Environment Policy 1992 and Environment Conservation Act 1995, Environment Conservation Rules 1997 and Environment Court Act 2000.

Cold storages used to require 13 different licenses, permits and clearances in order to set up and operate, including Environmental Clearance Certificate (ECC) that additionally required feasibility study of cold storage, Initial Environmental Examination including process flow diagram and pollution minimization plan including emergency plan for adverse environmental impact.

As well as cold storages, CNG/ Auto Gas Filling, Solar Power Centre, Bio Fertilizer, LPG Bottling Plant have also come under Green Category. This reform would be helpful for preservation of agro-products and reduce post-harvest loss.

2.1.2 Approval of BDT 100 Crore Paid-up Capital for Foreign Investors

All limited companies were required to take permission from the commission to increase their paid-up capital to above BDT 10 crore. Existing process of taking permission from BSEC as well as Registrar of Joint Stock Companies and Firms (RJSC) was cumbersome and time consuming process. Foreign investors were facing several problems and hassles.

BUILD worked on this issue and placed a study on "Simplification of Policies for Raising Paid up Capital for Foreign Investors" in the 2nd Meeting of the "Working Group on Improvement of Investment Climate" at the Prime Minister's Office (PMO) on 20th April, 2017, where BUILD proposed that Ministry of Commerce may issue a letter to BSEC to implement a rule that the foreign investors may get exemption to take permission from the BSEC to raise paid up capital up to BDT 40 crore provided their accounts are audited by internationally reputed and accepted audit firm.

All recommendations were also placed in the 9th Meeting of the Private Sector Development Policy Coordination Committee (PSDPCC), at the Prime Minister's Office (PMO) on 28th August, 2018. From the meeting decision, a committee was formed under the chairmanship of Executive Chairman, BIDA and a meeting was held on 8th May 2018 where the committee proposed BDT 100 Core for both Foreign and Joint venture investors.

Based on the above decision, recently BSEC exempted fully foreign owned companies from taking the permission from the commission for hiking paid-up capital up to BDT 100 crore subject to submission of the encashment certificate of such capital and payment of applicable fees to the commission on November 28, 2018 (No. BSEC/CMRRCD/ 2009-193/211/Admin/84). BIDA and BUILD also pursued BSEC to allow this limit for JVs also as a part of ease of doing business indicator regarding cost and time and advocating this issue for implementation. Another circular is awaiting to allow all types of investors to raise paid up capital up to BDT. 100 Crore without the any permission from BSEC.

2.2 Reforms from Taxation Working Committee (TWC)

2.2.1 Policy Reform by BUILD for FY 2018-19 through National Budget

BUILD has proposed some specific proposals for accelerating the investment growth and promoting targeted private sector development as budget proposal for FY 2018-19. The proposals (110) were placed with analyzed findings from different research conducted by the five thematic committees of BUILD. Among the placed proposals 14 were approved and implemented through the budget for FY 2018-19.

2.2.2 Supplementary Duty (SD) Imposed on Plastic/ Polythene Bags at Distribution Level

Considering the issue of protecting environmental pollution and limit the use of hazardous plastic products, BUILD proposed introduction of Supplementary Duty (SD) on single use of plastic/poly bags at the distribution level in the Budget Proposal 2018-19.

A Gazette/Order has been issued on June 07, 2018 (File No.: 08.01.0000.068.168.003.18/133) concerning VAT and SD management issue of 2018-19 Fiscal Year where 5% SD has been imposed on all concerned products under 39.23 HS Code. These are all poly bags made of polyethylene, plastic bags (woven) and other packaging materials.

SD has been imposed at the local level, which would make the poly bags a bit costly. In the world every year 500 billion poly bags are used. From the sources of information in the concerned associations, there are about 200 factories in operation on an average producing 50,000 poly bags daily, meaning about a total 3.65 billion poly bags are produced annually.

Now, single use poly bags may be reduced to at least 1% (36.5 million) annually. New opportunities which are environmentally friendly use of which such as bags made of paper and jute will be increased in the future.

2.2.3 Simplification of import for Fire Safety equipment in Bangladesh

Different type of pipes are used in the Fire Safety Equipment (FSE). It is estimated that Bangladesh is currently importing pipes for fire safety amounting \$17.85 million yearly (2015-16). Pipes cover about 70% of Fire Safety System (FSS) which comprises of Electric Safety System (ESS) and Hydrant System (HS). Because of the continuous pressure from the foreign buyers and Accord (EU) & Alliance (USA) following the “Rana Plaza” incident in the year of 2013, the industries needs to strictly maintain workplace safety in the industrial premises.

Problems were faced by the private sector as they have to import all fire safety equipment under the single HS Code. About 30-40 Knit and RMG units could not release their goods from the port and thus could not complete the compliance requirement suggested by Accord and Alliance. Private sector had a number of discussions with the Chittagong customs committee to resolve this issue.

Government has included only “Seamless Pipe” under HS code 7304.39.90 to be imported by the exporters for which 5% import duty was imposed as per the SRO 158=AIN/ 2017/44/Customs. Through evidence based research, BUILD found that “Seamless Pipe” is not only the pipe which was required for introducing firefighting system. There are six other types of Electric Resistance Welding (ERW) pipes those are mostly used by the industry as fire safety equipment that were not included in the SRO. BUILD proposed exemption of import duty of all fire safety equipment and to follow system that are mandatory to comply with the international standards in the Budget Proposal 2018-19.

In the 2018-19 as per SRO 78-AIN/2018/84/ Customs resolved this problem where the Total Tax Incidence (TTI) has been reduced to 5% on other selected pipes. Previously TTI on these items was on an average at 70%. If the same amount of these products/items are imported in 2018-19 as like the year 2015-16, the entrepreneurs will be able to save USD 16.75 million.

In the year 2018-19 NBR has issued an SRO (SRO No. 157-AIN/2018/23/Customs) where the new HS code (7304.39.00) for “Seamless Pipe” has been defined instead of previous HS code (7304.39.90), so that the problem can be resolved.

2.2.4 Policy Reform for Supporting Battery Manufacturers for Export Competitiveness

Reform A

In the year 2018 BUILD proposed imposing export duty on Melted lead or refined lead bearing HS Code 7801.10.00. It is one of the major raw materials of Lead Acid Battery. As we know that a high volume of Lead-acid batteries are used in Bangladesh. After finishing the lifespan of the battery it is sold to the local scrap dealers, they used to break the battery, collect the Lead, and sell it to the international market (China and India). As the local industry is growing very fast, the main raw material (Lead) is collected from the local source (the old batteries) that can be assured for use of the local industry. If the draining of locally collected Lead can be reduced by imposing an export tariff, the local industries will be more competitive in the export market.

On the other hand, recycling was done in an unofficial manner using unauthorized conventional ways. The collection of Lead is done in such a way where some Lead and Acid (Sulphuric Acid) are depleted directly to the environment through contaminated soil, water and air. BUILD advocated the case through the Investment Promotion Team (IPT) established in NBR (Office order No 190/2018/Customs on April 30, 2018 and subsequently a Gazette notification has been issued on May 3, 2018 by NBR).

The government has imposed 25% export duty on Refined Lead in the Finance Act 2018-19: Tafsil-1 to help the growth of local battery industry in Bangladesh and thus reducing unauthorized recycling and environment pollution.

Reform B

BUILD has also proposed to keep the Customs Duty (CD) and Supplementary Duty (SD) of import of lead-acid accumulator Battery and Other Batteries (8507.10.00 and 8507.20.90) as it is for supporting the local industries to gain competitiveness and becoming an import substitute industry. It has also been accepted to continue the existing policy support for battery industry by the Finance Bill 2018 Tafsil-1 by keeping the CD and SD at the existing rate.

2.3 Reforms from Financial Development Working Committee

2.3.1 Bangladesh Bank Published Guidelines for FE Transactions 2018

In the 6th Private Sector Development Policy Coordination Committee (PSDPCC), at PMO on December 9, 2014 which was co-chaired by the Principal Secretary, PMO, BUILD proposed some recommendations to revise the Foreign Exchange Guideline 2009. Bangladesh Bank informed to the committee that the updated guideline will be published soon online.

To advocate these issues, BUILD placed those recommendations on last three PSDPCC meetings and also the review meeting of the Financial Sector Development Working Committee (FSDWC) on 19 October, 2016.

Bangladesh Bank has updated and circulated the Guidelines for Foreign Exchange Transactions, 2018 Volume 1 and 2 on Bangladesh Bank website (FE Circular No. 08 on 04 March, 2018). BUILD also proposed some specific recommendations of which some are implemented in regards to Value Addition, EDF and Supplier's Credit Report related issues included in the updated guideline.

2.3.2 Foreign Investment in Alternative Investment Funds under NITA Allowed

Foreign fund is allowed under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 but venture capital and fund management organizations and investors were facing problems for allowing foreign fund in alternative investment because of the absence of proper financing channel. Alternative investment fund is not associated with exchange or listed in exchange as per the policy.

Foreign investors are now allowed to open NITA account with the AD of the foreign currency department, but there was no specific direction from Bangladesh Bank (BB) for allowing non-resident or foreign investors to make investments in alternative investment funds as per BSEC (Alternative Investment) Rules, 2015.

BUILD prepared a Reform Policy Paper (RPP) on SME Financing and New Alternative Investment Rules where it proposed a few recommendations regarding some policy measures for the SMEs to get the benefits from the present BSEC (Alternative Investment) Rules, 2015. One of the key proposals of BUILD was "NITA account holders may be allowed for investing in the VC firm if agreed by BB and they fulfill the BSEC requirements". To advocate these issues, BUILD placed those recommendations through its 6th Financial Sector Development Working Committee (FSDWC) meeting on June 4, 2017 at Bangladesh Bank, co-chaired by the Deputy Governor, BB and President, DCCI.

Bangladesh Bank issued FEID Circular No. 02, Date-30 July, 2018 where Chapter 9 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 outlines operational procedures for non-resident investors to make direct and portfolio investment in Bangladesh. Now, foreign investment in Alternative Investment Funds (AIF) registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 is allowed through Non-resident Investor's Taka Account (NITA) while the ADs need to follow some specific instructions mentioned in the circular.

2.4 Reforms from Trade and Investment Working Committee in 2018:

2.4.1 Reforms implemented through Export Policy 2018-21

Export Policy 2018-21 was published on 12th December, 2018 and around 15 policy proposals of BUILD were approved through this policy especially for the Leather and Leather goods, Tannery, Plastic and Light Engineering sectors etc. .

2.4.2 Inclusion of Definition of Deemed Exporters in Export Policy 2018-21

A significant number of backward linkage industries was established for supporting RMG, Food Processing, Pharmaceuticals and other sectors, a clear and broad definition for deemed export is important which also needs to be aligned with other related policies. About 80% export of plastic sector is deemed exporter or indirect exporter majorly in RMG export, Pharmaceuticals and Leather etc. For the first time in the newly announced Export Policy 2018-21, a section on deemed export along with a clear definition and benefits has been included following the recommendation of BUILD study on 'Policy Simplification for Deemed Export' presented in the 3rd Trade and Investment Working Committee meeting of BUILD on September 17, 2013 and 5th Private Sector Development Policy Coordination Committee (PSDPCC) meeting held on June 8, 2014 respectively. The following definition of deemed export appeared in the new Export Policy 2018-21:

Clause 5.27.1: Definition of Deemed Export means the definition given by the Value Added Tax and SD Act 2012. [Export Policy 2018-2, Chapter 5, Clause 5.27.1 (Page no: 25849)]. Deemed Export will include one or more supply/ies of the following:

- a. Raw materials, Goods and services supplied against foreign exchange under international tender, intended to enjoy outside of Bangladesh;
- a. Goods and Services supplied within Bangladesh under international tender;
- b. Goods and Services supplied against foreign exchange under local L/C.

It is expected that these reforms will be helpful for SME linkage industries and also the direct exporters at the same time, enhance export competitiveness.

2.4.3 Simplification of Policies for Service Export

BUILD initiated a research on indenting in 2016 and found some policy inconsistencies and some tax-related problems in this aspect. Having meeting with several stakeholders and concerned govt. officials in this regard BUILD prepared a policy paper and presented in the 5th Trade and Investment Working Committee (T&I WC) meeting held on 3rd May 2016, chaired by the Secretary, Ministry of Commerce.

In the Export Policy 2015-18, seventeen (17) service sectors were announced as export sectors where Indenting was included and recognized as service export sector, but indentors were not getting benefits enjoyed by the exporters and their indenting commission was not recognized as export. These have been included in policy but not implemented until June 2018. As per BUILD's recommendations and after a strong advocacy the following reform implemented:

Ministry of Commerce has issued an SRO on June 7, 2018, subsequently CCI&E issued an office order on October 1, 2018 and Bangladesh Bank re-circulated it on October 11, 2018:

- S.R.O No. 178-Act/2018 June 7, 2018 was circulated by Export Wing-1, Ministry of Commerce, where Paragraph 2 (ক) of Section (Ka) of Imports Exports (Control) Act, 1950 has been amended as 'goods includes services'.
- Office of the Chief Controller of Import and Export also circulated an Office Order (26.03.0000.004. 05.052.15.404, Date 01 October, 2018), where it is mentioned that on the basis of SRO of MoC, CCI&E will allow ERC in respect of members of the Indenting Agents Association as Indenting has been included under Service export in the Export Policy 2015-18. It is also mentioned that the Registration fees, renewal fees and other conditions mentioned in the Import Policy Order 2015-18 for the Indenting Registration Certificate will be applicable for indentors.
- FEPD (Export Policy) 220/2018-16, date October 11, 2018 was re-circulated by Bangladesh Bank for stakeholders' information.

With the introduction of a new service sector, export will increase. Indenting agents will contribute a significant amount to about a billion, as they will send their commission officially to their home now.

2.4.4 Simplification of Sample Export and Import Policy to Increase the Export of Nontraditional Sectors of Bangladesh

BUILD took an initiative upon a request by private sector and association, for a clear definition of Sample Item in the Export and Import Policy through Ministry of Commerce, GoB. In that line, BUILD prepared and submitted a reform policy paper titled "Simplification of Sample Export and Import Policies to increase the Export of Non-traditional Sectors of Bangladesh" to the Ministry of Commerce on 7th August, 2018 and to the PMO through 11th meeting of the PSDPCC on 9th August, 2018.

Recently, the government has announced a new Export Policy 2018-21 on 12th December, 2018 in which a clear "definition of sample item" has been included. Unofficial English version of the definition of the sample in the Export Policy 2018-21, is "Sample means the limited quantity/number of products, use of which are commercially incompatible (non-commercial value) and easily identifiable." The terms "commercially incompatible and no commercial value" have been included in the new definition. It is believed that this reform will reduce the hassle faced by the importers and exporters of samples as well as will simplify the sample export and import process.

Another recommendations of this study was to raise De Minimis Value up to USD 40. In that context, the government has raised the De Minimis Value to BDT 2000 (USD 24) in the Customs Act, 2018 (reference: Chapter 6, Section 26, Subsection 1 (b), Customs Act 2018.) which was only BDT 1000 (USD 12) as per the Customs Act 1969. This is one of the implementations due to BUILD advocacy.

BUILD placed some other recommendations on “simplification of sample import policy and procedure” to be reflected in the upcoming “Import Policy Order 2018-21”. Ministry of Commerce assured BUILD that they will consider these recommendations while preparing the Import Policy Order 2018-21.

2.4.5 Export Registration Certificate (ERC) renewal can be managed by Banks

The Export Registration Certificate (ERC) is usually renewed by the Office of the Chief Controller of Import and Export (CCI&E) office that costs additional time and documentation for the private sector.

The Government recently gazetted the new Export Policy 2018-21 with a view to infusing dynamism into export operations, enhancing competitiveness in trade and commerce and thus strengthening the position of Bangladesh in the competitive world.

The Export Policy brings a change for renewal of Export Registration Certificate (ERC) through the nominated bank under the Chapter 5 clause 5.28.8, Page No: 25850 with a view to reducing time and cost for renewal of ERC.

The change follows the reform policy paper on ‘Simplification of Import and Export Registration Certificate and Renewal procedures’ of BUILD placed at the 3rd PSDPCC meeting on January 13, 2014.

For implementation, the Ministry of Commerce needs to issue a gazette notification, so that the exporters can get this benefit as like as the renewal of the Import Registration Certificate.

2.5 Reforms from SME development Working Committee (SMEDWC):

2.5.1 Simplification of Co-efficient Providing Process for getting Duty Drawback for the exporters of Leather Sector

Leather, Leather Footwear and Leather Goods exporters were facing several problems in getting approval of new co-efficient as Duty Exemption and Drawback Office (DEDO) required all related document of all the coefficients approved earlier. For this reason, duration of approval of co-efficient were delayed. The official time required for approval was one month, but it often took up to 3-6 months because DEDO does not have leather specialist and they have to depend on Institute of Leather and Engineering Technology (ILET) for inspection of companies. Moreover, the fees and time for inspection depended on the negotiation between applicant and ILET authority. DEDO did not charge for inspection and approval.

Based on the problems, BUILD through its 5th SMEDWC held on April 12, 2018 and 10th PSDPCC meeting held on May 21, 2018 proposed for issuing a circular informing guidelines dropping the need for double approval of old Co-efficient while requesting for new Co-efficient by the applicants. BUILD also proposed that a standard time and fees have to be decided by DEDO which should be applicable to the ILET. ILET needs to abide by the rules of DEDO and in that respect, a notification can be issued.

In view of the BUILD’s proposal DEDO replied to BUILD (10/DEDO/Co-efficient/policy /2009/136/part-3/4486) on July 10, 2018 informing the steps taken by NBR and sent the circulation of an Order of NBR (No.: 08.01.0000. 080.04.006.17 (part-1)/149-1of May 17, 2018). This reform has help helped the private sector tremendously.

Through the NBR's Order, the role of Institute of Leather Engineering and Technology (ILET), who conducted the factory inspections earlier for providing coefficient has been eliminated and now co-efficient is issued through a committee comprising of two (02) specialists from DEDO and two (02) technical specialists from LFMEAB. Now Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) is assigned for certifying the coefficients need of the private sector while DEDO will approve only. LFMEAB is now conducting the survey and in collaboration with DEDO they are providing coefficient to leather sector industries.

Through this reform presently, coefficient process takes only 15 days which required 3 to 6 months previously, this will reduce procedural hassles of private entrepreneurs. Not only this, the cost has also been reduced to USD 357 (BDT 30,000) for getting each coefficient, which was not fixed earlier. After the Order from NBR, LFMEAB provided coefficient to twelve (12) companies in the Leather and Leather Goods (LLG) sector within two months. The reform will increase competitiveness of the sector.

2.6 Reforms from Sustainable and Green Growth (SGG) Working Committee

2.6.1 ECNWRC has already held a number of meetings.

The Executive Committee of NWRC which makes strategic decisions related to the water sector supported by Water Resources Planning Organization (WARPO) has already activated and it has organized its 16th meeting. For NWRC, 8 meetings have been completed and preparation for the 9th meeting are ongoing as of December 2018.

2.6.2 WARPO has project-based MoU with BUET

As per the BUILD's proposal, for knowledge and technical support, Water Resources Planning Organization (WARPO) signed MoU with BUET on individual project basis. WARPO signed an MoU with the Institute of Water and Flood Management (IWFM) of BUET for a project. WARPO partnered with BUET, Bangladesh Agricultural University, UNESCO-IHE, CEGIS, Wageningen UR and Deltares in the project on "Scenario Development in Integrated Water Resources Management: Coping with Future Challenges in Bangladesh".

2.6.3 Water pricing rules should be stipulated in Water Rules

As per the proposals of BUILD, The Water Rules 2018 carries a provision with regard to water pricing:

"Chapter 4: Article 7: Inclusion of Determinants of Water Pricing in National Water Policy:

- I. In order to make the public and private water distribution system more sustainable, the price of water needs to be determined under financial and legal framework and during the preparation or updating of the National Water Policy, the guidance regarding the determinants of water pricing should be included in it;
- II. (2) During the preparation and updating of the Policy mentioned in sub-section (1), the following matters would also have to be included for consideration:
 - (a) Preservation of life (drinking water), ecosystem services, equity, prevention of pollution, etc.
 - (b) Availability of water, water crisis, amount of water usage, cost of water treatment and the issue of water saving; and
 - (c) Financial analysis of the capacity of water users and actual cost of water supply;

All the implemented reforms will help increasing export competitiveness and unlocking investment potentials of the country.

CHAPTER 3

Working committee is one of the main channels of BUILD for advocating the policy issues towards reform implementation. BUILD has five thematic working committees through it advocates and addresses the policy issues. In 2018, a number of working committee meetings have been organized by BUILD in collaboration with different Ministries.

3.1 5th SME Development Working Committee (SMEDWC) Meeting

The 5th meeting of SME Development Working Committee (SMEDWC) of Business Initiative Leading Development (BUILD) was held on April 12, 2018 at the Conference Room of the Ministry of Industries (MOI). The meeting was chaired by Muhammad Abdullah, Secretary, Ministry of Industries. Around forty (40) participants along with the members of SMEDWC from both public and private sector were present in the meeting. Ferdaus Ara Begum, CEO, BUILD appraised the implementation report of previous SMEDWC meeting and briefly informed the activities of previous meetings. The 4th SMEDWC meeting proposed for 38 reform proposals of which 36 accepted, 17 implemented and 13 are in process.

CEO, BUILD presented four reform policy papers on Export Competitiveness of Leather Footwear Industry in Bangladesh, Quality Constraints of Plastic Sector of Bangladesh: Policies for improving Export Competitiveness, Simplification of Ownership Transfer of Industrial Plots in BSCIC- Can Leather Sector be benefitted by Getting Industrial Plots and Access to Technology for SME Women Entrepreneurs in Bangladesh.

BUILD proposed 22 reform recommendations for increasing the export competitiveness of leather footwear sector. Formulation of Leather and Leather Goods policy, reduction of lead time for export, approval of Co-efficient for importing raw materials by the exporters, CETP Issue, financing support for SMEs of leather footwear sector, quality control issues within the manufacturing units of footwear industry and modernization of port management were the important reform proposal proposed by BUILD.

In case of improving the quality of plastic sector BUILD proposed for formulating a comprehensive policy of plastic with a proper definition of plastic products. Other recommendations were quality standards of plastic sector, need for diversified machinery, standards by BSTI, eco-friendly waste disposal system, environmental license category, Packaging Act etc.

Formulation of a new Gazette notification for the simplification of the process of land ownership transfer and separate leather goods development infrastructure in BSCIC were also the significant proposals of BUILD.

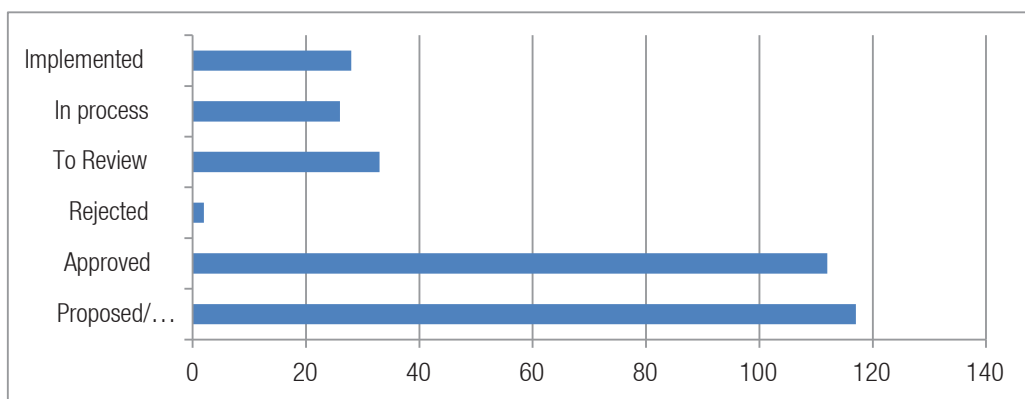
BUILD also proposed fifteen (15) recommendations under the paper on Access to Technology for SME Women Entrepreneurs in Bangladesh. The major recommendations were to prepare an e-Commerce Policy, Trade License for e-Commerce entrepreneur/business, separate database for assessing the contribution of women entrepreneurs, SME financing and monitoring cell for WE, Engagement of women in the new sectors and WEConnect International and its engagement in Bangladesh etc.

Secretary, MOI and other participants agreed to the reform proposal proposed by BUILD and provided their valuable opinions and comments regarding further activities of SMEDWC.

After the meeting BUILD prepared detailed minutes of the meeting and sent it to the MOI along with the reform recommendations separately mentioning specific tasks of the concerned ministries in respect of the identified reforms, which was approved and signed by the Co-chairs and circulated among the members. BUILD is now working with the concerned ministries for implementation of the proposed recommendations.

Implementation Status of SMEDWC

Proposed/ Placed	Approved	Rejected	To Review	In process	Implemented
117	112	2	33	26	28



The study on Export Competitiveness of Leather Footwear Industry in Bangladesh and Quality Constraints of Plastic Sector of Bangladesh: Policies for improving Export Competitiveness were presented in the 10th PSDPCC meeting at PMO. Most of the proposed recommendations are in the process of implementation and some of them have already been implemented.

As per the recommendation proposed by BUILD, the time duration and hassles of getting co-efficient for leather industries has been reduced to 15 days from 3 to 6 months. The Export Policy 2018-21 has included the plastic sector in the green category industry.

The draft of Leather and Leather Goods Policy and Plastic Policy have already been prepared and waiting to be finalized. BUILD is continuously following up with the implementing body to know the current situations of reform recommendations.



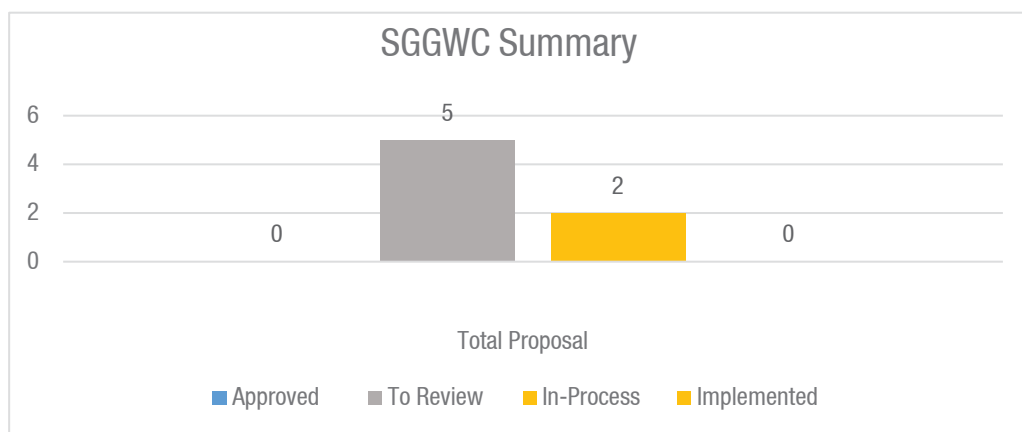
Industries Secretary presides over 5th SME Development Working Committee (SMEDWC) Meeting at the Industries Ministry.

3.2 2nd Sustainability and Green Growth Working Committee (SGGWC) meeting

The 2nd meeting of Sustainability and Green Growth Working Committee (SGGWC) of Business Initiative Leading Development (BUILD) was held at Ministry of Environment, Forest and Climate Change (MoEFCC). The meeting was chaired by Abdullah Al Mohsin Chowdhury, Secretary, MoEFCC. The other co-chair Md. Siddiquir Rahman, President, Bangladesh Garments Manufacturers and Exporters Association (BGMEA) could not attend for unavoidable circumstance so Md. Munir Hossain, Director of BGMEA joined the meeting. In this meeting two policy papers were presented regarding private sector's green growth as well as ensuring sustainability of them. Altogether, eight decisions were taken in the meeting which are being reviewed by relevant bodies for implementation.

The first policy paper on green financing named "Green Transformation Fund (GTF) – Implementation, Challenges, and Next Steps". Green financing is a key component of promoting sustainable development. The implementation status of GTF: Despite the lucrative interest rate and other features of GTF, its utilization has been very low. GTF loan amount is much larger than the other loans, interest rate is more lucrative or equal to the rates for the other loans, GTF has an unlimited single borrower exposure limit. GTF also has a number of problems, which include its scope being limited to only capital machineries, requirement of certification that the proposed machinery are environment-friendly, complicated process and long processing time of approval, lack of awareness among clients or entrepreneurs, and so forth. Based on an assessment of GTF, BUILD has come up with a number of recommendations for improving utilization of GTF. Among the recommendations, some of them were initially approved by the working committee such as awareness among clients' needs to be raised through systematic and regular efforts.

The second policy paper was on "Environmental Sustainability in the Plastic Sector". The plastic sector has emerged as an important industrial sector in Bangladesh contributing to 1% of our total GDP. Bangladesh exports a good amount of plastic products to different countries as deemed export



as well, as part of the raw materials of other sectors. Bangladesh exports more than 50,000 tons of Polyethylene Terephthalate (PET) bottle flakes worth USD 25 million a year. The Direct Export of Plastic holds the 15th position in the export basket of Bangladesh in the FY 2017-18. The Bangladesh

Plastic Goods Manufacturers and Export Association (BPGMEA) has targeted to achieve 3 percent of the global market by 2030. Value addition in manufacturing plastic products hovers around 51% to 70%. Plastic Sector can avail policy benefits such as Cash Incentive, Duty Drawback, and Export

Total Proposed/ Placed (2018)	Approved	To Review	In-process	Implemented
7	-	5	2	-
	-	71%	29%	-

Development Fund (EDF) etc., which is also commendably high. The sector has been regarded as a thrust sector for the economy in the Industrial Policy 2010. Plastic poses serious threats to the environment. Recently the government has imposed 5% supplementary duty on single-use polythene bags. According to the Earth Day Network, Bangladesh is the 10th plastic polluting country in the world. In this country, every year 8 lac metric tons of plastic waste is produced of which 2 lac metric tons are stored in the rivers and seas. In this regard, it is of paramount importance to adopt policy measures to promote environmental sustainability in the plastic sector. Such measures would cover areas like reduction, recycling and reuse of plastic; better coordination among regulatory agencies and stakeholders, and so forth.



The meeting is chaired by Abdullah Al Mohsin Chowdhury, Secretary of MOEFCC and Md. Munir Hossain, Director of BGMEA represented President BGMEA took place on August 25, 2018.

3.4 6th Trade and Investment Working Committee Meeting

The 6th Trade and Investment Working Committee Meeting of BUILD was held on November 13, 2018 at the conference room of Ministry of Commerce with an objective to share about the need for export diversification and regulatory barriers to be addressed by the policy makers with the concerned stakeholders. Shubhashish Bose, Senior Secretary of Ministry of Commerce chaired the meeting.

Total Proposed/Placed (2012-2018)	Approved	To Review	In-process	Implemented
152	65	44	28	32
	43%	29%	18%	21%

Tannery Industry and its Export Competitiveness, Export Competitiveness of Light Engineering Sector-A Case Study of Bicycle Industry in Bangladesh and Situation Analysis of Constraints and Policy Support Needs for Export Subsidy/Cash Incentives for the Exporters were the reform policy papers presented by BUILD based on evidence based research findings.

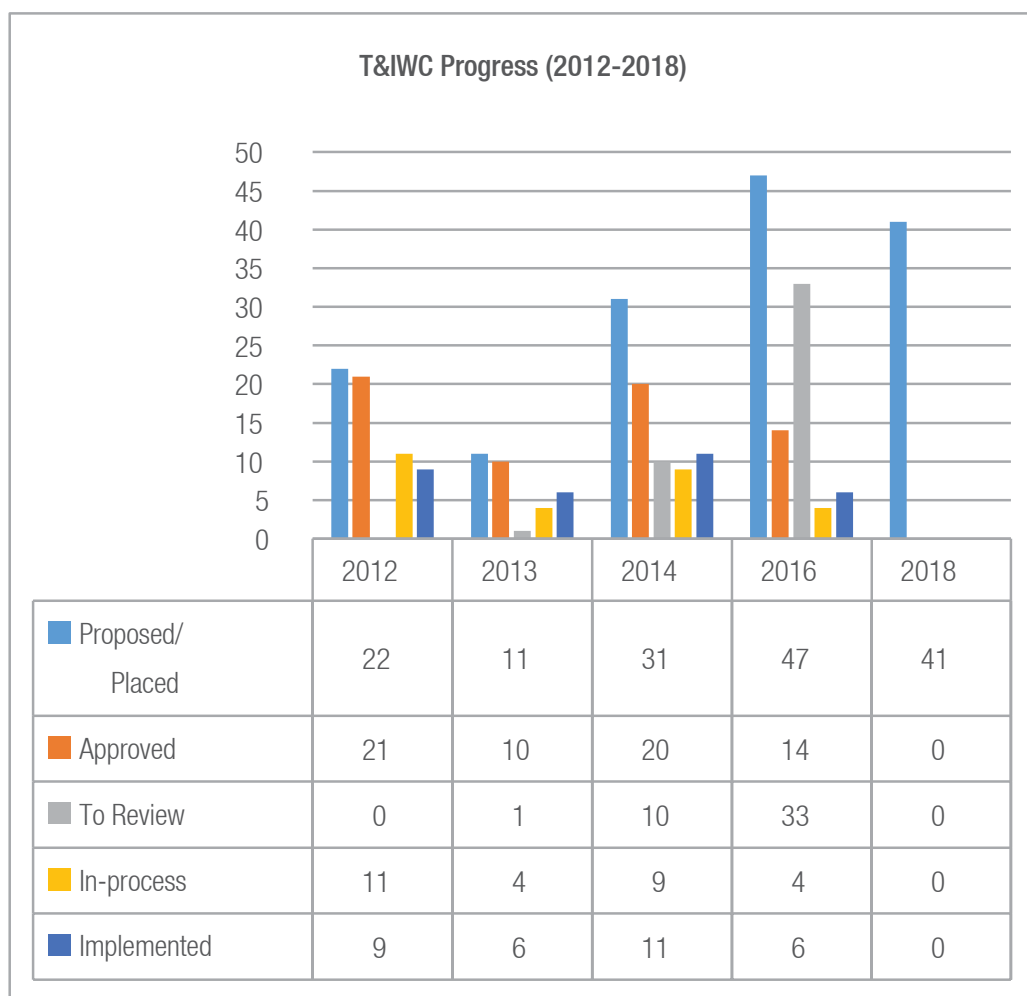
Through the 'Tannery Industry and its Export Competitiveness' reform policy paper, BUILD recommended forming a high powered committee of relevant stakeholders for understanding and addressing the constraints of the Tannery Industrial Estate of Dhaka (TIED) operating in Savar. This paper highlighted procedural gaps, understanding gaps and policy gaps which needs to be bridged to increase finished and crust leather export which is declined 92% and 24% in 2017-18. An independent third party audit for monitoring operation of Common Effluent Treatment Plant (CETP) is a must according to the stakeholders of leather sector. Adopting measures for solid waste management, making Common Chrome Recovery Unit (CCRU) operational, measures for reducing water and chemical use by tanneries and standardizing the water and chemical parameters in the environmental regulations, approval for establishing individual Effluent Treatment Plant (ETP) are some other recommendation by BUILD.



Senior Secretary of the MOC Shubhashish Bose chairing 6th Trade and Investment Working Committee Meeting in presence of Md. Obaidul Azam, Additional Secretary, Tapan Kanty Ghosh, Additional Secretary and Shafiqul Islam, Additional Secretary of MOC.

The second presentation was on the Light Engineering sector which specifically analyzed the case of Bicycle exports from Bangladesh. The policy paper suggested for substantial value addition for quality production, process simplification for importing Argon Gas, Technology Support Centre etc. for improving quality products. The paper also recommended for reintroduction of Cash Incentives which was in place in 2002-2012, besides there are tax related discrimination against exporters in the field of painted and non-painted import of bicycle spares, HS code related issues for aluminum and steel bicycle parts etc.

Another presentation emphasized on the need for a specific guidelines with criteria such as value addition for new and established manufacturing industries, expansion possibility of the sector and use of technology. The meeting also highlighted for better provision so that misuse of the benefits can be reduced. The policy paper informed that there is an established guideline by Bangladesh Bank which is specifically meant for Textile, it was also shown that EPB follows a criterion for providing the incentives but it does not have any reflection in the policy. The policies are scattered, there is a need for coordination among these organizations. Bangladesh is going to be graduated to a developing country by 2024, then as per WTO rules providing Cash Incentives will be a question, so that country needs to formulate a credible policy in this respect soon.

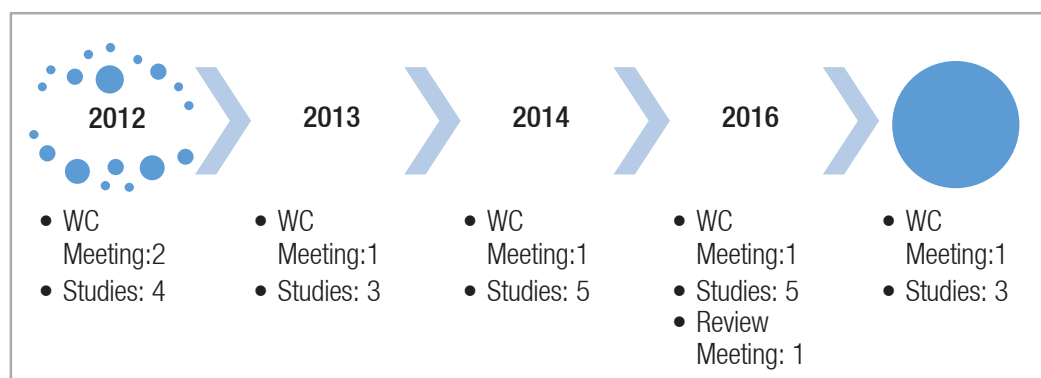


WORKING COMMITTEE MEETINGS

Senior Secretary, MOC appreciated the role of BUILD for coming up with a number of effective reform proposals and opined that leather and leather goods sector has tremendous opportunity to expand as the raw materials are produced within the country. In a queue to the point of full operation of CETP in Tannery Industry Estate of Dhaka (TIED), he mentioned that a High Powered Committee formation with a specific TOR is an immediate need to find out alternative solution for reversing the export growth of the sector. In this thread, he emphasized on the need for export diversification and he agreed that both Leather and Leather Goods, Light Engineering have tremendous potential to grow but policies need to be supportive. Executive Member BIDA and representatives from Bangladesh Bank, Department of Environment, BFTI, SME Foundation, Department of Explosive, Ministry of Fisheries and Livestock, Dhaka Customs House were also present. President LFMEAB and BTA, BAPA, BKMEA, BFLLEA, BIAA, MCCI, RFL, Rahim Afroz, SMART Leather, Picard Bangladesh also spoke in the occasion. Representative of IFC, Sr. officials of Ministry of Commerce, among others, were also present and contributed in the meeting.

So far six T&IWC meetings and one review meeting were held from the year 2012-2018 where Twenty (20) Policy papers were presented and One Hundred and Fifty two (152) proposals were placed and Thirty two (32) were successfully implemented.

Summary activities of Trade and Investment working committee Meeting:



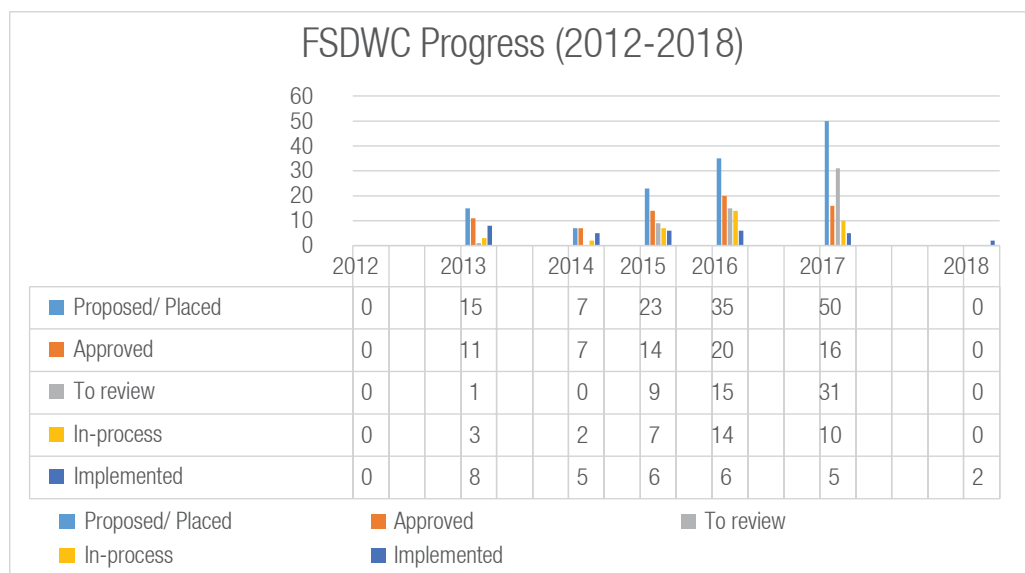
3.5 Financial Sector Development Working Committee

A meeting of Financial Sector Development Working Committee (FSDWC) was held at Bangladesh Bank (BB) on June 7, 2018 with a short introduction of the Financial Sector Development Working Committee (FSDWC) which is co-chaired by the Deputy Governor and DCCI President.

Table 1: Reform Summary of FSDWC

Total Proposed/Placed (2012-2018)	Approved	To Review	In-process	Implemented
124	68	56	36	32
	55%	45%	29%	26%

In course of discussion, BUILD CEO updated that the Leather and Leather Goods, Plastic and Engineering and Electronics Goods (EEG) have been prioritized by BUILD in this year in collaboration with BICFI for maximizing export competitiveness and export diversification. She placed the key identified factors of these sectors worth concentrating upon as: environmental and social compliance, market information and branding, productivity, product quality and price competitiveness and supportive infrastructure.



Abu Hena Mohd. Razee Hassan, Deputy Governor of Bangladesh Bank chairs the FSDWC preparatory meeting on June 7, 2018.

In reference to a request from BUILD, the Bangladesh Bank representatives agreed in principle that the plastic sector can be included for availing Green Transformation Fund (GTF) for plastic manufacturers administered by BB.

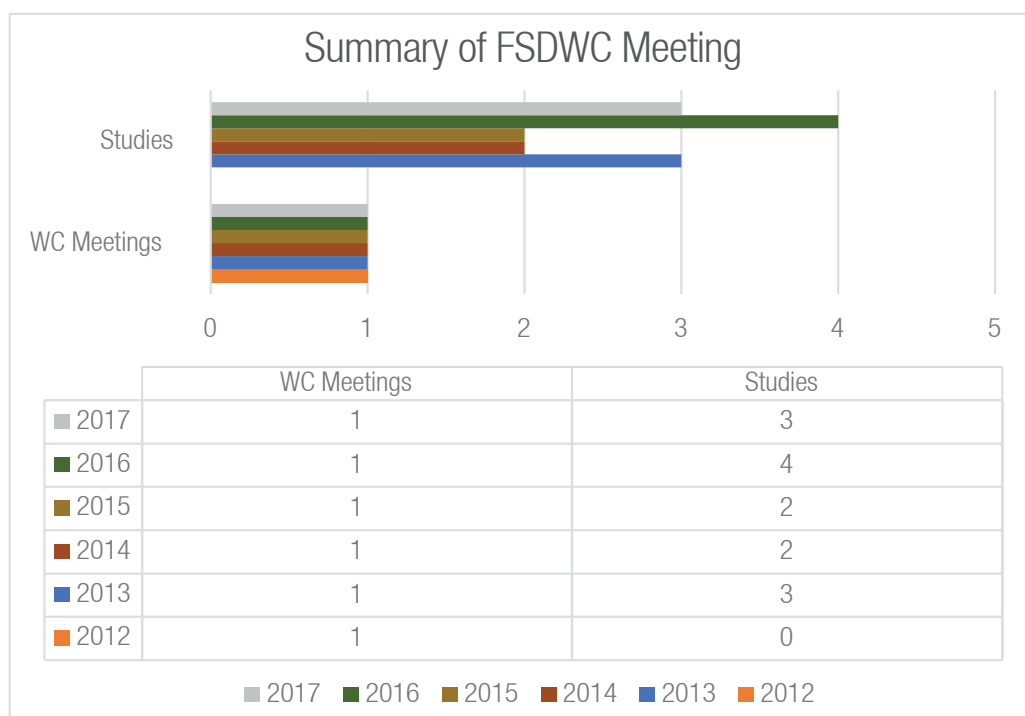
BUILD CEO made a presentation highlighting major upcoming activities and research under FSDWC with special mention of fiscal benefits of the Leather and Footwear sector, such as financial support for Tanneries, long term financing schemes and EDF for exporters, technology supporting schemes and Instruments, cash incentive based on value of exports, incentivize bulk importers etc. Bangladesh Bank will review the allocation limit of EDF for leather and Leather Goods Sector. A request from the concerned Association has already been submitted to the Bangladesh Bank while BUILD will be pursuing for this issue and will send a letter for advocating the issue.

In course of discussion, recent problems of banking sector came up. The recent policy reform for addressing liquidity inadequacy of banks and increase of advance deposit ratio (ADR) has pushed up interest rates. Then authority slashed the cash reserve ratio (CRR) to increase capital adequacy of the banks, but things are yet to be stable due to poor use of fund. The advances to deposits ratio measures loans (advances) is increasing. A ratio of 100% or less shows that the bank is funding all its loans from deposits rather than relying on wholesale funding specially from the capital markets or other banks.

In regards to the constraints faced by the ADs for not increasing the use of the Fund. It was informed that many borrowers said that the GTF is giving partial financing support focusing on import of capital machineries only. But a significant need of an average project revolves around local procurement, working capital and the total project funding.

The meeting was attended by Khondkar Morshed Millat, Deputy General Manager, SME and Special Programs Department, Md. Harun-Ar-Rashid, Deputy General Manager, and Foreign Exchange Policy Department from Bangladesh Bank and Hosna Ferdous Sumi, Private Sector Specialist, IFC-WBG.

A summary activities of the Financial Sector Development Working Committee:



CHAPTER 4

Private Sector Development Policy Coordination Committee (PSDPCC) is the only strategic public sector sector platform for private sector-related policy review, coordination, identification of investment barriers and fostering public-private cooperation. PSDPCC has been established as per Government Notification no 03.068.022.03.00.24.2011-377 on September 12, 2011 by the Prime Minister's Office. The Committee is chaired by the Principal Secretary of the Prime Minister's Office. This Committee has membership of all Secretaries involved in trade and business with a provision of co-option of other members as and when necessary. Thirteen Ministries and six private sector representatives mainly chamber presidents are the member of the PSDPCC.

BUILD has been providing all secretarial services and working very closely with the PMO. It is recognized as the primary source of information and a strategic partner of the PSDPCC established at the Prime Minister's Office (PMO) working since 2011. In 2018, BUILD successfully accomplished some PSDPCC meetings which are as follows:

4.1 10th Private Sector Development Policy Coordination Committee

The 10th Private Sector Development Policy Coordination Committee (PSDPCC) meeting took place at the Prime Minister's Office under the chairmanship of Md. Nojibur Rahman, Principal Secretary to the Prime Minister on May 21, 2018. Khandker Anwarul Islam, Sr. Secretary of Bridges Division was also present to take a stock of the implementation status proposed in the 9th and other PSDPCC meetings. Two (2) specific sectoral policy papers were presented in the meeting.

In the presentation of BUILD at 10th PSDPCC meeting, it was informed that in total 12 reforms were implemented from the proposals raised by the earlier meetings. Some of the proposals raised in the meeting were instantly accepted as follows:

- In the 10th meeting, tax related issues of repatriation of technical services, technical know how or technical assistance were raised and accepted for implementation.
- It was also agreed in principle that National Board of Revenue (NBR) can issue a circular soon in respect of time, fees and tax to be set by DEDO which would need to be acceptable by the Institute of Leather Engineering and Technology (ILET).

As part of updating the implementation status of the 9th PSDPCC meeting, BUILD CEO Ferdaus Ara Begum informed that out of 59 reform proposals submitted through the committee, 12 has already been implemented as mentioned above, while other 22 proposals are in the process of implementation, where 28 will need further review. The meeting discussed in details about the status of other reform proposals vital for investment and business expansion. The meeting requested for continuous follow-up by the secretariat so that implementation can be much more speedy. The meeting also suggested specific timeline for quick implementation of suggested reforms.

As part of advocacy effort by BUILD for positioning cold storages from the 'Kamala kha' to 'Green' is a transformative reform. In regard to online monitoring of ETP, Abdullah Al Mohsin Chowdhury, Secretary, MOEF informed that a pilot for ETP is underway. Dr. Sultan Ahmed, DG, DOE informed that they are working very closely with A2i on these issues. Principal Secretary opined in favor of integrating ICT division to help online monitoring of ETP project. Sr. Secretary Khandaker Anwarul Islam supported him.

For extending 4% interest rate for tea sector like other agricultural products, the Chair wanted to know the progress while Nihad Kabir, President of MCCI clarified the situation, referring that a Fund release request is waiting to be disbursed through Bangladesh Kri Bank and she requested the Ministry of Commerce (MOC) to act positively on this issue. It was decided that MOC will initiate the issue to implement through the Ministry of Finance and will report within three months.

In regard to a proposal for a circular to declare jute as agro processed sector, Principal Secretary informed that it will come soon and for this we will have to wait until the next budget is announced. For the simplification of Repatriation Policy, Member, BIDA Mainul Islam informed that a guideline for repatriation of Royalties, Technical Know-How and Other Fees are in progress and will be circulated soon. BUILD has already put forward its comments on the guideline and is currently working with BIDA.



The 10th Private Sector Development Policy Coordination Committee (PSDPCC) meeting is in progress at the Prime Minister's Office under the chairmanship of Md. Nojibur Rahman, Principal Secretary to the Prime Minister.

4.2 11th Private Sector Development Policy Coordination Committee (PSDPCC)

11th Private Sector Development Policy Coordination Committee (PSDPCC) meeting was held on August 9, 2018 at Prime Minister's Office. Two (2) specific policy papers along with a post-budget tax policy reforms summary were presented in the meeting.

The 11th meeting of the Private Sector Development Policy Coordination Committee (PSDPCC) underscored the need for implementation of policy reforms proposed by the committee. The meeting was held at the Prime Minister's Office on Thursday, with Abul Kalam Azad, Chief Coordinator for SDG affairs at the PMO, in the chair.

Updating the implementation status of the 10th PSDPCC meeting, BUILD CEO Ferdaus Ara Begum said out of 46 reforms, seven have been implemented while another 12 reforms are in the process of implementation. And out of 23 decisions, five have been implemented and another 14 are in the process of implementation.

The meeting discussed some important tax policy measures which the private sector felt the need for implementation. The participants discussed some other issues such as VAT rate, E-bin registration simplification, tariff value for the domestic products, simplification of languages of SROs, lower tax on finished goods than the raw materials and port inefficiencies. They said that these issues need to be addressed for making the private sector competitive to attract more business. Abul Kalam Azad suggested sending the proposals to the organizations concerned and recommended time-bound implementation and requested all concerned to take up the cases urgently.

BUILD emphasized the inclusion of the definition of commercial sample both in the upcoming Import Policy Order 2018-21 and Export Policy 2018-21, on which import of sample need to be declared as tax- and duty-free and no penalty should be imposed on the import of sample without opening an L/C, as sample items has no commercial value.

BUILD also urged the government to solve the sample testing-related problems by increasing the capacity of BSTI and BAB. It proposed raising the de minimis value up to at least \$40. BUILD also put forward a definition of import through Indenting and Proforma Invoice (PI) so that informal import can be regularized.



Principal Coordinator for SDG Affairs at the PMO Abul Kalam Azad presiding over the 11th meeting of the Private Sector Development Policy Coordination Committee (PSDPCC) at the Prime Minister's Office on August 9, 2018.

CHAPTER 5

5.1 BUILD and BCAS Inked MOU for Working on Green Growth and Climate Finance

The Bangladesh Centre for Advanced Studies (BCAS) and Business Initiative Leading Development (BUILD) have signed a memorandum of understanding (MoU) to cooperate on an initiative for conducting research and dialogue on green growth in Bangladesh.

Executive Director of BCAS Dr Atiq Rahman and CEO of BUILD Ferdaus Ara Begum, signed the MoU on behalf of their respective organizations, on November 5, 2018, at Canary Park Hotel in Gulshan.

The joint initiative has been undertaken as part of the Climate Finance Transparency Mechanism (CFTM) project, which is being supported by the Promoting Knowledge for Accountable Systems (PROKAS) initiative under the British Council and UKAID.

In his opening remarks, Dr Atiq Rahman said that private sector has an important role to play in responding to the challenges of climate change, particularly for mitigation and contributing to green growth in Bangladesh through energy efficiency and renewable energy.

“The partnership between BCAS and BUILD can identify the opportunities for the private sector in the area of climate finance,” he added.

Ferdaus Ara Begum noted the critical importance of holding research and stakeholder dialogue to sensitize the private sector in Bangladesh about green growth and green climate fund (GCF) under the UNFCCC.

“I hope that the complementary strengths of BCAS and BUILD could go a long way in raising awareness and building capacity on the issues among the private sectors and actors,” she said, adding that the present initiative under CFTM is an auspicious beginning in that direction.

The two partnering organizations will hold a series of informed dialogues and campaigns in the coming months at national and regional levels to highlight critical issues related to green growth and climate finance.

Among others, Team Leader of PROKAS Gerry Fox, Director of Society of British Council Shahnaz Karim, and other senior level officials of BCAS and BUILD were also present at the signing ceremony.



BCAS Executive Director Dr Atiq Rahman and BUILD CEO Ferdaus Ara Begum PROKAS Team Leader Gerry Fox and Director of the Society of British Council and Dr. Shahnaz Karim were, among others, present at the signing ceremony on November 5, 2019.

5.2 BUILD and WEConnect International entered into an MOU to support WE

BUILD signed a Memorandum of Understanding (MOU) with WEConnect International - a corporate led, global non-profit that helps women-owned businesses succeed in global value chains, worldwide. Through this MOU, BUILD has been able to establish a partnership with WEConnect International which is headquartered in Washington D.C, USA.

The MOU was countersigned by Ferdaus Ara Begum, Chief Executive Officer BUILD and Elizabeth A. Vazquez, CEO and Co-Founder, WEConnect International recently in Dhaka and Washington D.C., respectively.

The purpose of this Memorandum of Understanding (MOU) is to initiate and support joint activities for women entrepreneurs in Bangladesh. BUILD will extend support to WEConnect International to continue its implementation of a World Bank Group capacity building program for women-owned businesses in Bangladesh that will provide access to global networks and corporate procurement opportunities through online and in-person trainings and networking events.

Both partners will disseminate information about their programs and events and share information regarding training program impact of networking events with corporates, and other related activities.

At present BUILD maintains contact with Light Castle that works as the local partner of WEConnect International in Bangladesh and supports to increase access of Bangladeshi women entrepreneurs to public procurement.

“WEConnect International is excited to partner with BUILD to further our joint efforts to provide equitable market-access opportunities for women business owners in Bangladesh.” says WEConnect International CEO and Co-Founder Elizabeth A. Vazquez.

“Our partnership with WEConnect will be a new currency for the development of women business owners, corporate executives, and partners looking forward to make connections with the world’s largest corporations and BUILD would be keen to continue this partnership for the cause of private sector development in general and women entrepreneurs in particular”- says BUILD CEO Ferdaus Ara Begum.



CHAPTER 6

In 2018, BUILD conducted 21 reform policy papers under its thematic working committees and projects which were also submitted and discussed in the Working Committee and PSDPCC meetings. The summaries of the policy papers presented below:

6.1 Export Competitiveness of Leather Footwear Industry in Bangladesh

Bangladesh has a number of sectors with significant export volume and the leather sector is the second highest export sectors after RMG. The leather footwear industry is ideally suited for Bangladesh with its abundance of labor and natural resources at internationally competitive rates. But this sector is constrained by a number of policy, quality, compliance and regulatory barriers. The backward linkage of this industry is not matured for which the entrepreneurs/exporters of the sector are facing many problems while sourcing raw materials and other materials of production and increasing lead time. This study has been conducted to find out the main constraints and provide some reform recommendations for increasing the export competitiveness and also creating more jobs in this sector. This reform policy paper was presented in the 5th SME Development Working Committee meeting of BUILD and also the 10th PSDPCC meeting at PMO where all recommendations were accepted by the concerned ministries and the private sector. Some other recommendations are in the process of implementation while two of them have already been implemented.

6.2 Quality and Compliance Issues of Plastic Sector of Bangladesh

The demand for plastic products in the domestic market is very high because of its low cost. Bangladesh exports a good amount of plastic products to different countries both directly and indirectly.

When it comes to overall quality management for the entire industry, we can enumerate a number of quality areas, like product quality, process quality, management quality, regulatory quality, infrastructure quality, and so on. This study was conducted to find out the quality control and capacity building related constraints of plastic sector and provide policy related supports and recommendations by evaluating the constraints. This study was presented in the 5th SME Development Working Committee of BUILD and the 10th PSDPCC meeting at PMO. Some of the reform recommendations are under the process of implementation and BUILD is currently following up with the concerned ministries for quick implementation.

6.3 Access to Technology for Women SME Entrepreneurs

Women entrepreneurs largely operate small enterprises that often fail to adopt upcoming technological changes and emerging sustainability issues. Women need to adapt to the technology to be sustainable in their business and improving the scale of production.

However, women entrepreneurs are lagging behind in getting access to technology and thus not enjoying the benefits of technology. Most women entrepreneurs (WE) are not aware of the already available technologies and thus cannot use the technology to be competitive and enhance the scale of operation to compete with medium and large enterprises. The objective of this policy paper was to

find out the constraints of access to technology for women entrepreneurs and suggest some policy prescriptions for enabling WE to an increased access to technology and thus ensuring a tech-savvy women entrepreneurship in the country. This reform policy paper was presented in the 5th SME Development Working Committee meeting of BUILD. The reform recommendations of this paper were accepted by the Ministry of Industries and BUILD is following up with the concern authorities on these issues consistently.

6.4 Simplification of Ownership Transfer of Industrial Plot of BSCIC – Can Leather Sector be Benefitted by Getting Industrial Plots?

Bangladesh Small and Cottage Industries Corporation (BSCIC) has 94 industrial estates all over Bangladesh. Among these 94 industrial estate, many plots remain unused while most of them under construction. So these plots need to be transferred to the other entrepreneurs. Sadly, there are some policy constraints of transferring these lands to the 2nd generation entrepreneurs. This study focused on the constraints of land ownership transfer policies and also suggested some policy prescriptions for simplifying the process of ownership transfer. This study also proposed a separate industrial estate of the leather goods industry in the BSCIC estate. The study was presented in the 5th SME Development Working Committee Meeting. Th Secretary of MOI and Chairman of BSCIC agreed with the proposals of BUILD. BSCIC Chairman also informed at the meeting that they are working on these issues and the recommendations are in the process of implementation.

6.5 Green Transformation Fund (GTF) – Constraints and Pathway for Better Utilization

BUILD conducted a study on green financing named “Green Transformation Fund-Implementation, Challenges, and Next Steps”. Findings of the study were placed on the 2nd Sustainable and Green Growth Working Committee (SGGWC) meeting at the Ministry of Environment, Forest and Climate Change (MoEFCC). Green financing is a key component of promoting sustainable development. Global annual cost of the Sustainable Development Goals (SDGs) is USD 66.3 billion, of which the private sector is expected to provide 42%. Environmental compliance cost includes investment in plant and equipment, monitoring and auditing, etc. As the country’s central bank, Bangladesh Bank is playing a key role in promoting green financing as part of its own plan for implementing 50 SDG targets among 169 SDG targets.

The Green Transformation Fund (GTF) – one of the green financing funds, has been established with revolving amount of USD 200 million. It offers USD-denominated loans for import of capital machineries and accessories for three export-oriented sectors. The areas are identified for which capital machinery import may qualify for GTF. Despite the lucrative interest rate and other features of GTF, its utilization has been very low. The GTF loan amount is much larger than the other loans, interest rate is more lucrative or equal to the rates for the other loans, an unlimited single borrower exposure limit.

GTF also has a number of problems, which include its scope being limited to only capital machineries, requirement of certification that the proposed machinery are environment-friendly, complicated process and long processing time of approval, lack of awareness among entrepreneurs. Based on an assessment of GTF, BUILD has come up with a number of recommendations for improving utilization of GTF. Among the recommendations, some of them were initially approved by the working committee, such as awareness among clients’ needs to be raised through systematic and regular efforts. BUILD proposed some other recommendations like the Department of Environment (DoE) should advise the Bangladesh Bank about the list of sectors covered under GTF.

6.6 Environmental Sustainability in the Plastic Sector

BUILD has placed a study on plastic sector sustainability in the 2nd SGGWC meeting at MoEFCC on 19th August, 2018. The plastic sector has emerged as an important industrial sector in Bangladesh contributing to 1% of our total GDP. Bangladesh exports a good amount of plastic products to different countries as deemed export as well, as part of the raw materials of other sectors. Bangladesh exports more than 50,000 tons of Polyethylene Terephthalate (PET) bottle flakes worth USD 25 million in a year. The Direct Export of Plastic holds the 15th position in the export basket of Bangladesh in the FY 2017-18. The Bangladesh Plastic Goods Manufacturers and Export Association (BPGMEA) has targeted to achieve 3 percent of the global market by 2030. Value addition in manufacturing plastic products hovers around 51% to 70%. Plastic Sector can avail policy benefits such as Cash Incentive, Duty Drawback, and Export Development Fund (EDF) etc. The sector has been regarded as a thrust sector for the economy in the Industrial Policy 2016. Plastic poses serious threats to the environment. Recently the government has imposed 5% supplementary duty on single-use polythene bags. According to the Earth Day Network, Bangladesh is the 10th plastic polluting country in the world. In this country, every year 8 lakh metric tons of plastic waste is produced of which 2 lakh metric tons are stored in the rivers and seas. In this regard, it is of paramount important to adopt policy measures to promote environmental sustainability in the plastic sector. Such measures would cover areas like waste reduction, recycling and reuse of plastic; better coordination among regulatory agencies and stakeholders, and so forth.

6.7 Policy Reforms by BUILD for FY 2018-19 Through National Budget

BUILD has proposed some specific proposals for accelerating the investment growth and promoting targeted private sector development as budget proposal for FY 2018-19. The proposals, numbering 102 in total, were placed with analyzed findings from different research studies conducted by the five working committees of BUILD.

Among the placed proposals fifteen were agreed and implemented through the recent budget for FY 2018-19, these are: revision of clause 30(h) of ITO 1984 in regard to giving relief to new industries for repatriation; Corporate Income Tax for publicly and non-publicly traded banks was reduced to 35.5% and 40% consecutively; in case of widening tax network, Virtual businesses and online advertising platforms have been incorporated in existing VAT law; to promote manufacturing in Bangladesh it has agreed to exempt VAT on local Motorcycle and Parts Manufacturers; a separate HS code has been announced for “Open Cell” which will simplify the import of television components and raw materials, VAT was exempted on coriander seed at import stage; duty on UPS has been increased to protect the industry; On the sustainability and safety front, duty reduction on hybrid and Electric cars, inclusion of “Seamless Pipe” in duty exemption list, imposing supplementary duty on single use polythene bags are notable to mention.

6.8 Tannery Industry in Bangladesh and its Export Competitiveness

Leather sector has been conducting business for more than 77 years and is a significant contributor to the entire economy of Bangladesh. But recently the export of this sector has been declining. The main reason behind this huge export plunge is premature relocation of tanneries from Hazaribagh to Tannery Industries Estate in Dhaka (TIED) without full preparation. As CETP is the main concern of TIED, because of absence of environmental certification of CETP, the price of Bangladeshi leather in

the international market has been reduced. This study conducted to identify the pathway to sustain the growth of export of Leather sector and analyze the sustainability contexts, environmental impacts and compliance issues of Tannery Industry of Bangladesh. BUILD arranged a number of meetings with the associations, EC4J team at Ministry of Commerce (MoC) and other stakeholders and visited tanneries for conducting this study. This study was presented in the 6th T&I working committee meeting of BUILD and 12th PSDPCC meeting at PMO.

6.9 Export Competitiveness of Light Engineering Sector (LEs)-A Case of Bicycle Industry in Bangladesh

RMG as a single largest export item contributes 88% in our export, where export diversification is one of the strategies of the government to increase export. Market diversification is another strategy to retain export growth. This single sector dependency creates a high risk for country's export earnings and in view of these, to suggest some policy reform proposals for increasing competitiveness of LE sector in parallel with RMG, BUILD conducted a study on Light Engineering sector which specifically analyzed the case of Bicycle exports from Bangladesh to identify constraints and propose some specific policy recommendations.

There are two local manufacturer exporters operating in Bangladesh exporting 7-8 lakh pieces of bicycles, mostly to EU. It was highlighted in the paper that there are different value chain actors operating independently, who are parts and component manufacturers, assembler, importers of finished goods and parts and bicycle manufacturers. Thus backward and forward linkage has not been established. Exporters by themselves producing 50-60% of Original Equipment Manufacturer (OEM) while remaining are imported. The policy paper suggested for substantial value addition for quality production, process simplification for importing Argon Gas, Technology Support Centre etc. for improving quality products. The paper also recommended reintroduction of Cash Incentives which was in place in 2002-2012, besides there are tax related discrimination against exporters in the field of painted and non-painted import of bicycle spares, HS code related issues for aluminum and steel bicycle parts etc. In the meeting HS code related issues were endorsed for immediate implementation, private sector stakeholders urged for Cash Incentives irrespective of bond and non-bond operators.

BUILD presented the policy paper in its 6th Trade and Investment Working Committee meeting held on November 13, 2018 at the conference room of Ministry of Commerce under the chairmanship of the former Senior Secretary of MoC. The Chair along with the committee members and concerned stakeholders endorsed all the recommendations and emphasized for strong backward linkage with substantial value addition for quality production to ensure export competitiveness.

6.10 Situation Analysis of Constraints and Policy Support Needs for Export Subsidy/ Cash Incentive for the Exporters

The government of Bangladesh raises both the amount and numbers of export sectors to provide cash incentive every year to increase the export and price competitiveness. But, it has found that some of the exporters with the help of the local banks, withdrew export subsidy/cash incentives by violating government's rules. Chair of the 11th PSDPCC meeting, requested BUILD to submit a report on the overall cash incentive scenario in Bangladesh. BUILD prepared a policy paper on increasing the transparency of the process of disbursement of export subsidy/cash incentives. BUILD found that, a

structured rule/policy/guidelines to provide export subsidy/cash incentives is not available. Value addition criteria to have the cash incentive for established export sector or existing export items is not specified. Moreover, to calculate the value addition rate while providing cash incentives, no calculation method has been developed yet. There are no official data on how much of the cash incentive is withdrawn by avoiding rules every year, BB sources said it could be 10%-15% of the total sum of the Cash Incentive. Recommendations by BUILD are as follows: Implement structured guidelines for export subsidy/cash incentive, reduction of Value Addition criterion and provide the dual benefit to promising sectors to inspire the market expansion, set calculation method of Value Added criterion, integrated online connectivity among Ministry of Commerce, Ministry of Finance, National Board of Revenue, Export Promotion Bureau, Bangladesh Bank, Customs, all commercial banks etc., prepare cash incentive rules by following WTO provision. The report was presented at the 6th T&IWC meeting at the Ministry of Commerce.

6.11 Simplification of Policies for Raising Paid up Capital for Foreign Investors

Japanese investors shared a few concerns with the Prime Minister's Office (PMO), viz. they have to take permission of BSEC while taking the initiative to raise paid up capital in every BDT 10 crore and it takes 69 days to get the approval from BSEC. In that context, BUILD prepared a policy paper seeking to identify ways and means to simplify the policies to raise paid up capital for foreign investors as per the decision of the committee. BUILD placed 9 recommendations under 4 heads as, policy simplification for enhancing the limit of paid up capital, communication between RJSC and supporting institution, reduction of the time requirement and administrative complexity and supporting services. The policy paper was presented at the 3rd meeting of the Working Group on Improvement of Investment Climate, PMO and in the 9th PSDPCC meeting. A high power committee comprising representatives of BIDA, BSEC, RJSC and BUILD worked to implement the recommendations proposed by BUILD. After BUILD's advocacy, now BSEC exempted fully foreign owned companies from taking the permission from the commission for hiking paid-up capital up to BDT 100 crore subject to submission of the encashment certificate of such capital and payment of applicable fees to the commission on November 28, 2018 (No. BSEC/CMRRCD/2009-193/211/Admin/84).

6.12 Simplification of Sample Export and Import Policies to Increase the Export of Nontraditional Sectors of Bangladesh

The sample is a demo of the produced item which is exported and imported free of cost. It plays a vital role in export growth and increases competitiveness of non-traditional sectors. Both the sample importers and exporters face problems due to non-availability of a structured sample import and export policy. BUILD prepared a policy paper aimed to simplify sample export and import policies to increase the export of nontraditional sectors of Bangladesh. Recommendations of BUILD on the issues are as follows: inclusion of the a definition of "commercial sample", commercial sample exporters should be exempted from opening export L/C to export sample items, import of commercial sample items should be exempted from tax and duties, commercial sample importers should be exempted from opening an L/C to import sample items, inclusion of yearly value ceiling/ maximum numbers of samples to be imported for plastic industry and engineering and electronics goods industry, increase of yearly value ceiling/ maximum numbers of samples to be imported, change/enhance/amend the remarks/condition on the certificate/recommendations from the Export Promotion Bureau (EPB), discontinuation of letter of authorization for clearance of sample items, submission of e-mawb instead

of MAWB as a document to reduce clearance lead time, lost case of sample items from airport warehouse, capacity building of courier service company, increase of the De Minimis Value, minimize the release time of imported sample items from airport. The report was presented at the 11th PSDPCC meeting at the PMO.

6.13 Report on Easy Availability of the Official English Version (Authentic English Text) of Laws and Rules for Foreign Investors

In the 3rd meeting of Working Group on ‘Improvement of Investment Climate’, it was decided that BUILD will submit a report on “Easy Availability of the Official English Version (Authentic English Text) of Laws and Rules for Foreign Investors” to PMO to support the foreign investors. BUILD found that, Article 3 of the Constitution of the People's Republic of Bangladesh states that, “The state language of the Republic is Bangla” and the government passed an act on 1987 to fully enact the Article 3 of the Constitution of the People's Republic of Bangladesh titled “Bengali Language Introduction Act, 1987”. At present the government organizations publish the unofficial English version of laws. BUILD recommended that government may appoint a pool of legal experts for official English translation of laws and raise capacity of the Officers of Ministry of Law, Justice and Parliamentary Affairs in this respect. The report was submitted and presented at the 4th meeting of the Working Group at PMO.

6.14 Report on Timely Publication of Trade Related Statistics of Bangladesh for Foreign Investors

BUILD is a valued member of the Working Group on ‘Improvement of Investment Climate’ established in the PMO to support Japanese investment in Bangladesh. In the 3rd meeting of the committee, the Japanese side raised an issue that they are facing problems due to the unavailability of the timely publications of six specific Bangladesh’s trade related statistics. PMO requested BUILD to submit a report on the issue. BUILD found that there is indeed a time lag in the publication of the trade related statistics. Integrated Online Connectivity among the Bangladesh Bank, NBR, Bangladesh Bureau of Statistics, Export Promotion Bureau, different ministries and government bodies has not developed yet. That is why it takes time to accumulate, analyze, prepare and publish the data. BUILD suggested that Integrated Online Connectivity needs to be developed to ensure the easy availability of data. The report was submitted and presented at the 4th meeting of the Working Group at PMO.

6.15 Study on Battery-Run Three-Wheelers in Bangladesh

BUILD conducted a study on the battery-run three wheelers in Bangladesh with support from JETRO. Around the world, countries are increasingly adopting electric vehicles as an environment-friendly option, with more than 1 million EVs sold all over the world in 2015. The existing transport system of Bangladesh is mostly reliant on fossil fuel based vehicles, except the slow-moving human pulled Rickshaws. The increasingly popular Battery-run Three Wheeler (BRTW) vehicles could be a useful means of transport generating better environmental sustainability along with socio-economic benefits.

The BUILD study sought to develop an understanding of the present situation of the BRTWs and to propose recommendations for reform in policy for regularization of BRTWs. To collect data for the study, BUILD conducted interviews with officials from BRTA and city corporations of five districts: Dhaka, Rajshahi, Bogura, Gazipur and Kumilla. The researchers carried out extensive field survey and interviews with a range of other stakeholders including importers, garage owners, charging

facilitators, drivers, and so on. BUILD team also conducted a study trip in India for cross-country experience where they held interview with representatives from relevant ministry, registration and certification authority, automobile manufacturers, and other relevant stakeholders. The brief scanning study was conducted in just one and a half month. The value chain of the BRTWs in Bangladesh was mapped out, identifying the HS Codes and corresponding duty rates of the key components or spare parts of the BRTWs.

BRTWs in Bangladesh are not organized as in India. The Bangladesh Road Transport Authority (BRTA) does not issue vehicle registration, driving license, or permits to BRTWs. A brief overview of the policies and regulations governing the transport sector were performed and it was found that, a separate policy for BRTWs could be useful.

It is thus an urgent priority that the BRTWs are regularized in view of economic, social, and environmental benefits. Bangladesh could save USD 200m to USD 800m per year with reduction of air pollution in four major cities. BRTWs create social inclusion through enhancing mobility of ordinary people, including women. There are also manifold economic benefits, as BRTWs provide jobs, save the fuel import bill, and so on. BUILD came up with specific recommendations on policies, charging infrastructure, digitalization, battery, recycling, and gender aspect.

6.16 Tariff of Hazardous Chemicals in Bangladesh

As part of the assessment, BUILD carried out an analysis of impact of reforms in the tariff of hazardous chemicals. The main objectives of these analysis were to find out what has been the implementation of the reforms in terms of increase of supplementary duties for the hazardous chemicals, how aware is the private sector about the reform and how has the private sector been positively or negatively affected by the reforms. The recommendations were proposed by TSP in its first phase. The ZDHC Programme has identified 11 priority chemicals.¹ The goal was to create a uniform industry guideline for countries and brands. Based on the recommendations of Policy Research Institute (PRI) for increase of duties for these chemicals, BUILD also submitted a note on budget proposals for FY 2016-15. Subsequent analysis revealed that for three items, tariff was increased on Azo dyes, Chlorophenols and Organic compounds.

6.17 Reduction of Duties on Capital Machinery

As part of the first phase of Partnership for Cleaner Textile (PaCT), PRI conducted a study on duty rate for capital machineries for Asia Pacific Economic Cooperation (APEC) list of Environmental Goods. The study recommended reduction of duties for the products in APEC List. An achievement in the TSP/PaCT, phase 1 was reduction of duty of capital machinery in APEC List. BUILD conducted a brief implementation progress assessment for the recommendation and submitted to PaCT.

6.18 Market Research on Electrical and Electronics Industries of Bangladesh

As Bangladesh economy is making large strides in GDP growth and improved living standards of the people, the Electrical and Electronic (E&E) sector is making rapid progress. In the electronic home appliances assembling and manufacturing sector, around BDT 5 billion is invested, employing more than 10,000 people. Television, refrigerators and air conditioners are among the major products of the E&E industry.

¹ Zero Discharge of Hazardous Chemicals Programme (ZDHC), Textile Industry Wastewater Discharge Quality Standards: Literature Review, January 2016, p. 1. <https://www.roadmaptozero.com/fileadmin/pdf/WastewaterQualityGuidelineLitReview.pdf>

Having considered the importance of the sector, BUILD undertakes a market research on Electrical and Electronics (E&E) Industries of Bangladesh such as Television, Refrigerator and Air Conditioner that focuses on these three sub-sectors and seeks to understand the current market situation, consumers' preferences, impact of market segmentation, assess the competitors, and explain the strategy and risks for each of the three sub-sectors. The study has been conducted mostly through field survey covering 16 showrooms of different brands such as Walton, LG, Singer, and so on and also taken some help from secondary literature review.

6.19 Electronic Vehicles (EVs) and Sustainable Transport in Bangladesh

In the United Nations Climate Change Conference (COP21) agreement in Paris in 2015, a number of countries and cities declared their goals to eventually ban internal combustion engines (ICEs) as part of achieving the SDG 11.2 "Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety by 2030" and SDG 13 – Climate Action, as transportation accounts for 14% of global GHG emissions. Global vehicles manufacturers have already set their plan to move their production of ICEs to EVs to meet the global goal. Bangladesh transport sector is also undergoing silent transformation. Around one million EVs of various modes are plying across the country, especially the two and three wheelers. The three wheeler EVs are growing rapidly despite absence of government support due to the benefits and market demand, mostly for commuting short distance in the rural and suburban areas. Some large EV producers have already launched various four wheeler EVs. Despite the transformative opportunities offered by EVs to Bangladesh, enabling policies and infrastructures have not been adequately established yet. The main objective of the study by BUILD is to find out the potential of EVs in Bangladesh from an environmental and economic perspective, with particular focus on mitigation of GHG emission and climate change. The study also seeks to assess the competitiveness, find out best options and identify the policy gaps related to EVs in Bangladesh. The study would also help raise awareness among the potential stakeholders regarding EV.

6.20 Value Added Tax (VAT) and SD Act 2012 and Its Implementations

Value Added Tax is the driving component of revenue mechanism. It has been contributing 37% to total revenue collected by the National Board of Revenue. Currently VAT Act 1991 is followed to comply with VAT system in Bangladesh. The tax-GDP ratio of Bangladesh is around 10% over last decade, which is lower in comparison with the neighboring countries. It is observed that a huge amount (\$10.78 billion) of VAT is drained due to less efficient policy execution and distorting component of present VAT policy. NBR has taken some initiative to upgrade the taxation system of Bangladesh through automation of three wing (Income tax, VAT and Customs). NBR has formulated a new VAT and SD Act 2012 which would be run through VAT online portal. The implementation of new act is supposed to be started from the year of 2017-18, but it has been delayed for two years in the face of protest of business community, the business community mentioned that they are not ready for the new act and online VAT payment platform.

The identified areas that need to be improved for implementing the automated VAT system are:

1. The forms and registration process should be aligned with VOP;
2. The VAT online platform needs to be synchronized with VAT policy wing of NBR;
3. Clear guideline to make the role of DEDO effective. The inclusion of DEDO issues such as product Coefficient in the current VAT online and VAT and SD Act 2012;

4. All activities (registration, amendment of registration, cancellation of registration, VAT calculator, VAT credit system, automated, increasing a decreasing adjustment, online VAT return submission, amendment of VAT return, adjustment of VAT credit, appointment of VAT advocate, automated calculation of final output with synchronization with ASYCUDA world, examination of return, gap analysis, value addition criteria, offense, penalty, audit, review of the audit, ADR need to be incorporated in VAT automation system;
5. All the offices of VAT over the country need to be digitally connected;
6. A dedicated data backup center for VAT needs for security of the VAT payers data.

The policy suggestion for VAT rates are;

1. The universal VAT rate should be lowered in consultation with the private sector;
2. There should at least two reduced rate of VAT for small enterprises and services ;
3. VAT credit should be allowed for small enterprises and services providers;
4. The tax credit should be made instant after submission of VAT return by 45 days instead of the end of six tax terms.

The VAT automation would work efficiently, if the VAT online platform, ASYCUDA World, iVAS, IBAS, e-payment gateway, Banks can be integrated. The inclusiveness of all types of business entities in the VAT and SD Act 2012 would make the system effective.

6.21 Simplification of Policies for Battery Industries

Battery manufacturing industry in Bangladesh is a growing sector, contributing significantly to the GDP by increasing investment, employment creation and export. Battery is one of the key technology-oriented products manufactured end to end in Bangladesh. Starting in 1950s, industry and the technologies are being updated with the global changes. More than 19 small and 3 big major companies are engaged for the battery production. Revenue more than \$328.00 Million (BDT2755.20 crore) is generated each year. Total investment was about BDT 40 billion (Approx.) in the last 3 years. BDT 10 billion was invested in last two years. New technology (e.g. SMF) is also introduced and BDT 500-800 Crore is in the pipeline. Proper policy support can make the sectoral contribution more significant to the economy. At present direct and indirect employment is more than 1 lakh. Local value addition is almost 50% and it is increasing day by day with local investment. Export of lead acid batteries is about \$ 53 million. The quality testing issues of batteries are being done by the third party according to the buyer's demand, Batteries for local market are being tested by BSTI. In case of import it is mandatory to pass the test parameters of BSTI.

The identified problems of the study were;

1. The remitted lead has been exported, as a result of that, the industry needed to be dependent on imported lead at a higher price;
2. The vested interest group of Battery importers were advocating to reduce the existing duty rates on Battery which would make the industry uncompetitive.

It proposed to keep the Custom Duty (CD) and Supplementary Duty (SD) of lead-acid accumulator Battery (8507 20.90 and 85071000) unchanged for supporting the local industries to gain competitiveness and becoming import substitute industry gradually. It has also been accepted by NBR to continue the existing policy support for battery industry by the Finance Bill 2018, Tafsil-1 by keeping the CD and SD at the existing rate and the government has also imposed 25% export duty on Refined Lead in the Finance Act 2018-19: Tafsil-1 to help the growth of local battery industry in Bangladesh.

CHAPTER 7

7.1 Financing Schemes and Available Credit Facilities for Export Competitiveness of Bangladesh

Export from Bangladesh is an increasingly significant component of international trade and has involved significant private sector investment over the last decade. Bangladesh export inched up 10.55% to \$40.54 billion in FY 2018-19. Readymade Garments, Knitwear, Home Textile, Frozen Food, Leather and Leather goods (Footwear), Plastic, Light Engineering, Jute and jute goods etc. are major exportable items. Apparels (woven garments and knitwear products) have continued to occupy a very large share (above four fifths) of the export. Contribution of exports to GDP has been shrinking over the years. Boosting manufacturing based export is the target of 7th five year plan and export policy. Overall eco-system also needs to be supportive for export as meeting the buyers' demand is very important in case of maintaining the growth of export.

Export financing schemes can contribute significantly to maintaining export growth. Financing Schemes are all inclined to RMG. Policies for different innovative financial schemes are needed to support export diversification. SME-led Plastic sector does not get required working capital due to collateral requirements, CNC machineries are costly and not affordable for plastic sectors. Highly centralized banking system, local branches have to wait up to six months for a decision from head office for SMEs. These can derail enthusiasm for the SME exporters. This study is important for different sectors in the country as different types of export financing schemes have been analyzed in the study. The study proposed relevant policy related issues regarding available export financing schemes. Therefore, BUILD conducted the study to facilitate export diversification, especially non-RMG sectors such as leather and leather goods, plastic and engineering goods sector.

7.2 Safety Compliance for Potential Export Sector

BUILD has been working for export sector competitiveness and in that respect identified Leather and Leather Goods, Engineering and Electronics and Plastic as potential SME dominated sectors that can generate more employment, attract investment, etc. Safety compliance is one the strategic issues for a sustainable sectoral development. In view of that, BUILD figures out the policies of import of safety equipment, authorities responsible for controlling and monitoring of these safety equipments. Testing labs need to examine the fire-fighting equipment so that enough securities can be maintained in the industries.

BUILD will recommend industries to follow the Bangladesh National Building Code (BNBC), engagement of Bangladesh Fire Service Civil Defense (BFSC) to provide authorization so that safety issues are maintained properly in the industries.

7.3 Effective Collateral Policy for Women Entrepreneur financing

The Women Entrepreneurs (WE)s are not getting the collateral free loan upto 25 Lac even though there is a policy circulated by Bangladesh Bank. The benefits of this initiative is not properly channelized to the entrepreneurs. BUILD initiated a study on this issue that will help to identify the practical reasons for WEs not been able to avail loan because of the collateral issue. The present policy scenario will be analyzed and some recommendations will be generated for ensuring effective financial incentives for the women entrepreneurs in Bangladesh.

7.4 Study on incentives and policy support to environment-friendly Capital Machinery

Capital Machinery, commonly referred to as capital equipment, is any equipment used for production of commodities. Import of capital machinery is a major indicator of industrial activity in foreseeable future. In 2016-17, capital machinery worth USD 3.8 billion was imported in Bangladesh. When private investment to GDP ratio grows in tandem with capital machinery import, industrial activity can be taken to be growing. In view of the growing importance of sustainability as well competitiveness for Bangladeshi economy, it has been increasingly necessary to promote environment-friendly capital machinery in the industrial sector of Bangladesh. BUILD is undertaking a study to assess incentives and policy support to environment-friendly capital machinery in Bangladesh to assess if use of these could be promoted further.

7.5 Revisiting Tax Holiday Policy of Bangladesh for Supporting New Export Sectors

Like other developing nations, Bangladesh announced incentivized fiscal policies aimed at stimulating rapid industrial and economic growth in a diversified manner. One of the policies in Bangladesh is tax holiday with the goal of enhancing investment and employment generation. But, many critics argue that tax holiday is not only stimulating factor for diversified industrial and economic development, there are some important determinants left out to streamline the policies such as investment in human capital and new technology, market search and calibrating trade agreements with potential destination country, energy infrastructure and labor market mobility.

The perpetual impact of Tax Holiday has been critically analyzed regarding investment growth, employment generation and revenue loss justification on the basis of analyzing the secondary data, existing policy and the opinion of tax authority, taxpayers and tax practitioners. Econometric analysis revealed that the impact of tax holiday incentive for investment of Bangladesh is not significant; it has not motivated investors effectively to invest in diversified sectors; and the regional dispersion has not happened and the employment generation was not significant to offset the revenue loss incurred for tax holiday. The policy and procedural loopholes, malpractice of taxpayers and tax authorities and capacity of the demand side and supply side that hinder the ultimate objective of this fiscal policy of the government to expedite a balanced industrial development in Bangladesh. BUILD is conducting a study to propose revisiting the Tax Holiday Policy for supporting export sectors specially the new sectors.

CHAPTER 8

8.1 Provide Policy Advocacy Support through Structured Public Private Dialogue (PPD) under Export Competitiveness for Jobs (EC4J) project of MoC, GoB

The EC4J project implemented by the Ministry of Commerce (MOC) is aimed to support the Government of Bangladesh's export diversification targets. The project is to provide various policy, technical expertise, quality assessment, human resources development, tax-related complications, financing and credit related issues and easy investment facilities for the promotion of leather and leather goods, plastic and engineering-electric product sectors and increasing diversity. The project also supports the BICF (Bangladesh Investment Climate Fund) program in policy advocacy for reforms through conducting research, developing reform recommendations, organizing structured public-private dialogue, and conducting monitoring and follow up for reforms implementation.

BUILD under the MOC has been working closely with Private Sector Development Policy Coordination Committee (PSDPCC), a high-level committee at the Prime Minister's office, for effective policy coordination. In the process, BUILD coordinates with key government ministries, agencies, private sectors, chambers, associations, think tanks and academia, as needed.

Since 2017, BUILD has been working in collaboration with IFC-WBG for sectoral dialogues to find out sector-specific inputs with a view to export diversification by increasing sectoral competitiveness, ensure sustainability and supporting private sector by advocating enabling policies for their growth under the project.

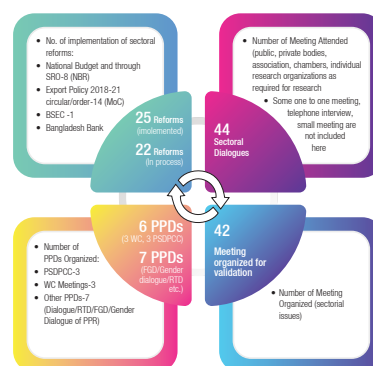
Under the project, BUILD provides policy advocacy for the above sectors with the Ministry of Commerce and International Finance Corporation (IFC) in order for making the sectors compliant and lead to sustainable investments.

The reforms significantly improving the investment and export competitiveness of Bangladesh, including those affecting women will focus on;

- Economy-wide regulatory issues impeding investments, including local and Foreign Direct Investments;
- Sector-focused issues related to competitiveness, export, trade connectivity, logistics etc.;
- and
- Regulatory and procedural issues faced by women-in-businesses.

Summary of BUILD activities and achievements under the project in 2018

In 2018, under this project, 25 reforms have been approved and implemented especially for the sectors such as; Leather and Leather Goods, Footwear, Plastic and Light engineering sector. Around 22 reform proposals are in process of implementation for which BUILD is pursuing strong advocacy with concerned agencies. A summary of the project activities in 2018 is given below:



Summary of the project activities in 2018

8.2 Textile Sustainable Platform (TSP) under PaCT-I Program-Assessment of the Implementation Success and Challenges of Reforms Proposed under PaCT-I

IFC, with support from Netherlands Government and the NGO Solidaridad as well as leading apparel brands, have launched Partnership for Cleaner Textile (PaCT), phase II. The overall program goal of PaCT II is to deepen Cleaner Production (CP) interventions and enhance competitiveness of the sector across the entire value chain of the textile sector of Bangladesh including stitching factories, textiles, home textile, composite factories, and so on. This will be done through adoption of resource efficient technologies and practices by participating factories which will lead to cost savings and operational efficiencies through reduced water, energy, chemical use and GHG emissions.

In 2018, BUILD remained engaged into this phase with the objective “to undertake an assessment of the implementation success and challenges of reforms proposed under PaCT-I and explore areas to improve”. The assignment was guided and assisted by IFC’s Advisory Services in Dhaka, particularly the Energy and Water Advisory team that supports private sector projects that require technical advisory.

The outputs of the project covered various areas including Green Transformation Fund (GTF), tax rate for green factories, and so forth. The detailed information regarding implementation status, impact, and challenges will be assessed under the upcoming project.

The key focus areas are:

- Establishment of \$200 mn Green Transformation Fund (GTF) by Bangladesh Bank to support green re-financing in textile, leather sector and jute sector;
- Increase in supplementary duties on some hazardous chemicals being used;
- Reduction of duties on capital machineries for firms which are both local and export market oriented.

Based on this analysis of impact of reforms, BUILD proposed some recommendations such as rationalization of duties of hazardous chemicals; creating awareness about the APEC List of Environmental Goods; recognition of importance of spares/components of equipment or capital machinery; deeper stakeholder engagement for Green Transformation Fund; identification of certification authorities for environment-friendly capital machinery, and so forth. Deeper studies are required in the area of promoting environment-friendly capital machinery, green financing, and so on.

8.3 Project with Japan External Trade Organization (JETRO) for the study on 'Battery-run Three Wheelers in Bangladesh'

BUILD along with JETRO signed an agreement on January 28, 2018 with an aim to conduct a study on the battery-run three wheelers in Bangladesh. In this project, BUILD was assigned to conduct a detailed study on Battery-run Three Wheeler (BRTW). For the study, BUILD agreed to survey several divisions of Bangladesh as well as India for cross country analysis.

Around the world, countries are increasingly adopting electric vehicles as an environment-friendly option, with more than 1 million EVs sold all over the world in 2017. The existing transport system of Bangladesh is mostly reliant on fossil fuel based vehicles, except the slow-moving human pulled Rickshaws. The increasingly popular BRTW vehicles could be a useful means of transport generating better environmental sustainability along with socio-economic benefits.

The study sought to develop an understanding of the present situation of the BRTWs and to propose recommendations for reform in policy for regularization of BRTWs. To collect data for the study, BUILD conducted interviews with officials from BRTA and city corporations of five districts: Dhaka, Rajshahi, Bogura, Gazipur and Cumilla. The researchers carried out extensive field survey and interviews with a range of other stakeholders including importers, garage owners, charging facilitators, drivers, and so on. A study trip in India was conducted for cross-country experience where BUILD Team interviewed with representatives from relevant ministry, registration and certification authority, automobile manufacturers, and other relevant stakeholders. The value chain of the BRTWs in Bangladesh was mapped out, identifying the HS Codes and corresponding duty rates of the key components or spare parts of the BRTWs.

BUILD proposed specific recommendations on policies, charging infrastructure, digitalization, battery, recycling, and gender aspect.

8.4 Project with Bangladesh Centre for Advanced Studies (BCAS) for Climate Finance Transparency Mechanism (CFTM) Project

BUILD and BCAS signed an MOU on 15th August, 2018 with a view to cooperate and support each other to achieve the objectives of the BUILD component on policy dialogue under the CFTM project for conducting joint research and advocacy for facilitating inclusive and sustainable development in Bangladesh supported by PROKAS (Promoting Knowledge for Accountable Systems), a program of British Council.

Under this arrangement, BUILD would perform services under a specific component of the CFTM project including research and dialogue. BUILD would conduct two research studies on overall gap in green growth policies as well as a sectoral gap assessment. Besides, BUILD would conduct two green growth dialogues in two different cities (Dhaka and Chittagong). The findings of the research studies would be validated and modified from the green growth dialogues. Apart from the activities mentioned above some other activities such as Information exchange and policy advocacy, event organization and joint publication are also included in the project activities.

8.5 Consultancy Services for the Austrian Embassy-Commercial Section for BANGLADESH

BUILD has been the institutional partner of Austrian Embassy Commercial Section (Advantage Austria). BUILD supported Advantage Austria in organizing the First Bangladesh-Austria Trade and Economic Forum on February 27, 2018 in Bangladesh. As Austria does not have any embassy in Bangladesh, it covers Bangladesh from their Indian offices.

Their offices in New Delhi, Mumbai, Chennai and Bangalore are part of a network of more than 110 offices in over 70 countries, which provide a broad range of intelligence and business development services for the Austrian companies. They organize numerous events every year to bring business contacts together. Other services provided by their office range from introductions to Austrian companies looking for importers, distributors or agents to providing in-depth information about Austria as a business location and assistance in entering the Austrian market.

The friendship between Bangladesh and Austria exists for a long time. The nation of Austria extended their support to Bangladesh during the Liberation War in 1971. The engagement of the then Federal Austrian Chancellor Bruno Kreisky, who was later awarded the "Friends of Bangladesh" citation in 2012 is cherished with honour in Bangladesh. Diplomatic and trade ties between these two countries are gradually improving since Bangladesh's liberation.

Bangladesh, to give a new dimension to this relationship, opened its embassy in Vienna in 2014. The first ever bilateral talks between the two countries took place in October 2016 in Vienna to boost trade and investment between the two countries. Prime Minister Sheikh Hasina's visit to Austria in May 2017 led to the signing of a MoU between Bangladesh and Austria on Foreign Office Consultations (FOC) paving the way for cementing bilateral collaboration between these countries.

8.6 A Joint Collaborative Project of Ministry of Commerce and BUILD on Anti-Dumping Measures – Hydrogen Peroxide and Jute Goods

A joint collaborative project between the Ministry of Commerce (MoC) and BUILD was initiated under the Strengthening Institutional Capacity and Human Resource Development (EIF-TIER-1) Project, WTO Cell, Ministry of Commerce to address the problems and find remedies to solve the problems which are created because of Anti-Dumping (AD) Duty imposed by India (on 14th June 2017) and Pakistan (on 14th March 2016) on import of Hydrogen Peroxide and by India (on 5th January, 2017) on import of Jute Goods from Bangladesh.

Five stakeholders consultation sessions were organized under this project on "Addressing Trade Remedial Measures for Export Products of Bangladesh (Anti-Dumping Measures on Hydrogen Peroxide)" and "Addressing Trade Remedial Measures for Export Products of Bangladesh (Anti-Dumping Measures on Jute Goods)".

In the 4th stakeholder consultation session, legal experts of BUILD was instructed to prepare a consultation paper to be submitted in the final Stakeholder Consultation Session which was held on 13th November, 2018 at MoC.

The consultation paper revealed that Indian decision violates the rules of 27 articles of the General Agreement on Tariffs and Trade 1994 (the "Anti-Dumping Agreement") while providing the verdict of final AD Duty measurers imposed on jute good import from Bangladesh. At last, it was decided that the inured companies will support the Ministry of Commerce by providing all relevant documents to get justice in the WTO.

8.7 Action Research on Enforcing Contracts for removing Trade Barriers

BUILD worked very closely with Promoting Knowledge for Accountable System (PROKAS) on an action research on Enforcing Contracts for Removing Trade Barriers. The work on the action research conducted on January 2018.

BUILD contributed in developing an advocacy strategy through this action research on Enforcing Contract for Improving Trade Barriers under the PROKAS for engaging relevant stakeholders to implement the relevant recommendations through various existing platforms.

The broad objective of the study was to engage the relevant stakeholders: government, private sector and other stakeholders, on the possible ways to improve the contract enforcement system as well as their interest in seeing change take place. This action research aimed to identify gaps and problems in the existing system of enforcing contracts, especially related to time and cost efficiency, effectiveness, fairness, transparency and accountability, and so on. BUILD made a few feasible recommendations for implementation in the short and long-term. To assess feasibility of recommendations as well as interest and influence of relevant stakeholders for improving enforcement of contract, BUILD organized a dialogue. Through this action research an advocacy strategy was developed for engaging relevant stakeholders to implement the relevant recommendations. Various stakeholders regarding the Enforcing Contracts were identified and interviews will be conducted with them. Lawyers, Representatives from Chamber Bodies, Representatives from Law Commission, Ministry of Law, Justice and Parliamentary Affairs, Bangladesh Bar Council, Bangladesh Investment Development Authority, Department of Patents, Designs and Trademarks, Registrar of Joint Stock Companies and Firms, media, academia and the civil society were the key stakeholders of this action research.

BUILD conducted a brief analysis of the target audience including the relevant government decision makers. A brief report on the impact of the strategy on the target audience including the relevant government decision makers was prepared. Multiple case studies on the issues of Enforcing Contracts were conducted in this project in order to illustrate the scenario of Enforcing Contract in Bangladesh.

8.8 Bangladesh Regulatory Predictability Survey

BUILD and IFC conducted a survey on the 'Bangladesh Regulatory Predictability Assessment' on the private sector stakeholders. The initial survey was conducted during September-October in 2017. A follow-up survey was again conducted through Survey Monkey during December 2017-January 2018.

Businesses in Bangladesh have identified regulatory uncertainty as a major issue. This questionnaire seeks to collect information on how regulatory uncertainty affects investment decisions by businesses. Such information can help reveal the costs of regulatory uncertainty not only to individual businesses but also the economy, and thus to society as well. Better knowledge of such costs may encourage government to take actions to reduce uncertainty.

In the survey most of the respondents highlighted that there are serious problems in Income Tax Act, VAT Act, Customs Act and Company Act as the rules and regulations being announced without prior notice, consultation or impact assessment. Most of the respondents in the survey think that a significant number of the laws in Bangladesh have mutual inconsistencies. Most respondents think that the inconsistency is high in the business licensing/registration, VAT Act, Customs Act and Company Act. Most of them think that information on existing rules and regulations can be costly for businesses. They think that finding information regarding the Company Act, Land, Customs Act is quite challenging. It is also found out that there are serious problems of discretionary treatment by regulatory officials in different legal/regulatory or promotional areas such as tax inspection, VAT Inspection, allocation of public land, gas connection, electricity connections etc.

CHAPTER 9

9.1 BUILD's Call for Steps against Anti-dumping Duty

BUILD in collaboration with Strengthening Institutional Capacity and Human Resource Development for Trade Promotion (EIF Tier-I) Project, WTO Cell, Ministry of Commerce (MoC) organized the session at the commerce ministry on 13th December 2018.

The meeting was chaired by Shubhashish Bose, Senior Secretary, Ministry of Commerce. Md. Munir Chowdhury, Director General, WTO Cell, MoC was the moderator of the session.

Ferdaus Ara Begum, CEO, BUILD, spoke at the consultation. Legal experts of BUILD assigned by CETIL presented three papers titled India Anti-Dumping Measures on Hydrogen Peroxide, Pakistan Anti-Dumping Measures on Hydrogen Peroxide, Anti-Dumping Measures on Jute Goods etc.

Bangladesh needs to appeal to the WTO immediately, otherwise export market of Bangladesh would be hampered, and participants expressed concerns. These were discussed at the stakeholder consultation sessions on anti-dumping measures on Hydrogen Peroxide and Jute.

High Officials of the different government departments, representatives from Rahimafrooz Ltd, CETIL, FBCCI, DCCI, BJMC, BFTI, MCCI, University of Dhaka, BJSA, ASA Group, Samuda Chemical Complex Ltd., ASM Chemical Industries Ltd., Tasnim Chemical Complex Ltd., Alhaj Jute Mills, BJMC were also present and contributed to the consultation session.



The Commerce Minister Tofail Ahmed Member of Parliament joins the Stakeholder Consultation on Anti-dumping Measures. The meeting highlights the requirement of proper and reasonable explanations for addressing AD measures, giving ample opportunities to the affected party, providing enough time to comment after final notification (which was only five days for Bangladesh), proper legal and factual analysis, the cumulative assessment etc.

9.2 Stakeholder Consultation Session on Anti-dumping Measures- H₂O₂

The 1st and 2nd sessions titled “Stakeholder Consultation Session on Anti-dumping Measures- Hydrogen Peroxide” were held on 15 October, 2018 on which representatives of BTC, BUILD, DCCI, MCCI, Samuda Chemical Complex Ltd., ASM Chemical Industries Ltd. and Law Abode put their valuable comments on the sessions.

The 3rd consultation session on Anti-Dumping Measures- Hydrogen Peroxide was held on 16 October, 2018 where participants of the previous session (except Samuda and ASM), including representatives of Tasnim Chemical Complex Ltd. were present in the meeting. Representative of Tasnim Chemical said that though AD Duty is imposed on them, but it doesn't hamper their export because India has imposed AD Duty also to the exporters of Pakistan and profit margin of Tasnim is lower than Pakistani companies. CEO, BUILD inspired the private sector to come forward to challenge India in WTO in this issue. Lawyers said that the investigation process of India directly conflicts with the subsection 7 of the WTO Agreement.



BUILD CEO Ferdaus Ara Begum interacts with representatives from Ministry of Commerce, Bangladesh Tariff Commission and Hydrogen Peroxide Entrepreneurs among others at the Stakeholder Consultation Session on Anti-dumping Measures- Hydrogen Peroxide held on 15 October, 2018.

9.3 Concerted Efforts to lift the anti-dumping duty imposed on exports of Bangladeshi products

A round table discussion on Anti-dumping (AD) Measures on Hydrogen Peroxide organized by BUILD in cooperation with the MoC urged to lift the anti-dumping duty imposed on exports of Bangladeshi products.



Munir Chowdhury, Additional Secretary and DG of WTO Cell of Ministry of Commerce speaks with other Representatives from Ministry of Commerce, National Tariff Commission, BUILD and other organizations joined the meeting at BUILD.

9.4 Empowering Women through Public Procurement Underscored

A Dialogue titled Public Procurement Policy and Gender Perspective that was organized by Business Initiative Leading Development (BUILD) in cooperation with IFC-WBG and BWIT on October 4, 2018 at Pan Pacific Sonargaon Dhaka Hotel. The dialogue brought together stakeholders and experts in this area for discussion and explored the inclusion of gender aspect into the procurement laws of Bangladesh.

Mohammad Muslim Chowdhury, Comptroller and Auditor General of Bangladesh who attended the programme as the Chief Guest said that the CPTU web portal can have some women related activities as a starting point. He added that as like IT, a standard portal can also be launched for engaging women which will have enough information to increase capacities of women. He viewed that the area of 'works' would be difficult for opined because of its implementation problem, in that respect he emphasized on supportive external governance. He suggested that services including intellectual professional services and goods could be the preferred area for women.

Faruque Hossain, Director General, CPTU informed that nine modules of e-GP have been developed but not all have been opened yet. Almost all the government entities have been registered with e-GP system except 32 upazilas and 17 unions which are yet to be included. Referring to examples of a number of countries such as USA, Ethiopia, Iraq, Kenya, where there is are certification agencies to certify women tenderers, he said such agency can be established first in Bangladesh.

The Guest of Honour, Dr. Jamal Uddin Ahmed, Member, Board of Directors, Bangladesh Bank suggested better policy support so that enabling environment can be created for women entrepreneurs. Forkan Bin Quasem, Chairman, e-GOV Cell, BASIS, a Resource Speaker at the event, urged for compulsory local participation in the international tender. He also urged that the projects which are complex could be earmarked for the most experienced companies while simple and semi complex projects can be participated by the less experienced companies or start- up companies.

Rezwana Khan, a member of BWIT requested for presence of local participation in international tenders at a significant level. A number of women entrepreneurs took part in the discussion and raised several points to ensure their access to the public procurement.

Asif Ibrahim, Former Chairman, BUILD and Former President, DCCI moderated the question-answer session and put emphasis for series of dialogues on this critical issues so that women can come up in a bigger way to contribute to the economy.

Ferduas Ara Begum, CEO, BUILD presented a paper on e-GP on behalf of Luna Shamsuddoha, Chairman, Janata Bank and President, BWIT. She proposed for reducing the gender gap in technology which can work as an equalizer and requested for developing a gender segregated database to understand the real condition of women in the public procurement system. Another paper was presented by Mehruna Islam Chowdhury, Gender Consultant, BUILD in which she explained different sources of public expenditure, key ministries responsible for making policies on procurement, weaknesses of general procurement system etc.



Mohammad Muslim Chowdhury, Comptroller and Auditor General of Bangladesh speaks at the Chief Guest

9.5 BUILD Put Thrust on Access of Women to Public Procurement

A consultation Dialogue on “Engaging Women Entrepreneurs in Public Procurement and Corporate Supply Chain” was organized by BUILD in collaboration with IFC-WBG and Bangladesh Women in Technology (BWIT) at BUILD. The meeting explored the prospects and scope of the women entrepreneurs (WE) to have their access to public procurement and identify areas which are suitable for them.

Having welcomed the participants, Mahbubul Alam, Chairman of BUILD urged that women should come forward in a coordinated way under a single platform in order to strengthen access of women to public procurement opportunities. Voices of women are important for promising reforms and interventions and charting out an urgent agenda for governments, civil society, development agencies and other stakeholders said he.

As a Resource Speaker, Luna Shamsuddoha, Chairman, Janata Bank and President, BWIT, elaborated some of the specific areas and emphasized the determination and willingness to participate and WE should have been ready in that respect. She put emphasis mostly on raising awareness and then on the capacity building of women entrepreneurs.

The keynote paper presented by Mehruna Islam Chowdhury, Gender Consultant, BUILD highlighted on the associated problems such as registration requirement for e-GP, lack of capacities as per the need of the PPR guidelines etc.

In the open session, the CPTU Director informed some of the provisions of the Public Procurement Rule (PPR) 2008, wherein WE could have better access to participate in the procurement process highlighting the provisions of limited tender, cash purchase and quotation methods.

Executive Engineer, Roads and Highways Department, National Procurement Trainer, Gender Specialist, IFC-WBG, Director, Bangladesh Women Chamber of Commerce and Industries (BWCCI) and other concern representatives from the Computer Council of Bangladesh were presented in the session.



Mahbubul Alam, Chairman, BUILD speaks at the meeting on Engaging Women Entrepreneurs in Public Procurement and Corporate Supply Chain

9.6 Enforcing Contracts Need Attention of the Policymakers

Commercial courts in the divisional level to address issues of enforcing contracts were emphasized in a Round Table Discussion (RTD) organized by BUILD on January 29, 2018. Commercial dispute needs a good definition, pre-action protocol system and some strategies for solution for addressing missing links are important concerns raised by a number of reputed lawyers, academia, and professionals.

BUILD conducted an Action Research on Enforcing Contracts for addressing trade barriers in collaboration with PROKAS, British Council which was presented in the RTD. The study identified gaps and problems in the existing system of enforcing contracts, made a stakeholder analysis and developed an advocacy strategy engaging relevant stakeholders.

Samir Sattar was present as session chair, said that Enforcing Contracts is required for the confidence building and attracting foreign investors to get agreement enforced within a shortest possible time. It can ensure predictability in the policy issues. Despite rapid economic growth, Bangladesh has faced challenge in the area of enabling environment for businesses, as in the Doing Business Index Bangladesh has slipped consecutively in different indicators. The country would need to go for detailed studies to find out strategies on how to address these issues, he added.

Having welcomed the participants, BUILD CEO Ferdaus Ara Begum said that Bangladesh slipped one stage in the ranking and attained 177th position out of 190 countries in Doing Business Report 2018. Bangladesh needs 1,442 days or about 4 years on an average to get a contract enforced while it takes 66.8% of the claimed value. The comparative scenario of India is almost same, taking 1,445 days, but cost of claimed value to resolve a case is much less, i.e. 31.0%.

Among others, the meeting was attended by representatives from the Ministry of Law, Justice and Parliamentary Affairs, representatives of Ministry of Industries, Ministry of Commerce, Law Commission, Bangladesh Investment Development Authority (BIDA), Department of Patents, Designs and Trademarks (DPDT), along with a number of Lawyers, private sector representatives, academia, professionals and representatives from PROKAS, managed by the British Council.



Samir Sattar, Director of DCCI presides over the Round Table Meeting at DCCI Business Institute.

9.7 BUILD for Maintaining Consistency of Policies for Development

BUILD, with the support of WBG-IFC organized the dialogue on “Regulatory Predictability and Private Sector Development” on July 12, 2018 to discuss about the regulatory unpredictability which hampers economic diversification, productivity improvements, technological development and achievement of SDG.

Principal Secretary to the Prime Minister Md. Nojibur Rahman attended the dialogue as the chief guest while Finance Secretary Mohammad Muslim Chowdhury, FBCCI President Md. Shafiul Islam (Mohiuddin) and Practice Manager of the WBG Investment Climate Advisory Services Dahlia Khalifa were present as special guests. Wendy Werner, Country Manager of IFC for Bangladesh, Bhutan and Nepal speaks at the dialogue.

BUILD Chairman Mahbubul Alam delivered the welcome speech while BUILD CEO Ferdaus Ara Begum presented a key note speech highlighting different sources of regulatory unpredictability based on a survey conducted by BUILD.

Dahlia Khalifa, Practice Manager, Investment Climate Advisory Services, WBG Practice Manager, WBG said that public-private dialogue is very important tool or mechanism to address the regulatory unpredictability.

Nojibur Rahman said regulatory unpredictability is one of the major concerns for the private sector as it can make business costly and investment uncertain. In order to address these issues, the primary requirement is regular dialogues, he added.

He said, “Our private sector is now more intelligent. They are innovative and aware of how to present their cases to the government. A coordinated effort within the private sector is also important to facilitate decisions of the government.”

Muslim Chowdhury focused on joint activities of the public and private sectors for taking forward the country.

Mahbubul Alam said one of the major reasons for the slow pace of growth in private investment is the existing regulatory unpredictability, which has an impact on the cost of doing business for local and foreign investors. Earlier BUILD and WBG conducted a survey on Bangladesh Regulatory Predictability to identify different dimensions and manifestations of regulatory unpredictability faced by the private sector during September-October, 2017.



Wendy Werner, Country Manager of IFC for Bangladesh, Bhutan and Nepal speaks at the dialogue on Regulatory Predictability and Private Sector Development that was presided over by Md. Nojibur Rahman, Principal Secretary to the Prime Minister.

CHAPTER 10

10.1 BUILD organized the first Bangladesh-Austria Trade Economic Forum

BUILD and Advantage Austria organized First Bangladesh-Austria Trade Economic Forum in association with FBCCI and MCCI at MCCI on 27th February, 2018. During the inaugural session, BUILD Chairman Mahbubul Alam said that we have a great potential for cooperation. Our private sector chambers and association are very much keen to know more about Austria and willing to exchange information to facilitate business here in Bangladesh.

Brigitte Öppinger-Walchshofer, Austrian Ambassador to Bangladesh said that this is a perfect start to deepen the business ties between our two nations and we will spread the message in Austria and make our business aware that Bangladesh is a very promising country for doing business. 13 Austrian companies attended the business delegation and joined the forum.

Speaking as the keynote, Shubhashish Bose, Commerce Secretary, said the Ministry would amend the Companies Act 1994 to bring in provisions legalizing both single director companies and the handing over of companies from one foreigner to another and invited Austrians to invest in the 100 special economic zones being developed by the Bangladesh Economic Zones Authority across the country.

A panel discussion with the title “Business prospects for long term thinkers in Bangladesh” provided different views on possibilities for cooperation in Bangladesh. Speaking as the Panel Chair, Syed Nasim Manzur, a former Chairman of BUILD said a lot of people around the world don't know about Bangladesh and its business potentials.

Md. Mahbubur Rahman, ICCB Bangladesh President, Kazi Aminul Islam, Executive Chairman of BIDA, Dr. Oskar Andesner, Commercial Counselor - Austrian Embassy, New Delhi, Bijoy Bhattacharje, CEO and Vice Chairman of EPB, Tasvir Ul Islam, Honorary Consul of Austria to Bangladesh and Muntakim Ashraf, Acting President, FBCCI spoke at the forum.



Dr. Mashiur Rahman, Economic Affairs Adviser to the Prime Minister speaks at Bangladesh-Austria Economic and Trade Forum, at MCCI on 27th February, 2018 organized by BUILD and Advantage Austria and supported by FBCCI and MCCI.

10.2 BUILD and WEConnect stressed connecting WE with MNCs

BUILD and WEConnect International, a global platform for supporting women entrepreneurs, held a meeting on January 17 for facilitating women entrepreneurship development in Bangladesh to connect them with global multinational companies.



BUILD CEO speaks at the meeting in presence of the representatives from WEConnect at BUILD.

10.3 Meeting with the New Zealand Trade Commissioner

The New Zealand Trade Commissioner and Consul General Ralph Hays, Regional Agricultural Attache Neil Kennington and Honorary Consul, New Zealand Consulate Neaz Ahmed invited Ferdous Ara Begum, CEO, BUILD in a business reception to celebrate growing business link between New Zealand and Bangladesh on October 23, 2018 at the Amari, Dhaka.

During the meeting CEO, BUILD informed the Trade Commissioner and the delegations from the New Zealand about the Memorandum of Understanding between Business New Zealand (BusinessNZ) and BUILD with the assistance of New Zealand Govt. to Govt. Partnership office.

10.4 Bangladesh Austria Reception



BUILD and Austrian Embassy Commercial Section hosted Bangladesh-Austria Reception Dinner for welcoming Eleven Austrian top companies forming the official trade mission to Dhaka from February 17 to 21, 2018 and the Reception was Attended by Austrian Ambassador to Bangladesh, Senior Commerce Secretary of Bangladesh among others. The official part of the reception included speeches by Asif Ibrahim, Adviser to BUILD and Oskar Andesener, Commercial Counsellor of Austrian Embassy Commercial Section and other dignitaries present.

CHAPTER 11

11.1 BUILD Trustee Board Meeting with the Finance Minister

The BUILD Trustee Board met the Hon'ble Finance Minister and extended thanks for the continuous support extended towards the private sector think tank. BUILD provides research input and technical support to the PSDPCC (Private Sector Development Policy Coordination Committee) for policy reform and advocacy and removing regulatory constraints. The committee coordinates and catalyzes activities of government agencies and private sector working related to Private Sector Development (PSD) matters and takes an inter-ministerial integrated approach to make decisions on regulatory policies.

The contribution of the Government gave BUILD the opportunity to make its sustainability towards providing research supports to the private sector. The Hon'ble Finance Minister also thanked BUILD for its activities towards national policy reform for the development of the private sector in Bangladesh.



Nihad Kabir, Chairman of BUILD (former) greeted Abul Maal Abdul Muhit, Finance Minister, GoB in the presence of BUILD Founder Chairman Asif Ibrahim and BUILD CEO Ferdaus Ara Begum.

11.2 BUILD Trustees Launched CD of Business Start-up Licenses: A Regulatory Guide

The Trustee Members of BUILD launched a CD of Business Start-up Licenses: A Regulatory Guide"—researched, prepared and published by BUILD and Bangladesh Investment Development Authority - BIDA, Prime Minister's Office that provides information regarding license, permit approval, certificate, registration etc. needed for doing business in Bangladesh. The guide works as a toolkit for any aspiring or veteran entrepreneurs alike.



Mahbubul Alam, Chairman, BUILD along with other Trustee Board Members are pictured during the CD launching Event at BUILD.

11.3 BUILD Trustee Board Shared Plan of Activities with PMO

BUILD Trustee Board Members joined a meeting with Md. Nojibur Rahman, Principal Secretary to the Prime Minister on April 8, 2018 at Prime Minister's Office to discuss how Private Sector Development Policy Coordination Committee (PSDPCC) established at PMO can collaborate further in areas of research, policy and advocacy for private sector development. The Principal Secretary presided over the meeting while BUILD CEO briefed the meeting agenda in presence of BUILD Trustee Board Members and Director General and Director of PMO. The Principal Secretary welcomed the delegation of BUILD and commended the initiative of the private sector that is already working, as a conduit to formalize decisions of the Government in a mode of public private collaboration. He mentioned that this is a unique balanced platform to bring both public and private sector together, so we can discuss their needs and adjust the policies that required for the private sector development of the country.



The Principal Secretary presides over the meeting while BUILD CEO briefing the meeting agenda in presence of BUILD Trustee Board Members and Director General and Director of PMO.

11.4 BUILD and Ministry of Industries Discuss Updates on SME Projects

A meeting was held between BUILD and Ministry of Industries (MoI) for discussing the undertakings of the SME Development Working Committee (SMEDWC) and collaboration of PRISM Technical Assistance (TA) Project with the activities of SMEDWC of BUILD at MOI on December 6, 2018. After a detailed discussion regarding these issues BUILD CEO presented a set of publications of BUILD to the Secretary at MOI.



BUILD CEO is seen presenting its publications to Md. Abdul Halim, Secretary of Ministry of Industries.

11.5 BUILD Urged GTF for Plastic Sector Entrepreneurs

BUILD organized a consultation dialogue with plastic sector stakeholders in BUILD Conference Room on December 2, 2018 and urged the Bangladesh Bank to allow Green Transformation Fund (GTF) for the plastic sector entrepreneurs who are greening the plastic production process. The dialogue discussed with the stakeholders and experts about their opinions and suggestions on the rational of inclusion of the plastic sector to qualify for availing GTF.



BUILD CEO speaks at the meeting in the presence of the stakeholders Stakeholders of plastic sector at a dialogue organized by BUILD.

11.6 BUILD Organized Prestigious National Energy Globe Award-2018

BUILD and Advantage Austria organized a prestigious National Energy Globe Award-2018 Giving Ceremony at BUILD Secretariat on 19th November 2018. Bangladesh Environment and Development Society (BEDS) achieved the National Energy Globe Award 2018 for its significant contribution on environmental protection. Christoph Pfeifer; Commercial Attaché, Austrian Embassy Commercial Section, New Delhi, India spoke at the ceremony in presence of BUILD CEO Ferdaus Ara Begum, DCCI Secretary General AHM Rezaul Karim and Chief Executive of BEDS Md. Maksudur Rahman.



Christoph Pfeifer; Commercial Attaché, Austrian Embassy Commercial Section, New Delhi, India speaks at the ceremony in presence of BUILD CEO Ferdaus Ara Begum, DCCI Secretary General AHM Rezaul Karim and Chief Executive of BEDS Md. Maksudur Rahman.

11.7 BUILD Stressed Simplification of Battery Policies in Bangladesh

A Dialogue with Accumulator Battery Manufacturers and Exporters Association of Bangladesh (ABMEAB) was held at the BUILD Conference Room. CEO, BUILD gave an introduction of BUILD and elaborately explained about the objectives of the meeting. Research Associate of BUILD presented a paper at the meeting in the presence of the stakeholders of Battery Association for validation of some issues to be addressed in the investment promotion Team (IPT) of National Board of Revenue (NBR).



BUILD CEO speaks at the meeting on December 12, 2018 in the presence of the stakeholders of Battery Association.

11.8 Upcoming Budget to uplift Sectoral Competitiveness

BUILD placed some fiscal policy related suggestions to the National Board of Revenue (NBR) on 5th April 2018 to the Chairman of NBR in a pre-budgetary discussion with BUILD at NBR conference room. It has placed 110 fiscal suggestions (Income tax: 41, VAT: 20, Customs: 49) where it has given emphasis on policy support for building sectoral competitiveness (Leather and Leather Goods, Plastic and Engineering and Electronics goods), Tax network widening, the present scenario of the VAT policy and some customs related policies to improving the competitiveness of domestic industries and export of selected sectors.



BUILD Chairman places budget in a pre-budgetary discussion with BUILD at NBR conference room.

11.9 WE in public procurement system Underscored at BUILD-CPTU Meet

A meeting was held between BUILD and Central Procurement Unit (CPTU) at the Ministry of Planning on 5 August, 2018 BUILD that has undertaken the initiative to identify policy level measures in encouraging women entrepreneurs to participate in government's procurement process. With this objective in view, the meeting was held to gather inputs from CPTU officials on the current status of e-GP system, its implications on the procurement system and explore ways to initiate more women entrepreneurs (WE) participation into the public procurement system.



BUILD CEO speaks for engaging women entrepreneurs in public procurement system with CPTU DG

11.10 Mission Meeting with IFC

As part of reviewing the regulatory diagnostics, sector diagnostics/analysis conducted under the Provide Policy Advocacy Support through Structured Dialogue project, a consultation meeting took place at IFC on May 3, 2018. The meeting discussed understanding of the findings and recommendations found so far in leather and leather goods, plastics and light engineering sectors including political economy and stakeholder landscape. The meeting was attended by Sumit Manchanda, Senior Private Sector Specialist at IFC, Ferdaus Ara Begum, Mehruna Chowdhury, Gender Consultant and Hosna Ferdaus Sumi, Private Sector Specialist at IFC among others.



A capacity building of BUILD Officials meeting takes place at IFC

11.11 Meeting between BUILD and BTA puts light on Issues of TED

A meeting with the members of the Bangladesh Tanners Association was held on June 27, 2018, at the office of the Association to discuss the problems BTA members are facing after the shifting of the tanneries from Hazaribagh to Savar Tannery Estate Dhaka (TED). The present situation of the land transfer and CETP issues and the type of measures to ensure the sustainability of the leather export sector were discussed. BUILD CEO presented a copy of the Leather and Leather Goods Business Start-Up Licenses Guide book to BTA President.



BUILD CEO hands over publications of BUILD to BTA President

11.12 Outcome of Battery Run Three Wheelers Study Presented at PMO

The BUILD team attended a meeting with the Governance Innovation Unit of the Prime Minister's Office at PMO on 7 May 2018 to present the outcome of the study of BUILD on Battery Run Three Wheelers in Bangladesh where BUILD CEO presented publications of BUILD to Md. Abdul Halim, DG, GIU. The meeting was attended by representatives of GIU.



BUILD CEO presents publications of BUILD to Md. Abdul Halim, DG, GIU

11.13 Consultation Workshop with Stakeholders on the Leather and Leather Goods Policy 2018

A consultation workshop with stakeholders on the Leather and Leather Goods Policy 2018 was held on 18th July, 2018 at Amari Dhaka. In the 5th SME Development Working Committee of BUILD, the SMEDWC put forth a recommendation to the Ministry of Industries for a comprehensive policy for the Leather and Leather Goods (LLG) in Bangladesh.

Following BUILD request, the Ministry of Industries assigned GIZ to make an initial draft of the policy. The workshop was organized for gathering all the valuable opinions from the experts of leather sector for preparing the first draft of Leather and Leather Goods (LLG) Policy. BUILD CEO put forward her valuable comments for the initial draft of LLG policy.

11.14 BUILD Meeting with SFD at Bangladesh Bank

BUILD Team met Sustainable Finance Department (SFD) of Bangladesh Bank Team to discuss the current condition of Green Transformation Fund on 10th May 2018. Ferdaus Ara Begum, CEO, BUILD with two Research Associates of BUILD discussed with Manoj Kumar Biswas, General Manager, SFD, Bangladesh Bank along with other representatives of SFD in the meeting.

11.15 Preparatory Meeting of Public Procurement and Gender Perspectives

A meeting between BUILD and BWIT was held on July 26, 2018, at the conference room of BUILD to discuss how more women entrepreneurs can be engaged in the national procurement. BWIT President and Chairman of Janata Bank and Vice President of BWIT were present. The meeting discussed the online platform of e-GP and its benefits and how women can participate in this process. Discussion was held on the prospect of organizing a dialogue to sensitize concerned stakeholders with the objective of getting a full picture of the prevailing scenario of gender dynamics in public procurement. Views were shared among participants on measures to create interaction among registered and potential women bidders and inspire them for being more engaged into the bidding process of procurement.



Luna Shamsuddoha, Chairman, Janata Bank Ltd. speaks at the meeting at BUILD in presence of BUILD CEO.

11.16 Meeting with Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA)

A meeting was held between BPGMEA and BUILD at the office of BPGMEA on 26th February, 2018, in which a BUILD team led by Ferdaus Ara Begum, CEO, BUILD met Shamim Ahmed, former President, BPGMEA and Narayan Chandra Day, Secretary General, BPGMEA.



Representatives from BUILD and BPGMEA are seen at the meeting.

11.17 Meeting between BUILD and LFMEAB stressed the need for eliminating key constraints

A meeting between BUILD and LFMEAB of Bangladesh made a call to eliminate key constraints of leather goods to encourage businesses to expand country's export trade at a meeting at LFMEAB on 15th January 2018.

As part to support BICF-II for organizing structured Public-Private Dialogue for policy advocacy for reforms through conducting research on specific issues BUILD has undertaken a number of initiatives to help some major sectors expand in the export basket. BUILD shared its policy framework for policy advocacy with LFMEAB to help the leather sector grow in the country at the meeting.



LFMEAB President speaks with BUILD Team at LFMEAB

11.18 Meeting on determining Definition of Import against Indenting and Proforma Invoice

Following the query of the Office of Chief Controller of Imports and Exports, BUILD organized a meeting with the Bangladesh Indenting Agent Association on 14th May, 2018 at BUILD in order to discuss the likely definition of Import against Indenting and Proforma Invoice and the meeting set out other related recommendations. BUILD sent the definition and other discussed recommendations to the Office of the Chief Controller of Imports and Exports (CCI&E) for further action. BUILD is currently working with the Ministry of Commerce so that these recommendations can be included in the Import Policy Order 2018-21.



BUILD CEO speaks at the meeting with the Bangladesh Indenting Agent Association.

11.19 Meeting with Bangladesh Bicycle and Parts Manufacturers' and Exporters Association (BBPMEA)

A meeting between BUILD and Bangladesh Bicycle and Parts Manufacturers' and Exporters Association (BBPMEA) took place at the Conference Room, Meghna Group to discuss some measures taken for this sector and to share opinions of Bicycle manufacturers. Held on June 26, 2018, the meeting discussed post budget fiscal and tax related policies and measures for supporting Bicycle Industries in the country and how BUILD and the Association can work together addressing the constraints faced by the sector through policy advocacy and bringing necessary reforms.

Md. Lutful Bari, President of BBPMEA appreciated the policy changes of duty enhancement and acknowledged the support of BUILD and informed that these will be helpful for the exporter to gain competitiveness through reducing the dependence on imported parts and components for bicycle manufacturing in Bangladesh.

11.20 Meeting between BUILD and BSTI stressed need for Plastic Policy

A meeting between BUILD and Bangladesh Standards and Testing Institution (BSTI) on "Standard and Quality issues of Plastic Sector" took place on March 28, 2018 at BSTI. The main agenda of the meeting was to discuss the quality and policy constraints of the plastic sector of Bangladesh for improving export competitiveness and discuss the role of BSTI in that respect.

As per the BUILD proposal, Certification Mark license providing time by BSTI has been reduced from 78 days to 22 days provided that the applicant submits the normal fees while it takes only 11 days if the urgent fee is paid.

CHAPTER 12

12.1 Round Table Discussion on Strengthening Market Access for Women Business Owners in Bangladesh

The Round Table Discussion (RTD) on Strengthening Market Access for Women Business Owners was held at BUILD on 22nd January 2018 to discuss how Women Business Enterprises (WBE) in Bangladesh can be connected with the buyers around the world who procures goods of trillions of dollars each year.

In this discussion, Elizabeth Vasquez, CEO and Co-Founder of WEConnect International elaborated the role of her organization to connect women-owned business enterprises throughout the world.

Hosna Ferdous Sumi, Private Sector Specialist of the World Bank Group remarked, “This is an innovative approach to support women owned and led businesses to grow in their value chain and link with corporate buyers for products and services.”

A presentation on Women Entrepreneurs (WEs) was made by CEO, BUILD, Ferdaus Ara Begum elaborated the scenario of WBEs in Bangladesh. She said that about 10% of SME entrepreneurship is owned by women in comparison with 25% in the world WBEs are facing several hurdles in manufacturing their products.

A number of recommendations were emerged for enhancing participations of WBE in the global markets.



Hosna Ferdous Sumi, Private Sector Specialist of the World Bank Group underscores innovative approach to support women owned and led businesses to grow in their value chain and link with corporate buyers for products and services at the Round Table Meeting.

12.2 Export Financing Schemes Need Reforms and Innovation for Export Competitiveness

A Consultation Dialogue was held in BUILD Conference Room on November 18, 2018 on Financing Schemes for Maximizing Export Competitiveness in Bangladesh – a Policy Paper prepared by BUILD for Financial Sector Development Working Committee meeting. The objective of the meeting was to discuss with the Economists and Experts about their opinions and suggestions on the available funding schemes for maximizing export diversification and competitiveness.

Kamran Hasnain presented a paper on Export Financing schemes and available credit facilities for export competitiveness of Bangladesh while Shahriar Rawshon gave a presentation on 'Collateral Free Loan for Women Entrepreneurs'.

Dr. Mahmood Osman Imam, Professor, Department of Finance of DU, Dr. Ahsan Habib, Md. Joynal Abdin, ED, DBI and a number of BUILD officials were present and contributed to the meeting.



BUILD CEO speaks at the meeting on Financing Schemes for Maximizing Export Competitiveness in Bangladesh with the stakeholders.

12.3 Clear Interpretation for an Effective VAT Policy

A discussion meeting on Budget for FY 2018-19 and VAT policies was held in the conference room of BUILD on January 09, 2018 where a number stakeholders and policy makers were present and discussed the dilemma between VAT Act 1991 and VAT and SD Act 2012, the meeting requested for a clear instruction for implementation of VAT policies in Bangladesh.

In the Budget speech for FY 2017-18 (p-25) there was an announcement for implementation of VAT and SD Act 2012 to be effective from July 1, 2017, later on through an SRO issued on July 1, 2017 there was postponement of the new Act, issuing 13 SROs and Government Order (GO) and 3 cancellation SROs.

Private sector expressed its concerns about the policies of VAT including VAT online project which was supposed to be implemented through VAT Act 2012.

Another notable issue is about VAT to be collected from cottage and small Industry that constitutes more than of 88% of total industrial enterprises in the country. These small industries are suppliers of intermediate goods to a number of large enterprises. For them paying VAT at 15% is very difficult, if new law commences from the year 2019, preparation needs to be started from now for addressing the SME issues and completion of on-line process.

BUILD's presentations raised several aspects of VAT and detailed pros and cons, such as; rates of VAT, new system of VAT registration, registration for group of companies, differences of two VAT Acts, highlighting the issues such as; price declaration and maintaining current account, etc.

The meeting discussed that the rules need to be framed, circulated and discussed publicly for implementing VAT policy in the country so that the confusion can be resolved. VAT collection in the first five months of this fiscal is 11.6% less than the targeted amount, so there is a need for clear diagnosis, what were the main reasons for not implementing the VAT and SD Act. 2012 in the last fiscal, the gaps and problems should be resolved. A clear definition of VAT, addressing the discrimination of policies of different export sector for collecting tax at source, input tax rebate for utilities, minimum tax under ITO 82C/52 etc. need to be resolved.

In order to implement the VAT online platform and utilize the benefit of automation, there should be a clear guideline for the private sector so that investors can get a signal on the stable and consistent VAT policy.



BUILD CEO talks on the dilemma between VAT Act 1991 and VAT and SD Act 2012 at the FGD

CHAPTER 13

13.1 A preparatory Meeting on Bangladesh Regulatory Predictability Survey

In preparation of arranging a policy dialogue on Regulatory Predictability and Private Sector Development on July 12, 2018, BUILD and International Finance Corporation organized a preparatory meeting on July 3, 2018 at IFC. Dr. M. Masrur Reaz, Sr. Economist of IFC-WBG discussed different dimensions and manifestations of regulatory unpredictability faced by the private sector based on the Bangladesh Regulatory Predictability Survey conducted by BUILD and World Bank Group and challenges to be addressed in the coming years in the framework of public – private dialogue approach.

The meeting was attended by Mahbubul Alam, Chairman of BUILD, Ferdaus Ara Begum, CEO of BUILD, Mohammad Lutfullah, Private Sector Specialist of IFC and Miah Rahmat Ali, Senior Private Sector Specialist of IFC.



Dr. M. Masrur Reaz, Sr. Economist of IFC-WBG talks on different dimensions and manifestations of regulatory unpredictability with BUILD Chairman at IFC Office.

13.2 Bangladesh Regulatory Predictability Survey

Regulatory unpredictability is often cited as a problem by businesses globally. Bangladesh is no exception. Addressing regulatory unpredictability requires a good understanding of many dimensions of problems. As a first step towards this, a survey was carried out of businesses operating in Bangladesh to assess their views on regulatory unpredictability - its manifestations and impact.

BUILD along with World Bank arranged a Discussion on Bangladesh Regulatory Predictability Survey findings with an exclusive set of representatives of different private sector organization who participated in the survey. The discussion session was moderated by Syed Akhtar Mahmood, Lead Private Sector Specialist, Macro Economic Policies, Trade and Investment, WBG. The discussion session was held at BUILD Conference Room, Dhaka on April 12, 2018.

Several sources of regulatory unpredictability have been highlighted in the discussion. Often, rules and regulations are enacted without prior consultation. Thus, regulatory design in some cases does not benefit from the ground-level knowledge of businesses. Businesses often lack adequate knowledge on what rules, regulations and procedures they need to comply with, be at entry, operational or exit stages. Rules and regulations, as written, may leave huge scope for differing interpretation. Sometimes, regulatory agencies do not provide adequate guidance to the front-line officials on how to interpret and administer the rules. Many regulatory areas lack effective grievance mechanisms whereby businesses can complain about adverse regulatory decisions affecting them.



Syed Akhtar Mahmood, Lead Private Sector Specialist, Macro Economic Policies, Trade and Investment, WBG speaks with responders of the survey on Regulatory Unpredictability.

CHAPTER 14

14.1 BUILD Team Attended the Mass Balance System of Leather Manufacturing Process

As a part of enhancing the export competitiveness of the sector, PwC and IFC arranged an all-day training session for BUILD Team on 4 May 2018, on the mass balance system of leather manufacturing process to familiarize the participants with the leather manufacturing process and material flow analysis of the entire process which would facilitate the participants in understanding the needs and possibilities of sustainability interventions in the process particularly at the stages which are environmentally critical. Training session was welcomed by Mamun Rashid, Managing Partner of PwC Bangladesh while Ferdaus Ara Begam, CEO-BUILD, Sumit Manchanda, Senior Private Sector. Specialist of IFC-WBG and Sikder Abu Naser spoke at the training event.



Mamun Rashid, MD of PwC speaks at the training event at PwC Office.

14.2 BUILD Team Attended the Regulatory Impact Assessment Training at PwC Bangladesh

The training was conducted by Sandeep Kota, Associate Director (Advisory), Pricewaterhouse Coopers (PwC) Pvt. Ltd. at PwC Dhaka office. A team of five Research Associates from BUILD was present in the training session.

Asha Kothari, Assistant Manager (Advisory), Ahmed Faruque, Analyst (Advisory) of PwC Bangladesh and Rakibul Hasan, Consultant, IFC-WBG jointly conducted the training session.

Regulatory Impact Assessment (RIA) is a process of several steps which aims to analytically and systemically answer the question of whether a regulatory intervention is needed, and if so which of the possible options is the best solution to the problem. RIA should always be initiated at the earliest possible stage as it is designed to help inform the decision makers of whether to regulate or not. If the decision to regulate has been made then RIA focuses on options within the legislation rather than the option of whether to regulate or not. An example of RIA has been demonstrated in brief regarding the regulatory intervention to ensure treated tannery effluent is discharged in Dhaleshwari. Five steps of RIA were presented that they are ; Problem definition, and its causes and consequences, Identification of options, Option analysis, Option comparison and Implementation and monitoring.

CHAPTER 15

BUDGET PROPOSALS

Income Tax Related

Export Competitiveness for Leather, Leather Goods, Engineering, Electronics and Plastic

1. Tax holiday benefits for leather and plastic sectors who are outside of EPZ.
2. Corporate tax for export-oriented RMG industries has been reduced to 12% from 35%, deemed exporters and other export sector such as; leather and leather good should avail this benefit.
3. Procedures for providing co-efficient needs to be simplified. All related documents of earlier co-efficient should be preserved in digital and documented form to DEDO. A virtual space (A cloud system over the internet) can be used to store the co-efficient and to get access to the document instantly for having the track record as a reference.
4. Battery Run Three-Wheeler (BRTW) sector should be formalized and tax holiday should be ensured for this sector.

Policy Related

5. Income tax slab rationalization is required up to BDT 3 lakh, the rate could be 0, next 6 lakh could be at 10%, up to 8 lakh the rate could be 15%, next 15 lakh could be 20%, next 35 lakh could be 25% and above could be 30%.
6. Exemption limit for women and age group 65+ may be BDT 300,000 while disabled person and freedom fighter taxpayer could be BDT. 450,000 and BDT 495,000.

Corporate Income Tax Related

7. CIT for non-publicly traded companies should be reduced from 35% to at least 30%. The gap of tax between listed and not listed company should remain at 10%.
8. As the liaison office is not supposed to be involved in any income-earning activities, they are not paying income tax. But the officials/employee's incomes are taxable. This provision creates some confusion among the private sector. The concerned law should have a clear direction in that respect.
9. There should not be any discrimination of policies between foreign and local companies. Alternatively, the tax at source can be withdrawn or can be lowered to 2.5%.
10. Definition of export in VAT Act should be same as the income tax ordinance, 1984.

Repatriation

11. Tax at source for expatriates's repatriation
 - a. The policies of foreign exchange guideline and income tax need to be aligned.
 - b. There should not any such ceiling of profit (8%).
 - c. The concerned clause of income tax would need to be revised in a way so that instead of 8% of the profit, it can be 6% of the sales.
12. New Foreign Exchange Guidelines would need to be prepared and published soon.

Audit Related

13. Approval of the Commissioner
 - a. Commissioner approval for any kind of assessment of audit should be omitted (as per the present practice) where the case is below BDT 10 lakh. Commissioner's approval may require in case of sensitive issues and higher-level cases.
 - b. NBR may request the commissioners to dispose the cases within 3-6 months and in that respect, NBR may issue an executive office order/circular.
14. Document check at the return submission level
 - a) All necessary documents should be submitted with income tax return file and checked by the receiver with sign and seal. An acknowledgment slip with an Annex list of submitted documents can be given.
 - b) Submission procedures should be electronically/automated; where all the documents will be stored as a backup for further and future inquiry in case required
 - c) A checklist of required documents should be followed strictly.
15. Detailed Guidelines for Audit with all related information
 - a) The guideline should include : If the income of audited entity raised 5-10% from the previous year, then it will not be included for following year's audit. In 82BB, there is a provision for an increase of 20% over the previous year for not to encounter audit.
 - b) There should be specific and simple guidelines circulated to the taxpayers' before selecting the auditable file and starting an audit process.
 - c) If the recently audited assesses shows continuous transparency in submitting the required documents that will be out of audit net for the next 5 years.
 - d) A good governance and integrity unit can be established in the NBR to look after activities, among others to ensure the fair judgment in case of Audit.
16. Risk-based Auditing
 - a) Risk-based tax audit approach needs to be implemented to avoid taxpayers harassments.
 - b) Tax audit guideline should be online on the website of NBR
17. Automation
 - a) Audit Board, Transfer Pricing Cell, Forensic Intelligence and ADR Team should maintain coordination through automation so that tax files are submitted without fault.
 - b) Taxpayers should have an access to all related information to check his mistakes, in case he is willing to check before submission of his files.
18. Web-based complain box should be introduced.

Income Tax Return form Simplification

19. The heads of basic information “Return submitted under Universal Self-Assessment (82BB)” need to be mentioned in the form instead of return submitted under 82BB in #3 of the 11GA2016.
20. There could be a field for Non-Resident Bangladeshi (NRB) (Field no 9; IT-11GA2016) for the Bangladeshi nationals having foreign citizenship who are engaged in an economic activity under the Jurisdiction of economic territory of Bangladesh.
21. Basic information of 11GA2016 form should be completed automatically whenever the taxpayer would print or download a filled-in application form to submit the IT return.

Encouragement for the Taxpayers

22. Taxpayers’ should be awarded annually on the basis of tax paid in consecutive years. A guideline for acknowledging general tax payers’ can be prepared in this respect.

Alternative Dispute Resolution (ADR)

23. The ADR cases on the merits should be taken. If an applicant to see his or her case resolved through ADR, it should be taken up by NBR.
24. In the time of transferring the case from appellate to ADR process, the case should be termed as “withheld” rather than terminated.
25. TIN and New National Identity Card (NID): TIN should be included in upcoming Smart National Identification Card with the micro electric chip. NBR needs to establish cooperation (agreement) with Election Commission to add TIN information in the new smart NID. NBR has to be agreed to EC office to have access for changing the taxpayers’ basic updates on NID quarterly.

Carbon Tax

26. Carbon pricing scheme needs to be taken by Bangladesh, a carbon tax can be one of the tools for carbon pricing.

Miscellaneous

27. The fees should be including all tax, fees, and charges specified at the time of “Virtual transactions”.
28. The financial activities especially advertisement commences over internet protocol inside the jurisdiction of Bangladesh economy should be brought under the tax net.
29. The minimum tax on transaction C2C or B2B needs to be withdrawn or adjusted.

VAT Related

Registration

1. NBR does not accept VAT Registration of both manufacturer and trader at a single address. Goods can be stored separately but books of account in a single premise. These policies would need to be made clear to all companies.
2. Prior registration inhibits flexible price adjustment, so it should be flexible

Price Declaration

3. The price declaration provision should be eliminated for the interim period until the new VAT and SD Act comes to be effective.

Refund Related

4. Simplification of VAT Refund Policy through automation.

Proposals for Small Entrepreneurs

5. Tax Exemption
 - a) Tax exempted limit in all stages would need to be at least BDT 36 Lakhs.
7. Turn Over Tax
 - a) Turn over tax exemption limit could be at least one crore fifty lakh taka instead of present amount of BDT 80 Lakh. Turn over tax rate could be 2% instead of 3%.
 - b) Turn over tax payer can be enlisted as E-BIN holder and in that respect a definition can be included .
 - c) In order to get input tax credit, they may have ERC and IRC provided they are E-BIN holder.
8. Tax at source at least in a single financial year should be fixed. The rate of tax at source should not be changed/higher at the time of submitting bills from the rate submitted during the time of tender. Tax at source would be deducted by Bank and any other Financial Institutions. Any other FI should be defined.
9. There should be a specific guideline in that respect. There could be seizure list, papers can be seized not the car/vehicle. There is a need for confidence-building among NBR and business.
10. Rebate system should be specified, easy and time-bound.
11. The accrual-based accounting with a single book of accounts should be mandatory by Act and rules.
12. Current account system would need to be merged with VAT online system to make VAT paying process transparent.
13. The committee was formed with a representative of circle-wise NBR officials along with concerned private sector representatives, this committee could be revived to fix the VAT rate for micro-entrepreneurs based on their income.
14. A 20% SD need to be imposed on single-use Plastic/ Polythene Bags in distribution level.

Customs Related

Engineering Goods

1. This tariff value per kg could be increased up to USD 2.75 which is prevailing in case of countries other than China/India.
2. Consider extending duty exemption benefits to bicycle component manufacturers who supply to export-oriented units (deemed exporters).
3. Proportionate tax benefits for using renewable energy will encourage small industries to switch over to renewable energy.
4. Import of used machinery
 - a. There could be a relaxation of a lifetime (presently 10 years) of capital machinery in case of quality and branded machinery imported from countries who want to translocate their industries.
 - b. There could be a guideline for simplifying the process of import of second-hand capital machinery for engineering and electronics goods, a single point approval process can be introduced.
5. Quality and quantity of imported resin should be ensured and controlled at the stage of import through the bond.
6. Tax and VAT exemption on a locally made diesel engine can be introduced to support local industry for at least three to five years.

Leather and Leather Goods

7. Impose a duty on export of crust leather, after a leniency period of 2 years to allow tanneries to build capacity and skills to move up the value chain.
8. Allow SBW facility for all export-oriented leather and leather goods manufacturers.
9. Provide import duty exemption to all fire safety equipments and systems that are mandatory to comply with international safety standards.
10. Some chemicals (alternative chemicals) approved by the ZDHC (9+2) group can be selectively allowed to be imported at a lower duty to support small entrepreneurs.

Others Chemicals Related Proposals

11. Duty structure for this selected hazardous chemicals should be high import should be restricted.
 - a. Phthalates
 - b. Brominated Flame
 - c. Organotin Compounds
 - d. Chlorobenzenes

Plastic Goods

12. Duty drawback facility should be provided by the banks, instead of the DEDO office to facilitate smoother and quicker transfer of funds for input-related benefits.

PROPOSALS FOR NATIONAL POLICIES

13. Allow private enterprises to trade in Free Trading Zones or EPZs, who can import inputs in bulk, and sell to the plastic manufacturers when needed.
14. Provide import duty exemption for all fire safety equipment and systems that are mandatory to comply with international safety standards.

Sample Import Related

15. Sample importer will be subject to penalties on the importation of sample items without open L/C will be applicable if the imported sample item's value/amount/numbers exceed the limit stated in the Import Policy Order
16. Customs should not impose tax and duties on sample import. Sample importer should not be subject to pay duty and tax on the importation of sample items if the imported sample item's value/amount/ numbers do not exceed the limit which is stated in the Import Policy Order.
17. The imported sample items will be classified and listed under IM7 (bond import and not subject to payment of duty and tax). Rules regarding IM7 will need to be described in Import Policy Order.

Electrical and Electronics Sector

18. Bearing (H.S: 848210.00) is one of the raw materials of Fan, where the present CD is 10%, can be reduced to 5%. Proposed TTI would be 31.07%(CD:5,SD:0,VAT:15, AIT: 5 ,ATV:4, RD: 0) VAT:15,AIT: 5, ATV:4, RD: 0) from the present level of 37.07%
19. Customs duty of Galvanized steel wire (H.S: 721720.00) can be reduced to 5% from present level of 10% for supporting cable industries, where proposed TTI would be 31..07% instead of 37.07%(CD:5, SD:0, VAT:15, AIT:5, ATV:4, RD:0)
20. Customs duty and Regulatory duty on Calcium Carbonate used in the cable industry (H.S 28365000) can be dropped to 0% from the existing level of 10% and 4% respectively. TTI will be 25.07% (CD:0,SD:0,
21. Customs duty on Electric Conductors used in Transformer(H.S: 853650.00) can be reduced to 10% from the existing level of 25% and Supplementary duty and Regulatory duty from 20% to 0% and 4% to 0% can be dropped and proposed TTI would be 37.07% (CD:10, SD: 0, VAT:15, AIT:5, ATV4, RD: 0)
22. Custom duty on Polyester Tape (H.S: 39191000) used as raw material in Fiber optics cable industry can be reduced to 10% from 25% and supplementary duty can be dropped, where proposed TTI would be 41.88%(CD:10, SD:0, VAT:15, AIT:5, ATV: 4, RD:4)

Policy Related

23. Section- 18 (B) of the Customs Policy 1969 on Imposition of the Antidumping, Safeguard and Countervailing duty needs to be revised.

Infrastructure Related

24. It is observed that importers and exporters have to shuttle here and there to deposit the port fees, customs duty etc. in different places/banks in the LC stations. All these facilities and benefits should be under the port area and deposit of fees could be in a single bank/office and all supportive infrastructures available nearby
25. With the extension of the infrastructure of mobile banking, submission of all type of fees could be given online.
26. The general trend of submission of documentation is to request for additional documents each and every time.
27. E-commerce and efficient courier services are closely integrated. Modernization of courier services to support SMEs is important. The shipment through the air is expensive and through land ports, it is troublesome and time-consuming on both side of borders. Dhaka customs has already an available infrastructure for courier services, by using this infrastructure for customs checking, if land transport can be used trade between neighboring countries can be increased.
28. One-Stop Service should be set up preferably at Customs House (alternatively at the NBR or CCI&E under Ministry of Commerce) to fast-track the procedure and forward the documents to the Commissioner of the concerned port directly so that the assigned person of the Office of the Commissioner can expedite the service within the shortest period. NBR should issue a circular in this respect assigning the commissioner at the port to take charge of this requirement. H.S Code Specification for Some Raw Materials
29. LGP, diffusion sheet and Open cell should be brought under a separate harmonized HS code, so these components of Display Panel can also be produced in the country
30. Proposed TTI for Hybrid cars is 26.27%(CD: 0, SD: 0, VAT;15, AIT;5, ATV; 4)
31. There should be harmonized HS code for Hybrid cars as international practice
32. The EVs should be exempted from all kind of import duty till EV sector starts production in Bangladesh

Import/Export and Land Port Related

33. The time of unloading the imported products through land port should be set maximum 3 working days.
34. In case of import "Holiday charge" should be withdrawn
35. The land port authority should allow a private sector-led testing laboratory which is internationally recognized and accredited
36. There should be Private Ware House at Land port area to keep the products in the ware House during the delay time to unload the truck.

Advanced Ruling System (ARS)

37. Time limit for issuing a Ruling need to be brought to 15-20 working days
38. The fees for AR should be reduced to BDT 1000 and refundable once it is not accepted.

EXPORT POLICY

Business Promotion Council For Plastic Sector

- In the Export Policy 2015-18, there is a mention of establishing a Business Promotion Council(BPC) for Plastic sector in BPC. A separate Council for Plastic sector can be established to support this important sector.

(Reference : Clause 1.2.5, Chapter 1, Page no. 4)

New Inclusion in the High Priority Sectors

- Light Engineering products (Auto parts, Bicycle, motorcycle and battery) and electronics products can be included as the high priority sector which are presently included as Special Development Sector in the Export Policy.

(Reference : Clause 3.5.2, Chapter 3, page no. 12)

Export Promotion Fund (EPF)

- Presently only Handicrafts and ICT sector is allowed to get funding from Export Promotion Fund (EPF) from EPB. Other potential export sectors like; Leather goods, Plastic, Light engineering and Electronics could also be allowed to get this fund.
- Awareness creation for EPF among private sector is also required.

(Reference : Clause 4.2, Chapter 4, page no. 15)

Duty-free Import of Fire safety Machineries for all Sectors

- Duty-free import of machineries used to ensure fire safety including fire door, fire control and fire extinguisher should be availed of all sectors especially for all non- traditional export sectors such as leather and leather goods.

(Reference : Clause 4.12.5, Chapter 4, page no. 18)

General facilities for export-oriented industries

- Chittagong port management should be handed over to an efficient corporate body to decrease port congestion.

(New inclusion of sub-clause in Clause 4.12.8)

Deemed Export and Engineering, Procurement and Construction (EPC)

- To encourage Deemed Exporters', a separate chapter in the Export Policy 2018-21 can be included following example of neighboring countries.
- This chapter should include the definition, categories and benefits of Deemed Export in detail.
- Definition of Deemed export should have alignment with definition of other policies and Act, e.g. VAT Act.

- EPB should make a separate database to acknowledge the contribution of Deemed exporters.

(Reference : Clause 4. 28.01, 4.28.02, Chapter 4, page no 20)

- In order for Engineering, Procurement and Construction (EPC) to get benefits of Deemed Exports, these should be included as Deemed Export category in Clause 4.28, Chapter 4 in the Export Policy.

(Export Policy 2015-18', Clause 4. 28, Chapter 4, page no 20)

Product- Specific Export Facilities for Plastic sector

- Plastic products should be included in a separate Clause mentioning detailed benefits and initiatives to be given or taken for this sector along with other 14 products included in this Chapter. Presently Plastic products are included in 'Others' (Clause 5.15.1) category in Chapter 5 (Product- Specific Export Facilities).
- Plastic Business Promotion Council can be established at the Business Promotion Council.
- MSME Facilitation Center for the Plastic Sector could be opened in BIPET, which would provide R&D and advisory support to the plastic sector MSMEs.
- An Export Road map for Plastic sector can be prepared, as this sector has been growing at about 20 percent a year in both domestic and export area.

(Reference: Chapter 5, page no 23-30)

- In clause 5.15.01, there is a mention of taking necessary steps for testing the standards of plastic products and garment accessories products by BSTI. So a list of plastic products (especially exportable items and diversified plastic products) should be included in the mandatory list of BSTI such as **household plastic, toys, tableware melamine** etc.

(Reference : (Clause 5.15.1, Chapter 5, page 30)

Product- Specific Export Facilities for Light Engineering Sector

- A new clause can be included as **(5.11.3)** for establishing central bonded warehouse to trade inputs and components required for manufacture of bicycles and bicycle parts and light engineering products.

(New inclusion of sub-clause in Clause 5.11)

Rationalizing the rate of Value Addition

- Function of Standing Committee for rationalizing Value Addition of different products (non-traditional) including RMG need to be cleared and referred in the IPO also. Because, as per the Master Circular of Export Development Fund (EDF) manufacturers-exporters must be compliant fully with Value Additional (VA) Criteria mentioned in the Import Policy Order (IPO).
- There should be well coordination among the export and import policies.

(Reference : Clause 7.12.1, Chapter 7, page no. 32)

Miscellaneous

- As IRC renewal is now performed by the Nominated Banks(NBs), so ERC renewal also should be performed by the NBs and this could be included in the Export Policy 2018-21.
- This Export Policy could be in force for five (5) years instead of three (3) years.
- As export and import business are complementary of each other, Bangladesh can be opted for an Export-Import Policy /Foreign Trade Policy together. An Export-Import Policy could raise the status of Export Policy also.

IMPORT POLICY

List of Mandatory Documents for Import

- A list of mandatory documents required for import can be included in the Import Policy in **Chapter 2** (General Provisions of Import as annex).

Import against LCA Form without opening of Letter of Credit (LC)

- The Clause 4 (kha), Chapter 2, can be revised by inserting the words **spare parts of the capital machinery** instead of capital machinery only.
(Reference : (Clause 4(kha), Chapter 2) page no 1316)

Time limit of L/C open and shipment

- To import capital machinery, time limit of opening letter of credit (L/C) can be increased to **360 days instead of 180 days under cash foreign exchange by all importers**.
(Reference : (Clause 8 (ka), Chapter 2) page no. 1318)
- A uniform guideline mentioning **time frame** and time for submitting Bill of Entry need to be circulated for L/C opening.
- Submission of Bill of Entry should not be required as Bangladesh Bank and NBR is now connected online.
(Reference : (Clause 8 (ka), Chapter 2) page no. 1318)
- In the case of machinery and spare parts shipment time limit can be increased from 17 months to 30 months after the date of issue or registration of LCA Form by a bank.
(Reference : (Clause 9 (ka), Chapter 2) page no. 1319)

Definition of Proforma Invoice

- Proforma Invoice (PI) should be clearly defined in the new Import Policy.
- In case of import under Proforma Invoice (PI), the name, logo and registration reference (authorization) of the PI giver should be included in the LC.
- PI providers should have Membership of any Chamber/Association as per Trade Organization Ordinance.
(Reference : (Clause 8(15), Chapter 2. Page no 1320)

Mentioning percentage of VAT in the Import Policy

- Rate of VAT included in this Clause (31 Chapter 3) should be deleted from the Import Policy 2018-21.
(Reference : (Clause 31, Chapter 3) page no 1325)

Simplification of procedure of Export cum Import of Capital machineries and spare parts

- If commercial invoice is given and inland inspection report is apposite, L/C contains all the conditions then significance of Shuparishnama became very limited. However BIDA can be the sole authority in providing such Shuparishnama. If there is Bank guaranty, shuparishnama requirement may be dropped.
(Reference : (Clause (10, 11) Chapter 4, page no 1329)

Import of Sample

- Clear rules regarding IM4 (Tax will be imposed) and IM7 (Tax will not be imposed) of ASYCUDA system should be included in Import Policy and Customs Act so that misunderstanding regarding importing sample can be resolved.

(Reference : (Clause13, Chapter 4, page no. 1327)

Industrial Ad hoc IRC

- Imported Raw material utilization requirements for industrial entrepreneurs for qualifying for getting a regular Industrial IRC should be reduced from the existing level of 70% to at least 50%.
- BIDA and Customs should collaborate each other to set criterion based on the importance and nature of industry.

(Reference : (Clause 23 (Gha) Chapter 5, page no 1341)

Value Addition Criterion for EDF

- Import Policy should have value Addition criterion for all the export sectors
(Reference : (Chapter 5, clause 24 (9), (e) page no 1345-1346)
- As in the Import Policy Value addition criteria for RMG has been given only, in order to qualify for EDF, FEG guidelines, chapter 13, para 28(k), deems up to 10% of valuation to be categorized as low-value addition, could be treated as value addition for qualifying for EDF.

(Reference : (Chapter 5, clause 24 (9), (e) page no 1345-1346)

New inclusion of Bonded Warehouse for Leather and Leather Goods

- In **Chapter 5, Clause 29** a clear guidelines regarding Bonded Warehouse facilities can be included for the other export sectors such as leather and leather sector.
- Policies for Supervised Bonded Ware House Facilities for Leather and Leather Goods should be included in the Import Policy along with the RMG.
- Clear guidelines for Bonded Warehouse Facilities for Leather and Leather Goods sector would also need to be included.
- Bonded warehouse facilities for the non-traditional export sector such as plastic, Engineering and Electronics goods would need to be framed.
- Central Bonded Warehouse facilities can be made operational for those industries which are not 100% export-oriented industries.

(New inclusion in Clause 29 of Chapter 5 for Leather and Leather Goods)

Definition of Capital Machineries

- As per Clause 31, Chapter 5, NBR has circulated an S.R.O (no. 178, Date June 10, 2010) which has given a list of machineries. But this list need to be cleared to show separately which are capital machineries and which are not capital machinery so that taxation issues are made clear.
- Capital machineries approved by BIDA would need to be accepted as capital machineries.
- There could be a relaxation of lifetime (presently 10 years) of capital machineries in case of quality and branded machineries imported from Germany and Italy which has already been tested for expanded longevity.
- There could be a guideline for simplifying the process of import of second-hand capital machineries for engineering and electronics goods, a single point approval process can be introduced.

(Reference: Clause 31, Chapter 5)

Compulsory H S Code of the products of mandatory BDS Standard

- **H.S Code** of the listed products should be included in the table under the Clause 28, Chapter 6 of Import Policy.
- Some BDS has been issued long ago such as BDS 383:2001, BDS 909:2000, BDS 530:2002, BDS/CAC 72:2003, BDS/CAC 23:2002, BDS 1000:2001, BDS 1734:2003, BDS 219:2002 etc. need to be updated. In addition some new standard for food grade plastic products meaning plastic materials which comes under food contact, guide on suitability of plastics for food packaging etc.
- Some energy-efficient appliances produced in the country needs BDS standard.
(Reference : Clause 28, Chapter 6, page 1364-1368)
- In collaboration with Ministry of Industries (Mol) and the concern association a list of plastic products could be prepared for including in the mandatory list of BSTI and in the table under **Clause 28** such as; **household plastic, toys, tableware melamine** etc.
(Reference : (Clause 28, Chapter 6, page 1364-1368)

Criteria of internationally reputed surveyor for boiler inspection

- List of Internationally reputed Surveyor should be included or published in the website of the Ministry of Industries/ Ministry of Commerce.
(Reference : Clause 34, Chapter 6, page 1370)

Permission of import of salt for Tannery sector

- Inclusion of Tannery sector under this Clause (58) for importing salt to mitigate seasonal high demand and also supporting Leather and Leather Goods sector to produce varieties of quality goods.
(Reference : Clause 58, Chapter 6, page 1374)

Single approval for import of Argon Gas

- A single approval for **Argon Gas (H.S. Code 28.04.21.00)** used for bicycle production may be introduced to reduce the time limit from 28 days to 14 days.
(Clause 26 (kha), Chapter 6)
- This committee should be more functional and active for the benefit of private sector.
- The activities of the committee should be made clear to the private sector so that they can get benefit out of it.
(Reference : Clause 28, Chapter 8, Page 1376)

Miscellaneous

- The definition of **environmental machineries** should be included with appropriate technical parameter and should be well disseminated so that the benefits of the duty-free import of environmental machineries are automatic.
- A list of environmental machineries along with H.S Code is needed to be published in the website of Ministry of Commerce.
- As export and import business are complementary of each other, Bangladesh can opt for an Export-Import (EXIM) Policy together. An EXIM policy could raise the status of Export Policy of Bangladesh.

CHAPTER 16

Throughout the whole year BUILD was engaged in preparing several reports, six newsletters also launched a CD of 5th Business Start-Up Licenses: A Regulatory Guide which was published in November 2017 (Visit our website to see all publications). Besides these, Articles on different relevant topics were published by different national English and Bengali dailies on different reform policy papers of BUILD.

The Business Start-up Licenses: a Regulatory Guide of BUILD is one of the branded publications of BUILD which is the first ever effort initiated in the country that helps entrepreneurs get all related information on Licenses/Certificates/ Permission from a single place.

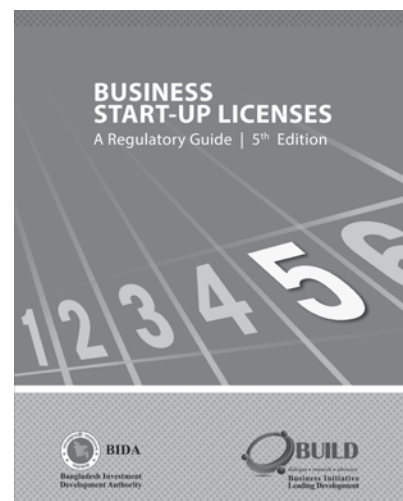
About 5th Business Start-Up Licenses: A Regulatory Guide

Cumbersome process of approval of licenses, permits, recommendations are some of the reasons for increasing cost of doing business and delay in business start up in the country. Most of the new business entrepreneurs do not know how to approach for permissions because of absence of information on the procedures, steps, fees requirements and where to get and how to collect these permissions. Because of these complexities businesses remain informal. To that end, the fifth edition of Business Start-up Licenses: A Regulatory Guide— researched, prepared and published by BUILD provides a critical source of information regarding License, Permit, Approval, Certificate, Registration etc. needed for business startups in Bangladesh. The guide works as a toolkit for any aspiring or veteran entrepreneurs alike. In today's diversified business environment, entrepreneurs depend on finding the 'right information at the right time', the Regulatory Guide is working as an answer book for them.

The 5th edition contains information business licenses across many sectors. It covers licenses of trading, investment, security and standard, chemical and explosives and sectoral business. This guide by far is the most comprehensive and easily comprehensible 'one-stop information source' on business licensing needs, even in comparison to that of any government agency. It provides practical tips like a workbook on how an applicant can avoid any unwanted delays, which can help fast track the process of obtaining necessary licenses for purposive enterprise in business.

Information on the various steps in obtaining a business license is rarely found in a systematic manner. One of the most unique attributes of this guide is the visual representation of the steps involved in either obtaining a new or renewing an old License. The detailed 'process map' provided for each of the License/ Permit/Approval/Certificate/ Registration etc. shows every step involved in the process i.e. starting from where to gather information ending and when to collect the license.

This guide is intended for the aspiring and veteran entrepreneurs looking for obtaining License/ Permit/Approval/Certificate, etc., for their businesses in Bangladesh. It is specially meant for SMEs for whom access to the highest level of bureaucracy is almost impossible and help you understand:



- ‘Who’ to contact to collect the preparatory information regarding the application?
- ‘What’ supporting documents to collect and collate to prepare the application?
- ‘When’ to pay the associated fees for the application?
- ‘Where’ to submit their application?
- ‘How’ to seek subsequent renewals?

It assists an entrepreneur to comprehend the entire process involved in obtaining a License/Permit/Approval/Certificate, etc. The tasks leading up to lodging an application and obtaining a License and such are set out under different chapter heads. Nonetheless, it is important to be aware that some of the tasks involved in the process need to be pursued in tandem, and some may be iterative, for that reason it is not possible to follow a strict chronological order for various types of business.

Consequently, this guide does not furnish definitive ways in which to do it. Each License/Permit/Approval/Certificate, etc. has had, and will have, different overriding challenges or has been practiced in the country. Correctly identifying those challenges and managing those issues forms an integral part of the solution. In such view, this Guide simply looks to serve as a ‘one-stop information source’ on business licensing needs, as well as some practical tips on overcoming some of the challenges.

BUILD took this initiative to carry out the research and compiled the 5th edition in two years due to the overwhelming response from the entrepreneurs – whom we consider to be the main driving engine of Bangladesh’s economy. At this juncture, BUILD aspires to gradually incorporate all other possible licensing requirements in its coming editions.

In the 5th Edition, some non-traditional sectors along with some service oriented businesses have been included aligning the need of the national trade policies. There are some government agencies informed that time for licensing process was reduced, BUILD also updated this part and considering this as one of the achievements of this publication.

The ultimate goal is to create a comprehensive guide from where all investors, i.e. both foreign and local will be able to obtain information pertaining to licensing requirements from a single place. In this regard, BUILD is looking forward to getting the necessary support and co-operation from the respective government, semi-government, autonomous and all related organizations in general and from your good office in particular.

As well as the 5th edition, BUILD published some important publications for the private sector such as, Leather and Leather Goods, Pharmaceuticals and Fish and Fisheries guides.





Amend budget to make it job-focused
Speakers till post-budget discussion

The day is expected to be a busy one for the members of the 11th PSDPCC meeting as they will be discussing the budget and its impact on the economy. The meeting is expected to last for several hours.



এক বছরে বাতাসা তুলির সব সমাধান
সেই সমাধান

এক বছরে বাতাসা তুলির সব সমাধান। এই সমাধানটি প্রস্তাব করা হয়েছে।



Speakers stress implementation of reforms at 11th PSDPCC meeting

Speakers at the 11th Private Sector Development Policy Coordination Committee (PSDPCC) meeting on Thursday stressed the need for implementation of reforms proposed by the committee, say a statement.



BUILD for maintaining consistency of policies for development

The government should maintain the consistency of its different policies for M, said the speaker as he gave proper support to the country's development activities, observed the Business Initiative Leading Development (BUILD), a public-private dialogue (PPD) platform of the country.



Representatives of Business Initiative Leading Development (BUILD), Chittagong Chamber of Commerce & Industry (CCCI), Dhaka Chamber of Commerce & Industry (DCCI), Metropolitan Chamber of Commerce & Industry (MCCI) at the 10th Private Sector Development Policy Coordination Committee (PSDPCC) meeting on Thursday.

Financial Express

Streamlining tax holiday policy

Trend of Tax Holiday in Bangladesh

Year	Total number of tax holiday	Value of tax holiday (BDT million)	Number of tax holiday (USD million)
1995-1996	100	100	100
1996-1997	150	150	150
1997-1998	200	200	200
1998-1999	250	250	250
1999-2000	300	300	300
2000-2001	350	350	350
2001-2002	400	400	400
2002-2003	450	450	450
2003-2004	500	500	500
2004-2005	550	550	550
2005-2006	600	600	600
2006-2007	650	650	650
2007-2008	700	700	700
2008-2009	750	750	750
2009-2010	800	800	800
2010-2011	850	850	850
2011-2012	900	900	900
2012-2013	950	950	950
2013-2014	1000	1000	1000
2014-2015	1050	1050	1050
2015-2016	1100	1100	1100
2016-2017	1150	1150	1150
2017-2018	1200	1200	1200

PSDPCC meet focuses on specific timeline for policy reform

PSDCC, Sunday, 11 August 2018



Speakers at the 11th Private Sector Development Policy Coordination Committee (PSDPCC) meeting on Thursday stressed the need for implementation of reforms proposed by the committee, say a statement.

daily sun

Update: 2018-08-21 20:40:23

BUILD for adoption policy measures to promote environmental sustainability

Sun, October 2018



Business Initiative Leading Development (BUILD) urged the government to adopt policy measures for promoting environmental sustainability in the private sector while ensuring the pollution reduction, including and reuse of plastic.

The Financial Express

Simplification and extension key to GTF sustainability

Fardous Ara Begum | Monday, 27 August 2018



With its own funds, the Bangladesh Bank created the US \$200 million Green Transformation Fund (GTF) in 2016. The purpose of the GTF is to extend financial support in foreign currency to export-oriented manufacturing industries, in their efforts to make their factories sustainable by procuring environment-friendly capital machinery. Similar to other green funds already available in the country, the fund will be disbursed through scheduled banks. So far, 18 banks have signed agreements with the Bangladesh Bank for the fund.

The Financial Express

BUILD launches CD on business start-up licence

Tuesday, 4 September 2018

The trustee board members of BUILD launched a CD on Business Start-up Licences: A Regulatory Guide, researched, prepared and published by BUILD and Bangladesh Investment Development Authority (BIDA), says a statement.

The Financial Express

Huge scope for women entrepreneurs to participate in local procurement



CHAPTER 17

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Business Initiative Leading Development (BUILD) which comprise of the statement of Financial Position as at 31 December 2018 and the Statement of Income and Expenditure and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) other applicable Laws and regulations and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of the misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considered internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements are presented fairly, in all material respects, the financial position of Business Initiative Leading Development (BUILD) as at 31 December 2018 and of its financial performance for the year then ended in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), and comply with other applicable rules and regulations.

We also report that:

- a. We have obtained all the information explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- b. In our opinion, proper books of account have been kept by the entity so far as it appeared from our examination of those books.
- c. The financial Statements dealt with by the report is in agreement with the books of accounts.

Dated, Dhaka:
27 June 2019


ATA KHAN and CO.
Chartered Accountants

ATA KHAN and CO.
Chartered Accountants

BUSINESS INITIATIVE LEADING DEVELOPMENT (BUILD)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

Particulars	Notes	Amount in Taka	
		31.12.2018	31.12.2017
Assets:			
Non-Current Assets:			
Property, Plant and Equipment	03.00	979,507	1,000,065
Total Non-Current Assets		979,507	1,000,065
Current Assets:			
Advance, Deposits and Prepayments	04.00	-	648
FDR	05.00	70,000,000	-
Interest Receivable	06.00	4,394,183	-
Cash and Cash Equivalent	07.00	587,882	71,917,917
Total Current Assets		74,982,065	71,918,566
Current Liabilities:			
Loan	08.00	-	708,000
Accounts Payable	09.00	2,147,105	2,145,427
Total Current Liability		2,147,105	2,853,427
Net Current Assets		72,834,961	69,065,138
Net Assets		73,814,468	70,065,203
Fund and Liabilities:			
Endowment Fund	10.00	70,000,000	70,000,000
Retained Earning	11.00	3,814,468	65,203
Total Fund and Liabilities		73,814,468	70,065,203

The annexed notes form an integral part of these Financial Statements.



Ferdaus Ara Begum
Chief Executive Officer



Mahbubul Alam
Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Dated: Dhaka,
27 June, 2019


ATA KHAN and CO.
Chartered Accountants

ATA KHAN and CO.
Chartered Accountants

BUSINESS INITIATIVE LEADING DEVELOPMENT (BUILD)

STATEMENT OF INCOME and EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018

Particulars	Notes	Amount in Taka	
		31.12.2018	31.12.2017
Income:			
Contribution received	12.00	12,482,542	10,848,981
Interest from STD and FDR	13.00	4,998,271	557
Other income	14.00	142,950	41,300
Total Income		17,623,763	10,890,838
Expenses:			
Salaries and Allowances	15.00	8,762,649	6,868,397
Administrative Expenses	16.00	5,111,849	3,992,669
Total Expenses		13,874,498	10,861,066
Excess of Income over Expenditure (Transferred to statement of Financial Position)		3,749,265	29,772

The annexed notes form an integral part of these Financial Statements.



Ferdaus Ara Begum
Chief Executive Officer



Mahbulul Alam
Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE



ATA KHAN and CO.
Chartered Accountants

Dated: Dhaka,
27 June, 2019

ATA KHAN and Co.
Chartered Accountants

BUSINESS INITIATIVE LEADING DEVELOPMENT (BUILD)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

Particulars	31.12.2018 (Taka)	31.12.2017 (Taka)
A. Cash flows from operating activities:		
Cash Received from contribution	12,482,542	10,848,981
Advance Contribution Received	-	(500,000)
Cash Receipt from STD and FDR interest	4,998,271	557
Others income	142,950	41,300
Cash paid for expenses and others	(13,687,568)	(9,925,469)
Net cash Used by operating activities	3,936,195	465,369
B. Cash flows from investing activities:		
Addition of fixed Assets	(164,695)	(75,950)
Addition of Interest Receivable	(4,394,183)	-
Addition of FDR	(70,000,000)	-
Advance Deposits and Prepayments	648	(648)
Net cash used by investing activities	(74,558,230)	(76,598)
C. Cash flows from financing activities:		
Loan Received	(708,000)	(42,000)
Endowment Fund Received	-	70,000,000
Net cash provided by financing activities:	(708,000)	69,958,000
Overall cash inflow/ outflow (A+B+C)	(71,330,035)	70,346,771
Cash and cash equivalents at beginning	71,917,917	1,571,145
Cash and cash equivalents at closing	587,882	71,917,917



Ferdaus Ara Begum
Chief Executive Officer



Mahbubul Alam
Chairman

Dated: Dhaka,
27 June, 2019

Ferdaus Ara Begum
Chief Executive Officer

Moshaddek Alam
Sr. Communication and Advocacy Associate

Mehrana Islam Chowdhury
Gender Consultant

Nusrat Jahan Tania
Sr. Research Associate (Economist)

Pallab Biswas
Admin Associate

Trade and Investment Working Committee

Kanis Fatama
Sr. Research Associate

Mohammad Nazimuddin
Research Associate

Financial Sector Development Working Committee

Shahriar Rawshon
Research Associate

Kamran Hasnain
Research Associate

Taxation Working Committee

Nasib ul Amin
Research Associate

Md. Nooruzzaman
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Published in June 2019

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