

## **Review of Roundtable by Dr. Kamaluddin Siddiqui, Principal Secretary to the Prime Minister:**

Thank you Mr. Farooq Sobhan. I'm afraid the Honourable Minister will not be able to attend this session. I'm told that he had to go to Sylhet on very important business, so we will go ahead now with our deliberations. First of all, it gives me great honor to chair the second morning session of this workshop, and it's good to see many participants here again today after yesterday's fruitful sessions. We have with us today, Ms. Christine Wallich from the World Bank, who joined us today but probably wasn't able to be there yesterday.

Let me briefly introduce the themes of the workshop once again, and then I will attempt to summarize the key points from yesterday's deliberations. The main objective of the roundtable was to share basic principles, and best practices and experience in improving the business environment through regulatory reform at the national level, and upgrading industrial and free zone strategy at national and local levels. The way the roundtables have tried to tackle this is by bringing in leading people in these fields internationally. We have specialists here from all corners of the globe – Mauritius, Dubai, Jordan, India, the Philippines and the United States. They will be talking about the experiences of economic zones and we'll be examining the relevance of their ideas to our country.

To set the scene, I'd like to briefly give you the highlights from yesterday.

First was on special economic zones and regulations. Bangladesh has performed reasonably well with its export processing zones, but we could be doing better. SEZs can increase the number of linkages with our domestic economy; this is important for technology diffusion and domestic growth. This also increases the government's revenue potential. The bigger the size of a zone, the better the impact. Foreign investors increasingly want to have better linkages with local businesses; this is important to support economic zones, where there is better infrastructure with appropriate legislation that helps growth. There were some concrete ideas about looking at Chittagong as a regional hub, focusing on sector development, and looking again at [the advisability of] investment incentives. Finally everyone felt that there are potentially too many [investment facilitation] institutions that slightly duplicate each other's work.

The second issue was government capacity development. Capacity development in the government is essential to getting regulations accepted by the private sector. The government has to increasingly see the private sector as customers, and improve efficiency. There are cost-effective ways of building capacity to improve management. The discussion group came up with a credible set of actions to look at, including: e-governance, especially in land administration on a pilot basis; [and] looking at salary scales, performance-based advancement, and appropriate training. We will look at the details of this action plan after the workshop.

The third issue was e-governance. The presentation showed evidence from our neighbours that e-governance can be a powerful tool in reducing the burden of regulation

and unleashing private sector participation. We observed the way that the private sector has been integrated into e-governance as a partner with the government. The essential differences [in] using government services via the internet was observed for those who accessed and those who can be assisted by e-governance, [by] reducing transaction costs. The discussion group formulated some good ideas for focusing on discrete areas in land registration, customs computerization and integration of [...] procedures with those of port and other required authorities, multi-modal [cargo] transport tracking, visas, [and] filing of tax returns. [...]

Finally, the regulatory impact assessment (RIA). It was felt that ex post use of RIA would be most useful, focusing on several criteria of performance and corruption. It was also suggested that better monitoring and compliance procedures are required. It was observed that there are too many institutions with overlapping functions. The capacity of each regulator should be examined. There are a plethora of regulations that are never really enforced, or enforced selectively, on a personal basis, by officials. The deliberations give us some good ideas for taking [RIA] forward, and we think that using RIA or similar tools will be useful.

Finally, we had a panel discussion, and the private sector underlined the need to work on the [mentioned] areas. Mahmudur Rahman of the BOI and other government officials indicated that we need to see around another 2-3% industrial and service sector growth per annum to achieve the 7% GDP growth targeted in the PRSD. Tapan and Rouf Chowdhury, two of our leading private sector businesspeople, suggested that Bangladesh has to start addressing the investment climate to compete successfully with the rest of the world. Mr. Rouf indicated that this is something that cannot wait.

These discussions show the commitment to all to the subject matter under consideration. I look forward to reviewing progress later today on these important areas. Before I stop, I want to say that I'm sure [...] you're very tired, but [that] if you can do one more day of hard work as you have done yesterday, [...] we will come to some very good results.

So with these few words, I would like to open the discussion. Thank you very much.