

REFORM Case Study

No. 0602 September 13, 2006

Advancing Reform and Opportunity in Bangladesh Through Private Initiative, 1999–2005

The Dhaka Chamber of Commerce and Industry (DCCI) has led the way in integrating private sector input into Bangladesh's national policy process. With assistance from the Center for International Private Enterprise, DCCI developed an advocacy campaign that achieved important economic reforms. These reforms liberalized the economy, improved the investment climate, facilitated job creation, and made government more responsive and accountable.

From 1999 to 2005, DCCI worked to boost the productive power of the private sector while rationalizing and democratizing national policymaking. DCCI involved women entrepreneurs across the country in the mainstream economy and thereby enlarged the base of support for reform. Its advocacy program, centered on economic policy papers with analysis and recommendations, increased public knowledge of economic issues and heightened the business community's level of engagement with government. DCCI's experience shows that with time, investment in organizational capacity, and persistent focus on particular issues, significant reforms can be achieved. Public policies for procurement, taxation, education, women's development, trade, privatization, and entrepreneurship development have all been transformed with input from the Dhaka Chamber. These reforms benefited both the business community and the development of the democratic process.



published by the
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The Center for International Private Enterprise (CIPE) is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 900 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE provides management assistance, practical experience, and financial support to local organizations to strengthen their capacity to implement democratic and economic reforms. CIPE programs are also supported through the United States Agency for International Development.



The National Endowment for Democracy (NED) is a private, nonprofit organization created in 1983 to strengthen democratic institutions around the world through nongovernmental efforts. The Endowment is governed by an independent, nonpartisan board of directors. With its annual congressional appropriation, it makes hundreds of grants each year to support prodemocracy groups in Africa, Asia, Central and Eastern Europe, Latin America, the Middle East, and the former Soviet Union.



The Dhaka Chamber of Commerce & Industry (DCCI) - the voice of SMEs - serves as the first point of business contact for penetration into new markets and a vibrant platform for putting forward facts-based opinions, suggestions, and recommendations for a brighter tomorrow in the sphere of trade, commerce, and the overall economy. DCCI is the largest and most active chamber of commerce in Bangladesh and was incorporated in 1959, under the Companies Act, 1913. It has rendered more than four decades of very useful services for the development of business and industry in Bangladesh.

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CIPE's programs in Bangladesh with DCCI were conducted with the support of the National Endowment for Democracy.

Introduction

In a country making strides to overcome poverty, overpopulation, a weak legal framework, and corruption, the Dhaka Chamber of Commerce and Industry (DCCI) has played a leading role in facilitating economic growth and prosperity. From 1999 to 2005, DCCI worked to boost the productive power of the private sector while rationalizing and democratizing national policymaking. Incorporated in 1959, DCCI is the largest chamber of commerce in Bangladesh. With assistance from the Center for International Private Enterprise (CIPE), it developed an advocacy strategy in 1999 that culminated in DCCI's establishment as one of the key promoters of economic reforms. As of 2006, DCCI has become Bangladesh's leading chamber of commerce and is nationally recognized as a watchdog for the business community and proponent of democratic decision-making.

Background

While billions of dollars have been spent over three decades on raising the standard of living for Bangladeshis, half the population still lives in poverty. Neither donors, nor the government, nor the private sector have yet been able to put the country on the path to prosperity. A respectable 5% growth rate in gross domestic product attained from the 1990s to the present has not been sufficient to adequately support a population of 140 million growing at 1.8% per year. A lack of good governance, a stagnant investment climate, deficient infrastructure, and a shortage of appropriate educational opportunities all depress Bangladesh's standard of living.

Although some strides have been made, namely in poverty reduction, per capita income growth, and an increase in life expectancy, much work remains. To reach the level of a middle-income country, Bangladesh must do more to increase the rate of economic growth and improve its citizens' quality of life.

The generosity of international donors has undoubtedly been helpful, but a lack of coordination

“DCCI is the vehicle for projecting the voices of SMEs through appropriate networking and private-public partnerships for establishing strong private sector-led economic growth. The research-based inputs of the project helped us to reach the goal. DCCI believes in the slogan that *the Best of Bangladesh is Business.*”
- Mr. M. A. Momen, President, DCCI

has hampered the effectiveness of aid and created new problems. Pervasive dependence on donor money has compromised the growth of civil society and the development of organizational culture. Local ownership, ideas, and initiative have taken a back seat to donors' agendas. The failure to strengthen institutions has caused a great deal of aid to be wasted or misused, thereby feeding rampant corruption.

A legacy of government control over the economy has resulted in disappointing economic performance. The government stepped in to stabilize the economy in 1972 with a massive nationalization program after war ravaged the country and ties with West Pakistan were severed. Substantial privatization occurred in the 1970s and 1980s, but the state-owned enterprises (SOEs) that remain today have continued to perform dismally. Although SOEs managed assets worth 35 percent of GDP, their contribution to GDP slipped to merely one percent in 2003.¹ Public service delivery has also been inferior, due to an unprofessional and politicized civil service.

The potential of the private sector has been largely unrealized. Small- and medium-sized enterprises (SMEs), which account for over 80 percent of industrial employment, exhibited considerable promise in the 1980s and 1990s. During that period, SMEs experienced significant growth while diversifying in industries like ready-made garments and agro-processing.² Yet, a scarcity of capital, an adverse investment environment, market access problems, and high costs of doing business obstructed private business growth. Infrastructure, such as power and port facilities, remained deficient as well.

Society was highly stratified, and services and opportunities were determined by gender, class, and location. The constitution guaranteed all citizens equal rights, but in reality, this was not the case. There were disparities between men and women, rich and poor, and rural and urban dwellers in access to the development process both as agents and beneficiaries. Social perspectives and the overall situation were changing, however. The participation of women in all sectors of the economy has increased over the last two decades, and the government has acknowledged the importance of mainstreaming women in the national development process.

DCCI's Advocacy Objectives

In 1999, the Dhaka Chamber of Commerce and Industry, working with CIPE, developed a strategy for public policy advocacy on economic reform issues. Until then, the private sector had remained largely outside the national planning process.

With government and donor organizations in control of the country's strategic planning and policymaking, the business community had few outlets to express its views. To be fair, the business community also had little capacity to provide input, in that it suffered from an acute lack of information as well as the absence of a conduit through which it could channel ideas and invigorate discussion.

By strengthening the voice of the private sector, DCCI aimed to liberalize the business environment, make business more competitive, and create an investment environment conducive to job creation. DCCI believed that creating jobs was one of the best ways to alleviate poverty. It paid particular attention to small and women-owned firms, which exhibited great need as well as great potential.

DCCI also hoped to break up the political gridlock. Its goal was to use privatization and other key policy reforms to which both the Bangladesh National Party (BNP) and opposition Awami League were committed as a bridge to bring the two parties together in a more pluralistic and democratic policymaking process.

DCCI's strategy, embodied in the Economic Reform and Research Advocacy (ERRA) project, focused on four essential objectives. First, that DCCI would strengthen business advocacy in Bangladesh and create a positive dialogue among government, legislators, and business on economic policy issues. Second, that DCCI would help legislators and government officials formulate policies, laws, and regulations that promote a more open economic environment, conducive to private sector-led growth. Third, that DCCI would promote greater awareness and participation in economic policymaking by communicating policy recommendations to the public through opinion leaders, think tanks, and the mass media, thereby encouraging greater accountability in governance. Finally, that DCCI would facilitate increased participation in the economy by women entrepreneurs by reducing barriers to entry and overregulation.

DCCI was well situated to assess the needs of the private sector, articulate the voice of business, and mobilize for reform. With more than 4,500 members, 75% of them SMEs, it was the largest chamber in the country, representing about thirty business sectors, including exporters, manufacturers, sales

CIPE's Role

CIPE helped DCCI select and refine an advocacy model that would address gaps in the Bangladesh government's sources of information and powerfully convey the needs of the local business community. In particular, CIPE shared the concept of an advocacy campaign built around economic policy papers. Such a campaign had been used in the Philippines with excellent results by another CIPE partner, the Center for Research and Communication. In this way, DCCI learned about advocacy practices appropriate to its situation and tailored the approach to communicate its members' message.

and service companies, distributors and suppliers, and financial companies. DCCI was distinguished by its inclusiveness and diversity. As a broad-based organization, it had the requisite representativeness and credibility to advocate for fundamental economic reforms of common concern.

Among DCCI's main functions were to provide market-oriented input regarding the formulation and implementation of government policy; to enhance public-private partnership; to comment on legislative measures affecting trade, commerce, and industry; to function as a forum for exchanging views on trade and the economy; and to disseminate business information to members. It also served its membership by providing business information, documentation, training courses, seminars, and publications. (See Table 1 in the appendix).

DCCI had the passion, the infrastructure, and the committed membership to drive reform. What it sought from CIPE was counseling and technical assistance, as well as funding.

Accomplishments in Brief

- The government has implemented a total of 62 DCCI policy recommendations on key issues relating to trade, commerce, industry, and investment.
- The Women's Entrepreneurial Development (WED) program has conducted 17 workshops, six seminars, and five exhibitions for women entrepreneurs. A total of 400 women business leaders have participated in WED training programs.
- DCCI has written 35 Economic Policy Papers and presented them at high-level seminars.
- DCCI has held 16 ministerial-level meetings and dozens of other events to advocate for policy reform.

"DCCI has been able to build up an alliance of advocacy groups to achieve its goal of furthering economic development in a democratic manner where women entrepreneurs have been empowered to take part in policymaking." – Ms. Safina Rahman, Director & Coordinating Director, Women Entrepreneurship Development Standing Committee, DCCI

DCCI's Programs

To achieve its strategic objectives, DCCI embarked upon a number of initiatives, including a Women Entrepreneurship Development program and an advocacy campaign. These programs resulted in significant legislative victories for DCCI, which have already had a positive impact on the business community.

Women Entrepreneurship Development

When DCCI began its work, Bangladeshi women entrepreneurs confronted many of the same problems that male entrepreneurs did, such as lack of information and regulatory barriers, but they confronted other roadblocks as well. For instance, certain institutions offered loans to entrepreneurs without collateral, yet they required a woman borrower to have a guarantee from a male relative. Despite the obstacles, with a small amount of money, women were still able to make big changes in their lives and in the lives of their families.

Bangladesh has been well known for its microcredit programs for years. Women who took advantage of these programs became more confident, and many assumed leadership roles in their communities. It was clear that women were doing business and could bring about positive change. However, they needed skills training and management advice.

DCCI's Women Entrepreneurship Development (WED) program was the first program by any of the leading Bangladeshi business associations to focus specifically on the policy obstacles faced by women-

owned firms. DCCI's Board of Directors established a standing committee for women entrepreneurship that was tasked with bringing women into the mainstream economy, contributing to policy advocacy, and creating an environment that empowers women entrepreneurs. The committee has been very active, frequently holding events with up to 100 attendees. More women entrepreneurs have joined DCCI and backed its proposals because they felt DCCI was working for them.

More than 3,000 women have received services from DCCI's program in the form of training workshops, counseling, product expositions, and international trade fairs. From 2002 to 2005, DCCI held 21 training workshops at its headquarters in Dhaka and in regional affiliates across the country. For example, DCCI held a workshop on preservation and packaging of agro-processing products in June 2005 to enable small producers to exploit lost opportunities in the sale of fruits and vegetables. Mango, lychee, melons, tomatoes, cauliflower, and beans grow abundantly in Bangladesh yet rot during the monsoon and flood seasons. Thus, producers cannot get a fair price and consumers cannot obtain quality, hygienic foods throughout much of the year. Participants in this workshop received training in the classroom and the kitchen on how to bottle and seal their products.

At a workshop on creating a favorable environment for women entrepreneurs, participants discussed their problems, such as a lack of information on rights, laws and regulations, trade rules, and where and how to invest. Other problems identified included family and social problems, and a lack of infrastructure, training, and financial support. After a lively discussion, participants made numerous recommendations, such as that DCCI help provide access to information, networking, and hands-on training; and that the Ministry of Commerce, Ministry of Finance, and Foreign Ministry should enhance their mechanisms for dialogue and cooperation with women entrepreneurs.

Other workshops covered bookkeeping for small business, sharing of marketing experiences, the importance of patent law and copyrights, the impact of financial laws and regulations, and more.



Participants package local produce at a DCCI agro-processing workshop.

The popularity of the workshops led a few women to become interested in advocacy work to promote changes in legislation. At the regional meetings, informal local women's business groups learned how to organize their own ongoing advocacy and training programs. The workshops will continue to educate individual firms and entrepreneurs on recent changes to government regulations and how to take advantage of them.

In addition to the workshops, DCCI delivered counseling to women entrepreneurs on new investment, appropriate technology, managerial know-how, and WTO issues. At DCCI's product expositions for women entrepreneurs, more than 300 entrepreneurs participated to display and sell their products; more than 6,000 people visited the fairs. A total of 48 entrepreneurs trained by DCCI were sent to participate in international trade fairs in Pakistan, India, Thailand, Burma, Malaysia, and the United Kingdom.

The WED project's activities have been featured in multiple stories run by the major newspapers. The national radio station, Bangladesh Betar, ran a seven-minute segment on the preservation and packaging workshop, which was heard by entrepreneurs across Bangladesh. A highlight for the project came during the DCCI Business Award ceremony for 2005, when Prime Minister Begum Khaleda Zia presented a new award for Best Woman Entrepreneur.

DCCI's Advocacy Campaign

Economic Policy Papers

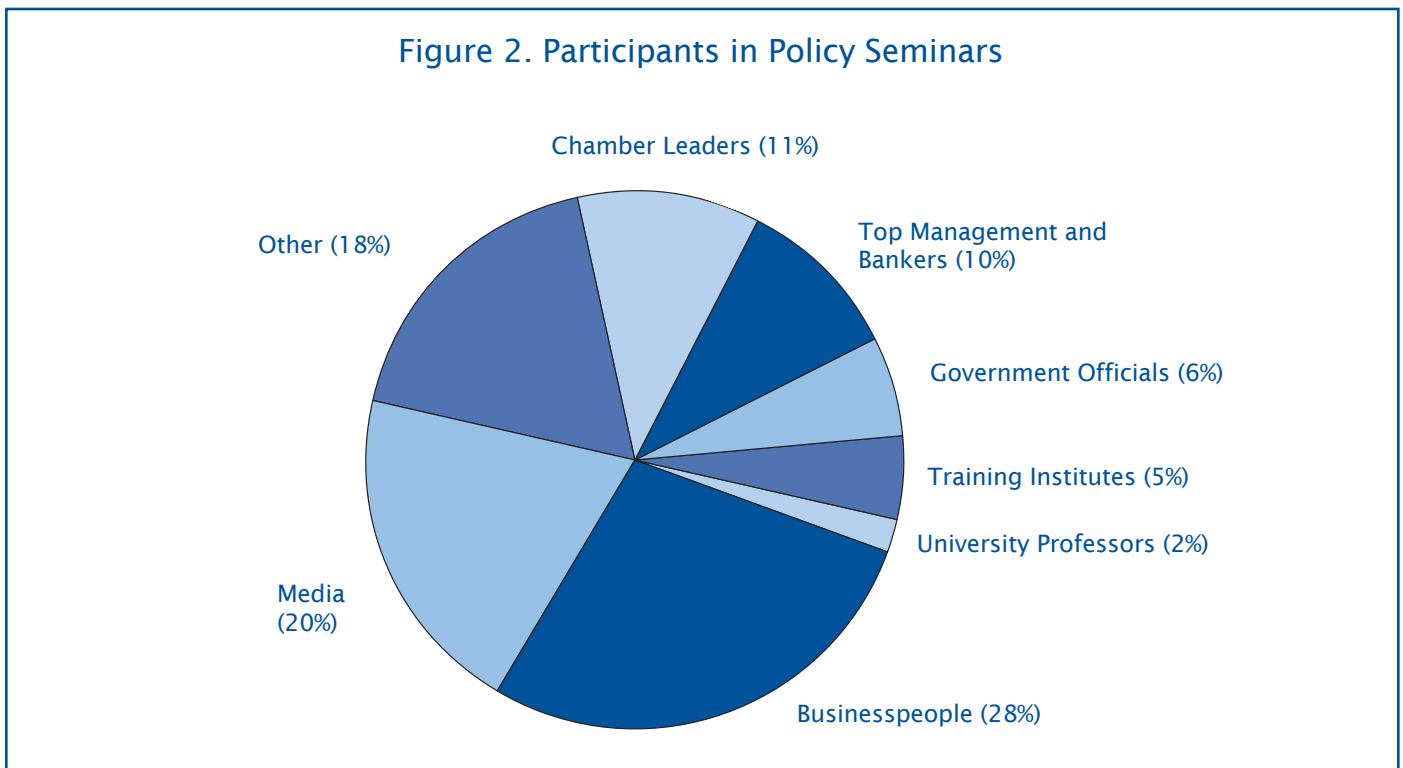
The government's policies and planning documents acknowledged that the private sector plays a driving role in economic growth. However, a host of specific reforms were needed to create an enabling environment for the private sector to operate and flourish. As a vehicle for meeting DCCI's advocacy objectives of creating dialogue, formulating policy recommendations for private sector-led growth, and promoting public awareness and participation, DCCI created and distributed a series of Economic Policy Papers (EPPs).

The first task in this policy process was compiling up-to-date, essential economic data, which was accomplished in cooperation with international organizations, government agencies, and private consultants. Based on this information, DCCI produced Economic Policy Papers that thoroughly analyzed economic issues and contained recommendations on ways the government could address them. Finally, DCCI presented the EPPs to the government, the business community, and the public, and instituted a mechanism for follow up.

The EPPs became a staple feature of DCCI's advocacy strategy due to their dual benefits of providing accurate information as well as crystallizing the private sector's view on specific issues. DCCI diversified the EPPs each year, rather than focusing on a single topic, so it could increase its audience in different sectors around the country. Of the 35 EPPs produced by 2006, major topics included investment, technology, privatization, entrepreneurship development, sectoral needs, exports, and globalization.

For each policy paper, a subject-matter specialist was hired, who consulted with the relevant board standing committee, interested members, and DCCI's research cell. The specialist's draft was discussed in a seminar, during which opinions were gathered from various constituencies and experts. After the seminar, a revised paper, including final recommendations, was published. (See Figure 1 in the appendix for a description of the process).

The seminars were energized by the high level of participation by business leaders, members of parliament, government officials, members of the media, academics, representatives of think tanks and NGOs, and others. (See Figure 2).



In the beginning, the project was oriented toward the preparation and publication of the EPPs and holding seminars on them. In only two years, DCCI published 21 EPPs and produced 47 publications. Thereafter, fewer EPPs were prepared and DCCI shifted its emphasis to conducting meetings with government officials and other advocacy activities. During the course of the project, government officials and DCCI representatives held more than 16 meetings at the ministerial level in order to discuss recommendations presented in the EPPs. (See Figure 4 in the appendix for a description of the full process required to implement reform recommendations). To promote awareness of the issues throughout government, DCCI sent EPPs to the Ministry of Commerce, Ministry of Industries, Ministry of Finance, Ministry of Women and Children's Affairs, the Export Promotion Bureau, and various government boards. They were also sent to members of parliament, think tanks, the press, chambers of commerce, educational institutions, and others.

Government agencies frequently requested copies of particular EPPs from DCCI. In 2005, four ministries, more than 20 government agencies, and six trade organizations contacted DCCI for additional copies of the EPPs and more detailed information on the problems and solutions addressed therein. At a seminar held in August 2003 to discuss a policy paper on investment and industrialization, the Minister of Commerce recognized DCCI's contribution in providing important policy inputs to the government. In April 2005, the Minister of Communications used the policy paper on infrastructure, transportation, and utilities at a large meeting of leading business executives.

DCCI reinforced its policy paper campaign with extensive publications and press relations. Each quarter, DCCI published the "Policy Advocacy E-Bulletin," which chronicled advocacy successes, roundtables, seminars, and various other events. The "E-Bulletin" was distributed to each of DCCI's more than 4,000 members and other interested parties. Since the ERRA project began, more than 50 articles have been published in English and Bengali-language press covering DCCI's seminars and workshops.

Engaging with Government

In addition to using EPPs as a tool to shape the national agenda, DCCI engaged directly with the government and national bodies in other ways to improve policy and safeguard business interests.

In the national budget process, DCCI coordinated its advocacy efforts on different issues. Budget decisions do more than shape policy; vigilance in the budget process also helps ensure that policy reforms that have already been adopted receive funding for implementation. DCCI distributed an annual budget questionnaire to its members for input on problems they were facing. The results of the questionnaire were compiled into reports, backed up by documents and examples, which were then disseminated to the appropriate ministries.

DCCI organized a preparatory meeting on the national budget for FY 2006 with 15 government officials from the National Board of Revenue to discuss the business community's suggestions for important changes. DCCI presented more than 100 recommendations to the Board, ranging from the complete renovation of education laws to changes in the value-added tax codes. A substantial number of these recommendations were accepted in the final budget of 2006-7. These policies included: government publication of "Private Sector Infrastructure Guidelines," which encouraged investment in infrastructure; an extension of the tax-exempt ceiling; an extension of the tax exemptions on poultry and dairy farm products; and the elimination of duties and taxes on waste cotton.

DCCI has participated in the National Task Force on Development of small- and medium-sized enterprises (SMEs) since its establishment by the government in November 2003. The Task Force, composed of 16 representatives from government, academia, and the private sector, conducted national consultations with stakeholders and submitted recommendations to the Prime Minister in September 2004. The government approved most of the recommendations in January 2005, and the Ministry of Industries used them as the foundation for its SME Policy Strategies, while the government's Industrial

Selected Measures Announced by the Government in the 2005-06 Budget:

- Ensuring participation in economic development and empowerment of the distressed, marginalized, and disadvantaged, especially poor women;
- Promoting good governance by establishing transparency, accountability, and rule of law and ensuring sound allocation of resources;
- Improving the quality of service delivery to meet the basic needs of the people, the poor in particular;
- Ensuring sustainable development and environmental balance.

Policy 2005 identified SMEs as a “thrust sector.” The Task Force was succeeded by an SME Advisory Panel with representation from the Ministry of Industries, other ministries, and business associations, including DCCI. The Advisory Panel will devise an action plan for the Ministry of Industry’s SME Development Program.

The government came to realize that DCCI could be a strong partner in the development of public policy by being a conduit for information. By 2006, DCCI had representatives on approximately 40 national advisory and consultative committees, which allowed it to present the business community’s point of view on a variety of issues and legislation under consideration.

Early on, DCCI pursued structural changes within the Ministry of Commerce. This process was agonizingly slow, as neither government nor the private sector had a history of building open and transparent policy relationships. DCCI shifted its strategy to issue-based policy, believing that success on specific issues would in turn provide the ability to initiate structural changes with the Ministry. This strategy proved more successful, as DCCI’s issue-based interventions built relationships and understanding

within the Ministry. For instance, the Ministry of Commerce formed an advisory committee for World Trade Organization (WTO) affairs and trade policy. DCCI’s President was appointed as one of its members. The Ministry of Commerce also formed a committee to propose specific reforms to improve the environment for trade organizations, which also counted DCCI representatives among its members. Other ministries such as the Finance Ministry and the Ministry of Women’s Affairs, followed suit in creating structures to accommodate private sector input.

A promising instance of public-private cooperation occurred in the area of microcredit. In research conducted by DCCI, entrepreneurs identified the need for funding as their number one problem. Commercial banks tended not to fund SMEs, as the banks lacked branches outside of major cities. To solve this problem, DCCI decided to take advantage of government banks’ extended networks in rural areas. It suggested signing memorandums of understanding (MOUs) with government and commercial banks. The local government bank branch would refer a small business loan case to a commercial bank that would underwrite the loan. This innovative suggestion was approved by the Ministry of Finance. Furthermore, in order to encourage banks and financial institutions to provide credit to SMEs, the government increased the scope of Bangladesh Bank’s refinancing scheme.

Legislative and Regulatory Reforms

DCCI’s issue-based efforts from 1999 through 2005 culminated in the passage of specific pro-business legislation and other reforms that uphold private sector development.³

1) Procurement Act, 2005

The Economic Policy Paper on public procurement drew attention to delay, corruption, and hassles in the procurement process, and called for a free and fair procurement regime. With the passage of the 2005 Procurement Act, transparency, efficiency, and accountability were injected into public procurement. The new legislation mandated an annual procurement audit by an independent consultant and an

independent review mechanism for handling bidders' protests. As a result, procurement processing time was shortened such that the percentage of contracts awarded after twelve months was lowered from 40 percent to 10 percent.⁴ Procurement was harmonized with international practices to allow international suppliers to participate and to conform to the WTO regime.

At DCCI's urging, the government also initiated a "Private Sector First" policy in its 2003-2004 Annual Development Plan. Under this policy, some infrastructure projects were earmarked for private investment, which was a notable departure from previous government policy.

2) Taxation

The government created a Tax Ombudsman to resolve businesses' complaints of unfair taxation, to combat corruption, and to promote good governance. As a means of promoting domestic agribusiness, the value-added tax (VAT) was repealed on several agricultural products, including rice, wheat, maize, fish, meat, milk, and spices. The VAT was also eliminated for export-oriented jute goods. The corporate income tax rate for ready-made garment companies was reduced to 10 percent. Taxes on machinery for jute and textiles manufacturing were reduced to 15 percent. Import duties on raw materials and parts for several important industries were reduced, including textiles, heavy manufacturing, electronics, furniture, and medicine.

3) Education and Women's Development

Taking a cue from a DCCI/CIPE policy roundtable on education reform held February 6, 2002, the Prime Minister agreed on February 15 that the education system must be modernized.⁵ Accordingly, the government approved the establishment of new private universities. The private sector also played a role by establishing specialized training institutes, such as the Fashion Design Training Institute set up by the Bangladesh Garments Exporters Association. The Bangladesh Foreign Trade Institute

was created as a public-private partnership to prepare entrepreneurs for international trade negotiations. DCCI also pushed for the expansion of entrepreneurship courses throughout the education system.

The government has begun building an historic Asian University for Women in Dhaka, with the Prime Minister laying the keystone at a public ceremony. Another public university, Dhaka University, created a School of Women's Studies to help encourage social emancipation and empowerment. DCCI also convinced the government to spend more on women's education scholarships and to create no less than three polytechnic institutes for women to participate in vocational studies.

4) Export Policy, 2003–2006

DCCI and the government have been striving to diversify Bangladesh's exports. The government took action on some key impediments to exports that DCCI identified, namely excessive regulation and inadequate infrastructure. Customs services have been modernized, for instance by a reduction in paperwork. Now only 5-7 signatures are required instead of 20. Goods for export can clear customs in a single day, not the 3-7 days it took before. Port charges were reduced 20-25 percent, and the efficiency of Chittagong Port was enhanced. Moreover, the government announced a tax rebate to encourage private investment in infrastructure development projects like the construction of seaports, bulk cargo terminals, and bus terminals.

5) Import Policy, 2003–2006

Imports have been liberalized to a degree as a result of DCCI's efforts. Most significantly, the new policy rests on the principle that goods or services are allowed if not explicitly banned. Quantitative restrictions have been mostly eliminated, although tariffs and duties remain high. Previously, the more restrictive policy permitted the import of only those items that were explicitly allowed.

6) Foreign Exchange

Whereas previously the Central Bank controlled the exchange rate, foreign exchange has been deregulated. A floating exchange rate was introduced, which was the solution DCCI proposed in its policy paper on the topic. Now authorized banks are free to set their own exchange rate. As an added benefit, the deregulation of foreign exchange decreases instances of money laundering.

7) Privatization

In July 2000, in line with DCCI's recommendations, the government established a Privatization Commission with expanded authority, replacing the Privatization Board. Headed by a chairman with the rank of State Minister, the commission's decisions have the force of law and it can dispose of properties worth up to 250 million taka. Since the commission's formation, it has privatized 20 industries, including substantial privatization of jute mills, textile mills, sugar mills, and the paper and pulp industries. The commission actively seeks private sector input through DCCI.

8) Industrial Policy, 2005

DCCI has influenced several elements of the government's industrial policy. For the first time, the policy included a separate chapter on women and women's entrepreneurship development. The development of SMEs received special emphasis as it was considered a "thrust sector" to help deal with the challenges and opportunities of a free-market economy. The ban on foreign direct investment in the ready-made garment sector was removed, permitting 100 percent foreign ownership.

9) Agriculture

Interest rates on Bangladesh Bank loans to farmers have been reduced to eight percent. The government has also made it easier for farmers to pay back loans and recover from default.

10) Corporate Governance

The government has formed two steering committees for review and implementation of DCCI's paper, "Supporting Good Corporate Governance Initiatives." These committees are in charge of creating an official Code of Corporate Governance for Bangladesh.

11) Consumer Protection Act

The Act has been endorsed by the Committee of the Secretary of Commerce after being vetted by the Law Ministry, and is now awaiting cabinet review. This act was drafted to protect consumers' health and ensure a minimum quality standard for consumer goods and services. At a DCCI roundtable, business leaders demanded functioning regulatory bodies that abide by the law, settle consumer complaints, and stop the harassment of businesses. A National Commission on Consumer Protection and a Consumer Protection Cell within the Ministry of Commerce will be established.

Challenges

The project's greatest challenge has been the length of time required for reforms to take hold. For example, one of the first topics seized upon for advocacy during the 1999 project was copyright infringement. DCCI sent information, drafts, and monographs to the Parliament for nearly two years before the topic was broached in debate. A weak Copyright Act was passed in 2000; five years later, an improved Copyright Act finally came into being. The slow turnaround is more indicative of a disorganized political system and bureaucracy than any lack of effort on DCCI's part. In fact, the passage of the amended Copyright Act after five years of work is a testament to DCCI's follow up.

Likewise, work on the Consumer Protection Act has continued since 1994. When DCCI prepared a first draft and presented it, the government recommended that DCCI hire a lawyer to include a legal perspective and then resubmit it. The act was initially drafted by DCCI in English. Then the

government said to submit it in Bengali. Reversing course, the government later said that it was not professional to submit documents in Bengali. The proposed legislation was resubmitted in 2003, yet ran into further obstacles. It took a long time for various parties to agree on the composition of an arbitration committee for a proposed consumer court. The government was apparently sincere in its desire to devise policy the right way and reconcile differing opinions. However, DCCI has needed to monitor the legislative process and maintain pressure on the government to keep the legislation alive.

The advisory groups and consultative committees also needed to maintain their focus on the final goal. For instance, the creation of the SME Advisory Panel was a good step, but in order for it to effect lasting change it must have clear objectives and focus. Otherwise, it would most likely share the fate of the WTO Advisory Committee for the Ministry of Commerce, which meets infrequently. A lesson learned from this is that it is best to keep with one committee, one issue until results are achieved.

On the positive side, DCCI's work so far has been paying off and building momentum. The volume of work DCCI has done on previous EPPs and seminars has prepared DCCI to respond quickly and authoritatively to legislative changes and debates on significant issues affecting business. Expanded media coverage of DCCI's activities ensures that updates on current projects get out faster. Interactions between policymakers and business leaders have increased, occurring almost weekly.

Impact and the Road Ahead

DCCI's efforts have initiated both procedural and substantive reforms that have promoted private-sector development. In doing so, it has established its image as an organization that can achieve results through integration of private sector input into the policy debate. The government now recognizes business as a partner and values the recommendations of the private sector. The project has also created awareness of DCCI among business and the public and has built linkages with other organizations and chambers.



Dr. Iajuddin Ahmed, President of Bangladesh, gives the keynote address at the launching of "Vision 2021" on September 25, 2005.

Although the work is not done, DCCI has had a hand in numerous reforms that provide opportunities for entrepreneurs to improve their lives and create jobs. These reforms have been liberalizing the economy, developing human capital, shoring up infrastructure, and making government more responsive and accountable. The programs for women and microentrepreneurs have been developing a new talent pool, alleviating poverty, and broadening support for democracy and a market economy. Through DCCI, business has shown what private initiative can accomplish in the democratic policymaking process and outlined the path to a more prosperous future.

Bangladesh is sure to travel a difficult and rocky road toward progress. More constituencies, including Parliamentarians and the media, must join DCCI in pushing for democratic and economic change. This being said, DCCI's efforts, and those of other business associations, will be critical in framing the policy debate and in ensuring a sustainable economic future for the country and its citizens.

DCCI is looking ahead to the future of Bangladesh. In its "Vision 2021" paper, it has set ambitious yet attainable goals for increasing public well-being by 2021, the 50th anniversary of Bangladeshi independence. Leading this vision is the stated goal of achieving a per capita income of at least \$1,000 for Bangladesh. The paper describes current

and projected levels of economic indicators and outlines specific reforms necessary to reach that goal in the next 15 years.

At the “Vision 2021” launch event on September 25, 2005, DCCI presented the paper to President Iajuddin Ahmed, government ministers and officials, and the business community. Shortly thereafter, at DCCI’s Business Award 2005 ceremony in November, Prime Minister Khaleda Zia announced that the government endorsed the concept. In December, a national committee was formed and began preparing a plan for the implementation of DCCI’s recommendations. These are encouraging indications that government and society are beginning to use the democratic process to work together on a constructive reform agenda.

Vision of Bangladesh - 2021

To transform Bangladesh into

- A middle income country of \$1,000 per capita.
- A tourist paradise.
- An export-oriented, outward-looking, agricultural and industrial nation thriving on free-market policies with a vibrant private sector.
- A competitive entrepreneurial class.
- A well-educated, trained, skilled, healthy, self-reliant, motivated, and enterprising population.
- A well-balanced ecosystem.
- A decent standard of living for all.
- A system of government based on political consensus and consent of the people.

“The advocacy efforts of DCCI gained momentum from the project on Economic Reform and Research Advocacy. The Chamber provides value to its members and constituencies, the results of which can be enjoyed by the next generation of entrepreneurs.” – Mr. Hossain Khaled, Senior Vice President, DCCI

¹World Bank, “Bangladesh: Review of Public Enterprise Performance and Strategy,” May 2003.

²Momtaz Uddin Ahmed, “Small and Medium Enterprises in Bangladesh: An Overview of the Current Status,” available from Bangladesh Enterprise Institute.

³Ferdaus Ara Begum, Additional Secretary, DCCI, and Coordinating Officer, DCCI-CIPE/ERRA Project, “Study on Impact of Some Selected EPPs in Policy Changes Prepared Under DCCI-CIPE/ERRA Project, May 30, 2006. See also DCCI-CIPE/ERRA Project, Annual Reports, 2004-2005.

⁴World Bank, *Bangladesh PRSP Forum Economic Update: Recent Developments and Future Perspectives* (Dhaka: World Bank, November 2005).

⁵*Bangladesh Observer*, “Edn. System Must Be Modernised to Suit Need of the Hour: PM,” February 15, 2002.

Table 1. Activities of DCCI	
Policy Advocacy	A platform for representing the collective voice of its members by recommending, commenting, and advocating on policy measures that affect trade, commerce, industry, banking, insurance, and the budget.
Forums for Exchanging Views	Forums for exchanging views on trade and the economy, as well as an opportunity for establishing business contacts.
Events	Gatherings to present research and surveys; conduct training courses, workshops, seminars, symposia, and roundtable discussions; and engage in brain-storming sessions and focused group discussions.
Providing Business Information and Know-How	A library, information network, and documentation service used to pool, analyze, formulate, and disseminate business information among SMEs.
Business Intelligence Analysis	A unit to monitor developments in the industrial, commercial, and economic fields and to disseminate business information to members through print and electronic media.
Business Support Services	An assortment of services such as document tendering, internet access, facsimiles, photocopies, commercial library, computer services, and technology information promotion services (TIPS) to members who otherwise would not be able to access these services and information on their own.
Promotional Services	A set of services that are a pivotal step in accelerating the pace of business development in Bangladesh. These entail publicizing constituents' products, diversifying markets, increasing contacts, and introducing members to the national and international markets.
Mediation in Cases of Trade Disputes	A mediation service whereby DCCI acts as an arbitrator to settle disputes that arise from business transactions, legal conflicts, and tax and policy issues.
Consultancy and Guidance	A consultancy and counseling service for starting a new business, which helps new companies prepare business proposals, etc.
Business Analysis and Diagnosis	An analysis and diagnosis service whereby DCCI acts as a mentor for ailing businesses and conducts diagnostic studies.
Operation of Facilities	Fairs and exhibitions in commercial venues that help members explore products and use DCCI facilities.
Human Resource Development	A training program that educates current and would-be employees on the skills needed to increase efficiency. The DCCI Business Institute (DBI) trains roughly 1,000 people every year.
Social Services/Humanitarian Role	A program to offer social services such as distribution of clothing and donations to disaster victims and the poor, and beautification of streets and parks.

Source: Ferdaus Ara Begum, "DCCI - The Prime Chamber of the Country," Case Study published by DCCI, 2006.

Figure 1. Steps for Preparation of Economic Policy Papers (EPPs)

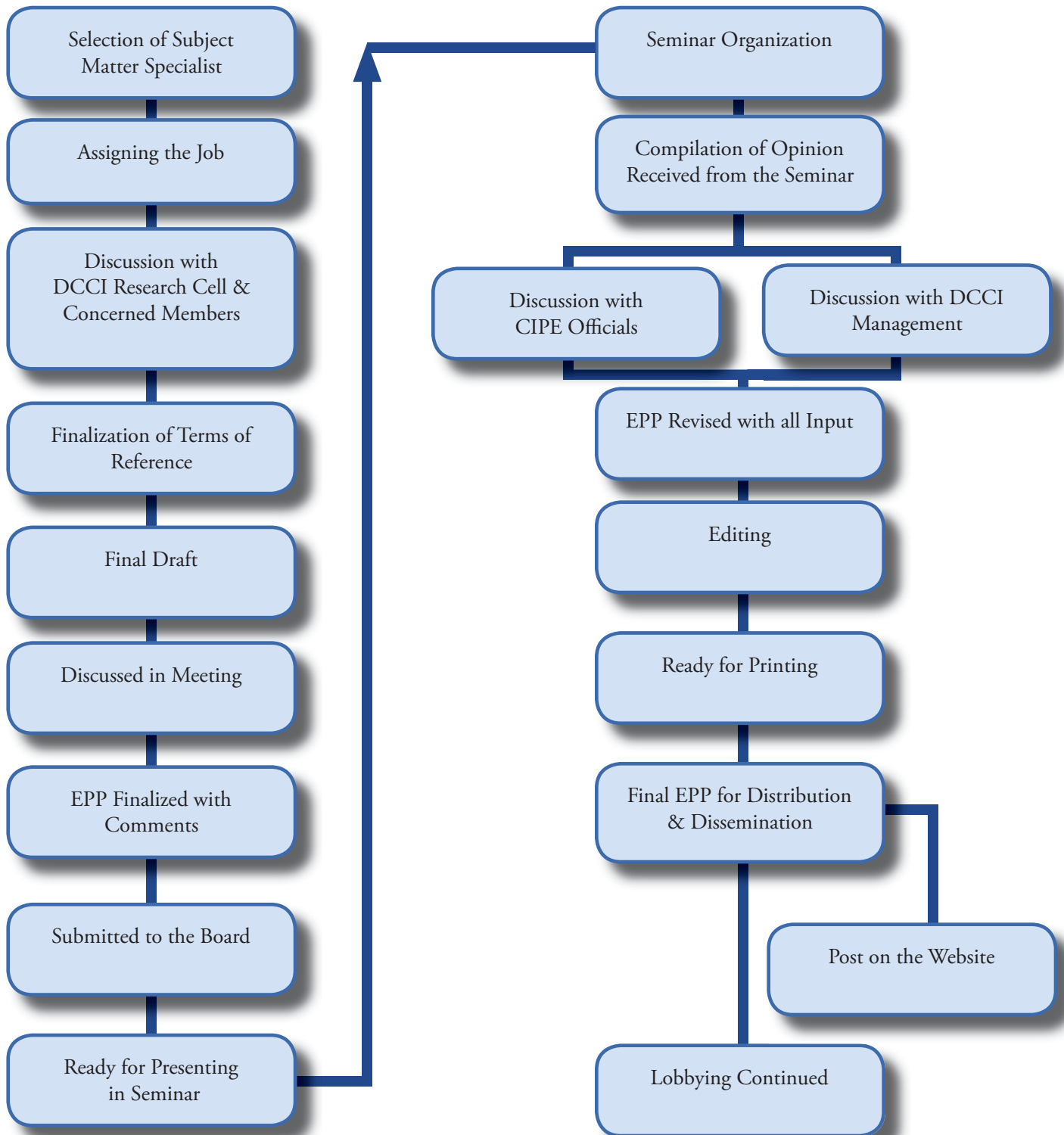


Figure 3. Steps for the Implementation of Reform Suggestions

