

## Editorial CMSMEs and Utilization of Stimulus Package

Cottage, Micro, Small and Medium Enterprises (CMSMEs) contributes significantly for employment and Gross Domestic Products (GDP). Being 99.84% of the total private sector, it creates about 86% of employment outside agriculture. CMSMEs, like other businesses, are also vastly being affected by the coronavirus pandemic. They are engrossed with different problems such as insufficient access to finance, supply chain disruption, reduced local and overseas demand etc. amid pandemic.

Honorable Prime Minister announced 22 Stimulus Packages(SP) worth BDT 1,033,470 crore or USD 12,210.02 million to support private sector so that they can sustain their business and investment to combat the impact of COVID-19. These SPs are in the form of loans, incentives, and subsidies mostly to be provided by the banks.

The Firm-level survey on the impact of COVID-19 by UNIDO & BUILD on 227 firms in June-July, 2020 found that around 68% CMSMEs expect to face fall of revenue above 50% in this year and 39% CMSMEs are facing risk of shutdown of business or part of operation within 3 months. CMSMEs are the worst sufferers because of their limited staying power.

BDT 20,000 crore SP for working capital is one of the major financial package for the CMSMEs to combat the inauspicious impact of the pandemic. But the reported disbursement is only BDT 1,500 crore so far which is 7.5%. Another package named BDT 3,000 crore for low income group including ultra-small businesses has also seen sluggish disbursement of BDT 266 crore or 8.86% so far. This shows that the loan disbursement towards CMSMEs is slower in comparison to large and service sector which is more than 33.33% as of mid of August.

Commercial banks consider lending the smallest segment as risky and costly. Introduction of the credit guarantee scheme (CGS) for CMSMEs by Bangladesh Bank on 27 July, 2020 could be helpful for the banks if can be implemented properly. BUILD recommends for circulation of CGS manual and a separate CGS entity in Bangladesh Bank(BB) with an effective management body, it also recommended for easy terms and conditions for the cottage and micro enterprises so that they can avail collateral free loans.

Cottage and Micro enterprises need supervised credit and thus cost of fund for banks increases. These segments get funding specially through NGOs and MFIs. Because of fixed interest rate of 9%, banks and MFIs are facing problems to support these segments. Special refinancing arrangement can be arranged for them. A different type of financing model is required for CMs.

Coverage of 30% of working capital may not be sufficient, BUILD recommended for extended subsidized loan to cover at least 50% of the working capital requirement of CMSMEs.

BDT 3,000 crore for low income group to be disbursed through MFIs. The limit to single MFI can be extended. The subsidy can be given in this package for reaching the Cottage and Micro segments.

More Agent Banking can be involved to disburse the allocated 15% working capital loan for CMSMEs in rural area from the SP. BUILD also suggested for the increase of the loan repayment period and grace period up to three years for the CMSMEs.

Quick & hassle free loan processing system should be followed including less paperwork from receiving an application to disbursement for the affected enterprises. Strong monitoring has to be done from BB in this respect. Stringent procedures, high mortgage requirement, unofficial treatment, additional documentation procedures etc. have to be addressed immediately for the revival of the CMSMEs.

Ferdaus Ara Begum  
CEO, BUILD

## Policy Responses Urged to Best Utilize Stimulus Package- BUILD



The 8<sup>th</sup> Financial Sector Development Working Committee (FSDWC) Meeting of BUILD took place on (August 18, 2020) via online platform Zoom. The meeting was co-chaired by Ahmed Jamal, Deputy Governor, Bangladesh Bank and Shams Mahmud, President, Dhaka Chamber of Commerce and Industry. Abul Kasem Khan, Chairperson of BUILD was also present in the meeting.

Ferdaus Ara Begum, CEO, BUILD made the presentation titled “Stimulus Packages(SP) for Large & CMSMEs-Reforms for Better Utilization for Recovery from COVID-19”. BUILD CEO focused on the recent UNIDO-BUILD survey findings which show that CMSMEs are in worse situation compared to the large enterprises. It was observed that quick and hassle free loan processing system for private sector is needed. BUILD also called for a strong database of the COVID-19 affected enterprises and a SME census underscoring the need for increasing the scope of BDT 3000 crore stimulus for reaching the cottage and micro businesses. For effective use of the Credit Guarantee Scheme, BUILD proposed the idea for establishing a separate entity maintaining all transparencies and to publish manual soon.

Speaking as the co-chair, Ahmed Jamal, Deputy Governor of Bangladesh Bank said that BDT 18,500 crore has been disbursed under the working capital loan stimulus package of the large industries and service sectors. Governor of the central bank has asked banks to disburse the entire amount under the stimulus package of CMSMEs within October, 2020. He assured that all the recommendations coming out from BUILD and discussion will be taken into account and Bangladesh Bank will take initiative to implement the implementable recommendations from their end wherever possible. He requested BUILD to send all the recommendations and the decision of the meeting.

Shams Mahmud, President of DCCI who is the co-chair of the FSDWC of BUILD thanked Bangladesh Bank for the various support already extended to all the sectors specially to CSMEs and to continue support the private sector with effective policy support and to look into the recommendations coming out of the meeting.

Md. Saiful Islam, President, LFMEAB focused on the implementation of institutional formation of the FSP disbursement process as, the leather sector has been facing problems in getting loans from the banks due to the several stringent administrative procedure while taking decisions on disbursement of loan.

Abul Kasem Khan, Chairperson of BUILD requested the Co-chairs to form a small committee for Credit Guarantee Scheme to come up with best practice model for this. He also emphasised on the non banked CMSMEs on how they can be reached with financial support system. He also said, that a list of recommendation with possible timeline will be prepared and shared with both the Committee Co-chairs for more effective action.

The FSDWC Meeting was attended by Professor Jahangir Alam Chowdhury, Finance Department, University of Dhaka, Mahbulul Alam, President of CCCL, Ali Sabet, team Leader, PRISM, Jashim Uddin, President BPGMEA, Husneara Shikha, GM of SMESPD Bangladesh Bank and Waqar Ahmad Choudhury, Director of DCCI, Golam Rabbani, AGM, BSCIC, Nazim Sattar, GM, SMEF and Prof. Dr. Swapan Kumar Bala, FCMA, Former Commissioner, BSEC including public and private sector stakeholders.

## Kick off Meeting 5<sup>th</sup> of Bangladesh-Japan PEED



Over the formal meeting, BUILD CEO in talk with the Principal Secretary to the Prime Minister Dr Ahmad Kaikaus.

As part of taking preparations of the upcoming 5th Bangladesh-Japan Public-Private Joint Economic Dialogue (PPED), a kick-off meeting took place at the Prime Minister's Office.

Held on August 24, 2020, the meeting mainly reviewed the decisions on which both the countries agreed in the 4th PPED to resolve the issues hindering the expansion of trade and investment between the two countries and emphasized on further enhancement of cooperation in investment and trade.

As a member of the Working Group on Improvement of Investment Climate for Japanese Investors in Bangladesh, BUILD CEO Ferdaus Ara Begum joined the meeting and put light on policy papers that BUILD had submitted such as; increase of paid up capital, repatriation of payments, availability of English version of laws and timely publication of trade related statistics.

Principal Secretary to the Prime Minister Dr Ahmad Kaikaus presided over the meeting and appreciated the role of BUILD for supporting the investors.

The dialogue is part of the Japan-Bangladesh Comprehensive Partnership, which was signed during the meeting between the Prime Ministers of Japan and Bangladesh in 2014.

Representatives from Japan Embassy, JETRO, JICA, IRD, BIDA, BEZA, BEPZA, PPPA, EPB, different ministries and officials of Prime Minister's Office along with President of FBCCI, President of DCCI, representatives of MCCI, JBCCI, joined the meeting.

## IWA on the Definition of a Woman-Owned Business and on its Use

BUILD CEO Ferdaus Ara Begum attended a stakeholder consultation under the International Organisation for Standardisation (ISO) International Workshop Agreement (IWA) on the "Definition of a Woman-Owned Business and Guidance on its Use. It took place virtually on August 28, 2020 and was organized by the International Trade Centre (ITC) and Swedish Institute for Standards (SIS).

By developing a commonly agreed upon definition of a woman-owned business, the IWA proposal aims to increase women business owners' access to public and private procurement opportunities, capacity-building programmes, incentives schemes, and certification programmes and the collection of internationally comparable data on women's entrepreneurship. In the long term, the development of an IWA on a woman-owned business may spur a broader discussion and additional efforts towards further standardisation work on gender equality and related topics.

This informal stakeholder consultation aimed to give you an overview of the IWA process and to kick-start discussions on issues surrounding defining woman-owned businesses. The session leads up to two IWA workshops from 14-16 October 2020, and 14-16 December 2020 respectively.

## Bangladesh Suppliers to Tap Export Potential of China- BUILD Chair



BUILD Chairperson Abul Kasem Khan urged that Bangladeshi suppliers should tap into the export potential of China as the Chinese government offered duty-free benefits for 8,256 locally made products.

He made these comments while speaking as the Panelist at the 5th dialogue of Resurgent Bangladesh, on 'International Trade in Covid Times: Impact and Way forward for Bangladesh', organised by the Dhaka Chamber of Commerce and Industry (DCCI) on August 22, 2020.

The ASEAN market is very important for Bangladesh, he said, adding that Bangladesh has a strong claim for entering the intergovernmental organisation as the country has already sheltered more than one million Rohingya people.

While moderating the meeting, DCCI President Shams Mahmud said many international retailers want to shift their orders and investments away from China, which is a big opportunity for Bangladesh.

He said that the authorities should negotiate with the leaders of various export destinations in order to avoid any restrictions on products while development of the country's port infrastructure, such as container terminals and Bay terminal, needs to be expedited.

While the country's bright image is an important aspect for attaining higher export growth, addressing the public health issues currently prevalent in the country is more crucial, said Syed Nasim Manzur, Managing Director of Apex Footwear and Former Chairperson of BUILD.

Salman Fazlur Rahman, Private Sector Industry and Investment Adviser Prime Minister said reduction of tax would encourage them to invest. The government needed to widen the tax net to ease the burden on the existing tax payers.

Japanese Ambassador to Bangladesh ITO Naoki said that we have a long list of Japanese companies that have already invested in Bangladesh and many are waiting to invest here.

Almost all big US companies have their operations in Bangladesh and many more were interested to invest here, said JoAnne Wagner, Deputy Chief of Mission of the US Embassy in Bangladesh.

Chairman of Policy Exchange Dr. M Masrur Reaz presented the keynote paper.

The FDI to GDP ratio of Bangladesh is 1.2% which is less than India, Sri Lanka, Vietnam and Cambodia. Out of total FDI stock, the country received the highest \$3.8 billion FDI in gas and petroleum sector where the USA is the largest investor with \$ 3.60 billion followed by the UK, South Korea, the Netherlands, China and Japan said he.

Executive Chairman of the Bangladesh Economic Zones Authority (BEZA) Paban Chowdhury, Ambassador of Japan to Bangladesh ITO Naoki were special guests at the programme.

## BUILD's Comments on Monetary Policy Statement for FY 2020-21

The Monetary Policy Statement (MPS) for FY 2020-21 has been posted in the website of Bangladesh Bank (BB) as an expansionary monetary policy with some specific policy to allay the injuries to the economy because of COVID-19. Aim of MPS of the central bank is to control money supply, credit control, inflation, employment creation etc.. The announced MPS has not directed clearly to keep the inflation under control in the era of broad money expansion; it has not shown any direction and policy support about new job creation after the COVID-19 period. As it has been prepared for one year some clear directives for post-COVID strategies could have been included in the MPS.

The growth of M2 (broad money) for next two halves has been set 14% and 15.3%, these were 12.7% against target of 13.0% in 2019-20. This measure is mainly taken for balancing the overall liquidity situation. The liquidity imbalance has happened basically for two main reasons; public sector credit expansion and keeping the liquid money in hand to meet COVID and after shock. Government has announced a package of about one trillion Taka to address the COVID shock but its utilization is still not very much promising. Policy intervention for liquidity in banking system, rational borrowing by the public sector from the Banks in view of lowering earning from non-bank sources (Sanchoyptro) are important. In this respect 10% Tax Deduction at Source (TDS) on saving certificates and lower interest rates may further discourage savings narrowing liquidity in the Banks.

We have a steady foreign exchange reserve with which we can spend it for six months, keeping three months for import expense as reserve, rest amount can be invested in promising sectors” - BUILD on MPS.

Over all balance of payment (BoP) has shown a positive sign (+\$2bn) that is alarming as over last five months, the import was stuck up due to logistics deadlock. Cumulative export (-16.9%) and import slump has made the current account balance favourable. While remittance increased by 10.9%. Service export is only \$5 billion (IT sector, indenting services, courier service, cargo services, mother vessel connecting, Internal logistics etc.). New services exports sectors need to be identified with incentives. COVID19 also given opportunities to produce newly demanding sectors for which government has already extended tax benefits.

Decision of further reduction of the Cash Reserve Ratio (CRR) from 5.5% to 4% which is good instrument to give room to the banks to have more liquidity to lend at lower interest rates which makes borrowing more attractive to customers. Banks should choose private sector investment where multiplier effect and rate of return is higher than the other alternative lending options. The Private sector (PS) credit growth should be at least 20% for this regime as PS is striving for the pandemic where in the MPS it has been fixed at 14.8% for private sector against 44.4% for the public sector.

For the next fiscal year BB has announced Bank rate at 4% that was 5% since last 17 years. BB should be very cautious to lend it to commercial banks on the basis of their track record performance in credit management. Fiscal year should be specific as it starts from month of July of one year and ends in next year June. The yearlong monetary policy is less effective than half-yearly and quarterly MPS as the determinants (credit demand, inflation, capital market indices, current account & capital account balance, and foreign exchange rate index) of monetary instruments fluctuate very frequently. The MPS should be announcing quarterly in a precise format.

It is apparent that non-Food inflation has been increasing specially demand for health services is on the rise, it is presumed that non-food inflation will increase creating more sufferings for the middle class people specially CMSMEs will be the worst sufferers, some special directives were expected in the MPS.

## Govt. to fast-track EPZ and invest in infrastructure-BUILD Chair



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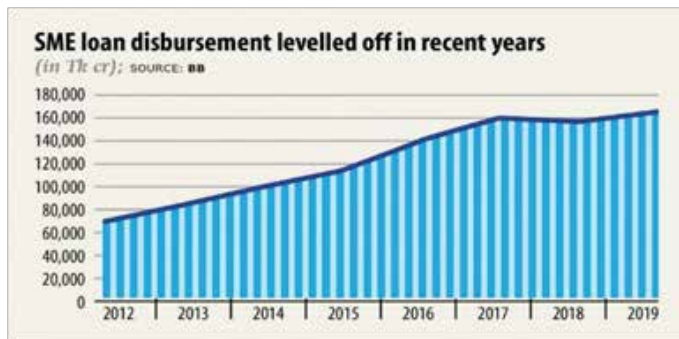
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## Micro and Cottage Enterprises need support on easy terms- BUILD CEO



The condition of micro and cottage enterprises was very weak and these businesses need support on easy terms, said Ferdaus Ara Begum, CEO of BUILD.

She urged for increasing the repayment period of loans for small entrepreneurs.

Citing that India offered Rs 3 lakh in collateral-free loans, she demanded granting Tk 2 lakh as collateral-free loans for small and micro businesses.

This was shared at an online discussion jointly organised by LankaBangla Finance and The Daily Star on August 24, 2020 supporting the SMEs to cope with the Covid-19 pandemic.

Businesses are recovering but the small and medium enterprises (SMEs) are being left behind.

Subsequently, easy and generous financing for them, particularly the micro, small and women entrepreneurs, has become urgent and imperative.

The SMEs contribute about one-fourth the country's gross domestic product and employ millions of people.

Still, a large number of the micro, cottage and small businesses have remained missing from formal financing and the government-announced Tk 20,000 crore stimulus package for the sector.

Planning Minister MA Mannan was present and he instantly agreed some of the recommendations of panelists.

Discussants said the pandemic induced a long shutdown, which was a catastrophe for the SMEs, especially micro and small businesses that mostly operate informally.

The SMEs suffered Tk 92,000 crore in losses during the shutdown, said Monzur Hossain, a senior research fellow of the Bangladesh Institute of Development Studies (BIDS).

They are yet to recover even though there are signs of a resumption of economic activities, he said, citing one of his latest studies on the impact of the pandemic on the SMEs.

A majority of the micro and small businesses do not have access to bank finance because they operate informally and cannot prepare documents in line with the requirements of formal financial institutions.

A certain portion of the stimulus can be delivered through microfinance institutions along with taking support from SME Foundation for the benefit of small businesses, Hossain added.

The SMEs are the engine of development and it is particularly true for a developing country since they provide diversity, employment and value addition, said Selim RF Hussain, managing director and chief executive officer of BRAC Bank.

## Private Sector Consultation on UN Bangladesh Socio-Economic Recovery Framework for Tackling COVID19(SERF)

On July 23, 2020, ILO Bangladesh as the chair of the UN Private Sector Working Group, jointly with UNDP convened a consultation discussion on SERF between the group members, employers organizations, and private sector actors on strategic actions and way forwards to promote socio economic recovery, and protecting and promoting employment and sustainable enterprises in safe and sustainable manner.

The meeting brought together UN Agencies that are working together on SERF, and esteemed private sector partners working with the UN in different capacities, Chairperson of BUILD Abul Kasem Khan attended the program as panelist and put forward opinion on the issues.

Bangladesh Socio-Economic Recovery Framework (SERF) for tackling COVID-19 is 12 to 18 month framework on priority areas where the whole UN System can support the Government, private sector, workers and civil society in managing and recovering from the COVID-19 crisis.

The SERF is focused on five key streams of work:

- i) Protecting existing health services and strengthening health systems;
- ii) Helping people through social protection;
- iii) Protecting jobs, supporting small and medium-sized enterprises and informal sector workers through economic recovery programmes;
- iv) Guiding the necessary surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses; and
- v) Promoting social cohesion and investing in community-led resilience and response systems.

Pillar 3 of SERF specifically focuses on addressing private sector COVID-19 challenges to build back better. At this stage a set of key issues and possible solutions have been identified by the UN based on available data, long lasting experience working with private sector partners, and ongoing collective efforts to respond to the emergency together.

## 7th Meeting of Bangladesh Government Tenderers' Forum

The 7th meeting of BGTF was held on July 4, 2020 via video conferencing platform Zoom where opening remarks was given by DG, CPTU Mohammad Soheler Rahman Chowdhury while the meeting was chaired by Md. AbdusSattar, Executive Engineer, Local Government and Engineering Department (LGED), and Convener, BGTF Convening Committee.

The main agenda of the meeting was to review and confirm the 6th meeting of the convening committee and review and finalize the Bangla Memorandum of Association(MoA) and rules of the BGTF. The main motive of establishing BGTF is to create a positive public procurement culture in the country.

CEO, BUILD as a member of the convening committee put forward her opinion on the MoA and the rules so that private sector engagement in the public procurement can be strengthened and ensured.

## BUILD Shared Recommendations with Industries Ministry for SME Policy 2019

BUILD CEO Ferdaus Ara Begum joined a virtual consultation meeting on SME Policy 2019 and made a presentation on SME Policy 2019-Reforms to Address COVID19 Situation putting shed on the current scenario of CMSMEs.

Ministry of Industries held the consultation meeting on 19th August, 2020 with Salahuddin Mahmud, Additional Secretary, MOI at the Chair. The meeting mostly followed up the recommendations of SME Policy 2019 workshop organized jointly by BUILD, MOI and PRISM on December 11, 2019 and provided some specific recommendations for approval of MOI.

While sharing recommendations for ensuring access of some 7.8 million SMEs in the country to finance, technology and market, BUILD CEO appreciated the role of MoI and formation of seven committees with specific Action Plan for full implementation of SME Policy 2019. Extensive monitoring for better implementation of eleven (11) specific strategies is required she added.

Further, the meeting reviewed the recommendations and discussed what more can be done to make the SME Policy 2019 effective and friendly to SMEs serving special interest of Cottage and Micro Enterprises. BUILD will present some of the filtered recommendations to the upcoming PSDPCC meeting especially that require inter-ministerial collaboration to implement, BUILD CEO added.

Ali Sabet, Team Leader, PRISM said that so many committees have been formed to implement the strategic goals yet there should be another committee to monitor the activities of these committees. As there is an SME cell in the MOI, this cell could be strengthened to oversee the activities.

Additional Secretary, MOI informed that MOI has already started implementing the strategic goals of SME Policy 2019 and we had two National SME Development Committee meetings where some important implementation decisions have been taken. His ministry disseminated all the recommendations with the concerned stakeholders of SME Policy implementation committee and asked for the implementation of the decision within a timeframe, he added further.

The SME Policy will be implemented from 2019 to June 2024. There are some 7.8 million micro, small and medium industrial entities in the SME sector and the sector's contribution to the GDP is 25%.

## SME Database Working Committee Meeting of MoI

The first meeting of SME Policy 2019 advocacy, research and database related working committee was held on July 14, 2020 via zoom. The meeting was chaired by Mr. Salahuddin Mahmud, Additional Secretary, Ministry of Industries (MoI). The objectives of the meeting were determining the scope of the working committee and collecting recommendations regarding developing a SME database. Representatives from BUILD, BSCIC, SMEF, BBS & BIDS participated in the meeting and gave their valuable insights. Ms. Ferdaus Ara Begum, CEO, BUILD stated that in the Economic review the real contribution of SMEs cannot be determined as contributions of Large & medium industries are displayed jointly. On the other hand contributions of small industries are shown separately. Due to this fact, it is difficult to make comparison of Bangladesh's SME scenario with other countries. On another note, a full committee was formed in the meeting to prepare a SME database and BUILD was included in the committee as a member. BBS will take the lead to complete the data collection where MoI will be playing the supervisory role. BUILD will provide required support to BBS and MOI in the area of background research and consultation.

## BUILD for Austrian FDI in Bangladesh

Austrian Investors can come up with foreign direct investment in Bangladesh to benefit from the business opportunity offered by the country, urged BUILD Chairperson Abul Kasem Khan as a panelist while he speaking as a panelist at a virtual Dialogue "Impact of COVID-19 in Bangladesh and Sri Lanka."



To attract Austrian investors to Bangladesh and Sri Lanka by boosting their confidence on the policy measures, economic outlook and favorable investment climate of these countries, Austrian Embassy Commercial Section, New Delhi in collaboration with BUILD held the virtual talk on July 30, 2020. Dr. Robert Luck, Austrian Trade Commissioner in New Delhi provided an economic overview of Bangladesh and Sri Lanka.

While making a presentation titled Briefing on Import Ban and Economic Outlook Bangladesh, the Chairperson said that the potential sectors where investment could be made include readymade garment, leather and footwear, shipbuilding, agro-processing, pharmaceuticals, medical equipment, automotive, electronics and technology-driven innovative businesses, he said.

During the presentation Abul Kasem Khan, Chairperson, BUILD informed that the government of Bangladesh did not impose any import ban from Bangladesh, the government announced Financial Stimulus Packages tops Tk 1.0 trillion to revive the economy as well as to ensure sustainability of continuing economic growth.

Thorsten Bargfrede Political, Trade and Communications Section of the EU Delegation in Sri Lanka in his presentation on 'Briefing on Import Ban and Economic Outlook Sri Lanka' and John Wilson, Director and European Chamber of Commerce Sri Lanka (ECCSL) Legal Advisor on his presentation on 'Briefing on Legal, Tax and Compliance Strategies Navigating the Corona Crisis in Sri Lanka' informed that Sri Lanka most of the policy decisions are in stagnant situation because of the upcoming General Election. The upcoming government will take the initiative for further advancement of the policies. Sri Lanka has imposed import ban and restriction on several items, he added.

Ferdaus Ara Begum, CEO, BUILD in her presentation on 'Briefing on Legal, Tax and Compliance Strategies Navigating the Corona Crisis' said that amid the COVID-19 the Government of Bangladesh has taken "Trade Supportive Measures" by providing Exemption of Duty and Tax on Import Items to boost Domestic Manufacturing Industries as well as Facilitate Foreign Investment in Bangladesh through issuing more than 20 SROs. Number of mega projects initiative are in progress to improve the logistics performance in Bangladesh that will make the 100 Economic Zones in Bangladesh as the most attractive FDI destinations.

In the closing remark, Dr. Luck thanked session speakers for providing clear ideas on the economic scenario of both the promising countries, incentives and initiatives of the government to attract FDI etc. that will encourage Austrian investors to consider Bangladesh and Sri Lanka as potential and promising FDI destination.

## Partner's Corner

### DCCI and BIDA Team up to ease Online Services

Bangladesh Investment Development Authority (BIDA) and Dhaka Chamber of Commerce & Industry (DCCI) signed a Memorandum of Understanding (MoU) on August 23, 2020 for integration of services with BIDA's One Stop Services (OSS).

The OSS is an online facilitation mechanism that aims to bring relevant agencies and stakeholders together, coordinated and streamlined, to provide efficient and transparent services to the investors.

Director General-5 (Joint Secretary) of BIDA Md. Wahidul Islam and Secretary General (Acting), DCCI AfsarulArifeen signed the document on behalf of their respective organisations. Secretary from the Prime Minister's Office Md. Tofazzel Hossain Miah was present on the occasion as the chief guest.

DCCI and BIDA also signed the MoU with the Ministry of Land, Department of Environment and RAJUK. 13 services will be provided online through these four organisations.

DCCI, according to the MoU, will provide two services which are issuing certificate of origin and membership certificate. In total 154 services through 35 organisations will be provided under the OSS. Meanwhile, using the OSS five companies got registration approval.

Secretary, PMO, Md. Tofazzel Hossain Miah also thanked DCCI for signing the MoU with BIDA as one of the largest voices of private sector in Bangladesh. He said for starting a business, license and certification are two important things and through the OSS these services will be available in a hassle-free manner.

During the function, BIDA Executive Chairman Md. Sirazul Islam thanked DCCI for being on board with BIDA's initiative as the forefront of Bangladesh's private sector. He also said that there are three components-like process, time and cost that are very important in ease of doing business index.

During the signing ceremony, DCCI President Shams Mahmud said it is a milestone and DCCI is honoured to be the first private sector organisation in Bangladesh to be associated with BIDA by signing this MoU. The OSS will open up a new window of opportunity to both local and foreign investors and the initiative will help improve Bangladesh's position in the Ease of Doing Business index, he said.

### Large SME Portfolio to Fend off Growing Unemployment Challenges- MCCI

Barrister Nihad Kabir, President, Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) said the country's economy needs a large SME portfolio to stave off the growing unemployment challenges, created due to Covid-19.

Addressing an event, arranged by the Institute of Chartered Secretaries of Bangladesh (ICSB) titled 'Finance Act 2020 and Its Impact on the Business' on July 11 on virtual platform, she said "We do not know which shape of economic recovery will happen in our country. Now our concern is large unemployment, created due to COVID effect especially overseas workers are coming back, so we need a large SME portfolio."

Employment has been the biggest economic casualty of the pandemic and it should be addressed with more urgency, entrepreneurs and experts said.

Covid-19 has eaten away the jobs of 16 million people in Bangladesh, according to a recent estimate by the Bangladesh Institute of Development Studies (BIDS).

"We need to especially think about the budget deficit and inflation rate rather than GDP growth."

She said 35 per cent value chain is interrupted due to the ongoing pandemic.

She emphasized on capacity building of NBR, research & study and impact assessment prior to any changes in the fiscal policy. She also mentioned that time has come to segregate policy formulation and revenue administration activity as there is a moral hazard and conflict of interest. She also discussed to increase the tax net rather than tax rate. She concluded by emphasizing the needs of proper and fundamental taxation regime in Bangladesh.

### CCCI held Discussion on Access to Finance for CMSMEs

Chittagong Chamber of Commerce & Industries (CCCI) in association with Bangladesh Center of Excellence (BCE)-an initiative of CCCI arranged a webinar on "Access to Finance for CMSMEs" under their Webinar Series 'Surviving the Pandemic' on July 09,2020.

At the beginning of the session, Mahbul Alam, President,CCCI hailed the Government of Bangladesh for announcing a stimulus package of BDT. 20,000 for CMSMEs in response to COVID-19 pandemic. He also urged that loans under this package should be provided to those entrepreneurs who not only are damaged but also has the potential to recover using this stimulus package loan and thus can make repayment of the loan.

Then, Mohammad Jahid Iqbal, Joint Director, Bangladesh Bank stated that the core purpose the package is to revive those CMSME sectors which are severely affected by the pandemic. It is also aimed to protect employment of CMSMEs. He added that to expedite the service, Bangladesh Bank has suggested the Private Banks to empower its branches to sanction and disburse small loan amounts as per their own organization's guideline. Bangladesh Bank has also instructed private banks to dedicate a desk for the stimulus package.

Syed Abdul Momen, Head of SME Banking, BRAC Bank said that there is a misconception about the stimulus package among some section of customers as they think this package as a government aid. This package is basically a loan package in substantially standardize interest rate. He opined that the total fund allocated for Trading sector can be increased as micro and cottage industries are mainly trading intensive industry.

Finally, to ensure the smooth flow of funding credit availing conditions can be relaxed for a definite period of time. Sadequl Arefeen, Managing Director, Spellbound Communication Ltd. suggested that a proper installment mechanism can be formed to support CMSMEs effectively. Bangladesh Bank should take initiative to implement transparency and accountability on loan disbursement under this package. After that

Md. Wasfi Tamim, CEO, Bangladesh Center of Excellence (BCE) informed that an initiative has been taken to establish an information help desk for CCCI members. He also proposed that Chambers & Associations can disseminate the right information and specially facilitate the members to understand and complete the necessary documentations such as Financial Statement, Records of purchase and sales along with vouchers, Audited Financial Report, updated license papers etc.

## BUILD Reforms

### Wet Blue leather Export is allowed by the Government

BUILD placed a recommendation on allowing of exporting wet blue leather through a study on “Raw Hide Price Fixation for Upcoming Eid-ul-Adha 2020”. This recommendation was also placed to Ministry of Commerce by BUILD in the meeting on Cash Subsidy on June 7, 2020 at the Ministry of Commerce.

The government has decided to allow traders to export rawhide and wet blue hide as part of efforts to keep supply and demand stable after cattle slaughtering during Eid-ul-Azha. The decision was announced on July 29, 2020 through Mass Notice no-39 of Office of Chief Controller of Imports and Exports in order to develop the leather sector.

In the last season of animal sacrificing, piles of thousands of rawhides were left to rot in the streets after the merchants declined to buy the rawhides from seasonal traders or offered meager prices following a dispute with the tanners over dues. It appears that relaxation of the export rules is required to keep the market stable. This approach is expected to avert an impending collapse of leather industry and to free the tannery owners from a hostage-like situation.

### Credit Guarantee Scheme is allowed for CMSMEs

Bangladesh Bank has introduced a Credit Guarantee Scheme (CGS) aimed at easing financing support for cottage, micro and small (CMS) enterprises through an SMESPD Circular no 3 issued on July 27, 2020. Initially, this scheme facilities will be applicable for Stimulus Packages of BDT 20000 crore as a form of collateral-free working capital loan for giving support to the CMSME sector.

BUILD raised this issue of introducing a credit guarantee scheme for the CMSMEs in several platforms and also in a virtual dialogue named ‘Access to Stimulus Package for COVID-19 Affected CMSMEs in Bangladesh’ held on 20th May, 2020.

The CGS will help expedite the implementation of the government-announced BDT 20000 crore working capital loans for the CMSME. CGS will be used in replacement of collateral issues that CMS is facing for quite long. This initiative will ensure more competitiveness of the CMS enterprises in terms of access to finance and as a result, these COVID-19 affected enterprises will become more vibrant.

## BUILD Scope

### Stimulus Packages for Large & CMSMEs- Reforms for Better Utilization for Recovery from COVID-19

BUILD is currently conducting a study on ‘Stimulus Packages for Large & CMSMEs- Reforms for Better Utilization for Recovery from COVID-19’ to be presented in the upcoming 14th Private Sector Development Policy Coordination Committee (PSDPCC) meeting.

The objectives of this study are to assess the policies and conditionalities of getting funds for Large & Service Industries and CMSME and their impact, to analyze the constraints of Utilization of Stimulus Package announced by the Government and to recommend some reforms so that utilization of the funds can be increased.

This study will highlight the major differences between the two major stimulus packages for working capital for the large industries and CMSMEs. The study will highlight how the stimulus packages can be more utilized and how procedural issues can be simplified for the private sector to avail the government announced stimulus packages to combat the inauspicious impact of COVID-19.

## SME Policy 2019-Reforms to Address COVID19 Situation

BUILD is currently conducting a study on ‘SME Policy 2019-Reforms to Address COVID19 Situation’ to be presented in the upcoming 14th Private Sector Development Policy Coordination Committee (PSDPCC) meeting.

An international comparative scenario regarding the definition and policies regarding SMEs will be conducted throughout this study. The major problems faced by SME entrepreneurs such as definitional issue, access to finance, lack of capacity building and training, informal business in micro and cottage industry, lack of marketing strategy and less participation in global market, unavailability of data etc. will be highlighted in this study.

This study will analyze the SME policy 2019 and special treatment for micro and cottage would be helpful. To review the SME policy 2019 as well as other policies and act which are relevant to SME, To identify the existing constraints and challenges of Cottage, Micro, Small and Medium industries of Bangladesh and to prescribe some policy reforms which would ensure the sustainable growth of Cottage, Micro and SMEs are the major objectives of this study.

### Issue Brief on Bond

BUILD is currently conducting a research to prepare a policy brief on bond issue. Recently issued government Order no. 52/2020 on 17 June, 2020, has created some problems for the private sector.

According to this order, private sector will get 20% added entitlement for raw materials provided they show the previous year's entitlement document. Because of COVID19 situation and continuation change of global demand for new designs, production line has been facing changes, so this has created a problem.

Again, for the new product of the existing entrepreneur, they are unable to show the preceding entitlement, this is why they are not getting any new entitlement.

For compliant industries annual entitlement can be given 60-80% on the basis of the production capacity of the machineries. But there no mention of certain criterion of compliant industries.

The policy brief will address these issues and place some policy recommendations.

### SME Sector Impact Assessment due to COVID-19 Pandemic

The MSMSE sector plays a critical role and contributes significantly to the economic development of the country, because of the current pandemic, the sector is badly affected. There are clear indications that the resulting economic devastation might even bring greater havoc to the MSMEs in the near future.

To identify what has been impacting Small and medium-sized enterprises to survive the effects of COVID-19 and to determine what needs to be the policy responses from the Government, BUILD and Policy Exchange on behalf of the Resurgent Bangladesh initiative for private sector recovery from the impact of COVID-19 pandemic has undertaken a survey on the impact assessment on CSMES due to COVID 19 pandemic.

## BUILD's Articles in National Dailies

Data-based exit strategy a must

[https://today.thefinancialexpress.com.bd/first-page/data-based-exit-strategy-a-must-1593541502?fbclid=IwAR1Wku4fS7YzamBjAaAnbQhhPrB8wF6\\_zwgjvtP27mVa2xKjKmYlvTqpAo](https://today.thefinancialexpress.com.bd/first-page/data-based-exit-strategy-a-must-1593541502?fbclid=IwAR1Wku4fS7YzamBjAaAnbQhhPrB8wF6_zwgjvtP27mVa2xKjKmYlvTqpAo)

Jute sector can generate more employment if government provides policy support

<https://www.dhakatribune.com/business/2020/07/12/jute-sector-can-generate-more-employment-if-government-provides-policy-support?fbclid=IwAR0sfCXd8RinvGeAwuTJpC-ja6EMlhpVJh1L7xCh4WcRwyttNfqaD2VUZ84>

## New Projects of BUILD

### BUILD and ITC has joined hands to implement a project to Support for Inclusive Policy Reform in Bangladesh

BUILD and the International Trade Centre's SheTrades Initiative have been collaborating to promote inclusive policy reform since 2019.

### Economic Stimulus Package for MSMEs

Recognizing the significant impacts of COVID-19 on MSMEs, and women-owned MSMEs in particular, The Government of People's Republic of Bangladesh has announced 20000cr tk Stimulus Packages to help, save and restart MSMEs.

ITC and BUILD will collaborate on creating recommendations for government to create special provisions for disbursement of the fund to include women-owned businesses as well as other stakeholders on the implementation.

### Public Procurement

On the topic of public procurement, BUILD and ITC hosted two dialogues to gather inputs from stakeholders and agree on recommendations, including measures and policy interventions, for CPTU, women's chambers, and Ministries to consider. These include collecting better gender-disaggregated data on tenders, building capacity of women to better meet tender requirements, and reforming institutional policy to better support the participation of women in procurement opportunities, among others.

A step-by-step guide has been developed to help make public procurement work for women. The assessment tools included in the guide are being carried out in several countries, including The Gambia, Nigeria, and Uganda. ITC and BUILD will work together to gather inputs from key stakeholders and for a roadmap for Bangladesh using ITC's methodology.

### Sustainability in the Textile and Leather Sector in Bangladesh

BUILD in cooperation with Pricewaterhouse Coopers Private Limited(PwCPL), India, BluWin Limited, United Kingdom, Eurofins BLC Leather Technology Centre Limited(ERF BLC) and Bangladesh Environmental Lawyer's Association (BELA) is going to initiate a project to support private sector for maintaining sustainability in the leather and textile sector.

## 20th Trustee Board Meeting of BUILD Held

The 20th meeting of the Board of Trustees of BUILD was held virtually on July 26, 2020 and it was chaired by Abul Kasem Khan, Chairperson of BUILD.

Thanking all the Board Members for joining the meeting, BUILD Chairperson expressed deep appreciation to the past Chairpersons for their efforts and dedication to BUILD

He warmly welcome the new Board Members from MCCI and CCCI to the Board.

The Chairperson then shared some highlights and his unfolding vision on strengthening partnerships, and looked ahead to key events and priorities in 2020.

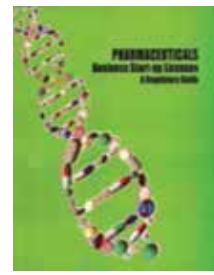
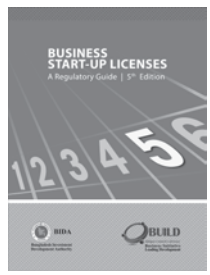
The Board expressed deep sorrow and grief at the unfortunate passing away of Latifur Rahman, Chairman, Transcom Group, Vice President ICC Bangladesh and former President, MCCI, Dr. Jamilur Reza Choudhury, former advisor to the Caretaker Government and Vice Chancellor of the Asia Pacific University of Dhaka, Niloufer Manzur, renowned educationist and founder Principal of Sunbeams School, Dhaka, Abdul Monem, Chairman of Abdul Monem Ltd, renowned industrialist. BUILD acknowledges their sincere contribution to the nation which will always be remembered with great admiration and gratitude.

The Board formally approved the meeting minutes of the last Board Meeting and discussed all administrative aspects and ongoing projects with focus on strengthening partnership with public and private sector stakeholders for private sector development agenda of the country.

The meeting was attended by Shams Mahmud, Trustee and President, DCCI, Nihad Kabir, President, MCCI, Mahbulul Alam, President, CCCI, Asif Ibrahim, Trustee Board Member, Syed Mohammad Tanvir, Trustee Board Member, Farooq Ahmed, Secretary General, MCCI, Md AfsarulArifeen, Acting Secretary General, DCCI and Engr. Mohd. Farque, Member, Trustee Board & Acting Secretary, CCCI.

## Publications

BUILD is going to publish the 6<sup>th</sup> Edition of Business Licensing Guide Book with 350 licenses and renewals.



### Sponsor Partners



### Our Partners



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