

Bangladesh Investment Climate Fund

Business Environment Reform- BICF Experience

DECD International Seminar, Bangkok
17 January 2012

BICF Program Logical Framework

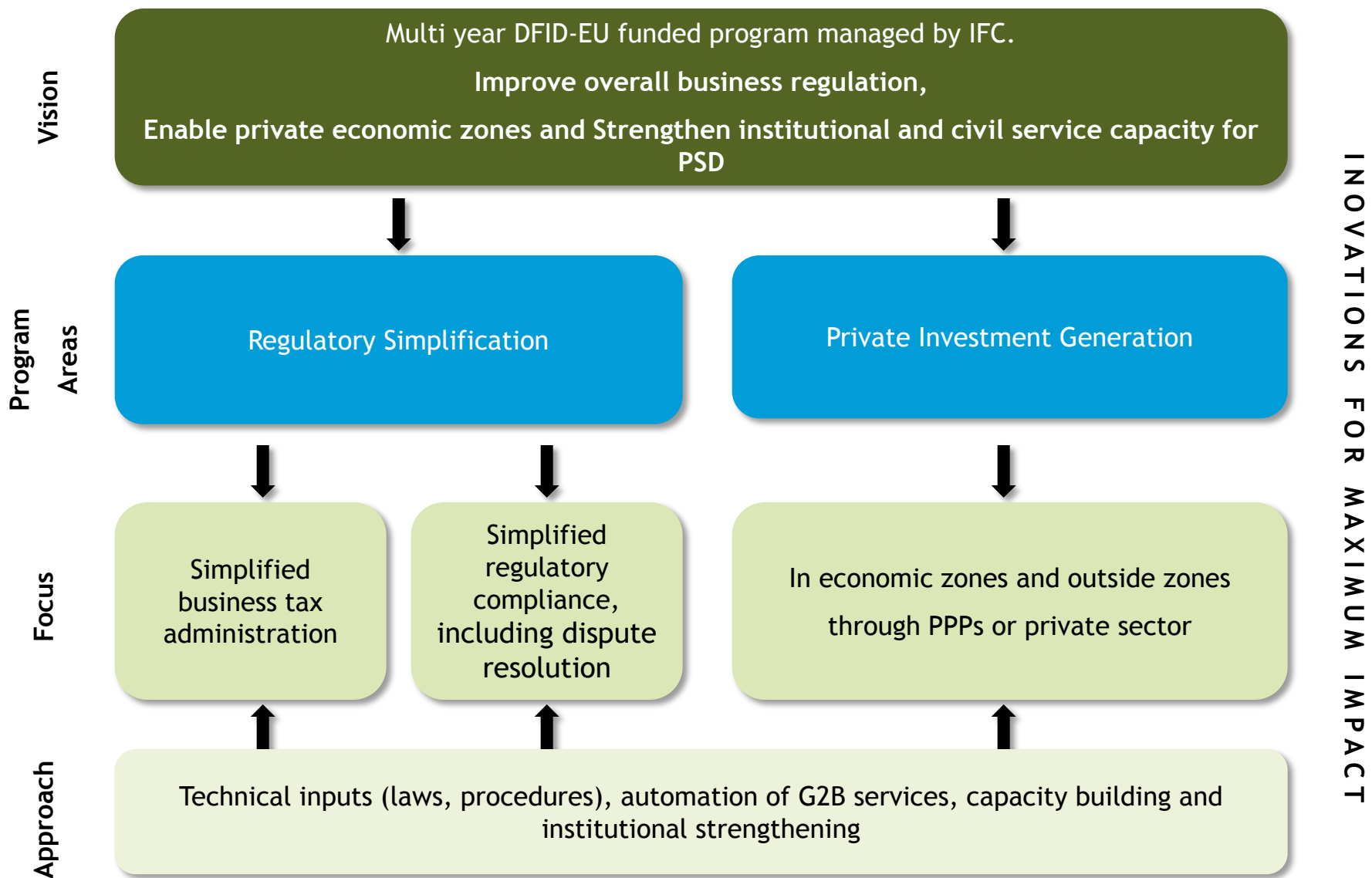
Goal/Impact: Making Bangladesh a better place to do business

Increased Employment	New formal (direct and indirect) jobs supported through BICF interventions by 0.15 million
Increased Private Investment	Increase in private investment by US\$ 650 million

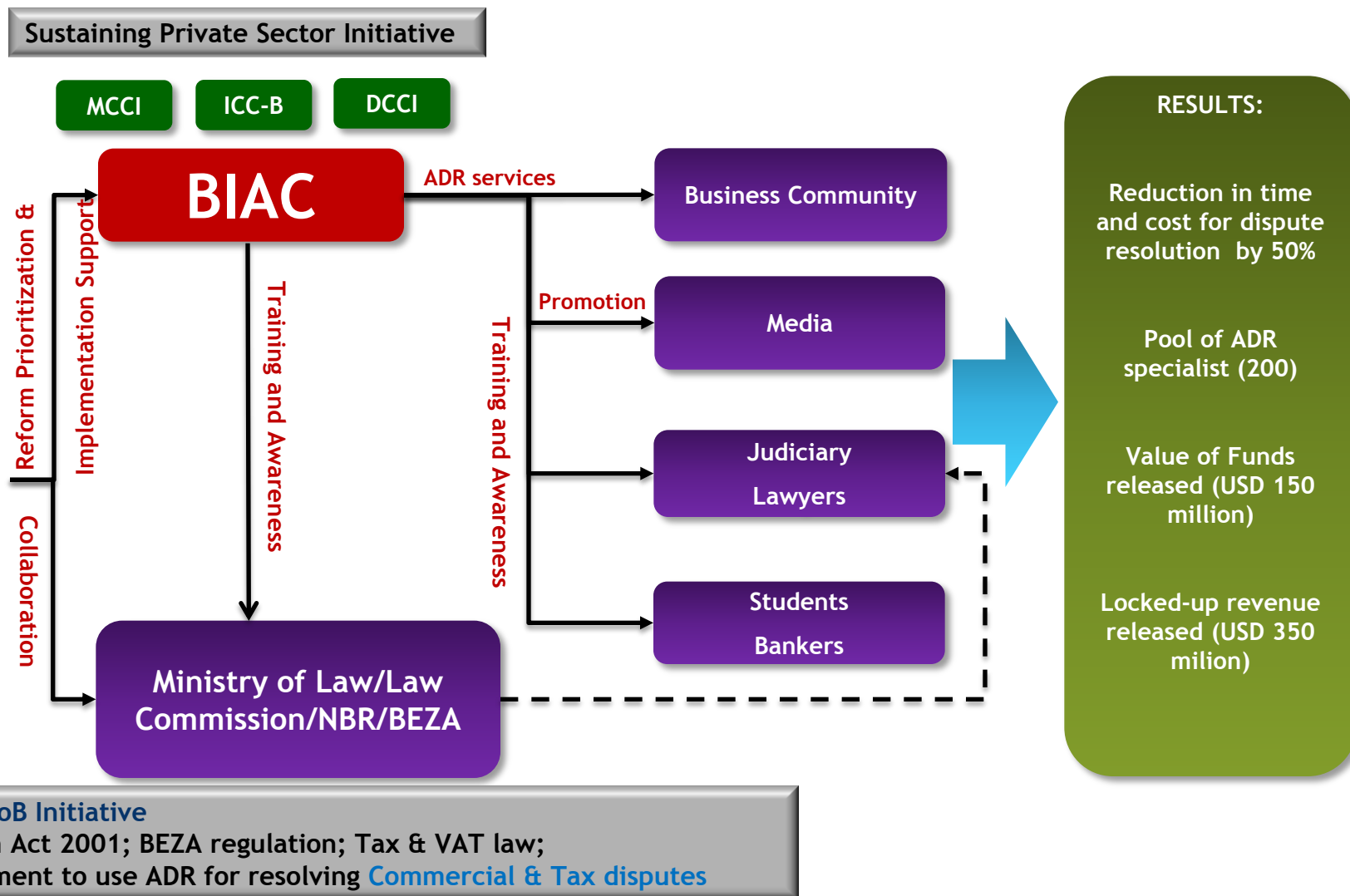
Purpose/Outcome

Reduced Regulatory Compliance Cost	<ul style="list-style-type: none">• Compliance Cost Savings of \$189 million realized• Public & Private tied-up funds of \$500 million released• Increase in Tax to GDP ratio from 9.3% FY2010 to 11.3% in FY2015
Improved Investment Climate	<ul style="list-style-type: none">• GoB budget of US\$ 19.5 million allocated to sustain BICF interventions• Bangladesh position in the Doing Business ranking

BICF Phase 2: Program Approach



BICF Interventions: An Example



How Digital Bangladesh is Simplifying Business: Dhaka Customs House

Before Automation

Appoint C&F Agent

Collect flight rotation number from freight building

Collect IGM from Biman Bangladesh (freight Building)

Pre-noting IGM from Custom House

If amendment required then submit hardcopy of IGM - amendment done manually by hand

Submits Bill of Entry (B.E) from DTI Section and collect Hash Number

Collect B.E. Registration Number from Custom Long Room

6 Days

40 Steps

After Automation

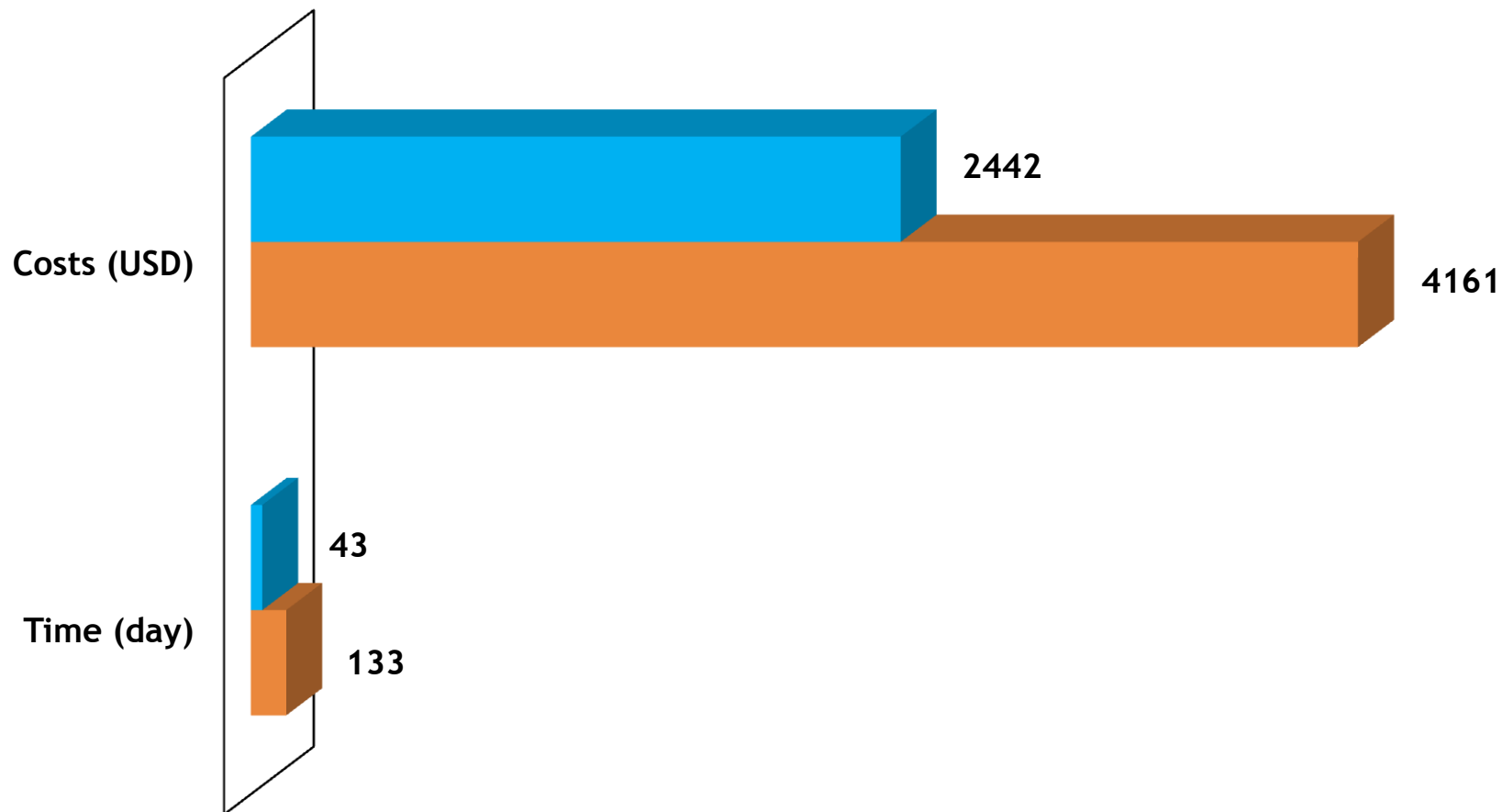
- C&F Agent logs into system and gets rotation number
- Views IGM and inputs B.E. into system - gets B.E. registration number

3 Days

- If amendment is required then user can submit amendment request through the web
- Status can be tracked online by both Customs and Agents

20 Steps

Results of Bonded Warehouse Licensing Reform



BICF – Key Achievements

Purpose/outcome	Results
Reduced Regulatory Compliance Cost	<ul style="list-style-type: none"> • \$36 million compliance cost savings • Time to register a company reduced from 35 days to 1 day • Time to register a property reduced from 425 to 245 days ; registration fees cut by 55% • Bol online Registration system reduced registration time 15 to 1-2 days • Time to obtain Bonded Warehouse Licensing reduced by 3 months • Automation of Dhaka Customs House Clearance Procedures (import 6 to 3 days)
Strengthening the framework to enable and sustain private investments	<ul style="list-style-type: none"> • Special Economic Zones Act enacted • Instituted social compliance program in all EZs; over 90% firms compliant in all zones; grievance resolve rate 95% • Reforms to VAT Law and Regulations • Developed a group of 40 PSD champions within GoB; directly supported 5 reforms which resulted \$12 million CCS • Skills development council established to market demand • GoB allocated \$8 million to sustain BICF interventions • Underway: Supporting the draft Competition Act; company Act, digital signature and e-payment related regulations

...but we have an eye on the future: key lessons from BICF Phase 1

- Buy-in at the top and higher level engagement with government are critical
 - Engage continuously with clients at a strategic level;
- Provide comprehensive solutions, start with a part being aware of the whole
 - Technical inputs, capacity building, systems improvements, communications;
 - Exit strategy is equally important;
- Scenario planning is important given the political context
 - Be flexible to re-align with client's priorities;
- Keep reaching out to the eventual beneficiary to track impact
 - Regular beneficiary feedback mechanisms; reforms need to be sustained.

•Source: BICF team discussions; Donor reviews; stakeholder feedback

Key Results Measurement Challenges

- Connecting program objectives to broader development goals
- Establishing counterfactuals for attribution; Linking outcomes to impacts
- Data unavailability particularly in secondary sources
- Limited tools and techniques. Example: Jobs
- Frequent mid-course correction/adjustment of program objectives due to political economy issues

THANK YOU

Questions, Suggestions, feedback?