



April-June 2015  
Vol XIV Issue 2

# CPD Quarterly

FROM  
the editor's desk



CPD dialogue on the national budget facilitates the professional group of stakeholders to have an exposure to budget proposals and constructively express themselves

## Dialogue on the National Budget FY2016 Budget implementation in need of benchmarks Reforms should abate 'last quarter syndrome'

During this quarter, as part of fiscal policy and budget-related research, CPD prepared a set of recommendations for the FY2015-16 Budget which articulated CPD's stance on incentives, tariffs and targets in the budgetary context. CPD released its flagship report on The State of the Bangladesh Economy in the run up to the budget and also provided immediate response on the budgetary assumptions, proposals and targets.

In keeping with its tradition, CPD also organised a national dialogue where analytical views were presented to the broader public audience for public discussion. CPD's views were also disseminated through a series of TV Talk Shows and senior CPD professionals gave their opinion through TV and Radio programmes, interviews, op-eds and comments in the print media.

During this period CPD also conducted research on subsidy management in Bangladesh from the perspective of efficiency and equity which advocated formulation of a national subsidy policy taking into account sectoral development strategies.

Bilateral relation with India was much talked about in June in connection with Indian Prime Minister Narendra Modi's visit to Bangladesh. CPD emphasised the need for building underdeveloped infrastructure and establishing connectivity, incentivising export to India and dismantling non-tariff barriers such as sanitary and phytosanitary (SPS) and technical barrier to trade. To draw on lessons from regional experience, CPD organised a dialogue on South Asian tax policies emphasising SME-friendly tax policies. CPD's research had also focused particularly on implementation challenges of the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicle Agreement (MVA).

As readers will know, CPD is hosting the Southern Voice initiative to put the voice of the Southern Think Tanks and citizens in the global discourse. As part of this, a regional expert group meeting in Dhaka explored the possible financing sources and other means of implementation of the SDGs in the Asian context. The outcome was shared with the Third Conference on Financing for Development (FFD) held in Addis Ababa in July.

Bringing on board results of analyses carried out by the CPD and its SV partners on the SDGs and post-2015 development agendas, CPD senior professionals contributed to discussions at a number of international fora including Global Forum on Development on Financing the SDGs, Third International Open Data Conference, expert group meetings of the E15 Initiative and Global Sustainable Development Report 2015, Fifth European Report on Development, Commonwealth Biennial Trade Symposium, and South Asia Workshop on FFD.

The national budget should contain a matrix articulating the progress of key initiatives as well as planning and timeline indicating key milestones to gauge the effectiveness of its implementation.

In addition, the government should put in place necessary economic and institutional reforms to discourage hasty public expenditure during the last quarter of a fiscal and improve the quality of ADP implementation that currently suffers from the ever-increasing number of projects and indiscipline without result-based monitoring.

The observations surfaced at the CPD Analysis of the National Budget FY2016 held as part of CPD's flagship IRBD programme at Lakeshore Hotel on 13 June 2015.

In response to these observations, Chief Guest Mr A H M Mustafa Kamal, MP, Hon'ble Minister for Planning laid out the government's step-by-step planning regarding how the budget would be financed. He also informed the government's plans to outsource monitoring and supervision tasks of ADP

projects from the next year with a view to improving quality, transparency and accountability.

CPD Chairman Professor Rehman Sobhan, moderator of the discussion, stressed the need for strengthening the capacity of Implementation Monitoring and Evaluation Division (IMED) as well as independent evaluation of the development projects.

While presenting the keynote, CPD Executive Director Professor Mustafizur

Rahman posited various challenges as regards fiscal, budgetary measures and governance reforms. He mentioned that overall fiscal framework was somewhat questionable because budget financing was set to be dependent on the anticipated foreign aid worth USD 4.9 billion, way higher than USD 2.9 billion, the highest inflow in FY2014.

Special Guest Mr M A Mannan, MP, Hon'ble State Minister for Finance and Planning, observed that budget formulation is negotiated amidst various influences and it continues to suffer from systemic wastage and misallocation.

Addressing as Guest of Honour Mr Amir Khosru Mahmud Chowdhury, Member, Advisory Council of the BNP Chairperson, felt that recapitalising the state-owned banks using the taxpayers' money is a wrong response to banking mismanagement and financial indiscipline.



(left) Mustafizur Rahman, Amir Khosru Mahmud Chowdhury, AHM Mustafa Kamal, Rehman Sobhan and MA Mannan

A mid-term review on budget implementation could ensure more procedural transparency, mentioned Mr Md Fayekuzzaman, Managing Director, Investment

Corporation of Bangladesh.

Noting budgetary challenges, Mr Arastoo Khan, Member, Planning Commission said that 18 per cent of the revenue budget goes for interest payment in contrast to lower allocation for programme budget. Dr Biru Paksha Paul, Chief Economist, Bangladesh Bank, cautioned that the government's agreement with the IMF to effectively put in

(Continued on page 3)

## CPD's Budget Activism

## Recommendations for the National Budget

### Appropriate fiscal measure, policy and institutional reforms stressed

Without policy and institutional reforms, the economy may continue to stumble in achieving the anticipated growth, which remained somewhat stalled around six per cent.

The government should set a realistic revenue collection target, emphasise revenue mobilisation and increase tax net, prioritise non-tax revenue mobilisation, implement the proposed pay scale for government employees in phases to avoid fiscal pressure, strengthen monitoring of ADP implementation, revisit incentives for national savings certificates, and strengthen the district budget and local government.

The recommendations for the upcoming budget for FY2016 were shared with the journalists during a media briefing held at BRAC Centre Inn on 5 April 2015.

In his keynote, CPD Research Fellow *Mr Towfiqul Islam Khan* underscored that major sectors have incurred a loss equivalent to Tk. 4,900 crore or 0.55 per cent of FY2015 GDP due to the political unrest during January to March this year.

An analysis of economic loss was presented covering major sectors including agriculture, poultry, shrimp, apparels, plastic, transport, tourism,



(left) Khondaker Golam Moazzem, Debapriya Bhattacharya, Towfiqul Islam Khan, Mustafizur Rahman and Anisatul Fatema Yousuf

support, stressed *Mr Khan*.

CPD Distinguished Fellow *Dr Debapriya Bhattacharya* reiterated that among the persistent shortcomings, private sector investment remained lacklustre for the political environment's failure to facilitate investment by providing appropriate incentives. The downward slide must be improved through inclusive politics.

He further noted that expected reform agendas supported by the IMF and World Bank development support credit may curb the government's autonomy over policy space. CPD has always maintained that reforms, whilst much-needed, must be domestically-owned and nationally-designed, he stressed.

banking & insurance, wholesale & retail trading, real estate and education. It also focused on possible implications of key global developments and IMF's Extended Credit Facility (ECF) and World Bank's proposed development support credit on the upcoming budget.

The budget should address the issue of economic losses through appropriate fiscal and budgetary

### State of the Bangladesh Economy in FY2015 (Third Reading)

#### CPD for taking advantage of macroeconomic stability

**Bangladesh** should take advantage of its current macroeconomic stability to drive economic and institutional reforms in order to break the stagnant six per cent growth.

The observation emerged at a media briefing to release the report "State of the Bangladesh Economy in FY2015 and the Closure of Sixth Five Year Plan," prepared as part of CPD's IRBD programme. The event was held at CIRDAP Auditorium, Dhaka on 1 June 2015.

In his keynote, CPD Research Fellow *Mr Towfiqul Islam Khan* introduced the report that mainly looked at macroeconomic management in FY2015 and outlook for FY2016, recent dynamics of rice price in Bangladesh, assessment of progress of fast track projects and analysis of implementation of the Sixth Five-Year Plan.

Bangladesh economy is experiencing a number of macroeconomic



(left) Khondaker Golam Moazzem, Debapriya Bhattacharya, Towfiqul Islam Khan, Mustafizur Rahman, Anisatul Fatema Yousuf and Md. Zafar Sadique

this regard, the seventh five-year plan, policy coherence, strengthened governance and quality of public expenditure will be critical for realising the growth and development targets as set in the Vision 2021.

Focusing on recent dynamics of rice economy in Bangladesh, the report particularly stressed undertaking an assessment of strategic stockholding behaviour of the private sector agents as well as adjustment behaviour to public intervention in the foodgrain market.

This could save farmers from deprivation of fair price in the moderately integrated and highly competitive rice market.

As per the IRBD report's review on eight "fast tracked" projects, CPD Executive Director *Professor Mustafizur Rahman* mentioned that their overall progress was unsatisfactory and the government should take charge of successful completion of the projects at economically viable cost with good governance.

On banking, the central bank was recommended to establish an independent banking commission to conduct analytical exercises and undertake appropriate reform agenda to overcome uneven interest rate spreads, non-performing loans and inadequate capital adequacy with repeated recapitalisation.

The report stated that the central bank has recently started scrutinising bills of entry (BoE) received from commercial banks to unearth possible capital flight in the form of capital machinery import following CPD's repeated caution regarding the possibility of illicit financial flow.



CPD reiterated establishing independent commissions on statistical validation, agriculture price, local government financing, public expenditure review and financial sector reform

advantages including lower inflation, declining interest rate, stable exchange rate, manageable fiscal deficit, positive balance of payment, augmented foreign exchange reserve and low level of global commodity prices including that of oil.

However, acceleration in private investment remained an illusive goal while NBR's tax revenue collection growth was below target despite having import duty and supplementary duty collections on track. Implications for Bangladesh economy could also arise from sluggish demand for Bangladesh RMG products in the US and decrease in export growth, the report said.

The fiscal planning for FY2016 will require significant mid-term corrections to achieve a realistic revenue target for a higher growth rate, noted *Mr Khan*. In

#### Expert Group Meeting



Expert Consultation on State of the Bangladesh Economy in FY2014-15 (Third Reading) was held at BRAC Centre Inn on 10 May 2015.

## CPD's Budget Activism

CPD's immediate reaction to Budget FY2016

## Financing structure of successive budgets becoming fragile

The quality of fiscal planning was deteriorating over the last four years and was likely to continue while revenue collection targets set by the FY2016 Budget is likely to remain underachieved again.

Significant improvement of tax administration's capacity will be required to attain additional BDT 45,072 crore revenue which did not get any mention in the proposed budget, flagged CPD analysis.

The aim of financing 82.5 per cent incremental deficit using foreign sources cannot be sustainable, noted *Dr Debapriya Bhattacharya* at a media briefing at BRAC Centre Inn on 5 June 2015 to release CPD's budget analysis, prepared overnight following the Finance Minister's budget speech on the previous day.

Although revenue surplus helped to finance the Annual Development Programme (ADP) since 2012, significant drawbacks were observed in the inclusion of 860 unapproved projects, over 70 per cent allocation for top five sectors and increasing number of carryover projects. ADP continues in indiscipline without result-based monitoring and reforms.

As allocation for agricultural and allied sectors continues to decrease, CPD proposed to set up a Permanent Agricultural Price Commission to ensure price



CPD IRBD analysis recommended to incorporate a matrix in the budget, articulating the progress, plan and timeline for key milestones

incentive for agricultural commodities and maintain market stability.

Transport and power sectors were taking the lion's share of ADP in the budget since FY2008, while other critical sectors including health, agriculture, education and social welfare are getting very low allocation.

Inclusion of child budget, retention of gender budget and various Social Safety Net Programmes were welcomed by CPD. However, several

measures including green and eco tax, allocation for district budget, and reports on progress of digitised land survey were missing from the budget.

Setting aside Tk. 5,000 crore for recapitalising state-owned banks using taxpayer's money is not a viable idea without going for necessary banking reforms, noted *Dr Bhattacharya*. Keeping silent about black money appears to be a continuation of earlier scope to whiten black money, he added.

Regarding taxation, CPD lauded a number of good moves including raising personal income tax and taxing allowance of civil servants but found it unfair to set the minimum tax of Tk. 4,000 across all geographical locations.

CPD also urged to resume stalled reform agendas concerning Public Services Act, PPP Act, Privatisation, Financial Reporting Act and implementation of VAT and SD Act 2012.

## Discussion on Budget FY2016 with Members of Parliament

CPD senior researchers exchanged views on the FY2016 budget in a briefing with *Ms Raushan Ershad*, MP and other Members of Parliament (MP) of the Jatiya Party at the National Parliament on 10 June 2015.

The session was attended by *Mr Md. Tajul Islam Choudhury*, MP, Chief Whip of the Opposition; *Mr Fakhrul Imam*, MP; Whip *Mr Md. Sawkat Chowdhure*, MP, Whip *Mr Nurul Islam Omar*, MP, Whip *Mr Salim Uddin*, MP; *Mr Salauddin Ahmed Mukti*, MP, Mr



Active discussion in the parliament and participation of the MPs are of critical importance in formulating a realistic budget

*Yahya Chowdhury*, MP, *Mr Mohammad Noman*, MP, *Mr Mohammad Abdul Munim Chowdhury*, MP, *Ms Shahanara Begum*, MP and *Ms Rowshan Ara Mannan*, MP.

CPD Additional Research Director *Dr Khondaker Golam Moazzem* and Research Fellow *Mr Towfiqul Islam Khan* jointly presented the CPD budget analysis along with challenges of its implementation. This was followed by an interactive discussion with the MPs.

## TV Talk Show series on National Budget for FY2016 (বাজেট ও উন্নয়ন ভাবনা)

CPD hosted a TV Talk Show series with distinguished economists, policymakers and researchers on the National Budget with Jamuna TV during 1-3 June 2015 with Samakal as the print media partner.

Apart from CPD senior researchers, other participating guests were *Mr M A Mannan*, MP, Hon'ble State Minister for Finance and Planning; *Dr Muhammad Abdur Razzaque*, MP, Chairman, Parliamentary Standing Committee on



The discussion covered Macroeconomic Management and Fiscal Framework, Industrialization and Investment, and Rural Economy, Crop Sector and Safety Net.

Ministry of Finance; *Dr Ahsan Habib Mansur*, Executive Director, PRI; *Dr Mahabub Hossain*, Advisor to the Interim Executive Director, BRAC; *Syed Afsor H Uddin*, CEO, PPP Office, Prime Minister's Office; *Mr Hossain Khaled*, President, DCCI; *Ms Selima Ahmad*, President, Bangladesh Women's Chamber of Commerce and Industry; and *Ms Shaheen Anam*, Executive Director, Manusher Jonno Foundation.

(from page 1)

## Budget implementation

place the 15 per cent VAT in support of revenue collection would be challenging.

*Ms Selima Ahmad*, President, Bangladesh Women's Chamber of Commerce and Industry urged that ADP allocation related to women's development should be disbursed earlier than the last quarter for effective utilisation.

Among other concerns, *Dr Wajedul Islam Khan*, General Secretary, Bangladesh Trade Union Kendra urged to ensure labour welfare and put in place healthcare and residence facilities through PPP.

*Dr Md Mozibur Rahman*, former Chief Executive Officer, Bangladesh Foreign Trade Institute (BFTI) urged lowering 10 per cent VAT introduced on SMEs and high interest at 18-25 per cent on SME loans.

*Mr Monoj Kumar Roy*, Additional Secretary (FTA), Ministry of Commerce found it discouraging to impose tax on government employees.

Participants also urged to withdraw VAT from the private universities and cautioned that decreasing the budgetary allocation in education will seriously affect teachers' training and human resource

development. Increased allocation in health was urged noting the extreme scarcity of doctors in respect of the growing population.

The floor discussion was also addressed by *Dr A B Mirza Azizul Islam*, former Advisor to the Caretaker Government; *Mr M Anis Ud Dowla*, former President, MCCI; *Mr Md Atiqul Islam*, President, BGMEA; *Mr Mohammed Nurul Amin*, CEO, Meghna Bank Limited; *Mr M S Shekil Chowdhury*, Chairperson, Centre for NRB; *Dr Md Azizur Rahman*, Chairman, Bangladesh Tariff Commission among others.

## Efficiency and Distributional Equity of Subsidy in Bangladesh Formulation of national subsidy policy urged

Bangladesh is in need of a comprehensive national subsidy policy to ensure governance and financial transparency of subsidy distribution mechanism.

The policy should be formulated by analysing the coherence of existing subsidy distribution policies to propose viable alternatives when applicable.

The observation emerged from a dialogue on "Subsidy Management in Bangladesh: Efficiency and Equity Issues," held at Lakeshore Hotel on 2 May 2015.

Dr Debapriya Bhattacharya, Distinguished Fellow, CPD observed that Bangladesh underwent major infrastructural changes in the last decade and subsidy has been utilised across different sectors over time. With the recent fall of fertiliser and oil prices in the international market, the government can now pay attention to subsidy management and consider formulating a national subsidy policy for judicious use of the fund.

In the keynote presentation, CPD Visiting Fellow Dr Kaniz Siddique examined whether subsidy as a policy tool, is fiscally sustainable when used not only to address market failure and equity but also to mitigate government



(from left) Kaniz Siddique, M Asaduzzaman, M A Mannan, Debapriya Bhattacharya, A B Mirza Azizul Islam, Sajjad Zohir and Mustafizur Rahman

failure. The study also explored how intended objectives of using subsidies in various sectors are attained through the present delivery mechanism.

By looking at subsidies in the export, food, national energy, power sector and national agriculture policies in Bangladesh, the study found that the size of the subsidy expenditure was not a major macro instability threat as the government has been able to maintain a "comfortable and manageable" level of fiscal deficit.

Dr Siddique favoured using subsidy as little as possible to ensure sustainability at macroeconomic level. She recommended undertaking beneficiary assessments of all types of subsidies and tracer studies to capture economic and social impacts by identifying and using the transmission mechanisms of different reforms.

Chief Guest Mr M A Mannan, MP, Hon'ble State Minister for Finance and Planning, observed that the government primarily uses subsidy intending to reduce inequality and poverty. It cannot be withdrawn suddenly due to its

(Continued on page 11)

## Post-Rana Plaza Monitoring: A Civil Society Initiative

### Two Years of Rana Plaza collapse CPD urges successful closure of post-Rana Plaza initiatives

All initiatives concerning the post-Rana Plaza deliverables undertaken in the last two years should soon meet the expected outcome, observed discussants at the fourth CPD dialogue on the tragic incident.

The consequences and lessons emerging from the Rana Plaza collapse call for ways to catalyse this experience to create a safe working condition in the industrial sector, recommended the discussants.

The dialogue on "Rana Plaza Tragedy: Two Years After," organised by CPD as part of its *Post-Rana Plaza Monitoring: A Civil Society Initiative*, was held at BRAC Centre Inn on 21 April 2015.

While presenting the fourth monitoring report, CPD Additional Research Director Dr Khondaker Golam Moazzem noted that around 1239 workers received training on small business and entrepreneurship development and have started their ventures with organisational assistance in the last two years.

Despite various initiatives, interviews with some survivors revealed that the victims were struggling in comparison to their condition prior to the collapse.

Families of the missing must be provided with support from the Prime Minister's Relief Fund and the government must provide free artificial limbs and arrange treatment for remotely located victims, urged Dr Moazzem.

On the positive, Bangladesh's overall export growth did not deviate much since the tragedy, he informed.

Addressing the dialogue, Ms Jesmin, a victim and a single mother, said that she has undergone a backbone operation but was still suffering from a metal fragment. Unemployed, she reportedly spent around Tk. 4,000 monthly for treatment but received around Tk. 60,000 only since the collapse.



Ms Monowara Begum, wife of a deceased labour employed in Rana Plaza, reported receiving some Tk. 20,000 for burial purposes since her husband was identified from among the deceased. Another victim Ms Moriom Begum from Barguna reported running a grocery using Tk. 40,000 she received as compensation. She could not figure out why all victims did not receive equal financial support.

Chief Guest Mr Mikail Shipar, Secretary, Ministry of Labour and Employment informed that DNA test particulars of 166 unidentified victims



(left) Khondaker Golam Moazzem, Abdus Salam Murshedy, Mikail Shipar, Debapriya Bhattacharya, Syed Sultan Uddin Ahmed and Mustafizur Rahman

were sent to 48 districts and families of 104 were identified through local administrations and their list was forwarded to the Prime Minister's Office (PMO).

He also informed of providing a total of over 183 crore in financial assistance, including Tk. 162 crore in compensation from foreign sources and Tk. 21 crore 40 lac from the PM's relief fund. However, he could not present an account of the total money received by the PMO in favour of the victims.

All unfulfilled measures including compensation, rehabilitation initiatives and long-term action plans must be brought to completion with care and accountability, noted Dr Debapriya Bhattacharya.

In the floor discussion, Barrister Sara Hossain reiterated the demand for an account of all compensation and aid received and spent from the PM's relief fund and also inquired why the amendment of rules regarding the compensation of Tk. One lac according to labour law was being delayed.

Expressing doubt over the remediation plan of the Accord, the National Tripartite Plan of Action, and the Alliance, Special Guest Mr Abdus Salam Murshedy, President, Exporters Association of Bangladesh said that rented factory owners might not allow the measures to be taken.

Social audits often fail to identify facts about RMG factories, observed Mr Mark Chubb, Chief Safety Officer, Alliance for Bangladesh Worker Safety.

Informing financial discrepancies, Dr Iftekaruzzaman, Executive Director, TIB said that victims had to allegedly bribe to get enlisted for compensation.

Of some positive developments, Mr Md Shafiqul Islam, Executive Director, CRP reported of treating 509 victims, of whom 19 received artificial legs and limbs. Mr Syed Ahmed, Inspector General, Directorate of Factory and Establishments informed of recruiting 218 inspectors and inspecting 2783 RMG factories, of which 32 were closed down for risky operations.

Ms Noushin Safinaz, Project Coordinator, Contracting Agent for Rana Plaza Claims Administration, GIZ informed of spending USD 9.85 million by addressing 2839 compensation claims from victims and rescue workers.

More remarks came from Mr Syed Sultan Uddin Ahmed, Assistant Executive Director, BILS; Dr Badiul Alam Majumdar, Member Secretary, SHUJAN; Mr Habibullah N Karim, Managing Director, Technohaven Group of Companies; Mr Md Golam Mustafa Dulal, Executive Director, Gonoshasthya Kendro; Mr Ainul Fahad, Additional Chief Engineer, Department of Public Works among others.

## International Dialogue

## Dhaka EGM on Asian Partnership in Financing SDGs

## Enhanced revenue, investment and intra-regional trade to drive Asian Finance

**Countries** in South Asia and South East Asia have shifted reliance from overseas development assistance (ODA) to domestic resources for financing development but yet to strengthen institutional frameworks for coordination.

Countries in the region need to enhance focus on revenue generation, FDI, private investment, remittance and intra-regional trade for financing development towards achieving the SDGs in the evolving scenario.

The observations emerged from the opening session of the Expert Group Meeting on Asian Partnership in Financing SDGs organised by CPD, Southern Voice (SV) on Post-MDGs in partnership with the UN Millennium Campaign at BRAC Centre Inn, Dhaka on 16 May 2015.

Chair of the session CPD Executive Director *Professor Mustafizur Rahman* mentioned that the EGM would come up with viable suggestions for financing the development agenda which would feed the then upcoming Third Conference on Financing for Development (FFD) to be held in Addis Ababa in July 2015.

In the keynote, *Dr Debapriya Bhattacharya*, Chair, Southern Voice examined aspects of the FfD initiative in the Asian context, focusing on South and South-East Asian countries. He recommended developing a regional monitoring mechanism and an accountability framework to track progress of the SDGs.

Bleended financing will be the key to implement SDGs, he added.

Guest of Honour *H E Mr Lee Yun-young*, Ambassador, Embassy of the Republic of Korea shared the Korean experience of increasing domestic resource mobilisation and thus attaining self-reliance in the post-war period.

*Mr A H M Mustafa Kamal, MP*, Hon'ble Minister for Planning, addressed the session as the Chief Guest and *Mr Robert Watkins*, UN Resident Coordinator



(headtable left) Debapriya Bhattacharya, H E Lee Yun-young, A H M Mustafa Kamal, MP, Mustafizur Rahman, Robert Watkins and Sering Falu Njie

*Sultan Hafeez Rahman*, Executive Director, BRAC Institute of Governance and Development. Asian Infrastructural Investment Bank (AIIB) would play important role in FfD in Asia, he added

*Mr Salman Zaidi*, Poverty Global Practice Manager, East Asia and Pacific Region, The World Bank noted that ways for backing the SDGs in country context should include crowding finance from private sector, putting focus on PPP, investing in data management etc.

*Dr Simrit Kaur*, Professor of Public Policy at University of Delhi noted that ways should be explored to mobilise high savings made by South Asians for financing.

*Mr Asif Ibrahim*, Former President, DCCI, urged to scale up public finances and access to green funds at affordable rate particularly for Bangladeshi entrepreneurs.

*Ms Argentina Matavel Piccin*, Country Representative, UNFPA felt that financing should be people-centric and the focus should be on its efficient utilisation. She emphasised investment in youth, women and health and human resource.

The floor discussion was also addressed by *H E Mr Johan Frisell*, Ambassador, Embassy of Sweden; *Dr Milindo Chakrabarti*, Visiting Fellow, RIS, New Delhi; *Ms Jennifer del Rosario-Malonzo*, Manager, IBON International, The Philippines; *Ms Hagar Russ*, Child Rights Governance Director, Save the

(Continued on page 10)



International participants with CPD senior researchers

## Regional Dialogue

## Small and Medium Enterprises (SME) and Tax Policies

## SME-friendly tax policies urged across South Asia

**Policy** mix for SMEs are incoherent across South Asia due to the various ways they are defined by institutions that levy taxes, encourage investment, promote trade, provide credit and support to SMEs.

A broad consensus on definition for SMEs can facilitate implementation of SME-friendly tax policies in South Asia.

The observations emerged from a dialogue on "SME Development in South Asia: How Conducive are the Tax Policies?" organised by CPD in collaboration with the Governance Institutes Network International (GINI) at the BRAC Centre Inn Auditorium on 23 April 2015.

*Professor Mustafizur Rahman* noted that the study covering Bangladesh, India, Pakistan, Nepal and Sri Lanka focused on the impacts of tax exemptions and concessions, VAT reforms, and property tax on the development of SMEs in South Asia.

Following a welcome remark from the Chair, Former Finance Minister *Mr M Syeduzzaman*, the keynote paper was presented by *Mr Sabieh Haider*, Manager, Research and Program Development, GINI, Islamabad.



(left) Towfiqul Islam Khan, Sabieh Haider, Ahsan Habib Mansur, M Syeduzzaman, Kazi Akram Uddin Ahmed, Syed Nasim Manzur and Mustafizur Rahman

*Mr Haider* underscored that in absence of a standard definition for SMEs and lack of awareness about tax benefit, the SMEs struggle with cumbersome registration processes and high compliance cost.

He recommended educating taxpayers on tax systems, making provisions for self-assessment of tax, transparent tax return calculation and improve the accessibility of tax administration's service offices.

Another keynote speaker CPD Research Fellow *Mr Towfiqul Islam Khan* presented the Bangladesh study findings on tax exemptions and concessions, VAT and property tax. He recommended tax officials to assess real transaction value of real estate properties. Simultaneously improvement in tax administration capacities and using land record would be essential.

Findings from the Indian study was shared over skype by *Mr Kaushik Bhadra*, Research Associate, National Institute of Public Finance and Policy, India.

Discussant *Dr Ahsan Habib Mansur*, Executive Director, PRI proposed to define SMEs by assessing enterprises based on their turnover instead of number of employees. He added that the upcoming VAT law should pay

(Continued on page 8)

## 2015 Meeting of the High-Level Political Forum on Sustainable Development (HLPF 2015)

## New global agenda demands new approaches to public policy making

- Debapriya Bhattacharya at the United Nations

**Implementation** of the new global development agenda demands balanced integration of economic, social and environmental dimensions in the national policy frameworks. Successful delivery of the Sustainable Development Goals (SDGs) will also need to establish greater coherence within global governance structure.

CPD Distinguished Fellow *Dr Debapriya Bhattacharya*, also Chair, Southern Voice on Post-MDGs, made these observations while moderating a session at the HLPF of the United Nations on 30 June 2015, in New York.

The HLPF has been created under the auspices of the Economic and Social Council (ECOSOC) of the United Nations to provide overall guidance to the implementation of the SDGs - successor to the Millennium Development Goals (MDGs).

*Dr Bhattacharya* pointed out that public policy interventions and collective actions on the part of the citizens will be critical in meeting the challenges of SDG implementation.

In the future, single goal driven approaches will have to be replaced by cluster of goals as to promote synergy among them, to manage spill-overs and to contain the trade-offs. This has to be complemented with institutional reforms and enactment of new legal provisions.

One of the important tasks in this regard will be putting in place



The HLPF has been entrusted with the task of monitoring the progress in SDG achievement during the next 15 years and ensuring accountability of the process.

monitoring and evaluation mechanisms at national, regional and global levels which can provide evidence-based assessment of the effectiveness of the new agenda.

Chair of the HLPF session Ambassador of Croatia *H E Vladimir Drobnyak*, Vice-President of ECOSOC observed that

implementation of the SDGs has to be managed at multiple levels which should include from local governments to the United Nations itself.

The panellists of the session were *Ambassador Karel van Oosterom* of the Netherlands, *Dr Patrick Birungi*, Director, National Planning Authority of Uganda and Vice-President of the Czech Parliament *Ms Jaroslava Jermanova*. Lead discussants were *Mr Yaya Junardy*, President of the Global Compact Network in Indonesia and *Ms Galina Angarova* who represented the Major Stakeholder Group of the Indigenous People.

*Ms Sadia Faizunessa*, Deputy Permanent Representative of Bangladesh to the United Nations in her intervention emphasised the need to build capacity at all levels so as to face the emerging policy challenges and the need to mobilise resources to meet this end.

Most of the commentators maintained that the national governments should create platforms to facilitate all stakeholders including the public representatives, private sector and non-government organisations' participation in the SDG implementation process and review mechanism.

## 2015 OECD Global Forum on Development

## Domestic resource key to SDGs implementation

**Dr Debapriya Bhattacharya** stressed enhancing domestic resource mobilisation to effectively implement the Sustainable Development Goals (SDGs), as well as ensuring adequate levels of ODA while addressing the session on "Needs & Challenges in Financing for Development," on 1 April 2015.

The session at the 2015 OECD Global Forum on Development: "Post-2015 Financing for Sustainable Development," was organised by the OECD Development Co-operation Directorate and the OECD Development Centre, in co-operation with the Environment Directorate, the Directorate for Financial and Enterprise Affairs, and the Centre for Tax Policy and Administration.



The forum gathered about 400 government representatives from both OECD and non-OECD member countries, participants from the private sector, academia, foundations and CSOs.

*Dr Bhattacharya* stressed the specific development and financing challenges facing vulnerable countries, such as the LDCs, and the need for ensuring greater interlock among key international processes such as the FfD. He also urged mid-term review of the Istanbul Programme of Action (IPoA), the 21st Session of the Conference of the Parties, the UN Framework Convention on Climate Change, and the SDGs.

Among the panellists were *Mr Ralava Beboarimisa*, Minister of Environment, Madagascar; *Ms Julie Morrow*, Head of Communications and Reporting, Novartis Foundation; *Mr Imelda Nicolas*, Secretary, Commission on Filipinos Overseas, The Philippines and *Mr Pascal Saint-Amans*, Director, OECD Centre for Tax Policy and Administration.

## Meetings



(right) Debapriya Bhattacharya attends special lunch time session on European Report on Development 2015 during 2015 GFD on 1 April 2015 in Paris, France



(left) Debapriya Bhattacharya with other panellists and participants at the launch of European Report on Development 2015 on 4 May 2015 in Brussels, Belgium

## Southern Voice on Post-MDG International Development Goals

## Debapriya Bhattacharya at launch of European Report on Development 2015

The launch of the Fifth European Report on Development (ERD 2015) was addressed by Dr Debapriya Bhattacharya on 4 May 2014 in Brussels, Belgium.

The report with the overarching theme “Combining Finance and Policies to Implement a Transformative Post-2015 Development Agenda,” is the output of the 2015 ERD team of which Dr Bhattacharya is a member.

The ERD 2015 is led by Dr Dirk Willem te Velde, Overseas Development Institute (ODI) with Ms Gillian Hart, ODI; Dr Louka Katseli, University of Athens; Dr James Mackie, the European Centre for Development Policy Management (ECDPM); Dr Peter



ERD 2015 includes country illustrations from Bangladesh, Ecuador, Indonesia, Mauritius, Moldova and Tanzania.

Wolff, German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE) and Ms Leah Worrall, ODI.

The European Commissioner for International Cooperation and Development, Mr Neven Mimica, launched ERD 2015, which aims to address financing and other means of implementation in the post-2015 context in order to bring the post-2015 finance and goal setting processes together.

The ERD 2015 provides an overview of development finance needs and supply, and the impact other means of implementation can make on the availability and effectiveness of finance.

## Third International Open Data Conference

## Mustafizur Rahman on Post-2015 Data Test and Data Revolution

CPD Executive Director Professor Mustafizur Rahman was an invited speaker on “Post-2015 Data Test: Unpacking the Data Revolution at the Country Level,” at the Third International Open Data Conference held during 28-29 May 2015 in Ottawa, Canada.

The conference was organised by the Government of Canada, International Development Research Centre (IDRC), Canada, and the World Bank. The meet explored a wide variety of open data issues where experts collaborated on charting the future of open data and the global open data movement.

Other speakers of the session were Mr Peter Taylor, Program Leader, IDRC; Ms Kate Higgins, Manager, DataShift, CIVICUS; Ms Shannon Kindornay, Adjunct Research Professor, Norman Paterson School of



(left) Peter Taylor, Shannon Kindornay, Mustafizur Rahman, Kate Higgins and Maam Suwadu Sakho-Jimbira

International Affairs, Carleton University and Ms Maam Suwadu Sakho-Jimbira, from Initiative Prospective Agricole et Rural (IPAR).

Open data experts, senior government officials, industry leaders, and civil society champions across the world exchanged ideas and worked together to enable the data revolution to strengthen coordination among open

data initiatives across various topics, sectors, regions, and levels of government.

The conference aimed to broaden the scope of discussion to include the voices of experts in sectors that want to use open data and scale-up innovative approaches proven to work, with the objective to ensure that all citizens of the world benefit.

## Southern Voice partners with the E15 Initiative

## Debapriya Bhattacharya joins E15 Expert Group on Trade, Finance and Development

The Southern Voice on Post-MDGs has entered into a knowledge partnership with the E15 Initiative, which brings together world-class experts and institutions to formulate strategic analysis and recommendations for the state, the private sector and the civil society, with a view to strengthening the global trade and investment system.

This special collaboration not only enables Southern Voice to join the E15's international platform of trade and investment, but also provides opportunities to share its unique development perspective with the E15 to ensure that E15 policy options are as actionable and inclusive as possible.

Earlier during 13-14 April 2015, Dr Debapriya Bhattacharya attended



The E15 Initiative is implemented jointly by International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

the E15 Initiative's First Expert Group Workshop on Trade, Finance and Development, in Geneva, Switzerland. He made a presentation on “Post-2015 Development Agenda: Interlocking Trade and Finance in the LDCs” which examined whether the international donor community has kept its commitments since Monterrey in 2002 and Doha in 2008.

The Expert Thematic Group on Trade, Finance and Development is co-convened with the Center for International Development at Harvard University.

During this period, Dr Bhattacharya also joined the Advisory Group on the Monitoring of the Global Partnership for Effective Development Cooperation (GPEDC).

## Research Division Report

**Addressing SPS Issues and Concerns in Bangladesh-India Trade: Drafting Sanitary and Phytosanitary (SPS) Agreement**

The objective of this study was to identify major issues related to SPS and concerns which act as non-tariff barriers (NTBs) in Bangladesh-India trade. By examining current cooperation mechanism where SPS related issues can be properly addressed, the study comes up with a framework for a possible SPS Agreement, which can be the basis for future cooperation to remove SPS related NTBs between the two countries. The twenty two Agreements, Protocols and MoUs that have been signed recently between Bangladesh and India are expected to go a long way in deepening Bangladesh-India trade, transport, investment and people-to-people connectivity. Implementation of these will likely bring rich dividends if carried out intelligently under a win-win-scenario. The study has emphasised that resolving SPS-related issues must be seen as an integral component of the ongoing efforts towards strengthened economic cooperation between Bangladesh and India. Team members of the study were CPD Researchers *Mustafizur Rahman, Khaleida Akhter* and *Md. Naimul Gani Saif*.

**Trade Facilitation in South Asia through Transport Connectivity: Operationalising the Motor Vehicle Agreements (MVAs)**

Bangladesh-Bhutan-India-Nepal (BBIN MVA), at the sub-regional level, has been signed on 15 June 2015 while the South Asian Association for Regional Cooperation (SAARC) MVA is likely to follow. If these developments are read in conjunction with the amended Bangladesh-India Trade Agreement, MVAs also became integral to transport connectivity from Western India to the North-East States of India, via Bangladesh. The purpose of this study is to examine the MVAs, analyse to what extent these stand the test of best models of MVAs and discuss some of the concrete steps required for operationalisation of the MVAs. The study has emphasised appropriate annexes and protocols for an MVA in line with international best practices. The study has urged that a comprehensive MVA should deal with principles of governance and operations of the Agreement; documentation and procedures; facilitation of frontier crossing formalities; registration of vehicles; container customs regime; taxes, fees and other charges; institutional arrangements; technical matters; infringements; application of laws and regulations; and provisions for amendments to the Agreement, amongst

others. Team members of the study were CPD Researchers *Mustafizur Rahman, Md. Zafar Sadique* and *Nirman Saha*.

**Delivering on Data Needs for Monitoring SDGs: Addressing Financing Issues in Asia-Pacific Context**

Monitoring progress towards attainment of Sustainable Development Goals (SDGs) will demand availability of better data at both country and global levels, which will put to test the existing capacity of many national statistical systems. As financing of the required activities and initiatives will be a major concern for most countries, the study has explored possible financing mechanisms for data requirement to monitor the SDGs in the Asia-Pacific region. The study has also attempted to assess underlying data gaps and existing data financing mechanisms while reviewing available cost estimations for the required measures considering the abovementioned aspects. The study has focused on countries from the East Asia, South Asia and Pacific regions. The results and policy recommendations contributed to the forthcoming Third Conference on Finance for Development (Ffd) held in Addis Ababa during 13 - 16 July 2015. Team members of the study were CPD Researchers *Mustafizur Rahman, Towfiqul Islam Khan, Mostafa Amir Sabbih* and *Shahida Pervin*.

**The Economics of Informal Cattle Trade between Bangladesh and India: A Bangladesh Perspective on Changing Scenario**

Cross-border cattle trade between Bangladesh and India through informal channels is a long-standing debated issue. The economic argument of cattle trade is overruled by non-economic arguments of religious, political and humanitarian issues. A number of recent incidences in India have further complicated the issue. As the recipient of Indian cattle, Bangladesh needs to take into account such developments in India. The paper discusses the economics of informal cattle trade between Bangladesh and India and analyses possible consequences of any future changes in the upper segment of the cattle supply chain (India) on Bangladesh's domestic livestock market. Based on the analysis the paper put in place a number of short, medium and long-term suggestions. Jointly prepared by *Khondaker Golam Moazzem* and *Farzana Sehrin*, the paper was published in the SARCist, an online journal published from New Delhi.

(from page 5)

**Small and Medium Enterprises**

special attention to the SMEs and also lessen burden on taxpayers through splitting the threshold mechanism into multiple levels.

Designated Discussant *Mr Syed Nasim Manzur*, President, MCCI, highlighted a number of existing measures such as minimum tax on companies and sales receipts that are detrimental to business growth for SMEs. He suggested incentivising the taxpayers on early submission of returns.

In the Floor Discussion, *Dr Muhammad Abdul Mazid*, former NBR Chairman, said that all laws formulated for the elite taxpayers become burdensome for the majority of general taxpayers and it affects the SMEs.

Urging a common registration authority for VAT,

tax and tariff collection in Bangladesh, former Advisor to Caretaker Government *Dr A B Mirza Azizul Islam*, advised further automation to minimise the tax payment time, hassles and reduce tax compliance cost.

*Mr Ranjan Kumar Bhowmik*, Director General, BCS (Tax) Academy, NBR, informed that compliance cost are being reduced through tax fair and electronic filing facilities.

Advocating for multiple VAT rates, FBCCI Advisor *Mr Manzur Ahmed* informed that many countries across the world do not have single VAT rate and in most cases special packages for SMEs beyond thresholds. This should be adopted in Bangladesh under the new VAT law.

Among other issues, *Ms Farah Farooq*,

Commercial Counsellor, Pakistan High Commission said taxation structure in Pakistan do not really corroborate with the needs of taxpayers. The government and tax collecting authority should explore ways to best educate the SME sector into using automated accounting system, she added.

More observations and remarks were made by *Dr Swapan Kumar Bala*, CEO, Dhaka Stock Exchange Ltd.; *Dr Mizanur Rahman*, Professor of AIS, University of Dhaka; *Mr Abdul Haque*, Advisor, JBCCI; *Mr Md Aminur Rahman*, Former Member, Income Tax Policy, NBR; *Mr Kamran T Rahman*, former Vice President, MCCI; *Mr M S Siddiqui*, CEO, Bangla Chemical and *Mr Alison Subrata Baroi*, Director, SUPRO among others.

## Meetings



Meeting with consultation mission on improving employment outcomes of Asian Development Bank (ADB) on 7 May 2015



World Bank Group team on "Let's Work Global Partnership" visited on 18 May 2015

## CPD's solidarity with Nepal earthquake victims

CPD called on the Ambassador of Nepal in Bangladesh *H E Mr Hari Kumar Shrestha*, Ambassador Extraordinary Plenipotentiary on Monday 10 May 2015 to express sympathy and solidarity towards the courageous Nepali people facing the grave aftermath of the recent earthquakes.

CPD Executive Director *Professor Mustafizur*



*Rahman* handed over a cheque for the besieged people as an expression of solidarity, which was contributed by the CPD staff's one day's salary matched by organisational contribution.

The Nepalese Ambassador conveyed his thanks to the CPD for this gesture. *Mr Nirmal Prasad Bhattarai*, Third Secretary of the Embassy was also present on the occasion.

## CPD Professionals at International Fora

### *Rehman Sobhan*, Chairman

- Chaired a session at the launch of "South Asia Development and Cooperation Report 2015," published by Research and Information System for Developing Countries, on 25 June 2015 in New Delhi, India.
- Attended *SACEPS Board Meeting* on 26 June 2015 in New Delhi, India.

### *Mustafizur Rahman*, Executive Director

- Attended *2015 Global Forum on Development: Post-2015 Financing for Sustainable Development*, during 30 March - 1 April 2015 in Paris, France.
- Was a panellist at a dialogue on *Restoring Multilateral Trade Cooperation*, organised by China Institute for WTO Studies, University of International Business and Economics and South African Institute of International Affairs (SAIIA) during 10-11 April 2015 in Beijing, China.
- Participated at the dissemination and advocacy meeting on *Trade and Knowledge Sharing in HYV Rice Seeds: Scope for Agricultural Cooperation between Bangladesh and India*, hosted by CUTS International on 30 April 2015 in New Delhi, India.
- Addressed a session on "Post-2015 Data Test: Unpacking the Data Revolution at the Country Level," at *Third International Open Data Conference* during 28-29 May 2015, in Ottawa, Canada.

### *Debapriya Bhattacharya*, Distinguished Fellow

- Participated at *2015 Global Forum on Development: Post-2015 Financing for Sustainable Development*, during 30 March - 1 April 2015 at OECD Conference Centre in Paris, France, as part of which he
  - Provided remarks on the presentation "Financing and other Means of Implementation in a Post-2015 Context" on 1 April
  - Addressed the session on "Needs & Challenges in Financing for Development" on 1 April
  - Was a Panellist at the conference on *South Asian Economic Development: The Way Forward*, hosted by South Asian University, during 9-10 April 2015, in New Delhi, India.
- Made a presentation on "Post-2015 Development Agenda: Interlocking Trade and Finance in the LDCs" at the *E15 Initiative's First Expert Group Workshop on Trade, Finance and Development*, held on 13-14 April 2015, in Geneva, Switzerland.
- Participated at an expert group meeting for *Global Sustainable Development Report 2015*, organised by UN Division for Sustainable Development during 13-14 April 2015 in Geneva, Switzerland.
- Addressed launch of the *Fifth European Report on Development (ERD 2015)* on 4 May 2015, in Brussels, Belgium.
- Participated at OECD expert group meeting on *Total Official Support for Sustainable Development (TOSSD)* on 13 May 2015, in Paris, France.
- Participated at first meeting of the Advisory Group on *Monitoring of the Global Partnership for Effective Development Cooperation (GPEDC)*

(from page 12)

### South Asian Connectivity

Addressing as a Special Guest, *H E Mr Pankaj Saran*, High Commissioner, Indian High Commission said that the growing trade between Bangladesh and India in past few years has given the two countries experience of dealing with each other and this should not be a problem.

He added that roads construction will entail complexities of land scarcity. The land ports suffer from traffic congestion and backlogs of vehicles. To resolve this, connectivity needs to go beyond roads, involving coastal shipping, waterways and railways.

Special Guest *H E Mr Hari Kumar Shrestha*, Ambassador, Embassy of Nepal noted that the BBIN MVA landmark agreement will be beneficial

to Nepal and it would complement the SAARC MVA, expected to be signed soon.

Chief Guest *Mr Md Obaidul Quader, MP*, Hon'ble Minister, Ministry of Road Transport and Bridges mentioned that the main challenges in developing internal infrastructure is relocating local establishments while constructing roadways. He emphasised the necessity of field visit to ensure quality of work.

Guest of Honour *Mr Abdul Matlub Ahmad*, President, FBCCI, noted that the MVA will facilitate huge benefits for logistic business. He stressed tracking mechanism for vehicles to be put in place for operational and security concerns.

Following comments from CPD Distinguished Fellows *Dr Debapriya Bhattacharya* and *Professor*

during 20-21 May 2015, in New York, USA.

- Attended a meeting on "China's Overseas Development Policy in a World beyond Aid, organised by Asia Foundation during 9-10 June 2015 in Bangkok, Thailand.
- Moderated a session at *2015 Meeting of the High-Level Political Forum (HLPF) on Sustainable Development* of the United Nations on 30 June 2015 in New York, USA.

### *Debapriya Bhattacharya* and *Mustafizur Rahman*

- Participated in the Commonwealth Biennial Trade Symposium, *Shaping a Global Trade Agenda for Development*, during 23-24 June 2015 in Johannesburg, South Africa.

### *Anisatul Fatema Yousuf*, Director, Dialogue and Communication

- Participated in a workshop on *South Asia Workshop on Financing for Development: Advancing Progressive Regional to Global Policies*, co-convened by Regions Refocus 2015, Women and Media Collective and Asian Pacific Resource and Research Centre for Women, during 7-8 June 2015 in Colombo, Sri Lanka.

### *Fahmida Khatun*, Research Director

- Attended a workshop on *Charting a Vision of Progress for Trade and Environment in 2030*, organised by the United Nations Environment Programme and International Institute for Sustainable Development on 12 May 2015 in Geneva, Switzerland.

### *M Shafiqul Islam*, Additional Director, Admin. & Finance

- Participated in a Financial Modeling training during 27-28 April 2015 in Jakarta, Indonesia.

### *Khondaker Golam Moazzem*, Additional Research Director

- Made a presentation on "Issues of Concern to LDCs in the WTO process" at a workshop on "Post-Bali Issues and Preparation for the 10<sup>th</sup> WTO Ministerial Conference: A South Asia Perspective", organised by Commonwealth Secretariat, CUTS International and Institute of Policy Studies, Sri Lanka during 18-19 May 2015, in Colombo, Sri Lanka.
- Made a presentation on "LDCs Issues: Update and Strategies to Advance the Agenda" at a Commonwealth workshop in preparation for 10th WTO Ministerial Conference during 18-19 June 2015, Kigali, Rwanda.

### *Md Afshar Ali*, Research Associate

- Participated in WTO/ESCAP 10th ARTNeT Capacity Building Workshop for Trade Research Empirical Methods in Trade: Analyzing Trade Costs and Trade Facilitation, during 15-19 June 2015, in Bangkok, Thailand.

### *Shahida Pervin*, Research Associate

- Attended a workshop on *Universal Health Care, Anti-Microbial Resistance and Access to Medicines*, organised by Third World Network and the Commonwealth Foundation, during 6-7 April 2015, in Kuala Lumpur, Malaysia.

*Rounaq Jahan* the floor discussion was also addressed by *Ms Samina Mehtab*, Acting High Commissioner of Pakistan; *Mr Yonten Gyantsho*, Trade Counsellor, Royal Bhutanese Embassy; *Mr Khairuzzaman Mozumder*, Deputy Chief of Party, USAID; *Mr Chandan Kumar Dey*, Joint Secretary, Road Transport and Highways Division; *Mr Monoj Kumar Roy*, Additional Secretary, Ministry of Commerce; *Mr Mahbubul Anam*, President, Bangladesh Freight Forwarders Association; *Dr Md Mozibur Rahman*, former CEO, and *Mr Ali Ahmed*, CEO, BFTI; *Dr Mohammad Mahbubur Rahman*, former Communication Secretary; *Mr A S M Mainuddin Monem*, Deputy Managing Director, Abdul Monem Ltd.; *Mr Md Tanveer Islam*, GM-Export, PRAN among others.



## Debapriya Bhattacharya on South Asian Economic Development

CPD Distinguished Fellow *Dr Debapriya Bhattacharya* addressed the international conference on “South Asian Economic Development: The Way Forward” hosted by the Faculty of Economics, South Asian University in New Delhi on April 9-10, 2015.

He spoke on the Quest for Inclusive Growth in South Asia at a panel discussion, which was chaired by *Dr Abhijit Sen*, Professor of Economics,



(left) Danny Atapattu, Abhijit Sen, Debapriya Bhattacharya and Ashwani Saith

Jawaharlal Nehru University, and Member, 14th Finance Commission, India.

The other speakers of the session were *Dr Rashid Amjad*, Professor of Economics and Director, Graduate Institute of Development Studies, Lahore School of Economics, Pakistan; *Dr Danny Atapattu*, Senior Professor of Economics, University of Ruhuna, Sri Lanka; and *Dr Ashwani Saith*, Emeritus Professor, Erasmus University, Rotterdam, Netherlands.

### CPD Professionals at National Fora

#### *Rehman Sobhan*, Chairman

- Was the Guest of Honour at the conference titled *Towards Sustained Eradication of Extreme Poverty in Bangladesh*, organised by Bangladesh Bank and BIDS at the Planning Commission during 8-9 April 2015.

#### *Rounaq Jahan*, Distinguished Fellow

- Chaired a session on “Welfare Regime, Gender and Extreme Poverty” at the conference on *Towards Sustained Eradication of Extreme Poverty in Bangladesh*, organised by Planning Commission during 8-9 April 2015.

#### *Mustafizur Rahman*, Executive Director

- Was the Chief Guest at a seminar on *RMG Sector: Its Contribution and Challenges*, organised by BGMEA University of Fashion and Technology on 20 April 2015.
- Was a Designated Speaker on “Financing of the Rampal Power Plant” at a conference on *Coal Energy in Bangladesh: Impact on Water and Climate*, organised by Waterkeepers Bangladesh National Committee for Saving the Sundarbans (NCSS) and Waterkeeper Alliance during 2-3 May 2015.
- Was a Discussant at a dialogue on *Budget 2015-2016: Our Expectations*, organised by MCCI and Maasranga Television on 15 May 2015.
- Attended a meeting with the Finance Minister on “কর্মসংস্থান সৃষ্টি : বাজেটে বড় চ্যালেঞ্জ”, organised by the American Chamber of Commerce in Bangladesh (AmCham) on 21 May 2015.
- Attended a pre-budget discussion organised by Economic Reporters' Forum on 23 May 2015.
- Attended a roundtable on *Bangladesh and Free Trade Arrangement (FTA)*, organised by Ministry of Foreign Affairs on 9 June 2015

#### *Debapriya Bhattacharya*, Distinguished Fellow

- Made a Presentation on “Bangladesh, Vision 2021 and Post 2015 International Development Agenda,” at Bangladesh Public Administration Training Centre (BPATC), Savar on 19 April 2015.
- Made a Presentation on “State of The Economy FY2015-FY2016” at a

(from page 5)

#### Dhaka EGM

Children; *Mr Muhammad Alkama Siddiqui*, Additional Secretary, Economic Relations Division among others.

Three working sessions on “Public-Private Partnership (PPP): The Asian Experience”, “Role of Overseas Remittances in Promoting Growth and Alleviating Poverty in Asia,” and “Financing Data and Information Needs for Monitoring and Accountability Mechanism of the Post-2015

Agenda,” explored the role of PPP in bridging infrastructural deficit, ways to link remittance to development and thus alleviating poverty and data needs for monitoring progress of SDGs.

In the concluding session, *Mr Sering Falu Njie*, Deputy Director, Policy, UN Millennium Campaign underscored that financing is the glue that keeps the agenda together as one of the key means of implementation. He noted that a number of key issues have been identified for necessary

implementation of the post-2015 agenda. These include building capacity at all levels, including the government, civil society and the private sector to be able to implement the agenda.

Partnership across stakeholders including PPP, the civil societies and the local authorities was also important, he said. Drawing on monitoring and accountability, *Mr Njie* also urged to look at ways to assess progress and ensure that this agenda is kept on track.

pre-budget discussion organised by United International University (UIU) Institute of Business and Economic Research on 26 April 2015.

#### *Khondaker Golam Moazzem*, Additional Research Director

- Was a discussant on “Bangladesh-China Trade and Investment Corridor”, organised by SCB and The Daily Star on 12 April 2015.
- Attended a pre-budget discussion on *National Budget 2015-16*, organised by ICMAB on 15 April 2015.
- Presented keynote at pre-budget discussion organised by Aviation and Tourism Journalist's Forum of Bangladesh (ATJFB) on 22 May 2015.
- Was a key discussant at *Post Budget National Consultation for 2015-16*, organised by Sushasoner Jonno Procharavizan on 14 June 2015.
- Made a presentation on “National Budget FY2015-16” at a seminar organised by Green University on 14 June 2015.
- Made a presentation on “National Budget FY2015-16” and Industrial Sector at Embassy of Japan on 29 June 2015.

#### *Towfiqul Islam Khan*, Research Fellow

- Attended a pre-budget discussion organised by Bangladesh Krishak Samity and Samajtantrik Khetmajur and Krishak Front on 22 May 2015.
- Attended a pre-budget discussion *Eradicating Extreme Poverty: Development Strategy Model*, organised by BRAC on 14 June 2015.
- Attended draft placement of the seventh five-year plan at the National Economic Council (NEC) on 15 June 2015.

#### *Khaleda Akhter*, Senior Research Associate

- Attended a workshop on *Trade and Poverty: Analysis of the Impact of Trade and Trade-Related Policies on Household Welfare*, organised by UNCTAD Virtual Institute and Jagannath University during 29 March - 2 April 2015.

#### *Naimul Gani Saif*, Research Associate

- Attended a stakeholder's consultation on *Non-tariff Measures (NTMs) in South Asia*, organised by South Asian Network on Economic Modeling (SANEM) on 2 July 2015.

### Visits



Office for International Exchange and Cooperation (OIEC), Beijing Foreign Studies University visited on 24 May 2015.



Students and faculty from Muhlenberg College, USA on academic visit on 23 May 2015



(from page 12)

**CPD Publications**

- Rahman, M. 2015. বহুমাত্রিক অর্থনৈতিক সম্পর্ক দৃঢ় হবে. *Samakal*, 6 June.
- Bhattacharya, D. 2015. দু'দেশের সম্পর্ক নতুন সোপানে নিয়ে যাবে. *Sangbad*, 6 June.
- Bhattacharya, D. 2015. বাজেটের আর্থিক কাঠামো কি দুর্বল হয়ে যাচ্ছে? *Prothom Alo*, 5 June.
- Khatun, F. 2015. On the eve of the budget. *The Daily Star*, 1 June.
- Khatun, F. 2015. All eyes on the South. *The Daily Star*, 25 May.
- Khatun, F. 2015. If the police were all women. *The Daily Star*, 18 May.
- Khatun, F. 2015. Home away from home. *The Daily Star*, 11 May.
- Khatun, F. 2015. When the roof collapses. *The Daily Star*, 4 May.

(from page 12)

**Comprehensive SPS**

expanding significantly mainly due to the lack of capacity building of the exporters. The second impediment is absence of institutional strengthening and the third – lack of product diversification for the export destinations.

Mr Chakraborty underscored that Bangladesh needs to particularly go for institutional capacity building because trade enhancement is essential for Bangladesh to achieve a middle-income status as envisaged in the Vision 2021.

On behalf of CUTS Calcutta Resource Centre that conducted the Indian counterpart of the study, Mr Prithviraj Nath, Policy Analyst and Head, said that customs are not trade-aware regarding certification standards.

Addressing as a Distinguished Discussant, Dr Selim Raihan, Executive Director, SANEM mentioned that Bangladesh's export to India has declined despite reduced tariffs and DF-QF facilities.

Discussant Mr Md Tanveer Islam, General Manager-Export, Pran Group, underscored a number of on-the-spot concerns for Bangladeshi exporters, who had to await Central Food

(from page 4)

**Formulation of national subsidy**

contribution to and pervasiveness in some sectors of the economy. He, however, agreed that many of such subsidies are creating distortion.

Discussant Dr M Asaduzzaman, Professorial Fellow, Bangladesh Institute of Development Studies (BIDS) mentioned that the government should discontinue the tenures of quick rental power plants that use huge subsidies and thus ease its subsidy burden. He observed that allocation of sector-wise subsidy, valuation of subsidy and its timely phasing out are important to raise the efficacy of subsidy as a fiscal policy tool.

- Khatun, F. 2015. How happy are we? *The Daily Star*, 27 April.
- Khatun, F. 2015. Post-Rana Plaza initiatives and sustainability of the RMG sector. *The Daily Star*, 20 April.
- Khatun, F. 2015. Redefining goals of the upcoming budget. *The Daily Star*, 13 April.
- Moazzem, K. G. 2015. রাজনীতির কারণে ক্ষতি অর্থনীতির. *Samakal*, 9 April.
- Khatun, F. 2015. China's entry to global financial architecture. *The Daily Star*, 6 April.

**Newspaper Interview**

- Moazzem, K. G. 2015. বিজিএমইএকে আরও পরিণত হতে হবে. *Prothom Alo*, 27 June.
- Rahman, M. 2015. ভারত-চীন উভয়ের সঙ্গেই সুসম্পর্ক রাখতে হবে. *Shokaler Khobor*, 6 June.

Laboratory approval to disburse their exportable goods due to specific packaging requirements.

Dr Mostafa Abid Khan, Director, Programme, Research and Policy Advocacy, Bangladesh Foreign Trade Institute (BFTI), agreed that a bilateral agreement would not be a viable solution because problems arise from outdated regulations in the trade policies, implementation of import policies in Bangladesh and Countervailing duties which are trade import duties imposed under WTO rules to neutralise the negative effects of subsidies.

Dr Md Mozibur Rahman, former CEO, BFTI opined that there is no universal standards for food and agro trade items. The problems might continue without a mutually agreeable standard and the persistent trade-related complications at the border.

In this regard, Mr Md. Mahubur Rahman, Deputy Director, Bangladesh Accreditation Board (BAB), said that any certification issued by the BAB should be accepted in all countries. In reality, the Indian customs is not accepting other accredited laboratory certificates other than from India. The governments should settle these issues.

Another Discussant Dr Sajjad Zohir, Executive Director, Economic Research Group, argued for setting a standard definition of subsidy, unburdening the accounting process, identification of other transfer mechanisms and generation of return on subsidy payment vis-à-vis aggregate transfer.

CPD Executive Director Professor Mustafizur Rahman observed that decisions as regards subsidy ought to be made by taking cognisance of fiscal pressure on the one hand and the interests of both producers and consumers and the sectoral development strategies on the other.

- Bhattacharya, D. 2015. Hard to achieve. *The Daily Star*, 5 June.
- Bhattacharya, D. 2015. গত বাজেট বাস্তবায়িত হলেই এ বাজেট বাস্তবসম্মত. *Amader Shomoy*, 5 June.
- Bhattacharya, D. 2015. মোদির সফর দ্বিপক্ষীয় সম্পর্কে নতুন সোপান. *Bangladesh Pratidin*, 2 June.
- Yousof, A.F. 2015. জেডার বাজেটের কার্যক্রমগুলোর সমন্বয় প্রয়োজন. *Samakal*, 24 May.
- Bhattacharya, D. 2015. National strategy needed to make new development goals work. *The Daily Star*, 15 May.
- Rahman, M. 2015. টানারি পল্লী বাস্তবায়ন কাজ সমন্বিতভাবে হচ্ছে না. *Shokaler Khobor*, 19 April.
- Sobhan, R. 2015. The Man behind the Economics. *The Daily Star*, 4 April

On a positive note, Ms Ferdous Ara Begum, CEO, BUILD Project, DCCI informed that some time-bound action plans have been taken regarding quarantine and phytosanitary certification issues at a meeting of BUILD with the Prime Minister's Office.

Guest of Honour Mr Humayun Rashid, Senior Vice-President, DCCI, informed that DCCI is involved in changing conflicting policies and looks forward to positive developments.

Mr Zillul Hye Razi, Trade Advisor, European Union Delegation to Bangladesh urged efficient administrative system to maintain the hygiene and quality of perishable exportable agro goods.

Mr Farooq Ahmed, Secretary General of BEF and MCCI, said that certification, laboratory issues have persisted for decades and policy recommendations have little impact on ground-level realities.

At the floor discussion, valuable remarks came from Dr Syed Humayun Kabir, Director General, SARSO; Mr Suhel Ahmed Choudhury, former Commerce Secretary; Mr Jahangir Bin Alam, Secretary and CEO, IBCCI; Mr M Anis Ud Dowla, former President, MCCI among others.

With comments from Guest of Honour Dr A B Mirza Azizul Islam, former Advisor to Caretaker Government, the floor discussion was addressed by Dr Akhter Ahmed, Chief of Party, IFPRI; Dr Shamsul Alam, Member, General Economics Division, Planning Commission; Dr Minhaj Mahmud, Head of Research, BIGD; Dr Bimal Kumar Saha, Senior Research Fellow, BIDS; Professor Dr Md Abul Bashar and Associate Professor Mr A S M Golam Hafeez from Bangladesh Agricultural University; Mr Humayun Rashid, Senior Vice President, DCCI among others.

**Visits**



Chinese People's Institute of Foreign Affairs (CPIFA) visited on 19 May 2015.



Yunnan Daily Press Group visited on 12 May 2015

## Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicle Agreement (MVA)

## South Asian connectivity would hinge on MVA

**Comprehensive** multimodal connectivity in South Asia critically hinges on implementation of the BBIN MVA for deepening South Asian integration.

The role of the MVAs will be key to establishing seamless multimodal connectivity to facilitate movement of vehicles and goods, cars and passengers bilaterally, at sub-region level, within SAARC.

Trade and connectivity experts, diplomats, policymakers and government officials convened at a CPD dialogue to discuss various strategies as regards the then ongoing negotiations on BBIN MVA and challenges of its implementation.

Chaired by CPD Chairman *Professor Rehman Sobhan*, the CPD dialogue on “Trade Facilitation in South Asia through Transport Connectivity: Operationalising the Motor Vehicle Agreements (MVAs),” was held at BRAC Centre Inn on 20 June 2015.



(left) Mustafizur Rahman, Abdul Matlub Ahmad, Md Obaidul Quader, Rehman Sobhan, H E Pankaj Saran and H E Hari Kumar Shrestha

CPD Executive Director *Professor Mustafizur Rahman* made the keynote presentation in which he mentioned that South Asia has till now continued to remain the most disconnected region in the world, with high cost of doing business and missed opportunities.

To reap more benefit from BBIN MVA, coordination and concordance of protocols and standard operating procedures among MVAs including draft SAARC MVA and other bilateral MVAs are important, he noted.

*Professor Rahman* recommended benefit sharing principles for determining tolls and tariffs; establishing monitoring committees for implementation oversight; designing widely accepted implementation modalities to ensure win-win outcomes; and ensuring access to information regarding implementation progress.

(Continued on page 9)

## Sanitary and Phytosanitary (SPS) Concerns

## Comprehensive SPS agreement could enhance Bangladesh-India trade

A comprehensive agreement between Bangladesh and India for agricultural exports could resolve the non-conforming SPS measures that undermine trade potentials of the two countries.

SPS measures such as laboratory testing, registration, certification and sanitary and phytosanitary certificate start to act as non-tariff barriers (NTBs) when appropriate mechanisms and initiatives are not put in place to address the attendant concerns.

The observations emerged from a dialogue on “Non-Tariff Barriers in Bangladesh-India Trade: Addressing Sanitary and Phytosanitary (SPS) Concerns,” organised by CPD at BRAC Inn on 18 April 2015.

*Mr Mahbubur Rahman*, President, International Chamber of Commerce, Bangladesh (ICCB) chaired the discussion.

While presenting the keynote, CPD Senior Research Associate *Ms Khaleda Akhter* said that certification and testing requirements in the Indian



(left) Khaleda Akhter, Md Tanveer Islam, Amitava Chakraborty, Mahbubur Rahman, Humayun Rashid, Mustafizur Rahman and Selim Raihan.

market for agro and food products create problems for exporters.

The study findings indicated that the attendant concerns include harmonisation of food standards, mutual recognition of conformity assessment, dispute settlement and technical cooperation with transparency etc, according to a CPD perception survey.

In summary, CPD Executive Director *Professor Mustafizur*

*Rahman* observed that exporters need to be aware of the drawbacks, organisations like BSTI and the Agreement on the Establishment of South Asian Regional Standards Organisation (SARSO) will need to undergo institutional capacity building and an SPS agreement should take place within the context of SAFTA to increase exports to India.

Chief Guest *Mr Amitava Chakraborty*, Director General (WTO Cell), Ministry of Commerce observed that Bangladesh's export to India is not

(Continued on page 11)

## CPD Publications



## Book

*Bangladesh Economy in FY2014-15: Third Interim Review of Macroeconomic Performance*. Dhaka: CPD



## Rana Plana Monitoring Report

*One Year After the Rana Plaza Tragedy: Where Do We Stand? - The Victims, the Sector and the Value Chain*. Dhaka: CPD

## Journal Article

Rahman, M. and Jahan, H. 2015. “Second-generation Cooperation Agenda: Opportunities and Challenges of Enhanced Integration among the Asian Sub-regions.” *South Asia Economic Journal*, 16: 1-26, March 2015. DOI: 10.1177/1391561415575125

## CPD Working Paper

Rahman, M. Akhter, K. and Saif, N.G. 2015. *Trade and Transport Facilitation in Bangladesh: An Audit of the State of Play*. Paper 110. Dhaka: CPD

## Interviews in International Publications

Bhattacharya, D. 2015. মৌদীর বাংলাদেশ সফর আঞ্চলিক ক্ষেত্রে প্রভাব বিস্তার করবে. *Voice of America*, 7 June.

Bhattacharya, D. 2015. Time to ‘call EU’s bluff’ on Paradigm Shift. *Devex*, 27 May.

## Articles in International Publications

Moazzem, K. G. and Sehrin, F. 2015. Informal Cattle Trade between Bangladesh and India. *SARCist*, June Issue.

Khatun, F. 2015. Post-Rana Plaza Initiatives and RMG Sector Sustainability. *NETZ Magazine*, 4 June.

Khatun, F. 2015. Evaluating Aid for Trade on the Ground: Lessons from Bangladesh. *ICTSD Bridges Africa*, 4(5), 26 May.

## ODI Project “Effective International Development Action Beyond 2015” Paper

Exploring Spaces for Economic Transformation in the Sustainable Development Goals, May 2015 Yurendra Basnett and Debapriya Bhattacharya

## UNESCAP Working Paper Series

Regional Monitoring and Review Mechanism for Effective Implementation of the Post-2015 Development Agenda, June 2015 Debapriya Bhattacharya

## Newspaper and Magazine Articles

- Khatun, F. 2015. Investing in human capital. *The Daily Star*, 29 June.
- Khatun, F. 2015. Technology for financial inclusion. *The Daily Star*, 22 June.
- Khatun, F. 2015. Predictable yet unachievable. *The Daily Star*, 15 June.
- Khatun, F. 2015. Enthraling Modi, Enthusiastic Bangladesh. *The Daily Star*, 8 June.

(Continued on page 11)