

Editorial | Rational Use and Reduce Water Pollution for Industrial Safety

According to the Seventh Five Year Plan of Bangladesh, industrialization is a key plank of economic development in transitioning to a Middle Income country. Industrialization needs to be environment-friendly to ensure sustainable socio-economic development. Bangladesh is known as a riverine land with as many as around 700 rivers including tributaries with a total length of about 24,140 km. Yet the country faces increasing scarcity of water, a critical resource for socio-economic development. Around 88% of water in the country is used in agriculture, 10% for municipalities or domestic use and the remaining 2% in the industrial sector.

Textile and RMG industry - a USD 26 billion industry accounting for 84% of total export earnings - is slated to grow its export to USD 50 bn by 2021. The wet processing stage of the RMG industry accounts for around 85% of water used - which is mostly groundwater. There are about 719 wet processing units operating in Bangladesh, 70% in the greater Dhaka region. Switching to increased surface water use is hampered by pollution of surface water sources. These factories on average require 300 liters of water per kg fabric against the global benchmark of 100 liters. On the positive side, IFC's Program Partnership for Cleaner Textile (PaCT) has helped reduce the water use to an average of 127 L/kg across 200 partner factories.

The SDG 6 sets the goal of ensuring availability and sustainable management of water and sanitation for all by 2030. Improving regulation of water use and water quality management requires intervention on three fronts: (1) strengthening the capability and coordination of regulatory institutions; (2) streamlining and upgrading the policy framework, and (3) creating appropriate incentives for encouraging the private sector to make investments for water efficiency and quality.

The Executive Committee of National Water Resources Council (ECNWRC) supported by WARPO is the key platform for inter-agency coordination on water sector and the Water Act 2013 makes WARPO responsible for implementation of the act. So far, ECNWRC has not held any meeting, though it is to hold at least three meetings every year. WARPO has to be delegated the authority to work as the key agency in water sector and needs more human resource and technical expertise. The Water Rules recently approved by the Ministry of Water Resources should be implemented soon. WARPO would also issue no-objection certificates (NOC) for water-related projects submitted to Planning Commission and should set down evaluation parameters for NOC.

DWASA classifies holdings into residential, commercial, and industrial holdings, but doesn't distinguish the type of water supplied to households and industries. WASA should supply only treated surface water to industries. Water price should be based on water usage or extraction volume rather than diameter of supply line pipe.

For green financing, Bangladesh Bank created the \$200m Green Transformation Fund (GTF) in 2015. The loan rate has been scaled down to LIBOR + 1% and 12 Banks have signed their agreements with BB, but disbursement is yet to pick up momentum. Bangladesh Bank and commercial banks should gear up efforts to ensure utilization of the GTF. A proactive regulatory role by the key government agencies and strong awareness and effort by the private sector of Bangladesh is necessary for optimum utilization of water resources.

Ferdaus Ara Begum, CEO, BUILD

Advocacy | 9th PSDPCC Meeting Stressed Simplification of Repatriation



The Prime Minister's Office (PMO) hosted the Private Sector Development Policy Coordination Committee (PSDPCC) meeting under the Chair of the Principal Secretary Dr. Kamal Abu Naser Chowdhury on August 28, 2017.

The ninth PSDPCC Meeting Stressed the need for Simplification of Repatriation policy and paid up capital for foreign investors by bringing changes in the corresponding policies of the Government of Bangladesh. As the strategic partner and secretariat, BUILD placed four reform policy papers and they include policies for simplification of policies for repatriation, simplification of policies for raising paid up capital for foreign investors, simplification of policies for diversified jute products and strengthening coordination in water use and quality management.

As part of updating the implementation status of the 8th PSDPCC meeting, BUILD CEO Ferdaus Ara Begum told that the earlier meeting tabled 44 reform decisions and among them we have already implemented 14 reforms, 18 decisions while 24 decisions are in progress.

The Principal Secretary underscored further review and time bound actions of each decision and implementation for simplification of repatriation policies for boosting foreign direct investment. He told that Bangladesh Investment Development Authority (BIDA) and Ministry of Commerce hold responsibilities to deal with the banks directly with an aim to encourage FDI. He also advised all secretaries and other concerned bodies to sit with BUILD and review each of the proposals further. He also endorsed all recommendations placed at the meeting.

BUILD highlighted the policy inconsistencies and contradictions and recommended for a clearly spelt out process maps along with specific time-bound implementation of repatriation policies. It said that repatriation without approval limit should be maintained as per foreign exchange guideline and it also proposed for a threshold amount practiced in some other countries. It also suggested separate threshold rates for different industries including high-tech industries.

BIDA, Bangladesh Bank and BUILD will sit together to understand the policy inconsistencies and decide on how to remove these barriers came up as a decision of the meeting.

FBCCI President Shafiu Islam Mohiuddin extolled PMO for simplifying all the policy issues for the private sector development and said the government to support the local entrepreneurs first otherwise foreign investment might witness negative trend. He raised the issue of 15% VAT on Export, Import and Indenting Licensing requested the government to take steps including policy support to boost investment, or else, the opportunity for new employment generation would be hindered.

BUILD CONNECT is sponsored by



Having stressed on export diversification, Asif Ibrahim, Adviser to BUILD thanked the PMO for this immensely important public private dialogue which has given the private sector to put forward their opinions directly to the Government.

BUILD Chairman Nihad Kabir, specially emphasized on the rules and procedures enacted by the government otherwise it does not carry any meaning. He referred the point of BUILD on the new Companies Act on which Secretary, Ministry of Commerce responded, she recommended that there is no need for total change of the companies, only $\frac{3}{4}$ major issues if can be included the year old Act can be made fully workable.

BIDA Executive Chairman Dr. Kazi Aminul Islam said that we need strong coordination and we have already made several reforms for creating a liberal investment setting, which in some ways made it more attractive. He showed interest to work in collaboration with BUILD and to come up with the examination of all the reform proposal of BUILD within a month.

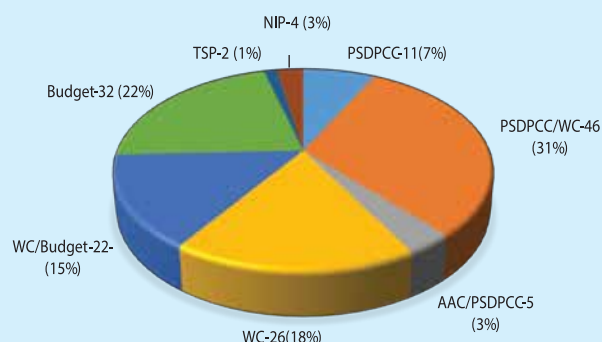
Secretary of Ministry of Water Resources Management informed that his Ministry is also working with Water 2030 on some specific work stream including Greater Delta water stream, governance and many other related issues. The Secretary Ministry of Environment replied to the query for upgrading Cold Storage from Orang A to Green and ensured to implement it shortly through Gazette notification. Secretary Ministry of Information and Communication Technology was also present in the meeting.

DCCI President informed that the Chamber formed a committee to work on diversified Jute in which BUILD can contribute. CCCI President also spoke on the occasion highlighting the need for outsourcing for Boiler inspection.

Secretaries and representatives from Ministry of Finance, Industries, Roads and Highways, BEZA, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Ltd, Mutual Trust Bank Ltd, and companies and other concerned representatives from public and private sectors attended the meeting.

The Government of Bangladesh (GOB) has established the PSDPCC at the Prime Minister's Office headed by the Principal Secretary to the Prime Minister and comprised of Secretaries and Heads of relevant Ministries and Government Agencies which among others include – Finance, Commerce, Industry, Energy, Communication, ICT, Central Bank etc. private sector-related Ministries. The private sector is represented by the heads of the different private sector Chamber Bodies.

Implemented Reforms by BUILD



The figure shows the number of implemented reforms through different channels of BUILD including PSDPCC and other thematic working committees.

Taskforce for Express Shipment Pilot Approved by PMO



Pictured are (L-R) Dr. Mashiur Rahman, Asif Ibrahim, Ferdous Ara Begum and Dr. Selim Raihan seen at the end of the meeting at PMO.

The Prime Minister's Office and BUILD organized the Meeting on Mitigation of Trade Barriers between Bangladesh & India under the chair of Dr. Mashiur Rahman, Economic Affairs Adviser to the PM, PMO.

Ferdous Ara Begum, CEO, BUILD put light on the agenda of the meeting in order as per the instruction of Chairperson of the meeting: Success and barrier on the Dual Trial Run conducted on goods transportation between Bangladesh and India and mitigation of barriers and ensuring other benefits to regularize the Dual Trial Run including use of Truck and Train for Dual Trial Run (Dhaka-Darshana Friendship Train). She presented the example that both the Governments of Bangladesh and India do not allow Express Shipment Courier Service via truck (roads) presently, an example of NTB.

A proposal for a joint taskforce along with a composition of a tentative list of the names of the members from government and private sector (Bangladesh-India) from both the sides was proposed for discussion in the meeting.

A Dual Trial Run through Express Shipment Courier was in principle agreed to carry sample products of RMG and other sectors and items as mentioned in the presentation, such as; letters, documentations, duty free low value items, dutiable low value items. But in this respect, necessary safety and security control measures must be ensured. A Dual Trial Run can be operated by the month of August, 2017.

The express courier is expected to travel from the Kolkata, India airport across the Benapole-Petrapole border crossing to the Dhaka, Bangladesh airport and vice versa. This proposed Dual Trial Run would be conducted according to the draft protocols of the Bangladesh Bhutan India Nepal Motor Vehicles Agreement (BBIN MVA). The BBIN MVA was signed by all four governments in 2015, however it is still pending ratification in Bhutan.

The meeting also approved a Joint Task Force meeting soon after the endorsement of the formation of the Joint Task Force committee. Bangladesh Road Transport Authority can play a lead role as the issue of Dual Trial Run by road is related to the Road Transport Division.

At the same time the Ministry of Foreign Affairs can also be involved in this respect. National Board of Revenue, Ministry of Home Affairs, Ministry of Road Transport and Bridges, Bangladesh Railway, Bangladesh Land Port Authority- Ministry of Shipping, Ministry of Commerce, Ministry of Foreign Affairs are members of the Taskforce from the public sectors while Bangladesh Freight Forwarders Association, Dhaka Customs Agent Association, India-Bangladesh Chamber of Commerce and Industries, International Air Express Association of Bangladesh, e-CAB and Benapole C&F Agent Association are private sector members.

Express Courier Dual Trial Run between Bangladesh and India in the offing



Representatives from BUILD, USAID Bangladesh and Customs of India.

The CII and BUILD of Bangladesh organized a joint bilateral taskforce meeting in Kolkata, India in cooperation with the United States Agency for International Development (USAID) Asia and the Middle East Economic Growth Best Practices (AMEG) Project, implemented by Chemonics International. The meeting was attended by various government stakeholders from the Bangladeshi and the Indian side. This included necessary representation from the Customs Authorities and Ministry of Roads, Transport and Highways of both parties. Ministry of Home Affairs, Foreign Affairs, Land and Ports Authorities and India-Bangladesh Chamber of Commerce and Industry were also represented.

The meeting took place on August 22, 2017, at The Park Kolkata Hotel. The purpose of the meeting was to bring together government officials from Bangladesh and India, alongside private sector representatives, to discuss and agree on the procedures for conducting a dual trial run later this year of an express courier truck in both directions between the customs facilities at the Dhaka and Kolkata international airports via the Petrapole-Benapole border crossing under the draft protocols of the Bangladesh, Bhutan, India, Nepal (BBIN) Initiative Motor Vehicles Agreement (MVA).

The Bangladesh Government approved a Taskforce comprised of seven ministries and six private sector representatives from Bangladesh side, similarly from Indian side corresponding government and private sector representative.

The immediate purpose of the trial run is to test, refine, and contribute to finalizing the draft protocols of the BBIN MVA as they apply to the efficient and effective delivery of express courier shipments between Bangladesh and India. Ultimately, the goal is cost-effective and regularized express courier delivery between Bangladesh and India via land border crossings, that will reduce costs for shippers and consignees, and more broadly, increase opportunities for bilateral and regional trade.

Examples already exist of free movement of trucks in the west. There is no reason they cannot be mimicked in South Asia with the right amount of investment in infrastructure. Currently, all couriers go through airports and cause unnecessary congestion. This would be reduced if there was more mobility between the land-crossings. Two trials have already been conducted at the Petrapole - Benapole line, in November 2015 and January 2016. The trial run being discussed this time would ideally be followed by other trial runs by river and rail.

The importance of taking into account the operational aspects of movement of goods was recognized. The economic benefits that would stem for both sides should movement be made easier. It would have a positive impact on the reduction of transaction costs. While the focus currently is on Petrapole - Benapole, but there are other channels which may be looked at. One important observation was the fact that the other two trial runs were not substantive as there was an exaggerated presence of security and support staff.

JICA to Help Bangladesh Foster Industrial Competitiveness



BUILD CEO hands over BUILD publications to JICA representatives.

A high level delegation of Japan International Cooperation Agency (JICA) held a meeting with think-tank Business Initiative Leading Development (BUILD) on July 19, 2017 to discuss the issues of investment promotion in the country.

The main objective of the meeting was to discuss the components of the upcoming JICA project named "Project for Promoting Investment Promotion and Enhancing Industrial Competitiveness in Bangladesh"

The main actors of the project include Prime Minister's Office, Bangladesh Investment Development Authority (BIDA), Bangladesh Economic Zones Authority (BEZA) and Ministry of Industries while BUILD is also expected to be one of the expected actors of the project.

The project aims to facilitate the formulation of industrial policy or programmes, which are well harmonised with investment promotion and development of linkages between foreign companies and domestic industries, thus contributing to the diversification and enhancement of the national industries.

Major outputs of the project include policy measures on business or investment environment improvement, investment promotion and industrial development to be proposed, implemented and evaluated, and the lessons learnt from the component activities that will be utilised for improving the next policies and relevant programs.

The JICA Team in the meeting was led by Hidekazu Tanaka, Team Leader of Component 1 of the project. Chief Executive Officer of BUILD Ferdous Ara Begum, who was present during the meeting, said that as the first ever public-private platform, BUILD acts as the bridge that connects the public and private sector for better communication, coordination and collaboration in bringing reforms in business policies and procedures to improve the country's investment climate.

"BUILD can play a more effective role for investment promotion by supporting BIDA with its research," she added. BUILD CEO also assured the team of full support to assist in the research work of the project, especially for upgrading the position of Bangladesh in the doing business index and enabling business-friendly policy environment.

JICA representatives appreciated the work BUILD has been doing so far and discussed areas of common interest where BUILD can add value to the project.

They also presented a business model for establishing linkage industry for foreign and local investors and the country's most needed employment generation. BUILD is likely to work for publishing sectoral business guides, business climate survey as well as reforms for business promotion through BIDA.

Dialogue

TSP to Strengthen its Services for Encouraging Cleaner Production



Pictured are representatives from BUILD, BGMEA, Centre for Policy Dialogue (CPD) UNDP and E&Y at BGMEA.

BUILD along with BGMEA on August 1, 2017 (Tuesday) organized a Focus Group Discussion on the Textile Sustainability Platform (TSP) to accumulate ideas for Cleaner Textile. Faruque Hassan, Senior Vice President, BGMEA and Asif Ibrahim, Former Chairman, BUILD co-chaired the meeting. The TSP is a forum for public-private dialogue and cooperation on strengthening environmental sustainability and resource use efficiency in the textile sector. TSP was originated from the Partnership for Cleaner Textile (PaCT) initiative supported by IFC, a project that is expected to enter its second phase soon.

Senior representatives from relevant government organizations, private sector chambers and firms, research organizations and development partners attended the meeting. Ernst & Young, a multinational professional services firm headquartered in London participated in the session to assess the ongoing activities and future potential of TSP.

Discussants stressed the importance of disseminating the progress achieved in promoting textile sustainability by the activities of TSP both among the members and beyond. To attain results on the ground level, it would be useful to initiate peer learning across textile organizations at the regional level.

Asif Ibrahim, Co-Chair of TSP recommended harnessing the potential of digital technology to strengthen communication and deliberation in the TSP platform and the overall textile sector.

Faruque Hassan, Co-Chair of TSP noted that business organizations are increasingly becoming sensitized about using water resource in a more efficient manner. Hassan stressed that the TSP should be a permanent platform to enable the textile sector grow on a sustainable and competitive footing. Textile enterprises are now largely compliant with respect to effluent treatment plants. The representative from Department of Environment (DoE) mentioned that DoE is currently in the process of undertaking an initiative for online monitoring of CETP operation.

Ferdaus Ara Begum, CEO of BUILD, summarized the discussion under ten points that include: tax incentives for green investment, stronger information dissemination, regional peer learning, stronger policy advocacy, spreading the sustainability initiative beyond the suppliers of international brands, promotion of research and innovation, commercialization of innovation, online monitoring of ETPs and stronger promotion of zero discharge policy, highlighting the benefits of energy and water savings, and incorporation of the lessons of PaCT in its next phase. The TSP would now invigorate its efforts to act on the findings and recommendations generated during the FGD session.

Dr Ahsan Mansur, ED PRI, Dr K. G Moazzem of CPD, representatives of H&M, DBL, Lindex etc and from public sector representatives from the Department of Environment, Ministry of Industries, BIDA, SARSO and many other spoke and put forward their point of views.

Investment of Private Sector in Climate Change Adaptation and Low-Carbon Development in Bangladesh 2017



BUILD Advisor speaks at the meeting in presence of key representatives.

Consultation Workshop on Investment of Private Sector in Climate Change Adaptation and Low-Carbon Development in Bangladesh took place on 16 August 2017 at The Westin Dhaka. Organized by Bangladesh Centre for Advanced Research (BCAS) in partnership with BUILD.

The workshop looked into different investment aspects of the private sector, green financing, relevant policies and technology required for climate change adaptation (CCA) and low-carbon development (LCD) by the business community in Bangladesh. It was chaired by Dr. A. Atiq Rahman, Executive Director of BCAS and Co-chaired by Mr. Asif Ibrahim, Advisor to BUILD Trustee Board. The participating members were important authoritative members from BCAS, BUILD, ICCCAD, IDCOL, BGMEA, Rahimafrooz, BRACU and Walton etc. The meeting went on for more than two and half hours. After long discussions and question answer sessions the concluding remarks and important verbal agreements were as below.

The discussions were held mainly on large scale industries. But all the attending parties agreed on the dire consequences climate change is bringing to business companies of all size and sectors. An agreement was made on the necessity if a Climate Change/Climate Control Ministry. The private sector is not wasting time by waiting for the Government to assist or guide them, they themselves are taking necessary arrangements to survive the outcomes of climate change and adapt to it. All of them have agreed to lead the adaptations further as most of them have been trying to mitigate their contribution to climate change.

A proposal of a rating system issued by Bangladesh Standards and Testing Institution (BSTI) was greeted by all. This rating system is to show the energy consumption level of electronic products, machineries and equipments. The private sector needs incentives to switch to climate friendly approach of business operation. There are a lot of scope and opportunities to improve achievements in the SDGs and both the government and private sectors have to work together.

These opportunities have multiple challenges which need to be addressed and solved with strong collaboration from both. Very strong support was given to using solar power in all sectors of production and household necessities to reduce energy consumption. Along with that, enquiries were made regarding use of wind power and hydro power. Because of lack of abundance and regularity of those resources, those were not discussed any further. In addition to that, the panelists agreed that CCA does not need refinancing in involved sectors, they need financing and support. Due to flood across the country, special concerns were set for crop insurance and livestock insurance. It was a positive fact to find that both are run by few insurance companies who want to lead others to follow the same path. Special emphasis was given on the capacity build up of BSTI.

Last but not the least, transfer of technology has been an agreed option by all to avail facilities and opportunities as an LDC country. Thus the necessity of a 'Technology Transfer Policy' was brought to light to continue with a sustainable growth in the private sector. The workshop ended with several more plans from different concerned parties and organizations to sit for more focused workshops in the near future.

Research | BUILD Scope

Simplification of Policies for Sample Import

"Policy Simplification to Support Deemed Exporters" is one of the policy papers initiated by BUILD. Deemed Export refers to those transactions in which the goods supplied do not leave the country and payments for such supplies is received either in local currency or in foreign exchange (Export Policy). Deemed Exporters are the vital players in backward linkage chain. In Bangladesh the growth of RMG sector, leather sectors and other export oriented sectors are highly dependent on Deemed Export. The government has also implemented rules to flourish the deemed export. But there are some policy gaps and inconsistencies among different policies. BUILD has taken an initiative for preparing a policy paper for the simplification of policies to increase the deemed export which will be presented in the upcoming Trade & Investment working committee meeting.

Technological Access and E-Commerce Business for Women Entrepreneurs

It has been observed that women entrepreneurs in Bangladesh are now heavily engaged in e-Commerce business as it is affordable and suitable for women entrepreneurs. In Bangladesh e-Commerce is expanding in a rapid manner, however in order to see a visible footing of women entrepreneurs in this sector, there is a serious need for supportive policies for the private sector. BUILD is doing a study in this respect to suggest some policy simplification in this respect.

Reform Implementations

Bangladesh Bank has a policy for providing cash subsidy / cash incentives for different export oriented products. Diversified Jute Products is one of the products enjoy these benefits, however, for diversified jute products there was a condition of contribution of Jute of 75% (F E Circular no-8, Date July 1, 2015). BUILD proposed the government to reduce the percentage from 75% to 40% - 50%. The government has implemented the provision and enacted Jute Act, 2017. As per the provision of the Act, the jute goods producers by ensuring 50% of jute elements in the produced jute goods, will be qualified to get cash subsidy.

Besides, as per FE Circular no 19, date 16-11-1998 and FE Circular no 22, Date: 03-12-2000, diversified Jute Goods producers, such as Espadrill would need to be qualified to have a Jute Mill. For having this they also need to be the member of Bangladesh Jute Mills Association (BJMA). As per the requirement of getting Membership of the Association, producers of Espadrill would need to have 40 Breeding machine for preparing Sole of the Shoes made of Jute Yarn. In view of that private sector was facing tremendous problem while these Jute Goods have tremendous export scope abroad. Government has now taken a decision that upon getting a certificate from JDPC, an exporters will proceed for exporting diversified jute goods and would be qualified to get cash subsidy.

Presently for approval of a design of an specific configuration of Boiler, entrepreneur has to get permission for each time. BUILD proposed to the government that the concerned ministry may provide exemption to the boiler producer from taking permission to produce more than one boiler from the same design. The government has now decided to get approval at time of producing repeated Boiler of the same design from the Boiler Office.

BUILD also proposed for allowing more Inspection agencies in the list of inspection to reduce inspection time from the entrepreneurs. Boiler office is now going to revise the Inspection List soon for supporting private sector, so that production local boiler do not take so much of time for getting the inspection issues done within a time frame.

NTBs Exist in Agricultural Trade between Bangladesh – India

On 8th August 2017, Chemonics, with support from AMEG, CUTS and Unnayan Somonnoy organized a Non-Tariff Barriers (NTBs) Action Planning Workshop (December 2016) at the Grandmark Hotel in Dhaka. The dialogue identified and prioritized many critical NTBs for trade between India and Bangladesh. CUTS has also completed a case study supported by the Asia Foundation which has identified a specific set of agricultural commodities, such as potato, green chili, tomato, and brinjal (aubergine), as important opportunities to:

- * legitimize and potentially increase bilateral trade between Bangladesh and the Northeast Indian State of Tripura;
- * increase commercial connectivity between these two areas;
- * reduce the cost of these important constituents of consumer diets in the region

Given this backdrop, CUTS International (India) and Unnayan Shamannay (Bangladesh) are partnering, with support from Chemonics International Inc., to organise two dialogue events - one in Dhaka, Bangladesh (August 8, 2017) and one in New Delhi, India (August 17, 2017).

The objective is to establish cross-border bilateral partnerships to address NTBs for a specific set of agricultural commodities, such as potato, green chili, tomato, and brinjal (eggplant), and create a framework for continued bilateral dialogues to address NTBs. It will aim to bring together relevant regulators, government agencies, private players, researchers and experts to do focus deliberations on addressing NTBs in trade of these identified four products in particular and for agricultural commodities in general.

The dialogue provided a platform for identifying and agreeing to specific approaches for the removal of identified NTBs, developing and agreeing to a step-by-step action plan for the removal of NTBs and explore the possibility of mutual recognition agreements (MRAs) between the two nations for trade on agricultural commodities.

BUILD CEO Ferdaus Ara Begum took part in the discussion as the Panelist for the Session titled "Parallel Product Panels: Specific steps for NTB removal (Tomato)".

She said that the Confederation of Indian Industry (CII) and BUILD held a 2-day dialogue workshop on Conformity Assessment Standards for industries and government officials from Bangladesh towards improving the understanding of standards while exporting to Indian market. It enabled industries to adopt standards voluntarily so that they can access Indian market without much hindrance. The workshop covered the following sectors – RMG/Textiles, Jute and Jute products, Plastics, Leather and Agro and Agro processing products and featured interactive sessions with high level government and private sector representatives and trainers who are proficient in conformity assessment and it finally helped the participants guide on how they can adopt the present-day standards in their respective industries to deliver better quality products to a larger customer base.

The objective of this dialogue is to establish cross-border bilateral partnerships to address NTBs for a specific set of agricultural commodities and to create a framework for continued bilateral dialogues to address NTBs.

It aimed to bring together the relevant regulators, the government agencies, the private players, the researchers and the experts to do focus deliberations on addressing NTBs in trade of these identified products in particular and agricultural commodities in general. The dialogue event will provide a platform for identifying and agreeing to specific approaches for the removal of identified NTBs, developing and agreeing to a step-by-step action plan for NTBs removal.

BUILD's | Monetary Policy Statement Comment | for FY 2018 (H I)

Bangladesh Bank has unveiled a preventive monetary policy for the first half of the fiscal year 2017-18 with reduced domestic credit growth to 15.8% which they think is consistent with broad money growth ceiling of 13.9%, and reserve money growth ceiling of 12%. MPS is to ensure the consistency of inflation at 5.44% and output growth and determined to ensure GDP growth at 7.24% while expecting increase reserve money growth to 12%.

In the backdrop of poor remittance and export performance, MPS has not mentioned any policy measures while remittance has been slowing down record over last half of FY 2017. Single-product export of Bangladesh for the first time is going to face month to month negative growth. Some exporters consider currency value adjustment could be a remedy for the time being following examples of similar other countries.

Domestic credit growth was estimated at 16.40% in the last MPS while this MPS takes a cautious target reducing growth to 0.6%. For, the private sector the domestic credit growth was also slumped, from 16.5% to 16.3%, which should be set at least 20%.

Private sector believes that good investment, supporting employment with financial transparency should be at the top with some incentives. Why investment is not picking up to the required level and investment confidence encounters headwinds remain unanswered in the MPS and the government needs to take a serious look in this respect.

During the budget, there was a huge debate about the implementation of new VAT and SD ACT 2012, people feared about significant price hike, but finally it deferred for two years. Large entrepreneurs were too some extent willing to have the new Act, but SMEs were discriminated. Now already announced SME supportive policies, such as extension of VAT exempted limit, extended turn over tax payers limit have been withdrawn. Investment is a long term venture, policy inconsistencies act negatively for investment decisions.

In the MPS, there is a mention of encouraging Angel Investment or start ups or innovative and risky investment, banks are not at all interested to get into these risks. After the announcement of the Alternative Investment Rules 2015, Bangladesh Bank DOS (Department of Off-site Supervision) circular no- 2 announced a ceiling for the scheduled Banks up to BDT 2 billion, but so far utilization of this limit is meager. Banks should be encouraged to go for more funding in this sector.

Public sector investment considering a large ADP needs stern attention, where quality and time bound public investment should get importance in future and should be reflected in the up-coming MPS. More practical end-to-end full automation of public procurement and related policies to address deep rooted fraud is needed.

MPS has planned to reduce inflation from 5.9% to 5.44% which could be below 5%. But due to crop damage in Haors areas, the food inflation hit 6% from 4.9%. It would be difficult to check food inflation unless price of the main food rice is stable.

Non-food inflation situation is satisfactory which hit 4.1% from 7% in the beginning of last half of FY17. The targeted inflation rate for the first half of FY 18 is 5.7% which can be reduced to below 4% by controlling the non-food prices.

Price of services as one of the main commodity is going beyond the capacities of middle class, education, transport, medical and accommodation are some examples while quality service is open to questions. It would be critically difficult to control non-food inflation, while food-inflation has been facing headwinds.

The countries heading with high investment growth like China, Vietnam, Republic of Korea, New Zealand, Sweden, Philippines, Ethiopia, and Malaysia have set the interest spread rate below 3%. Spread for SMEs can be set 1.5% to boost the development of this sector, spread rate for State owned bank & Specialized Banks, Private Banks and Foreign Banks could be set as 3.0% to 3.5% and 3.75% respectively from the existing average spread rate of 4.62%, it would work as a pull factor to private sector investment.

Policy announcement and implementation gap lead the investors to the back track and often blocks them making new investment and expanding the existing investment base.

WB to Look for Development Options for Dhaka

A daylong international conference on development options for Dhaka towards 2035 took place on August 9, 2017 featuring urban development experience of Delhi and Shanghai. Development practitioners, urbanisation experts and high-ranking public office bearers from home and abroad delivered speeches on the prospect of Dhaka's possible future development. The conference titled "Towards Great Dhaka: Development Options for Dhaka Towards 2035" is organised by The World Bank at the Pan Pacific Sonargaon Hotel.

On current trends, Dhaka will have more than 30 million inhabitants by 2030. The World Bank believes that the contribution of a productive city of this size could make Bangladesh's economy enormous. It is argued that Bangladesh's becoming a high-middle income country depends crucially on the success of this mega agglomeration. Throughout its history, Dhaka has grown mostly in an organic way, without adequate planning and with poor implementation of whatever was planned. But the eastern fringe of Dhaka represents a major economic opportunity that is not readily available in other big cities of South Asia.

World Bank Chief Economist for South Asia Martin Rama set the stage for the discussion on the new paradigm for the eastern fringe of Dhaka, while Local Government, Rural Development and Co-operatives Minister Khandker Mosharraf Hossain will deliver the keynote speech.

Dhaka's huge and increasing population, developing East Dhaka in a sustainable manner is more effective and economical than attempting to retrofit over-built and over-congested areas. "The time to act is now said he. Former Delhi chief minister Sheila Dikshit shared "Delhi turnaround" story and former dean of Pudong Planning and Design Institute Zhu Ruolin and former Shanghai vice-mayor Zhao Qizheng will tell the "Pudong miracle" story.

BUILD CEO Ferdaus Ara Begum took part in the discussion and shared some of BUILD' perspectives as policy and regulatory reform champion to good governance which is an essential component of future Dhaka. Both cities gained greatly from public-private partnerships as well as coordinated efforts from multiple ministries and agencies.

DNCC Mayor Annisul Huq said, "We've committed to change the city. We're fighting the present problems of water-logging and traffic congestion." He said the city authority needs more preparation and involvement of the government for making the city smart. DSCC Mayor Sayeed Khokon said there are a lot of challenges in the city, including lack of coordination of service provider and huge population. "It's essential to turn the city corporation as a city government to address the problems," he said, adding that they really need some good plans for the extended areas to make the city smart.

Noted economist and researcher Hossain Zillur Rahman, two Dhaka city corporation mayors, principal secretary to the Prime Minister's Office Kamal Abdul Naser Chowdhury, Prof Shamsul Alam, member of general economic division of Bangladesh Planning Commission, and Buet Prof Shamsul Hoque and Oxford University Prof. Anthony Venables, among others, also took part in the conference.

Partner's Corner



UNDP and DCCI to boost Public Private Innovation



Representatives from DCCI and UNDP are seen handing over MOU

UNDP and the Dhaka Chamber of Commerce and Industry (DCCI) signed a Memorandum of Understanding (MOU) to launch a project which will facilitate larger involvement of the Private Sector in development initiatives while boosting corporate results and return on investment.

The MOU, signed by Sudipto Mukerjee, Country Director of UNDP Bangladesh, and Abul Kasem Khan, President of DCCI, will create a platform to collect data on the current impact of Private Sector on sustainable development. Together, UNDP and DCCI will use the data to design new initiatives that simultaneously meet Bangladesh's development priorities and corporate goals.

"As the largest and most vibrant chamber body of Bangladesh, DCCI has been playing an important role for the development of business sector and is engaged in advocating research based policy proposals on various trade, industry and commerce related matters," said Abul Kasem Khan, President of DCCI.

"We know that 80 per cent of all development resources come from private sector in the form of employment, research and technological innovation. This is not going to be any different for Agenda 2030, but we will collect data more systematically to track the progress," said Sudipto Mukerjee, UNDP Bangladesh Country Director.

MCCI Holds Bangladesh Food Safety Conference 2017



MCCI President hands over crest to Hon'ble Food Minister at the Conference at MCCI

The Bangladesh Food Safety Conference 2017 was held in Dhaka on August 31, 2017 with the slogan "Protecting Consumers: A Shared Responsibility." Industries Minister Amir Hossain Amu inaugurated the two-day conference, the first of its kind in the country, at the Pan Pacific Sonargaon Hotel. The Ministry of Food, Bangladesh Food Safety Authority, Bangladesh Standards and Testing Institution (BSTI), Foreign Investor's Chamber of Commerce & Industries (FICCI) and Metropolitan Chamber of Commerce & Industries (MCCI) jointly organised the conference.

Addressing the conference, the industries minister said that ensuring safe food for all alongside food security is now a big challenge for the government. "Bangladesh is a role model for the South Asian countries in ensuring food security but providing safe to all alongside food security is a big challenge for us," he told the inaugural programme.

The minister said the country's agricultural land is shrinking day by day while its population is growing fast. But the country has attained food security during Awami League's tenure, he said.

"Only having food is not enough for a healthy life. We've to take safe and risk-free food. Safe food means maintaining standard of food in all spheres from production level to consumers' plates," he said. "In a densely-populated country like Bangladesh, it's difficult to ensure safe food for all but our government is sincere about it from the beginning," he added.

Food Minister Quamrul Islam said, "The government has ensured food safety for 16 crore people of the country and an institute has been formed so that safe food can be ensured. The institute has been working in coordination with 480 agencies and 18 Ministries."

Bangladesh Food Safety Authority (BFSA) Chairman Mohammad Mahfuzul Haque presided the programme where Food secretary Md Kaikobad Hossain, FAO Bangladesh Chief Technical advisor Naoki Minamiguchi, Bangladesh Standards and Testing Institution (BSTI) Director General Md Saiful Hasib, Foreign Investor's Chamber of Commerce & Industries (FICCI) President Rupali Chowdhury, Metropolitan Chamber of Commerce & Industries (MCCI) President Nihad Kabir, among others, spoke on the occasion.

CCCI Holds Seminar to reduce congestion at land ports



CCCI President speaks at the seminar in presence of other representatives.

Businesses should use waterways more to move cargoes between Bangladesh and India to reduce congestion at land ports and take pressure off heavily congested roads, said speakers yesterday. They urged the businesspersons to opt for coastal waterways to transport cargoes cheaper and at a lesser time at a seminar on "India-Bangladesh Bilateral Trade and Commercial Relations: Special Focus on Waterways Connectivity and Coastal Shipping" at the Bangabandhu Conference Hall of the World Trade Centre in the port city organized by The Chittagong Chamber of Commerce and Industry (CCCI) and the High Commission of India on August 29, 2017.

Indian Deputy High Commissioner Adarsh Swaika underscored the need for better utilisation of facilities under the Protocol on Inland Water Transit and Trade (PIWTT) and the coastal shipping agreement.

CCCI President Mahbubul Alam and Sr. Vice President Nurun Newaz Salim also spoke among others.

Meeting with Dignatories



Having joined a groundwork meeting of Dual Trial Run on Express Shipment Pilot between Bangladesh and India, Heather Tomlins, Director of Operations, Chemonics International Inc. received BUILD publication from its CEO, Ferdaus Ara Begum in presence of other team members.



EGGER-a full-range Austrian supplier for the furniture industry, interior design, wood construction and wood-based flooring (laminated, cork, and design flooring) is planning its business operation in Bangladesh which is why Arvind Katyal, Area Sales Manager- South Asia visited BUILD to know about market entry in Bangladesh on August 25, 2017. Having the meeting he received BUILD publication from its CEO, Ferdaus Ara Begum.



Asif Ibrahim, Advisor to BUILD made a presentation for visiting Singapore Investor Team and members of the Singapore Business Federation (SBF) on July 10, 2017 at Pan Pacific Sonargaon Hotel. The presentation underscored opportunities in infrastructure and consumer sectors.

The investors obtained first-hand understanding of the business environment and was able to tap emerging opportunities in their sectors of interest. The BIDA Executive Chairman was present at the meeting. BUILD is the private sector research partner of BIDA.

Articles

Improving regulatory standards for export diversification

<http://today.thefinancialexpress.com.bd/views-reviews/improving-regulatory-standards-for-export-diversification>

Standards need continuous updating

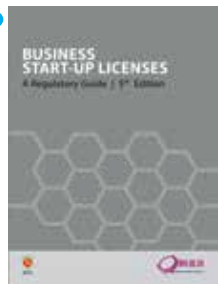
<http://today.thefinancialexpress.com.bd/views-reviews/standards-need-continuous-updating>

Fiscal measures in FY18 budget - a review

<http://today.thefinancialexpress.com.bd/views-reviews/fiscal-measures-in-fy18-budget-a-review>

Publications

Upcoming



Upcoming



Sponsor Partners



Our Partners



Business Initiative Leading Development (BUILD)
DCCI Building (9th Floor), 65-66 Motijheel Commercial Area, Dhaka-1000, Bangladesh.
Phone : + 880-2-9569961, 9561388, E-mail: info@buildbd.org, www.buildbd.com

