

Bangladesh
Private Sector Development
Support Project



Workshop
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Reducing Administrative Barriers to Investment

Working Group Insights on the ABR Review Process

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ABR is the design phase activity of the proposed Bangladesh Private Sector Development Support Project (PSDSP)

Why ABR Working Group?

- Capacity building within the Government
 - involved in the design phase of ABR
 - participation in the implementation process (FGD, Process Mapping, facilitating access to agency level information, etc.)
- Become the repository of knowledge of the ABR process within the Government

Members of Working Group

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- Mr. Abdul Halim, MoEF
- Mr. Saiful Islam, NBR
- Mrs. Nasima Begum, MoC
- Mr. Ariful Hoque, Bol
- Mr. Jalalul Hai, Bol

- Reduce **cost** and **time** for investment
- Reduce the opportunity of corrupt practices
- Demonstrate to Government and private sector how to develop methodology for reform
- Building capacity within government machinery to identify & address administrative barriers.

Removing Administrative Barriers- Why?

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- Removing 'Red Tape'
- Deregulation
- Regulatory reform
- Private sector-led growth and development

Phase I: *Selecting target issues*

Selecting six key target issues for investigation

Phase II: *Identifying the nature of the selected target issues*

- A. *Business intermediary/Business Survey*
- B. *Process Mapping*
- C. *Focus Group Discussion (FGD)*

Phase III: *An in-depth investigation, analysis and recommendations, and preparation of an Action Plan*

Series of Consultations with

- Private Sector representatives
- PSD Task Force
- PSD Consultative Group

Six Targeted issues for ABR

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- Environmental Clearance Certificate
- Location Clearance Certificate
- Duty Exemption and Drawback System
- Equipment & Capital Machinery Clearance
- Bonded Warehouse Licensing
- Foreign Loan Documentation

WG's inputs in Process Mapping

- Reviewed and customized the standard templates
- Selected the contact persons within agencies
- Reviewed the draft process maps
- Met with agency Heads with the draft 'process map' to get their feed back
- Participated in identifying bottlenecks in the process

WG's inputs in BI/B Survey

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- Inputs to questionnaire development
- Provided access to the relevant agencies
- Assisted in identifying Business Intermediaries
- Reviewed the outcomes of the survey

Major Findings in 6 targeted issues

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- Environmental Licensing
 - Has scope to cut process time by half
 - Insufficient manpower in disposing cases
 - Needs to ensure accountability & transparency

Major Findings in 6 targeted issues

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- Duty Exemption and Drawback System
 - Process time could be reduced
 - Scope to reduce required documents
 - Cumbersome coefficient determination process

Major Findings in 6 targeted issues

- Customs clearance of capital equipment and machinery
 - An average of 7 days to process
 - Processing time could be reduced by at least 2 days
 - Mis-classification and wrong declaration

Major Findings in 6 targeted issues

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- Bonded warehouse licensing
 - Process time is long
 - Two agencies are involved (BOI & NBR)
 - Duplication of process work

Major Findings in 6 targeted issues

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- Foreign Loan Documentation
 - Time consuming
 - Involvement of two agencies (BoI & BB)
 - Infrequent approval committee meeting

Meetings with Agency Heads

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- Chairman NBR
- DG, DEDO
- Commissioner, Bond Commissionate
- Technical Director, DoE
- Executive Director, Bangladesh Bank

Future ABR- Where?

- Company registration
- Obtaining TIN number
- Access to land
- Investment registration
- Work permit for foreign nationals
- IRC & ERC
- Trade licensing

Institutionalize ABR:

- Formation of a central committee under PM's office
- Regular review by agencies and respective administrative ministries
- Solicit public opinion
- Exposure to best practices