



# Dialogue on Public-Private Partnership for Economic Development: Bangladesh Perspective

Jointly organized by the Bangladesh Better Business Forum and the Federation of Bangladesh Chambers of Commerce and Industry

## Message from the BOI Executive Chairman



As the Member-Secretary of both BBBF and RRC, I have had a great opportunity to observe and work closely with these initiatives. Those platforms have guided us how to resolve issues between the public and private sectors having a common vision and goal for establishing a prosperous and developed Bangladesh.

I have seen the vigor, aspiration and professionalism of private sector as a key driver of economic growth. It is undoubtedly true that with appropriate government assistance and facilitation, they can contribute effectively achieving our national targets of employment, education, poverty reduction and overall socio-economic development.

I am proud of being associated with these initiatives and wish their continued success.

*Kamaluddin Ahmed*

Kamaluddin Ahmed

## Message from the Chief Adviser



order to ensure that the most problematic constraints to economic development are identified, and that the most appropriate solutions are deployed.

I would like to take this opportunity to thank the members of the BBBF and the RRC, as well as other supporters, for their hard work over the past year to firmly establish these institutions. I look forward to their continued efforts that will help to create a better Bangladesh for all.

*Fakhruddin Ahmed*

Fakhruddin Ahmed

## Message from the FBCCI President



committed to improving the service delivery to facilitate investment and growth of business. In this continual process of interaction between the business community and the Government high-ups, the bottlenecks for economic investment, commerce and trade will be removed and congenial conditions for expediting economic development will be created.

I would like to thank my private sector colleagues for the valuable inputs they have provided to the BBBF and Regulatory Reform Commission (RRC) over the last one year. I would also like to thank our Government counterparts for providing the platforms for interaction on different occasions.

*Annisul Huq*

Annisul Huq

# Bangladesh Better Business Forum

## Overview

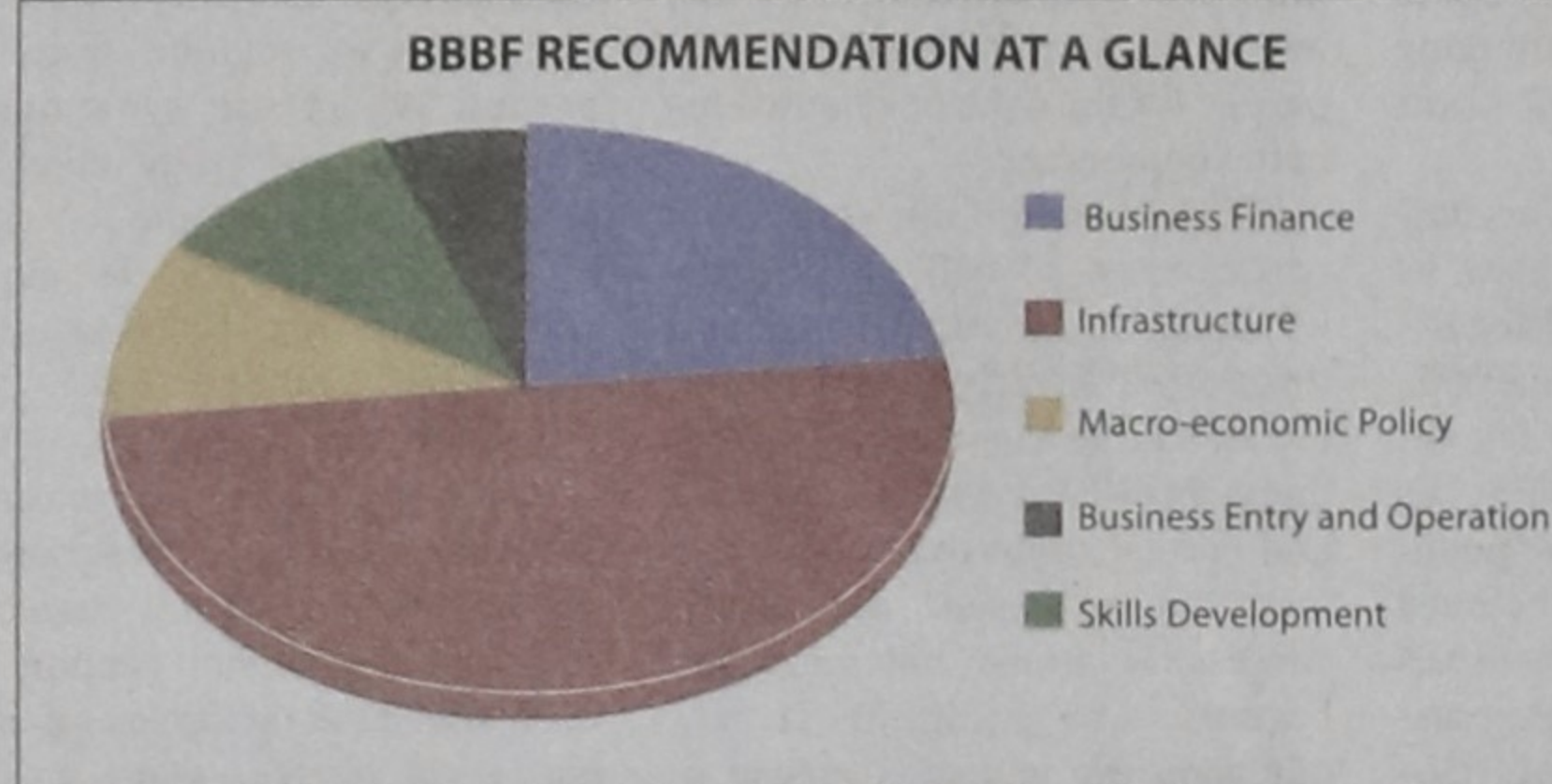
The Bangladesh Better Business Forum was announced by the Chief Adviser on 6 September 2007 and established in November 2007, as a broad platform for dialogue between the public and private sectors of Bangladesh, incorporating high level representation from the Government of the People's Republic of Bangladesh and the private sector. It is chaired by the Chief Adviser, Government of the People's Republic of Bangladesh, and is composed of 17 members from the Government and 22 members drawn from the private sector and civil society.

The Bangladesh Better Business Forum (BBBF) is an unprecedented

"The recommendations that the BBBF are working on is to enhance the business and investment climate in the country - which is our main objective - where our five member groups are working on for instance the simplification of regulations, economic issues and skill development. There is no conflict of interest with the interim government as the forum is represented by advisers while all the recommendations are handed in directly to the chief adviser for processing..."

There have been tangible implementations in association with, for example, the Bangladesh Bank, in terms of financing of SMEs and reducing the spread of interest to name but a few."

*Laila Rahman Kabir*  
Member, BBBF



organizing apparatus for partnership between the public and private sectors in Bangladesh. It aims to implement reforms to improve the business environment. The 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.

The 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.

The BBBF seeks progress and solutions through building a coalition of partners in national development among a broad range of relevant stakeholders, rather than capture and con-

frontation. Stakeholder consultation has brought in a diverse range of interests and views to the table. The stakeholder process was based on a sufficiently broad balance of interests to give the BBBF recommendations the economic and social support their needs. It focused on priorities, and delivering time-bound and workable action plans. Recommendations cut

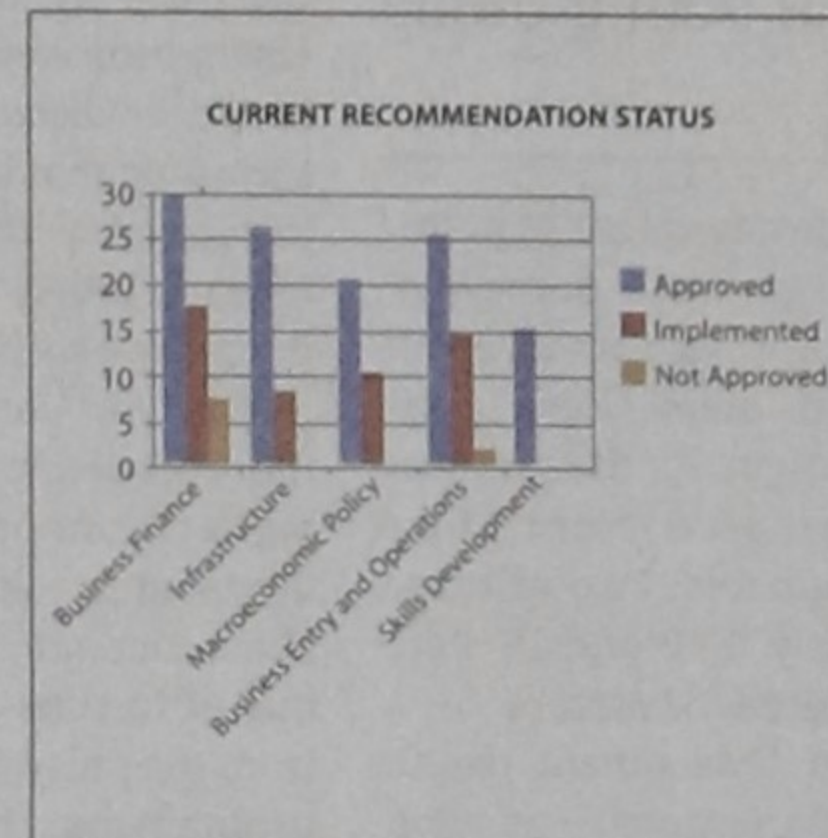
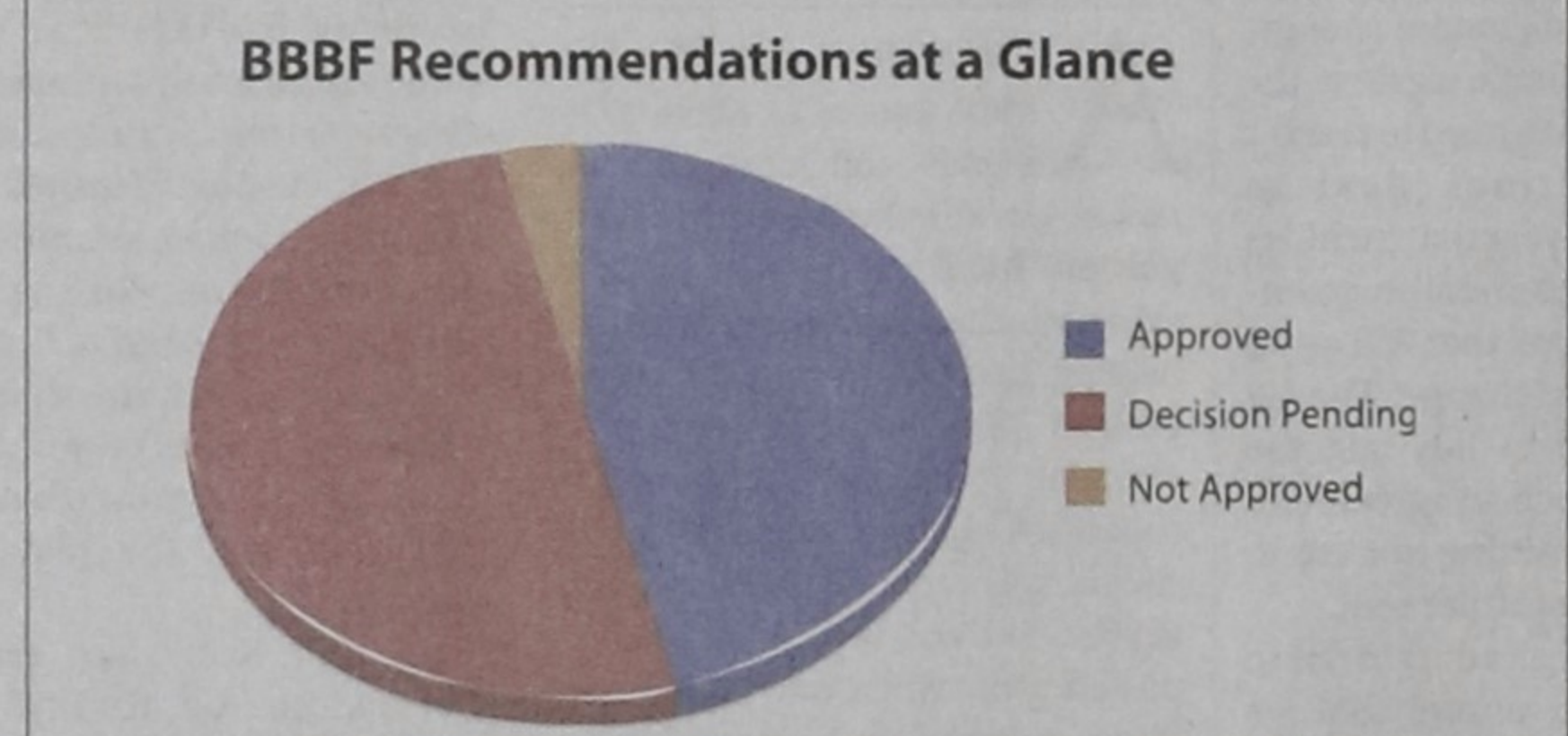
across government jurisdictions with the aim of unifying the government behind a common set of goals.

## How it works

The BBBF is composed of 5 working groups, which are co-chaired by and composed of senior Government and private sector representatives. The Working Groups focus on 5 broad thematic areas related to private sector development - Business Finance, Infrastructure, Macroeconomic Policy, Business Entry and Operations and Skills Development. These Working Groups prepare and submit detailed recommendations for policy, regulatory, institutional or infrastructural reforms to the plenary session, which prioritizes them for implementation. The BBBF is supported by a Secretariat based at the Board of Investment.

## Progress

To date, the BBBF Working Groups have met a total of 40 times and submitted a total of 249 recommenda-



tions, of which 113 have been approved for implementation. Out of these, 52 recommendations have already been implemented, whereas the remaining 61 are under implementation.

## Business Entry and Operations

Salient reforms include the following: RJSCF to computerize company registration process; City corporations to simplify trade license issuance; NBR to provide VAT certificates online and expedited VAT registration; discontinuation of duplication of data submission for VAT and TIN certificates; setting public-private monitoring cells in all customs houses; all customer applications should get receipts and timeframe for approvals; for food production or similar business, health divisions of the city corporations must provide certificates within three (03) days.

## Business Finance

Salient reforms include the following: Accounting audits of business enter-

prises by accredited accounting firms only; take punitive action against fraudulent audits; Bangladesh Bank (BB) to advise all commercial banks and financial institutions (FI) to reduce and rationalize their interest rate, L/C, and other fees/charges so that the weighted average spread is less than 5.00%; BB to secure Bangladesh sovereign country rating; BB and Ministry of Commerce to include clear guidelines on exports/imports of Services in the Export/Import Policy; Use of 'Incoterms' in international trade; BB has already implemented guidelines for commodity and currency hedging; BB to rationalize all government forms related to imports and exports.

## Skills Development

Salient reforms include the following: enhanced coordination between public and private sector TVET institutes; Training of Teachers (TOT) programmes by internationally certified master trainers; comprehensive orientation training of would-be migrant workers; English and IT proficiency training; develop practical micro-entrepreneurship skills and SME skills; Convert boards of BIM, BTRI, and PDU to 50/50 public-private partnership; establish a national HRD fund; formulate a National Policy on skills development and vocational training; allocate a higher percentage of the national budget on TVET.

## Infrastructure

This working group, in consultation and partnership with the respective line ministries, made 117 recommendations originally, including 25 related

"We will not allow this forum to become a talking shop. We shall rather emphasize result-oriented decisions and output. Elaborate mechanisms will be put in place to monitor the implementation of our decisions."

*Dr Fakhruddin Ahmed*  
Chief Adviser



to the ICT sector, and 90 related to the energy sector, physical infrastructure development such as roads and highways, communications, etc.

## Macroeconomic Policy

Salient reforms include: Restructuring of the Board of Investment for greater efficiencies; 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.

For more information, or to provide feedback to the BBBF directly, please visit our website at <http://www.bbbf.org.bd>

## Improving the investment climate in Bangladesh through the BBBF

BANGLADESH, at the beginning of the twenty first century, is poised to attain the status of a 'Middle-Income' nation. The country's tenacity in the face of recurring natural calamities and political disturbances can be gauged in a small measure by a stable economic growth rate of 5.5% over the last decade or so. This had prompted Goldman Sachs to include Bangladesh within the 'N11' in its December 2005 report. A resilient and innovative entrepreneurial class has played a catalytic role in transforming Bangladesh's image to that of an attractive investment destination. The private sector has greatly contributed in creating new jobs and income generating opportunities, which has allowed the economy to cope well within the framework of Globalization and increased competition.

This has resulted in a seismic paradigm shift amongst the policymakers of Bangladesh. There is growing realization of the fact that Public-Private Partnership (PPP) is the way to move forward in order to create a dynamic and vibrant economy. The onus has shifted from excessive control and regulation to greater facilitation measures to support the private sector. Inputs from the private sector are being increasingly integrated within the decision making process. Bangladesh is not alone in this regard. Neighbouring countries like India, Vietnam and Cambodia have all initiated public-private partnership programs. This has resulted in fruitful collab-

oration between the public and private sector in the development of infrastructure, tourism, energy, as well as making the small and medium enterprises (SMEs) more viable. The efforts to promote greater public-private partnership have led to a marked improvement in export competitiveness and the overall business climate in recent months. The visible improvement in the efficiency of Chittagong port is a case in point.

On 5th September, 2007, the Chief Adviser, Dr. Fakhruddin Ahmed announced the launching of the Bangladesh Better Business Forum (BBBF) and the need to improve the regulatory environment in the country; this led to the establishment of the Regulatory Reforms Commission (RRC). This heralded a new dawn in the realm of Public-Private partnerships in Bangladesh. The BBBF aims to bring about a perceptible improvement in the business climate of the country through increased interaction between the two sectors. The RRC, it was envisaged, would complement the BBBF initiative by simplifying bureaucratic rules and regulations which would enable smoother functioning of the private sector. Through interaction and interchange of ideas, key problems that plague the private sector and the economy were identified and the best possible solutions were formulated. These recommendations were then approved in the BBBF meetings chaired by the Chief Adviser and then necessary measures were taken

to implement the recommendations.

These institutions represent a bold new beginning in the arena of public-private partnership in Bangladesh. However, there is no room for complacency, as a lot remains to be done. First and foremost, there is a need for constant monitoring and evaluation of the BBBF recommendations so as to ensure that there is no gap between policy approval and actual implementation.

The government must take effective steps to revamp and restructure key government agencies like the Board of Investment (BoI), the Bangladesh Export Processing Zone Authority (BEPZA), the Export Promotion Bureau and many other government ministries and agencies. Emphasis must be placed on the need for capacity building and training of government officials and civil servants. This will assist in ensuring that implementation of recommendations proceeds smoothly.

Greater public private partnership is also the key to solving the abysmal state of infrastructure in this country. Vietnam has made rapid strides in infrastructure development in close concert with the local private sector and supported by FDI and foreign assistance, in particular from the multilateral institutions, like the World Bank, ADB and IFC.

The government should also give the highest priority to taking immediate action to tackle the grave energy crisis that is currently confronting Bangladesh. Utilization of our gas and coal reserves is

the only way forward. Hopefully the BBBF, both now and in the future, will play a key role in educating the public and giving the government the necessary political will to move forward as expeditiously as possible to develop our coal resources. Of course the people directly in the coal rich areas should be adequately compensated, so they get a share of the profits. Equally important is for the government to ensure that all the necessary measures are taken to protect the environment in line with the latest developments in other parts of the world.

Most important of all, the timely initiatives of the BBBF and the RRC need to be continued and institutionalised. The private sector had long demanded a voice in the policy making apparatus of the state, and this wish has been granted. They now need to assume ownership of this important initiative. Irrespective of the outcome of the forthcoming elections, the ongoing momentum of this public-private partnership initiative needs to be sustained. Only then can Bangladesh materialize its long cherished dream of becoming a prosperous country, free from the endemic curse of poverty and deprivation. Bangladesh has a great and bright future, but what we need to make the future come true is for the government, civil society and the private sector to forge a close partnership, in order to fulfill our potential.

*Farooq Sobhan*

President, Bangladesh Enterprise Institute

## Regulatory Reforms Commission

### Overview

Since its establishment on October 30, 2007, the Regulatory Reforms Commission (RRC) has met eight times and made about 50 recommendations to the Government.

The Commission often forms sub-committees, with representatives from relevant government agencies and the private sector, to investigate regulatory issues in-depth and make specific recommendations. These recommendations are then discussed at RRC meetings and forwarded to the Government for action. Regulatory issues are identified through a variety of processes, including the Commission's in-house research, submissions by the private sector and citizens, and diagnostic reports on regulatory issues.

Recent sub-committees have focused on the duty draw-back system, the licensing of bonded warehouses, capital machinery import processes, the approval of foreign loans by private companies, location and environment certificates and land administration reforms.

### Operations

RRC has 17 members - four from private sector business, two economists, and eleven from the government.

RRC has received suggestions and feedback from 14 domestic

"Bangladesh is neither over regulated nor under regulated; it is ill regulated."

*Dr. Akbar Ali Khan,*  
Chairman RRC



business chambers and 2 foreign chambers on regulatory reform related issues.

### Regulatory Reform Core Group

The RRC recently launched its Regulatory Reform Core Group at an event entitled 'Stimulating Private Sector Development Reforms for Economic Empowerment of Bangladesh' on Monday, 11th August, 2008. The two-day program was inaugurated by Mr. Syed Manzoor Elahi, Former Adviser to the Caretaker

Government and Member, Regulatory Reform Commission, and included discussions by various stakeholders.

The Regulatory Reform Core Group aims to expose mid-level officials from the government's private sector-related agencies, as well as private sector representatives, to an intensive, hands-on experiential learning focused on encouraging individuals to identify and implement regulatory reforms within their own agencies. The first Private Sector Development (PSD) Core Group, formed in 2005, was similarly exposed to the best practices of a wide range of PSD issues. That program was critical in breaking down the stereotypical ideas between agencies and the public and private sectors. Members of the Core Group include representatives from over 30 government agencies and 9 private sector chambers.

The driving mechanism of the Regulatory Reform Core Group program is the working groups that will assist in the implementation of the broad Regulatory Reform objectives of the Government of Bangladesh. To support and facilitate the work of the Regulatory Reforms, the Core Group members will focus on two areas: administrative barrier reviews (ABR) and regulatory impact assessments (RIA).