

Creating a better business environment

BBBF recommendations reflect not only the realities of the market, but also the priorities and values of the country and its capacity to adapt to change. As the private sector becomes more competitive, coherent and carefully planned reforms are expected to produce benefits faster.

SAMIR ASAF

THE Bangladesh Better Business Forum (BBBF) is an unprecedented organisational apparatus for partnership between the public and private sectors in Bangladesh. It aims to implement reforms to improve the business environment. BBBF planned to achieve concrete results in the short-term through ministerial action, and a pragmatic and focused approach was taken, knowing that certain long-term reforms would require legislative action.

BBBF seeks to brand a stronger Bangladesh to foreign investors and to improve the overall business climate in this country with short-term high-value policy decisions, also initiating long-term structural improvements in a various areas that affect doing business. The result should be an increase in business activity, investment, domestic demand and well-being by building up local enterprises.

For example, an incubator for SMEs with proper policy support could develop industrial clusters with agglomeration economies and the associated positive externalities, where collocation of firms

generate substantial direct and indirect employment, give rise to numerous links including fiscal links, and crowd in many other services such as value added supply chains.

BBBF seeks progress and solutions through building coalition of partners in national development among a broad range of relevant stakeholders rather than capture and confrontation. Stakeholder consultation has brought in diverse range of interests and views to the table. The stakeholder process was based on a sufficiently broad balance of interests to give BBBF recommendations the economic and social support it needs. We focused on priorities, and deliver time-bound and workable action plans. Recommendations cut across government jurisdictions with the aim of unifying the government behind a common set of goals.

BBBF has been in operation since mid-December 2007. In the last six months, the members of all five working groups worked diligently and through numerous interactions and iterations of public-private partnership dialogue, and finalised several recommendations.

Many of the BBBF recommen-

dations for streamlining tax administration, and eliminating non-conforming fiscal policies are reflected in FY08-09 national budget. Additional recommendations shall be presented to BBBF on an ongoing basis.

The business finance working group, in consultation and partnership with the respective line ministries, made 41 recommendations and received approval for the majority of them. Salient reforms include the following: require accounting and financial audits of business enterprises by accredited accounting firms only; take punitive action against fraudulent audits; Bangladesh Bank (BB) will advise all commercial banks and financial institutions (FI) to reduce and rationalise their interest rate charges so that the weighted average spread is less the 5.00%, and reduce L/C charges and various fees.

For SME financing, as per the business finance working group recommendations, BB will advise FIs to allocate 40% of their SME loanable funds to Small Enterprises and 60% to Medium Enterprises; re-finance increased amounts of loans for the SME sector; provide necessary permissions to FIs to set up Medium

Enterprise Service Centres; recommend FIs to provide preferential treatment to women entrepreneurs; and allow a lower 1% provisioning for SME loans instead of the usual 2%.

The business entry and operations working group, in consultation and partnership with the respective line ministries, made 22 recommendations and received approval for most of them.

The infrastructure working group also has a mission to enhance the national logistics system as a comprehensive approach the operating infrastructure that supports production and trade. This working group, in consultation and partnership with the respective line ministries, made 28 recommendations and received approval for most of them.

The macro-economic policy working group, in consultation and partnership with the respective line ministries, made 24 recommendations regarding the investment and tax policy environments. Reforms include: Bangladesh Bank to put moral pressure on banks/FIs to reduce lending rates and spreads; NBR will ensure that import duty on raw materials is lower than finished goods in every industry, and provide facilities to publicly listed companies to plough back profits into industry; and many more.

The skills development working group has a mission to create an enabling environment for compet-

itiveness through human resources development. This working group, in consultation and partnership with the respective line ministries, made 14 recommendations and received approval for 3 of them with regard to various timeframes for implementation. The rest of the recommendations will be presented upon further deliberation among the working group and concerned ministries.

In line with Bangladesh's national development plan, BBBF aims to improve the business environment and create conditions conducive to faster private sector-led growth that can be sustained, consistent with our private sector development strategy.

BBBF recommendations reflect not only the realities of the market, but also the priorities and values of the country and its capacity to adapt to change. As the private sector becomes more competitive, coherent and carefully planned reforms are expected to produce benefits faster.

We are focusing on execution effectiveness through an orderly approach, which helps to reduce the risks and costs of adjustment. BBBF is poised and determined to improve private sector performance with a two-pronged approach. First, freeing up the market and stimulating competition so that enterprises can adapt and innovate more quickly, and second, by enhancing the capacity of the public sector to provide an

enabling environment of sound regulation and efficient public services.

Broad support is necessary to sustain the reforms initiated, and the professional civil servants who are essential to its success might need incentives to be tied to performance results. At BBBF, we are cognizant that in such reforms piecemeal efforts are less successful than a comprehensive set of reforms. Institutions are key to the quality of the investment climate, while early and broad-based stakeholder engagements leading to a shared commitment to an action plan are a sine-qua-non. The BBBF consultative process was therefore at multiple levels.

Governments influence the quality of their investment climates through policies, institutions, and their relationship with the private sector. Not until the formation of the BBBF has there been a structured public-private partnership initiative in Bangladesh, which aims to design integrated strategies and to balance the private sector perspective with broader economic and social goals.

Although Asian countries have been slow to adopt comprehensive competition policies, a new "Competition Policy" is contemplated for Bangladesh by way of a Competition Commission, which will be a watchdog ensuring fair-play and efficiency in the market that ultimately benefits the consumer.

In addition, a Bangladesh



Let's reduce the cost of doing business.

Economic Zone Ordinance 2008 is in the final stages of approval for beginning the process of formation of Special Economic Zones (SEZs) such as Export Processing Area (EPA), Domestic Processing Area (DPA), Commercial Area and Warehouse (CAW), and Non Processing Area (NPA). A one-stop single-window service will be provided to investors who will also receive various fiscal incentives and regulatory allowances.

The design of the operational model for Private Sector Development (PSD) strategies is certainly the first step, but lack of implementation due to weak institu-

tional capacity has been a major cause of the failure of PSD strategies in many countries. Implementation of BBBF recommendations is therefore being enhanced by follow-up projects and capacity building components.

We intend to streamline the engagement processes and facilitate enhancement of institutional capacity building so that public service becomes more efficient in serving the investors. Institutionalising the PSD administrative responsibilities within the permanent civil service is essential for sustaining the PSD strategy process across political cycles.

Samir Asaf is a member of the BBBF.

The Kosovo question

Friendship with Kosovo will open the door for excellent opportunities in economic, trade and business between not only Bangladesh and Kosovo, but also with Albania, Serbia, Slovenia, Croatia, Macedonia, and Bosnia as labour and goods are becoming expensive in these countries as in the rest of Europe. I believe Bangladesh should accord recognition to Kosovo forthwith.

S.M. RASHED AHMED

KOSOVO'S independence is a triumph of the right of self-determination and freedom. Serbian military and security forces had for years suppressed the freedom movement of the people of Kosovo through one of the worst genocides in history. Following Nato intervention and resistance by the KLA, Serbian military and security forces were forced to withdraw from Kosovo. This was followed by the formation of a United Nations interim government under UN Security Council resolution 1244. The main objective of the UN resolution was to prepare Kosovo for a democratic, multi-religious, multi-ethnic and multi-cultural society, paving the way for resolving its final status. It was clear that Kosovo would not revert back to the rule of Belgrade after the genocide.

Kosovo finally declared its independence through a vote in the elected parliament of the Republic of Kosovo. Mr Hashim Tachi, a former student leader and brave freedom fighter, became the first prime minister of the Republic of Kosovo.

It was an honour to have been appointed directly by the then UN Secretary General Kofi Annan as his representative in Kosovo from 2000 to 2005. After intensive and prolonged negotiations, I

was able to achieve a degree of consensus on vital issues involving creation of a democratic multi-religious and multi-ethnic Mitrovica, which became a model for the rest of Kosovo, through peaceful means with full guarantees to the rights of the minorities, rule of law and economic development with private sector/market economy forming the main engine of growth.

Bangladesh position

Kosovo's march towards independence was, in many ways, similar to Bangladesh's. I strongly feel that the delay on the part of Bangladesh government to accord recognition to Kosovo is affecting our vital national interest and principal objective of our foreign policy. Bangladesh should consider according recognition to Kosovo without further delay for the following reasons:

- Kosovo, like Bangladesh, was subjected to genocide and won its independence through a bloody war of independence after the KLA, the "Mukti Bahini" of Kosovo, waged a heroic fight supported by its allies.
- Kosovo has emerged from socialist one-party government to become a democratic multi-religious, multi-ethnic, and multi-cultural pluralistic society with a market economy and a

free media. It is predominately a Muslim majority country in the heart of Eastern Europe, but the Kosovo Albanian Muslims are very tolerant and firmly committed to democracy and human rights, and are against misuse of religion for political ends.

- Recognition of the Republic of Kosovo is vital for peace and stability, not only for Kosovo but also for Serbia and the entire Balkans. Serbia's fragile transition to democracy and free market economy is being threatened by the defeated Milosovic forces and the rise of radicals and extremists in former Yugoslavia, who are allegedly responsible for the assassination of the former prime minister Djindjic.

In fact, a majority of local Kosovo Serbians told me that they wished to live in peaceful co-existence with Kosovo Albanians in Kosovo, but could not do so due to opposition coming from radicals in northern Kosovo and the Serbian Orthodox Church backed by Belgrade. The international media and many governments have been misled into believing that this is opposition by local Kosovo Serbians to the independence of Kosovo.

Belgrade has no love lost for Kosovo. Historically, Kosovo Serbians and Kosovo Albanians

have worked together, particularly in the Trepcia mines located in Mitrovica. Building of a democratic, liberal, and tolerant Kosovo based on human rights and free market economy is crucial to the success of building a democratic, and pluralistic Serbia.

The objection that recognition will give encouragement to the secessionist movements and tendencies in the Balkans and elsewhere is totally incorrect, and based on distortion of truth and reality on the ground in Kosovo, particularly in northern Kosovo.

The factual position is that, after the dissolution of the former Republic of Yugoslavia (RY), all its constituents, including Croatia, Bosnia, Slovenia, and Macedonia, have gained independence except Kosovo. Serbia is not the successor state of RY. So the question of secession does not arise.

Kosovo has emerged as an independent state like other constituent republics/provinces of RY due to dissolution of the Yugoslavia federation. To deny independence to Kosovo after a genocide and bloody war of liberation would not only be against the will of its overwhelming majority of Kosovo Albanians, who constitute 90% of the population, but could also ignite fresh conflict in Kosovo engulfing the whole of the Balkans. It could create another opportunity for al-Qaeda and other terrorist groups to use this conflict to serve their designs.

In fact, the hidden agenda of Belgrade is to partition Kosovo. This would set a dangerous precedent in the Balkans as Kosovo Albanians are a significant minor-



Finally free.

ity in Macedonia and control the Macedonian economy, and may demand a similar partition of Macedonia.

This would open a Pandora's box and destabilise the Balkans. Swift recognition of Kosovo will put an end to Belgrade's partition plan engineered by the radicals, and stabilise the situation in Kosovo and the Balkans.

I congratulate the leadership of US, the EC, and other countries which have granted recognition to the Independent Republic of Kosovo and for assisting with the consolidation of their independence. At the same time I regret the unhelpful role of Russia in trying to block Kosovo's recognition and independence which carries grave risk of not only Balkan instability but possibly creating another bastion for international terrorism and militancy.

Despite all the challenges of a newly emerging state, Kosovo has made impressive progress. The business environment in Kosovo is becoming one of the most compet-

itive in Europe, and there is a young, educated population as its workforce. Kosovo has achieved a high degree of macroeconomic stability, inflation is close to zero, and the financial sector is steadily growing stronger with a stable monetary policy as the euro is the official currency in Kosovo.

This is the right time to get into Kosovo and take advantage of the business and investment opportunities. As Kosovo is rebuilding it needs practically everything. Among others, opportunities exist in IT, communication, food processing, construction, manufacturing minerals, trade, transport, tourism, real estate, and much more.

As Bangladesh emerged as a democratic and secular republic after independence, Kosovo has also emerged as a liberal, multi-religious, multi-ethnic state. Though a predominately Muslim country in the heart of Eastern Europe, it is committed to human rights including guaranteeing full right to the minorities. It has also rejected socialism and opted for a free market and private sector oriented economy.

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Rashed Ahmed is a former Bangladesh Ambassador, and UN Regional Administrator/Representative in Kosovo.

LEST WE FORGET

An amazing health persona

STEFANO LAZARI

AN eminent medical scientist and physician of Bangladesh, Major General Mahmudur Rahman Choudhury was born on June 1, 1928 in Sylhet. He had to his credit a brilliant academic and professional career. All through his school and college life he received stipends.

He passed Matric in 1944 in first division with letters, stood first in ISC among Muslims under Calcutta University in 1946, and received the full scholarship for studying in Calcutta Medical College. He graduated from there in 1951; and again stood first for receiving the scholarship from the then Pakistan government and obtained D. Bact. with highest distinction from the University of London in 1959.

He was commissioned in the Pakistan Army Medical Corps in 1952. For his professional excel-

lence as a junior major, he received a letter of commendation from the Commander in Chief and was also honoured with the civil award Tamgha-e-Quaide Azam.

Dr. M.R. Choudhury was posted at Islamabad as Executive Director of National Health Laboratories in 1970.

His dynamic command and superb organisational capabilities contributed largely to the establishment of the Armed Forces Institute of Pathology and Transfusion in 1976, and he became the Founder Commandant.

His contributions earned him the recognition of the Government of Bangladesh and as such the Independence Day Award (in Medical Science) was conferred on him in 1977. The institution he built up, the AFIP&T also received the same award as a centre of excellence later in 1987. He had the distinction of being awarded



Maj. Gen. Dr. M.R. Choudhury.

MRCPath without examination. To have MRCPath and subsequently FRCPath is unique in this region and speaks of recognition of his academic distinction by the Royal College of Pathologists of London. He was again honoured by the Bangladesh Academy of Sciences with the highest scientific award in Biological Sciences in 1995. In 1999, he was honoured with the Ibn Sina

Award, and is a recipient of a number of other awards from national bodies of various types.

He was also awarded fellowships by the Bangladesh College of Physicians and Surgeons (FCPS), the Royal College of Physicians and of Edinburgh (FRCP), the International Biographical Association, Cambridge (FIBA), American Biographical Institute, (FABI), and the Fellow of the American College of Surgeons (FACS). Even after his death the Society of Medical Microbiologists has posthumously honoured him with an award in 2002, and by Bangladesh Society of Microbiologists in 2006.

General M.R. Choudhury went on superannuation in 1992 after 40 years of a successful career in the army -- a record still unsurpassed by any one. Since then, he devoted his time in conducting research, and teaching Microbiology and Laboratory Medicine in different institutions.

He was one of the outstanding microbiologists of his generation. He organised the Bangladesh Society for Microbiologists in 1976 and was its founder president.

Under his able leadership, BSM, over a short period of time, succeeded in creating awareness about the importance of Microbiology in Bangladesh amongst those who matter. As a result, the University of Dhaka created a full-fledged Department of Microbiology.

He passed away on June 24, 1999. Dr. Rita R. Colwell, Director, National Science Foundation, Washington D.C., USA, and Professor of Microbiology, University of Maryland said: "Major General Choudhury was truly a fine scholar and an exceptional gentleman. He was gentle in spirit and kind to all, without exception."

Major General Choudhury made this world a better place through his contributions to science, society, and the spiritual well-being of

humankind. He will truly be missed, but the memory of his good deeds will linger to inspire us."

WHO said in its obituary message: "The AIDS and human rights community in Bangladesh has lost its founder and a great leader. General Choudhury was a great soldier in this battle and fought until the very end, as a soldier should do." The World Bank authorities paid rich tribute in the following words: "With his untimely death Bangladesh has lost a visionary leader, who had the right combination of scholarship, substance, integrity, team spirit and passion for doing something for the people. Personally, he was a great conversationalist endowed with keen sense of humour."

He was able to set an extraordinary example of an administrator, a scientist, an educationist, all in one.

Dr Stefano Lazari is Coordinator, NCS, WHO, Geneva.



The rock festival finally comes to Asia

CONSIDER the following offer. How would you like to pay a small fortune to sit in a muddy field for two days in damp weather, surrounded by intoxicated strangers, and deafened by a constant barrage of ear-splitting noise?

"Yes, yes, yes!" I hear you say. "Lead me thither." Congratulations. You are a member of a select group of people known as "rock festival fans," or, to use the scientific term, dangerously deranged masochists.

Many people just like you will shortly gather at the world's most famous open-air music party, which starts this Friday at Glastonbury in Britain.

I mentioned this at a lunch and was amazed when someone said Asia now has identical rock festivals.

Impossible! Abandoning all your inhibitions and rolling around naked in the mud, stoned out of your head -- I know full well that that sort of behavior is de rigueur for westerners from the Queen Mother to the Pope, but I couldn't see Asians going for it.

So I tracked down people who had actually attended these so-called Asian rock festivals.

First, there's the Fuji Rock Festival in Japan, which is supposedly an Asian copy of Glastonbury. Hah! In fact, it's the opposite. Instead of reacting to songs with screaming and violent convulsions ("dancing"), people listen quietly and clap. There are no queues outside the beer tent -- but massive ones to drop litter in the correct recycling bins.

There's a spa available in case anyone gets a tiny speck of dirt on them. If any member of the audience accidentally shows an emotion, he has to apologise and commit ritual suicide on stage with a hara-kiri sword.

Then there's the Beijing Midi, the biggest rock festival in China. You know what decibel levels the bands at Midi reached this year? Zero. Just as organizers were starting to promote it, the authorities cancelled it, terrified that some rock star might publicly say or think the word "Tibet," and thus cause the total collapse of civilisa-

tion as they know it.

The other music festivals in Asia are either tiny (a sprinkling of obscure bands in a park), or glossy commercial events for yuppies, too embarrassingly twee for true rock fans to be seen dead at.

No, the key element that defines a rock festival is the hippie mindset.

This year, for example, Glastonbury festival-goers have been told that they can only use tent pegs made of potato (this is not a joke), because metal tent pegs upset the cows who use the field the rest of the year. Festival goers won't mind this. In 2005, the festival was cancelled completely, because the cows weren't in the mood to vacate the premises (also not a joke).

I was about to conclude that Asia was rock-festival-free when someone told me about a festival held in a town in the remote north of Bangladesh. It didn't sound hopeful -- till I heard the details.

Young people camp in tents near the venue. They eat chicken curry and rice. They smoke cannabis to help them get into ecstatic states. (BBC journalist Alastair Lawson was told by a pilgrim: "Smoking cannabis is not wrong if it helps you to contemplate God.")

Everybody stays up all night singing and dancing, and occasionally someone gets a bit over-excited and falls into the curry. Now that's a rock festival.

Enjoy similar levels of ecstasy by visiting www.vittachi.com.



Keep on rocking!