

## Editorial: Reforms for Improvement of Doing Business index

Bangladesh government and concerned stakeholders have been working hard to improve the country's ranking in the ease of doing business. Bangladesh Investment Development Authority (BIDA) is the coordinating body to manage it along with other relevant ministries. Ministry and agency-wise action plans for implementing specific reforms have already been prepared for implementation, which can contribute to improving rankings in the ease of doing business.

Recently a committee has been formed in the Ministry of Commerce to deal with four specific indicators such as: starting a business, protecting minority investors, trading across borders and resolving insolvency of which the Ministry has concerns. Bangladesh Bank is also working on some identified issues so that some reforms for trading across borders can be improved.

On January 03, 2019, BUILD organized a dialogue to get some ideas from India's experience and measures it had taken that led to their ranking up from 100 to 77 in 2019. They had implemented reforms in six out of eight fields last year. They also implemented 20 reforms over the last four years at the central level and 7,758 reform actions were implemented by the states in FY 2017-18. The state-level reforms are not directly related to Cost of Doing Business, but helped improve the macro-level investment environment.

Bangladesh ranked 176<sup>th</sup> in the Doing Business 2019 ranking, which is not at all satisfactory, whereas neighboring country India improved tremendously in the ranking. Support and commitment from the top, an empowered and strong reform coordinator, clear instructions and information on what reforms should be implemented, clear targets and parameters for success, constant communication with reform coordinators, constant dialogue with private sector and users, training of users and front-line officers, knowledge and lessons from what others are doing are required following the examples of India's business reforms.

In Bangladesh, strong vision from the top leadership to bring reforms for improving the business environment has not been evenly percolated to different line ministries. As a result the line ministries cannot help BIDA's reform initiatives promptly while India created indicator-specific task forces which worked as the institutional mechanism for targeted and timely delivery of change. These are still lacking in Bangladesh.

Indicator-specific task forces with an inclusive institutional framework can be formed under the supervision of the independent authority for business reforms. As such, they need to understand and identify the areas of improvement as per methodology of calculating cost of doing business report under certain indicators and achievable targets. Additionally, the mindset of government officials needs to be changed in order to realize that Cost of Doing Business report is prepared with responses from private sector alone and the public sector is not involved in this exercise. So stakeholder feedback for identifying critical implementation gaps remains an important area. Moreover, the broader economic reform is required beyond ranking improvement to affect both small and large businesses so that the environment is facilitated followed by greater ease of doing business.

Extensive consultation sessions and public-private dialogues on specific indicators of ease of doing business issues can be organized. Coordination needs to be strengthened across the different ministries and departments within the government. In order to develop the capacities of the private sector and support national efforts at the same time, the coordination mechanism framework should also be planned.

Ferdaus Ara Begum, CEO, BUILD

## 12<sup>th</sup> PSDPCC Put Thrust on PSD and Export Diversification



The Private Sector Industry and Investment Adviser to the Prime Minister speaking at the 12<sup>th</sup> Private Sector Development Policy Coordination Committee (PSDPCC) meeting at the Prime Minister's Office under the chairmanship of Md. Nojibur Rahman, Principal Secretary to the Prime Minister on February 10, 2019

Talking about Bangladesh's aspiration to become a middle-income country, Salman Fazlur Rahman MP, Private Sector Industry and Investment Adviser to the Prime Minister said that we urgently need to overcome challenges for private sector growth and export diversification in particular that remains the key issue.

Highlighting the bigger picture of 2024, he emphasized the need for export diversification and he asked the concerned ministry on how CETP of the TIED can be made fully operational as one of the criteria to obtain the LWG certification. He also opined that a significant amount of money has been spent for the project, but the outcome of the project is not as per expectation. While listening to private sector's points of views, he requested all key actors of the government to attract businesses and consider equal incentives for all sectors in order to ensure export diversification.

Organized by BUILD and the Prime Minister's Office, the meeting initially did stocktaking of the last PSDPCC meetings and underscored the reforms proposed already and implemented through the earlier meetings. As part of updating the implementation status of the 11<sup>th</sup> PSDPCC meeting, BUILD CEO Ferdaus Ara Begum informed that out of 48 from the last PSDPCC meeting, 20 reforms and 5 decisions were implemented.

BUILD CEO informed that the Ministry of Commerce has implemented maximum reforms through the Export Policy 2018-2021 which is an action-oriented plan of the government which highlights specific sector level interventions and will support export diversification immensely. Following this development, the Principal Secretary announced the Ministry of Commerce as the reform champion.

MOC also informed that the new Companies Act would soon be sent to the Ministry of Law, Justice and Parliamentary Affairs for final vetting as was informed by Mofizul Islam, Secretary, MOC. It was also informed that Bangladesh Securities and Exchange Commission (BSEC) issued a gazette notification for allowing 100% foreign owned private company to increase paid up capital up to BDT 100 crore without the permission of BSEC, the high profile meeting also requested to extend similar facilities for local and joint venture companies.

There were three presentations made by BUILD: Export Competitiveness of Leather and Leather Goods (LLG) sector – Problems and Prospects and Remedies; VAT & SD Act 2012 and Its Implementation Status and Situation Analysis of Constraints and Policy Support Needs for Export Subsidy/Cash Incentives for Exporters.

The issue of operationalization of CETP in the Tannery Industrial Estate of Dhaka (TIED) Savar came up in the discussion and in that respect the issue of understanding gaps, policy & procedural aspects were highlighted. The presentation also presented a comparison of incentives of RMG and the leather and leather goods (LLG) sector.

President LFMEAB Saiful Islam endorsed the proposal of the presentation for forming a high powered committee to suggest a comprehensive policy for the sector and an independent assessment through a third party consultant.

In regard to the policy reform paper on VAT & SD Act 2012, the Principle Secretary and Chair of the PSDPCC suggested that an effective dialogue needs to be conducted soon in presence of Finance Minister, Senior Secretary of Ministry of Finance, NBR and other related ministries so that the understanding gap still remains in implementing VAT & SD Act 2012 can be resolved.

He referred to the Central of Leather Research Institute (CLRI) of India and engagement of Army Engineering Core to monitor the development, also suggested to involve BUET for this purpose.

In regard to cash incentive, the presentation requested for a comprehensive policy with set criteria of value addition for existing and new industries to provide cash incentive so that misuse of it can be avoided. Secretary Ministry of Finance Abdur Rouf Talukder informed that there are policies for all sectors for providing cash incentives. EPB Vice Chairman, Bijoy Bhattacharjee informed that under customs Act 1969 (Chapter:11). There is provision in special bonded warehouse facilities to all export oriented industries.

Asif Ibrahim, Founder Chairman of BUILD informed that all incentives provided for RMG would need to be extended to all export sectors. In course of discussion, Rezaul Hasan, Member (VAT policy), NBR informed the meeting that special bonded warehouse is open for all.

They have not received any application for Bonded warehouse other than RMG. NBR is ready to give permission for Bonded warehouse to other export oriented industries including LLG.

The meeting was attended by eight Secretaries from different ministries and private sector leaders from FBCCI, MCCI, DCCI, FICCI, and SMEF along with high government officials.

### Meeting with BIDA on Private Sector Development Policy

A meeting on Private Sector Development Policy was held at BIDA, PMO on 6th January, 2019 with the aim of implementing the goal of Private Sector Policy formulation, a decision made in the 11th meeting of PSDPCC committee.

The meeting was chaired by Nabhash Chandra Mandal, Executive Member-3, Mehruna Islam Chowdhury, Gender Consultant, BUILD as member of the Working Committee on Private Sector Development (PSD) Policy formulation and Belalur Rahman, Research Associate, BUILD attended the meeting.

Finalization and actions to be taken for the implementation of the decision number one to six, undertaken at the previous meeting of the Working Committee were approved at this meeting. These decisions included the procedure of the draft policy formulation for the private sector development.

The procedure includes collecting sectoral profile from associations through FBCCI, presentation of the sectoral profile at the Working Committee meeting and assessment of the presented information, short listing of the thematic inventory and collecting expert opinion from resource persons on the list and based on that drafting of the PSD Policy.

It was also proposed that final policy will be formulated after the Working Committee presents the draft to representatives of associations, regulatory authorities, resource persons and main committee members and after any required revision thereafter.

### Dialogue on Experiences and Lessons from India's Business Reforms



BIDA Executive Chairman speaks at the meeting in presence of BUILD Chairman and DCCI President.

A dialogue on Experiences and Lessons from India's Business Reforms has been organized jointly by BUILD and DCCI on 3 January 2018. Mahbubul Alam, Chairman, BUILD and President, DCCI welcomed the guests and stressed that India's experience in improving ease of doing business can offer valuable lessons for Bangladesh.

The keynote presentation given by Shihab Ansari Azhar, Senior Private Sector Specialist, MTI, World Bank Group, New Delhi showed the improvement of doing business ranking of India over the years. A significant number of doing business reforms of India have been made in past years. The presentation highlighted that 20 doing business reforms have been implemented in last 4 years at the central level and 7,758 reform actions have been implemented by states in FY2017-18.

Osama Taseer, President, DCCI as the session chairperson moderated the discussion session. He summarized the salient features of the keynote presentation.

Md. Mofizul Islam, Secretary, Ministry of Commerce (MoC), GoB said that the several lessons gleaned from the experience of Indian government in improving doing business ranking from 142 to 77 are quite relevant. The Ministry of Commerce is working with the World Bank to work on recommendations for enabling businesses.

Tapan Kanti Ghosh, Additional Secretary of MoC and Md. Obaidul Azam, Project Director, EC4J and Additional Secretary, MoC expressed their views in this topic.

Dr. M Masrur Reaz, Sr. Economist, T&C, IFC-WBG, the Guest of Honor at the session said that doing business is a complex issue requiring cooperation from cross-sectoral stakeholders. It is appreciable that an initiative has been taken to learn lessons from other countries, such as India. BUILD's initiative in this regard is highly commendable as the public-private dialogue platform is well-poised to suggest steps to the government for realizing agenda for better private sector development.

Kazi Aminul Islam, Executive Chairman, BIDA was the chief guest in the dialogue. He said the ultimate aim of doing business reform is creating jobs and income for promoting better quality of life of ordinary people. The Government has created and empowered BIDA to bring ease of doing business in policy discussion.

BUILD Chairman Mahbubul Alam said recent policy reforms with regard to the plastic sector would enable it to improve compliance and export performance.

BUILD CEO Ferdaus Ara Begum said BUILD has already proposed 700 reform proposals. Among those 350 reform proposals have been approved and 197 reform proposals have been implemented so far, she added.

Representatives from Business Promotion Council, DFID, MCCI, FBCCI, Ministry of Industries, Bangladesh Supreme Court, private sector also attended the event.



## BUILD Organized Second Bangladesh Austria Business Dialogue



(From left) Kamrul Islam, senior general manager of GPH Ispat, Osama Taseer, President of the DCCI, Asif Ibrahim, Founder Chairman of BUILD, Kazi Aminul Islam, Executive Chairman of BIDA, Md. Mahbubul Alam, Chairman of BUILD, Md. Mofizul Islam, Secretary for Commerce, Ferdaus Ara Begum, CEO of BUILD, and Robert Luck, Commercial Counselor of Austria for Bangladesh, at a business dialogue in MCCI, Dhaka.

Bangladesh economy will be double to trillion dollars in the year 2041 when the country will graduate to a developed one. For this, the country would go through massive development in the next 23 years and this gives the idea that there is an urgent requirement of huge investment, most of which must be made by the private sector, said Executive Chairman of the Bangladesh Investment Development Authority (BIDA) Kazi Aminul Islam at the Bangladesh-Austria Business Dialogue organized by BUILD and Advantage Austria on February 19, 2019 at MCCI Conference Room.

A panel discussion with the title “Economic priorities of the new government of the Bangladesh” provided different views on possibilities for cooperation in Bangladesh and the Austrian companies present with whom B2B meetings are possible.

Md. Mofizul Islam, Secretary for the Ministry of Commerce presented the keynote paper and highlighted key opportunities for foreign investors while Asif Ibrahim, Founder Chairman of BUILD led the panel discussion. Osama Tasveer, President of the Dhaka Chamber of Commerce and Industry (DCCI) and Kamrul Islam, Senior General Manager and CFO of GPH Ispat spoke as resource speakers.

Md. Mahbubul Alam, Chairman of BUILD and Robert Luck, Commercial Counselor of Austria for Bangladesh delivered welcome note. In the open session, entrepreneurs referred to several sectors to join a collaboration of which water sector, glass fiber, modernization of light engineering sector and tanning are important. It was also underscored that 60% of GDP Austria is coming from trade and they depend largely on outsourcing. Bangladesh could be a country of enormous manpower and high tech people could be outsourced.

Osama Tasveer said, Bangladesh, the natural gateway between South Asia and ASEAN, is the growth powerhouse and emerging economy in the global arena with commendable development in all economic and social fronts. The country has stepped into accelerated growth trajectory, marking 7.8 percent plus economic growth, reaching \$274 billion and is looking forward to 8 percent plus growth soon.

Referring to the ‘Nation Brands 2018’, a report prepared by London-based Brand Finance, he said Bangladesh has ranked 39<sup>th</sup> in the Global Brand Value Index, with brand value of \$257 billion, among the 100 most valuable nation brands in the world.

BUILD Chairman urged Austria to invest in higher-end RMG, leather & footwear, shipbuilding, agro processing, pharmaceuticals, medical equipments, automotive, electronics and technology driven innovative businesses in Bangladesh.

However, we need about \$14.62 billion additional resources per year to bridge the infrastructure development financing gap. This offers huge opportunities for Austrian investment in cross-sectional infrastructure development, said he.

Dr. Robert Luck said that this visit is an indication of an increasing interest of the Austrian business community to Bangladesh as one of the fastest growing economies in South Asia.

“The first Forum meeting resulted in a number of projects for skill development, education and e-library etc. The second official high profile business delegation to Bangladesh in such a short time is a clear testimony that Bangladesh has created enabling business environment for foreign companies and attract important EU country like Austria to be engaged with business in the country,” said Ferdaus Ara Begum, CEO, BUILD.

## BUILD Facilitated the Austrian Business Delegation

Bangladesh's economy is showing a continuous positive dynamic with various development initiatives under the present government. The modernisation of the infrastructure including streets, railways, ports, electricity and internet is one of the government's top priority fields to focus while educational sector needs further improvement to withstand the international competition.

With this observation, a group of Austrian companies is eager to penetrate the business opportunities in Bangladesh and for that a high-power delegation comprising heads and representative of eleven leading companies visited Bangladesh from February 18 to 21, 2019.

The delegation comprising Austrian Foreign Minister Karin Kneissl and Federal Minister for Europe, Integration and Foreign Affairs Karin Kneissl identified Bangladesh as the country that has already got well developed IT, pharmaceutical and textile sectors. In honour of the Austrian Minister, the Honorary Consul of Austria in Bangladesh Tasvirul Islam hosted a dinner on February 19, 2019 at Pan Pacific Sonargaon Hotel.

Eleven Austrian top companies from various sectors such as renewable energy, health care and medical equipment, education, e-government solutions, disaster mitigation and firefighting vehicles, food and beverages as well as financial services are part of this business delegation. The companies include Andritz Hydro GmbH, bit media e-solutions GmbH, Med-El Elektromedizinische Geräte Gesellschaft m.b.H., paysafecard.com Wertkarten GmbH, Raiffeisen Bank International AG, Red Bull GmbH, Rosenbauer International AG, VA TECH WABAG GmbH, VACE System-technik GmbH, VAMED ENGINEERING GmbH etc..

BUILD also arranged B2B meetings for both Bangladeshi Companies and Austrian Companies to create a common platform for exchanging ideas on business expansion.

Apart from business meetings and briefings at International Finance Cooperation (IFC) and International Monetary Fund (IMF), official meetings took place at different important ministries to discuss which areas of cooperation can be explored in the future.

Further, in support of Austrian MED-EL and Austrian Development Agency, hearing healthcare services was launched in Bangladesh. The service, a remarkable Social Impact Project to improve awareness, diagnosis and rehabilitation for hearing impaired people in Bangladesh, was launched on Wednesday, February 20, 2019 evening in the presence of Federal Minister for Europe, Integration and Foreign Affairs, Dr. Karin Kneissl and Bangladesh Government Representatives.

The first visit of Austrian Delegation to Bangladesh resulted in the launching of hearing healthcare services with the Ministry of Health in Bangladesh.

## BUILD Organized Consultation on Identifying Opportunities for Business Growth in Khulna



Private Sector Stakeholders in Khulna along with the Teams of BUILD and PROKAS are seen at the consultation meeting in Khulna.

BUILD and Promoting Knowledge for Accountable Systems (PROKAS) jointly organized a dialogue on “Consultation on Identifying Opportunities for Business Growth” in collaboration with Government & Climate Change Funding on January 23, 2019 in Khulna to identify growth opportunities and investment needs in the southwestern Bangladesh region.

Sharif Atiar Rahman, Senior Vice President, Khulna Chamber of Commerce and Industry mentioned that the recent initiatives of the government in developing the southwest region. However, climate change is posing an unprecedented challenge to the region. It is important to identify the proper growth opportunities to ensure that the displaced and affected people of the region can continue to have decent jobs.

Md. Nasim Uddin, Vice President, Jhenidah Chamber mentioned that as Jhenidah is situated on high land, it has less vulnerability to climate change. The main problem faced is the lack of access to finance by farmers. If they are provided with easy loans, they can easily employ climate migrants from other districts. A representative from Bagerhat mentioned that crab farming in Bagerhat has high export potentials for the country. Moreover the shell of crabs is also a high-opportunity sector. A woman entrepreneur from Kushtia Chamber highlighted the handicrafts made by young women in Kushtia, usually organized into small groups, however, the handicraft workers need better training, she added.

Gerry Fox, Team Leader, PROKAS expressed his delight at the interest demonstrated by the stakeholders. The government provides infrastructure and policies while the civil society is the facilitator to bring together these stakeholders to address emerging challenges. PROKAS and BUILD are happy to bring together the private sector to explore the opportunities for the region for growth so that the necessary investment areas can be identified.

Md. Hossain Sawkat, ADC of Jessore and Administrator of Jessore Chamber of Commerce and Industry mentioned the agricultural potential of Jessore. The Jessore and Satkhira region supply a large share of the vegetables and flowers to the different districts of Bangladesh and packaged flowers are being exported abroad. There is need for cold storage facilities for vegetables.

Md. Maksudur Rahman, CEO, Bangladesh Environment Development Society shared some lessons from BEDS’ longstanding engagement in sustainable development in Southeast Bangladesh.

Ferdaus Ara Begum, CEO, BUILD summarized the main findings of the discussion in terms of the key constraints, leading sectors, as well as opportunities for investment or improvement. She requested the participants to prioritize the recommendations.

Earlier, Tahmid Zami made a presentation highlighting potentials of Khulna Division and neighboring districts for addressing climate migration.

## Guidelines sought for Electric Vehicles at BUILD Dialogue



Abdullah Al Mohsin Chowdhury, Secretary of the Ministry of Environment, Forest and Climate Change speaks at the meeting.

A dialogue titled “Electric Vehicles and Sustainable Transportation System in Bangladesh” was organized by BUILD and Bangladesh Centre for Advanced Studies (BCAS) held on January 31, 2019 at the MCCI conference room.

Bangladesh needs to formulate policies to regulate and promote electric vehicles (EVs) with a view to reducing dependency on fossil fuel-based vehicles to save the environment, said speakers. The government should offer fiscal and financial incentives to businesses to promote investment in EVs, they said at the dialogue.

Bangladesh needs to promote electric vehicles with standard design, said Abdullah Al Mohsin Chowdhury, secretary of the ministry of environment, forest and climate change. The policies should be formulated carefully and comprehensively to regulate and promote the EVs. There is a need for further research on EVs and BUILD, BUET, & other organizations should come together to provide evidence-based inputs to the government on EVs. The recommendations came in the dialogue can be channeled through the Sustainability and Green Growth Working Committee of BUILD and PSDPCC at Prime Minister’s Office said the Secretary.

Countries around the world are transitioning to electric vehicles to reduce greenhouse gas emissions, said Ferdaus Ara Begum, CEO of BUILD, while delivering her welcome speech at the event.

In Bangladesh, around 10 lakh EVs are plying in the street, most of which are three-wheelers popularly known as easy bike, said Ehsan-E-Elahi, Additional Secretary of the Ministry of Road, Transport and Bridges. He said the ministry is now working on formulating a guideline that will allow easy bikes to get registrations.

Availability of charging stations is highly important to make EVs popular in Bangladesh, said Md Ziaur Rahman Khan, a professor at the BUET’s electrical and electronic engineering department.

Both fiscal and financial incentives should be offered for EVs to make the environment-friendly vehicles more widespread, said Siddique Zobair, member of the energy efficiency and conservation department of the SREDA.

Greenhouse gas emission from the transport sector in Bangladesh will be increased 118 percent by 2030 from the current level, said Md Tahmid Zami, additional research director of the BUILD, while presenting a keynote paper. But, the country plans to reduce greenhouse emission by 9 percent within 2030.

Asif Ibrahim, Former Chairman of BUILD who moderated the dialogue urged the government to consider EVs for developing a sustainable transportation system considering ecological balance in Dhaka and for the transport sector in Bangladesh.

Representatives BRTA, BITAC, BMW, DOE, MCCI, DCCI, Rahimafrooz and CPD attended the meeting among others.



## Partner's Corner

### Board of Directors of DCCI Met Commerce Minister



The newly elected Board of Directors of Dhaka Chamber of Commerce & Industry (DCCI) led by its President Osama Taseer hand over a crest to the Hon'ble Commerce Minister Tipu Munshi, MP at his secretariat office 21 January, 2019.

At the call on meeting, DCCI President Osama Taseer proposed for a comprehensive trade policy and automated tariff system for sustainable export development. He also urged the Minister to take necessary initiatives to sign free trade agreement with Sri Lanka and Malaysia as soon as possible. In order to reduce trade gap with India, we need to take steps to eradicate tariff and non-tariff barriers.

Minister of Commerce Tipu Munshi, MP said policy reforms, policy simplification, need based policy formation, reduce outdated policies are necessary for a conducive business environment.

Commerce Secretary Md. Mofizul Islam said that Bangladesh will be graduated to a developing country in 2024 and after the graduation we will lose various duties and quota facilities in terms of export.

DCCI Senior Vice President Waqar Ahmad Choudhury, Vice President Imran Ahmed, Directors Abul Kasem Khan, Ashraf Ahmed, Enamul Haque Patwary, Hossain A Sikder, KMN Manjurul Haque, Engr. Md. Al Amin, Md. Rashedul Karim Munna, Mohammad Bashiruddin, Shams Mahmud and SM Zillur Rahman were also present during the meeting.

### Higher Default Loans to Impede Investment Pickup



The Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka cautioned the Government on February 24, 2019 that if left unaddressed, the problem of high-level non-performing loans in the banking sector could impede a pickup in investment in the country.

The body also said in addition to the bulging non-performing loans (NPLs), poor governance and corruption in administration, among others, remain major obstacles to country's sustained trade and economic growth.

Besides, stalling or reversal of policy reforms could see significantly lower investment and economic growth, said the MCCI.

The trade body made the observations in its 'Review of Economic Situation in Bangladesh for October–December 2018 (Q2 of FY19)

"Policymakers should take careful note of significant downside risks, both domestic and external, to a sustained revival of the country's investment and growth prospects in the medium term," said the MCCI.

Among others, it pinpointed the domestic risks in relation to the government's poor ability to prevent both current and planned reforms from going off-track and maintain fiscal discipline.

Domestic challenges that could complicate the situation further are fiscal slippages and rising inflation as well as delays in structural reforms to address balance sheet issues in the banking and non-financial corporate sectors, said the MCCI.

"High levels of non-performing loans in the banking sector could impede a pickup in investment, if left unaddressed," it said.

According to the MCCI, large fiscal deficits, inability to maintain fiscal discipline, low tax-GDP (gross domestic product) ratio, and weak capital spending remained some of the key risks that a developing country like Bangladesh can hardly ignore.

The economy is progressing well, despite the presence of some risk factors, including marginal growth in remittances, slower growth in export receipts, and a lower rate of investment, especially foreign direct investment (FDI), the chamber noted.

### CCCU Urged Leading Tech Companies to Expand Businesses in Chittagong



Mahbubul Alam, President of Chittagong Chamber of Commerce and Industry (CCCI) and BUILD Chairman on February 20, 2019 addressing the meeting at the WTO Center in Chittagong.

"The modernisation and use of IT in Chittagong Port, Customs, EPZ, Shipping, Freight Forwarding and C&F activities have reduced both time and cost of doing business. This sector can be developed by setting up IT village like economic zones in this region," the President said while addressing a roundtable titled "Developing Chittagong as an IT destination and showcasing leading tech companies of Bangladesh" and eGeneration Group jointly arranged the roundtable.

SM Ashrafur Islam, Executive Vice Chairman of eGeneration presented a keynote on "Developing Chittagong as an IT Destination" followed by an open panel discussion. Speaking at the roundtable, Shameem Ahsan, Chairman of eGeneration Group said, "Back in 1983 in India, Infosys and Wipro moved their head offices to Bangalore, which is now the Indian IT hub; followed by other tech companies.

M. Shaifur Rahman Mazumdar, Managing Director of Chittagong Stock Exchange said that public investment must be increased in order to make Chattogram IT hub. He requests the business leaders to pursue the Government for separating administrative capital and commercial capital. The presence discussed about required technical framework, necessary action and branding for making Chattogram an IT hub by involving policy makers from public and private sector, IT sector leaders and leaders from private sectors.

### Meeting with EEE Department of BUET

The meeting was held on January 14, 2019 at the Department of EEE of BUET to discuss about Easy Bike (EV). Tahmid Zami, Additional Research Director, BUILD presented the available information gathered and requested the participants to share their views on EV and put their valuable comments on it.

Md. Ziaur Rahamn Khan, Professor of BUET and a board member of SREDA has already done a study on EV with the support from SREDA and GIZ. That study specifically focused on the impact on electricity by Easy bike and the charging system of easy bike. As a large number of EV (easy bike) have already been plying on the roads of using the power from our national grid, he tried to find out the opportunities to save electricity as well as increasing the efficiency of charging.

Standardization of EV needs to set and include in import policy to limit the entry of ineffective vehicles, reduce the risk of accidents and ensuring the efficient use of energy.

In response to Li-ion battery, they said that awareness building is a must as the risk of use is very higher than the lead acid battery. CEO, BUILD moderated the session.

### BUILD's Presentation on VAT at FBCCI and NBR

A meeting was held between FBCCI and BUILD regarding VAT & SD Act 2012 on February 2, 2019. Senior Vice President, Secretary and Additional Secretary of FBCCI, including committee members of FBCCI were present in the meeting. Ferdaus Ara Begum, CEO, BUILD made a detailed presentation of VAT and sought attention of FBCCI.

The FBCCI positively acknowledged the efforts of BUILD regarding the policy recommendations on VAT & SD Act 2012 and pledged to work together in this issue.

Another meeting was held between Member (VAT Policy), National Board of Revenue (NBR) and BUILD regarding VAT & SD Act 2012 on 6th February, 2019. Mentioning major policy reforms implemented by the NBR, CEO of BUILD presented the recommendations on VAT & SD Act 2012 and its implementation. NBR endorsed the recommendations and suggested for further review some of them. Some policy recommendations proposed by BUILD were in principally agreed and the rest would be taken care of after internal review of NBR (VAT policy wing) before going for final implementation of the new VAT Act.

### Meeting with WeConnect at BUILD

A meeting was held at the BUILD office with Nicolas Picard, Research, Analyst, and Project Manager of WEConnect International on 6th February, 2019 with an aim to share activity updates of BUILD and WEConnect International and have a discussion on the upcoming programmes of both organizations. From BUILD, Ferdaus Ara Begum, CEO, BUILD and Mehruna Islam Chowdhury, Gender Consultant, BUILD attended the meeting.

Nicolas informed that the first phase of training of women entrepreneurs under the IFC project. He invited the CEO, BUILD at the forum to be organized by WEConnect International and IFC on March 27th on "Promoting Inclusive Sourcing in Bangladesh".



## BUILD's Comments

### Monetary Policy Statement for first half-2019

Bangladesh Bank has announced Monetary Policy Statement (MPS) for the first half of 2019, it is an expansionary monetary policy with 12% growth of Broad Money (M2) which is a continuation of previous MPS.

The current account deficit for FY 2017-18 was \$0.85 billion, while it was \$1.3 billion in FY 2016-17. The trade deficit is alarmingly high that may hit current account balance significantly than the previous FY due to negative trade balance and outward payments. From the statistics of Bangladesh Bank it is seen that around 30% of total import was commenced for importing capital machinery for industry, power sector and high priority mega infrastructures.

The inflation is apparently in a tolerable level (5.54%) which was 5.78% in June, 2018, but still higher than the emerging economies (4.6%). There exists no supply shock, demand pull factor for the existing higher inflation in the economy. The present level of inflation is caused by disruption in the indigenous market forces.

The interest rate for deposit reached 5.26% where spread rate is 4.23%, the banks are mobilizing the deposit of common people. The value creators' and value extractors' share in the money mobilization process is unevenly rationed. The spread rate should be around 3% and the interest rate for deposits can be set 5.5% for a fiscal. A policy intervention is needed to maintain Repo rate at around 5.5% which would give the commercial banks to gain competitive edge in credit expansion mechanism.

The M3 (which is mainly National Saving certificates) trend is declining and reached to 11.5% from 20% in 2012. There should be a policy direction to encourage saving, even at grassroots level.

### Leather & Leather Goods Policy

A meeting was held on February 20, 2019 in the conference room of the Ministry of Industries (MOI) to know the views of Leather sector stakeholders on the draft Leather and Leather Goods Development Policy 2019. The meeting was chaired by the Secretary in Charge of MOI. BUILD CEO Ferdaus Ara Begum was present in the meeting to put forward her valuable comments and opinions on the draft policy prepared by MOI. She emphasized on a specific definition of Leather footwear needs to be included in the upcoming policy.

She also mentioned that the compliant issues regarding Tannery Industrial Estate Dhaka (TIED), environment friendly production process, training & technological aspects, financial needs and support for SMEs etc. of this sector should be clearly identified in the policy. As per the decision of meeting, BUILD sent a written set of comments and recommendations regarding the policy to MOI.

### SME Policy 2019

BUILD has submitted the comments on Draft SME Policy 2019 to the Ministry of Industries (MoI). A few recommendations of BUILD suggested for the previous Draft SME Policy 2018 were included in the latest draft. In the new draft, the subjects like 'Backward Linkage with Large Industries', 'Maintain a database of SME Entrepreneurs' and 'Establishing an Environment Friendly Industry' are highlighted extensively according to BUILD's recommendations.

However, in new comments, BUILD suggested reconsidering the title of the policy as it is emphasizing the strategies rather than policies. It was also recommended to include some priority sectors in the policy because name of the SME sector is not mentioned there. Reflection of SDG 8.3 and SDG 12 in the policy was prioritized in the recommendations. At the end of recommendations, BUILD suggested to arrange regular coordination committee meetings about the strategies and action plan.



## BUILD Reform

### 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 was cumbersome and time consuming respect. Foreign investors are facing several problems and hassle in this process. Hence, at the request of foreign investors the "Working Group on Improvement of Investment Climate" committee was formed at PMO.

BUILD worked on this issue and placed this study "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.

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. BIDA is now pursuing BSEC to allow this limit for local companies and JVs. BUILD is advocating this issue for implementation through PSDPCC platform of PMO.

### Simplification of Sample Export & Import Policy to Increase the Export of Nontraditional Sectors of Bangladesh

BUILD took an initiative to conduct study to place some recommendations to PMO and Ministry of Commerce, like the inclusion of definition of sample items, an increase of yearly value ceiling/maximum amount of sample to be imported, increase of De Minimis value, recommendations for BSTI as well as the procedural simplification to ensure the simplicity of sample import and export process.

BUILD's recommendation of the 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.

As per another recommendation of this study of BUILD, Bangladesh Standards and Testing Institution (BSTI), takes initiative to sign MoU with the concern governments to simplify export & import of 33 accredited it.

BUILD placed some other recommendations through the study titled "simplification of sample import policy and procedure" to be reflected in the upcoming "Import Policy Order 2018-21". Ministry of Commerce informed to BUILD that they will consider these recommendations to be accommodated in the upcoming Import Policy Order 2018-21.

## BUILD Scope

### Survey on Regulatory Unpredictability in Business Decision

The Survey will seek 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.

This questionnaire has been designed in a way that will be helpful to retrieve the findings on the investment of the entrepreneurs in business plans, reasons for deviating from implementation plans, reasons for not planning any investments at all and the economic consequences of not investing such as impact on job creation, export, productivity and investment.

Scope of the Survey is to collect opinions of all kinds of entrepreneurs Dhaka, Khulna and Chittagong. The Survey will accommodate a certain percentage of Women Entrepreneurs. Sectors to be covered are: RMG, Leather, Leather goods, Plastic, Light Engineering, Food, Furniture, Information Technology, Machinery and Equipment, Transport, Consulting & Advisory Services etc.

### Promotion of Environment-Friendly Capital Machinery in Bangladesh – Policy related Challenges and opportunities

Import of capital machinery is a major indicator of industrial activity in foreseeable future. In 2017-18, capital machinery worth USD 4.48 billion was imported in Bangladesh which was 24% higher than the previous year. The government has imposed 0 to 7.5% tariff on capital machinery imports for different sectors and locations of industry. When private investment to GDP ratio grows in tandem with capital machinery import, industrial activity can be taken to be growing.

Capital machinery is one of the materials that ensures the sustainability of the industry so green/environment friendly capital machinery should be promoted by the govt. in order to ensure the sustainability of the industry as well as the environment. To find out the policy gaps in promoting green/environment friendly capital machinery, BUILD is going to conduct a research study that would be a brief scanning current policies and incentives focused on capital machinery along with BCAS as a component of the Through Climate Finance Transparency Mechanism (CFTM) project a study would draw on the existing literature on policy gap in the issue. Interviews with a few key informants will be conducted – including officials from line ministries, business leaders, experts and civil society leaders, and so on.

## BUILD Articles in National Dailies

### Reforms needed to improve ranking in Ease of Doing Business index

[https://thefinancialexpress.com.bd/views/analysis/reforms-needed-to-improve-ranking-in-ease-of-doing-business-index-1550937194?fbclid=IwAR3vZdqH1ASNzqaOj00Xloye2dR5scxzlcl27sCw7Eh3\\_Q65YaVfFI5Zsds](https://thefinancialexpress.com.bd/views/analysis/reforms-needed-to-improve-ranking-in-ease-of-doing-business-index-1550937194?fbclid=IwAR3vZdqH1ASNzqaOj00Xloye2dR5scxzlcl27sCw7Eh3_Q65YaVfFI5Zsds)

### Local, JV cos may get BSEC waiver like foreign cos

[http://www.newagebd.net/article/65623/local-jv-cos-may-get-bsec-waiver-like-foreign-cos?fbclid=IwAR20wf-0BbKDWZxxCtFA\\_wgORsIIIO\\_AC-nJoERyCW91W6yzgpN76j51LFvE](http://www.newagebd.net/article/65623/local-jv-cos-may-get-bsec-waiver-like-foreign-cos?fbclid=IwAR20wf-0BbKDWZxxCtFA_wgORsIIIO_AC-nJoERyCW91W6yzgpN76j51LFvE)

### Expediting export diversification

<https://thefinancialexpress.com.bd/views/views/expediting-export-diversification-154764838>

### BUILD Greets Salman F Rahman



Mahbubul Alam, Chairman of BUILD and President of Chittagong Chamber of Commerce and Industry and Ferdaus Ara Begum, CEO of BUILD (First from left) joined in a courtesy call with Salman F Rahman, Prime Minister's Adviser for Private Industry and Investment at Hotel Westin on 3rd February 2019 as a sideline meeting during a Dialogue on Power Supply organized by FBCCI.

### Call On Meeting of BUILD with Minister of Road Transport & Bridges



Mahbubul Alam, Chairman of BUILD and Ferdaus Ara Begum, CEO of BUILD met a courtesy call with the Hon'ble Minister of Road Transport & Bridges Obaidul Quader, MP on 5th February, 2019 at his office. At the meeting, BUILD Chairman requested the Minister to be the Chief Guest at the dialogue on the prospects and policies of electric vehicles in Bangladesh jointly organised by BUILD and JETRO. In response, the Minister agreed to join the meeting and suggested BUILD to keep in touch with his office.

### Meeting with PaCT Team of IFC

A meeting was held between BUILD and PaCT team of IFC on February 13, 2019 at IFC. Sumit Manchanda raised the issue that TSP would have a new form in the next phase where PPD/ policy reform would be complemented by other activities, such as creating a roadmap or strategy – with specific indicators, deliverables, metrics, etc – for the RMG sector delineating how Bangladesh will face the upcoming challenges including the phase-out of privileges enjoyed by Bangladesh due to Least Developed Country (LDCs) status, the issues of robotics, voluntary standards and commitment, cotton-based vs. other kinds of fiber, backward integration, competitive advantage, product diversification, and so on.

The sectoral stakeholders would have to take part in the process. Thus in the next phase, factories – both smaller and larger, brands, as well as government organizations like BEZA, Ministry of Commerce, Ministry of Industries, Department of Environment, etc. would be included.

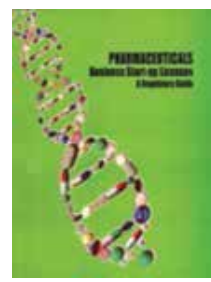
### Meeting with the BICF Mid Term Review team

To discuss and evaluate the key implementation through SPPD project managed by BUILD that is one of the components of Export Competitiveness for Jobs (EC4J) under the Bangladesh Investment Climate Fund (BICF) II, a meeting between BICF and BUILD took place on 25th February, 2019 at the conference room of International Finance Corporation. Stakeholders of Leather & Leather Goods, Tannery, Plastic, Bicycle & Battery Sector etc were present.

Anneke Slob, Senior Evaluator, of Anneke Slob Consultant and Tahmina Shafique, Senior Economist of Economic Growth and International Development were present on behalf of the Mid-term Review Team.

The main objective of the this Mid Term Review meeting was to exchange views on the evaluation progress of the BICF (II) with the stakeholders and also how the stakeholders are getting benefits from this program for export diversification and job creation in the field of the identified sector.

## Publications



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