



EDITORIAL

Bangladesh is planning for an effective logistics development policy

Bangladesh has been showing phenomenal growth since 2010, ranking as the 35th largest economy in the world in nominal terms in 2022, up from the 41st in 2021 — as well as the 25th largest in terms of purchasing power parity. The GDP growth rate for FY 2021-22 was 7.10%, and for FY 2022-23, it has been targeted at 6.03%. The Perspective Plan of Bangladesh targets the economy to reach roughly USD 2.5 trillion in 2041. Exports and imports will go over USD 1 trillion by the same period. The country needs an average of 40.87% GDP investment to attain this.

To fulfill Bangladesh's development goals, a robust logistics infrastructure is vital. This includes enacting an updated logistics development policy and sectoral strategy with a time-bound action plan to support export diversification, job creation, investment, FDI, and socio-economic progress. In view of this, PMO, in association with the World Bank Group and BUILD, hosted a workshop examining the logistics policies of 13 trade partner countries. The presentation highlighted crucial policy areas, fostering a discussion among participants who gleaned insights

from global best practices.

In the analysed countries, the objectives of Singapore are to be a logistics hub to support the National Economic Development Plan and Strategies and to formulate the Logistics Hub Development Framework of Singapore. South Korea aims to be the 21st century global logistics powerhouse leading to Green Growth, according to its Ministry of Land, Transport and Maritime Affairs (MLTM). Similarly, Malaysia is working to reach a global height in the logistics industry, and its Ministry of Transport officially issued a plan in March 2015. National Economic and Social Development Council announced the Thailand Logistics Development Plan in 2017 to ensure connectivity within ASEAN countries. Germany is looking for innovation cycles for freight transport and logistics operators. China rolled out the 14th Five-Year Modern Logistics Development Plan on 17 May 2022, and a five-year plan for developing a modern logistics sector through 2025, highlighting the need to promote the sector's digitalisation.

The PM Gati Shakti National Master Plan (NMP) of India is a transformative approach for improving logistics efficiency and reducing logistics costs, integrating existing and proposed infrastructure development initiatives of different agencies to ensure first and last-mile connectivity for seamless movement of people and goods. Sri Lanka has its

national Industrial Policy to create an enabling business environment and provide adequate facilities and availability of quality labour. Vietnam Logistics Action Plan (2020-2030) for a holistic development plan for the logistics sector. Kenya integrated a national transport policy to raise efficiency.

In recent years, technology, digitalisation, and automation have rapidly reduced business and logistics costs worldwide. Many nations aim for eco-friendly logistics by cutting CO₂ emissions, carbon footprint, and adopting green vehicle initiatives, aligning their master plans with logistics policies. Singapore, South Korea, Germany, Turkey, etc., have their own logistics master plan. On the other hand, the USA has formulated a logistics act. Sectoral strategies align with the primary goals to ensure balanced socio-economic growth. Singapore has developed the Land Transport Industry Transformation Map, Air Transport Industry Transformation Map, Logistics Industry Transformation Map, Sea Transport Industry Transformation Map, and Wholesale Trade Industry Transformation Map. Moreover, the United Kingdom has issued a Freight Master Plan for the future.

Each policy aims to build human capability, and this is reflected in the policies of all 13 countries. A Logistics Industry Graduate School funded by the government of South Korea has been established. Germany has targeted to create a skilled logistics workforce pool of 0.6 million people.

To manage increasing trade volumes, nations are turning to 4IR and tech-based logistics. South Korea's master plan emphasises innovative, productive technology, digital expansion, networking, and personalisation. Meanwhile, Malaysia's plan focuses on technology adoption, online document submission, and optimised transport. The examples of other countries would add tremendous value to Bangladesh while it frames its national logistics development policy. ■

Ferdaus Ara Begum
CEO, BUILD



PSDPCC meeting stresses export diversification through policy and regulatory reform

The 14th Private Sector Development Policy Coordination Committee (PSDPCC) meeting took place at the Prime Minister's Office (PMO) on 14 August 2023 under the chairmanship of Md Tofazzel Hossain Miah, Principal Secretary to the PMO. The meeting discussed several policies and regulatory simplification requirements for meeting export diversification targets in the national plans and export roadmaps. PSDPCC is the only strategic public sector platform for private sector-related policy review, coordination, identification of investment barriers, and fostering public-private cooperation.

Organised by the Business Initiative Leading Development (BUILD) and the PMO, the meeting initially took stock of the decisions of the 13th PSDPCC meeting and mentioned the reforms proposed and implemented. BUILD CEO Ferdaus Ara Begum made the keynote presentation, noting that out of 72 proposed reforms from the fifth to eleventh PSDPCC meetings, 37 reforms were implemented.

BUILD CEO presented three policy papers on the simplification of the issuing and renewal process of trade licences, the simplification of the duty-free import process of raw materials for partial exporters, and the implementation of the work plan elaborated in relevant policies and export roadmaps to facilitate export diversification. She informed the meeting that the Local Government Division has already been allowed to issue a trade licence with a tenure of 5 years. However, it is not fully implemented across the country, and she urged for an awareness campaign so that all trade licence issuers issue trade licences for five years.

Entrepreneurs are required to renew the trade licence by 30 September of each year, whatever the issuing date be, resulting in additional costs to businesses. She requested to change the policy so companies can renew their trade licence after five years from the date of issuance.

She further said that partial exporters are still not entitled to avail of bonded warehouse licences. Provisions should be included in the Customs Act 1969, new Customs Act 2023, Bonded Warehouse

Licensing Rules 2008, Entitlement Policy 2008, etc., to facilitate the partial exporters with bonded warehouse licence facilities.

Implementing concerned clauses of export policies and policies for plastic, light engineering, and leather goods needs implementation to meet the export diversification targets.

While chairing the meeting, the Principal Secretary said that we would regularly review the overall investment scenario in the private sector and set out ways to improve and identify bottlenecks in private sector development to remove bottlenecks and build cooperation between public and private sectors. He instructed LGRD to investigate the issue of the trade licence so that the trade licence is renewed after five years.

The Principal Secretary requested the Ministry of Commerce to form a committee with the representatives of NBR, the Ministry of Finance, and the private sector to draft the Corporate Social Responsibilities Policy and to come up with the draft in two months.

Bottlenecks should be resolved in addressing the plastic industry's constraints in renewing trade licences in residential areas. He suggested that BSTI should come forward to formulate a labelling policy for plastic grades, dangerous and biodegradable items. He assured BUILD that he would get focal points from all agencies within seven days.

Tapan Kanti Ghosh, Senior Secretary of the Ministry of Commerce, said that the provision of corporate social responsibilities (CSR) will be well addressed in the upcoming Companies Act. A committee can be formed to investigate the issues of CSR, and the businesses not registered under the Companies Act can be regulated otherwise.

Secretary Ministry of Finance Fatima Yasmin informed that rooftop power producers are getting funding at relatively lower interest rates. In this respect, MCCI President, Saiful Islam, suggested that small entrepreneurs get access to finance.

NBR Chairman Abu Hena Md Rahmatul Muneem agreed that partial exporters need support, which needs to be recognised in the regulations. He further pointed out that policy provisions for the partial exporters will be facilitated after the automation of the bonded warehouse system. Moreover, the duty drawback facility will be automated to facilitate the exporters to claim it in more simplified ways.

BUILD Chairperson Nihad Kabir pointed out that the e-commerce industry does not require a trade licence if the DBID recognises it. Referring to the proposal of

BUILD, she urged to consider DBID as a document to get loans from banks. She also said that DBID and Trade Licences should be treated equally. In that respect, the Ministry of Commerce may issue a request letter to Bangladesh Bank to consider either DBID or Trade Licence to grant bank loans.

Secretary, Ministry of Industries Zakia Sultana gave an update on the solid waste and liquid waste management issues of Tannery Estate in the Savar. She informed that Mol received several proposals for utilising solid waste; one of these is to produce raw cement clinker materials.

Secretary of the Ministry of Environment and Forestry and Climate Change, Dr Farhina Ahmed, referred to the rooftop solar power producers and to provide them with similar benefits as Independent Power Producers (IPP), which needs to be included in the national policies. In this respect, a letter can be given to NBR, for which BUILD will follow up.

Muhammad Ibrahim, Secretary of Local Government Rural Development and Cooperatives, requested a separate meeting and called for BUILD to initiate the process for further simplifying trade licence issuance and renewal, holding tax-related issues.

A. B. M. Amin Ullah Nuri, Secretary, Road Transport and Highways Division, Ministry of Road Transport and Bridges; Satyajit Karmakar, Secretary, Planning Division; Shaikh Yusuf Harun, Executive Chairman, BEZA; Nafiul Hasan, DG, PMO, among others, were present and spoke on the occasion.

Syed Moazzam Hossain, Director, FBCCI, requested frequent meetings of the PSDPCC committee so that the private sector can raise their issues freely and frankly. Mohammad Nazmul Hassan, R. Vice President, LFMEAB, raised the issue of supporting manufacturing units for sustaining in the competitive export markets.

The meeting was also graced by the valuable presence and remarks of the Secretaries and high officials of different ministries, ICT Division, PPP Authority, Energy Division, NSDA, BIDA, SREDA, Bangladesh Bank, BSCIC, SME Foundation, BSTI, Prime Minister's Office, etc. Private sector representatives from BPGMEA, BEIOA, etc., shared remarks on behalf of their industries. ■

PMO hosted logistics policy review workshop

PMO, in association with the World Bank Group and BUILD, hosted a day-long workshop entitled "Reviewing Regulatory Framework of Different Countries to Formulate National Logistics Development



Policy of Bangladesh”, held on 20 August 2023 at the Bangladesh Parjatan Corporation. The workshop was graced by the presence of M. Tofazzel Hossain Miah, Principal Secretary of HPM, as the Chief Guest while Tapan Kanti Ghosh, Senior Secretary, Ministry of Commerce; A B M Amin Ullah Nuri, Secretary of Road Transport and Highways Division; Md Shamsul Arefin, Secretary of ICT Division; Nasreen Afroz, Executive Chairman (Secretary) of NSDA; and Mohsina Yasmin, Executive Member of BIDA joined as the Special Guests.

The purpose of the workshop was to gain a better understanding of the logistics regulatory framework of 13 countries (Singapore, South Korea, Malaysia, Thailand, United Kingdom, Germany, Turkey, China, Kenya, Vietnam, India, USA, and Sri Lanka) which were presented by the focal point/alternative focal point officials of the five (05) subcommittees under National Logistics Development Coordination and Committee.

After the end of the presentation session, Shahida Sultana, Director General, Executive Cell of the Prime Minister’s Office, presented the “Summary and Compilation of the Presentations of Logistics Policy Framework of 13 Countries”. She asked the focal point officers of the subcommittees to send the draft outline of the National Logistics Development Policy of Bangladesh for furtherance.

BUILD Chairperson Nihad Kabir has committed to providing comprehensive research assistance, secretarial services, and robust advocacy support to the Prime Minister’s Office to collaboratively enhance and develop an improved logistics framework for the benefit of Bangladesh. Ferdaus Ara Begum, CEO of BUILD, requested the policy enablers to consider the impact of LDC graduation challenges while formulating the “Time-bound Action Plan and Logistics Sub-sectoral Development Strategy of the National Logistics Development Policy”.

Principal Secretary to HPM suggested the subcommittees prepare the draft National Logistics Development Policy by December 2023. A comprehensive master plan will back the policy, he pointed out. The post-workshop report prepared by BUILD was handed over to PMO and World Bank Group on 28 August 2023 at the Prime Minister’s Office. ■

Industrial robot assembly in bangladesh sparks new jobs

The fourth meeting of the 4IR&ICT Working Committee chaired by Mohammad Rezaul Karim, Managing Director of BHTPA, was held on 24 July 2023 at Bangladesh Hi-Tech Park Authority (BHTPA). The meeting discussed the potential of Assembling Industrial robots in Bangladesh to create new job opportunities.

The Managing Director of BHTPA thanked BUILD for coming up with an essential issue of Assembling Industrial Robots, which has significant potential in the country and sees growing business with the progression of technology. In some sectors, employment has been reducing, so robotics should be developed in a way that also facilitates job creation. Educational institutions have a significant role in upskilling and re-skilling of workers. He added that the Ministry of Industries (MoI) should also develop technology policies suitable to the present need. He said that BHTPA can take the initiative to take specific projects in this respect.

Regarding discussions of the 3rd meeting of the committee on the Data Privacy Guidelines and the telecommunications companies’ demand for the 5G network after ensuring all the necessary infrastructure, the BHTPA MD said that we need to ensure smooth coverage of the 4G network first before going for 5G coverage.

Digital inclusion is the most critical component of this journey, and we need powerful access to reliable and affordable connectivity is essential to our aspiration towards Vision 2041. “We need more research,” he added, “We must ensure competitiveness and capacity for innovative solutions for embracing hi-tech issues and modern technologies.”

BUILD CEO Ferdaus Ara Begum presented a keynote titled “Potential of Assembling of Industrial Robots for Different Industrial Sectors of Bangladesh”, highlighting the potential of social and economic impacts of robot assembling, including job displacement, skills development, and ethical considerations showing some comparative scenarios of other countries.

While delivering strategies and recommendations for policymakers and

industry stakeholders to harness the opportunities of 4IR for industrialisation responsibly and inclusively, she went on to show the benefits and challenges of using robots for different industries in Bangladesh.

China and Turkey already use robots in their industrial units, where employment was reduced initially but gradually recovered. Bangladeshi businesses are already stepping into robotics. The rise of global value chains (GVCs) and the fragmentation of production processes present opportunities for intra-industry trade and regional economic integration, and entrepreneurs in Bangladesh can exploit GVCs by becoming an ‘assembling’ hub. She also emphasised the implementation of Industrial Policy (IP) 2022, which has attached importance to assembling robots. The implementing agencies are MoI, BIDA, BHTPA, BSCIC, and Trade and Industry organisations.

The policy paper recommended a survey for demand analysis on the type of robots needed by the factories in the country, updating the robotics strategies, education and skill development programmes, use of robots initially in risky areas, university-academia collaboration, etc.

Dr Mehedi Anwar, Professor, Department of Electrical and Computer Engineering, University of Connecticut, US, joined virtually and said that if we want to use intelligent and advanced technology, we must go for 5G.

Syed Tamjidur Rahman, Vice President of Bangladesh Centre for 4th Industrial Revolution, was also present virtually, emphasised collaborative activities in the technology field, and recommended strategic collaboration for knowledge sharing. He also recommended STEM education initially in the selective sectors; in that respect, BURT can extend support.

Dr Shamim Ahmed Dewan, Associate Professor, Department of Robotics, University of Dhaka, said that we could go for assembling robotics to align our demand. Still, we must focus on a skilled workforce and programming with high-end technology. Further, he urged the concerned individuals to work with all training facilities to get a more skilled workforce. To get a skilled workforce, we must develop skills in our universities and educational institutions.

BIDA Director Golam Mohammed Bhuiyan appreciated the presentation and said that robotics is a potential investment sector. The Deputy Director (Research) of BHTPA noted that we must prepare an execution plan and initiate small and practical projects to gradually promote a Made in Bangladesh brand.

Nayeem Ashraf of a2i informed that different organisations with proper documentation have already prepared six

specific strategies; those can be collected to help design a detailed road map for the sector.

Enamul Hafiz Latif, Research Fellow of BASIS, informed the audience that the demand for robots has been increasing, especially in the RMG and Textile sectors. We need to gather some information about the demand of the export sectors and then explore the possibility of assembling those locally. In response to the tax incentives, he requested corporate tax exemption facilities beyond 2024, which will help the sector move further from the present stage.

Masum Billah, System Manager, ICT Ministry, GoB, referring to a decision of the committee's last meeting on spending CSR (Corporate Social Responsibility) funding on academic research, endorsed the proposal and proposed that a request can be made in that respect.

Several officials from BHTPA and MCCI, among others, were present and spoke on the occasion. ■



BUILD meets ADB team

On 18 July 2023, a meeting took place between representatives from BUILD and the Asian Development Bank (ADB) Bangladesh at the ADB BRM. The primary agenda was to deliberate on how ADB could extend its support to BUILD in researching to facilitate the ease of doing business by alleviating regulatory constraints and implementing policy reforms in Bangladesh.

During the meeting, Barrister Nihad Kabir, Chairperson of BUILD, provided a succinct overview of BUILD and its pivotal role in advancing private-sector development in Bangladesh. BUILD operates as a non-political public-private dialogue (PPD) platform fostering collaboration between the government and the private sector. Engaging in analytical research and advocacy, BUILD supports the dialogue process, generating evidence-based recommendations for government action.

BUILD's Chairperson emphasised BUILD's part in the Private Sector Development Policy Coordination Committee, advocating business and investment policy reform. Conducting public-private

dialogues across seven thematic areas, co-chaired by relevant entities, BUILD addresses obstacles to Bangladesh's graduation to a developing country by 2026. Focusing on streamlining the business regulatory system, especially for women and CSMEs, BUILD aims to enhance competitiveness by reducing time and costs. The Chairperson also highlighted collaborations with BIDA to improve the business environment.

Ferdaus Ara Begum, CEO of BUILD, discussed BUILD's policy-related activities in the logistics sector, emphasising collaboration with the PMO.

Soon Chan Hong, Senior Country Specialist, ADB, Bangladesh Resident Mission, praised BUILD's efforts to simplify Bangladesh's regulatory environment. He informed participants of ADB's support for the government's social protection programme and emphasised ADB's priorities in Bangladesh, focusing on LDC graduation, climate change, business climate improvement, and social protection. He suggested short-term support for BUILD's proposed project on streamlining business regulations, aligning with Bangladesh's LDC graduation. He outlined the modality for ADB's loans and grants, suggesting BIDA or BEZA as potential implementing agencies. ADB may also consider long-term support for BIDA's Framework of Bangladesh Investment and Climate Improvement (BICI) programme in its new country strategy.

Another meeting between BUILD and ADB took place virtually to discuss ADB's support for logistics sector development on 17 August 2023. The meeting was attended by Nihad Kabir, Chairperson, BUILD; Sabyasachi Mitra; Aminur Rahman; Atul Sangarneria; Nanyan Zhou; Soon Chan Hong; and Ferdaus Ara Begum, CEO of BUILD. ■



BUILD CEO participates in World Bank Group evolution consultation

Ferdaus Ara Begum, CEO of BUILD, participated in the World Bank Group's Evolution Consultation Meeting on 5 July 2023 at the World Bank Office in Dhaka, Bangladesh. The event was chaired by Ed

Mountfield, Vice President for Operations Policy and Country Services, World Bank and moderated by Dr Ahsan Mansur, Executive Chairman at Policy Research Institute of Bangladesh. WBG Country Director Abdullah Sec was also present. BUILD CEO emphasised the importance of public-private dialogue to resolve private sector issues. She also placed narratives on different poverty dimensions for which strategies would need to be different.

The World Bank Group (WBG) has started the process of evolving its vision and mission as well as enhancing its operating model and financial capacity. This process is known as the Evolution Roadmap. The WBG aims to broaden its vision and mission by having "Two Goals": ending extreme poverty and boosting shared prosperity, which can only be achieved through sustainable, resilient, and inclusive development. The World Bank prepared the report, "Evolution of the World Bank Group", and submitted it to the Board of Governors on 12 April 2023 at the Development Committee Meeting.

The purpose of the in-person consultation was to inform critical stakeholders in Bangladesh about the World Bank's report "Evolution of the World Bank Group" and to obtain their feedback and perspectives on the report and WBG's efforts to address the challenges ahead. The consultation in Dhaka had representatives from the academia, think tanks, civil society, government organisations, private sector, international organisations, NGOs, and other relevant stakeholders to ensure their voices were heard and incorporated into their vision and mission. The Vice President of the World Bank gave an overview of the "Evolution Roadmap".

The meeting discussed a number of issues. Bangladesh would require USD 230 billion for 27 years to meet SDG challenges. Given that the public sector alone cannot cover this financial need, solutions have been sought to bring the private sector on board. This will require facilitating the role of the private sector to take greater responsibility and to act now to combat climate change. Sustainable finance, stemming from green finance, focuses on ESG factors to promote investments that yield positive financial returns and long-term benefits for society and the environment.

Increasing concessional loans and grants for youths who undertake projects related to the environment and other climate change projects was one of the suggestions. The discussant suggested helping countries design climate-smart economic development strategies. Emphasis on the mobilisation of domestic resources. Improvement and expansion of technical and vocational training.

World Bank should increase their procurement of sustainable locally produced resources from local vendors to

stimulate the local economy. While the roadmap proposes the integration of sustainability, resilience, and inclusivity into the twin goals, representatives of a few countries who participated at the WBG-IMF Spring meeting questioned if there were any trade-offs between climate change and development. This would depend on how and when climate change adaptation and mitigation policies are designed and implemented. UN agencies can work with WBG to create synergy for SDGs before and after LDC graduation.

Fahmida Jabeen Shoma, Consultant, BUILD, was also present at the meeting. ■



Meeting boosts BIDA-BUILD collaboration for private sector growth

On the 19th of July 2023, Lokman Hossain Miah, Executive Chairman of the Bangladesh Investment Development Authority (BIDA), hosted a meeting with Nihad Kabir, Chairperson of the Business Initiative Leading Development (BUILD), at the BIDA office in Dhaka. This meeting marked an essential step in fostering collaboration between the two organisations.

During the meeting, Nihad Kabir outlined the various collaborative activities undertaken by BIDA and BUILD. She also provided an overview of BUILD's initiatives to support the private sector and shared practical examples of regulatory challenges both local and foreign investors face.

This discussion emphasised the shared commitment of BIDA and BUILD to private sector development and highlighted the need for cooperative efforts to address regulatory hurdles and improve the investment climate in Bangladesh. ■

BUILD Chairperson met the hon'ble Commerce Minister

Business Initiative Leading Development (BUILD) Chairperson Nihad Kabir paid a courtesy call on Tipu Munshi, Minister of Commerce, Government of Bangladesh, on 18 July 2023 at the Ministry of Commerce.



Commerce Minister Tipu Munshi said his ministry would continue its advocacy with other ministries to support the private sector development. Referring to the BUILD request for complete automation of RJSC services, he said, "We will go for full-scale automation, and we will be going through some internal proceedings while we aspire to be a paperless office in delivering faster business registration services online."

BUILD Chair Nihad Kabir urged the commerce minister to consider eliminating the BDT 25 lakh minimum paid-up capital requirement for one-person companies while there could be a maximum limit.

"The government has extended the validity of all trade licences by five years to reduce the hardships faced during the annual renewal of these certifications, which involves considerable time and effort that, in turn, affects the ease of doing business, and we appreciate it," said MCCI President Md Saiful Islam. "Following the examples of IRC and ERC of five-year terms, other agencies can issue licences and relevant certificates," he commented. Having stressed the need to simplify obtaining a trade licence, he advised that the government could digitalise the process, collecting all relevant fees and transferring the revenue under the head to pertinent agencies that earn income for providing the licences.

BUILD CEO Ferdaus Ara Begum said that the notification for a five-year term trade licence by LGRD is a great move. Still, the notification was not meant for the municipalities and union parishad, opening the private sector's concerns as they regularly issue trade licences for thousands of small businesses. The commerce minister endorsed it. She further said that BUILD and the Ministry of Commerce prepared export roadmaps on plastic, leather and light engineering sectors targeting the export of USD 22 billion, USD 12.9 billion, and USD 12.56 billion by 2030, respectively.

Underscoring the need to implement the roadmap's action plans, she said that the Ministry of Commerce could take the lead and contribute to the country's export basket. During her presentation, she appraised some research and survey-related activities and assured more collaboration with the Ministry of Commerce while the country is efficaciously transitioning to a developing country. ■



Bangladesh Business Summit 2023

The Federation of Bangladesh Chambers of Commerce and Industry organised the three-day Bangladesh Business Summit 2023 from 13-16 July 2023 at Bangabandhu International Conference Centre in the capital. The foreign and commerce ministries and the Bangladesh Investment Development Authority (BIDA) partnered with FBCCI for the summit. Ministers from seven countries, including the United Kingdom, the Kingdom of Saudi Arabia, China, Bhutan, the United Arab Emirates, CEOs of 12 multinational companies and more than 200 foreign investors and business leaders from 17 countries participated in the summit.

In her speech as the Chief Guest, the honourable Prime Minister Sheikh Hasina encouraged the country's business community to innovate and diversify by creating new products and exploring novel export markets. She emphasised the importance of utilising innovative ideas for the growth and expansion of businesses. Accentuating the commitment to fostering private sector-driven growth, she expressed the intention to reduce the cost of doing business through policy measures, adding that her government prioritises the private sector, aiming for an investment-friendly atmosphere.

BUILD Chairperson spoke at the "Leveraging SMEs for a Vibrant Economy" session on the third day of the summit. Other speakers include HE Charles Whiteley, Ambassador and Head of Delegation, European Union in Bangladesh, and Shayan F. Rahman, CEO of the Beximco Group.

"Bangladesh will become a trillion-dollar economy much before 2040 because of infrastructural developments, economic growth momentum and confidence and the indomitable spirit of local entrepreneurs," said FBCCI President Md Jashim Uddin. "We had a lot of constraints in the economy. We did not get available land to establish factories, get adequate gas, and we had faced load shedding," he said, adding, "Even after these, we have been able to make the size of our economy around USD 470 billion,"

BUILD CEO and other officials of BUILD joined the event and actively contributed to the discussions around private sector development. ■

REFORMS

Boiler Act 2022 enacted

As a pivotal component of various industries, the demand for boilers in Bangladesh has been rising, driven by the country's burgeoning industrial growth. Although locally manufactured boilers have gained popularity due to the assurance of robust after-sales services, they have encountered fierce competition from low-cost imported counterparts, often compromised in quality. The absence of clear policy guidelines has also been a longstanding challenge, causing setbacks for local boiler manufacturers.

To suggest policy simplification measures for boiler manufacturing Companies and reduce administrative hassles, BUILD conducted a study on 'Simplification of Boiler Manufacturing in Bangladesh'. BUILD placed a set of recommendations in its 4th SME Development Working Committee on 4 June 2015, and 8th Private Sector Development Policy Coordination Committee (PSDPCC) on 16 January 2016, encompassed vital changes. These included recommendations for updating the Boiler Act 1923 and Rules, strengthening the Boiler Board, procedural simplification for issuing licences for Boiler manufacturers, improving IT Infrastructure, and increasing workforce, among others.

Recognising the pressing need to amend the longstanding Boiler Act of 1923, the Government of Bangladesh took decisive action and introduced the Boiler Act 2022. Furthermore, 95 officers have been appointed out of the 122 newly created positions within the Office of Chief Boiler Inspector, with the remaining appointments currently underway. These far-reaching reforms have significantly streamlined the boiler manufacturing process in Bangladesh, resulting in a notable boost to this sector. ●

Policy for 21 sub-sectors under the logistics sector

In recognition of the Logistics sector's significance in the Prime Minister's Office, the Ministry of Industries, Business Initiative Leading Development, and World Bank, along with the representatives of public and private sector stakeholders, started a journey in 2020 under the umbrella of the 'Logistics Infrastructure Development Working Committee (LIDWC)' with the hope to provide research and advocacy assistance to establish Bangladesh as the modern multimodal regional logistics hub to link the businesses of the country with the world.

To realise the importance of the logistics sector for the country, Bangladesh is formulating the National Logistics Policy. Twenty-one logistics service sub-sectors have already been included in the

National Industrial Policy 2022. BUILD is working to identify the sectoral constraints, existing policies, problems, and remedies to boost and sustain the sectors. Under this purview, BUILD arranged a workshop on Logistics Service Sub-sectors and their Policy relevance under National Industrial Policy 2022 on 7 September 2023. ●



Bangladesh Bank extends refinance scheme for women entrepreneurs

A recent SMESPD circular letter no-6 by the Bangladesh Bank on 25 June 2023 re-named the Small Enterprise Re-finance Scheme to Small Enterprise Refinance Scheme for Women Entrepreneurs. It increased the amount of the scheme from BDT 1,500 crore to BDT 3,000 crore. This is a highly commendable step.

The circular also mentioned that disbursed loans/incentives against investment announced for women entrepreneurs on 17 August 2021 (SMESPD Circular no. 08) and 20 June 2022 (SMESPD Circular no. 02) on the same issue will remain unchanged.

This initiative aligns with the Bangladesh government's commitment to empowering women by developing small entrepreneurship.

BUILD has been working for CSMES to identify their barriers to getting finance, conducting research on CSMES, facilitating dialogues between CSMES and the public sector, raising their concerns and recommendations at the Working Committee on SME Development, and finally advocating policies, regulations, and practices to the Private Sector Development Policy Coordination Committee (PSDPCC) at PMO.

The Deputy Governor of Bangladesh Bank is the co-chair of the Financial Sector Development Working Committee (FSDWC) as well as a member of PSDPCC. BUILD has a MOU with the Bangladesh Bank, which works to formulate policies and regulatory frameworks to promote a conducive environment for private businesses, including for women entrepreneurs.

BUILD appreciates the initiative of

Bangladesh Bank and would be happy if the small women entrepreneurs properly utilise the fund, and in this respect, BUILD will continue its ongoing efforts. ■

SCOPES

UK's Developing Countries Trading Scheme opens opportunities for Bangladesh

The United Kingdom launched the Developing Countries Trading Scheme (DCTS) on 19 June 2023, under which developing nations will enjoy duty-free benefits to the UK markets (except arms and ammunition). This scheme is expected to support Bangladesh's transition from LDC status and will potentially save £315 million in tariffs annually on its exports to the UK.

The UK is Bangladesh's third largest export destination after the European Union and the United States. The UK's combined total imports from Bangladesh stood at USD 5.3 billion in fiscal year 2022-23.

BUILD will analyse the scheme and its potential for export growth to the UK. This study will also investigate how this scheme can support increasing export share apart from RMG and what policy reforms or initiatives can be done to get maximum benefits out of it. ●



Containing inflationary pressure needs practical measures

Business Initiative Leading Development (BUILD) organised a dialogue on Monetary Policy Statement (MPS) and Containing Inflationary Pressure in Bangladesh on 30 July 2023 at the BUILD Conference Room. The dialogue majorly covered new areas in the MPS for 2nd half of 2023 (HIFY24), the comparison of the inflationary situation and challenges of monetary policies and the new tool on interest rate corridor (IRC) as followed by different countries in the world.

BUILD CEO Ferdaus Ara Begum delivered a keynote highlighting the challenges of

MPS and interest rate corridor and focused on ways for addressing inflation through different tools of the central bank. She further said that inflation is linked to many factors, such as the state of the economy, the level of inflation expectations, the credibility and independence of the central bank, and the confidence of businesses in the business-enabling ecosystem.

Mohammad Nurul Amin, former MD of NCC Bank, presented the keynote paper and said that establishing a policy of interest rate corridor as a monetary tool is a paradigm shift. He added that the reference interest rate for Banks' deposit and lending rates, named SMART, is transitioning from a monetary targeting framework to an interest rate targeting framework. He said that to contain inflation, MPS is contractionary, as announced, accompanied by specific policy initiatives, but fiscal measures are expansionary. He raised whether we would go for a market-driven treasury rate or follow the donors' prescription to follow IRC.

Prof. Dr Mahmood Osman Imam, Professor, Department of Finance, University of Dhaka, mentioned that IRC would be a tool for the banking sector and not for others. At the same time, the SMART rate will work as a reference rate for determining interest rates.

As the Chief Guest, Dr Md Ezazul Islam, Executive Director (Research), Monetary Policy Department, Bangladesh Bank, said that MPS also needs to be communicated. Today's programme is one of the testimonies, and he appreciated the role of BUILD in that respect. He said that the primary goal of MPS is to maintain price stability, and for this, MPS passes through a critical framework. This framework has gone through a number of changes over the years. He added that after the global financial crises, monetary policy statements faced several transitions. This transition mechanism has different channels, such as the interest rate, credit rate, bank lending, and exchange rate channels. The Monetary Policy Committee of Bangladesh Bank continuously reviews the policies so that it can keep balance with several factors. He emphasised financial literacy so that people could understand the central point of MPS.

While chairing the dialogue, Md Saiful Islam, President of the Metropolitan Chamber of Commerce and Industry (MCCI), said that public sector growth is higher than private sector growth, which is critical to the country's infrastructure. The private sector cannot invest more without infrastructure, so both public and private sector growth is interlinked. The government could have filtered some projects that would save us and reduce the external pressures, he further added.

Dr Md Mafizur Rahman, Managing

Director, SME Foundation; Dr Jamaluddin Ahmed, former General Secretary of the Bangladesh Economic Association (BEA); Mohammad Refayet Ullah Mirdha, President, ERF; Dr Lila Rashid, Former Executive Director of Bangladesh Bank; Manzur Ahmed, Adviser, FBCCI; Shawkat Hossain, former MD, BD Venture; Abdula Hai, Manager, Nestlé Bangladesh, including participants from other organisations spoke at the dialogue.

In the discussion, the presence of non-performing loans, SME financing issues, credit support to the private sector, momentum in business and investment growth, creating employment and similar other micro and macro-economic issues came up. The dialogue stressed the need for more elaborate discussion on critical economic issues. ●

BUILD CEO calls for in-depth research before implementing trade in INR

Ferdaus Ara Begum, CEO of BUILD, said sufficient research and discussions should have been held before introducing trade in the Indian rupee. She suggested introducing a single exchange rate instead of four different exchange rates.

She was speaking at a roundtable on monetary policy, jointly organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and Economic Reporters' Forum (ERF), at the former's office in Dhaka on 9 July 2023.

Exporters will struggle many months before they overcome the losses suffered for buying the US dollar at a much higher rate to clear import bills for the raw materials to make goods for western markets, said she.

The apparel sector alone incurred losses of nearly BDT 40 billion in the past four months because of a near BDT 10 gap in buying and selling the US dollar.

"But we want the gap to be BDT 1 when buying and selling the greenback with banks," said Mohammad Hatem, Executive President of the Bangladesh Knitwear Manufacturers and Exporters Association. "We are now struggling to recover the losses incurred from the gap," he said, adding that 2023 is a challenging time for the garment sector as international clothing retailers and brands placed nearly 30 per cent fewer work orders for the current season. Md Humayun Kabir, former ICAB president, moderated and presented the keynote paper.

At the discussion, manufacturers expressed concerns about the availability of energy as they are not getting gas with adequate pressure even though the price was

doubled last year.

Jamal Uddin, former ICAB president, said the government's operating cost should be downsized to 50 per cent from 70 per cent.

Mahbub Ahmed, a director of Bangladesh Bank, urged for easing the sales of treasury bonds so that regular people can buy such financial instruments.

Atiur Rahman, former central bank governor, said only the inflow of US dollars can resolve the current crisis.

Shubhashish Bose, CEO of ICAB, and Mohammad Refayet Ullah Mirdha, president of the ERF, also spoke. ●



BUILD and C3ER sign MoU for collaborative research and development

A Memorandum of Understanding (MoU) was signed between Business Initiative Leading Development (BUILD) and the Centre for Climate Change and Environmental Research (C3ER) of BRAC University at the BRAC University on 9 August 2023.

BUILD, a public-private dialogue (PPD) platform in Bangladesh, promotes private-sector development and creates an enabling environment for businesses. With a commitment to sustainability and green growth, BUILD undertakes various initiatives to facilitate the transition towards a low-carbon economy. C3ER is a recognised centre of excellence dedicated to conducting research, advocacy, capacity development, and knowledge management in the field of climate change and environmental issues.

BUILD and C3ER will work together in the areas of research and development, training, and dissemination of research findings and developmental initiatives. Through united endeavours, BUILD and C3ER will forge ahead to steer private sector advancement, intricately woven within the tapestry of sustainable and green growth, all encapsulated within the broader framework of climate change imperatives.

Through this MOU, both sides establish a robust framework that facilitates exchanges and collaboration between the parties in the areas of research and development, training, and dissemination of research findings and developmental initiatives. Additionally, the participating institutions will foster knowledge exchange through reciprocal collaborative initiatives, encouraging the cross-pollination of ideas and expertise. Joint workshops and symposiums will be organised to facilitate interdisciplinary collaboration and create a conducive environment for innovative problem-solving. Furthermore, the collaborative framework will emphasise the establishment of shared resources and infrastructure to optimise the efficiency of research endeavours and enhance the overall impact on societal and global challenges.

Dr Ainun Nishat, Adviser and Professor Emeritus, Centre for Climate Change and Environmental Research (C3ER), BRAC University, and Ferdaus Ara Begum, Chief Executive Officer (CEO), Business Initiative Leading Development (BUILD), were present at the MoU signing event. ■

ARTICLES

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Foreign Secretary's BUILD visit focuses on policy advocacy and private sector development

The Hon'ble Foreign Secretary Ambassador Masud Bin Momen paid a courtesy visit to the BUILD Office on 2 August 2023. The talks include areas of policy advocacy and research, especially private sector development, infrastructure for logistics integration, increasing business efficiency and export diversification. BUILD CEO delivered a small brief to introduce BUILD, highlighting different collaborative activities between the government and BUILD. She further briefed on the activities of BUILD for private sector development, mentioning examples of policy reforms facilitated by BUILD. The Senior Secretary sincerely appreciated BUILD's significant and commendable contributions to the ongoing development initiatives within Bangladesh's private sector. ■

PMO receives report on logistics policy workshop

Ferdaus Ara Begum, BUILD CEO, handed the post-workshop report titled "Reviewing the Regulatory Framework of Different Countries to Formulate National Logistics Development Policy of Bangladesh" to Shahida Sultana, Director General, Executive Cell of the Prime Minister's Office, on 5 August 2023. The workshop took place on 20 August 2023 at the Bangladesh Parjatan Corporation. The

workshop was graced by M. Tofazzel Hossain Miah, Principal Secretary of HPM. The workshop aimed to shed light on the logistics regulatory framework of 13 countries (Singapore, South Korea, Malaysia, Thailand, United Kingdom, Germany, Turkey, China, Kenya, Vietnam, India, USA, and Sri Lanka), which were presented by the focal point/alternative focal point officials of the five subcommittees under NLDCC. Shahida Sultana, Director General, Executive Cell of the PMO, appreciated the submission of the report before the deadline. Nusrat Nahid, a Private Sector Specialist at the World Bank and Mohammed Lutfullah, a Senior Private Sector Specialist of IFC, attended the call. ■

Key workshop validates private sector's climate action in Bangladesh

A validation workshop titled "Assessment of Private Sector Engagement or Investment in Climate Action" was held at BRAC Centre Inn in Dhaka on 23 July 2023. The workshop, part of the larger initiative by the Food and Agriculture Organisation (FAO), aimed to validate findings from interactions with micro, small, and medium-sized enterprises in Bangladesh's AFOLU (agriculture, forestry and other land use) sector. Implemented by BUILD in collaboration with C3ER and BCAS, the event, chaired by BUILD CEO Ferdaus Ara Begum, marked a pivotal moment for stakeholders to collectively discuss private sector involvement in climate initiatives, advancing Bangladesh's commitment to sustainability. ■

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