



EDITORIAL

Bangladesh's post-graduation challenges and preparations

Bangladesh is set to graduate from the LDC status by 24 November 2026. To ensure a smooth LDC graduation, a National Committee on Graduation has been formed under the PMO chaired by the Principal Secretary to the HPM, and this committee works under seven sub-committees. Moreover, the ERD under the Finance Ministry took several projects to ensure a smooth LDC graduation. With this end in view, Bangladesh plans to prepare a smooth transition strategy (STS), which aims to analyse and study the positive and negative impacts of LDC graduations and the challenges and opportunities associated with it based on the opinions of both the public and private sector and collaboration between them.

Bangladesh faces three key challenges: trade preference erosion lowering exports, loss of policy space, an end to cash subsidies and TRIPS affecting the pharmaceutical industry, and potential issues with development financing such as interest rate hikes and climate financing. Experts predict these challenges will worsen the current economic crisis.

The greatest concern for Bangladesh is that it relies more heavily on benefits for LDCs than any other nation in the world. More than 70% of Bangladesh's exports enjoy LDC tariff preferences. Moreover, in the post-LDC-graduation period, the tariff rate of the major export destinations of Bangladesh is expected to range from 8-17%, which is now 0%. Though the UK has announced the Developing Countries Trading Scheme (DCTS) facility, the rules of origin criteria will be complex.

Bangladesh's export growth varies by country, with preferences boosting exports in some regions. However, a lack of preference in the USA hampers growth there. Bangladesh's market share in the US is lower than that of other similar countries. In the EU and UK, growth lags behind China, although China's share is declining. Post-graduation, WTO estimates a 14.28% export volume loss, the highest among peers. Loss of tariff preference and export subsidies constrain competitiveness. Compliance with global standards and regulations becomes crucial when export subsidies cease. Stricter enforcement of property rights is also necessary.

Bangladesh must diversify and expand its exports to face the challenges of LDC graduation. The exports of Bangladesh are meagre compared to the population log. The export needs to be at least ten times higher. Moreover, there exists a

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Mahbubul Alam: BUILD's new chairperson

Mahbubul Alam, President of the FBCCI and former President of the CCCL, is the new Chairperson of the Trustee Board of BUILD for 2024–2025, succeeding Nihad Kabir, who served from 2022–2023. The 2024 members include Kamran T. Rahman (President, MCCI), Ashraf Ahmed (President, DCCI), and Omar Hazzaz (President, CCCI). Abul Kashem Khan (Director of FBCCI and former DCCI President) and Md Saiful Islam (Director of MCCI) are nominated members. Additionally, Farooq Ahmed (Secretary General, MCCI), Afsarul Arifeen (Secretary General, DCCI), and Engr. Mohd. Faruque (Secretary, CCCI) serve as members, with Ferdous Ara Begum, BUILD CEO, as an ex officio member.



Mahbubul Alam expanded his success through the M. Alam Group, diversifying into nine sectors and supporting 19 enterprises with over 3,000 employees. Alam served as the President of the CCCI for five consecutive terms and established the World Trade Centre in Chattogram. As Honorary Consul of Japan, he facilitated Japanese investments. Recognised with CIP awards from the Ministries of Industries and Commerce, he also received international accolades from the World Customs Organisation (WCO) and the SAARC Chamber. ■

New trustee board members of BUILD



Kamran T. Rahman assumed the role of president of the Metropolitan Chamber of Commerce and Industry (MCCI) on 30 November 2023. In this capacity, he also serves as a trustee board member of BUILD for 2024–25.

He is the chairman and managing director of both Kapna Tea Company Limited and Pubali Jute Mills Limited. Since July 2017, he has been president of the Bangladesh Employer's Federation.

Rahman's longstanding association with MCCI includes serving as vice president from January to December 2013 and as an executive committee member from May 2010 to December 2013. Additionally, he has been an independent director at ACI Formulation Limited since 2014. ●



Ashraf Ahmed has been elected as the President of the Dhaka Chamber of Commerce and Industry (DCCI) for 2024. As such, he is also a trustee board member of BUILD for 2024–25.

A graduate of the Institute of Business Administration, University of Dhaka, Ashraf Ahmed is a seasoned businessman in the financial services industry. He heads Riverstone Capital Limited, a leading merchant bank in Dhaka. Trained as a banker, he served with ANZ Grindlays, SCB, and HSBC before founding Riverstone.

As head of Riverstone, he led major transactions, including the largest capital market deal and the most extensive project finance in the power sector. ●



Omar Hazzaz is the newly elected president of the Chittagong Chamber of Commerce and Industry (CCCI) for 2023–2025. In this capacity, he serves as a trustee board member of BUILD for 2024–25.

Hazzaz also owns Reliance International. He finished high school at William Carey, then studied marketing and corporate communication at Sunway University in Malaysia before returning to Bangladesh in late 2016. In 2017, he diversified his family's business into shipbuilding and maritime construction, constructing several dozen vessels, watercrafts and jetties over six years. He also ventured into property management, commodities trading, and, a year ago, food processing. His father, M. A. Latif, formerly led CCCI. ■

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double concentration in Bangladesh's exports. Moreover, heavy protectionism in the domestic market by imposing import tariffs makes the nominal protection rate 28%, which leads to anti-export bias restricting the country's export, as per the opinion of the experts. Moreover, compliance guidelines also serve as an impediment to export diversification in the country, an ideal example of which is the leather sector of Bangladesh. Furthermore, heavy reliance on import tariffs will make the tariff rationalisation process complex and challenging for the government. There is also a lack of FDIs in Bangladesh. The presence of foreign buyers can create bargaining power for the country. Moreover, the cost of business and logistics cost is exceedingly high in Bangladesh. The performance of Bangladesh's logistics sector could be improved. Lack of skills is also an impediment to smooth LDC graduation.

Negotiating FTAs takes time but can lead to mutually beneficial agreements. Bangladesh has recently announced reductions in cash subsidies for 43 export products, with rates varying from 10% to 100%. For instance, subsidies for crust leather have been fully withdrawn, while finished leather has been reduced to 7%. As leather is a significant export, alternative support measures are necessary, such as assistance with utility charges, capital machinery, and easing import processes for raw materials to help companies adjust gradually to subsidy

reductions.

Jute holds export potential for Bangladesh due to international demand for various jute products. Import duties on these products have been lowered, stimulating trade. While incentives cannot be permanent, exploring alternative mechanisms and investing in R&D for sustainable export growth is essential.

LDC graduation presents an opportunity, albeit challenging. Policy spaces must be crafted to sustain export growth and facilitate the entry of new products into markets. This adaptation is crucial for Bangladesh's economic resilience and development. ■

Ferdaus Ara Begum
CEO, BUILD

NBR's crucial meeting on tax reform and fiscal strategy

Recently, the National Board of Revenue (NBR) hosted a comprehensive meeting delving into various tax-related aspects and the formulation of the new fiscal year budget. The discussions covered macro considerations regarding investments, both foreign and local, accentuating the importance of creating a level playing field to foster a conducive investment climate. Representatives from key agencies such as the Bangladesh Investment Development Authority (BIDA), Bangladesh Economic Zones Authority



(BEZA), and BUILD, among others, were present.

One of the understandings foregrounded was the significance of macro aspects in investment, encompassing both foreign and local elements. It was underscored that ensuring a level playing field is imperative for cultivating a more favourable investment climate, regardless of whether it pertains to economic zones or other formats of investment zones.

The Bangladesh Investment Development Authority (BIDA) representative mentioned a comprehensive digital income tax system. He also noted that synchronising the three wings of the taxation system must be in place to resolve the fiscal issues related to investment. Tax at source on residents at 20% needs to be rationalised. Policy alignment regarding repatriation rate to be aligned among BIDA, Bangladesh bank, and NBR income tax policy at 6% of total turnover against technical services received from abroad. He mentioned the provision of section 56 of the Income Tax Act 2023 preceded by section 55 of the same Act where "Special business income on depreciation and

interest deduction” is non-admissible expenses as per law, increasing tax incidence high. Changes in law should be prospective rather than retrospective. Digitisation and automation of VAT Chalan (VAT form 6.3) are essential to automate the VAT system. Recycling and reusing *jhut* by reducing the VAT rate at the buy and sales stage to minimise import dependency on cotton.

The representative from BEZA conveyed to the audience the necessity for NBR-provided facilities to be of long-term duration and adhere to specified time limits. Annual issuance and acquisition of AIT certificates were underscored. Additionally, regarding land registration, it was emphasised that paid taxes should be eligible for rebate.

BUILD CEO Ferdaus Ara Begum mentioned expanding the tax network strategy. Tax deducted at source (TDS) becomes the primary source (85.97%) of income tax revenue, treated as an indirect tax that is alarming for the whole taxation system. Presently, 43 heads of TDS are required to pay the minimum tax as per 163 of the Income Tax Act 2023. Every TDS should be refundable or adjustable according to a specific section of the Act or the rules she mentioned. PSR (proof of return submission) was made mandatory for 43 service receivers who need to be revisited.

Regarding the discretionary power of tax authority, she suggested that the working scope of tax authority needs to be prescribed based on the adjudication capacity of the officer by executive order. She further opined that simplifying the audit process, establishing tax offices at every upazila level, and implementing automation with three tax wings are essential steps to modernise the tax system and enhance its efficiency.

High-Tech Park Authority of Bangladesh (BHTPA) Representative emphasised duty reduction on materials used to produce IOT, robotics components, and CCTV Camera, which are already in production in BHTPA jurisdiction. There is an immense potential for FDI in the biotech industry if they have a favourable tax policy.

Approximately four hundred industrial units from thirty-eight countries operate within eight export processing zones (EPZs). An SRO (56) currently exempts machinery and spare parts from four duties (Customs Duty, Supplementary Duty, Regulatory Duty, and Value Added Tax) at the import stage. However, representatives from BEPZA have suggested that Advance Tax (AT) and Advance Income Tax (AIT) applied at the import stage should also be exempted from the SRO. Furthermore, it has been recommended that spare parts for plotter machines and fire safety security appliances should be included in the rooftop solar category outlined in SRO 134, as referenced in SRO 118. ■

BUILD delegation discusses 4IR&ICT initiatives with BHTPA

On 16 January 2024, the BUILD delegation met with G. S. M. Jafarullah, Managing Director of BHTPA, at BHTPA to discuss the progress and implementation of the 4IR&ICT Working Committee initiatives, as well as requested scheduling the committee's fifth meeting. Ferdaus Ara Begum, CEO of BUILD, presented an overview of the committee's activities and their collaboration with BHTPA and briefly introduced BUILD's work in regulatory simplification for private sector development.

The presentation of BUILD covered a review of the committee's activities and an update on the activities of the 4IR&ICT Working Committee.

It was also informed that the 4IR and ICT Working Committee of BUILD, as one of the crucial tiers of the public-private dialogue platform (PPD) BHTPA, can collaborate with BUILD and contribute further so that the private sector of Bangladesh can reap benefits of the 4IR and ICT.

CEO, BUILD, briefly described the objectives and scope of 4IR&ICTWC. She also mentioned the committee's formation, critical activities, meetings, and implementation. She proposed some critical agenda for the upcoming meeting and requested a suitable date for the important meeting by the third week of July 2023. BHTPA MD expressed keen interest in helping organise the meeting with BUILD. BUILD also presented a draft agenda for the fifth meeting.

BHTPA MD acknowledged and thanked the BUILD CEO and the team for the presentation and meeting update. He indicated he would review the materials and request additional documents. He expressed interest in BUILD's activities and commended the committee's progress. ■

Discussion on private sector policy reforms for transforming agriculture for an inclusive, diversified economy

Citizen's Platform for the SDGs Bangladesh conducted a discussion session on the Private Sector's Perspectives on Policy Reforms at the Westin Dhaka on 21 January 2024.

During 2022-23, the Citizen's Platform, through nationwide consultation with various disadvantaged groups, identified 11 themes in need of urgent attention and immediate action as a part of the government and other concerned



stakeholders, more than 125 reputed experts got together to prepare the policy brief on each of the identified themes. BUILD was a member of the expert group that prepared a policy brief on Transforming Agriculture for an Inclusive and Diversified Economy. Former Chair of BUILD Asif Ibrahim was the chair of the expert team. ■



Exploring collaboration for leather sector development

On 21 January 2024, a meeting took place at BUILD's conference room with the Asia Foundation to explore potential collaborations for a joint project. The key points discussed during the meeting include the Asia Foundation's interest in developing a business case for entrepreneurship focused on tannery solid waste. The Asia Foundation has an upcoming project in the leather sector in the design stage.

It was proposed that within the Bangladesh Small and Cottage Industries Corporation (BSCIC) tannery industrial estate, designated plots should be allocated for entrepreneurs specialising in tannery solid waste management to ensure environmental sustainability. Additionally, there was a suggestion to establish a standard laboratory within the industrial estate to conduct chrome six testing.

BUILD's CEO proposed the possibility of collaborating with the Asia Foundation on the development of a comprehensive leather sector profile. This collaborative effort could include analysing existing skills in the leather sector, identifying key actors within the leather supply chain, and other relevant aspects. To alleviate pressure on the Common Effluent Treatment Plant (CETP), the idea of

encouraging individual Effluent Treatment Plants (ETP) and establishing CETPs for small entrepreneur clusters was discussed. The importance of ensuring proper pre-treatment of leather was emphasised, recognising that space constraints pose challenges for small entrepreneurs in achieving adequate pre-treatment.

The government is keenly interested in advancing the leather sector, recognising it as the second-largest exporting sector. Furthermore, there is a concerted effort to reduce dependency on the ready-made garments sector.

The CEO of BUILD underscored the importance of the BSCIC Plot Allotment Policy 2023, highlighting its provision for small entrepreneurs. According to the policy, BSCIC industrial estate will develop infrastructure and offer rental opportunities to small entrepreneurs.

The Asia Foundation is planning to give training to 70,000 SMEs, but they are facing difficulty in finding SME entrepreneurs as they are mostly informal. They only found 5,000 SMEs from diverse sources, such as the SME Foundation directory. Additionally, the BUILD CEO suggested providing training for tannery owners on the correct pre-treatment of leather.

In the footwear industry, the export volume of non-leather footwear surpasses that of leather footwear. The global demand for non-leather footwear is consistently on the rise. To broaden our export portfolio, we must provide incentives and support to the non-traditional sector, particularly the non-leather footwear industry. ■

BIDA workshop on investment climate and competitiveness

Bangladesh Investment Development Authority (BIDA) organised a day-long workshop on the implementation of the Bangladesh Investment Climate Improvement Programme (BICIP) and Municipality Competitiveness Index (MCI) adaptation on 22 February 2024 at BIDA Multipurpose Hall.

The Executive Chairman (Senior Secretary) of Bangladesh Investment Development Authority, Lokman Hossain Mia, graced the occasion as the Chief Guest in the workshop. Executive Member Mohsina Yasmin, Executive Member Avijit Chowdhury, Executive Member Khairul Islam of BIDA, and Team Leader of Local Economic Development Project of Swisscontact Markus Ehmann were Special Guests in the workshop. The Executive Member of BIDA, Dr Khandoker Azizul Islam, presided over the workshop.

As a member of the Working Group of the BICI Programme, Kanis Fatama, Senior

Research Associate of BUILD, participated in the workshop. The workshop started with presentations on the framework of the BICIP, the implementation progress of BICIP at the national level, and the framework of the MCI implemented at the local level by the PRABRIDDI project with the partnership of Swisscontact. A review was conducted in the workshop on the progress of implementing the pillar-based Action Plan under BICIP and MCI. ■

BIDA meeting to gather inputs for new import and export policies

On 22 January 2024, the Bangladesh Investment Development Authority (BIDA) organised a meeting to deliberate on the Import Policy Order 2021-24 and Export Policy 2021-24. The primary objectives of this gathering were to discuss proposals for the forthcoming Import Policy Order 2024-27 and Export Policy 2024-27. A Senior Research Associate from BUILD participated in the meeting alongside several representatives from the public sector and stakeholders from the private sector.

Following the decisions made during the meeting, BUILD submitted proposals to BIDA and the Ministry of Commerce for possible inclusion in the Import Policy Order 2024-27 and Export Policy 2024-27. ■



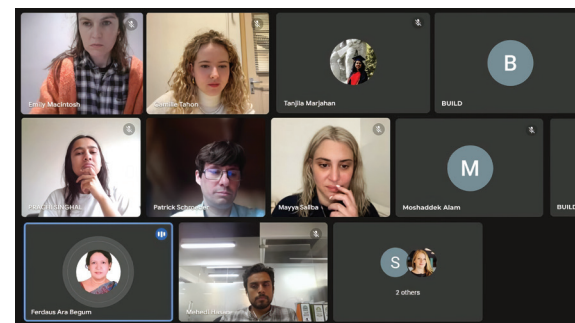
FGD on WTO Dispute Settlement Reform for MC13 preparation

A focused group discussion on WTO Dispute Settlement Reform was held at the Economic Relations Division (ERD), Ministry of Finance on 12 February 2024 under the Support to Sustainable Graduation Project (SSGP) at the Conference Room of SSGO.

The FGD was held as a preparation for the 13th WTO Ministerial Conference (MC13) held in Abu Dhabi, UAE, from 26-29 February 2024. The 12th MC was held on 12-17 June 2022, and several issues remained unfinished, such as measures for graduated LDCs, Fisheries Subsidies, Electronic Commerce, and the

reform of the WTO Dispute Settlement System. So far, the fifth version of the draft Ministerial decision on DSS has circulated, proposing a significant shift from the existing dispute settlement procedures.

Hafizur Rahman, Member, of the Bangladesh Competition Commission, presented the keynote paper at the FGD. The discussion areas covered are the current situation of the discussion on DSS, the latest reform proposal on DSS, the implication of the proposed reform and possible position of Bangladesh and the way forward. Sharifa Khan, former Senior Secretary, ERD, and Adviser, SSGP, chaired the discussion session. A number of private and public sector stakeholders were present in the FGD and contributed to the discussion. As one of the panellists, BUILD CEO contributed to the session to consolidate Bangladesh's position. ■



Virtual conference on circular economy in Bangladesh's textile sector

On 25 January 2024, a virtual conference was convened to discuss and deliberate on the principles and implementation strategies of the circular economy. The agenda featured updates on various projects and focused on an ongoing study on trade flow and employment baseline analysis in Bangladesh's textile sector.

Attendees included notable experts and representatives from various organisations, such as Prachi Singhal from the Switch to Circular Economy Value Chains at Chatham House, Dr Patrick Schroeder from the Institute of Development Studies in the United Kingdom, Mayya Saliba and Camille Tahon from the Circle Economy Foundation, Emily Macintosh from the European Environmental Bureau, and Ferdous Ara Begum, CEO of BUILD, along with Mehedi Hasan from BUILD.

BUILD is actively contributing to this study by integrating circular economy principles to analyse and improve the sustainability of existing trade and employment practices. The collaborative efforts aim to enable a more sustainable and economically viable sector through innovative circular economy practices. ■

Ministry of Industries and JICA plan support industry roadmap

In a collaborative effort between the Ministry of Industries and the Japan International Cooperation Agency (JICA), a meeting was convened under the chairmanship of the Additional Secretary of the Ministry of Industries on 24 January 2024.

The primary agenda of the meeting was to finalise the draft of the Support Industry Development Roadmap. This roadmap, prepared in collaboration with JICA, aims to outline strategies and initiatives to bolster the support industry sector in Bangladesh. During the meeting, stakeholders from private and public sectors reviewed and discussed the draft roadmap to refine its content and ensure alignment with national development objectives.

Key discussions during the meeting centred on policy recommendations, sector-specific interventions, and implementation frameworks to catalyse growth and innovation in the support industry domain. The collaborative effort between the Ministry of Industries and JICA underscored a commitment to fostering economic development and industrial advancement in Bangladesh.

Further updates on the progress of the Support Industry Development Roadmap will be provided by the Ministry of Industries as the initiative advances. Interested parties are encouraged to contact the ministry for additional information on this strategic endeavour. Also, during the meeting, the Ministry of Industries requested stakeholders to submit their recommendations for further refinement of the roadmap. The BUILD CEO participated in the discussion and identified several areas for inclusion in the policy. ■

Workshop on RMG sector competitiveness

A validation workshop on market access, comparative advantage, export diversification and upscaling the RMG sector was held at the Bangabandhu International Conference Centre (BICC) on 31 January 2024.

The workshop addressed coherent and effective strategies for improving Bangladesh's access to international markets, leveraging the country's competitive advantages, and diversifying export products. Additionally, discussions centred on innovative approaches to enhance the growth and global competitiveness of the RMG sector.

M. Tofazzel Hossain Miah, Principal



Secretary to the Hon'ble Prime Minister, was present as a chief guest. The event, chaired by Economic Relations Division (ERD) Secretary Md Shahrar Kader Siddiky, welcomed special guests, including Senior Secretary of the Ministry of Commerce Tapan Kanti Ghosh and President of Bangladesh Textile Mills Association (BTMA) Mohammad Ali Khokon. Chairman of Research and Policy Integration for Development (RAPID) and Research Director of Policy Research Institute of Bangladesh (PRI), Dr Mohammad Abdur Razzaque, was present, among others. ■



Meeting with the State Minister on Bangladesh economic policy

A meeting was held with the Hon'ble State Minister Ahsanul Hoque Titu MP, at his office led by Dr Debpriya Bhattacharya, distinguished fellow, CPD, to discuss several policy-related issues of Bangladesh economy for moving forward. Hon'ble State Minister sought collaboration from academia and the private sector to support expanding domestic industry. He referred to GI products in the country and how localised small and medium enterprises can be developed with particular importance on the associated products.

In this respect, specific policy implications are involved. The discussion highlighted the potential of the Bangladesh tea industry, focusing on strategies for its revival and export growth, and explored the possible role of TCB in this context. Hon'ble State Minister expressed his determination for policy support and strengthening industry-academia-policy makers collaboration. During the meeting, the BUILD CEO raised the issue of SME development, with a particular focus on women-owned SMEs at the district level. ■

BUILD greets new DCCI President

In January, BUILD CEO Ferdaus Ara Begum and Consultant Fahmida Jabeen warmly welcomed DCCI President Ashraf Ahmed at his office, presenting him with a flower bouquet as a goodwill gesture. During the meeting, they emphasised the collaboration between BUILD and three leading chambers, of which DCCI is a founding partner. President Ashraf Ahmed expressed his commitment to encouraging further cooperation between BUILD and DCCI, recognising its ongoing contribution to advancing shared objectives. The Secretary General of DCCI, Afsarul Arifeen, was also in attendance, contributing to the productive exchange. ■

BUILD holds session with DBL Group on TCP project

On 15 January 2024, BUILD team shepherded by BUILD CEO Ferdaus Ara Begum, Senior Research Associate Mehedi Hassan, and Research Associate Asif Haider held an interactive session with the DBL Group officials Md Zahidullah, Chief Sustainability Officer, DBL Group Mashook Mazid Chowdhury, Manager Sustainability, DBL Group via Zoom Online Platform as a part of the study under the Textiles Competitiveness Platform (TCP) project by the IFC. In the meeting, the DBL group members pointed out that the single-day carbon emission caused by the Russia-Ukraine war is greater than that of the annual emissions by the DBL Group.

Furthermore, they voiced significant concern about the stringent regulations enforced by buyers in the RMG industry, which employs a large workforce. In contrast, the ammunition industry, which produces higher emissions than the apparel sector, faces no such restrictions. They highlighted the disparity in regulatory attention, pointing out that the ammunition industry's environmental impact remains largely unchecked. Buyers frequently modify these regulations, resulting in substantial factory compliance costs. They invested in a joint solar park through PPP instead of buying renewable energy certificates as a proactive measure. Regarding policy, they suggested that the authority to issue renewable energy certificates should be entrusted to local companies. They also emphasised the need for more stable and predictable regulations. ■

SCOPES

From plastic crisis to sustainable textiles: Bangladesh's opportunity

Bangladesh, a global garment leader, has a unique opportunity to leverage its existing textile industry to address its plastic pollution crisis. Bangladesh can transform plastic waste into valuable resources by developing a robust plastic-to-textile value chain.

This could involve collecting and sorting used plastic bottles, converting them into recycled polyester fibres, and then incorporating them into new clothing. Using recycled plastic for textile production, Bangladesh can divert plastic waste from landfills and waterways while reducing reliance on virgin resources and potentially lowering production costs. This new sector could create waste collection and sorting jobs and enhance Bangladesh's image as a sustainable textile producer. Examining local regulations concerning plastic waste handling, promoting the utilisation of recycled plastics through incentives, and enabling collaboration among stakeholders will be essential to unlock this opportunity. ■

UK white paper analysis: Climate challenges and development financing

Bangladesh is facing the devastating impacts of climate change, which is not merely a risk on the horizon but a catastrophe already in the making - causing a 9.4% reduction in the country's GDP and displacing 7.1 million people in 2022. The country has been a role model in coping with disasters like cyclones. Still, in the face of repeated and escalating disasters, adaptation has a steep cost, with most of the harm the poorer communities face.

The economic and climate challenges are also compounded by other planetary challenges, such as increasing pollution and biodiversity erosion, the rise of artificial intelligence, and increasingly volatile geopolitics. Conflicts have been flaring up, jobs are being retrenched due to robotics, and essential resources like water, air, and soil are severely affected by economic activities.

All these issues will be critical considerations for the development agenda, the modalities of development financing and implementation, and the overall impact of development interventions.

In such a background, the UK released the white paper "Why Is International Development So Important Now?" The

white paper sets the priority of poverty reduction and climate change. The key areas identified include helping those in need, working with civil society, fighting climate change and nature conservation, ensuring gender justice, humanitarian support, ending hunger, health and social protection, digital innovation, and making finance more effective. Subsequently, discussions were held, and further input was welcomed.

BUILD is submitting its brief feedback on the white paper in this short document. BUILD viewed climate and development finance as not separate, as poverty and climate vulnerability are intimately linked. Thus, the two types of finance are complementary, and their applications must be integrated. Climate adaptation, for example, requires the integration of adaptation finance, loss and damage finance, social safety finance, private sector finance and other kinds of financial instruments. ■



SMEF pre-budget meeting validates tax recommendations

On 14 February 2024, the Small and Medium Enterprise Foundation (SMEF) held a pre-budget meeting at the SMEF Conference Room to validate tax-related recommendations from various member associations across 177 clusters nationwide. The meeting was presided over by Salahuddin Mahmud, Managing Director (Addl. Ch.) of SME Foundation. BUILD suggested that TDS should be periodically adjusted every six months using an online platform, mirroring the process for VAT.

Md Abdur Razzaq, President of the Bangladesh Engineering Industry Owners Association (BEIOA), highlighted that field-level VAT officials going door to door create hassles and discourage potential enterprises from joining the VAT network, often forcing them to handle VAT matters unofficially. Aklima Sultana, President of the WEA, and Mohammad Jahangir Hossain and Farzana Khan, both General Managers of SME Foundation, attended the meeting. BUILD's Senior Research Associates, Md Nuruzzaman and Nasib ul Amin, were present at the meeting and represented BUILD in the discussions. ■

ARTICLES

যুক্তরাজ্যের বাজারে রফতানি বাড়াতে সহায়ক হবে ডিসিটিএস • Bonik Barta ■
cutt.ly/buildconnect241-01

LDC graduation and beyond: Navigating the investment landscape in Bangladesh • The Business Standard ■
cutt.ly/buildconnect241-02

নতুন উদ্যোক্তা তৈরিতে সহায়ক হবে ট্রেড লাইসেন্স সহজীকরণ • Bonik Barta ■
cutt.ly/buildconnect241-03

'মূল্যস্ফীতি নিয়ন্ত্রণে বাংলাদেশ ব্যাংকের নীতিমালা' • The Daily Ittefaq ■
cutt.ly/buildconnect241-04

Why MC13 is important for investment facilitation in Bangladesh • The Business Standard ■ cutt.ly/buildconnect241-05



BIDA consultation meeting shapes national budget recommendations

To facilitate discussions with association leaders regarding the formulation of the national budget, BIDA hosted a consultation meeting on 12 February 2024. At this assembly, Pallab Biswas, in his capacity as Senior Admin Associate, represented BUILD. The speakers put forward suggestions following comments on the budget plans.

These recommendations included improving import spare part facilities, prioritizing support for female entrepreneurs, broadening tax coverage, enforcing effective alternative dispute resolution (ADR) laws, maintaining control over DCTs, reducing TDS rates in the IT, power, and solar industries, exploring methods to increase final tax liabilities to 29.5%–40%, implementing VDS adjustment rules, mandating PSRs for trade body members, scheduling multiple meetings with trade bodies every three months rather than just one before the budget proposal, and demonstrating the commercial rationality of discretionary power. Moreover, Pallab Biswas suggested that NBR should consider reducing the corporate tax rate to alleviate businesses' financial burdens. He also proposed that income tax for research trusts be levied at

a lower rate to encourage innovation and investment in research and development activities. Following the consultation meeting, the hosts and speakers arranged a meeting with Salman F. Rahman, prime minister's private industry and investment adviser, to review the budget proposal summary and send it to NBR with recommendations. ■



BUILD backs Bunon 2030 for apparel worker well-being

The Bunon 2030 initiative, entitled 'Embracing Well-Being — Nurturing the Future of Apparel Workers in the Industry,' was launched by Light Castle Partners in close collaboration with the Policy Exchange of Bangladesh. The primary objective of this initiative was to safeguard the livelihoods of women RMG workers for the future.

During a workshop on 22 February 2024, the CEO of BUILD participated as a panellist and highlighted the significance of utilising a public-private dialogue platform such as BUILD. She elucidated how BUILD unites key stakeholders from the RMG ecosystem, facilitating collaborative discussions, sharing best practices, and exploring solutions to ensure the well-being of women apparel workers.

BUILD is also committed to supporting the initiative by advocating for policy-related issues on behalf of the sector. Through these collaborative efforts, the Bunon 2030 initiative seeks to address the challenges faced by women RMG workers and pave the way for a more sustainable and inclusive future in the apparel industry. ■

Insights on sustainable RMG development in Bangladesh

On 17 February 2024, the Conference Room of ERF saw the launch of *Bangladesh RMG and Sustainable Development* by Dr Mohammad Hasan, Managing Director of Cotton Group. Faruque Hasan, President of BGMEA, graced the occasion as the Chief Guest.

During the panel discussion, BUILD CEO Ferdaus Ara Begum emphasized the imperative to transition towards higher value-added products within Bangladesh's export portfolio. She underscored ongoing efforts to raise awareness among EU policymakers about trade policies' environmental, societal, and socio-economic impacts, including upcoming circular economy textiles policies.

Highlighting the necessity for inclusive 'just transition' processes for legislation affecting trade relationships, she emphasized the importance of preparation, particularly in light of the EU's sustainability agenda. With technological advancements driving demand for sustainable alternatives in the fashion industry, Bangladesh's textile and apparel sector is urged to align practices with European ESG standards, including due diligence requirements under the Corporate Sustainability Due Diligence Directive (CSDDD) and Eco-design for Sustainable Products Regulation (ESPR).

Moreover, she emphasized the importance of ensuring transparency and traceability across supply chains, particularly in the post-graduation stage, to promote sustainability. This entails aligning practices with European Environmental, Social, and Governance (ESG) standards, including those outlined in the Corporate Sustainability Due Diligence Directive (CSDDD) and Eco-design for Sustainable Products Regulation (ESPR). Such efforts are essential to maintaining trade relations with the EU amidst its focus on ESG regulations under the EU Strategy for Sustainable and Circular Textiles and evolving consumer preferences. ■

DCCI seminar stresses private sector growth for Bangladesh's economy

In a seminar titled "Bi-annual Economic State and Future Outlook of Bangladesh Economy: Private Sector Perspective," organised by the Dhaka Chamber of Commerce and Industry (DCCI) on 18 February 2024, key stakeholders convened to discuss the trajectory of Bangladesh's economy and the role of the private sector in its development.

Tanjila Marjahan, a research associate at BUILD, participated in and contributed to the seminar. ■

BUILD CEO Meets FBCCI President

On 16 January 2024, BUILD CEO Ferdaus Ara Begum extended a courtesy visit to Mahbubul Alam, Chairperson of BUILD and President of FBCCI, at the FBCCI Gulshan office. During the meeting, the CEO congratulated the BUILD Chair and engaged in discussions concerning policy advocacy and research, mainly focusing on private sector development, logistics infrastructure enhancement, business efficiency improvement, and export diversification with FBCCI.

The CEO provided an overview of BUILD's ongoing initiatives, highlighting various stakeholder collaborative efforts. Additionally, she outlined BUILD's contributions to private sector development, citing specific examples of policy reforms facilitated by the organisation.

In response, the FBCCI Chief expressed his commitment to advocating for simplifying the process of obtaining certificates and registrations, including five-year trade licenses, to promote a conducive environment for business operations. ■

BUILD Chair prioritises SMEs for growth

The seminar, titled "Opportunities and Challenges in the SME Sector," organised by the ERF and supported by the National Bank, took place on 15 January 2024, with BUILD Chairperson and FBCCI President Mahbubul Alam as its chief guest, stressing the vital role of the SME sector in boosting GDP. He urged the prioritisation of SMEs to support economic growth and recommended measures such as facilitating banking finance and establishing a dedicated ministry for SMEs. He noted large industries, like Toyota, create opportunities for smaller entrepreneurs. Mehmood Husain highlighted SME loan target challenges. Sameer Sattar suggested steps like separating medium enterprises. Masudur Rahman stressed financing shortages and urged easier loan processing. The experts insisted on a mindset shift towards SME development, advocating for streamlined processes and improved international market access. Refayet Ullah Mirdha, President of ERF, presided over the seminar, while Abul Kashem, the General Secretary, was the moderator. ■

BUILD visits Urmi Group for renewable energy insights

On 4 January 2024, BUILD members Senior Research Associate Mehedi Hasan and Research Associate Asif Haider visited the Urmi Group factory in Demra, Dhaka, as a part of interviewing the members of the Urmi Group for the Textiles Competitiveness Platform project under the IFC. Manager Tanveer Ahmed Sonnet from Urmi Group participated in the meeting.

In the meeting, Sonnet emphasised nuclear energy as Bangladesh's potential renewable energy source. He also pointed out the challenges regarding the high import duty on solar inverters and other bureaucratic complexities from the DoE. He also underscored the renewable transition for the RMG factories as it attracts buyers. ■



Discussion on rooftop solar funding for RMG

On 2 January 2024, BUILD team members Mehedi Hasan, Senior Research Associate and Asif Haider, Research Associate, met City Bank PLC members at their head office in Gulshan. From City Bank, Md Firoz Alam, SVP and CRM Head, and

Molla Karimul Islam, Manager, Sustainable Finance and CRM Division, participated. The meeting took place under the Textile Competitiveness Platform (TCP), an initiative focused on boosting the international competitiveness of Bangladesh's textile industry.

In the meeting, the City Bank representatives expressed their willingness to fund the rooftop solar projects of the RMG factories in Bangladesh. They also expressed some concerns regarding the disbursement of the green funds of Bangladesh Bank. Finally, their willingness to finance good clients was reflected in the session. ■

Meeting with the Local Government Division

A meeting was convened on 11 January 2024, under the leadership of Muhammad Ibrahim, Secretary of the Local Government Division (LGD), to execute the recommendations for streamlining issuing and renewing trade licenses. These recommendations stemmed from decisions made during the 14th meeting of the PSDPCC held on 14 August 2023 at the Prime Minister's Office (PMO). Senior officials from LGD, representatives from Dhaka North and South City Corporations, as well as from Sylhet and Rajshahi City Corporations, CEOs from various Municipalities, and Chairpersons from Union Parishads nationwide, along with officials from BUILD, attended the meeting.

Ferdaus Ara Begum commended LGD for introducing initiatives such as a maximum validity period of 5 years for Trade Licenses and a unified Trade License form. Kanis Fatama, Senior Research Associate at BUILD, presented a study on simplifying the issuance/renewal process of Trade Licenses, along with corresponding recommendations. Following an extensive discussion, the Secretary of LGD endorsed

the recommendations regarding trade licenses and pledged to work on the proposals for their implementation. ■



■ From right to left: Adeeb Anand Choudhury and Anirban Sengupta, Managers at PricewaterhouseCoopers Bangladesh; Ferdaus Ara Begum, CEO of BUILD; Mehedi Hasan and Ahmed Julkernine from BUILD. Ferdaus Ara Begum is presenting the latest edition of Connect newsletter to Anirban Sengupta on 11 February 2024.



■ Ferdaus Ara Begum, CEO of BUILD, is seen discussing the upcoming sixth edition of *Business Start-Up Licences — A Regulatory Guide* with the team on 5 February 2024. The Guidebook, featuring 400 licences, is a groundbreaking resource for entrepreneurs in Bangladesh.

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