



EDITORIAL

MPS could focus more on private investment-friendly policies

Bangladesh Bank unveiled its annual Monetary Policy Statement (MPS) for the fiscal year 2022-23 on 30 June 2022. The central bank declared its MPS for a fiscal year for the first time. Previously, it was for six months. This new monetary policy has come when the global economy is on the verge of a recession. COVID-19 fallout and domino effects of the Russia-Ukraine war have created overwhelming pressure on the global economy and hence on Bangladesh's economy. Bangladesh is seeing a high inflation rate and price hikes for essential goods.

The country's current account deficit has increased from USD 1.7 billion (0.4% of GDP) to USD 15.3 billion this year (3.3% of GDP). Balance of Payment (BoP) was a USD 7.5 billion surplus, which is now in a deficit of USD 3.7 billion. The inflation rate has increased from 6.29 per cent in April to 7.42 per cent in May this year. In May 2021, the inflation rate was 5.26 per cent. It can be assumed that the inflation rate will remain high for the next couple of months.

Foreign Exchange Reserve is under high pressure because of the continuous increase in imports. Remittance inflow has decreased from USD 46.4 billion in the previous fiscal year to USD 41.8 billion this year and gradually reducing. Inflation in the source countries will consume a

significant part of the incomes of our remitters. Many expatriates have recently been forced to return to their home country because of the COVID-19 pandemic.

This year, the Central Bank has adopted a contractionary monetary policy, in contrast to the previous year's expansionary policy, which was implemented in response to the persistent pressures of both recession and inflation. The cap on the growth of broad money is now set at 12.1% for the fiscal year 2022-2023, which is a decrease from the previous fiscal year's 15.1%. The MPS has established a new policy rate of 5.50 per cent in order to curb inflation by restricting the flow of money. We are of the opinion that this will make commercial banks face a higher risk when it comes to lending money. There is a limit on the amount banks may charge in interest; this will put them in precarious positions.

We are in agreement that a monetary policy that is overly lax will increase the danger of prices rising, which will lead to inflation. Expanding the policy rate might perhaps assist bring the inflation rate down. On the other hand, rising interest rates would have the effect of further stifling credit growth and reducing investment in the private sector. Due to the strong relationship between the lending rate and the repo rate, a rise in the latter has to be accompanied by a corresponding improvement in the former.

To minimise the import and save the foreign exchange reserve, BB declared to introduce a new refinance Line of Credit (LC). It is reported that LC margin will be increased for luxury goods, canned and processed foods, non-cereal foods, and fruits to restrict their imports. Increasing the LC margin might put small business owners in peril. Regulatory duties have risen for several items, resulting in larger LC margins and a high dollar price effect. These policies disproportionately affect SMEs. It is a commendable move to discourage the import of expensive items. But it is needed to be clear which goods are luxury goods and which are not. Same goods can be essential and luxurious for different persons from different

perspectives. NBR circular also has not clarified this issue.

Since 2020, the investment situation in Bangladesh has been deteriorating. In the 8th Five Year Plan, the investment-to-GDP ratio target was set at 37 per cent. In 2019, the investment-to-GDP ratio was 32.21 per cent, which decreased to 31.31 per cent in 2020 and 31.02 per cent in 2021. In 2022, though the investment-to-GDP ratio increased to 31.38 per cent, it still remains under the 2019 level. Public investment grew at 7.6 per cent in 2022, while private investment growth was 7.2 per cent. Increasing investment growth plays a vital role in achieving the employment target of the country. But, we cannot see anything to be hopeful about attracting private investment in the recently announced MPS. Instead, we can see that private sector credit growth has been set at 14.1 per cent this year, which was 14.8 in the outgoing fiscal year.

As a result of the Russia-Ukraine conflict, the energy supply is severely disrupted, and the administration is contemplating a range of policy steps to alleviate the economic difficulties. The government is reviewing office hours, load-shedding, working from home, etc., and if opting for a coal-based power plant was correct.

We know very well that ongoing global and domestic pressures did not allow the central bank to think very much about the private sector. But it could be good if the MPS was announced for six months like the previous years. Also, it could be a three-month MPS following the example of other countries so that it can be changed with the positive changes in global and domestic economic conditions. A short-term MPS could make the private sector more optimistic. They could realise that the tight initiatives and contractionary policies have been taken for the time being. The probability of increasing the money flow and credit flow at any time could make the private sector investors more optimistic. ■

Ferdaus Ara Begum
CEO, BUILD



National Logistics Development Framework Policy presented at the Prime Minister's Office

BUILD team met Md. Tofazzel Hossain Miah, Senior Secretary of the Prime Minister's Office, at his office on 2 June 2022, while Ferdaus Ara Begum, CEO, BUILD, presented the draft of the National Logistics Development Policy. More specifically, the presentation addressed the comments and outcomes of the meeting held on 24 February 2022 at PMO on the same issue.

Senior Secretary pointed to rescheduling the proposed National Committee for Logistics Development. Besides, he mentioned that the Ministry of Industries would be the parent ministry in implementing National Logistics Development Policy. He appreciated BUILD for coming up with the framework policy and expected that this would provide further data-driven assistance to the Ministry of Industries.

World Bank official Nusrat Nahid Babi proposed organising a two-day long global good practices workshop on the logistics sector in Bangladesh, guiding the formulation of the proposed National Logistics Development Policy. The workshop's objective will be to organise a two-day workshop on good global practices in the logistics sector to help guide the formulation of the proposed National Logistics Policy and downstream sub-sectoral strategies.

Senior Secretary of PMO highly appreciated the upcoming initiative and suggested a day-long workshop before organising the two-day events to ensure awareness and outreach on logistics issues among the relevant stakeholders.

Abul Kasem Khan, Co-chair of LIDWC and former Chairperson of BUILD, mentioned that a holistic activity approach should be taken to make the proposed policy and upcoming workshops as informative and fruitful as possible. In that respect, harmonised coordination among PMO, BUILD, World Bank, etc., would be ensured.

It was decided in the meeting that the framework policy will be presented at the upcoming 3rd meeting of LIDWC at PMO. Nafiul Hasan, Director General-I, PMO,

and Mohammad Lutfullah, Senior Private Sector Specialist at IFC, put their valuable remarks in the meeting and wished to extend the required support. ■



Dissemination seminar on policy recommendations to make trading across border easier for women-owned businesses

To make trading across borders easier for women-owned businesses, Business Initiative Leading Development (BUILD), in collaboration with IFC Bangladesh, organised a seminar titled "Dissemination Seminar on Policy Recommendations to Make Trading Across Border Easier for Women-Owned Businesses" on 6 June 2022 at InterContinental Dhaka.

While overall trading across borders has remained challenging in Bangladesh, women-owned businesses face even more difficulties than their male counterparts. This is primarily due to their lack of knowledge about policies and procedures for export and import, limited ICT orientation and exposure to service providers.

To address this, BUILD and International Finance Corporation South Asia, under the Bangladesh Investment Climate Fund (BICF) project supported by the UK Government's Foreign, Commonwealth & Development Office (FCDO), had previously organised 14 virtual orientation and awareness workshops for women-owned businesses on trade procedures from different divisions and districts of Bangladesh.

The training was given to women entrepreneurs on general business procedures, trade-related online and manual services provided by the government, rules and regulations for operating formal businesses in Bangladesh, and government-announced policy benefits, especially for women entrepreneurs. Through these workshops, the project has reached approximately 27,000 women entrepreneurs, government representatives, start-ups and other stakeholders. During these workshops, the participants shared the major challenges and issues they faced by them. Following

this, a report was prepared with policy recommendations to address these challenges which were disseminated during the event.

Major challenges shared by women-owned businesses during the workshops included business formalisation (traditional and e-commerce), cumbersome trade licensing processes and high renewal fees, getting collateral-free loans and loans from stimulus packages from banks and financial institutions, lack of knowledge on effective marketing and branding, and inability to revive from the direct impacts of COVID-19 fully and to access government announced incentives.

Other issues raised by women-owned businesses included having inadequate distribution channels, lack of a coordinated platform for trade facilitation, lack of knowledge regarding TIN/VAT registration and return submission, lack of demand-based training facilities like training for marketing on digital media, absence of a regional cargo flight facility, lack of knowledge regarding IRC and ERC online applications, problems in applying for a trade licence in case of online-based business and limited information regarding the annual trade fair. High registration fees, poor buyer-seller linkage within and beyond the country, raw material availability, and branding of non-traditional products produced by women-owned businesses were also identified as challenges.

Sharifa Khan, Member (Secretary), Planning Commission, was present at the workshop as Chief Guest. Md Zaker Hossain, Director (SMESPD), Bangladesh Bank; Dr Nadia Binte Amin, Director, FBCCI; Barrister Sherin Salam Oishee, Director, BGMEA; Sharnalata Roy, President, Sylhet Women Chamber of Commerce and Industry; Kumkum Sultana, Director, Export Promotion Bureau; Momotaj Begum, Senior Assistant Secretary, LGD, GoB and Waresa Khanam Prity, President, Her E-trade; spoke at the event as the panellists.

Nusrat Nahid Babi, Task Team Leader for Trade Competitiveness for Export Diversification project, IFC; Mashfique Ibne Akbar, Private Sector Development Adviser, FCDO; and Ferdaus Ara Begum, CEO, BUILD also spoke at the event, among others. ■

BUILD's Comments on Budget for FY 2022-23

The size of the budget for FY 2022-23 was BDT 6.78 trillion, aligned with the 8th FYP budget projection priorities, which are to contain inflation, ensure food security, human resource development, boost domestic investment, export and promote export diversification, job creation and tackling climate change effects. Finance Act was announced on 30 June 2022,

bringing in some changes responding to the request of the private sector. Some of these are:

- ▶ CIT has been reduced to 2.5%, while the company can now transact Tk 36 lac as Cash which was Tk 12 lacs in the draft ;
- ▶ Contribution to WPPF by the companies would be treated as Admissible expenses
- ▶ Provision for penalty and investigation regarding offshore asset transfer was inserted (19G)
- ▶ Two new provisions for a penalty on failure to submit proof of submission were included (184 A; sub-sec 8 and 9)
- ▶ A new provision for appeal within three months in case of customs was included in law (196A) etc.

BUILD placed Budget proposals and initial reactions after the budget announcement and also sent some proposals to NBR after analysing the budget for acceptance. A simple analysis based on the information available in the Finance Act 2022 is given below.

In the Finance Act, in the case of income tax, some definitions were included, such as export, research and development and supply of goods etc. definition of deemed export has been included; however, supply of services was not included, which needs to be specified as the share of service has been around 55% of GDP.

CIT has been reduced to 27.5% from 30.0% for non-listed Companies and from 22.5% to 20% for listed companies with some conditions. In the previous budget, there was a CIT reduction also. However, because of non-refundable tax at source or Advance Income Tax (AIT), the ultimate tax burden increased. The spirit of income tax is that any tax deducted at source must be adjustable at the end of the income year, but Income Tax ordinance 1984; Section 82-C, known as provision for minimum tax hampering the TDS adjustment, in the year 2020-21, about 62% of income tax collected under the regime of TDS.

The number of listed companies is 384 and would enjoy 20% CIT by following conditionalities. On the other hand, 272598 registered companies will pay 27.5% CIT. The benefits of reduction of the corporate tax rate will not provide any benefit to the corporate unless income tax collected at the source remains non-refundable.

In a calculation, BUILD found that a listed company would be paying 55% income tax as final tax incidence even after a reduction of CIT. Previously, the tax incidence was 58% which is nearly double that of declared CIT.

The tax-free income limit has remained unchanged at BT 3 lakh for the last few years, which means a person's monthly

income of BDT 25,000 in the fiscal year 2022-23, s/he has to pay income tax. Considering the price hikes of commodities and other utilities, the government could consider raising the tax-free income limit to BDT 4 lakh. This increase could at least protect the buying capacity of the low-income group to some extent from spiralling inflation, preventing erosion of their living standard.

A new provision for legalising undisclosed offshore assets was inserted where a flat 7% tax has been declared. The requirement for bringing back the asset as an investment (19AAAAA) and undisclosed property (19AAAA) has been dropped in the Finance Act, which gives a mixed and misleading signal to the compliant taxpayers. Previously 15%, 10% and 7% tax were applicable for different categories of undisclosed income and assets.

The investigation for penalties related to the undisclosed asset has been mentioned in section: 19 G (new inclusion) of ITO 1984, which is an ingenious explanation of the law.

Perquisites limit for employees has been increased to ten lakh from 5.5 lakh, which covers casual benefits of salary or wages of an organisation. This is a good initiative of the government, and the admissible income calculation would be more straightforward due to this change.

Finance Act 2022 included a new provision (117 A) for TDS collection, increasing the discretionary power of tax collecting authority. It has also increased penalties like cutting utility connections for some noncompliance issues. This provision was added to income tax law which needs to be revisited.

The VAT rate on retail and wholesale (Trading Stage) has been reduced to 1.5 per cent from the current 5 per cent, which would lower the pressure of tax burden on downstream value chain wholesalers and retailers (nearly 55 lakh) across the country who are suffering or evading VAT due to high TTI of VAT. But how it would be accommodated in the VAT credit mechanism is not clear to the taxpayers.

The direction for VAT exemption provided by GO-17 is still the same pace; through this policy, VAT registration will be required irrespective of yearly turnover. It will not let the relatively small enterprises enjoy the announced VAT exemption benefits.

New 34 items have been brought under SD imposition with the existing 1274 items, as Bangladesh is going to graduate economically from 2026. This type of protection is contradictory to the commitment in the WTO-TFA agreement. In this regard, the auxiliary duty protections at the import stage need to be reduced gradually.

There is no direction in the budget to synchronise electronically VAT modules, especially VAT return, VAT payment, VAT Chalan, VDS and CPC (Central Processing Center), for simplifying the VAT system through automation.

The budget has announced that the new Customs Act 2021 is now at the vetting stage and will be placed in Parliament soon for a final nod. The latest customs act needs to be finalised and come into effect by this time, where the trade facilitation issues and provision for Customs automation will be included with consultation with concerned stakeholders.

Withdrawal of 5% SD from all types of polythene bags and single-use plastic bags are contradictory to the NDCs declared by Bangladesh.

NBR issued an SRO discouraging import of luxury items on 24 May 2022 and taken a step to reduce import through imposing Regulatory Duty on some selected items like Cut flowers, fly ash, and Furniture that has an infinitesimal effect on import. A task force needs to be formed to impose import duty measures on luxury and less important products taking care of the stake of local industries and reducing import payment.

According to the budget announcement, a national single window (NSW), automation of Bond management, introduction of Authorised Economic Operator (AEO), and establishment of Customs Risk Management Commission are underway to simplify the customs clearance process and facilitate import and export trade.

Customs Bond management issues are one of the concerns of the private sector; a new provision for bond management electronically was included in Customs Act 196 in a view to carrying on the activities BWH digitally, but no digital tools have been developed or suggested for the bond users for this purpose.

A new provision for exchanging information has been inserted in the law. Customs data exchange between customs internally and to the international counterpart should follow international benchmarking data sharing and protecting protocol like GDPR.

The budget has proposed not to continue import duty exemption on PPE and related products (The SRO-109/AIN/2021/122/ customs), which will discourage the entrepreneurs who have planned for export diversification through producing MPPE for the country.

There are 98 heads of penalty in Customs Act 1969 where 52 provisions were under penalty amounting to BDT 50 thousand. Among them, a penalty for 25 heads has been increased to BDT 2 lakh, which

would give more room for the customs authority to exercise discretionary power. The budget proposed (261r) that as per the guidelines of the World Customs Organizations (WCO), HS codes of some goods of the First Schedule will be amended. BUILD requests that government formulate a committee immediately to ensure the private sector is not impacted.

Graduation challenges are explained in the budget, and some steps have been announced, such as; the formation of a high-powered committee and sub-committees, bilateral trade agreements, free trade agreements and preferential trade agreements. However, Bangladesh has so far announced only PTA with Bhutan. BUILD thinks that Bangladesh should explore PTA/FTA/EPA with China, Japan, Sri Lanka and others.

Stamp duty will be five times higher in 2022-23. Therefore, the price of various services will increase by 50 to 500%, including the memorandum of article or association, deed of agreement, affidavits, bill of lading, certificate of sale, deed of lease, customs bond donation, letter of allotment of share, letter of credit, mortgage, partnership agreement, etc. It would raise the cost of many services, making conducting business expensive.

The government has recently introduced the Unique Business ID (UBID) for Digital Commerce, issued by the Registrar of Joint Stock of Companies (RJSC) to e-commerce entities to restore public confidence in e-commerce sites and protect consumers' interests. It is not clear in the clause whether UBID will act as a substitute for a trade licence for e-commerce entrepreneurs. It is not even clarified either that DBID-certified entrepreneurs will be eligible for bank loans as well.

Due to governance, policy improvements to simplify compliance do not have the desired effect. Digitisation does not favour manual involvement, termed "Manual Automation". The total governance should be automated to realise the benefits of government fiscal improvements. ■

BUILD seminar on capacity building of women tenderers

A seminar titled "Public Procurement and the e-GP system" was held on 26 May 2022 to make aware the details of tender participation procedures for women entrepreneurs and how to be a successful tenderer with an intention to increase participation of women-owned businesses (WoB) in public procurement. Government procures a huge amount of goods, works, and services every year through public tenders, but participation in WoB in that respect is very insignificant.

A presentation on public procurement and

e-GP system issues was made by Md. Faruque Hossain, Former Secretary and Procurement Policy Consultant, World Bank. He majorly covered public procurement procedures, e-GP system, tenderer criteria, tender security and validity, tender submission, brief on standard document requirements, responsive document preparation etc. In Bangladesh, about 45% of the budget is spent on public procurement, and the participation of MSMEs is very insignificant. BUILD is working closely with CPTU to bring in some reforms in the Public Procurement Act and Rules so that the participation of women entrepreneurs increases in future. It is worth mentioning that the Ministry of Industries is going to enact a Subcontracting Act 2022, which will ensure open tender and an earmarked amount from the CMSME.

Ferdaus Ara Begum, CEO of BUILD, moderated the session and informed the audience that in some countries, they simplified PPR policies to increase WE participation. Citing an example of Chile, she mentioned that women's participation had increased by 36.5% with the simplification of policies. She added that WoB could be hired directly for procurement under USD 600. A similar threshold can also be announced in Bangladesh, she added. Referring to SDG5, she mentioned that we need to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and empowerment of all women and girls at all levels.

In total, 54 participants attended the seminar, including representatives from concerned government officials such as MOI, MOWCA, CPTU, etc., along with women tenderers and representatives from regional women's chambers. ■



Chief representative of JICA Bangladesh paid a visit to BUILD

The chief representative of JICA Bangladesh, Hayakawa Yuho, paid a courtesy visit to the BUILD office on 30 May 2021. The CEO of BUILD, Ferdaus Ara Begum, provided a rundown on how two organisations might begin working together on projects and explore opportunities with the private sector.

Yuho informed that a new phase of the JICA technical cooperation project will be implemented to support BEZA, which will assist the development of BEZA and further development of OSS (One Stop Services) for specific Special Economic Zones (SEZs).

Chief representative of JICA Bangladesh pointed out the huge potential of the Bangladesh market and assured the audience that JICA would provide all the necessary support for the development. Further, he expressed a keen interest in receiving support from BUILD to connect with the private sector of the country in order to understand the pulse of the private sector.

BUILD and JICA will collaborate in the coming days, and the meeting will highlight investment and the overall business climates of the country.

Seto Shoha, Representative MIDI Economic Zone Development, Port and Private Sector Development; Asif Hasan, Program Officer, JICA; Syed Azim, Consultant, BUILD; Saquib Quereshi, technical expert; and BUILD team members attended the meeting. ■



BUILD and JETRO for signing FTA

Yuji Ando, Country Representative, JETRO Dhaka, called on BUILD CEO Ferdaus Ara Begum at BUILD to discuss joint collaborative activities and explore opportunities with the private sector and BUILD.

BUILD and JETRO will make a joint seminar in August to share the findings of the survey titled "2021 JETRO Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania) with a Focus on Bangladesh". The significant tax and investment obstacles that Japanese companies encountered in Bangladesh were a primary topic of discussion at the meeting, among other topics. In the coming days, both BUILD and JETRO will be concentrating their efforts on facilitating the signing of agreements between Bangladesh and Japan. BUILD Consultant Azim Syed was among those present during the meeting. ■

Seminar on new policies/procedures to enhance cross-border business and Bangladesh Trade Portal overview

A virtual awareness workshop titled “New Policies/Procedures to Increase Trading Across Borders; Brief Overview and Demonstration of Bangladesh Trade Portal” was organised by BUILD on 29 May 2022 at 11 am. The workshop was held under the ‘Support to Organise Stakeholder Outreach and Consultation Programs (SOSOCIP)’ Project supported by International Finance Corporation (IFC), World Bank Group.

Ferdous Ara Begum, CEO, BUILD, welcomed and thanked all for joining the outreach workshop on behalf of BUILD, Bangladesh Regional Connectivity Project (BRCP) of the Ministry of Commerce, IFC, World Bank. She mentioned that as an upshot of various steps taken by the government for ease of trading across borders, small and marginal entrepreneurs are getting various government facilities from home at affordable prices. Considering the issue that updated information is a number one requirement for a business, the National Trade Portal of Bangladesh, administered by the Ministry of Commerce, has been established to serve the purpose.

She informed the audience that the Bangladesh Regional Connectivity Project (BRCP), initiated by the Ministry of Commerce, is working to bring dynamism to the trade portal to meet the required need of business.

Md. Makshudul A. M. Mondal, Focal Person Coordinator, Bangladesh Regional Connectivity Project, MoC, presented his keynote titled “Brief Overview and Demonstration of Bangladesh Trade Portal (BTP)”. Taking a cue from Mondal, Munir Chowdhury, National Trade Expert, BRCP-1, MoC, gave a brief on BTP. He said that to enhance cross-border trade, the MoC has initiated the Bangladesh Regional Connectivity Project and Bangladesh Trade Portal is part of that project.

The portal is enriched with many businesses related information such as Import and Export Policies, Guide to Import and Export, Customs regular tariff schedule, and Market Access information. Around 77 public and private organisations are identified as key players in the trade. To create a digital inquiry point, BTP signed MOU with 36 organisations in order to share updated information and real-time data. He declared that two dedicated sections would be added to the portal; one is dedicated to women entrepreneurs.

Tipu Sultan, Data Management Consultant, Bangladesh Regional Connectivity Project, MOC, gave a detailed demonstration of the Bangladesh Trade Portal in the outreach program. Participants found this live demonstration very effective and useful, creating greater awareness about the huge storage of information.

Ismat Jerin Khan, President, Poutakhali Women Chamber of Commerce & Industry, raised some points as an exporter of eco-friendly home decor products. She suggested including an updated list of exporters’ list of women chambers in the trade portal. She opined that well dissemination of BTP and its features would greatly support women entrepreneurs. She also requested BUILD to organise individual programs with all women’s chambers to inform about new policies/procedures adopted by the government so that WEs may expand their business in future.

Monoroma Parvin exports a wide range of jute products. However, since she has a variety of goods, she runs into issues with the HS Code. She urged the Bangladesh Bank and other regulatory bodies to take action.

Borhan Uddin Shohag, Assistant Secretary (Fire), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), praised BUILD for organising a terrific event. He recommended making a video tutorial for businesses on operating the portal.

Narayan Chandra Dey, Secretary General, BPGMEA, appreciated for demonstrating such an informative presentation on Trade Portal. He queried about the process of inclusion of new information into the trade portal so that they could provide company profiles of BKMEA members.

Mita Bose, a women entrepreneur, found this program very informative and effective. She opined that more workshops could be organised on this topic for the best outcome. She said though all regional agreements are available in the trade portal, it is very tough for buyers as well as sellers to understand the core of those agreements. A summary of those agreements may deliver more value to the users.

Md. Sultanul Islam Tareq, Managing Director, Nixon Box Industries Limited and deemed exporter, said that in most cases, portals and websites are not updated as required. Sometimes massive traffic on the internet hampers accessing sites, especially in the case of customs procedures. He expects that BUILD will address those issues and reach out to the proper authority in close collaboration with BRCP and have an understanding with them. ■



Production transformation policy review meeting at MoC

A meeting on Production Transformation Policy Review (PTPR) was held at the Ministry of Commerce chaired by Senior Secretary Tapan Kanti Ghosh on 23 May 2022. A four-member OECD team was present in the meeting to discuss on successful graduation of Bangladesh from LDC to a Developing country. Dr Annalisa Primi, Head, Economic Transformation and Development; Daniel Gay, Economist/ Senior Policy Analyst, Economic Transformation and Development Division, Development Centre, OECD; and Dr Manuel Toselli, Economist, Economic Transformation and Development Division, Development Centre, OECD; among others, were present in the meeting.

PTPR is a tool developed by OECD to help graduating countries transform towards the right path. The speakers explained the different pillars of the tool in the meeting. The project commenced in November 2021 and will continue for eighteen months. The program’s key goals are to create and execute better policies to encourage participation and upgrade the global value chain through facilitating dialogues, as well as to improve assessing global trade and production dynamics to support evidence-based policymaking. BUILD CEO attended the meeting and contributed on behalf of the private sector. ■



Bangladesh Trade Portal “Agro-Trade Section” workshop

Bangladesh Regional Connectivity Project-1 and Bangladesh Trade Facilitation (BTF) project jointly organised a workshop to finalise the proposed “Agro-Trade Section” for Bangladesh

Trade Portal on 31 May 2022, at the CIRDAP Auditorium, Dhaka. Ferdaus Ara Begum, CEO of BUILD, gave the keynote presentation titled 'Broad Outline of Proposed Agro-Trade Section' at the workshop.

In the keynote presentation, Ferdaus Ara Begum informed that the Ministry of Commerce (MoC) operates Bangladesh National Trade Portal (BTP) in compliance with Article 1 of the Trade Facilitation Agreement of WTO. BTF Project supported by USDA has prepared an outline for the Agro Trade Section of Bangladesh Trade Portal. The design and content of the portal will be strictly based on the needs and demands of the potential beneficiaries. A transparent and complete information hub will be constructed by BTF.

She said that BUILD helped BTF to validate the outline of the agro-trade section through the "Developing Agro-Trade and Agricultural Goods Clearance Section" project. BUILD conducted detailed one-to-one and group interviews and focus group discussions (FGD) on soliciting stakeholders' views on the proposed agro-trade section of BTP. Besides, BUILD consulted secondary materials and government publications.

Four group discussions were held to discuss the proposed agro-trade section. These discussions were moderated by the subject matter experts and facilitated by BUILD and BTF officials. Also, four separate presentations were given by BTF Officials, BUILD officials, and audiences.

The workshop was chaired by Md. Mijanur Rahman, Project Director, BRCP-1, Ministry of Commerce. Mahbubur Rahman, Director General (Additional Secretary), Export Promotion Bureau (EPB), MoC, was the chief guest at the workshop. Michael J Parr, Project Director, Bangladesh Trade Facilitation Project, was present at the workshop. ■



Meeting between IDG and BUILD

A meeting between IDG and BUILD was held on 20 June 2022 at BUILD premises. The discussion was focused on the ongoing activities of the two organisations and the potentiality of joint activities for a

business-enabling environment in Bangladesh.

Marc Shiman, Chief of Party, USAID Feed the Future Bangladesh Trade Activity, IDG, led the IDG team. Ferdaus Ara Begum, CEO of BUILD, welcomed the Chief of Party, IDG and the IDG team. At the beginning of the meeting, Ferdaus Ara Begum, CEO of BUILD, briefly introduced BUILD and explained how BUILD works to help private sector development. Based on the expert assessment of BUILD, she demonstrated some areas where joint initiatives can be done to improve the business environment.

She also mentioned the progress of the initiatives jointly taken by BUILD and Trade Activity. Around 15 licences/registrations/certificates are required for starting a manufacturing company in Bangladesh. The collaborative approach of BUILD and Trade Activity is to simplify overall the overall process of RJSC registration and trade licence. Besides, she mentioned several process simplifications such as fire licence and fire safety licence, approval for factory layout from inspector, site clearance, environment clearance certificate from DOE, etc., could help the private sector development.

Marc Shiman, Chief of Party, USAID Feed the Future Bangladesh Trade Activity, IDG, also underlined the necessity for process and manufacturing scale-up activities so the business climate may see momentum.

BUILD and IDG agreed to work together on some of the areas, such as trade licence, Business Confidence Survey, the 6th edition of *Business Start-Up Licences: A Regulatory Guide*, logistic sector, Authorised Economic Operator (AEO), advance ruling, Customs (De Minimis) Rules 2019, customs procedures and bonded warehouse, and women summit. The BUILD and IDG team will work closely for the next few months to make the Business Confidence Survey report. IDG will share draft De Minimis rules and transit rules with BUILD. Some more joint initiatives are identified and will be planned to develop a business-enabling environment in Bangladesh. Furthermore, a discussion took place on the possibility of signing an MOU between BUILD and IDG. IDG will send a draft understanding in this regard.

The meeting ended by handing over a set of essential BUILD publications to Marc Shiman, Chief of Party, USAID Feed the Future Bangladesh Trade Activity, IDG and exchanging thanks to each other. ■

29th Trustee Board meeting of BUILD

The 29th Trustee Board Meeting of BUILD took place on 26 June 2022. BUILD Chairperson Nihad Kabir chaired the meeting. ■

Reforms

BUILD placed a number of recommendations in the Budget proposals 2022-23, with a view to facilitating the country's business growth. A substantial number of proposals has accepted by the government through the Finance Bill 2022-23. Among these, the following two highlighted reforms are implemented through a budget are depicted.

Corporate Income Tax Rationalisation

BUILD placed a recommendation for reducing the Corporate Income Tax (CIT) for Publicly traded companies and Non-Publicly Traded companies in the Budget proposals for FY 2022-23 as it has been observed that the CIT rates of economically competitive countries like Bangladesh are higher than the peered countries. The taxation pillar always plays an important role in attracting FDI and overall investment as well as business expansion.

With a view to simplifying the taxation system, NBR has reduced the CIT rate for both publicly and non-Publicly traded companies to 2.5%. Now the CIT rates are 20% and 27.5% consecutively (Finance Act 2022; Schedule 2; Paragraph Kha). Certainly, this will be a great relief for businesses during this worldwide economic turmoil as well as help planning for business growth. ■

Workers' Profit Participation Fund

Workers' Profit Participation Fund (WPPF) was declared as non-admissible under section 30 of the Income Tax Ordinance in the Finance Act 2022 (Section 16: Kha; 'q') published on 9 June 2022. This was contradictory to the present labour law (Labour Law 2006; Section 244).

BUILD has identified the anomaly and proposed to withdraw the non-admissible provision for WPPF through a letter (BUILD/06/2022/219) on 22 June 2022. NBR reviewed the recommendation and considered the severity of the contradiction between the two laws. It has eliminated the clause of WPPF as a non-admissible item through the final Finance Act declared on 30 June 2022 (Section 17). ■

Scope

BUILD-IFC Collaboration for Textile Competitiveness Platform

BUILD will support the Textile Competitiveness Platform (TCP) under the new phase of the PaCT program of IFC-WBG with the objective "to expand the mandate for the TSP to evolve into the Textile Competitiveness Platform (TCP) and to advocate on alternative pathways for the sector to remain competitive in the global apparel market, particularly in the post COVID era".

BUILD started TCP-related works on 27

June 2022. This phase of this project will continue till 30 June 2023. Previously, BUILD supported the Textile Sustainability Platform (TSP) under PaCT program with the objective “to promote environmental sustainability and resource use efficiency in the textile sector of Bangladesh”.

Composed of stakeholders from the government, private sector and non-governmental organisations, among others, TSP worked to promote environmental sustainability and resource use efficiency in the textile sector of Bangladesh. In the wake of COVID-19, TSP’s activities were adapted to focus on rooftop solar power and BUILD advocated several important reforms with the relevant agencies of the government.

Scope of the work of the project includes reviewing the previous background papers to understand the key areas of reforms and identify the implementation agencies, identifying the implementation status of the recommendations that were put forward by the series of dialogues, identifying top five reforms areas that will catalyse green growth in the industry, identifying potential members, structure or governance of TCP, preparing TCP TOR and scope of work, deliverables, and develop a road map for TCP to advocate the top five identified reform areas, establishing the TCP Platform and formalise the platform, organise the first round of the TCP meeting, follow-up meetings, assist the TCP in the preparation of recommendations for consideration by government and other relevant actors, such as the industry associations.

This will involve carrying out research in-house and commissioning research from third parties, preparing position papers based on the study’s findings, finalising recommendations, and carrying out advocacy with government and industry associations to ensure that the relevant players act upon the suggestions. ■

Articles

National Adaptation Plan for Bangladesh: An analysis • *The Business Post* cutt.ly/buildconnect223-01

Prioritising policy implementation gaps for investment in FY23 budget • *The Financial Express* cutt.ly/buildconnect223-02

Budget for FY23: Promise and reality for SMEs • *The Business Post* cutt.ly/buildconnect223-03

Policy support for MPPE for international market access • *The Business Post* cutt.ly/buildconnect223-04

মুদ্রানীতির ব্যবস্থাপনা ও মূল্যস্ফীতি নিয়ন্ত্রণ [Management of monetary policy and control of inflation] • *Bonik Barta* cutt.ly/buildconnect223-05

Partners’ Corner



DCCI Symposium on disaster risk management

A symposium on private sector engagement and leadership in disaster risk management and creating a private sector emergency operation centre (PEOC) was held in Dhaka on 17 May 2022. The event was organised by the SUPER project of the Dhaka Chamber of Commerce and Industry, ActionAid Bangladesh, United Purpose, and World Vision.

DCCI President Rizwan Rahman, in his speech, said that disaster risk has far-reaching consequences from a disaster like an earthquake, fire or chemical explosion that heavily strikes the sustainability of the enterprise. Bangladesh has taken several policies to reduce disaster risks in the recent past. Bangladesh needs to prioritise disaster management across the private sector.

Ambassador of the Philippines in Dhaka HE Alan L. Deniega said in disaster risk management, his country allocates five per cent of their total budget, and in 2018, the Philippines established the first ever private sector emergency operation centre in the world. He also said that for capacity improvement in disaster risk management, both the public and private sectors should come forward to work together. ■



MCCI Post-budget discussion

Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), in collaboration

with Policy Research Institute (PRI), organised a post-budget discussion titled “Bangladesh from Vulnerability to Resilience and Rapid Inclusive Development” on 19 June 2022 at MCCI Motijheel Office. M. A. Mannan, MP, Hon’ble Minister, Ministry of Planning, graced the event (via online) as the Chief Guest, while Dr Shamsul Alam, Hon’ble Minister of State, Ministry of Planning, attended the event as the Special Guest. MCCI President Md. Saiful Islam made the welcome remarks, while Dr Zaidi Sattar, Chairman, PRI, gave a presentation on the macroeconomic aspects of the budget, especially from the historical perspective.

MCCI Vice-President Habibullah N. Karim gave a vote of thanks. MCCI Secretary-General and CEO Farooq Ahmed moderated the event. The conversation included businesspeople, think tanks, and the media. ■



CCCI EU delegation-CCCI courtesy meeting

During a meeting with the Chittagong Chamber of Commerce and Industry (CCCI) on 5 June 2022, European Union (EU) Ambassador to Bangladesh Charles Whiteley suggested increasing contact between EU and Bangladesh businesspeople and creating an attractive environment in the country to attract more investments from the EU. He said that the EU spent 2.2 billion euros in Bangladesh, which was less than investment in Vietnam (6.0 billion euros). As a result, he stressed that Bangladesh should establish an appealing climate for further EU investment, adding, “We are overjoyed that Bangladesh is now classified as a developing nation. Bangladesh can now improve its communication and environment.”

Envoy of Sweden to Bangladesh Alexandra Berg Von Linde, Envoy of Netherlands to Bangladesh Anne Gerard Van Leeuwen, and Envoy of Lithuania to Bangladesh Julius Pranecivicius were present at the meeting as members of the delegation.

President of CCCI Mahbulul Alam presided over the meeting. ■



The Padma bridge: New economic lifeline

The Padma bridge is a multipurpose road-rail bridge across the Padma River. The bridge connects Mawa, Louhajong, and Munshigong to Janjira, and Shariatpur, linking the southwest to northern and eastern regions. ADB research revealed that the Padma bridge would boost the GDP of the south-western region of Bangladesh by 5%, while the total GDP would be increased by 1.7%. Besides, the opening of the Padma Rail Project will link Bangladesh to Trans-Asian Railway Network and contribute 1% to the GDP growth. Trade logistics connectivity has been treated as a vibrant factor both for local and foreign investors to invest.

The Padma bridge will reduce the distance between Dhaka and the south-western part (21 districts) by 100 km, while the transport lead time will be mitigated by 1 or 2 days. In this region, it will be the leading factor in growing the CMSME industries like light engineering, RMG, agriculture, agro-processing, assembling plant, storage facility, etc. BSCIC expects that 500-1000 factories will be set up in the Barisal Division. The bridge will link the 17 SEZs and EZs in 21 districts with the Chittagong and Mongla ports. These economic zones are expected to create 1 million direct and indirect jobs.

The bridge of dreams will be one of the key tools to attain several SDGs. A butterfly effect will be displayed in the tourism industry of the southern part as the overall economic prospect will be ensured because of the utilisation of the Padma Bridge. A World Bank study noted that sustainable connectivity between India and Bangladesh would boost the national income of the two nations by 8-10% and bilateral trade by 182-297%.

The day is not too far off when people will be able to see industrial clusters organised by district and intelligent economic cities in the southern part of the country. The private and public sectors should collaborate to produce research findings that are data-driven and knowledge-based, and they should do so by addressing the future industries and their needs. ■



■ HE Katharina Wieser, the new Austrian Ambassador to Bangladesh; Tasvirul Islam, Honorary Consul General of Austria to Bangladesh; and BUILD CEO Ferdaus Ara Begum, seen during a reception dinner by the Honorary Consulate of Austria on 29 June 2022 in Dhaka. BUILD represents the Austrian Embassy Commercial Section in Bangladesh. ↑



■ HE Robert Chatterton Dickson, British High Commissioner to Bangladesh and BUILD CEO Ferdaus Ara Begum, seen on the occasion of celebrating the Queen's Birthday Party in Dhaka that was hosted by the British High Commission to boost girls' life chances. It took place on 25 May 2022, at the Le Méridien Dhaka. ↑



■ As the Special Guest, BUILD CEO Ferdaus Ara Begum spoke about trade licences and how WEs may get them fast at a WEND seminar on 16 June 2022. ↑

Partner Organisations



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Affiliations



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