

Press Briefing on

Release of

The Global Competitiveness Report 2020 and

The Bangladesh Business Environment Study 2020

Presentation by

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I. Introduction and Objectives

I. Introduction and Objectives

- The *Global Competitiveness Report 2020* is globally released on 16 December, 2020
- The *Global Competitiveness Report* is a cross-country benchmarking analysis of the factors and institutions that determine long-term growth and prosperity of countries
 - *World Economic Forum* (popularly known as *Davos Forum*) is publishing the GCR since 1979
- CPD, as a partner, has been carrying out the Bangladesh part of the report since Bangladesh has been included in the GCR in 2001 – this is the 20th year
 - Questionnaire for the Executive Opinion Survey is developed by the WEF
 - A Rapid Assessment Survey (RAS) has been carried out on current issues of Bangladesh Economy – this is the 16th year
- Major objectives of the press briefing are
 - To release WEF's *Global Competitiveness Report 2020* in Bangladesh. The report is being globally launched yesterday
 - To report the state of competitiveness of Bangladesh in 2019 particularly in the backdrop of the covid-19 pandemic
 - To give voice to concerns as regards business environment in Bangladesh

I. Introduction and Objectives

- A total of 142 countries have been surveyed of which 126 countries have valid responses
 - Out of 14,303 responses under the survey 11,866 responses have been retained
 - However the dataset is largely not used in preparing this year's report
- The Global Competitiveness Index ranking has been paused in 2020 due to the dire situation emerged by Pandemic
 - Available hard data does not reflect and integrated with the situation of pandemic thus no ranking for 2020
 - Such situation caused by pandemic needs more innovative and shifts in policy
 - The GCI ranking will be continued from 2021
- The GCR 2020 is a special edition of report which focuses on *How Countries are Performing on the Road to Recovery*
 - Report analyses and extends policy recommendations based on 3 timeframes
 - Past 12 years – trends and crisis impact
 - Revival over the next 2-3 years (revival phase)
 - Transformation readiness over the next 4-5 years (transformation phase)
 - Recommendation provided under 4 thematic areas of action for 2 timeframes
 - Reviving and transforming the enabling environment
 - Reviving and transforming human capital
 - Reviving and transforming markets
 - Reviving and transforming the innovation ecosystem

II. Methodology

II. Methodology

- Special edition report has identified 11 priority areas for conducting transformation analysis
- The analysis has been carried out on 37 economies

Transformation readiness: 11 Priority Areas



Transformation Readiness: 37 Economies

Argentina	Australia	Austria
Belgium	Brazil	Canada
Chile	China	Czech R.
Denmark	Estonia	Finland
France	Germany	Greece
Hungary	India	Indonesia
Ireland	Israel	Italy
Japan	Korea, R	Mexico
Netherlands	New Zealand	Poland
Portugal	Russian F.	Slovak R.
South Africa	Spain	Sweden
Switzerland	Turkey	UK
USA		

II. Methodology

- Analysis of Bangladesh has been carried out using the standard GCI 4.0 method
 - Covid related issues have been discussed under each of the issue-specific analysis
- GCI 4.0 assesses competitiveness through the factors that determine an economy's level of productivity—widely considered as the most important determinant of long-term growth and income
 - The GCI 4.0 framework is organized into 12 main drivers of productivity, or 'pillars' (Figure 1)
- GCI 4.0 provides more specific indicators for policy-makers and other stakeholders to bridge long term solutions through short term business and government perspectives
 - It offers guidance on what matters for long-term growth
 - It can inform policy debates and help shape economic strategies and monitor progress

II. Methodology

GCI 4.0

- Pillars: GCI still have 12 pillars of competitiveness, but pillars have been reorganised, repurposed and names have changed
- Indicators: GCI EOS survey substantially modified with specific focus on technology, human capital, risk and emerging technologies
- Relative weight of Executive Opinion Survey: From (%) weight on specialised organised data to (%) weight on EOS data

Figure 1: 12 Pillars of Global Competitiveness Index 2020



II. Methodology

- The Executive Opinion Survey (EOS) covers 11 issues
 - Governance, infrastructure, technology, human capital, financial environment, business operations and innovation, domestic competition, foreign trade and competition, security and risks
- EOS survey was conducted with lots of difficulty during the early period of COVID-19 pandemic in Bangladesh
- **Number of respondents:** 55 in 2020 (77 in 2019)
 - All are private-owned companies based in Dhaka, Chattogram, Gazipur, Bogura and Cumilla
 - **Survey period:** February to May 2020
- The reference period for the survey was January to December 2019
 - The survey responses have limited relevance with the covid pandemic

Sector Covered under the EOS 2020	
Total	55 (100%)
Services	25 (44.6%)
Industry (Manufacturing)	23 (41.1%)
Industry (non-manufacturing)	4 (8.9%)
Mixed	3 (5.4%)

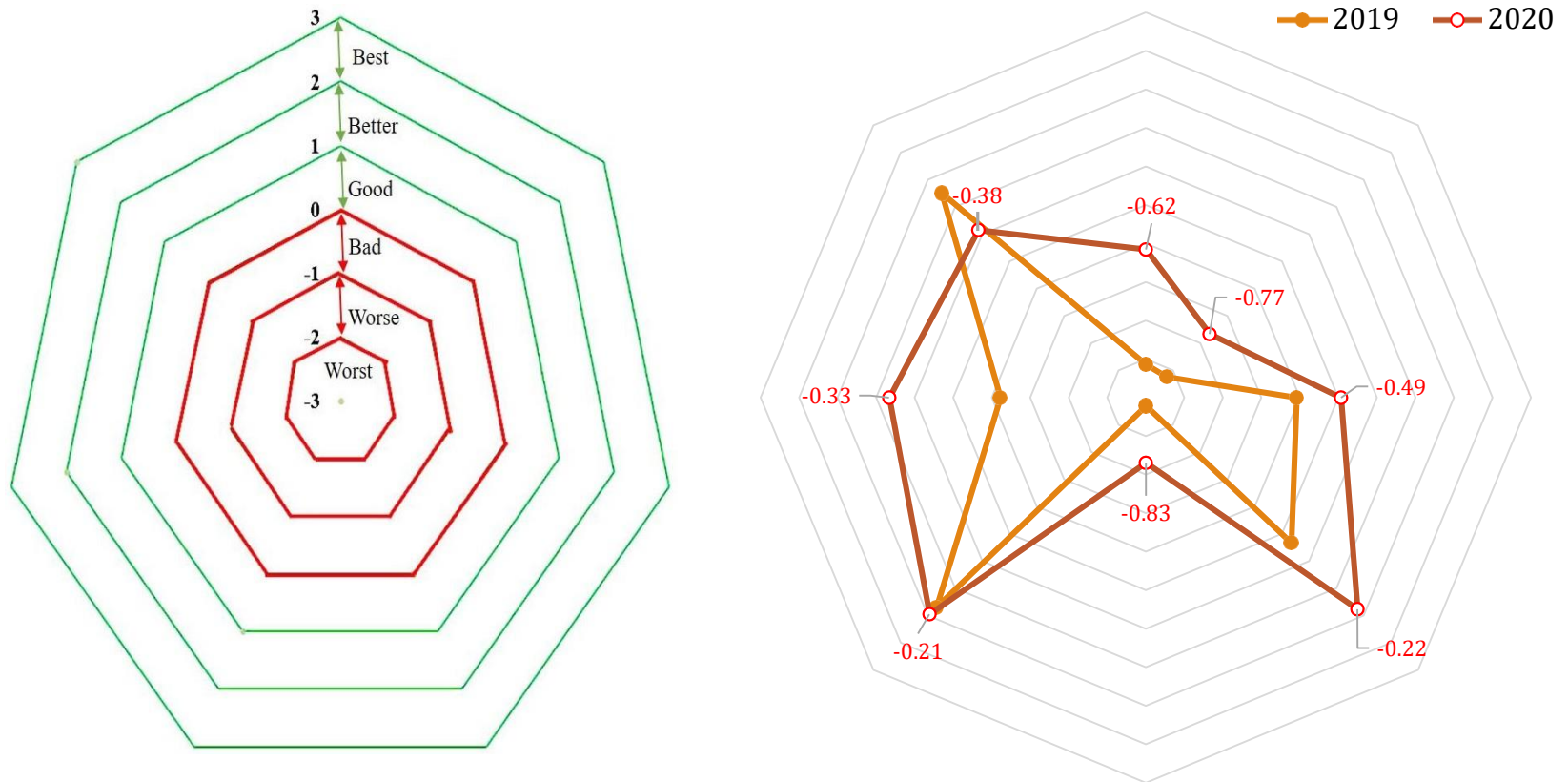
II. Methodology

- Executive Opinion Survey and Rapid Assessment Survey use qualitative data (7-point likert scale)
 - Negative responses (Scale: -3~-1); Indifferent responses (Scale: 0)
Positive responses (Scale: 1~3)
- Analysis has been performed by employing three statistical techniques
 - Frequency analysis (% of respondents); Weighted index (average weighted response); Chi-Square test

II. Methodology

- Radar diagram is used to figure out changes in the perception on different issues between 2019 and 2020

Hypothetical Radar Diagram Presentation



III. Global Competitiveness Report 2020

Major Findings

III. GCR 2020: Major Findings

Trends and Crisis Impact: From financial to pandemic crisis

Trends and crisis impact		Trends and crisis impact	
On the enabling environment	Across regions there has been a consistent erosion of institutions , including weaker checks and balances and less transparency	On human capital	Outdated education systems induced talent shortages . As technology disrupts labour markets, particular shortfall in digital skills and other skills of the new economy.
	Global improvement of ICT access and use but remain far from universal , and the pandemic crisis has made catching up more challenging for developing economies while deepening advanced economies' digitalization		For workers, misaligned incentives and rewards
	Pandemic induced emergency and stimulus measures have pushed already high public debt to unprecedented levels, against a backdrop of shifting tax bases		Under two dominant demographic trends health services, infrastructure and talent have lagged behind : increasing population in the developing world and ageing populations in the developed world
On the markets	<p>Financial systems have become sounder but continue to have some sources of fragility, including increased corporate debt risks and liquidity mismatches, and are not sufficiently inclusive</p> <p>With large productivity and profitability gaps between the top companies and all others in each sector, market concentration has been on an increasing trend in advanced economies. Declining trend of trade openness and the international movement of people since the financial crisis.</p>	On the innovation ecosystem	<p>Entrepreneurial culture has strengthened in the past decade but has not resulted fully in the creation of new firms. There is a lack of sustained creation of breakthrough technologies and, innovations are not been widely successful at delivering solutions to increasing energy consumption, managing emissions and meeting the demand for inclusive social services</p>

III. GCR 2020: Major Findings

Aspects of competitiveness that made an economy relatively resilient during the pandemic

- **Countries with advanced digital economies and digital skills have been more successful** at keeping their economies running while their citizens worked from home
 - The Netherlands, New Zealand, Switzerland, Estonia, and the United States have performed well on this measure
- **Countries with robust economic safety nets**, such as Denmark, Finland, Norway, Austria, Luxembourg and Switzerland, were well placed to support those who could not work
 - Similarly, **countries with strong financial systems** such as Finland, the United States, the United Arab Emirates and Singapore, could more easily provide credit to SMEs to prevent insolvency
- **Countries that could successfully plan and integrate health, fiscal and social policies have been relatively more successful** in mitigating the effects of the crisis, including Singapore, Switzerland, Luxembourg, Austria and the United Arab Emirates
- Anecdotal evidence suggests that **countries with previous experience of coronavirus epidemics (e.g., SARS) had better protocols** and technological systems in place (e.g., Korea, Singapore) and could contain the epidemic relatively better than others

III. GCR 2020: Major Findings

Countries that are better prepared for economic transformation

- Data from 37 countries was mapped against the 11 priorities outlined in the report
- It is found that while no country is fully prepared for recovery and economic transformation, some are better placed than others
- The report estimates that a 10% increase in readiness scores could lead to a \$300 billion increase in the GDP figures of these 37 countries combined
- However, these priorities for transformation should be considered for their multiple effects on growth, inclusion and sustainability

III. GCR 2020: Major Findings

Countries that are better prepared for economic transformation

Economy	Trust-worthy institutions	Accessible and green infrastructure	Taxation	Skills and education for jobs of tomorrow	Labour laws and social protection
Top 3	Finland New Zealand Switzerland	Estonia Netherlands Denmark	South Africa Japan Korea Rep.	Finland Netherlands Denmark	Denmark United Kingdom Switzerland

Economy	Eldercare, childcare and healthcare	Long term investment	Competition and anti-trust	Public private collaboration for markets tomorrow	Patient investment in R&D for markets of tomorrow	Diversity, equity and inclusion
Top 3	Sweden Denmark Canada	Finland New Zealand Switzerland	United States Canada China	Finland United States Japan	United States Japan Finland and Korea Rep.	China Sweden New Zealand

III. GCR 2020: Major Findings

Key Insights

- **Digital infrastructure investments:** The transition to a greener and more inclusive economy must be underpinned by **significant investments in infrastructure, including an expansion of digital networks**
 - Denmark, Estonia, Finland and the Netherlands are best prepared
- **Greener economy:** Greening the economy **will require upgrading energy infrastructure, transport networks and commitments** from both the public and private sectors to extend and respect multilateral agreements on environmental protection
 - Denmark, Estonia, Finland and the Netherlands are best prepared
 - Less prepared countries include Russia, Indonesia, Turkey and South Africa
- **Longer-term investments:** **Increasing incentives to direct financial resources towards long-term investment in the real economy** can strengthen stability and expand inclusion
 - Finland, Sweden, New Zealand and Austria are relatively better prepared
 - USA, currently the largest financial centre in the world, is among the least ready
- **More progressive taxation:** **Shifting to more progressive taxation systems** emerges as a key driver of economic transformation.
 - Korea, Japan, Australia and South Africa score highest, thanks to relatively well-balanced and progressive tax structures

III. GCR 2020: Major Findings

Key Insights

- **Expanded public services:** Future-ready education, labour laws and income support should be better integrated to expand the social protection floor
 - Germany, Denmark, Switzerland and the United Kingdom are relatively better prepared to combine adequate labour protection with new safety net models
 - South Africa, India, Greece and Turkey are less prepared
- **Incentives for the markets of tomorrow:** Incentivizing and expanding patient investments in research, innovation and invention can create new “markets of tomorrow” and drive growth
 - Finland, Japan, the United States, Republic of Korea, and Sweden emerge as better prepared to create the markets of tomorrow
 - Greece, Mexico, Turkey and the Slovak Republic are less well prepared

III. GCR 2020: Major Findings

Bangladesh's Score on Selected Reviving & Transforming Indicators

Indicators	Average score
How independent is the judicial system from influences of the govt, individuals, or companies?	31.1
To what extent does the government respond effectively to change?	46.7
To what extent does the government have a long-term vision in place?	57.1
How strong are financial auditing and reporting standards?	38.1
How do companies perceive human capital spending?	40.7
To what extent do companies invest in training and employee development?	45.0
To what extent can companies find people with the skills required to fill their vacancies?	29.6
To what extent does the active population possess sufficient digital skills	47.5
How do you assess the style of teaching	44.9
How accessible is healthcare to all individuals?	43.3
To what extent are unemployed people supported in reskilling and finding new employment?	36.3
What is the impact of the online gig economy on working conditions	59.3
To what extent is the online gig economy* used to provide care services	29.6
How do you rate the corporate ethics of companies	42.6
How do you characterize corporate activity?	35.8
To what extent do new companies with innovative ideas grow rapidly?	37.1
To what extent can SMEs access the finance they need for their business operations	31.1
How easy is it for start-up entrepreneurs with innovative but risky projects to obtain equity funding?	38.2
How widespread are well developed and deep clusters?	37.5
On what basis do buyers make purchasing decisions?	47.6
How adequately regulated are the emerging technologies and their applicatons	38.5
To what extent do companies employ a diverse workforce	48.2
Who holds senior management positions in companies?	47.0
To what extent are women entering information technology roles (across all sector)?	40.7

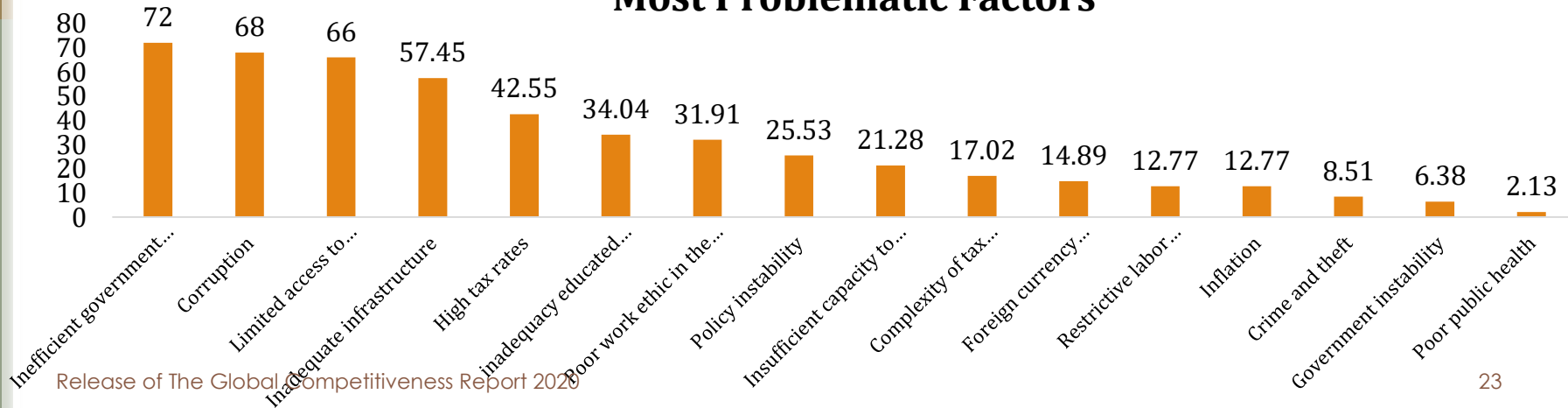
IV. Bangladesh's Performance under Different Pillars: Detailed Analysis



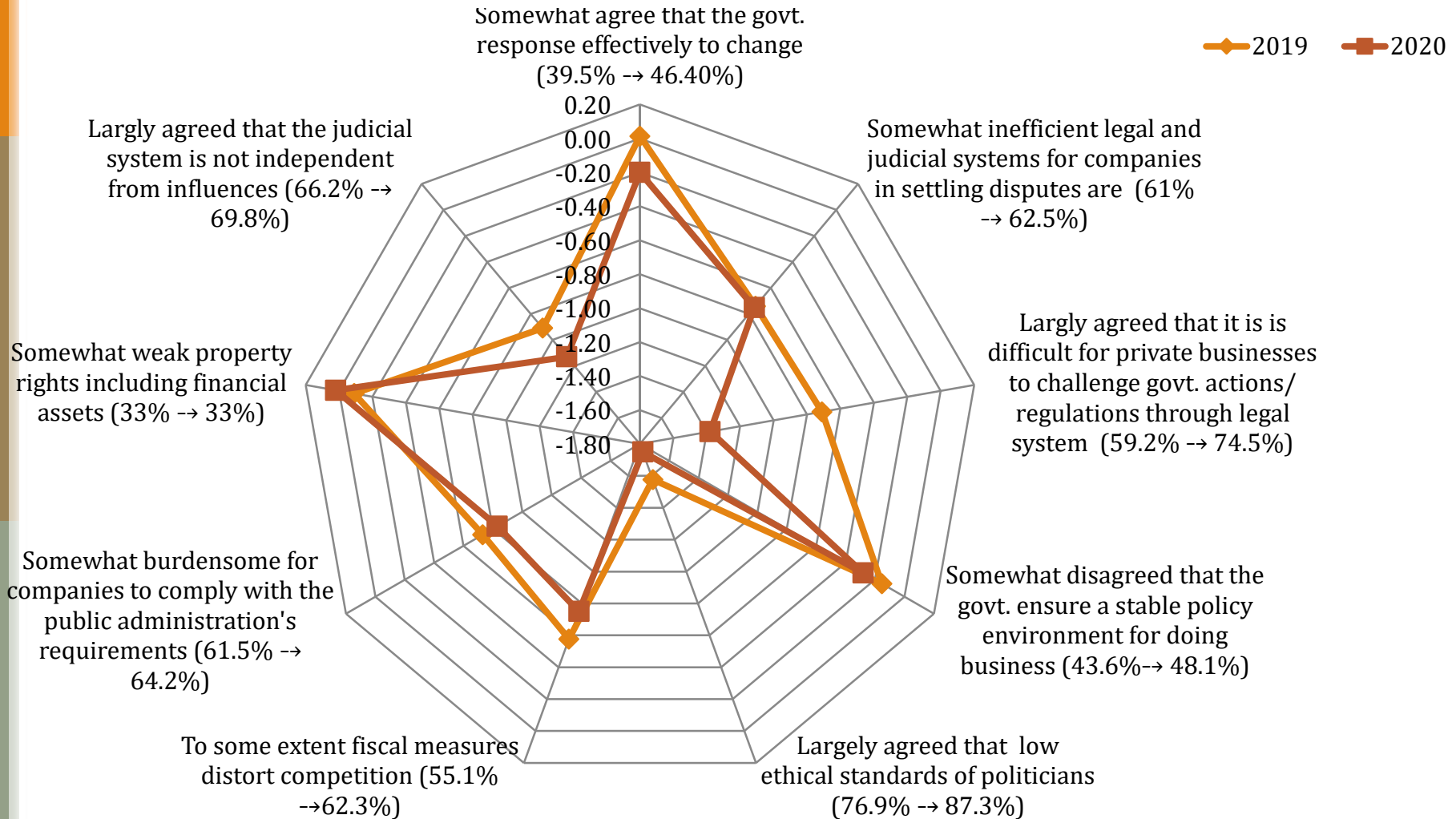
IV.1 Most Problematic Factors for Doing Business

- Entrepreneurs identified following factors were the most problematic for doing business in Bangladesh during Jan-Dec 2019
 - Inefficient government bureaucracy (72%), corruption (68%) and limited access to finance (66%) are the top problematic factors
 - Access to finance has increasingly become a major business concern for businesses particularly for SMEs- it has become the third most important factor
 - Inadequate infrastructure which was long been considered one of the top three problematic factors has been receded to fourth important factor
 - Other important factors include inadequate educated labor force (34%) and poor work ethic in the labor force (32%)
- Businesses are increasingly looking for cost-cutting and productivity enhancing measures
 - High tax rates and inadequate educated and skilled labour force are considered as key problematic factors

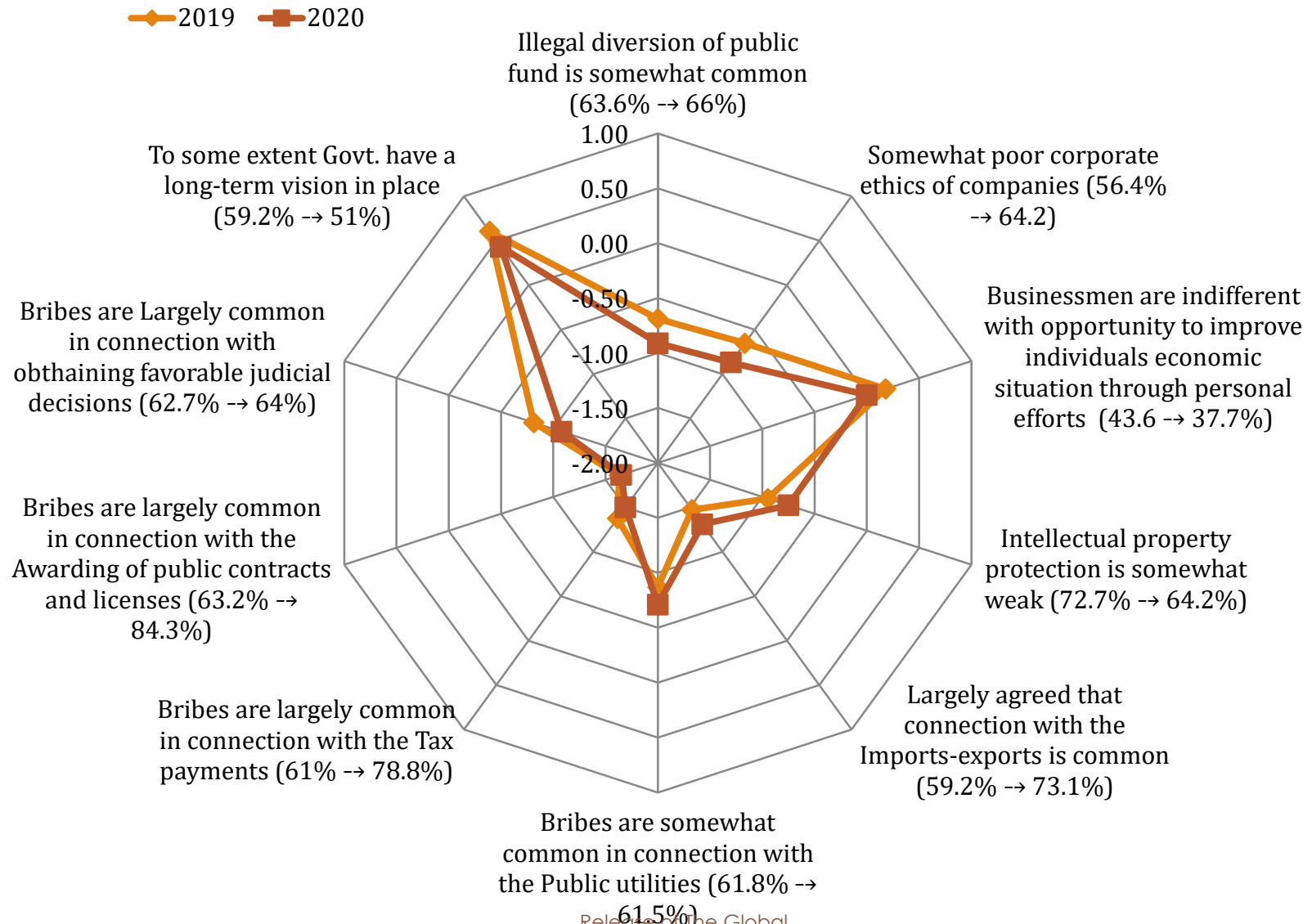
Most Problematic Factors



IV.2 Governance



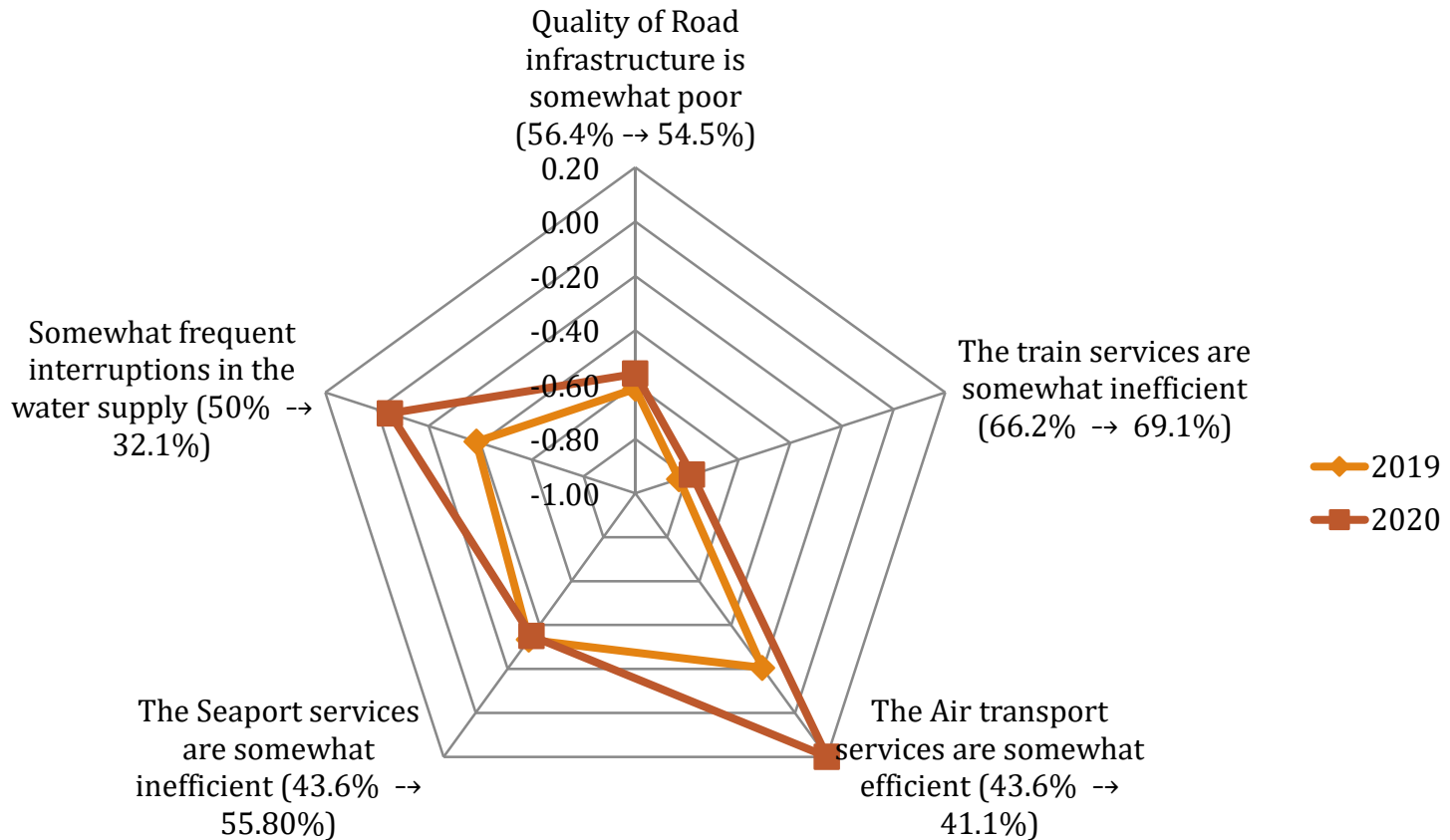
IV.2 Governance



IV.2 Governance

- Majority of governance related indicators have experienced deterioration during 2019
 - It is difficult to challenge government/legal system (49%;-1.38); Unofficial transaction for awarding public contracts have increased (84.3%;-1.65)
- A number of other governance related indicators were also in poor state
 - Bribes in connection with tax payments (78.8%; -1.65); bribes for export-import (73.1%;-1.31); judicial system is not independent from influences (70%; -1.13)
- Private sector has struggled to get competitive business environment in 2019
 - Burdensome administrative requirements (64%;-0.83); poor corporate ethics (64%; -0.87); Illegal diversion of public fund (66%; -0.91); and inefficient judicial system for settling disputes (62.5%;-0.75)
 - Marginal improvement in perception is observed in case of intellectual property protection (64%;-0.75); less use of bribes in import and export (73.1%; -1.31); and weak property rights (33%; 0.02)
- Weak public service delivery due to lack of efficiency, transparency and accountability is the major factor responsible for poor condition of governance
 - Various types of weaknesses in service delivery was observed during the pandemic in case of health facilities, social safety net facilities
 - Government needs to put emphasis in implementing SDG 16.6 (transparency, accountability and efficiency in public service delivery)
- Necessary reforms in public policy and operations are needed
 - Public procurement system, data, taxation, financial reporting & anti-corruption

IV.3 Infrastructure

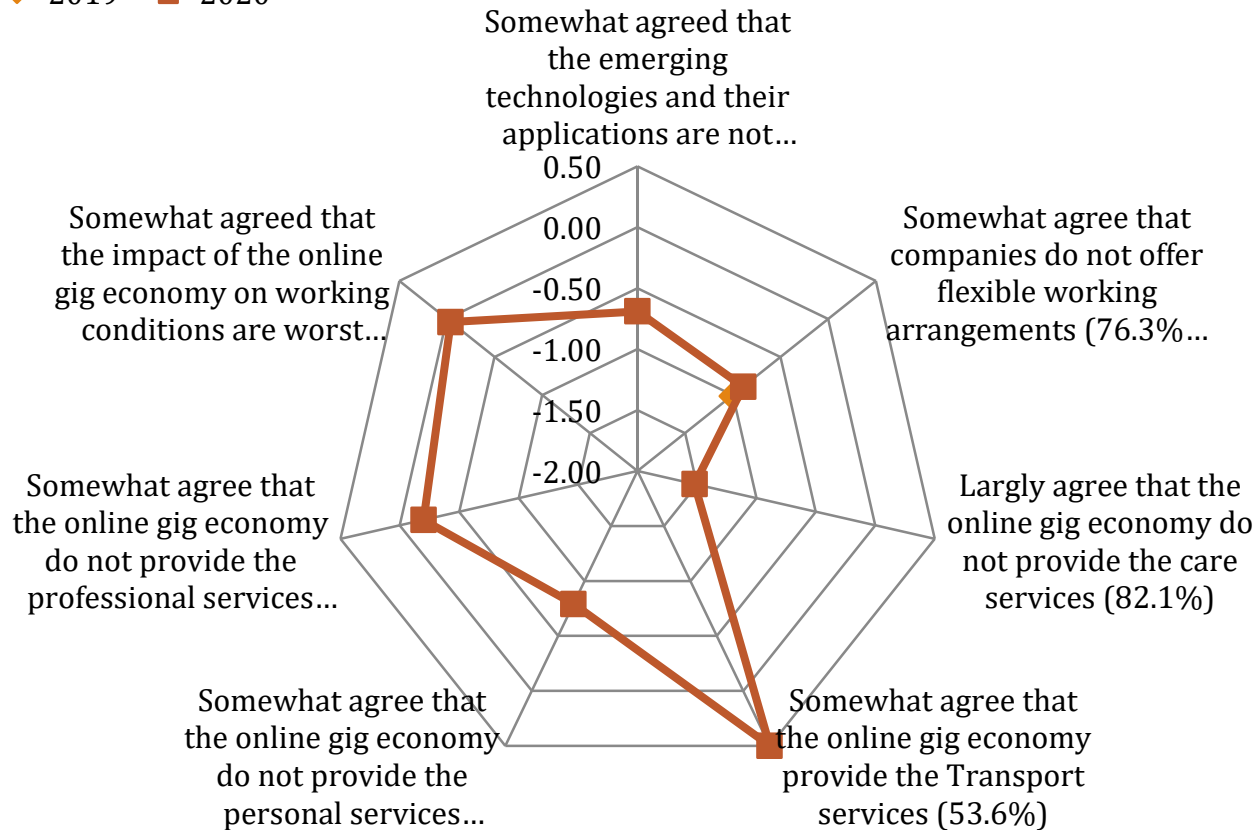


IV.3 Infrastructure

- Importance of traditional infrastructure including road, rail, air, water and seaport related infrastructure, has been confined to ensuring efficiency in providing services
 - **Improvement observed in most of the infrastructure related facilities** during 2020; Efficiency level of majority of indicators is still below average
 - Noticeable progress is observed in case of **air-transport facilities** (41.1%; 0.20)
- Better infrastructure facility has been positively contributing for businesses and investment in the private sector
 - Improvement in efficiency is perceived by respondents in case of **quality of road** (54.5%; -0.56); **train services** (69.1%; -0.78); **water supply facilities** (32.1%; -0.05)
 - **Significant level of public investment** on infrastructure development over the last decade helped to improve the performance
- However, the level of improvement in perception did not match with the level of investment made in infrastructure development
 - The level of **improvement in terms of quality and efficiency is not to the tune of level of investment** made under public sector
 - **Over expenditure is a major area of concern** in case of different infrastructure related projects which is related with faulty planning, unintended and intended delay, over-budgeting and corruption
 - In recent years, a number of official actions have been taken against allegations of corruption, over spending and wastages of public resources etc

IV.4 Technology

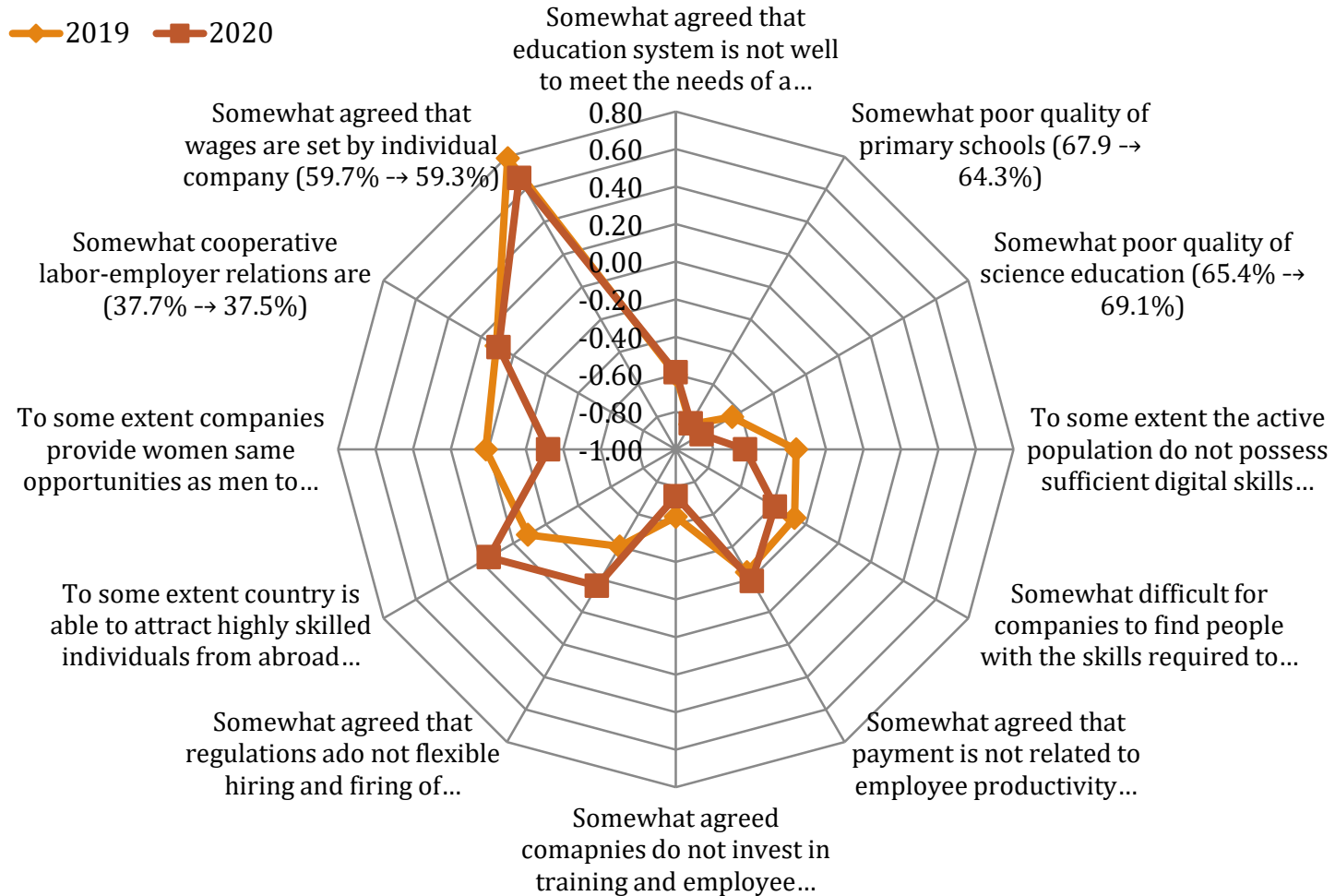
◆ 2019 ■ 2020



IV.4 Technology

- Technology related indicators have been confined into those related to gig economy
 - **A new sets of indicators have been proposed**; a number of issues have been dropped which include use of digital tools, robotics, app- and web-enabled markets, legal framework of those technologies
 - Bangladesh to a large extent is not prepared on this new sets of indicators
- Bangladesh's **major technological progress observed in case of online gig economy in providing transport services** (53.6%; 0.50)
 - Various types of online based transport services such as patho, uber etc. made important contribution in the backdrop of weak public transport service facilities
- Performance in other **gig economy related indicators is below the average**
 - These include limited use of gig economy in **care services** (82.1%;-1.52), **personal services** (28.6%;-0.79) and **professional services** (48.2%;-0.20)
- Working condition in businesses is not conducive for gig economy-oriented activities
 - Online gig economy on working conditions are yet to develop (29.40%;-0.04); majority of companies do not offer flexible working arrangements though it has partially improved (from -1.01 in 2019 to -0.89 in 2020)
- Due to limited progress in digital technologies, the opportunities unveiled during covid-crisis is realized at a small scale
 - **Digital divide has been further intensified** during the pandemic period
- Significant rise in investment is required on digital technologies in order to avail the new opportunities as well as making them inclusive during the post-covid period³⁰

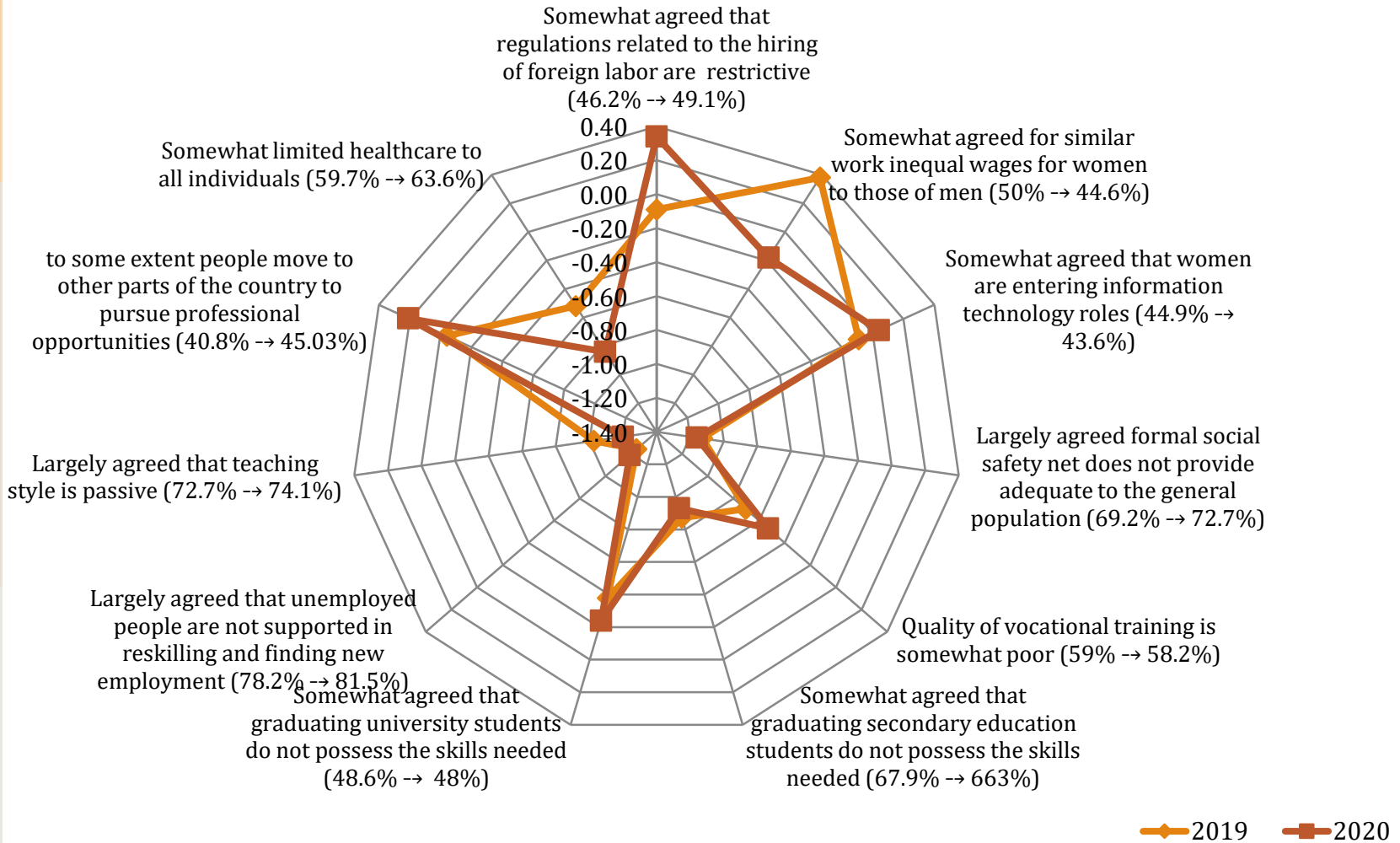
IV.5 Human Capital



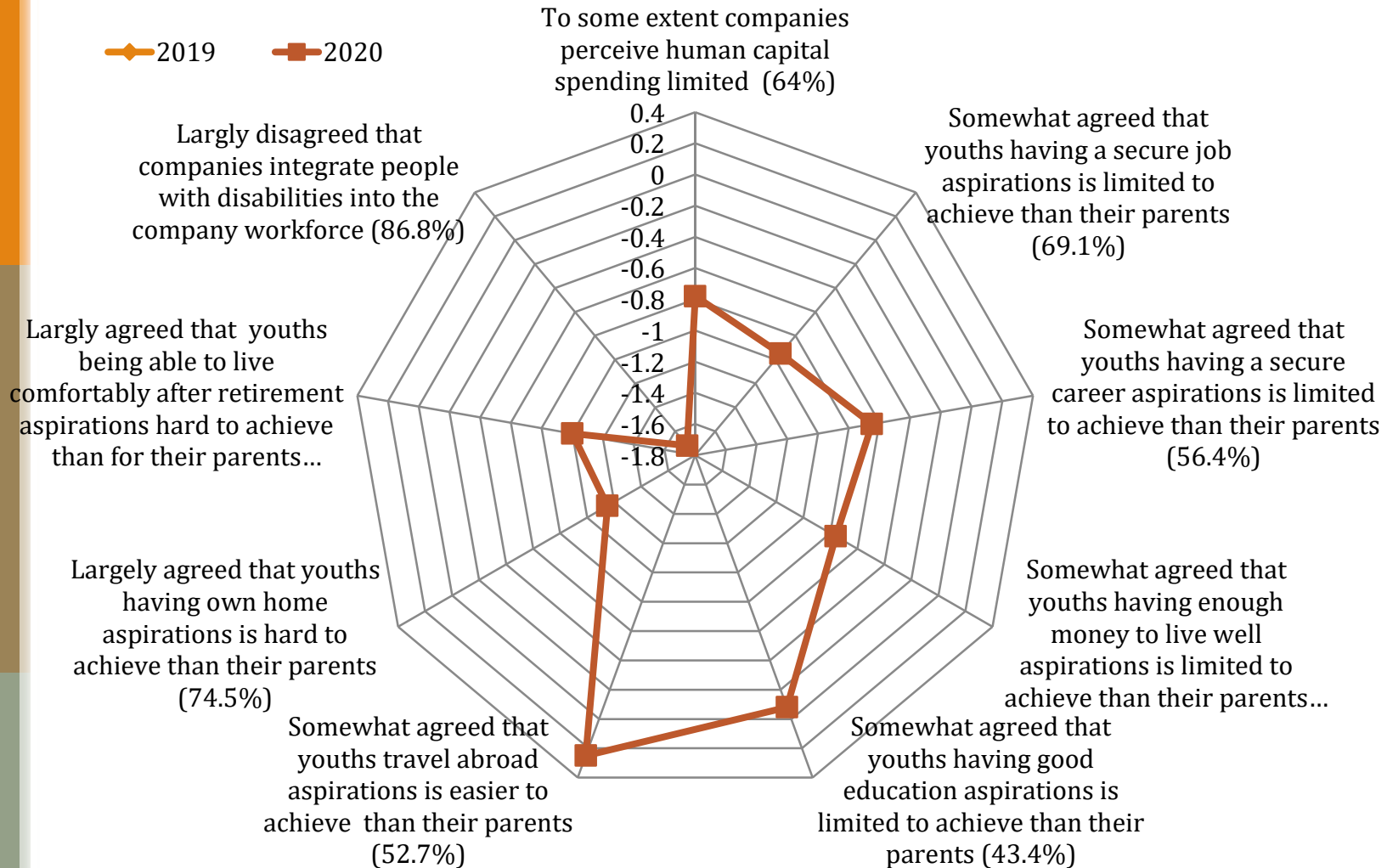
IV5. Human Capital

- **Development of human capital has been provided** the most importance in the GCR 2020
 - The highest number of indicators have been assessed
 - These include quality of primary education, science, digital skills, quality of teaching, productivity, availability of skilled professionals, gender in employment, regulatory barriers, youth in labour force and youth aspirations etc.
- **A major dearth in the education system is poor quality of education** against growing demand for skill-oriented education system. In some instance, the situation has deteriorated in 2019 compared to the previous year.
 - Education system is not adequately meet the needs of **competitive economy** (59%; -0.59); **poor quality of primary education** (64%;-0.84); **quality of science education** (69%; -0.84); quality of vocational training (58%; -0.53); passive style of teaching (74.1%; -1.2)
 - **Graduates from both secondary** (63%;-0.93) and university (48%;-0.24) students do not posses required skills
 - **Active people do not have sufficient digital** skills which has rather deteriorated (64%; -0.63)
 - **Unemployed people do not get support in reskilling and finding** new jobs (81%; -1.19)

IV.5 Human Capital



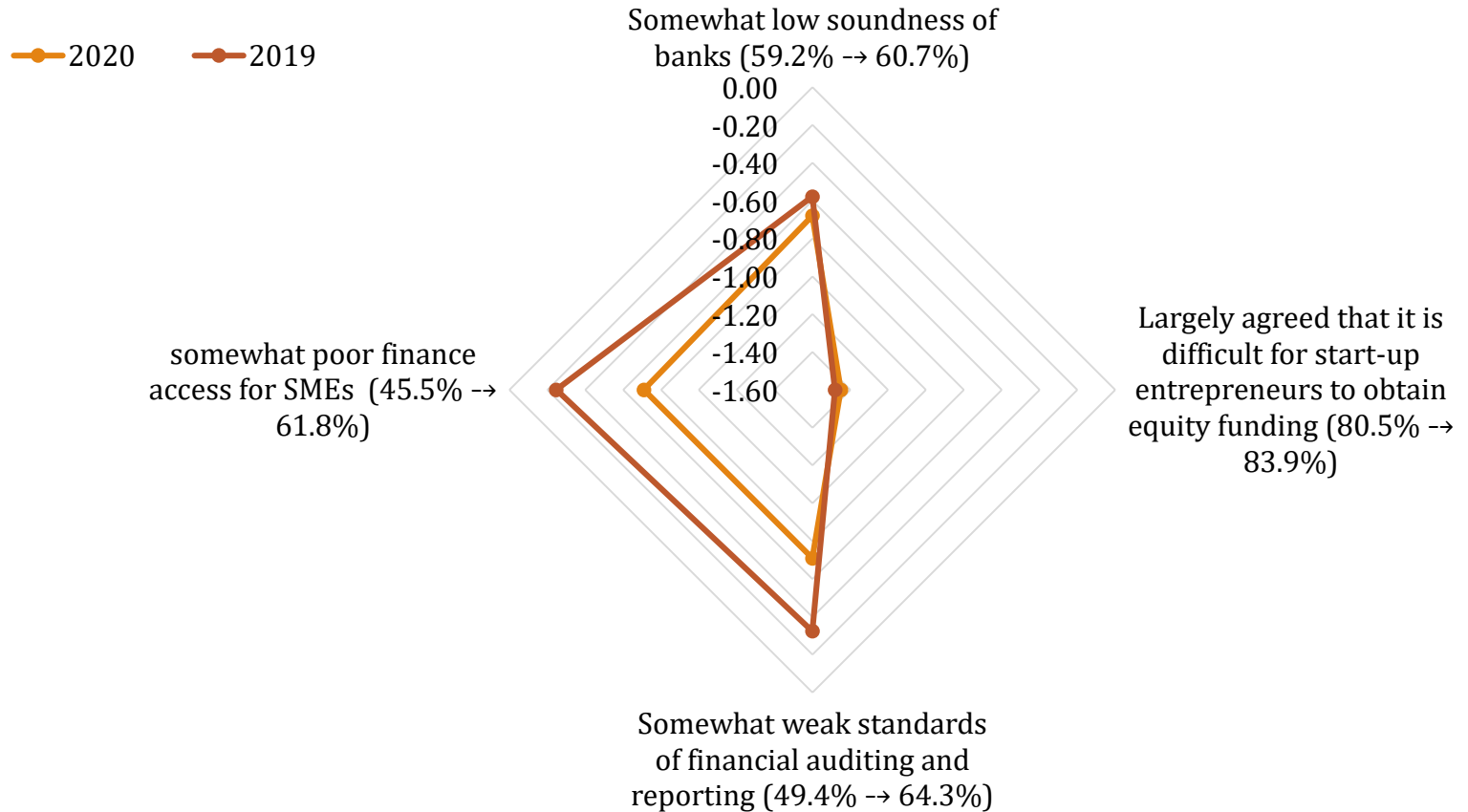
IV.5 Human Capital



IV5. Human Capital

- **Company-level performance has deteriorated in 2019**
 - The related indicators include investment on **workers' training** (58.9%; -0.75), **wages** (59.3%; 0.79), **wage discrimination** (44.6%; -0.18), **gender equality** (52.8%; -0.32), **industrial relations** (37.5%; 0.10), **hiring & firing of workers** (41.8; -0.16), difficulty in finding people with required skills (53.7%; -0.39)
- **Foreign professionals are increasingly being attracted by** companies (44.4%; 0.15) and related regulatory issues are getting flexible (49.1%; 0.34)
 - **Lack of skilled professionals at local level** forced companies to recruit increasing number of foreign professionals which further squeezed opportunities for local professionals
 - Industry-specific education and skill development at local level are urgently needed; **reputed foreign management, IT and industrial schools/universities** could be invited to open franchise in Bangladesh
- Businessmen perceived that **majority of youth would find it difficult to avail similar** level of choices, opportunities, living compared to what their parents do
 - These include difficulty in achieving **own home** (75%;-1.15) and hard to **live comfortably after retirement** (70%;-1); somewhat limited to **having secured job** (69%; -0.95); difficulty in **financial access to live well** (68%; -0.76); having **secured career** (56%; -0.65) and somewhat difficulty in getting good education (43%; -0.08)
 - Youth would somewhat find it easy to travel abroad (53%; 0.25)

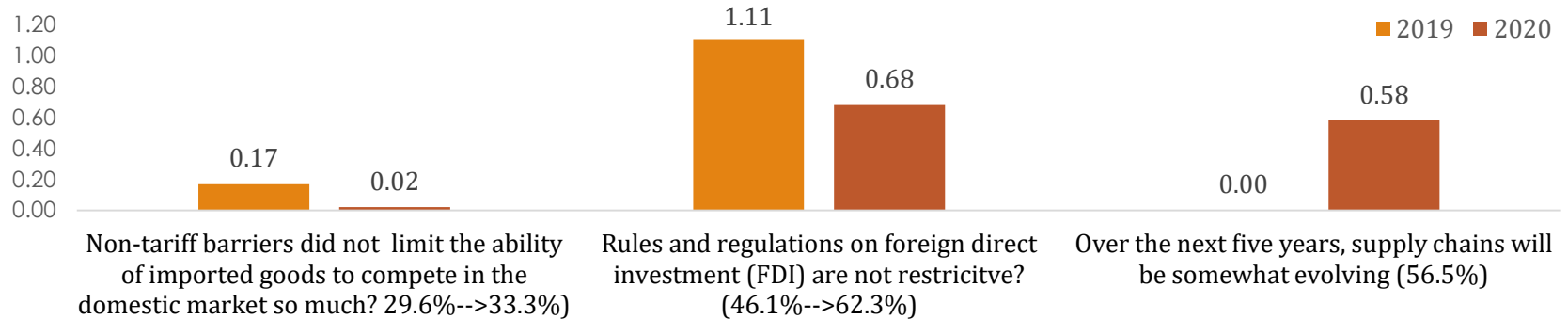
IV.6 Financial Environment



IV.6 Financial Environment

- Financial environment of the country did not improve rather key financial indicators observed further deterioration at different levels
 - 60.7% respondents expressed that soundness of banks is below the normal level and this has deteriorated in 2019 compared to the previous year
 - 64% businessmen perceived that financial auditing and reporting standard is weak and the level of weakness has deteriorated further (64.3%; -0.32 in 2019)
 - Weak state of the banking sector has been widely discussed during the pre-covid period which is mainly happened due to failure to address wilful default culture, weak corporate governance, poor application of regulatory framework and prevalence of money laundering through banking channel (CPD, 2019)
 - Government earlier announced forming an independent banking commission which did not make progress during the covid period. CPD has long been proposed forming such a commission
- Access to finance is largely targeted to large scale enterprises where SMEs and start ups find it difficult to get necessary credit support
 - 84% respondent believes that it is largely difficult for start-up entrepreneurs to obtain equity funding (-1.45)
 - 62% respondent mentioned about poor financial access of SMEs (-0.71)
- Banking sector has played a major role during the COVID-19 pandemic period by financing subsidized credit to different categories of enterprises and businesses
 - Access to finance for the most needy and marginalized groups is highly difficult – SMEs, informal and agriculture sector are the deprived ones

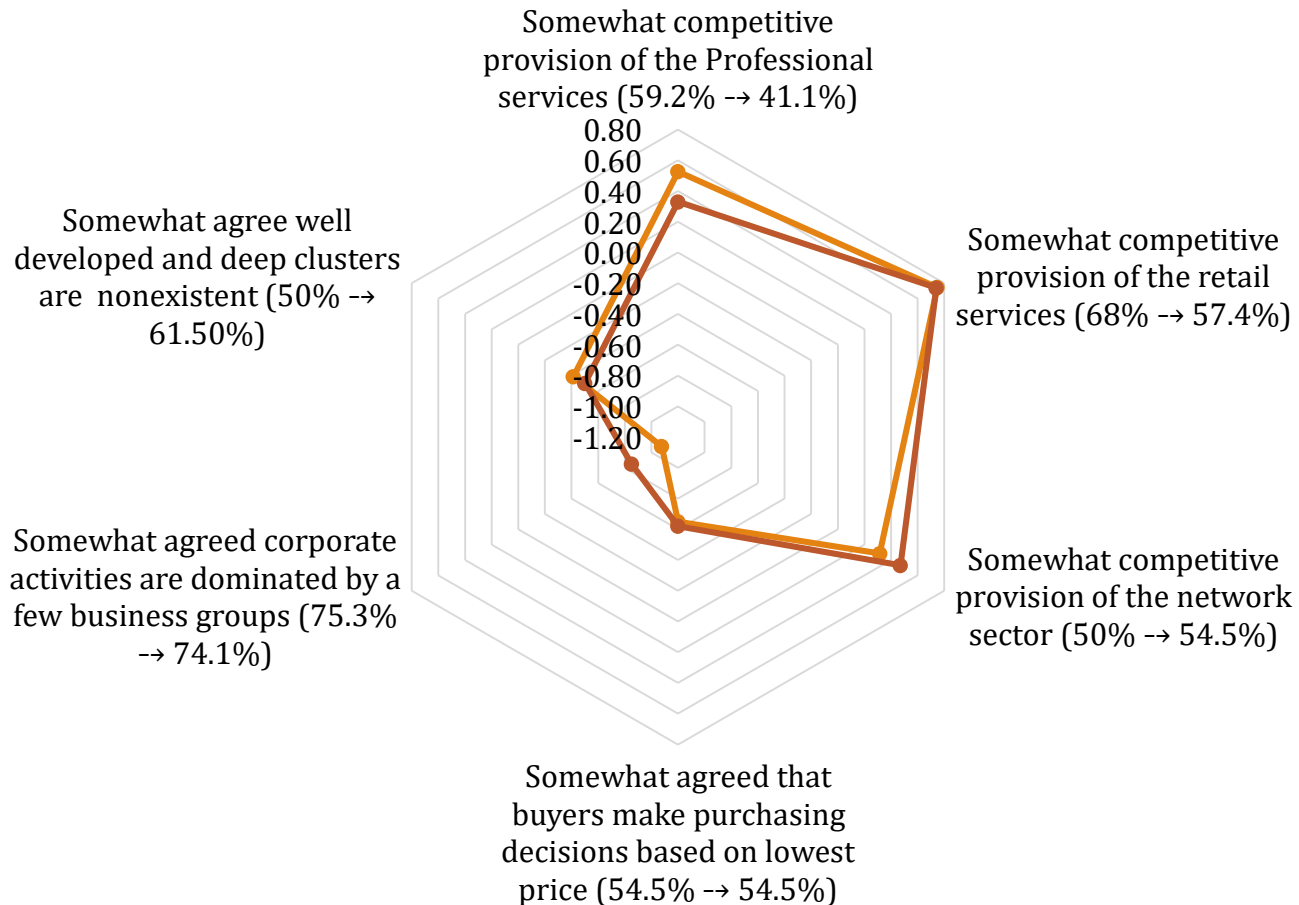
IV.7 Foreign Trade & Investment



- **Domestic business environment has deteriorated** during 2019 although businessmen perceived that a positive environment exists in the country
 - Non tariff barriers limiting somewhat less in case of domestic competition (33%; 0.02) and FDI rules and regulations are somewhat relaxed (62%; 0.68)
 - It is important to create a competitive business environment and make it easy to do businesses for foreign owned enterprises
 - **BIDA, BEZA and High Tech Park Authority should take proper measures** in order to ensure all kinds of services under one stop service (OSS) system as quick as possible
- 57% businessmen were hopeful that supply chains will evolve with more flexibility and business opportunities will enhance within the next five years (0.68)
- **COVID-19 pandemic has made major disruptions in global trade and supply chains** which significantly reduced flow of FDI (-32% in H1, 2020)
 - It took time to return back normalcy in global trade, FDI inflow and evolvment of supply chain

IV.8 Domestic Competition

— 2019 — 2020

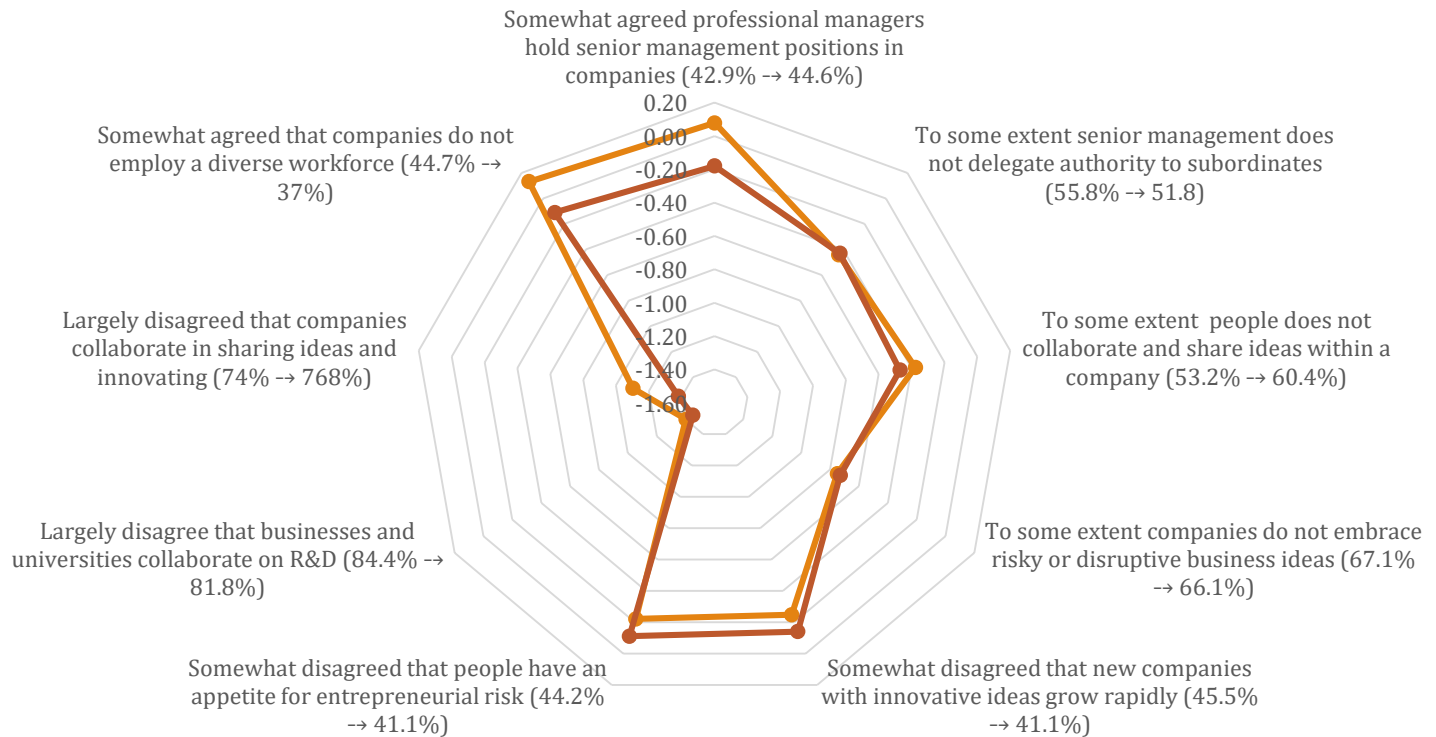


IV.8 Domestic Competition

- Domestic competition remained in weak state during 2019
 - No major change in key indicators is visible in 2019 compared to the previous year
- 74% respondents mentioned corporate activities dominated by a few business groups where marginal improvement was visible in 2019 (from -1.08 in 2019 to -0.85 in 2020)
- Some of the domestic competition related indicators remained at low positive level
 - Retail services (57%; 0.74); network sector (55%; 0.47); and professional services (41%, 0.33)
- 62% entrepreneurs mentioned that well developed and deep clusters are somewhat non-existent
 - Further deterioration is observed in 2019 (from 0.41 in 2019 to -0.5 in 2020)
- Predominance of large scale enterprises has been gradually weakening the domestic supply chains where SMEs have limited scope to participate and compete
 - It is important to ensure presence of SMEs in all major domestic supply chains
 - SMEs role in linkage industries through proper policy guidelines need to be ensured
- The covid-19 pandemic is likely to further consolidate the market to limited number of large scale enterprises
 - SMEs are the worst affected during the pandemic and struggled to survive and recover from the crisis

IV.9 Business Operations & Innovation

— 2019 — 2020

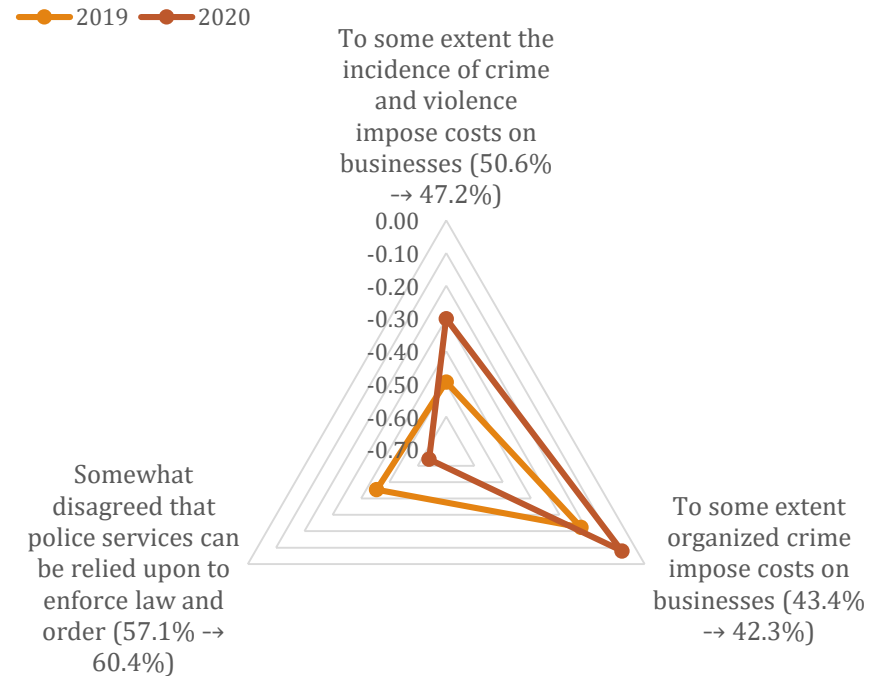


IV.9 Business Operations & Innovation

- **Business operations & innovation are perceived to be remained at the same level in 2019**
 - However, majority of indicators are still below minimum required level
 - Positive changes are discerned in case of introduction of innovative ideas by new companies (41.1%; -0.14) and people have appetite regarding entrepreneurial risks (41.1%; -0.11)
 - Negative changes are discerned in case of holding senior positions somewhat less by professional managers (44.6%; -0.18); employing less diversified workforce by companies (37%; -0.11)
 - The weakest performance is found in case of sharing ideas and innovations by companies (76.8%; -1.45)
 - No major change is discerned in 2019 in case of delegation of authority to subordinates (52%; -0.43); slow growth of companies with innovative idea (46%; -0.14); embracing risky or disruptive business ideas (66%; -0.73) and no major collaboration is discerned between businesses and universities (82%; -1.45)
 - Poor management and operational practices have been major drawbacks for companies to be competitive in local and global markets
 - Major public and private investment is urgently needed to develop international-standard management professionals in the country
 - Guidelines for corporate business practices need to be set in for improvement in corporate practices
- **Business operations are mostly exploring business continuity to recover from the crisis**

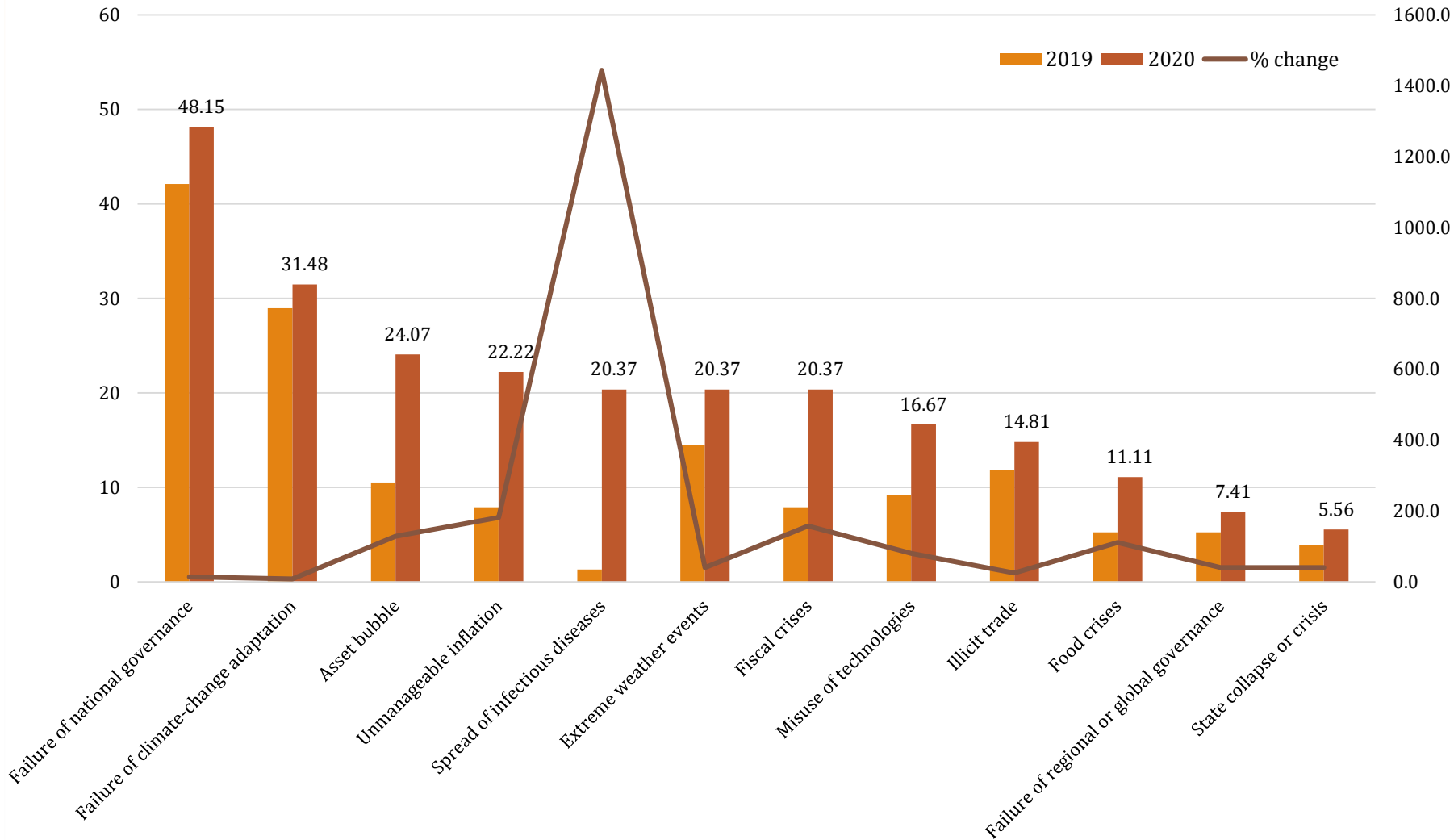
IV.10 Security

- Security related indicators although made some improvement in 2019, however all the indicators remain in the negative terrain
- Improvement observed** in case of costs imposed due to **incidence of crime and violence** (47.2%; -0.30) and organized crime (42.3%; -0.08)
 - Perception has **deteriorated in case of reliability of police services** in enforcing law and order situation (60%; -0.64)
- Further improvement is needed in terms of providing effective services by law enforcement agencies for reducing crime and violence, organised crimes and reliability of services of law enforcement agencies



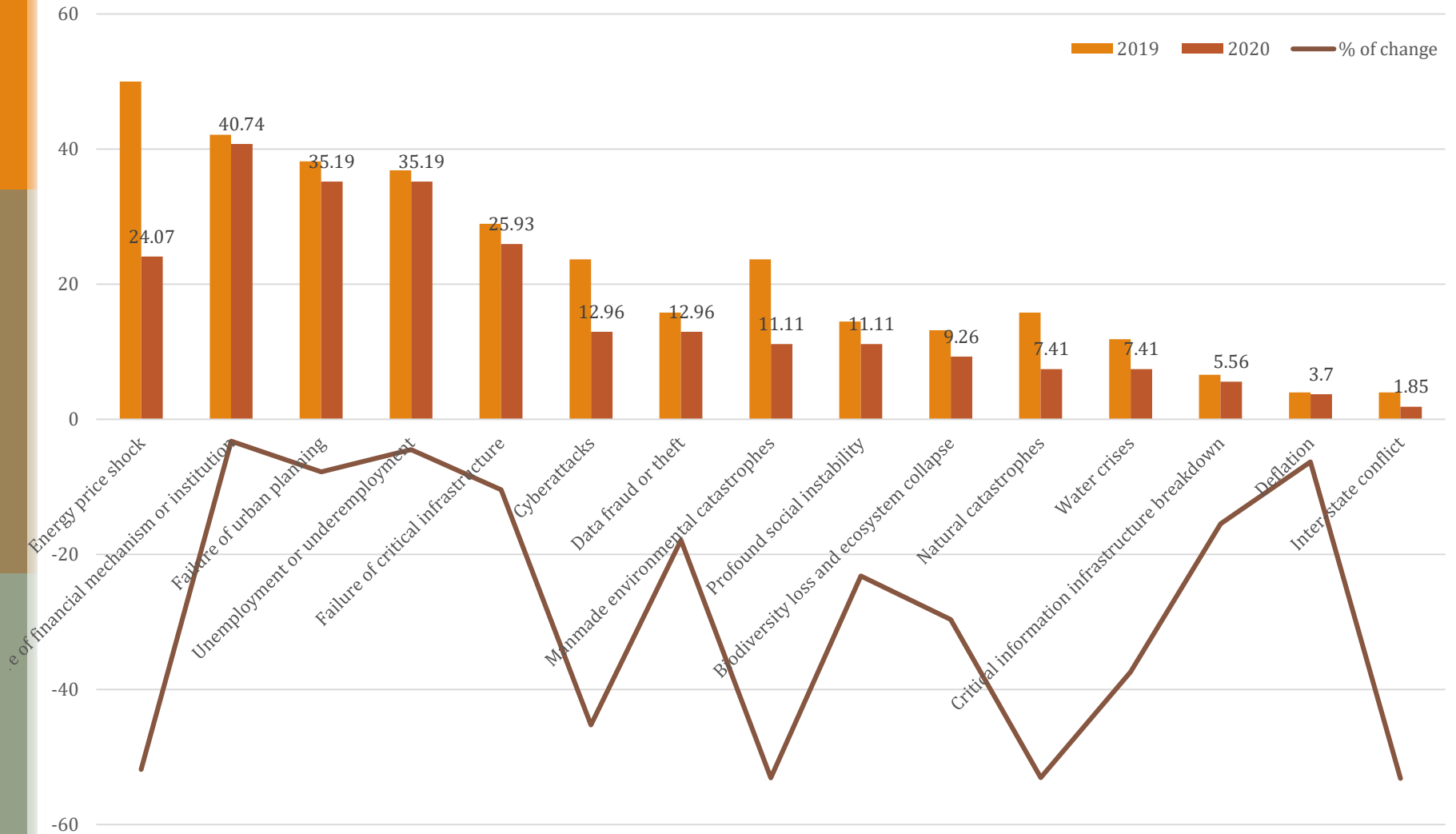
IV.11 Risk

Perception on risk related indicators (where risks have increased)



IV.11 Risk

Perception on risk related indicators (where risks have decreased)



IV.11 Risk

- Risks concerning number of issues for doing business in next one decade, rose in 2019
 - These include failure of **national governance**, failure of **climate-change** adaption, **extreme weather events**, **illicit trade**, **food crisis**, failure of regional global governance and so on
 - Risks have significantly increased in following issues- **spread of infectious diseases**, **asset bubble**, **unmanageable inflation**, **fiscal crisis**, **misuse of technologies**
 - Businessmen's perception on risks related to infectious diseases have increased over one thousand per cent considering the covid pandemic
- Risks have lessened in number of issues during 2019
 - These include **water crisis**, **failure of financial mechanism** or institution; biodiversity loss and ecosystem collapse
 - Risks have significantly decreased in 2019 which include **energy price shock** manmade environment catastrophes; natural catastrophes and cyber attacks
- There is **high level of volatility in respondent's perception regarding different risk** related concerns for next one decade
 - These would rise uncertainty about long term prospects for doing business in the country
- **Covid-19 pandemic is likely to make major shift regarding risk** related perceptions

IV.12 Emerging Technologies

Risk and Emerging Technologies

Item	Don't know	Companies/consumers using products and services based on technologies				Is the public sector driving the use (e.g., through tax breaks. Govt. procurement subsidies)?		
		Not used (1)	Minimal use (2)	Significant use (3)	Widespread use and adoption (4)	Not at all (1)	To some Extent (2)	To a great extent (3)
	%	%	%	%	%	%	%	%
3D,4D printing and modelling	30.8	7.7	5.1	5.1	0	33.3	17.9	0
Biotechnology and DNA technology	34.2	5.3	5.3	2.6	0	26.3	26.3	0
Clean energy (Generation, storage, tran	26.3	10.5	5.3	0	0	15.8	36.8	5.3
Distributed Ledger Technology/Blockchai	33.3	7.7	5.1	5.1	0	30.8	17.9	0
Energy efficiency of buildings	18.4	2.6	18.4	0	0	26.3	31.6	2.6
Information processing	23.7	2.6	5.3	2.6	2.6	28.9	34.2	0
Internet of Things and cloud computing	20.5	2.6	10.3	2.6	0	20.5	41.0	2.6
Network security and encryption protoco	31.6	5.3	0	5.3	0	10.5	39.5	7.9
New agriculture and food technologies	15.4	2.6	7.7	7.7	0	15.4	33.3	17.9
New materials and composites	23.7	10.5	5.3	2.6	0	26.3	28.9	2.6
Robots(air, factory, land, underwater)	33.3	10.3	5.1	0	0	28.2	23.1	0
Satellites and space tech	20.5	5.1	7.7	2.6	5.1	17.9	30.8	10.3
Smart and energy-efficient transport	17.9	12.8	10.3	5.1	0	33.3	15.4	5.1
Water, waste and air management	15.4	10.3	10.3	5.1	0	23.1	30.8	5.1
Total	24.6	6.9	7.2	3.3	0.6	24.1	29.1	4.3

IV.12 Emerging Technologies

- Technology-based products and services are of limited use by companies and consumers in the country
 - About one-fourth of respondents even do not aware their use at the consumer/company levels
- **Less than one percent respondents observed widespread use of technology-based products and services**
 - Satellite and space tech (5.13%) and information processing (2.63%)
- **'Significant use' of technology-based products are observed (though at low levels) in case of new agriculture and food technologies (7.69%), network security and protocols (5.26%), 3D, 4D print and modelling (5.13%) and distributed ledger technology/block chain (5.1%)**
- **'Minimum use' technology-based products and services are observed in case of energy efficient buildings (18.4%), new materials and composites (10.5%), internet of things and cloud computing. Insignificant use of smart and energy efficient transport (12.8%), clean energy (10.5%), robots (10.3%), water, waste and air management (10.3%)**

IV.12 Emerging Technologies

- **Public sector driven initiatives in the form of tax breaks, procurement subsidies promote using technology-based products and services is observed at limited scale**
 - **New agriculture and food technologies(17.9%)**, satellite and space tech (10.3%), network security and encryption protocol (39.5%) and clean energy (36.8%)
 - **Public sector led incentives help to some extent in case of internet of things and cloud computing (41.0%)**
- Limited role of public sector based incentives for promotion of goods and services in case of 3D, 4D print and modelling (33.3%), and smart and energy efficient transport (33.3%) and distributed ledger technology/block chain (30.8%) and robots (28.2%)
 - Skilled professionals need to be created in view of ensuring higher use of technology-based products and services by companies and consumers
- **A major focus of public investment should be on reducing the digital-divide and making the technology more inclusive**

IV.12 Emerging Technologies

Risk and Emerging Technologies

Items	R&D Activity				R&D Technologies			
	Don't Know	No R&D Activity (1)	Minimal R&D Activity (2)	Significant R&D Activity (3)	R&D is among the most advanced in the world (4)	Mostly left to the initiatives of the private sector (1)	Equally prioritised by the private and public sectors (2)	Mostly spurred through public incentives (3)
	%	%	%	%	%	%	%	%
3D,4D printing and modelling	33.3	9.5	9.5	2.4	0	35.7	9.5	0
Biotechnology and DNA technology	38.1	11.9	2.4	7.1	0	11.9	16.7	11.9
Clean energy (Generation, storage, transport)	26.8	7.3	12.2	2.4	0	17.1	29.3	4.9
Distributed Ledger Technology/Blockchain	36.6	12.2	9.8	0	0	29.3	12.2	0
Energy efficiency of buildings	14.6	12.2	19.5	7.3	0	34.2	9.8	2.4
Information processing	31.7	7.3	2.4	9.8	0	14.6	34.2	0
Internet of Things and cloud computing	17.1	4.9	4.9	12.2	0	21.9	39.0	0
Network security and encryption protocols	24.4	7.3	9.8	9.8	0	17.1	24.4	7.3
New agriculture and food technologies	12.2	2.4	9.8	7.3	4.9	14.6	39.0	9.8
New materials and composites	29.3	12.2	12.2	4.9	0	24.4	17.1	0
Quantum Computing	51.2	14.6	0	4.9	0	17.1	12.2	0
Robots (air, factory, land, underwater)	31.7	19.5	4.9	2.4	0	29.3	12.2	0
Satellites and space tech	14.6	9.8	14.6	7.3	0	12.2	21.9	19.5
Smart and energy-efficient transport	19.5	17.1	19.5	0	0	26.8	14.6	2.4
Water, waste and air management	17.1	14.6	17.1	2.4	0	17.1	21.9	9.8
Total	26.6	10.9	9.9	5.4	0.3	21.6	20.9	4.5

IV.12 Emerging Technologies

- **Orientation of R&D activities on emerging technologies is still at a very low level**
 - Over 26% of the entrepreneurs even 'don't know' about the level of R&D activities on different types of emerging technologies
- Among the emerging technologies, '**most advanced R&D activities**' are almost non-existent
 - Exceptionally, 4.9% businessmen perceived that most advanced R&D activity is observed in case of **new agriculture and food technologies**
- A section of respondents mentioned that '**significant R&D activity**' is observed in case of internet of things and **cloud computing** (12.2%), information processing (9.8%), **network security** and encryption protocols (9.8%) and satellite and space tech (7.3%)
- 'Minimal activity of R&D' is found in case of energy efficiency of buildings (19.5%), water, waste and air management (17.1%), new materials and compositions (12.2%). And no R&D activity found in robots (19.5%), smart and energy efficient transport (17.1%), quantum computing (14.6%)
- Promotion and development of R&D technologies are largely dependent on private sector initiatives
 - Public incentives for the promotion of R&D technologies are highly insignificant
- '**Maximum public incentives for R&D technologies**' are provided in satellite and space tech (19.5%) followed by bio technology & DNA technology (11.9%), new agri- & food technologies (9.7%) and water, waste & air management (9.7%)⁵¹

IV.12 Emerging Technologies

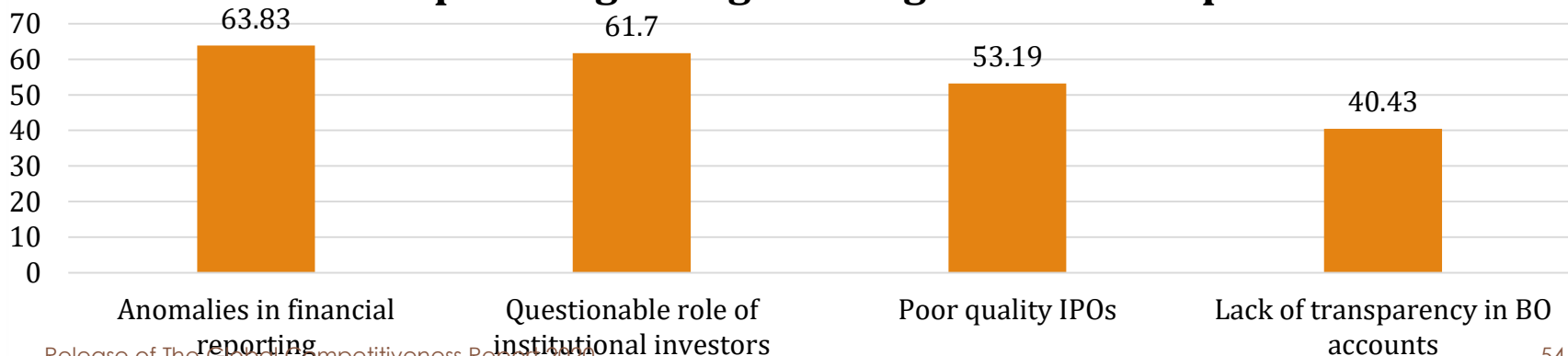
- Equal priority on R&D activity is provided to public and private sector in case of internet of things and cloud computing (39.0%), information processing (34.2%) and clean energy (29.3%)
- Some of the R&D technologies are left for the private sector - energy efficiency of buildings (34.2%), robotics (29.3%) and smart and energy efficient transport (26.8%)
- Promotion of R&D activities on new technologies need public sector intervention in terms of creating infrastructure facilities and proper incentive structures
- High-tech Park Authority needs to facilitate R&D activities through its different IT parks including Kaliakoir IT park and Sheikh Hasina Software Technology Park, Jessore
 - Business incubation related initiatives have been undertaken at a limited by the government, private and public universities

V. Bangladesh Business Environment Study

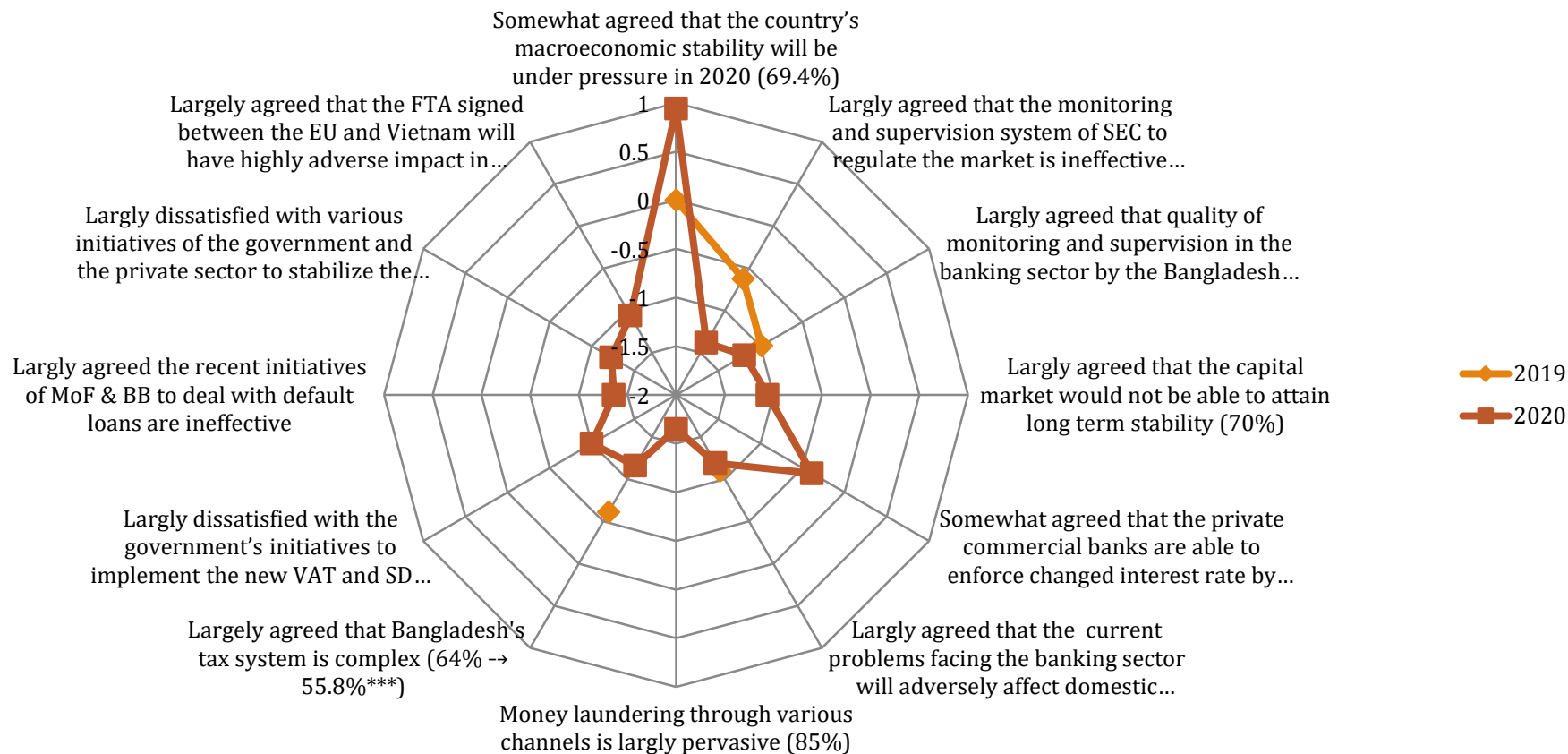
V. Bangladesh Business Environment

- Perception regarding banking sector has further deteriorated in 2019
 - 75% entrepreneurs indicated central bank's poor quality in monitoring and supervision of banks which has deteriorated in 2019 (from -0.99 to -1.19)
 - 73% of the respondents believes that the problems that banks are facing, will adversely affect domestic business (-1.10 in 2019)
- Respondents perceived that capital market has further weakened in 2019
 - 80% respondents indicated SEC's weak monitoring and supervision which has significantly deteriorated in 2019 (from -0.62 in 2018 to -1.38 in 2019)
 - Four critical weaknesses of the capital market include suspicious trading in the secondary market (72%); anomalies in financial reporting (64%); questionable role of institutional investors (61%); poor quality IPOs (53%); and lack of transparency in BO accounts (40%)
- SEC's new leadership has taken charge in May, 2020 and has taken a number of decisions in order to address the above-mentioned challenges

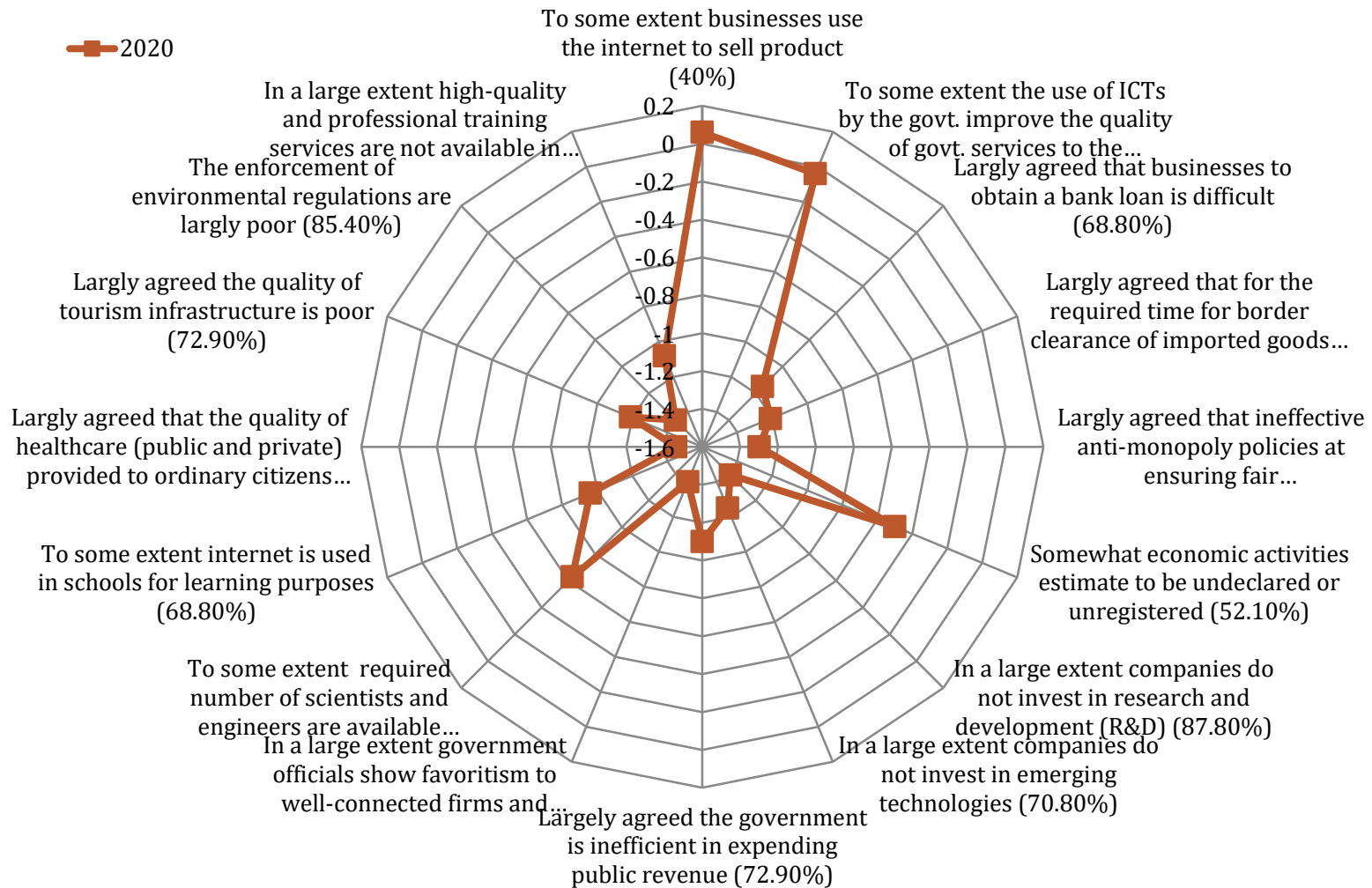
Perception regarding banking sector and capital market



V. Bangladesh Business Environment



V. Bangladesh Business Environment

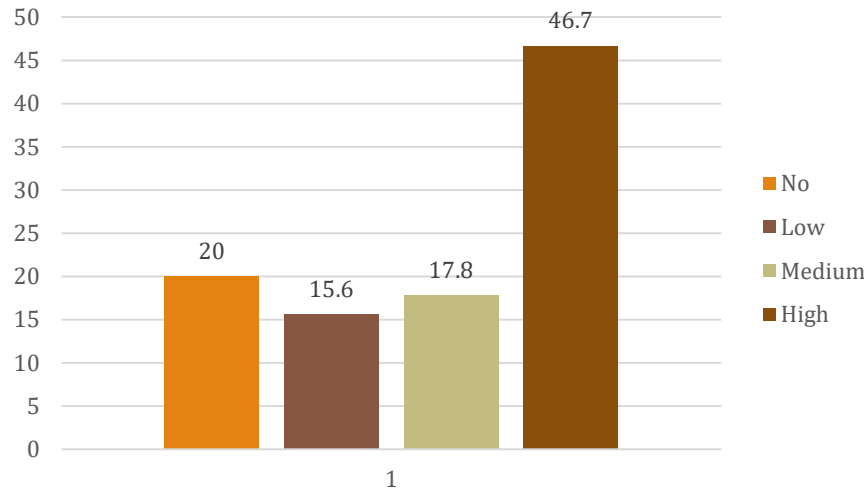


V. Bangladesh Business Environment

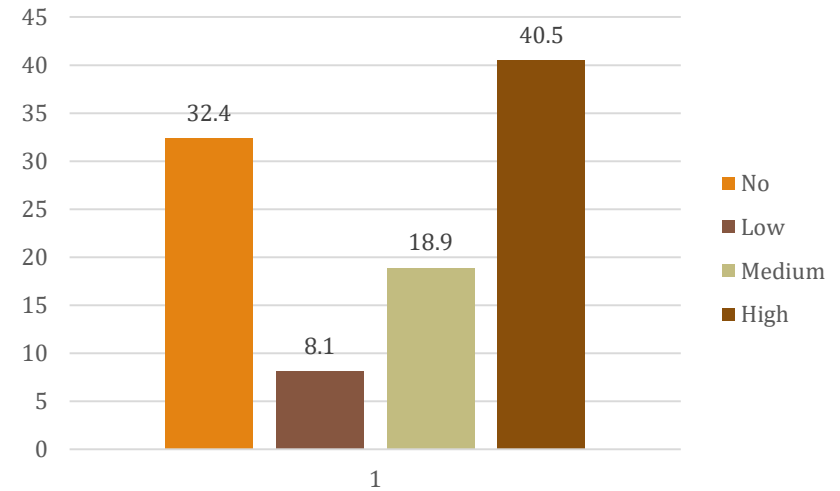
- Majority of businessmen (69%) indicated that macroeconomic stability would be some level of stress in 2020
 - Macroeconomic condition has started to improve after initial downturn due to pandemic
 - Businessmen complain about **complexity in the tax system** which has deteriorated in 2019 compared to the previous year (-1.16 vis-à-vis -0.61)
 - Businessmen observed that the initiatives taken by MoF and BB to deal with default loans is largely ineffective (76%;-1.36)
 - There is dissatisfaction regarding initiatives taken by government & private sector to stabilise the market price for agricultural products (-1.23; 75%)
 - **85% respondents observed poor quality of health care** service from both public and private sector for ordinary citizen (85%;-1.46) -a major challenge during the time of health emergency in the country
- Perception on performance in number of indicators is negative at different levels
 - Poor enforcement of environmental regulations (85%;-1.4); favoritism from government when deciding policies and contracts (79%;-1.4); ineffective anti-monopoly policies to ensure fair competition (75%;-1.3); significant fluctuation of border clearance for imported goods (72%;-1.21); poor quality of tourism infrastructure (73%;-1.19) and inefficient public revenue expending (72%;-1.1)
 - **72.3% businessmen apprehended that the FTA signed between the EU and Vietnam** would have adverse impact in Bangladesh's export to the EU market (-1.06)
 - A possible adverse effect is likely to occur with the operation of RCEP

V. Bangladesh Business Environment

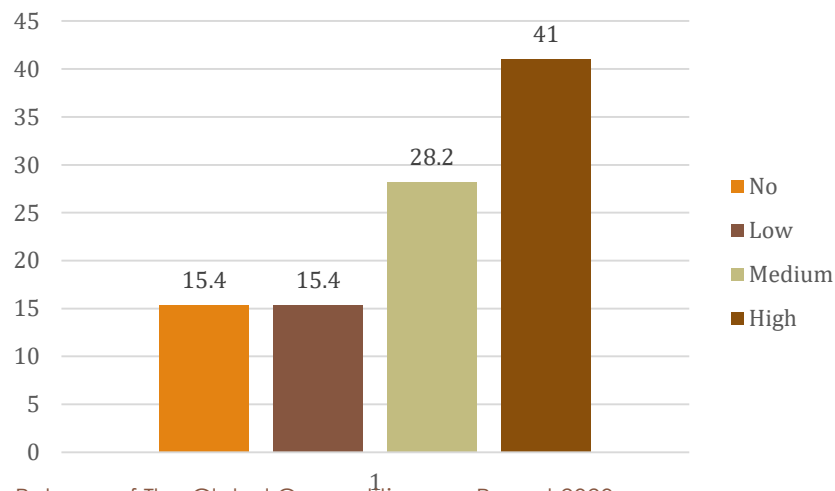
Covid 19 impact on Production



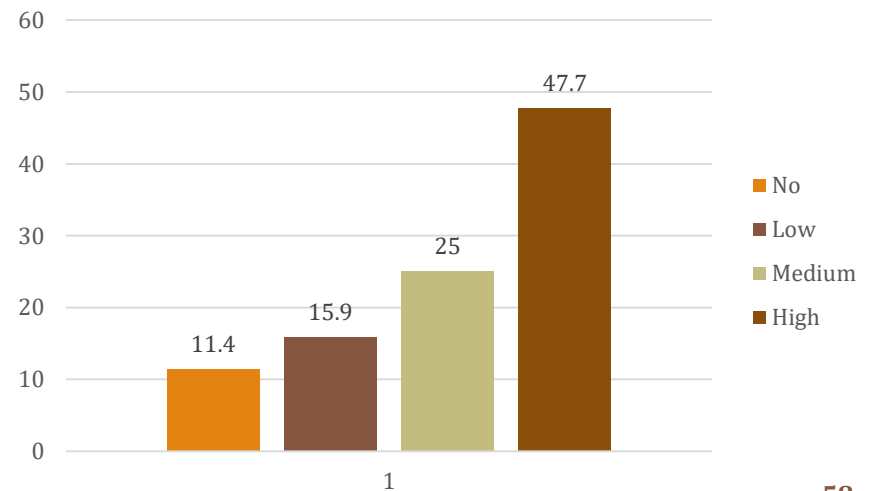
Covid 19 impact on Export



Covid 19 impact on Import



Covid 19 impact on Other Activities



V. Bangladesh Business Environment

- Covid-19 pandemic has a major set back to individual company level performances in terms of production, export, import and employment
 - About 40-50% businessmen indicated that covid-19 has caused significant decline in the performances of their enterprises
 - Respondents shared their views during March-May, 2020 when the COVID-related scenario has evolved in the country
- 46.7% entrepreneurs indicated that a major adverse impact was happened in their company's production
 - 41% respondents indicated 'high' adverse impact on their import
- About 41% exporter-respondents indicated that their companies confronted 'high' level of deterioration in export during Covid period
- The disruptions in the domestic and international supply chains caused squeezing of business operations, closing down of factories and laying off of workers
 - Public policy support under the stimulus packages helped the entrepreneur's to address their cash constraints during this period
 - The packages have limited coverage for the most needy and marginalized sections of businesses

VI. Conclusion

- The GCR 2020 published a special edition in view of covid-19 pandemic
 - No ranking has been done for 2020 as the hard data does not reflect country level situation of pandemic
 - The report focuses on countries readiness for recovery based on the data of 37 selected countries
 - 11 prioritised areas identified to measure countries readiness to transform their economies
- No country is fully prepared for recovery and economic transformation
- Under different indicators countries well-ahead are as follows:
 - **Digital infrastructure investment:** Denmark, Estonia, Finland and the Netherlands
 - **Greener economy:** Denmark, Estonia, Finland and the Netherlands
 - **Longer-term investments:** Finland, Sweden, New Zealand and Austria
 - **More progressive taxation:** Korea, Japan, Australia and South Africa
 - **Expanded public services:** Germany, Denmark, Switzerland and UK
 - **Incentives for the markets of tomorrow:** Finland, Japan, USA, Korea, and Sweden
- The report estimated that a 10% increase in readiness scores could lead to a \$300 billion increase in the GDP figures of these 37 countries combined

VI. Conclusion

- Bangladesh's performance reflected in terms of changes in problematic factors for doing business in the country
 - Inefficient government bureaucracy (72%), corruption (68%) and limited access to finance(66%)- are the top three problematic factors in 2019
- Inefficient bureaucracy reached to the top for the first time
 - This indicates that problems for doing business has been gradually shifted towards availability and quality public services
 - This also indicates weaknesses in transparency, accountability and efficiency in public service delivery
 - Government should put more focus on implementation of SDG 16.6 which highlights related issues
- Problems of inadequate infrastructure has receded to fourth position indicating noticeable improvement in infrastructure particularly in road infrastructure
 - The opening up of the Padma Multipurpose Bridge will establish an integrated network within the country and would significantly increase economic activities and enhance business opportunities in the Southern part of Bangladesh
- Access to finance has increasingly become a major business concern for businesses particularly for SMEs- it has become the third most important factor

VI. Conclusion

- The performance of key business related issues need to be taken into consideration from the post-covid recovery perspective
 - Deterioration in governance related indicators would become a major stumbling block in implementing public policy responses targeting different groups
 - Reforms in the public sector need to focus on public procurement system, taxation, database development, auditing and financial reporting and anti-corruption drive
 - Huge public investment for infrastructure development has yet to ensure 'crowding-in effect' in private investment which raised questions about efficacy of public expenditure
 - It is important to revisit the project cycles of public investment projects including designing, approval, procurement, quality control, monitoring and assessing the impact
 - Over-expenditure in big projects and failure to implement on time put the government in fiscal constraints in undertaking important projects particularly those in social sector
 - Covid pandemic has widened the digital divide in the country which needs to be reduced through enhancing public and private investment targeting different marginalized groups as well as availing new business opportunities
 - Human capital is found to be less prepared for digital economic activities – training on digital technologies needs to be increased and widened across the country for skilling and re-skilling of workforce particularly those of the youth

VI. Conclusion

- Despite the major role played by the banking sector, access to finance has been considered as a major challenge even in pre-pandemic period
 - Ensuring easy access to finance for SMEs and for different informal sector activities needs to be ensured through alternate financing models such as using MFS, banks – NGOs/MFI collaboration, higher financial flows through specialized banks and other public and private organizations
 - The domestic competitive environment has been adversely affected due to pandemic and would further marginalised the SMEs. Targeted SME support programme and making mandatory of SME participation in different value chains (including public procurement) is urgently needed
- Businesses are almost unprepared for the next decades challenges and necessary investment on digital technologies and R&D have not been made
 - Public policy support is highly inadequate, public-private partnerships are scant and a section of private sector is unaware about those future challenges and opprotunties
 - Businesses are largely unprepared for the post-covid challenges on digital technologies
- Taking the lessons from the world, Bangladesh needs to undertake major initiatives for sustainable recovery in the post-covid period through four targeted measures
 - (a) Transforming the enabling environment; (b) Transforming human capital; (c) Transforming markets and (d) Transforming the innovation ecosystem

VI. Conclusion

- ***Transforming the enabling environment:*** Government should prioritise improving public service delivery, effective fiscal incentives for SMEs and informal businesses through innovative means and instruments, planning for managing public debt and expanding digitization
 - In the longer term, more progressive taxation, and upgrading utilities and building greener infrastructure are recommended (e.g. promoting renewable energy and environment-friendly production process)
- ***Transforming human capital:*** A gradual transition from furlough schemes to a combination of proactive investments in new labour market opportunities, a scaling-up of reskilling and upskilling programmes, and safety nets to help drive the recovery
 - In the longer term, government should work to update education curricula, amend labour laws and improve the use of new talent-management technologies

VI. Conclusion

- ***Transforming markets:*** Financial systems need to be more inclusive which will ensure better access to finance for SMEs and informal sector
 - Growing market concentration and raising barriers to the movement of goods and people risk hampering the transformation of markets
 - Introduction of financial incentives for companies to engage in sustainable and inclusive investments, while updating competition and anti-trust frameworks
 - Ensuring and expanding SME's market access through promotion of higher market share in each of the value chains
- ***Transforming the innovation ecosystem:*** Countries should expand public investment in R&D while encouraging it in the private sector
 - In the longer term, countries should support the creation of “markets of tomorrow” and motivate firms to embrace diversity to enhance creativity and market relevance
 - Enhancing product and market diversification through accelerated private investment including FDI

Thank you