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Press Release

Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**A Well-Designed and Tailored COVID Stimulus Package for Inclusive Economic Recovery Proposed at BUILD Webinar**

Business Inititative Leading Development (BUILD) conducted a study on COVID Stimulus and Links to Employment, Consumption, and Investment: The Bangladesh Experience, Global Lessons, and Priorities for Next Round Support that aims toassess the effect on Bangladesh economy in the immediate aftermath of COVID-19, understand the stimulus and its key features, understanding the economic recovery post-covid stimulus, focusing on consumer demand, employment and private investments, comparative analysis of measures taken in select countries, derive key-takeaways and key recommendations for a quick and inclusive turnaround of the economy.

Conducted a rapid survey ( Feb, 2021), which was a part of the study also found that the sales SME firms have been negatively impacted due to the pandemic and a number of firms reported a depressed demand currently compared to the pre-COVID scenario, which indicates consumption and demand has not recovered fully.

These major findings were revealed at the webinar titled COVID Stimulus and Links to Employment, Consumption, and Investment: The Bangladesh Experience, Global Lessons, and Priorities for Next Round Support on Thursday, 24 June 24, 2021. The event was organized virtually by BUILD as part of supporting the Government for redesigning a second-round stimulus package for inclusive economic recovery.

Having joined the webinar as the Chief Guest, M A Mannan, Minister for Planning said that the country’s economy has been growing gradually because of millions of small drops of investment. Referring to the recent UNCTAD report of 2021, he said, the government is always welcoming greenfield FDI in Bangladesh considering quality of investment. Responding to the points raised by the discussants, he said the National Budget for FY 2021-22 has focused on the continued economic recovery amid the pandemic. The government will consider the demand of the bottom line of the society if a second stimulus package is formulated where importance will be given to activate more SME supportive organization. Best practices from different developed countries should be considered to make the overall economic ecosystem of Bangladesh vibrant. He also appreciated the role of central bank’s role in disbursing stimulus package of the CMSME.

During the welcome note, Abul Kasem Khan, Chairperson, BUILD said that the initiative and leadership of our Honorable Prime Minister to combat the COVID-19 gave confidence to the economy. Unemployment, demand generation, and savings need to be addressed to make the initiative more fruitful.

Md Jashim Uddin Ahmed, President, FBCCI said that in the national budget of FY 2021-22, the government addressed private investment, SME, agriculture, health, education, employment, social safety net, integrated logistics system, etc. as the equipment of the economic recovery plan. He cordially appreciated the government for coming up with some simplified reforms on tax and VAT issues to assist the private sector amid the pandemic.

Tuomo Poutiainen, Director, International Labour Organization said that social inclusive measures like assisting youth, real unemployed, vaccination program, access to education, mental health etc. need to be addressed and linked to the stimulus package. To ensure continuity of the growth of investment, productive employment, the social safety net program, etc., the upcoming stimulus package should be focused on inclusive areas. He praised the government to address almost all the macro and macroeconomic issues with the context of the pandemic in the 8th Five Years Plan. To attract FDI in Economic Zones, the skill ecosystem needs to be upgraded to provide a technically and technologically sound workforce.

Dr. M. Masrur Reaz, Chairman, Policy Exchange made the keynote presentation and highlighted that the design of the government announced stimulus packages is not adequately inclusive because of a lack of consideration of the challenges and needs of small entrepreneurs. He added that the working capital support and the overall design of the packages lacked incentives for employers to sustain employment. Sharing some examples of stimulus packages in different countries such as Germany, India, China, Vietnam, and the USA, he proposed several short and long-term recommendations for a robust next round of support.

Nihad Kabir, President, Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) moderated the panel discussion and open floor session. She said while summing up the panel discussion that the informal economy does not receive the expected benefit from the announced FSP. She focused on the upgradation and modernization of the education system of Bangladesh.

Mahbubul Alam, President, Chittagong Chamber of Commerce and Industry (CCCI) desired results are not achieved through the first announced FSP. Private investment and demand are decreasing, on the other hand unemployment rate is increasing. The government has taken mega projects to reach the logistics sector to a global height.

Prof. Dr. Mustafizur Rahman, Distinguished Fellow, CPD said that employment generation should get proper focus on FSP. FDI has been reduced amid the COVID-19 at an alarming rate. He referred targeted FDI of 7th FYP was $33 billion of which only $11billion has been achieved. He recommended for segmented stimulus considering the 60.5million labour force of which 4.4% are employees, 44% are self employed, 11.55% are family helpers and 15.5% labors. The involvement of NGOs, Associations in the disbursement process of FSP will make the better SME environment.

Rizwan Rahman, President, Dhaka Chamber of Commerce and Industry (DCCI) said that COVID-19 hits the GDP growth, employment generation, SME sector, consumers demand, retail & tourism sectors as well as other economic indicators are facing slow momentum. The cash flow system needs to be taken into account. Terms and conditions for the informal sector to avail FSP need to be simplified. Moreover, the initiative to formulate SME database will identify the true beneficiaries.

Dr. Md. Masudur Rahman, Chairperson of SME Foundation thanked BUILD for coming up with suggestions for the development of the SME Sector. The government has announced two FSP for SMEs but the disbursement process from the end of the commercial bank is not adequate. As most of the SMEs are from an informal sector that makes them unable to be bankable.

Asif Ibrahim, Chairman, Chittagong Stock Exchange and founder chairperson of BUILD focused on taking learning from the first FSP to make the second more effective. Health, education, rural economy should get the highest priority while designing the second stimulus package. Constraints faced by SMEs to avail stimulus package needs to be addressed in an innovative and simplified manner.

Jamal Uddin, General Manager, Bangladesh Bank informed that about 73% of CMSME stimulus has been disbursed benefited about one lac entrepreneurs of which about 5.58% are women entrepreneur. While 98% of announced FSP for Large scale entrepreneurs. In case of agriculture about 80% has been disbursed benefited about 1.7 lac people.

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BUILD CEO Ferdaus Ara Begum told that a redesigned second round of stimulus would be helpful for the private sector and will support the CMSME in particular.

Sincerely

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