

CPD Media Briefing

Bangladesh Business Environment 2023 *Findings from the Executive Opinion Survey*

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I. Introduction and Objectives



I. Introduction and Objectives

- The business environment in Bangladesh has **passed an uncertain** time during the post-covid period.
- CPD has carried out an 'Executive Opinion Survey (EOS)' from **May-July 2023** under the partnership with the World Economic Forum (WEF).
- The objective of the survey was **to appreciate the perception** of entrepreneurs/businessmen on the state of business competitiveness and **factors and institutions** responsible for long-term growth, especially during the post-pandemic period.
 - This survey covered indicators on Innovativeness, Inclusiveness, Sustainability and resilience to get an idea about the future of growth.
 - It covered areas like physical resources, human empowerment, finance, research & technology and institutions.
- The WEF has collected data of **11,000 respondents** of **112 economies** during 2023.
 - However, it has **postponed** publishing the *Global Competitiveness Report in 2022*. Instead, they published the *Future of Growth Report in 2023*.
 - The **main difference between GCR and FGR** is that the traditional GCR framework heavily focused on macroeconomic indicators and business-friendliness, while FGR examines the post-pandemic global landscape and the need to address critical issues like inclusiveness, sustainability, and resilience alongside traditional economic indicators of prosperity.

I. Introduction and Objectives

- Major objectives of the press briefing are-
 - **To report the state** of the business environment of Bangladesh during 2022-23;
 - **To assess** the future of Bangladesh's economic growth by identifying the potential risk factors;
 - **To put forward** suggestions for improvement in the business environment from a long-term sustainability point of view.

II. Methodology



II. Methodology

- Prior to this year, the **Executive Opinion Survey (EOS)** covered the issues related to the global competitiveness, such as:
- (a) Infrastructure, (b) Safety & Security, (c) Financial system, (d) Trade & Investment, (e) Competition, (f) Business operations, governance & innovation, (g) Institutions, (h) Building human capital, (i) Working & employment, and (j) Managing economic recovery & risks
- This year, **a new framework** for the survey has been introduced by the World Economic Forum concerning the **future of growth** rather than **global competitiveness**.
 - As the countries are facing **the weakest growth in decades** during the post-pandemic era, balancing **Innovativeness** with other goals and values is key
- The Forum's **new framework** focuses on four priorities in recent years
 - **Innovativeness**
 - **Inclusiveness**
 - **Sustainability**
 - **Resilience**
- The new framework captures performances on the four pillars – Innovativeness, Inclusiveness, environment, and resilience – separately, without aggregation.
- The framework is designed as a tool that countries might use to find potential **areas to improve, trade-offs to resolve or synergies to exploit**.

II. Methodology

The Full Framework

		Pillar A	Pillar B	Pillar C	Pillar D
		Innovativeness	Inclusiveness	Sustainability	Resilience
		Availability and quality of prosperity drivers	Distribution of prosperity drivers	Environmental footprint of prosperity drivers	Resilience of prosperity drivers
Driver 1	Human Empowerment	Workforce health, skills and incentives	Access to health and social services; income inequality	Green employment and consumption	Age ratios, health-system capacity, etc
Driver 2	Physical Resources	Physical and natural capital, food and water	Access to and affordability of physical resources	Emissions, biodiversity loss, etc	Food, water and energy import dependency / diversification
Driver 3	Finance	Banking and markets	Access to finance; wealth inequality	Green finance and investment	Financial and macroeconomic stability
Driver 4	Research & Technology	Research, innovation and ICT capital	Distribution and access to technology and research	Green patents, research and technology	Cybersecurity; tech supply diversification
Driver 5	Institutions	Public sector effectiveness, transparency and dynamism	Political participation and civil rights	Environmental regulation, treaties, subsidies	Political legitimacy, government adaptability to crises

II. Methodology

- The **Executive Opinion Survey (EOS) 2023** covers the issues related to the following pillars:
 - (a) Infrastructure and tourism
 - (b) Dynamism and capacity of the private sector
 - (c) Dynamism and capacity of the public sector
 - (d) Enabling environment
 - (e) Talent and employment
 - (f) Innovation ecosystem
 - (g) Managing risks
 - (h) Industrial policy
- A **Rapid Assessment Survey** has been conducted along with the Executive Opinion Survey highlighting domestic issues concerning the businesses
- **Number of respondents:** 71 senior officials of different private companies
- **Location:** Dhaka, Gazipur, and Savar
- **Survey period:** May to July 2023

Survey Respondents

Sector	Percent
Agriculture	2.82%
Industry: Manufacturing	22.54%
Industry: Non-Manufacturing	9.86%
Services	64.79%
Total	100

Size of company	Percent
Small and Micro	29.58%
Medium	35.21%
Large	35.21%
Total	100

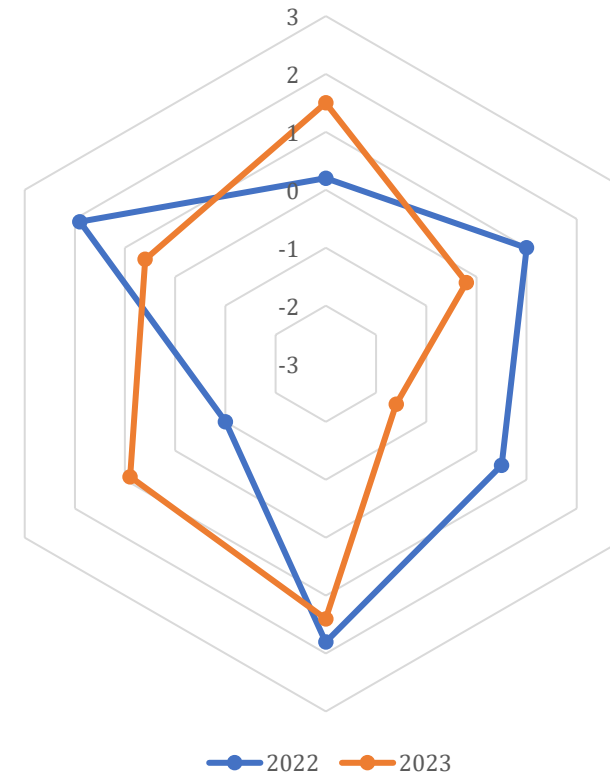
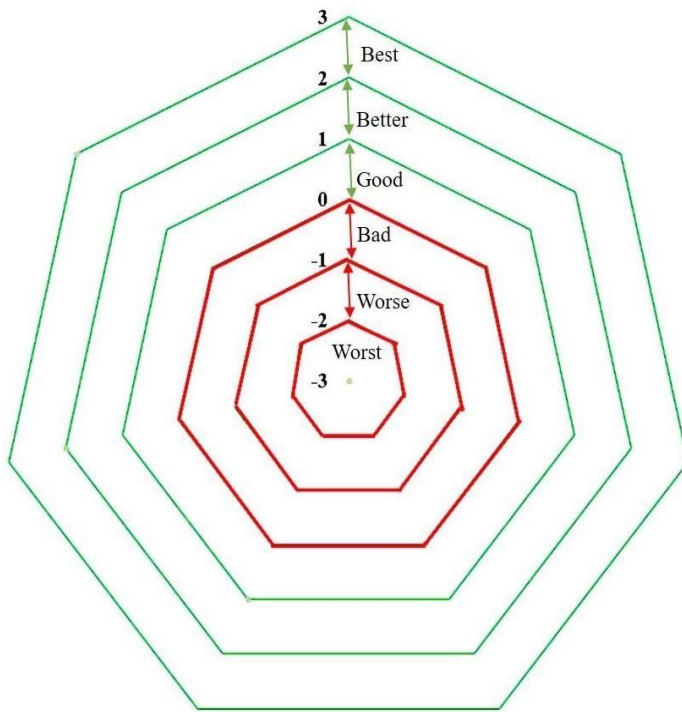
II. Methodology

- Executive Opinion Survey (EOS) and Rapid Assessment Survey (RAS) 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 different statistical techniques
 - **Frequency analysis** (% of respondents)
 - **Weighted index** (average weighted response)

II. Methodology

- Radar diagram is used to figure out changes in the perception on different issues between 2022 and 2023

Hypothetical Radar Diagram Presentation

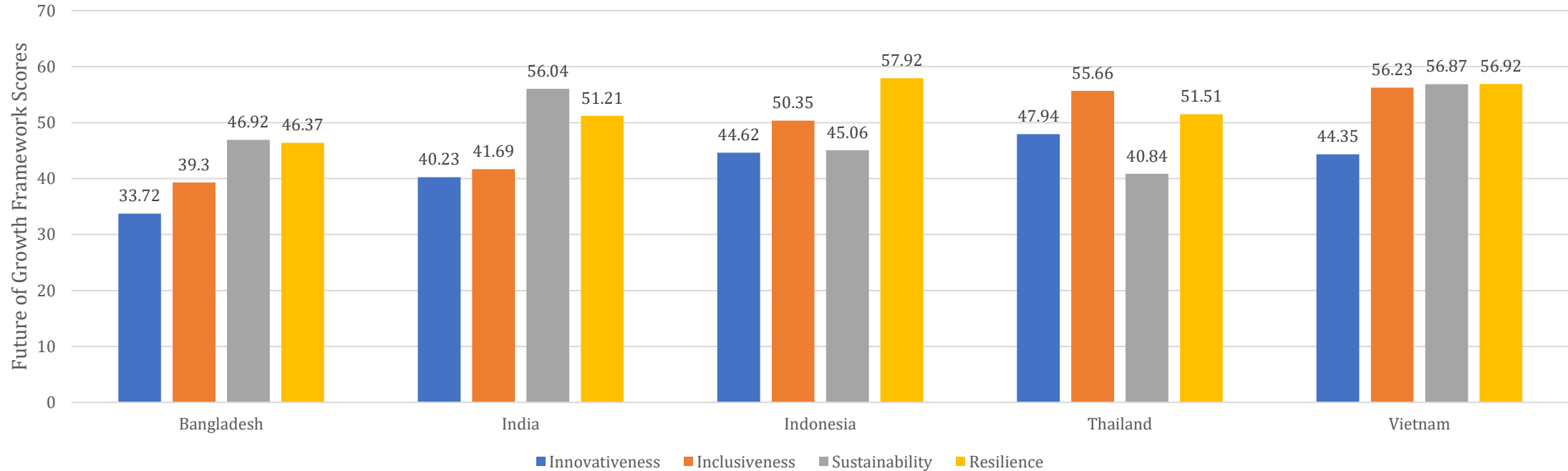


III. Key Features of Bangladesh Business Environment 2023



III.1 Bangladesh's Performance in the International Context

Bangladesh's Performance in the Asia



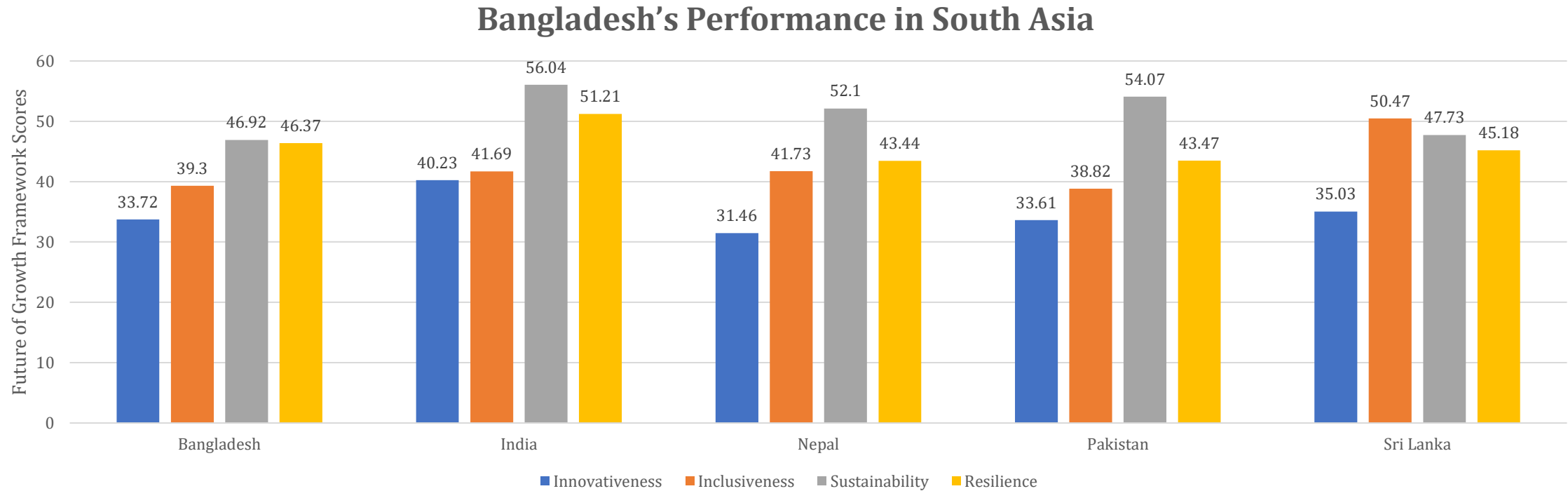
Source: Future of Growth Report 2023

- The scores of Bangladesh's pillars are **comparatively lower** than the comparable countries **in Asia**.
- Bangladesh in comparison with the four other countries – India, Indonesia, Thailand, and Vietnam – **scored the lowest** in the case of **Innovativeness, Inclusiveness, and Resilience**.
- In the case of **Sustainability**, Bangladesh is ahead of **Indonesia and Thailand** only.

III.1 Bangladesh's Performance in the International Context

- The Government of Bangladesh has set **ambitious goals** to build a **sustainable economy**.
 - It set the target of achieving **40% of total energy generation** from **renewable sources by 2041**, with interim targets of **10% by 2030** and **20% by 2040**.
 - **Bangladesh Delta Plan 2100** focuses on balancing water and food security, economic growth, and environmental sustainability while reducing vulnerability to climate change and natural disasters.
- Among the five economies, **Thailand scored the highest** in **innovativeness** and second highest in inclusiveness.
 - The Thai government has been actively implementing strategies for innovativeness such as **Thailand 4.0 scheme, One Family One Soft Power (OFOS) Policy, and Higher Education, Science, Research, and Innovation Policy (2020-2027)** to foster startup growth, adoption of digital technology, highly skilled workforce, and regional collaboration.
 - To promote inclusiveness, Thailand has policies in place to promote **inclusiveness for LGBTI individuals, and migrant workers**, and accessibility to public facilities for **people with disabilities**.
- For **inclusiveness**, **Vietnam** scored the highest among the countries.
 - Some notable policies taken by Vietnam are Inclusive and Sustainable Recovery Development Policy Operation, National Target Program for Socio-Economic Development in Ethnic Minority and Mountain Areas (2021-2030).
- **India** demonstrated the best performance in terms of **sustainability** among the comparable countries.
 - India has set a target of **net zero emissions by 2070** and aims to reduce its **carbon intensity by 45%** by 2030.

III.1 Bangladesh's Performance in the International Context

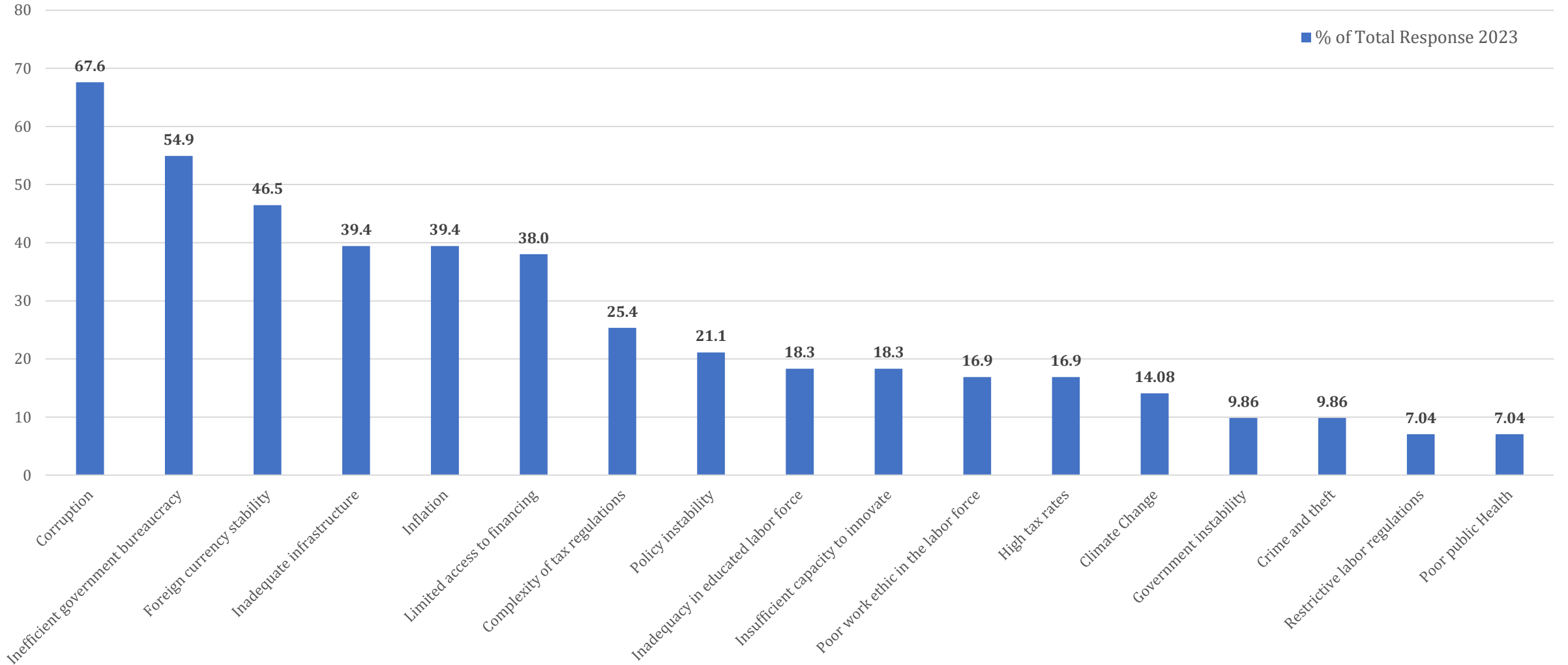


- **On average**, Bangladesh scored **the lowest** among the **South Asian countries** – India, Nepal, Pakistan, and Sri Lanka.
- Bangladesh, among the South Asian countries, **positioned third** in the case of **Innovativeness**, and **Resilience**. For both these pillars, Bangladesh is outscored by **India and Sri Lanka**.
- In terms of **Sustainability**, Bangladesh **ranked the lowest** in South Asia.
- For **Inclusiveness**, Bangladesh is ahead of only **Pakistan**.

III.1 Bangladesh's Performance in South Asia

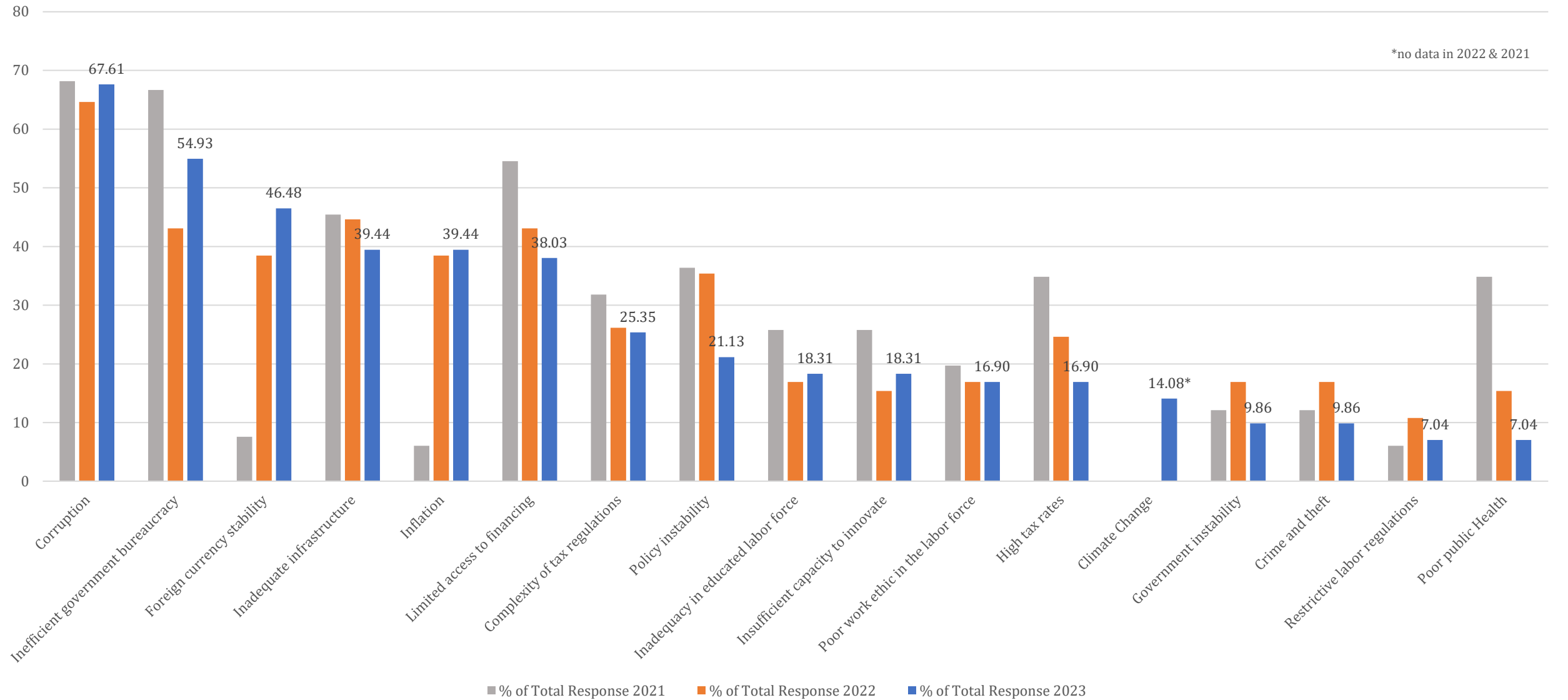
- **India has topped the list** of three pillars – **innovativeness, sustainability, and resilience**.
 - This can be attributed to the Indian government's initiatives like Startup India, National Solar Mission and Green Hydrogen Mission, and social safety nets like Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MNREGA) and Aadhaar.
- **Nepal** has the **highest score in inclusiveness**, followed by **India** with a slightly lower score than Nepal.
 - Nepal took some inclusiveness policies recently, including **Gender Equality and Social Inclusion (GESI) Strategy** 2021-2023 that ensures 40% of elected representatives at the local level to be women, with 20% being Dalit women, and **School Education Sector Plan** 2022-2030 for inclusive education, particularly vulnerable groups.
- Although Bangladesh boasts promising initiatives like **Smart Bangladesh Vision 2041** and **Delta Plan 2100**, it failed to generate confidence among investors to take up new business initiatives.

III.2 Most Problematic Factors for Doing Business in 2023



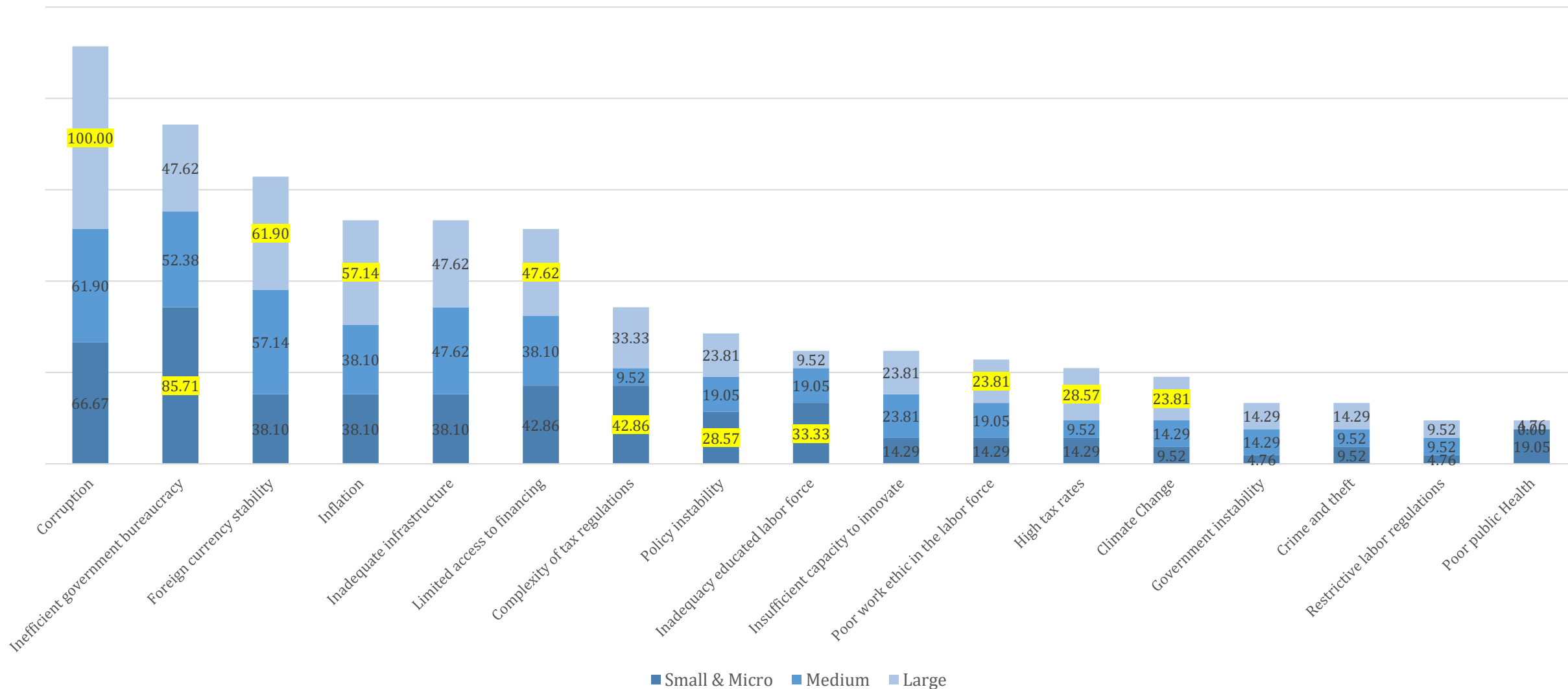
III.2 Most Problematic Factors for Doing Business in 2023

Most Problematic Factors for Doing Business in 2023 Compared to Previous Years



III.2 Most Problematic Factors for Doing Business in 2023

Most Problematic Factors for Doing Business in 2023 (Size-wise)



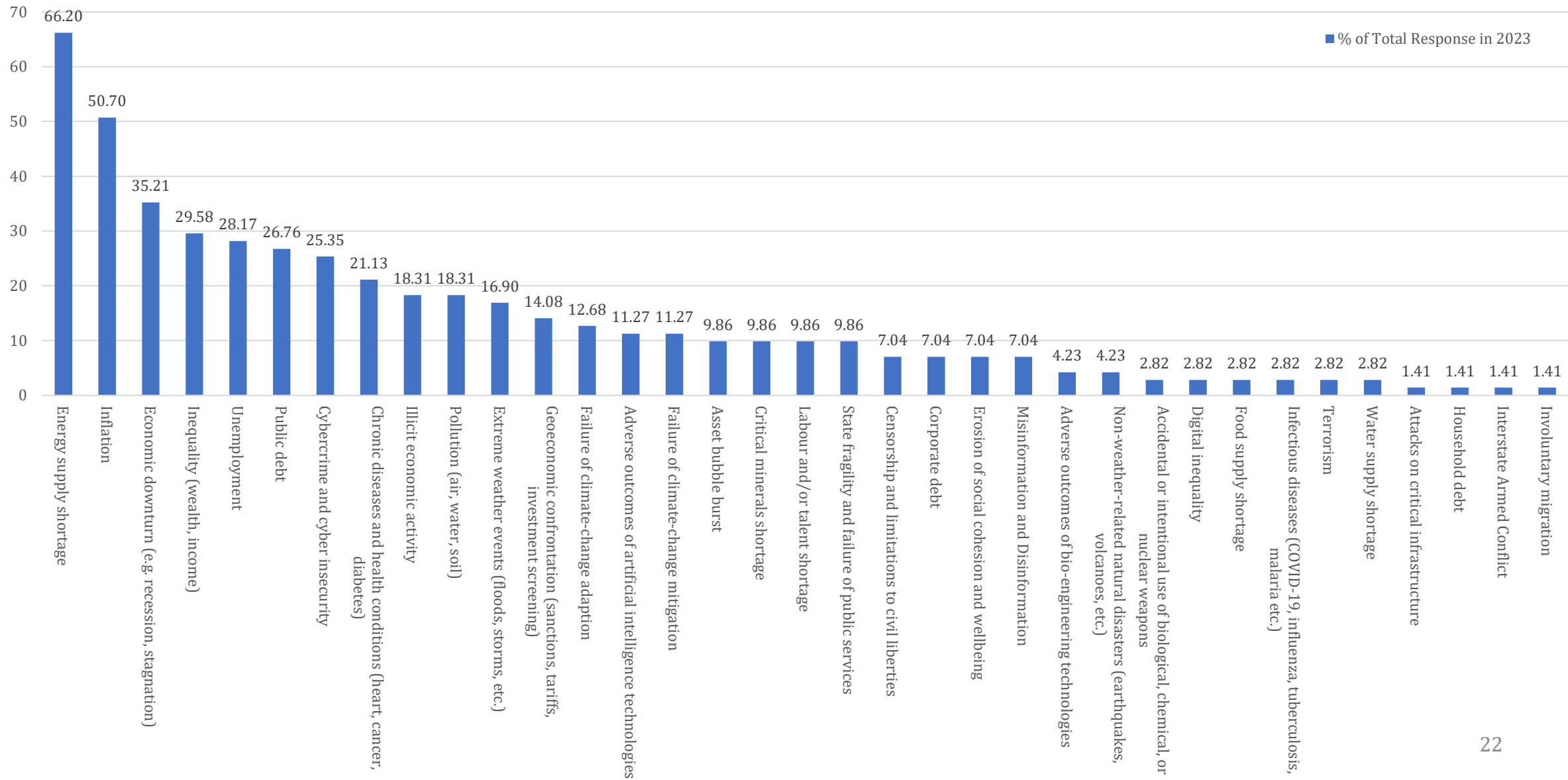
III.2 Most Problematic Factors for Doing Business in 2023

- Challenges for doing business in Bangladesh have been **evolving**. The year 2023 has marked **significant changes** in the case of top problematic factors in doing business.
 - The changes in the problematic factors happened **both horizontally (across all categories of businesses) and vertically (under different categories of businesses)** owing to dynamic shifts in domestic and international business environment
- **Corruption** has been topping the list in 2023 as it did in earlier years.
 - **67.6%** of respondents complained about a **high level of corruption** as the major problematic factor.
 - Limited effective measures to curb corruption as well as lack of transparency and accountability in case of licensing, logistics and different service-providing activities of public agencies cause weakening the business environment.
- Among the top three, **inefficient government bureaucracy (54.9%** of respondents) and **foreign currency instability (46.5%)** are the two other most problematic factors.
- The severity of these top three problematic factors has **increased** compared to the previous years
 - Before 2022, **foreign currency instability** also ranked among the bottom three, which jumped to the top five in the last two years.
- Two factors have been identified as emerging risk factors; other than foreign currency instability:
 - **Inflation (39.4%)** has been ranking as the fifth most important factor for the last two years, whereas it was in the bottom three in the previous years.

III.2 Most Problematic Factors for Doing Business in 2023

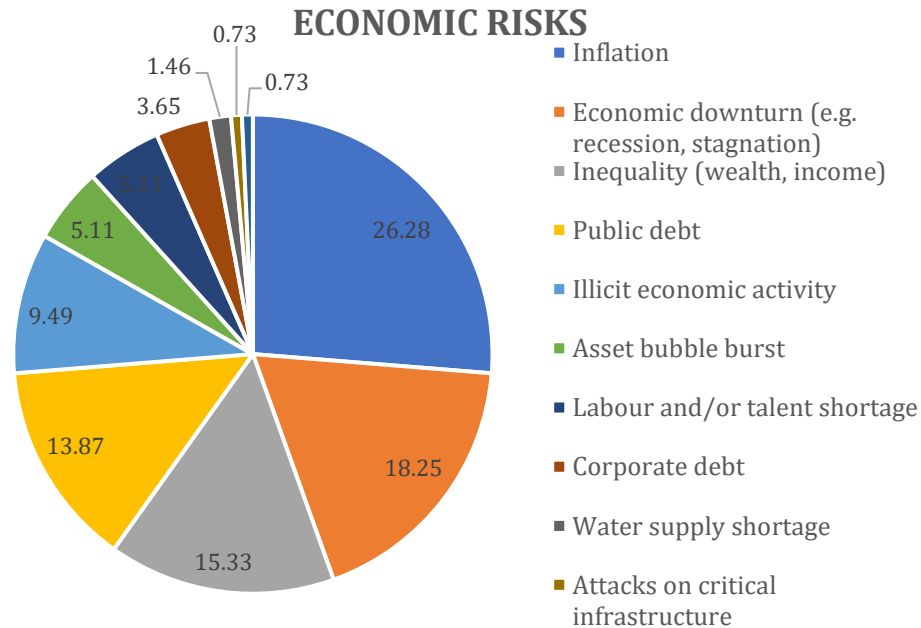
- On a positive note, businessmen's perception regarding **inadequate infrastructure** which was usually considered one of the top three problematic factors has slightly improved (4th in ranking).
 - Public investment in developing and expanding national and regional highways, and constructing new infrastructure such as elevated expressways, metro-rails, tunnels, airports, and port facilities partly contribute to smoothening business activities.
- Similarly, the **severity of the problem** eased in case of **policy instability**, **limited access to financing**, complexity of tax regulations, high tax rates and poor public health.
 - **Policy instability** is ranked the eighth most important factor (24.6%), which was earlier ranked the fifth most problematic factor – a reflection of having slowed down in deviation from policy commitment
 - Some changes in ranks such as limited access to financing and complexity of tax regulations are driven by the push of sudden rise of emerging risks (high inflation and foreign currency).
- The **level of severity** of problems is different for **different categories of enterprises**.
 - By and large, corruption **severely affects all categories** of businesses. All (100%) of the large companies have considered corruption as the most problematic factor along with 61.9% of small and micro enterprises and 66.67% of medium enterprises
 - **Large enterprises** found instability of foreign currency, inflation, limited access to financing, inadequate infrastructure, inefficient government bureaucracy and complexity of tax regulations
 - **Medium enterprises** marked instability of foreign currency, inefficient government bureaucracy, inflation, inadequate infrastructure, and limited access to financing as bigger problematic factors
 - **Small & micro enterprises** are facing issues related to inefficient government bureaucracy, limited access to financing, complexity of tax regulations, instability of foreign currency and, inflation
 - In other words, respective policies, plans, laws and rules should have business size-specific customized measures in order to get effective outcome

III.3 Top Risks in the Economy for the Next Two Years

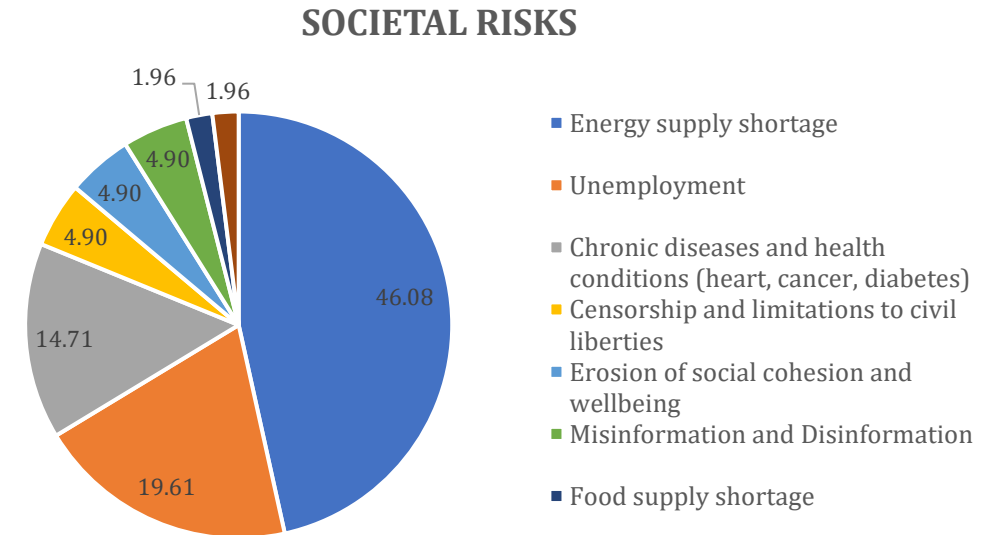


III.3 Top Risks in the Economy for the Next Two Years

- The **top three economic risks** for Bangladesh for the upcoming **two** years are-
 - Inflation (26%)
 - Economic downturn (e.g., recession, stagnation) (12%)
 - Inequality (wealth, income) (15%)
- The economic prospect of the immediate future is highly uncertain.



- The **top societal risks** for the upcoming **two** years are-
 - Energy Supply Shortage (46%)
 - Unemployment (20%)
 - Chronic diseases and health conditions (heart, cancer, diabetes) (39.5%) - weak public investment in health sector will be a growing concern.

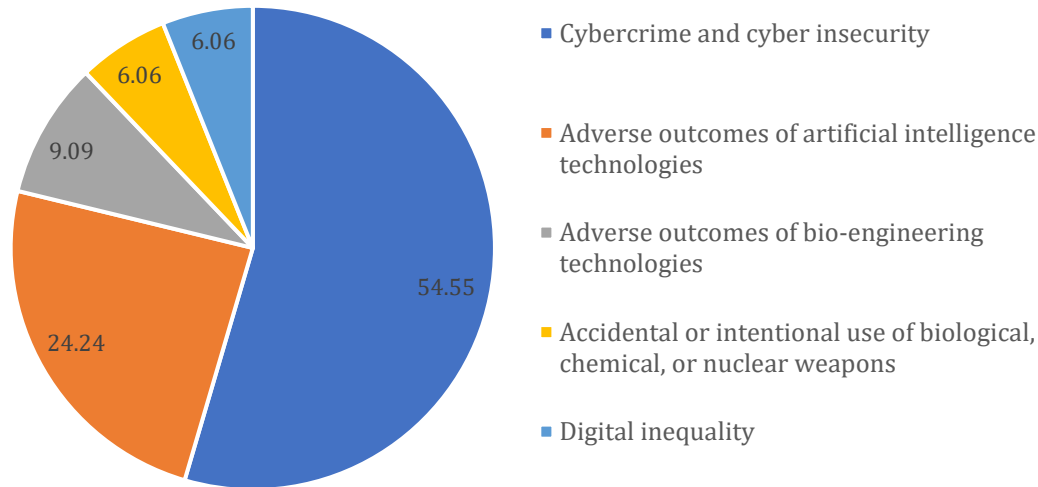


In percentage

III.3 Top Risks in the Economy for the Next Two Years

- The **top technological** risks for Bangladesh for the upcoming years are-
 - Cybercrime and cyber insecurity (55%)
 - Adverse outcomes of artificial intelligence technologies (24%)
- A major threat through online based media, information and technologies with little possibility to improve required safeguard measures

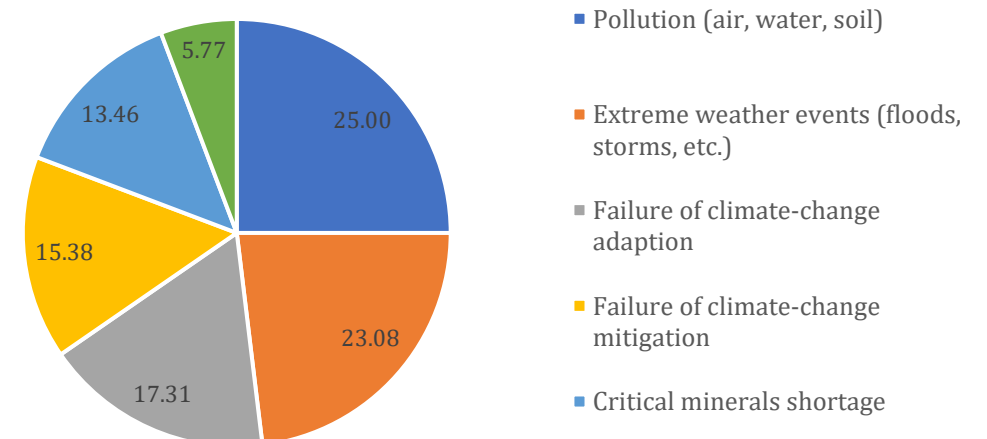
TECHNOLOGICAL RISKS



In percentage

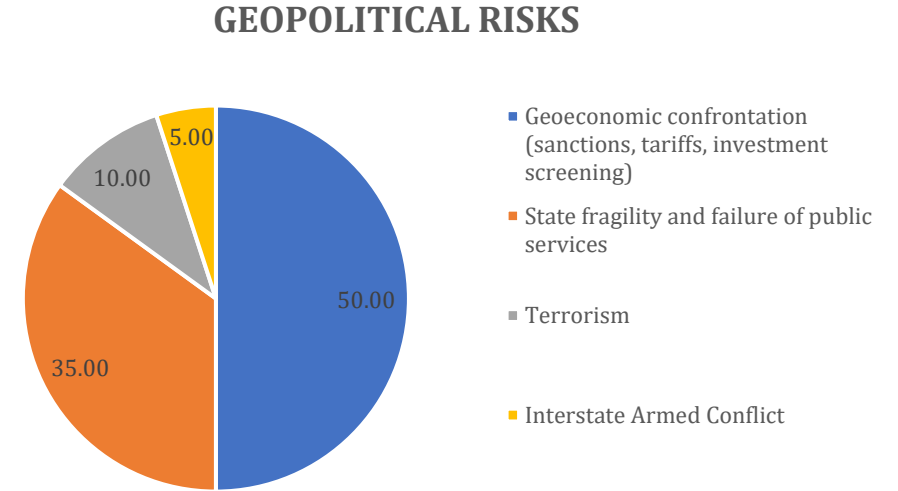
- The **top environmental** risks for the upcoming years are-
 - Pollution (air, water, soil) (25%)
 - Extreme weather events (floods, storms, etc.) (23%)
 - Failure of climate-change adaptation (17.3%)
- Both man-made and natural disasters would threaten further and little possibility of taking legal, operational and institutional measures to address those challenges

ENVIRONMENTAL RISKS



III.3 Top Risks in the Economy for the Next Two Years

- The **top geopolitical** risks for Bangladesh for the upcoming years are-
 - Geoeconomic confrontation (sanctions, tariffs, investment screening) (50%)
 - State fragility and failure of public services (35%)

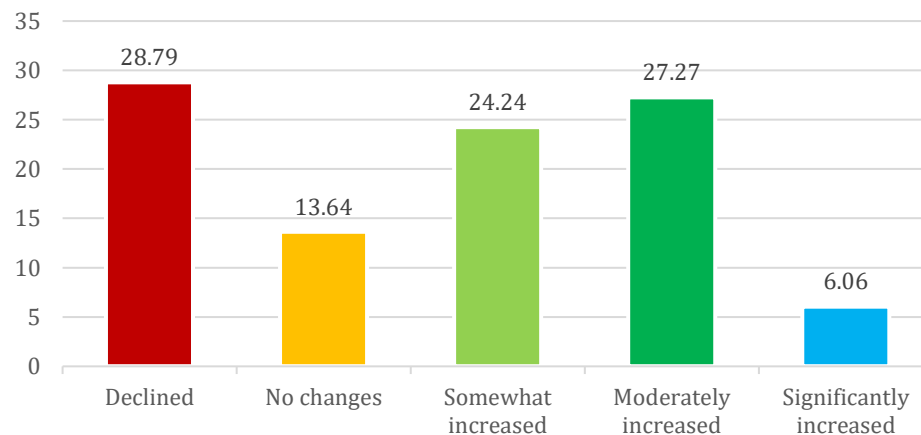


In percentage

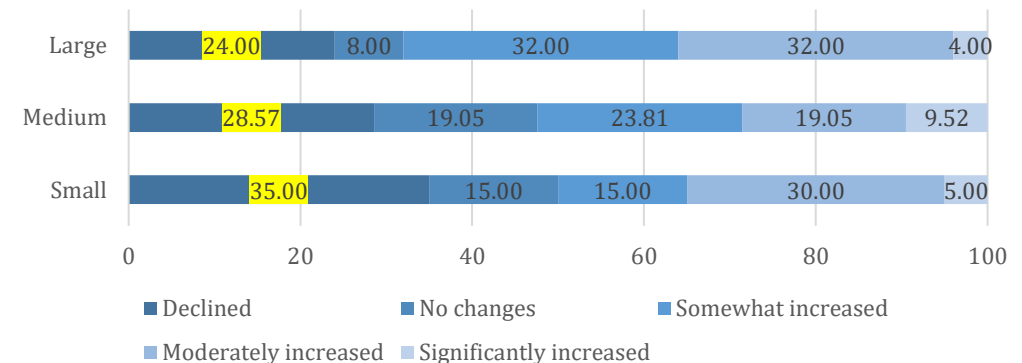
III.4 Performance of Production/Sales During July'22 - May'23

- According to the data, 57.57% of the executives reported **an increase** in their companies' production during July'22 - May'23 compared to previous periods.
 - However, only 6.1% of businesses indicated a **significant increase in production** or sales during this time.
- On the other hand, a significant number of businessmen, 28.8%, reported **a decrease** in production.
 - This **decline in production for over one-fourth of companies** during FY2023 is likely a reflection of the ongoing impact of the **pandemic**.
- 3.64% of respondents indicated **no change** in their companies' production.
- The performance of **small and medium enterprises (SMEs)** was **poorer** compared to that of large enterprises.
- Approximately 38% of SMEs reported a decline in production, while the comparable shares for medium and large enterprises were 25% and 22% respectively.

Changes in Production during July'22 - May'23



Changes in Production during July'22 - May'23
(Size-wise)



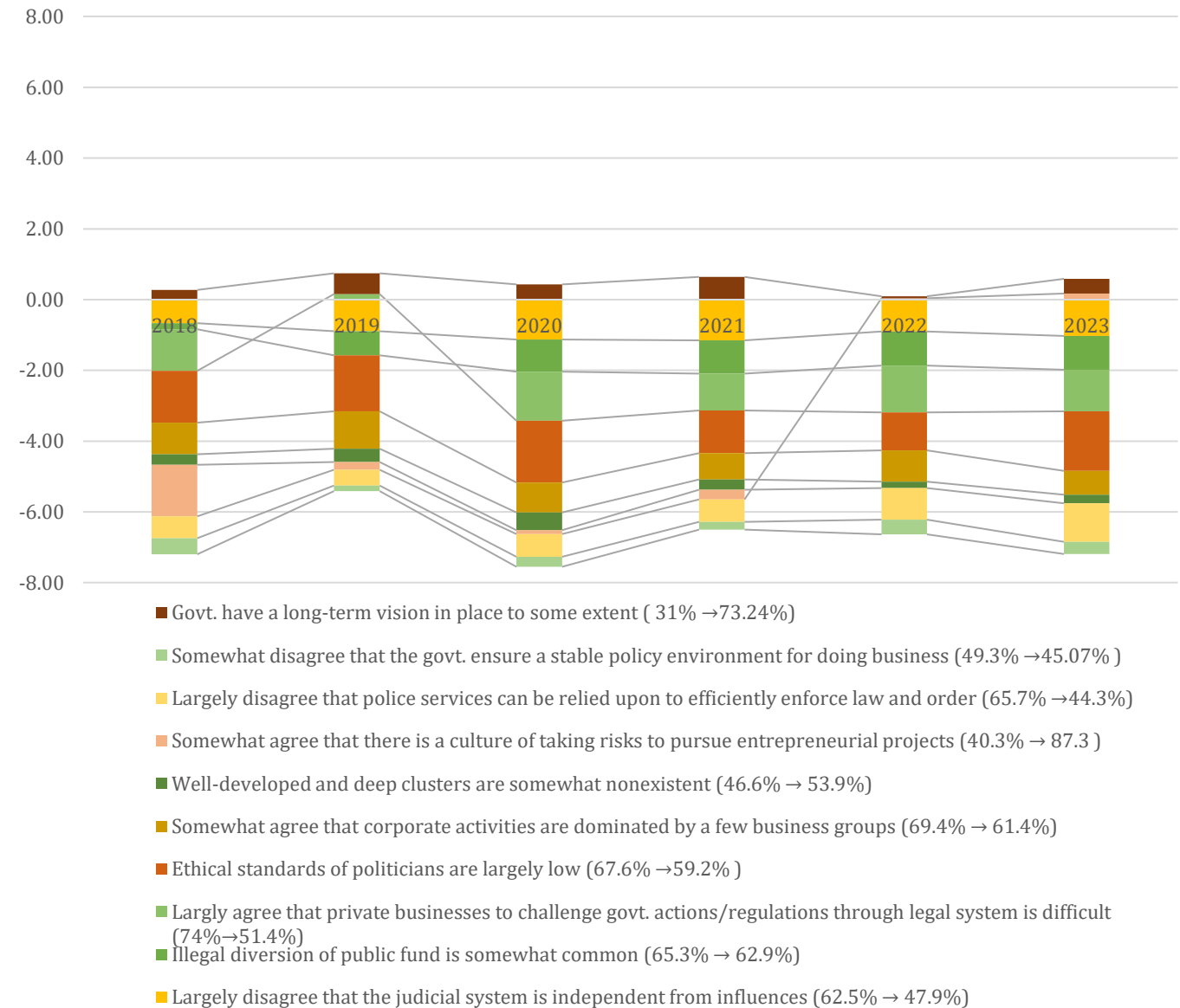
IV. Bangladesh' Performance in 2023 under Different Pillars: Detailed Analysis



IV.1 Institutions

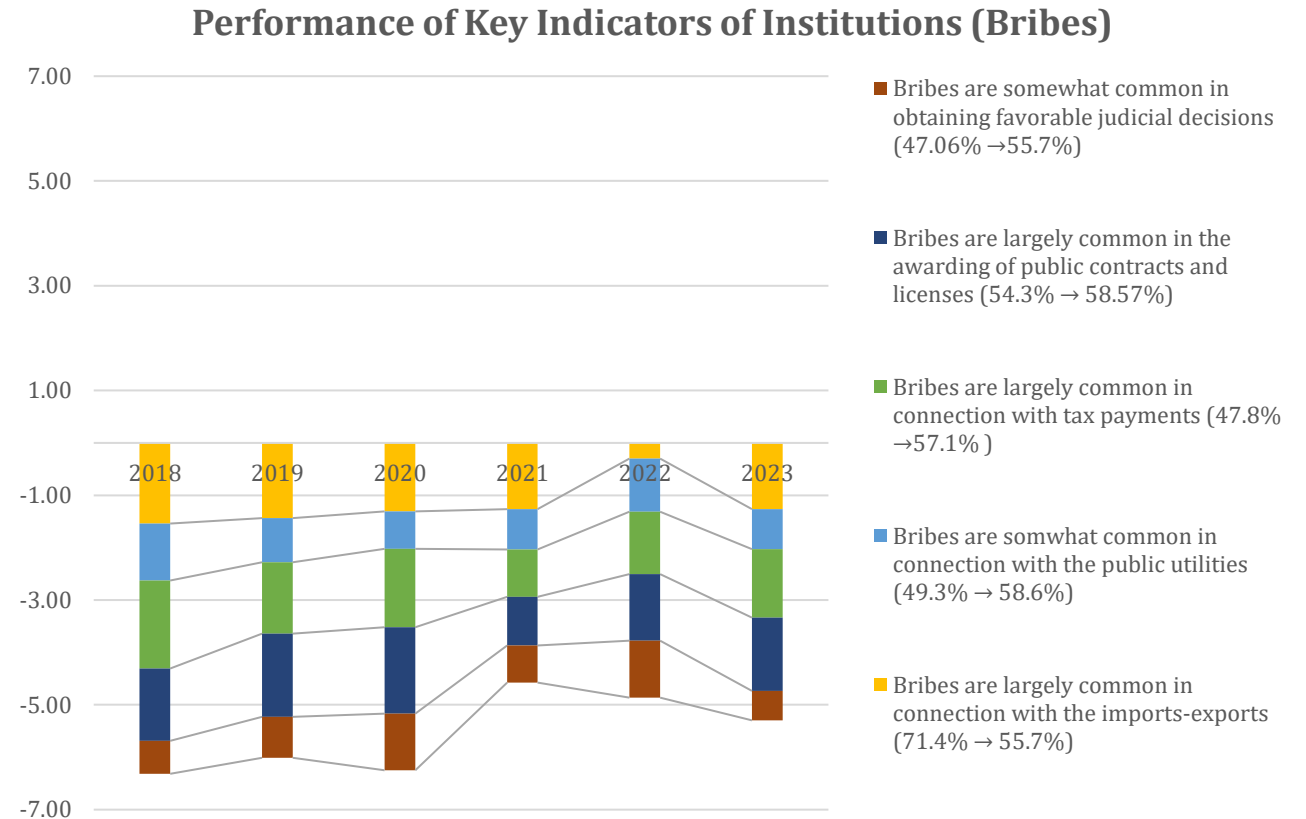
- Most key indicators showed **negative and somewhat stagnant** progress during 2023.
 - The only indicator that showed a **somewhat positive result** throughout the last six years is the **long-term vision of the government.**
 - **Stagnant perception** is observed over the years in the case of ethical standards of politicians, quality of police services, illegal diversion of public funds, and independence of the judicial system.

Performance of Key Indicators of Institutions

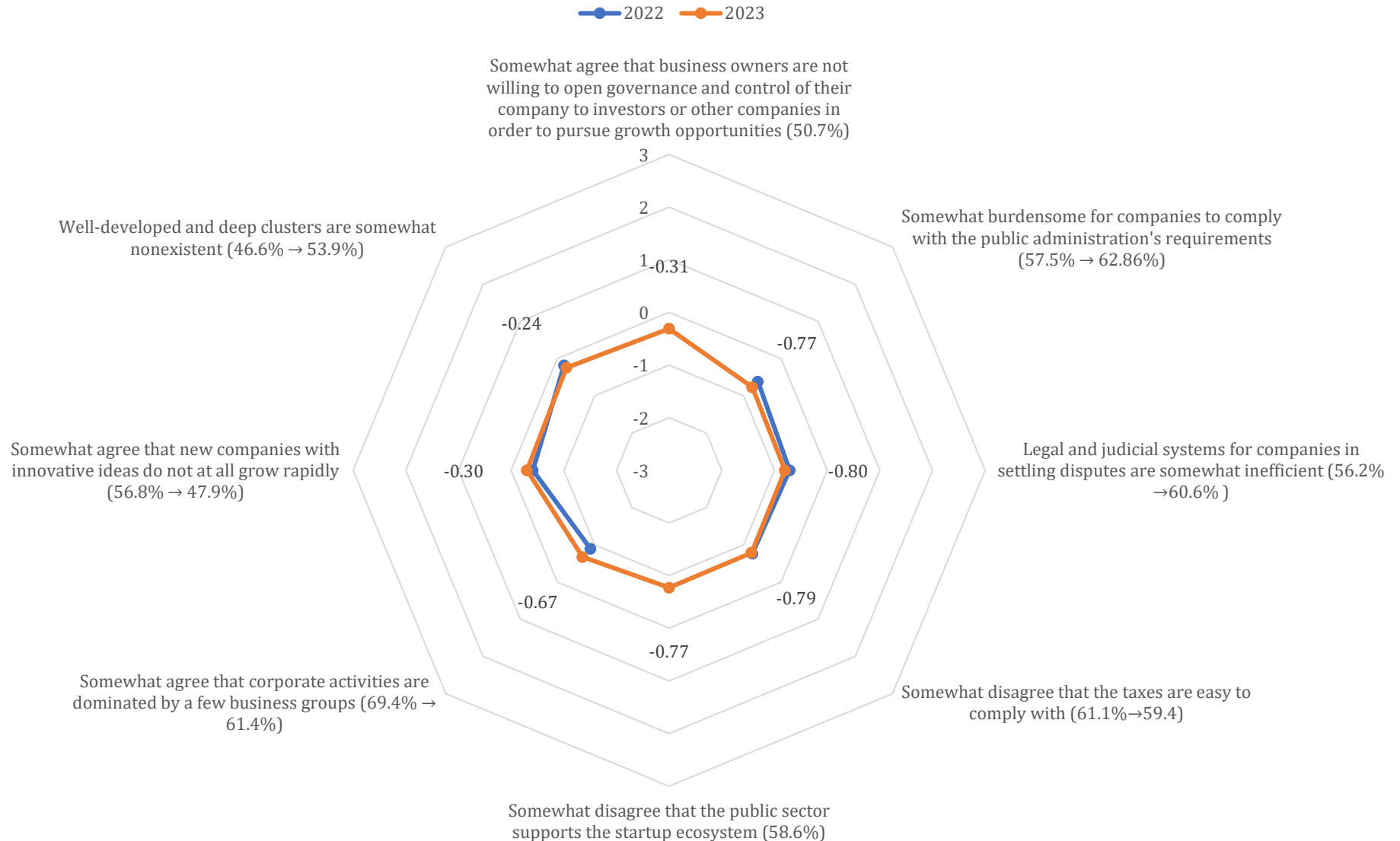


IV.1 Institutions

- The situation of **undertaking bribes** has been **negative** over the past six years.
 - However, the businessmen perceived that in the last three years, there has been a **slight improvement** in the situation, although the culture of undocumented extra payments persists.
 - These include bribes in awarding public contracts, tax payments, public utilities, export-import and judicial decisions
- The culture of **risk-taking in entrepreneurial projects** has evolved on the **positive side**
- However, the existence of **well-developed and deep clusters worsened** over the years



Institutional Development for 'Innovativeness'



IV.1 Institutions

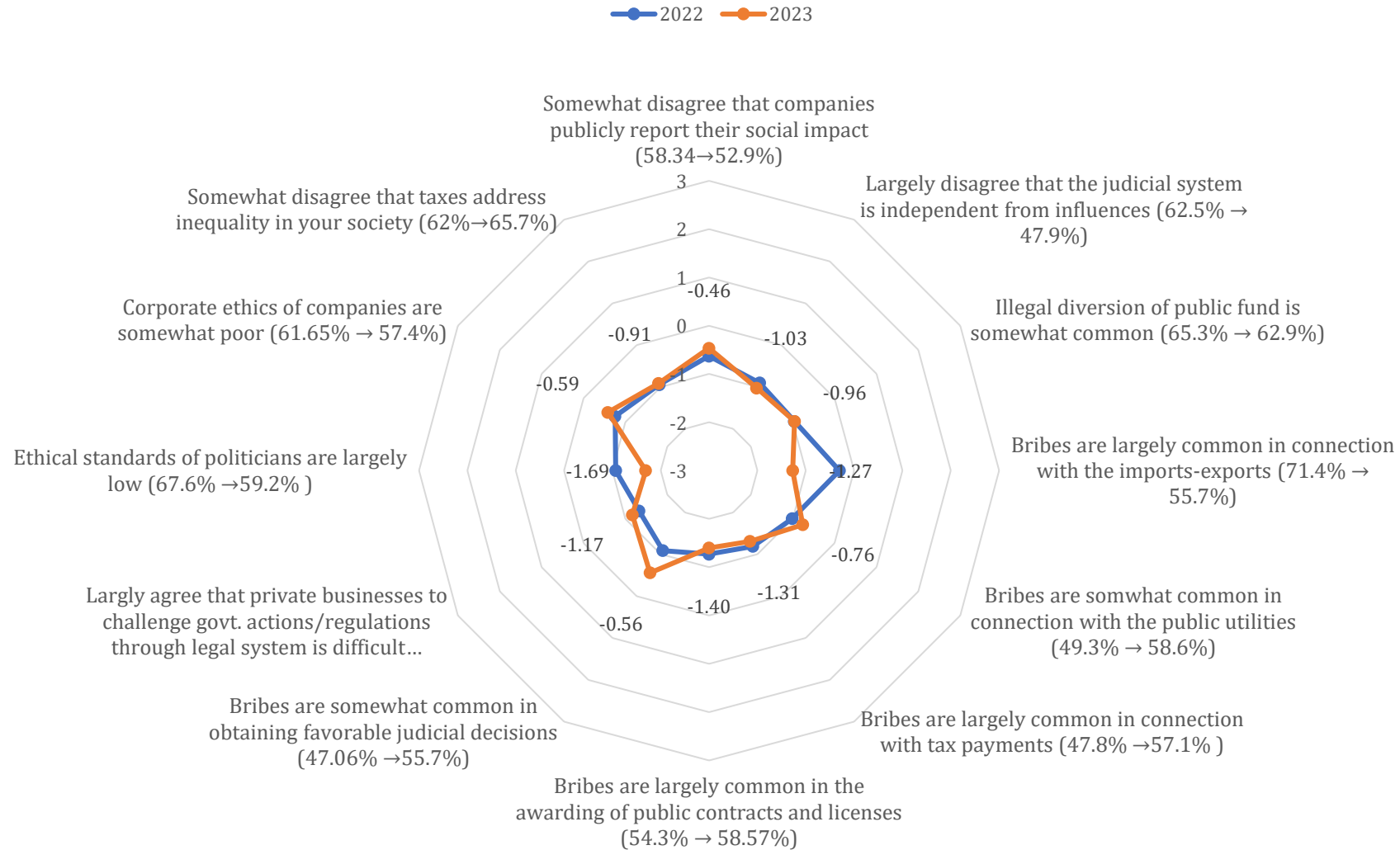
Innovativeness (Institutions)

- The values of the innovativeness indicators have shown **negative trends and stagnant behaviour** this year, which is concerning.
- The indicators related to the **public sector have not shown considerable improvement** for business executives this year.
 - Companies found it **somewhat burdensome** to comply with public administration's requirements (-0.77; 62.9%) perhaps due to the lack of development in online-based public service delivery mechanisms. It seems that the public offices are yet to come out from the requirement of a large number of documentary evidence.
 - A majority of respondents (59.4%) indicated that **taxes are still not easy to comply with** (-0.79) despite some initiatives, The National Board of Revenue (NBR) is yet to develop an online-based tax payment system that covers tax-payers across the country.
 - The public sector **does not adequately support the startup ecosystem** (58.6%), raising questions about the effectiveness of start-up financing.
 - Most businesses (60%) perceived **the legal and judicial systems** in settling disputes to be **somewhat inefficient** (-0.8), leading to increased business costs and reduced business competitiveness.

Innovativeness (Institutions)

- There has been **no significant progress** seen in the performance of the **private sector**.
 - The **corporate activities** continued to be **dominated by a few business groups** (61.4%; -0.67), though a marginal improvement is discerned during 2023.
 - This can be attributed to the lack of effective functioning of the Competition Commission, SEC, as well as the Ministries of Commerce, Industry, Agriculture, and Livestock & Fisheries.
- **Well-developed and deep clusters are somewhat nonexistent** (-0.24; 53.9%).
 - This is primarily due to the lack of planned initiatives for cluster development from the Ministries of Commerce, Industry, Agriculture and Livestock & Fisheries.
- **Lack of transparency and accountability** of business enterprises is a major concern.
 - 50.7% somewhat agreed that business owners are **unwilling to open governance and control of their company** to investors or other companies to pursue growth opportunities.
 - 47.9% of businesses indicated that **companies with innovative ideas** tend to **face challenges** in rapid growth (-0.3; 47.9%). These challenges stem from the bottlenecks in logistics, operational, and human resource-related issues.

Institutional Development for 'Inclusiveness'



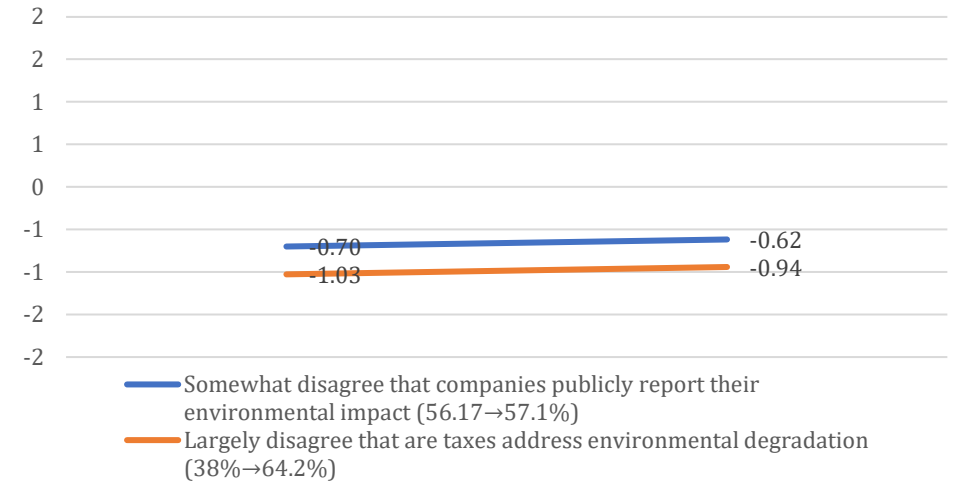
Inclusiveness (Institutions)

- On average, the **Inclusiveness bar of public institutions** was perceived to be **low** by business executives.
 - The performance of public institutions is worse in the case of service delivery of several public institutions.
 - **Bribes are largely common** in connection with imports and exports (-1.27; 55.7%), tax payments (-1.31; 57.1%), and awarding of public contracts and licenses (-1.4; 58.6%). lack of independence of the judicial system (-1.03; 47.9%), **low ethical standards of politicians** (-1.69; 59.2%) and **difficulty for private businesses to challenge govt. actions** or regulations through the legal system year (-1.17; 51.4%) are also largely common.
 - Performance has **further deteriorated** in 2023 in the case of **bribes** for imports and exports, and ethical standards of politicians.
 - The concerned public organisations where major institutional reform is required include customs, NBR, BJSC, City corporations, judiciary etc.
- **Poor performance** has been observed in the case of **service delivery** of other public institutions.
 - **Bribes** in connection with public utilities (-0.76; 58.6%) and in obtaining favourable judicial decisions (-0.56; 55.7%); and **illegal diversion** of public funds are somewhat common (-0.96; 62.9%).
 - Despite the introduction of the e-procurement system and other procedural changes in public procurement, no major changes is discerned in the procurement process.
- **Corporate ethics of companies** are yet **somewhat poor** (-0.59) - 57.4% of executives think that the **corporate ethics of companies** are yet **somewhat poor**.
 - **Most formal sector companies do not follow code of conduct in the operation of their businesses**
- 52.9% of executives somewhat disagreed that companies publicly report their social impact (-0.46) and 65.7% opined that taxes do not address inequality in society (-0.91)

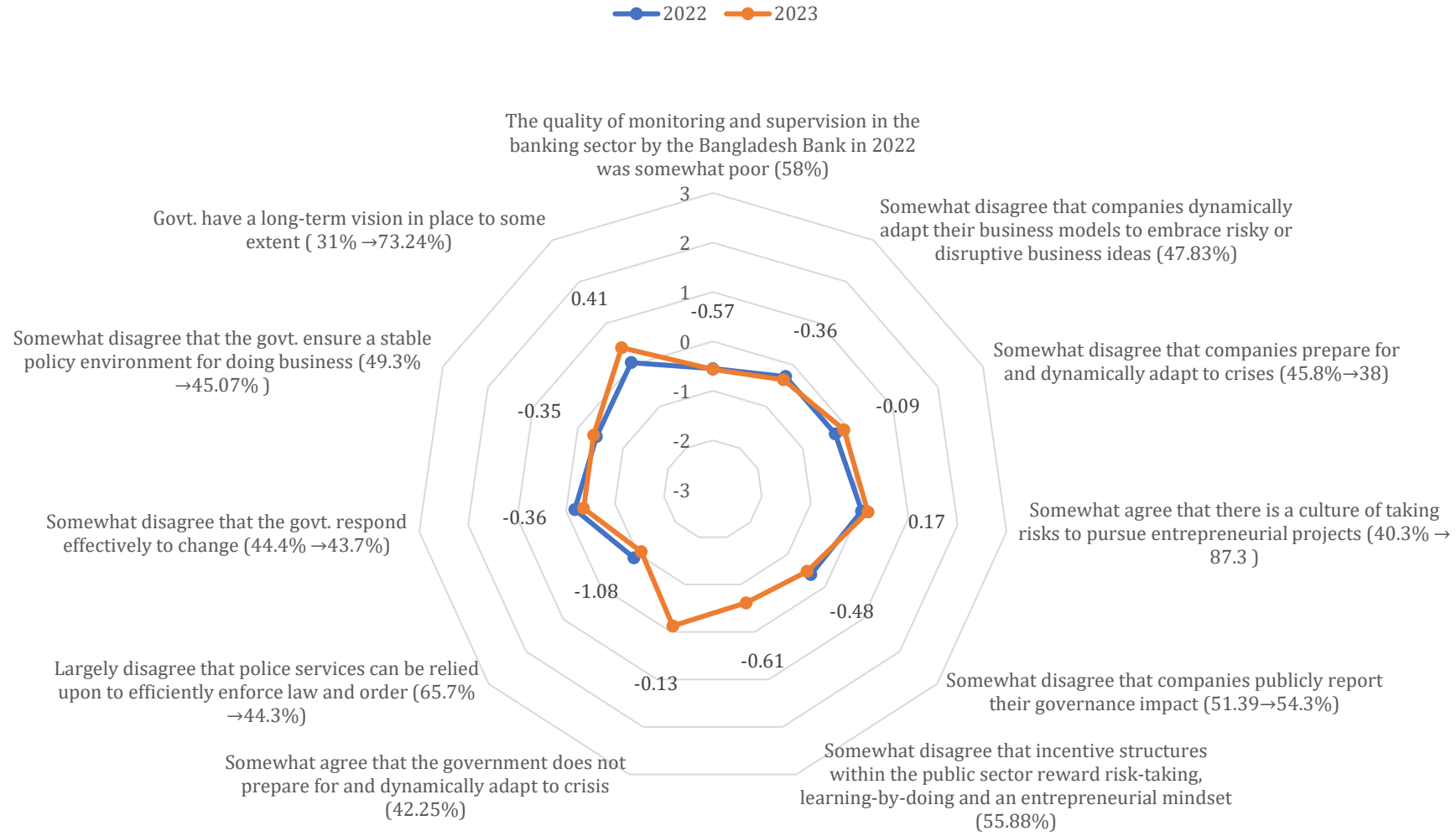
Sustainability (Institutions)

- 64.2% of the respondents **largely disagree** that **taxes address environmental degradation** (-0.94) though marginal improvement is discerned in 2023 compared to that in 2022.
 - Structure and composition of taxes related to machineries, equipment, raw materials, production process, emission of industrial waste and their treatments, final goods and their transportation and distribution-related issues need to be redesigned taking into account the environmental degradation.
- 57.1% of executives **somewhat disagreed** that the **companies publicly report their environmental impact** (-0.62)
 - Public reporting of environmental compliances needs to be made mandatory for all formal sector enterprises and businesses.

Institutional Development for 'Sustainability'



Institutional Development for 'Resilience'



Resilience (Institutions)

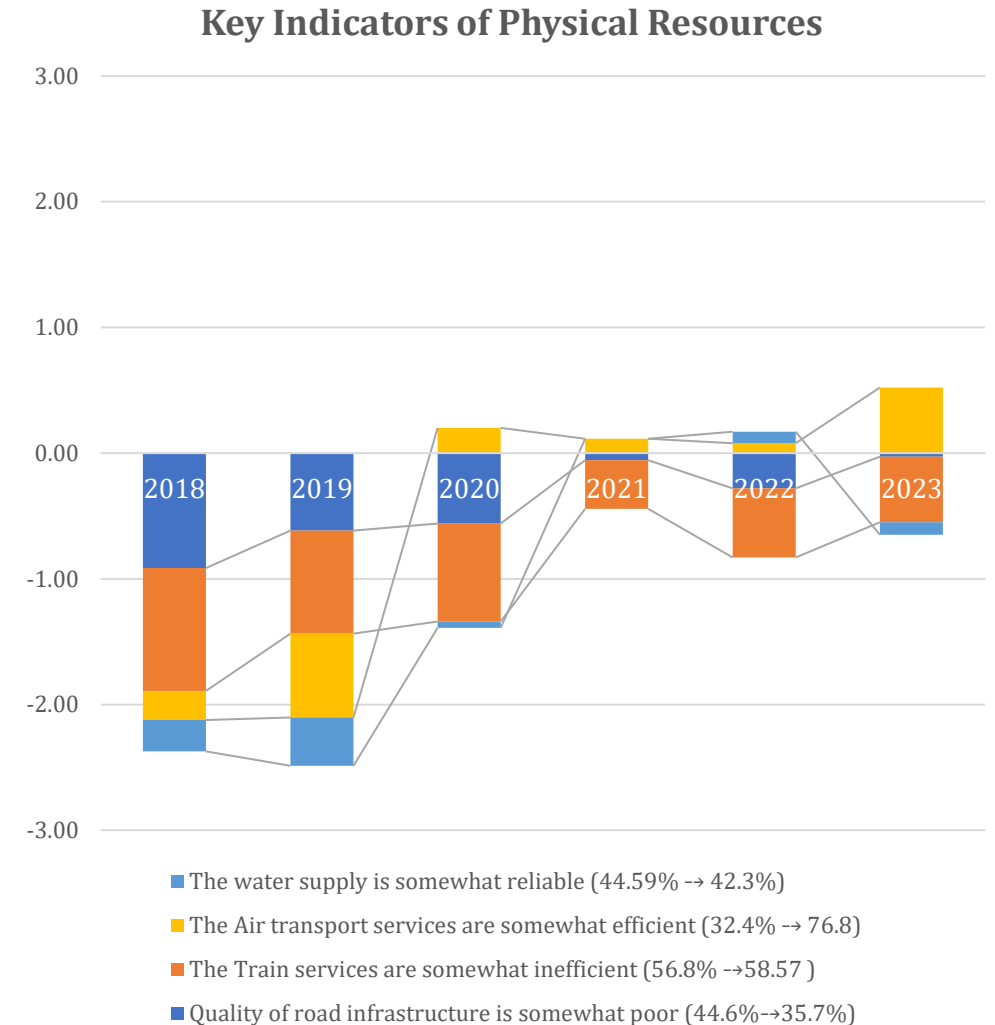
- The resilience indicators of the **public sector did not show any sign of improvement**
 - The quality of **monitoring and supervision in the banking sector** by the Bangladesh Bank in 2022 was deemed to be **somewhat poor** by 58% of executives (-0.57).
 - 55.9% somewhat disagreed that incentive structures within the public sector reward risk-taking, learning-by-doing and an entrepreneurial mindset (-0.61).
- A **significant mismatch** is observed between the **government's political ambition** to cater for the needs of the businesses and its reflection in the **operational process**.
 - About 73.2% think that the **government has a better long-term vision in place** (0.41) and it is getting stronger in 2023 which is a positive aspect for nation-building; however, about 45% somewhat objected that the government **does not ensure a stable policy environment** for doing business (-0.35)
 - The **government does not respond effectively to change** according to the businessmen (-0.36; 43.7%). The government also **does not prepare for and dynamically adapt to crisis** (-0.13; 42.25%)
 - Major reforms are required in the case of registration, licensing and renewal processes, human resource development to address skill gaps, policy coherence etc.
 - 44.3% of observers **largely disagreed** that **police services can be relied upon** to efficiently enforce law and order (-1.08). Poorer performance compared to other public institutions and it has deteriorated further in 2023.

Resilience (Institutions)

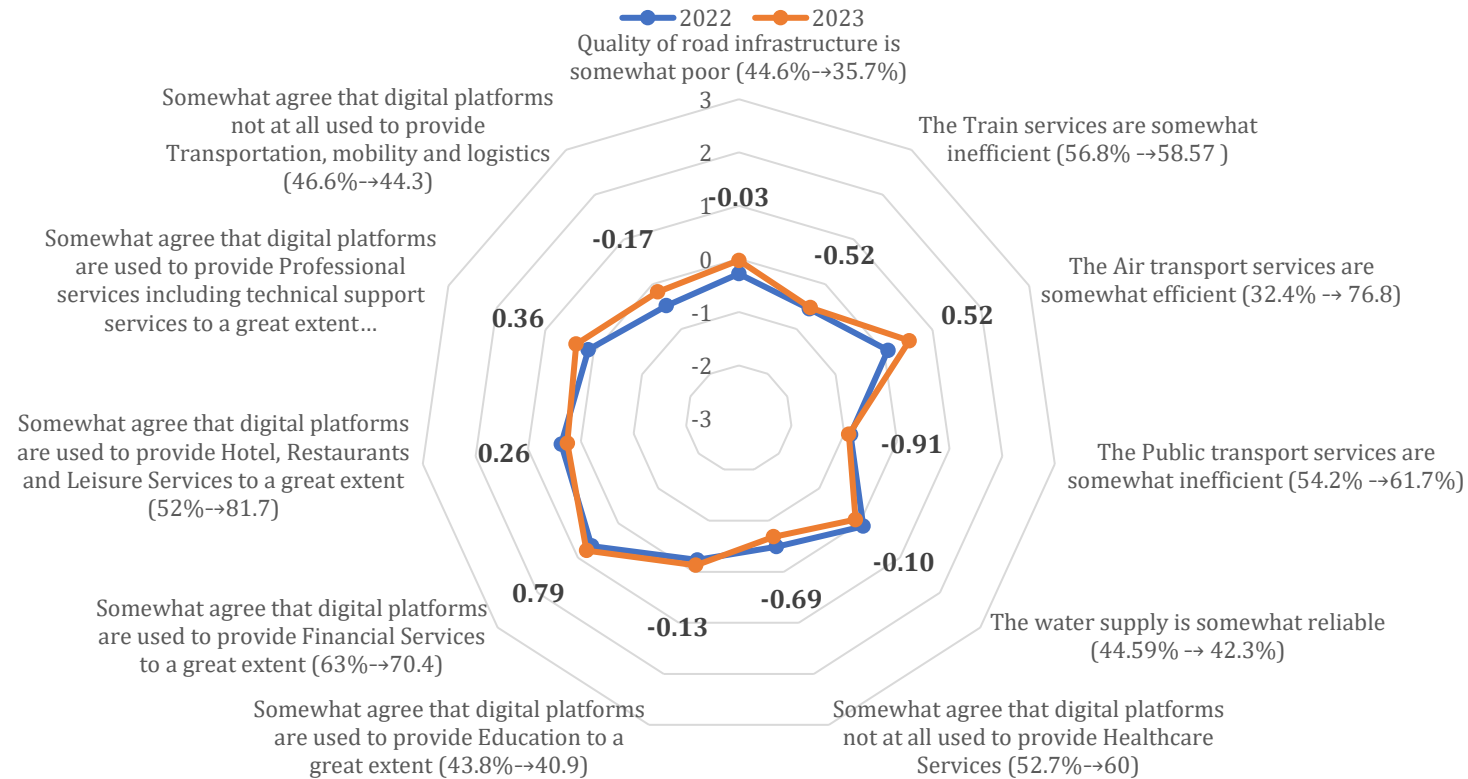
- The **private sector is also not immune from the risks** according to the executives, as there is little effort in developing business continuity plan or risk management plan in local companies
 - 47.8% indicated that the **companies somewhat not dynamically adapt their business models** to embrace risky or disruptive business ideas (-0.36); companies are somewhat not prepared for and dynamically adapt to crises (-0.09; 38%); a culture of taking risks to pursue entrepreneurial projects still prevails (0.17; 87.3%)
 - Companies also do not publicly report their governance impact (-0.48; 54.3%)

IV.2 Physical Resources

- There has been **a notable change in the positive direction** of the key indicators of the physical resources since 2018, even though the perceptions of most of the indicators are still on the negative side.
 - The quality of **road infrastructure** showed substantial progress though overall perception is still negative.
 - Significant progress is observed in the quality of **air transport services** by businessmen.
 - Even though the **train services** are deemed to be somewhat less efficient, the quality has improved over the last five years.
 - The **reliability of the water supply** has not shown much improvement since 2018 (except in 2022)



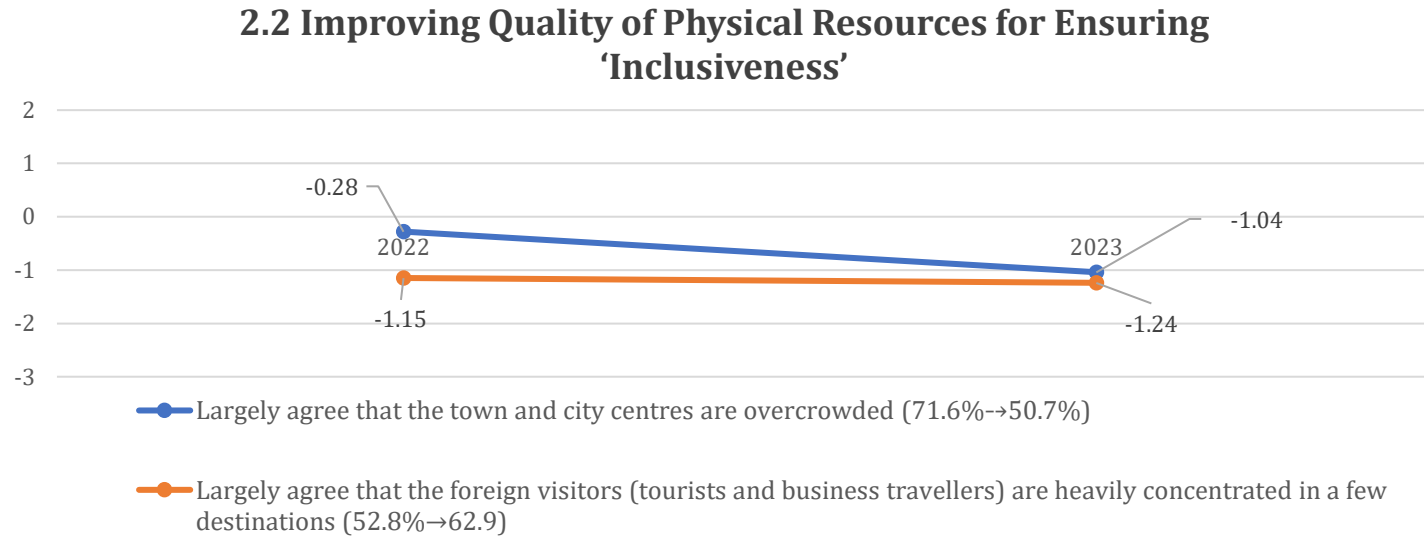
Improving Quality of Physical Resources for Ensuring 'Prosperity'



Innovativeness (Physical Resources)

- Innovativeness-related physical resources, particularly digital infrastructure-related facilities are **somewhat at the positive level**.
 - Use of digital platform for professional services (0.36), including hotel, restaurant, leisure services (0.26) and financial services (0.79)
 - In some cases, the digital potential of **digital platforms** is not fully utilized in terms of providing the following services: **Healthcare services** are not provided by the digital platforms (-0.69; 60%); **Education** is somewhat not yet accessible through the digital platforms (-0.13; 41%) and **transport and logistics** (-0.17; 44.3%)
- An **improvement** in the following infrastructure is observed by businessmen during 2023: somewhat good quality of **air transport services** (0.52; 76.4%).
- Several infrastructure-related indicators are perceived to be poor and even quality-wise deteriorated.
 - Somewhat inefficient services are observed in the case of **public transport services** (-0.91; 61.7%) particularly road transport (-0.03, 35.7%), **train services** (-0.52; 58.6%); and unreliable **water supply** (-0.10; 42.3%).
- Despite significant investment in infrastructure development, particularly in road, rail and waterways, the quality of the services is yet to make significant progress.
 - Given the **huge foreign debt** associated with investment in infrastructure projects, the government is burdened with repaying the debt with low income from that infrastructure due to less/no use by the private sector.
 - **Delay in completion** of some of the infrastructure projects with additional expenditure has further burdened the government.

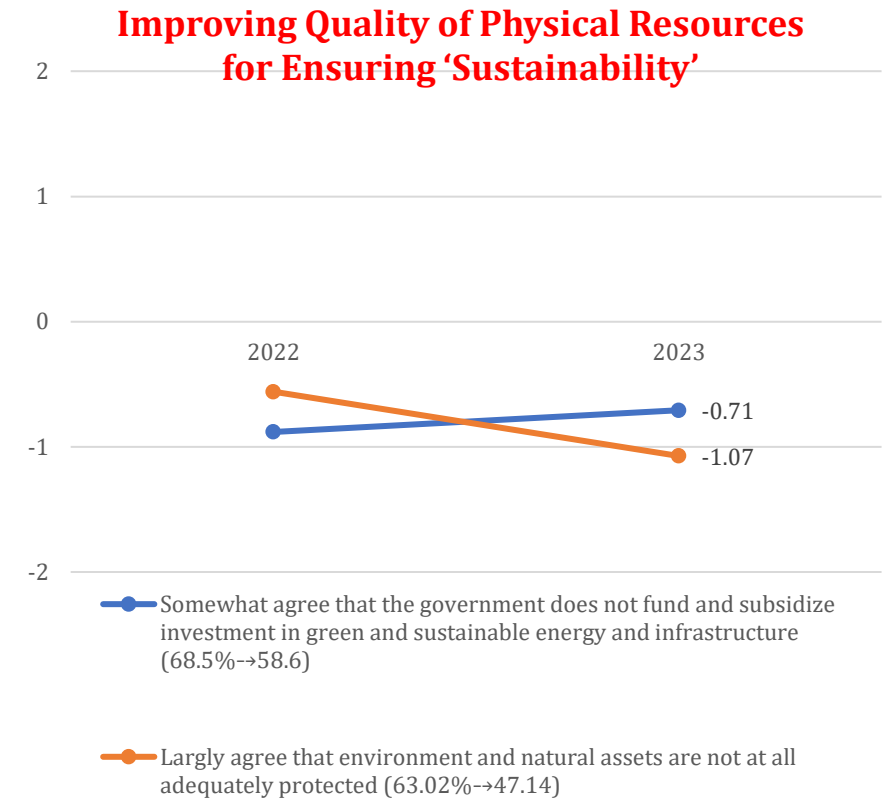
Inclusiveness (Physical Resources)



- The town and city centres are **largely overcrowded** (-1.04; 51%)
 - Urban poverty through reduced over time, but still poverty rate is still high; the problem of urban inequality slowly declined.
 - Limited effort to develop growth centres outside a few major cities; lack of effort for decentralization.
- The foreign visitors (tourists and business travellers) are **more heavily concentrated** in a few destinations (-1.24; 63%).

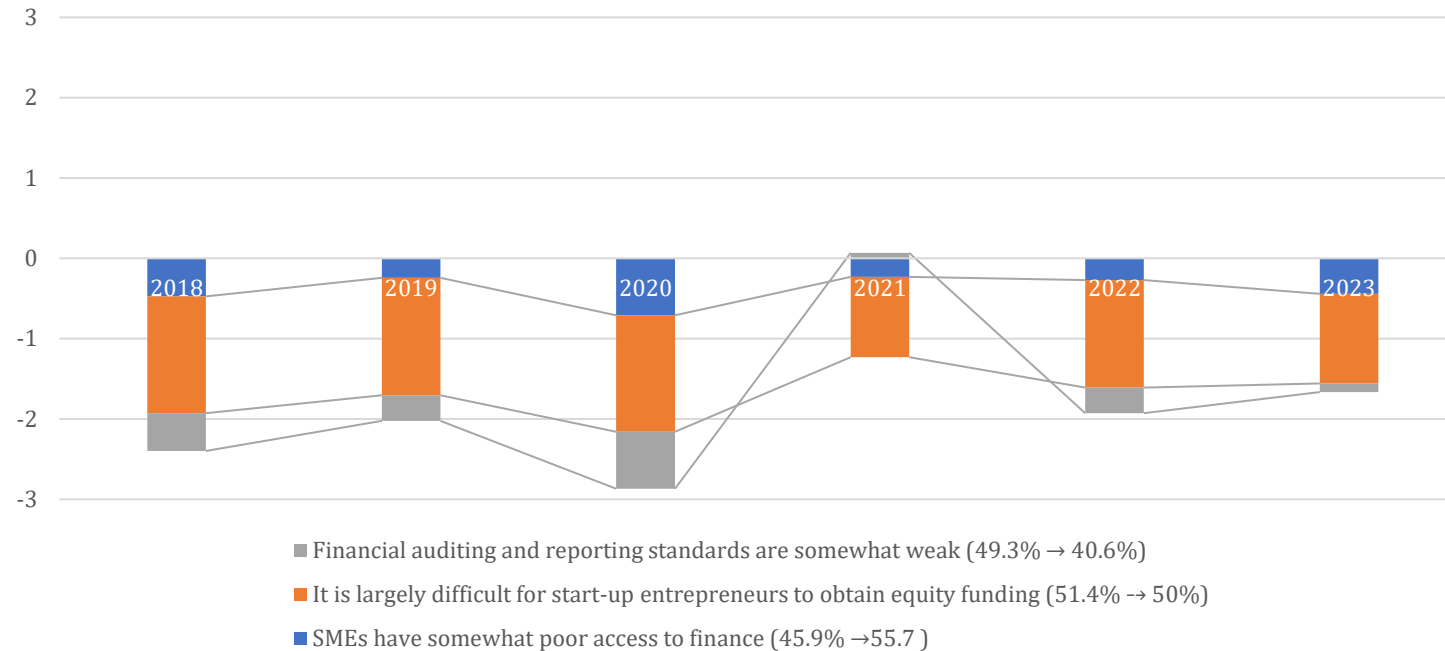
Sustainability (Physical Resources)

- The respondents **somewhat agreed that** the government **does not fund, subsidise or invest** adequately in **green and sustainable energy** and infrastructure (-0.71; 59%).
 - However, the perception has marginally changed in the positive direction in 2023.
 - The government should focus on the **climate budget** considering adaptation and mitigation-related issues.
 - **Investment in fossil fuels** needs to be **reduced**.
- The businessmen found that the protection of the environment and natural assets is worse; and it has **deteriorated** further in 2023 (-1.07; 47%).
 - **The Ministry of Environment** needs to further strengthen its monitoring and enforcement activities in major industrial clusters to reduce environmental pollution.



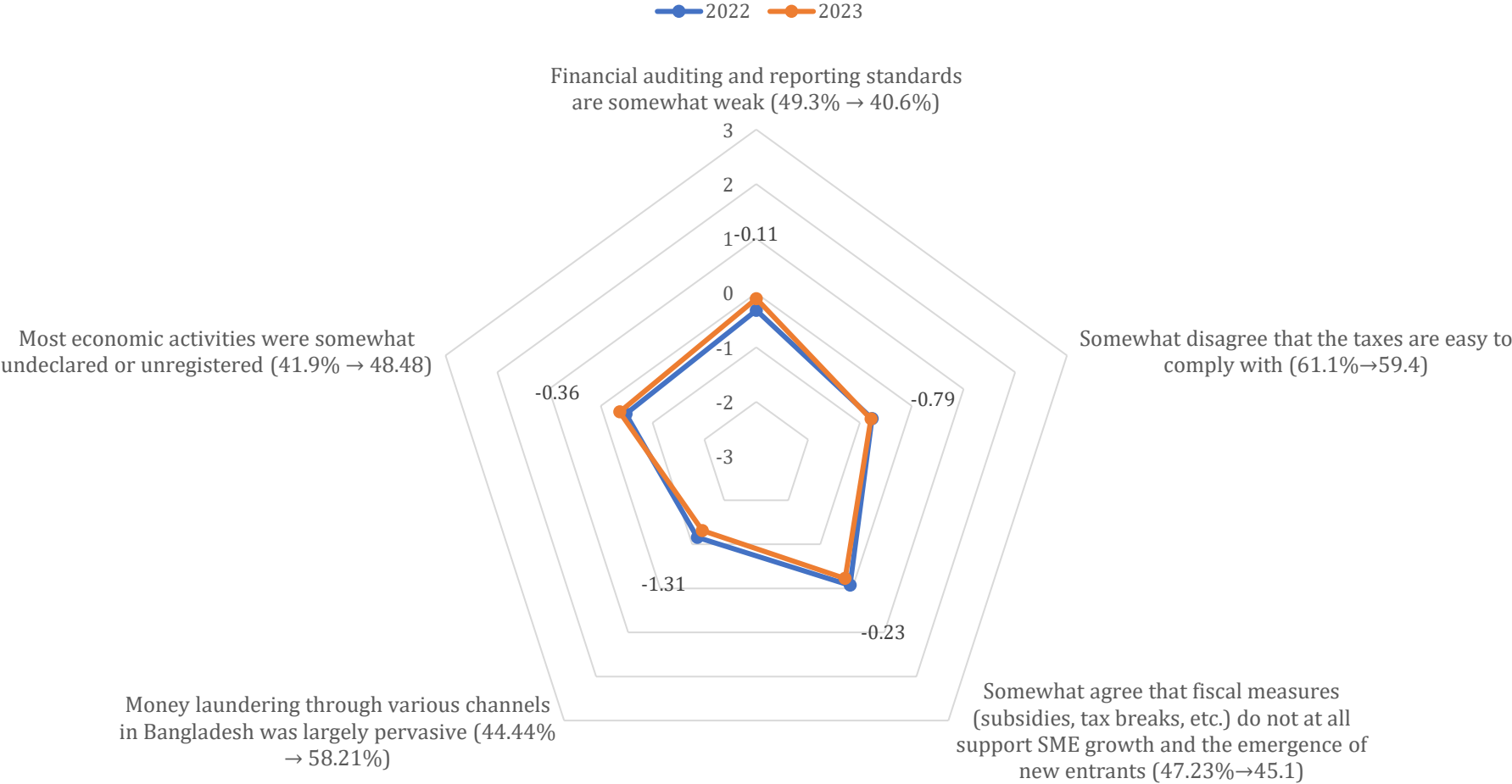
IV.3 Finance

Performance of 'Finance' during the Last Six Years (2018-2023)



- Although some of the financial indicators have always been **negative** since 2018, the **magnitude has somewhat lessened**.
 - Financial **auditing and reporting standards** still need to be **strengthened**.
 - Entrepreneurs still find it **largely difficult** to **obtain equity funding**.
 - **Access to finance for the SMEs** has been **somewhat poor** over the years.

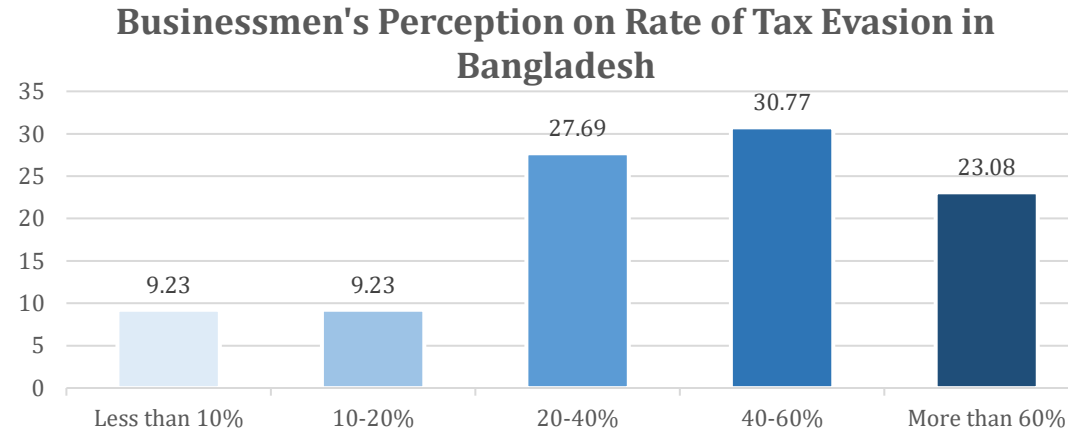
Financial Development for Ensuring 'Innovativeness'



Innovativeness (Finance)

- Most of the indicators in the financial sector are showing **a downward trend** in 2023 compared to that in 2022. According to the respondents, **a negative perception** is observed across the board concerning the Innovativeness of this sector.
- **Money laundering through various channels** in Bangladesh was **largely pervasive** (-1.31; 58.21%) – the level of perception is **one of the lowest** in all types of indicators concerned. This portrays a failure of concerned public agencies including Bangladesh Bank, the Financial Intelligence Unit, and CID.
 - An **integrated financial transaction system** covering banks, non-bank financial institutions, MFS, digital banks, forex dealers, capital market, central bank, NBR etc. is required to trace the track of **money laundering issues**. These need an integrated approach involving various organizations including the police, the judiciary, intelligence **agencies**, banks and other financial institutions.
- 40.6% of businessmen indicated that **financial auditing and reporting** standards are **somewhat weak** (-0.11) though marginal changes happened towards the positive direction. NBR's **slow but positive initiatives** concerning financial reporting and auditing may be the reason for this. Further integration is needed between agencies related to financial transactions within and outside the country.
 - Most economic activities were somewhat **undeclared or unregistered** (-0.36; 48.48). A major drive needs to be undertaken to register all types of economic activities through under one national platform for registering businesses. All registering authorities at national, regional, local, sectoral, foreign, specialised authorities should be part of the National Platform.
- The fiscal measures (subsidies, tax breaks, etc.) **somewhat do not support SME growth** and the emergence of new entrants (-0.23; 45.1).
 - Further concentration of businesses is observed in most of the sectors related to the domestic market due to weak and faulty policies, lack of organized voices of SMEs, and influence of big business houses in the policy-making process. Major reforms concerning incentive structures, market competition, dominant market players, sectoral financing and investment structure are required. More customised fiscal instruments acknowledging the structure of SME businesses and their readiness need to be designed.

Innovativeness (Finance)



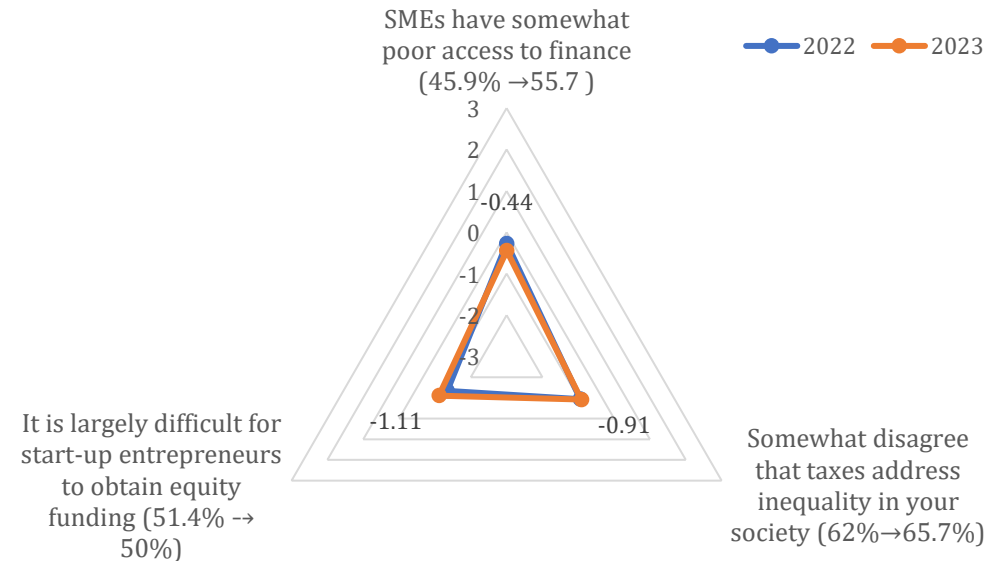
- About 59.4% of businessmen opined that **taxes are not easy to comply with** (-0.79).
 - The process of tax collection needs to be hassle-free and it should be online-based through BIN/TIN.
 - NBR should work to gradually reduce face-to-face contact between tax collectors and taxpayers.
- **Tax evasion is quite high** – about one-fourth of the businessmen believe that tax evasion is **more than 60%**.
 - 30.8% of respondents perceived that the rate of tax evasion in Bangladesh is between **40% and 60%**
 - About 27.7% of them think that the rate is around **20% to 40%**.
 - Around 18% believe the rate of tax evasion to be **below 20%**.
 - NBR should be more proactive in addressing tax evasion-related issues by establishing an integrated financial transaction system.

3. Finance

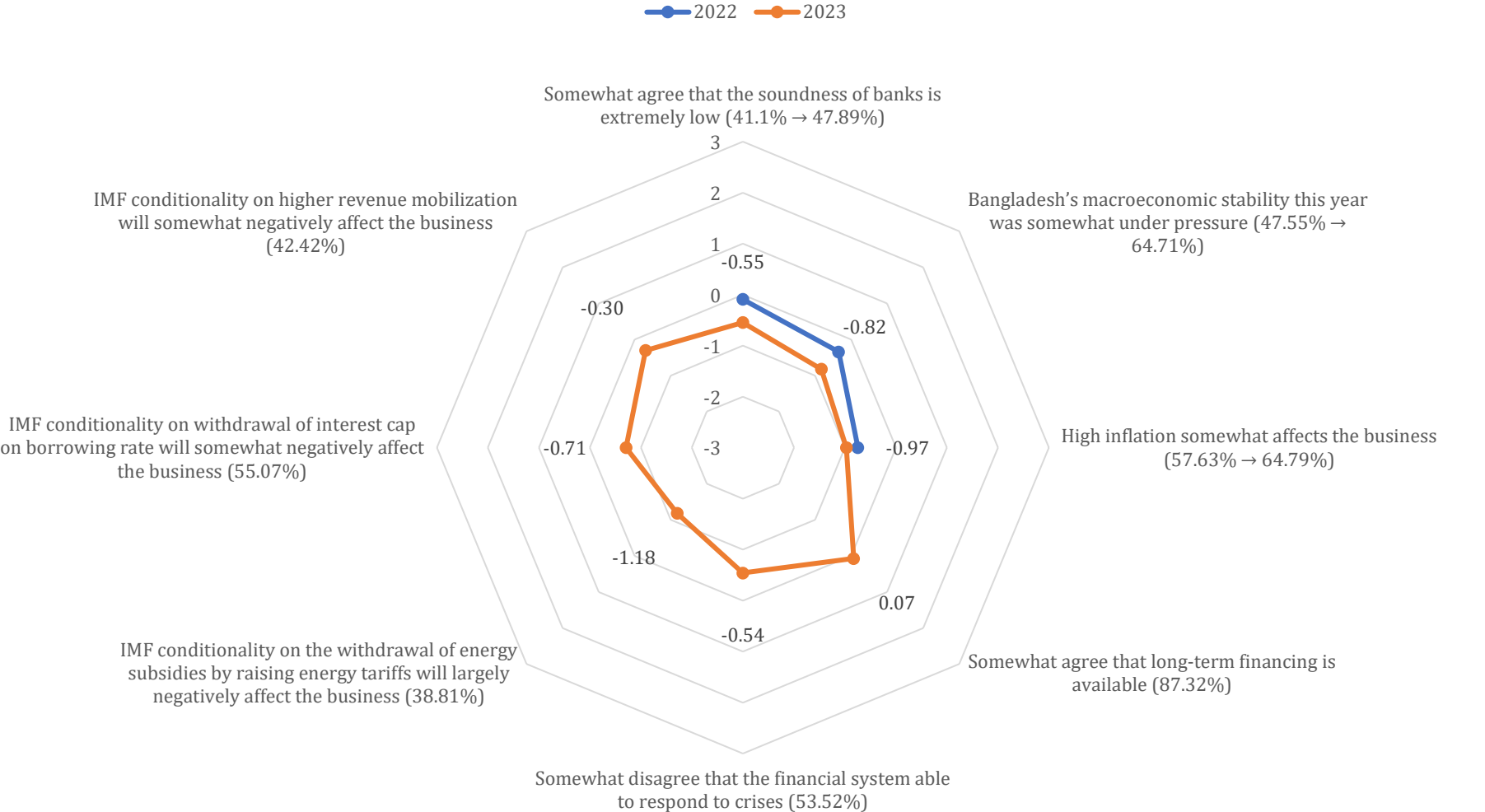
3.2 Inclusiveness (Finance)

- Inclusive financing is **yet to reach the minimum required level**.
 - About 55.7% of the respondents mentioned that SMEs still have **somewhat poor access to finance** (-0.44).
 - Despite various measures for raising finance for SMEs, a large section of SMEs struggled to get finance for starting their businesses.
- The challenge of access to finance is quite high for start-up entrepreneurs. **Obtaining equity funding is largely difficult for start-up entrepreneurs** (-1.11; 50%).
- Taxes somewhat **failed to address inequality** in the society (0.91; 65.7%).
 - Little effort is there to introduce tax measures addressing inequality such as wealth tax, inheritance tax, progressive income tax etc.

Financial Development for Ensuring 'Inclusiveness'



3.3 Financial Development for Ensuring ‘Resilience’

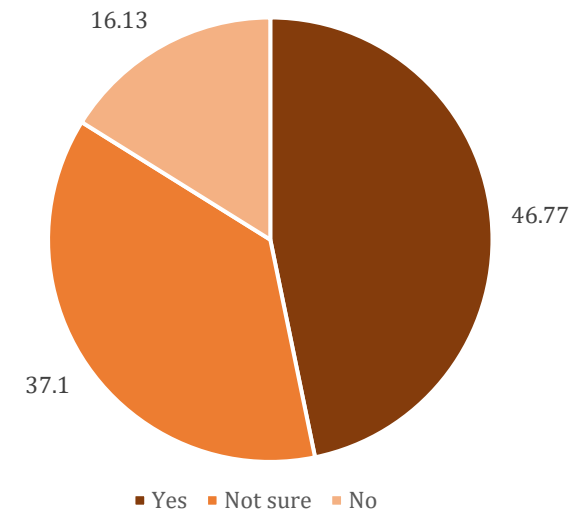


Resilience (Finance)

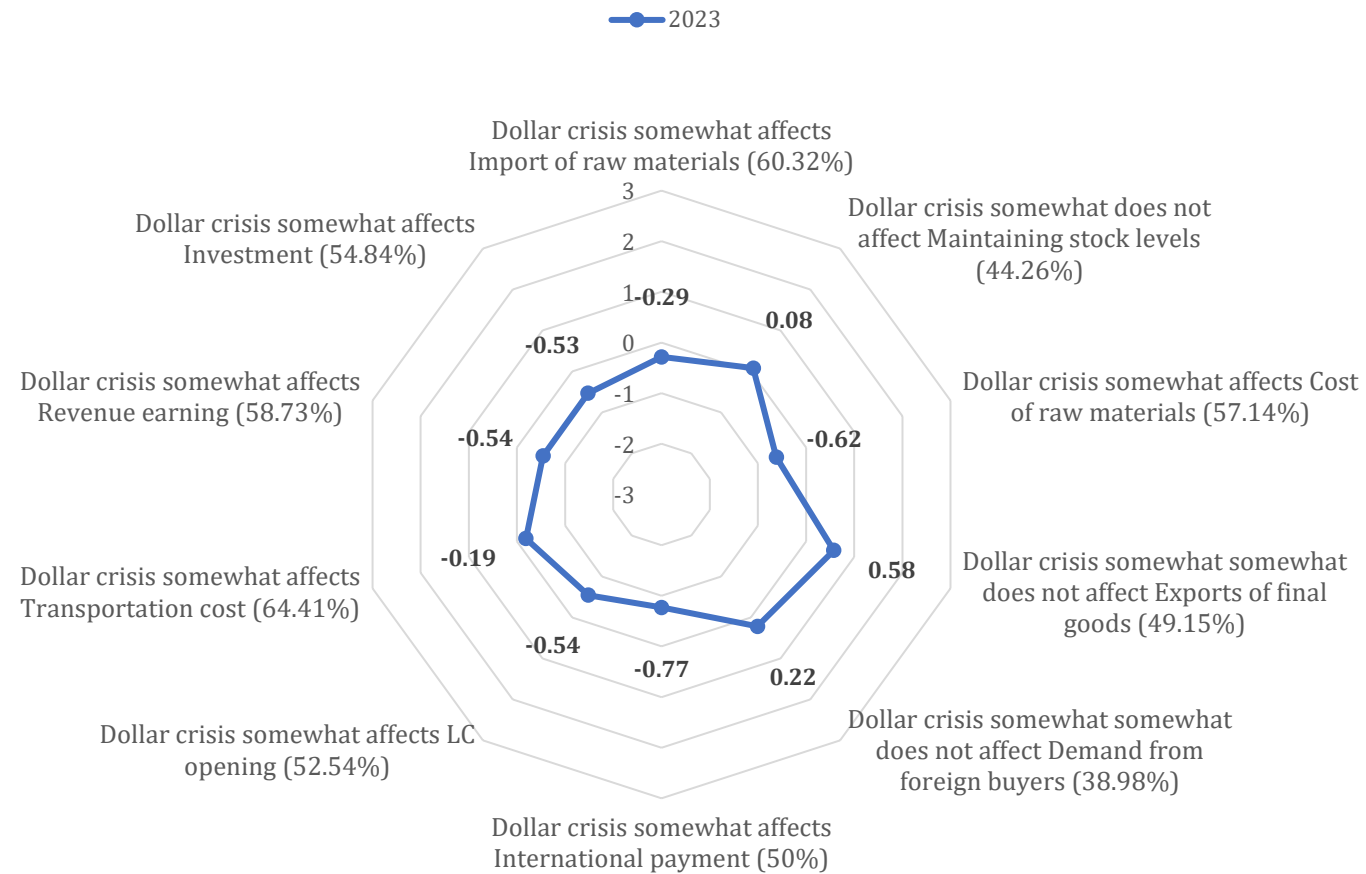
- The resilience indicators showed **concerning observations**.
- 48% of respondents somewhat agreed that the **soundness of banks** is extremely low (-0.55; 47.9%). This has deteriorated in 2023 compared to that in 2022. More than half of the executives somewhat agreed that the financial system is not able to **respond to crises** (-0.54; 53.5%).
 - Major institutions concerning the banking sector such as Bangladesh Bank, the Ministry of Finance, SEC, and commercial banks have largely failed to stop the deceleration of the banking sector. Most of the public entities are averse to major reform measures to improve the soundness of the banking sector.
- **Macroeconomic stability** this year was somewhat under pressure, which was more than the last year (-0.82; 64.71%). Failure to take major structural reforms, particularly in the case of revenue mobilization, financial sector, tax evasion, money laundering, faulty public expenditure and subsidy management becomes a major reason for ongoing instability.
 - **High inflation** somewhat **negatively affects the business** (-0.97; 64.79%). Little remedy from inflation due to ongoing inflationary pressure worldwide as well as failure to take appropriate measures on market supply chain, market competition, market-related information access and participation of non-market agents in the market.
 - **It is good that long-term financing** is somewhat available (0.07; 87.32%) though most of the cases those are debt-financing. Due to the dysfunctional capital market, businessmen relied little on equity financing from the capital market.

- Businessmen also shared their views regarding the implications of the **IMF conditionalities** for their businesses
- IMF conditionality on the **withdrawal of energy subsidies** by raising energy tariffs will largely negatively affect the business (-1.18; 38.8%)
- IMF conditionality on **withdrawal of interest cap** on borrowing rate will somewhat negatively affect the business (-0.71; 55.1%)
 - A more transparent interest rate-setting mechanism needs to be introduced to ensure a competitive structure of the interest rate in the market
- IMF conditionality on **higher revenue mobilization** will somewhat negatively affect the business (-0.3; 42.4%)
 - A **digital tax collection system** needs to be introduced in the country in order to avoid hassles and corrupt practices in the tax collection process
- 47% think that the condition of **withdrawing the option of capacity payment** to the power producers **will be a credible option** to reduce subsidy pressure in the power sector.
 - While 16% believe the opposite while 37% were neutral on this matter.

3.3.2 Whether withdrawing the option of capacity payment to the power producers would be a credible option to reduce subsidy pressure in the power sector



Financial Development for Ensuring 'Resilience' (Effect of Dollar Crisis)

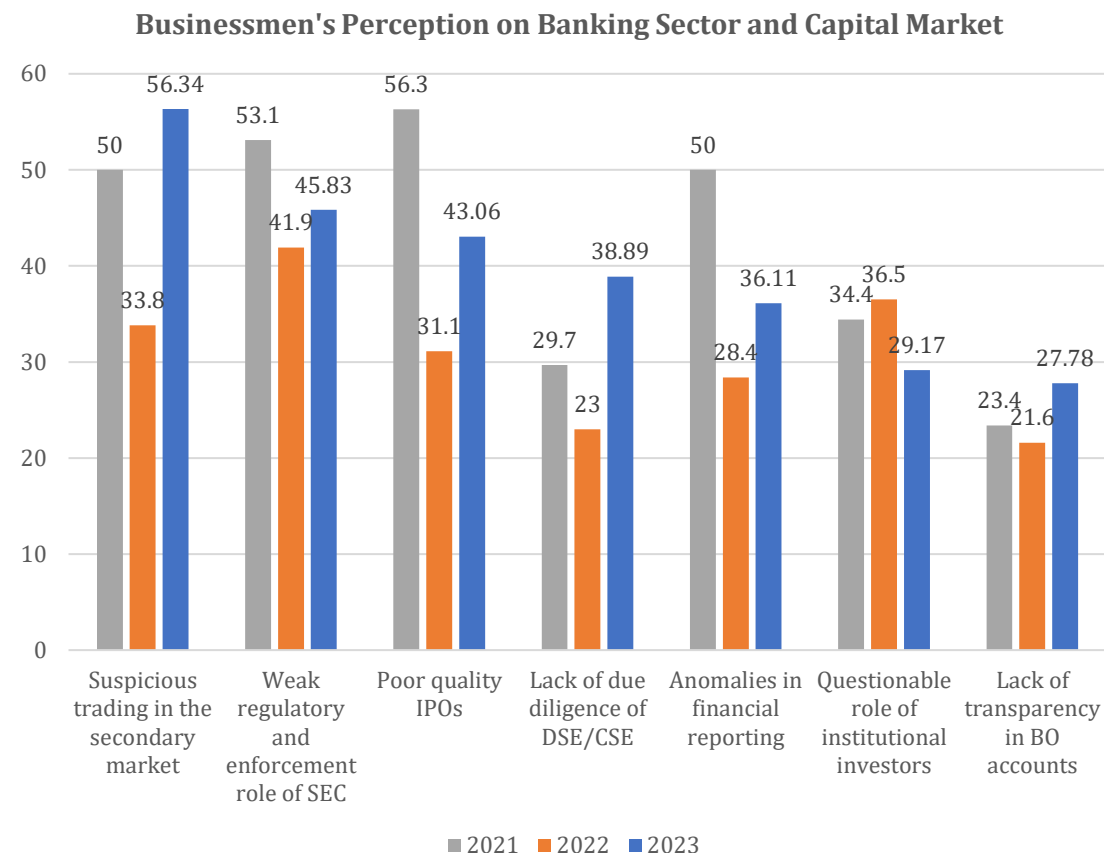


Resilience (Finance – Effect of Dollar Crisis)

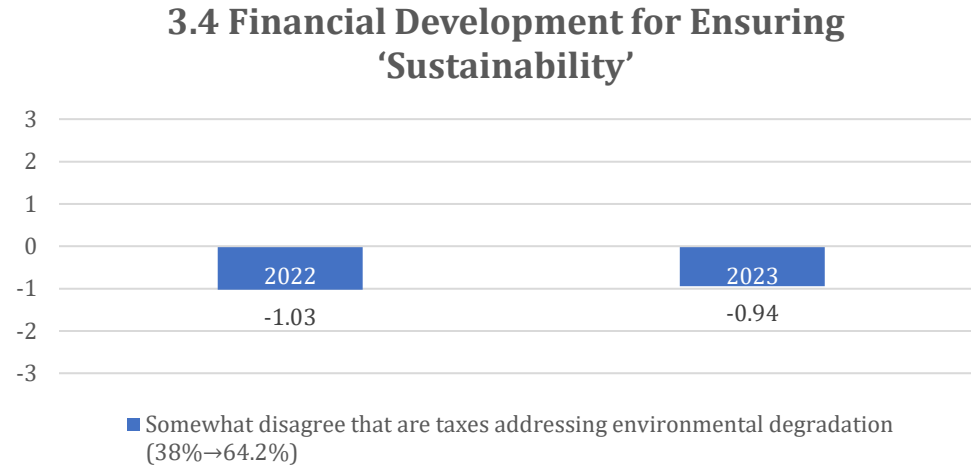
- The **dollar crisis somewhat negatively affects** most of the indicators related to business at different levels. The adversity is somewhat higher in the case of **international payment** (-0.77; 50%) followed by **cost of raw materials** (-0.62; 57.1%), **LC opening** (-0.54; 52.5%), **revenue earning** (-0.54; 58.7%) and **investment** (-0.53; 54.8%).
 - Several other issues also face constraints due to the dollar crisis including the **import of raw materials** (-0.29; 60.32%) and **transportation cost** (-0.19; 64.41%)
- Several other business-related indicators will not be affected because of the dollar crisis.
 - These include **maintaining stock levels** (0.08; 44.3%), **exports of final goods** (0.58; 49.2%), and **demand from foreign buyers** (0.22; 38.9%)
- Overall, the **persistent dollar crisis** will be **a major concern** for external trade and investment in the coming months.
 - Taking time-bound measures (weekly-monthly) for increasing foreign exchange reserves could address the dollar crisis. The measures should include both discouraging the outward flow of dollars as well as attracting the inward flow of dollars through time-bound measures.

Resilience (Finance – Banking Sector and Capital Market)

- The **capital market has been struggling** to build confidence among the investors like the previous years.
 - **Major challenges of the capital market** include suspicious trading in the secondary market (50%), weak regulatory enforcement role of SEC (53.1%), anomalies in financial reporting (50%) and poor-quality IPOs (56.3%). Concerningly, the same issues topped the list in 2022 as well.
 - Other issues include **failure to ensure due diligence of DSE/CSE, anomalies in financial reporting, and questionable role of institutional investors.**



Sustainability (Finance)

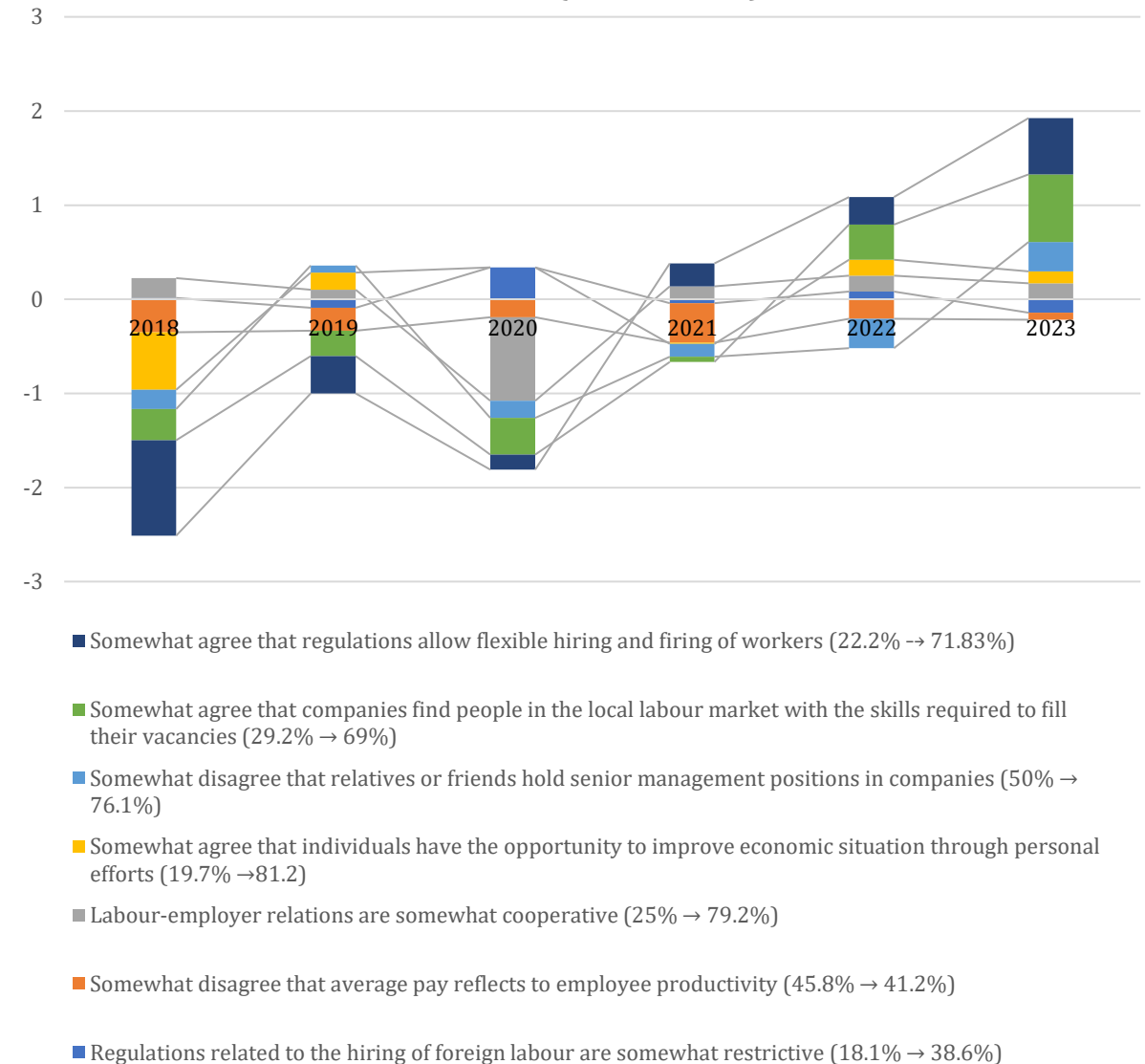


- 64.2% of respondents somewhat disagree that **taxes address environmental degradation** (-0.94).
 - The government has yet to take initiatives to introduce **a carbon tax**.

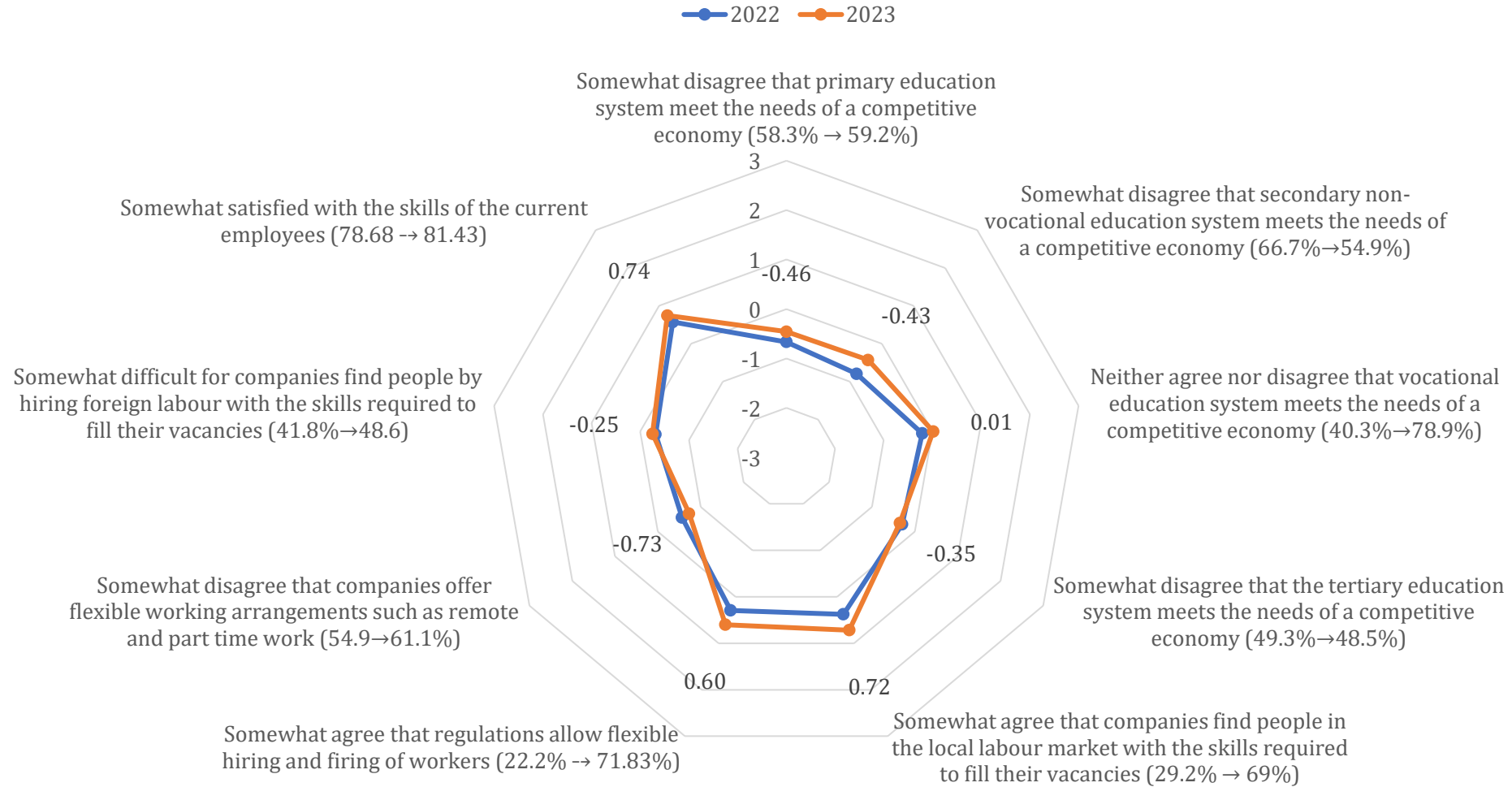
IV.4 Human Empowerment

- A **positive trend** has been observed in the key indicators of human empowerment in Bangladesh since 2018.
 - Regulations have gradually been more flexible in terms of hiring and firing of workers over the years.
 - However, regulations related to the hiring of **foreign labour** have become a little restrictive in recent years.
 - Companies find more people with the skills required to fill their vacancies than before in the local labour market.
 - The cooperative nature of labour-employer relations has mostly been deemed to be **somewhat positive** with an exception in 2020, which might be a result of the lockdown in the pandemic.
 - The opportunity for individuals to improve their economic situation through personal efforts has **somewhat increased** in the last five years.
 - The average pay **has never reflected** employee productivity over the past few years.

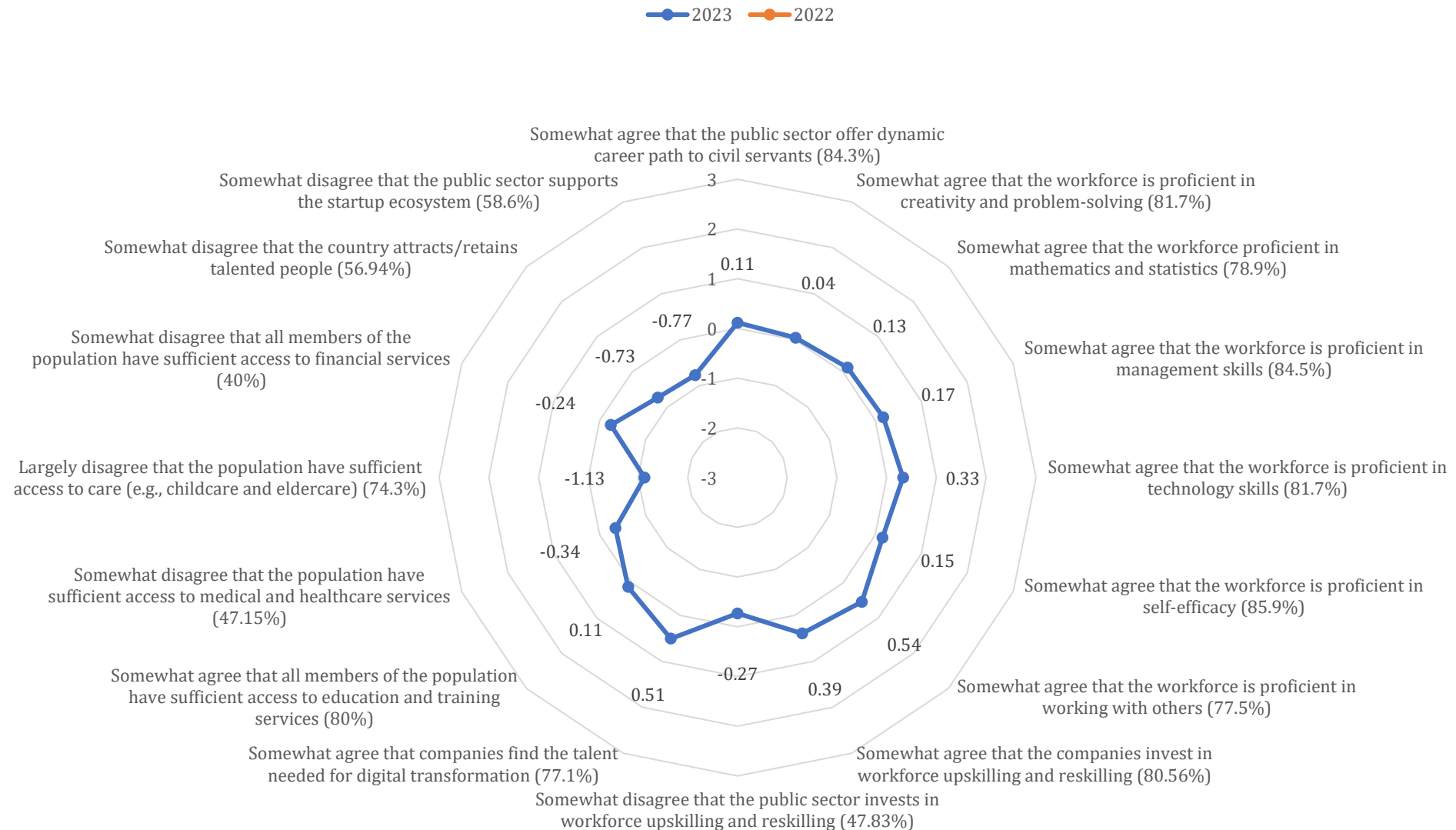
Performance of 'Human Empowerment' during the Last Six Years (2018-2021)



Human Empowerment for Ensuring 'Innovativeness'



Human Empowerment for Ensuring 'Innovativeness'



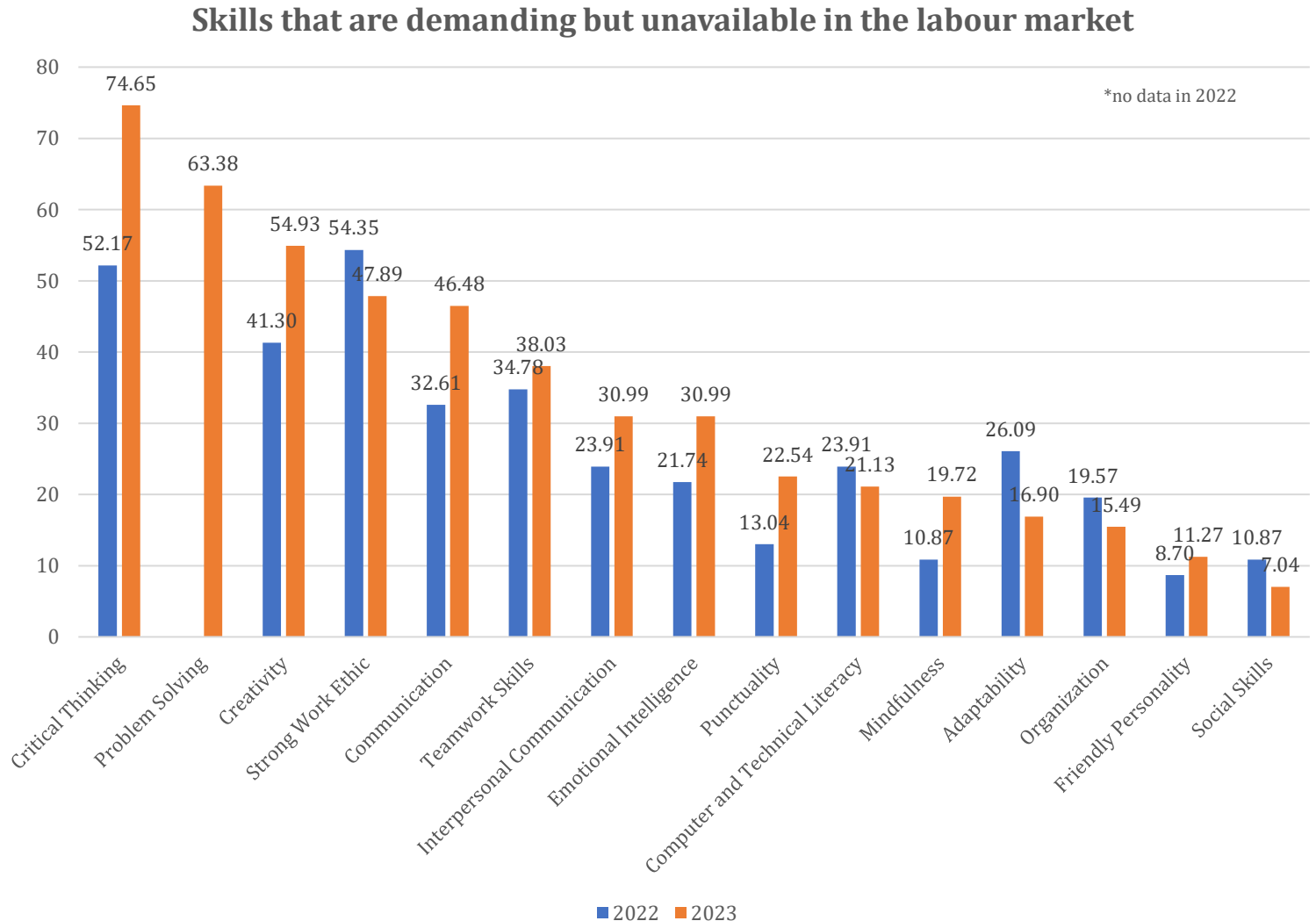
4.1 Innovativeness (Human Empowerment)

- Business perception regarding human capital is improving.
- Little **improvement** has been observed in education though it still belongs in the negative zone - 80% somewhat agreed that the population have sufficient access to education and training services (0.11).
 - 58.3% of respondents somewhat agree that **primary education** still lags in meeting the needs of a competitive economy (-0.46)
 - 49.3% of respondents perceived that the **secondary non-vocational education system** somewhat did not meet the needs of the competitive economy (-0.43)
 - Considerable improvement was observed in the case of **vocational education** (0.01; 79%)
 - However, entrepreneurs have agreed that the **tertiary education system** is still behind in complying with the needs of the competitive economy (-0.35; 48.5%)
- On average, there has been **improvement** in company policies concerning human empowerment and skill development.
 - Little improvement is also observed for companies to find people in the local labour market with the skills required to fill their vacancies (0.72; 69%).
 - Consensus follows that the regulations somewhat allow flexible hiring and firing of workers (0.6; 72%)
 - 81.4% of the employers are somewhat satisfied with the skills of the current employees (0.74)
 - 77.1% somewhat agreed that companies find the talent needed for digital transformation (0.51)
 - 80.6% somewhat agreed that the companies invest in workforce upskilling and reskilling (0.39)

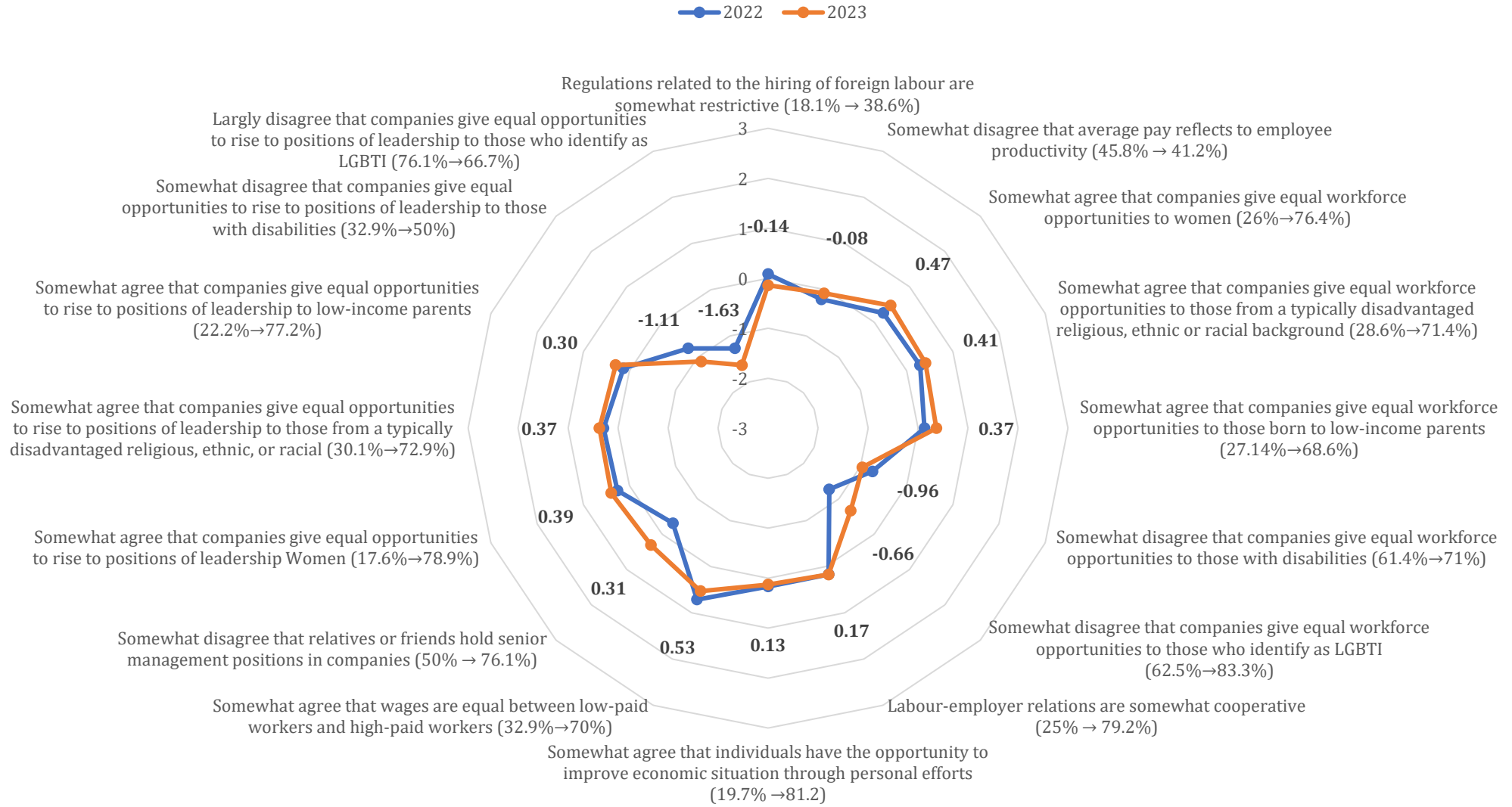
- However, there are some challenges in the **private sector**.
 - 61% of responders still somewhat disagree that companies offer **flexible working arrangements** such as remote and part-time work (-0.73).
 - 48% of the respondents perceive that it is **somewhat difficult** for companies to **find people by hiring foreign labour** with the skills required to fill their vacancies (-0.25).
- The **proficiency of the workforce** is in a somewhat good position according to the employers.
 - The workforce is proficient in creativity and problem-solving (0.04 4; 81.7%), mathematics and statistics (0.13; 78.9%), management skills (0.17; 84.5%), technology skills (0.33; 81.7%), self-efficacy (0.15; 85.9%), and working with others (0.54; 77.5%).
- The performance of the **public sector** is not very noteworthy.
 - 84.3% of respondents observed that the public sector offers a somewhat **dynamic career path** to civil servants (0.11%).
 - 47.8% somewhat agreed that the public sector **does not invest in workforce upskilling and reskilling** (-0.27).
 - The public sector also **does not much support the startup ecosystem** (-0.77; 58.57%).
 - 57% somewhat disagree that the country attracts/retains talented people (-0.73).
- The responders observed that **access to healthcare and financial services** is not ensured
 - The population do not have sufficient access to medical and healthcare services (-0.34; 47.15%), childcare and eldercare (-1.13; 74.3%), and financial services (-0.24; 40%)
- Public investment in education and health is **still below the regional average** which needs to be improved.

Innovativeness (Human Empowerment)

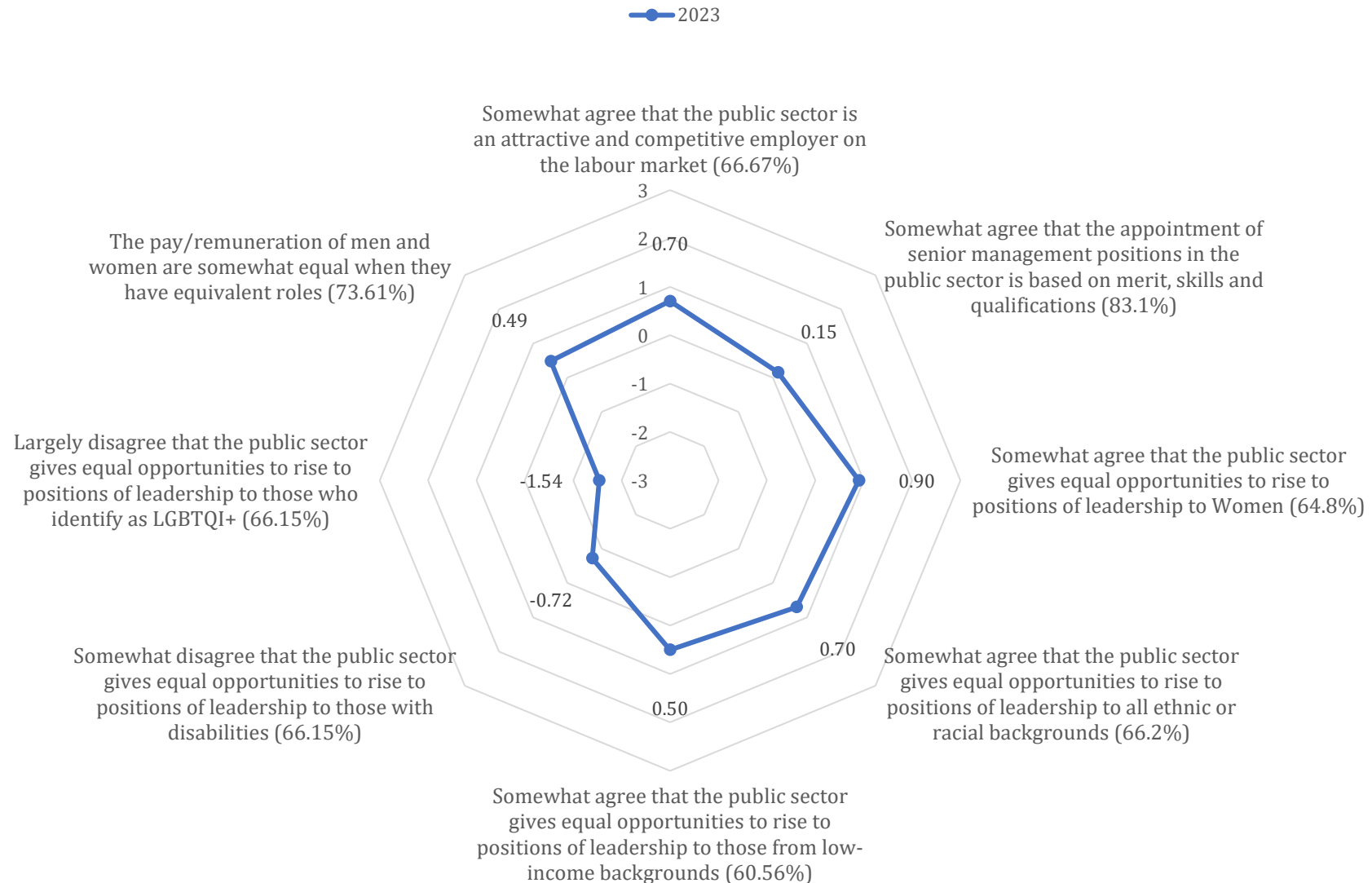
- About the availability of crucial skills in the job market, the employers reported that **critical thinking, problem-solving, and creativity** are the top three skills that are demanded but are scarce in the labour market. **Strong work ethic, communication skills, and teamwork** are also on top of the list. These skills topped the list in the previous year as well.
- Other skills that are lacking include interpersonal communication, emotional intelligence, and punctuality.



Human Empowerment for Ensuring 'Inclusiveness'



Human Empowerment for Ensuring 'Inclusiveness'



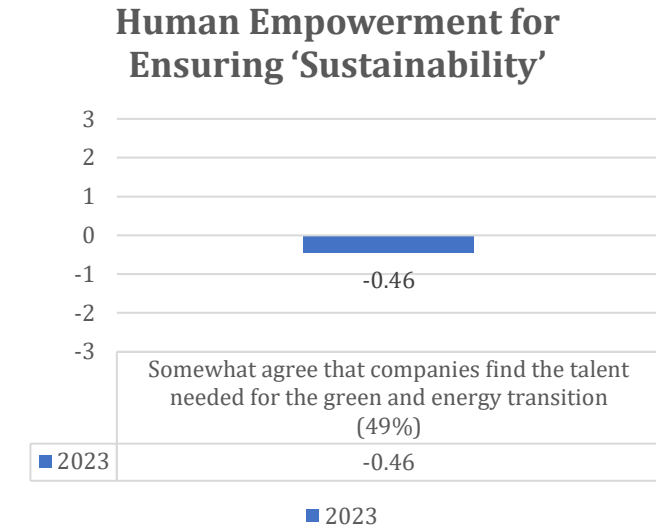
Inclusiveness (Human Empowerment)

- Both the **public and private sectors** offer **somewhat equal opportunities** to **women**, to all **ethnic backgrounds**, and to people with **low-income backgrounds**. However, **equal treatment is not observed** for **people with disabilities** and **those who identify as LGBTI**.
 - Observers somewhat agree that the **public sector** gives equal opportunities to rise to positions of leadership to women (0.9; 64.8%), all ethnic or racial backgrounds (0.7; 70.42%), and those from low-income backgrounds (0.5; 60.2%).
 - However, they disagree that the **public sector** gives equal opportunities to rise to positions of leadership to those with disabilities (-0.72; 60.56%) and those who identify as LGBTI (-1.54; 66.15%).
 - Similarly, **the companies** give equal workforce opportunities to Women (0.47; 76.4%), to those from a typically disadvantaged religious, ethnic or racial background (0.41; 71.4%), and to those born to low-income parents (0.37; 68.6%). All these indicators show **slight improvement**.
 - However, the observers disagree that **companies** give equal workforce opportunities to those with disabilities (-0.96; 71)% and to those who identify as LGBTI (-0.66; 83.3%).
- In the case of **leadership opportunities**, companies follow a similar trend as in 2022, according to the respondents.
 - **Companies** give equal opportunities to rise to positions of leadership Women(0.39; 79%), all **ethnic or racial backgrounds** (0.37; 73%), and those from **low-income backgrounds** (0.3; 77.15%).
 - However, **companies** still **largely discriminate** while giving equal opportunities to rise to positions of leadership to those **with disabilities** (-1.11; 50%) and those who identify as **LGBTI** (-1.63; 66.67%).

- The respondents somewhat agree that the **public sector** is an **attractive and competitive employer** on the labour market (0.7; 66.67%) and the appointment of **senior management positions** in the public sector is based on merit, skills and qualifications (0.15; 83.1%).
- On the contrary, 76% somewhat disagree that relatives or friends hold **senior management positions** in **companies** (0.31), which was the exact opposite case in 2022.
- Among the other indicators that **performed well** are:
 - Somewhat equal **pay/remuneration of men and women** when they have equivalent roles (0.49; 73.61%)
 - **Labour-employer relations** are somewhat cooperative (0.17; 79.2%)
 - Individuals have the opportunity to **improve their economic situation** through personal efforts (0.13; 81.2)
 - Somewhat equal **wages between low-paid workers and high-paid workers** (0.53; 70%).
- Indicators that **performed worse** than last year are:
 - Restrictive regulations related to the **hiring of foreign labour** (-0.14; 38.6%), which was slightly the opposite last year.
 - **Average pay** is unreflective of employee productivity (-0.08; 41.2%)

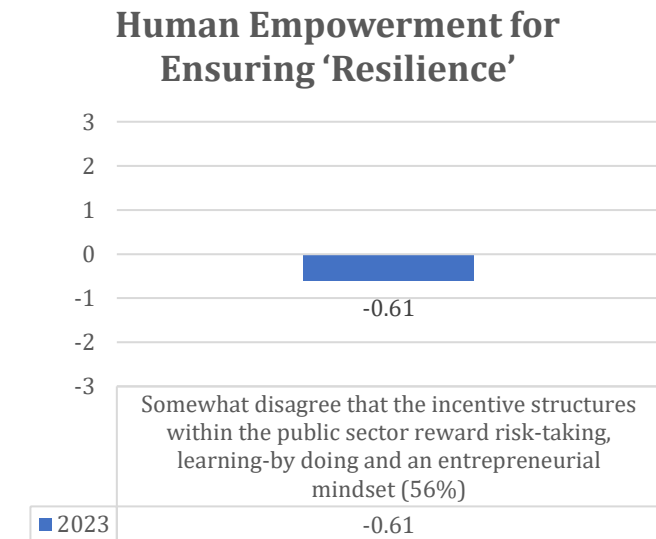
Sustainability (Human Empowerment)

- 49% of observers somewhat agreed that companies do not find the talent needed for the green and energy transition (-0.46).



Resilience (Human Empowerment)

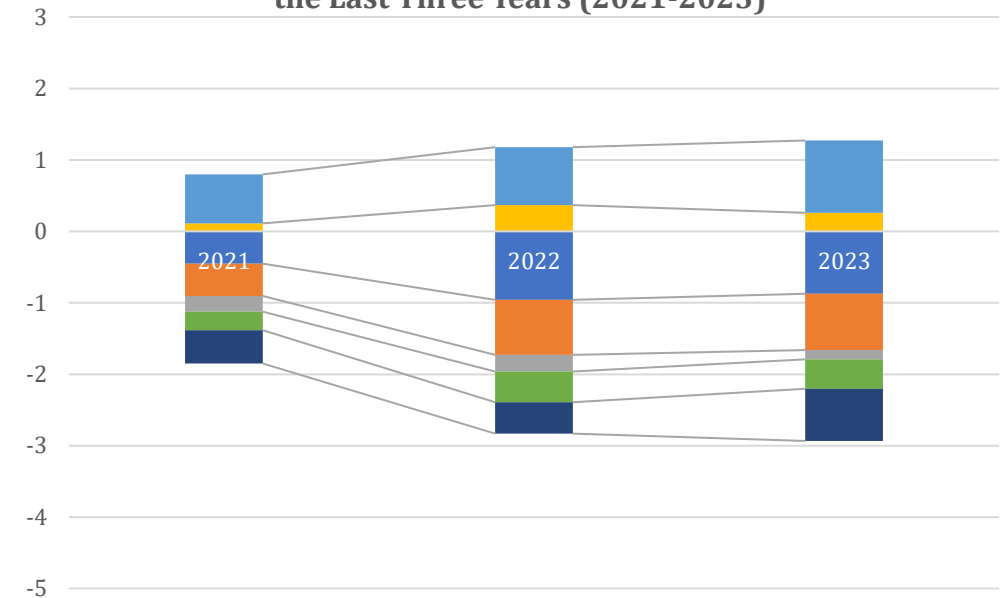
- 56% of observers indicated that the incentive structures within the public sector do not reward risk-taking, learning-by-doing and an entrepreneurial mindset (-0.61).



IV.5 Research & Technology

- Most of the key indicators under research and technology exhibited a declining trend over the last three years.
 - While there has been a slight increase in the use of digital platforms for providing hotels, restaurants, and leisure services, further exploration in this area may be beneficial.
 - The use of digital platforms for education has been limited so far, but there are signs of gradual improvement.
 - A little increase in the use of digital platforms for providing hotel, restaurants and leisure services was observed.
 - When making purchasing decisions, buyers are increasingly considering product performance only.
 - They are less likely to base their purchasing decisions on factors such as the product's impact on health, mental health, and well-being, as well as the environment and nature.
 - They are also less influenced by the company's commitment to decent work standards, wages, diversity, equity, and inclusion.

5.5 Performance of 'Research & Technology' during the Last Three Years (2021-2023)

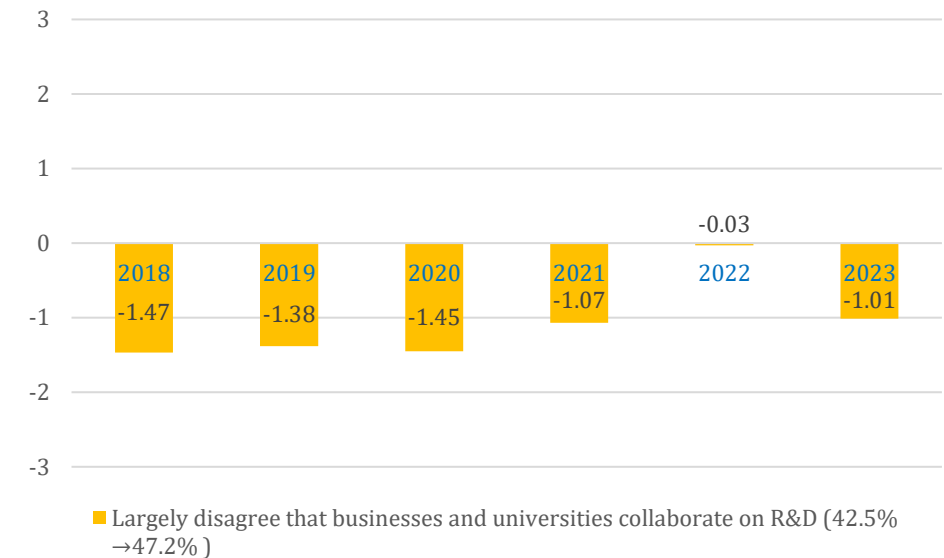


- Buyers somewhat do not make purchasing decisions based on company commitment to decent work standards and wages (48.6→55.7%)
- Buyers somewhat do not make purchasing decisions based on product impact on health, mental health and well-being (44.3%→44.3)
- Buyers largely make purchasing decisions based on product performance (67.6%→94.4%)
- Somewhat agree that digital platforms are used to provide Hotel, Restaurants and Leisure services to a great extent (52%→81.7)
- Somewhat agree that digital platforms are used to provide Education to a great extent (43.8%→40.9)
- Buyers somewhat do not make purchasing decisions based on company commitment to diversity, equity and inclusion (59.2%→57.1%)
- Buyers somewhat do not make purchasing decisions based on product impact on the environment and nature (59.2%→67.1%)

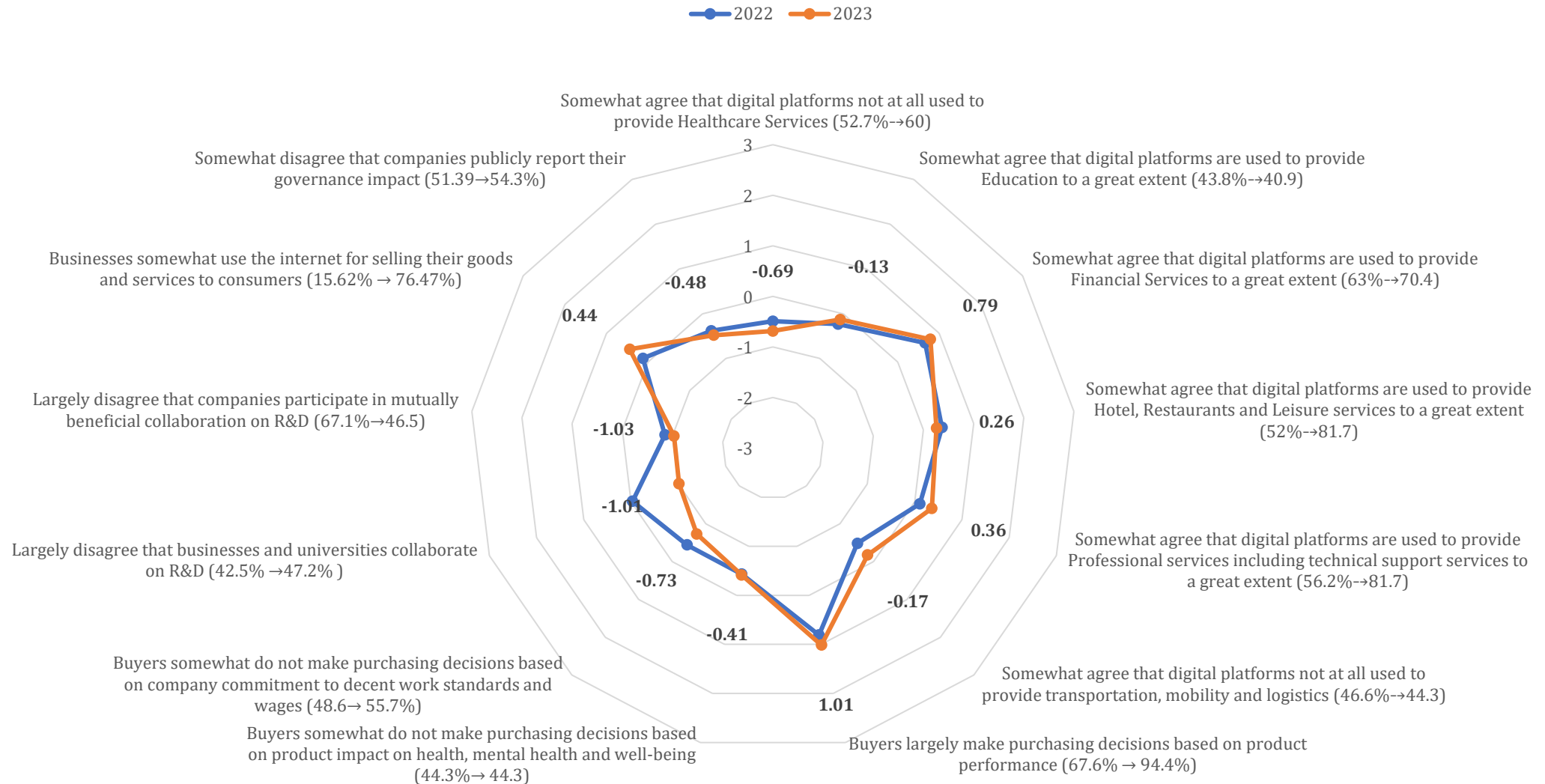
IV.5 Research & Technology

- The business executives indicated that businesses and universities have **not been collaborating on R&D** over the last six years.
- However, the **magnitude of negativity exhibits a decreasing trend**.

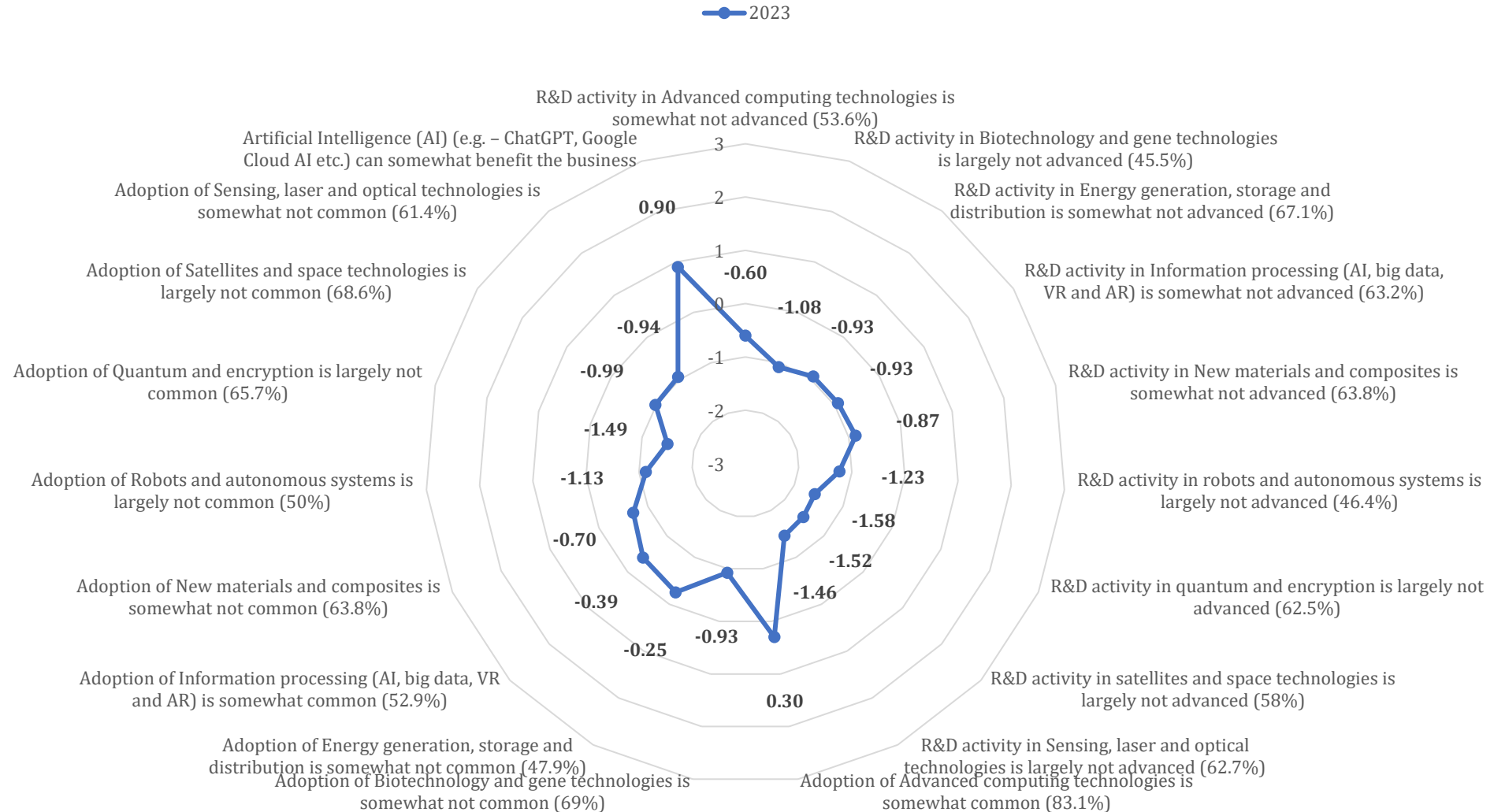
5.5 Trends in collaboration between businesses and universities



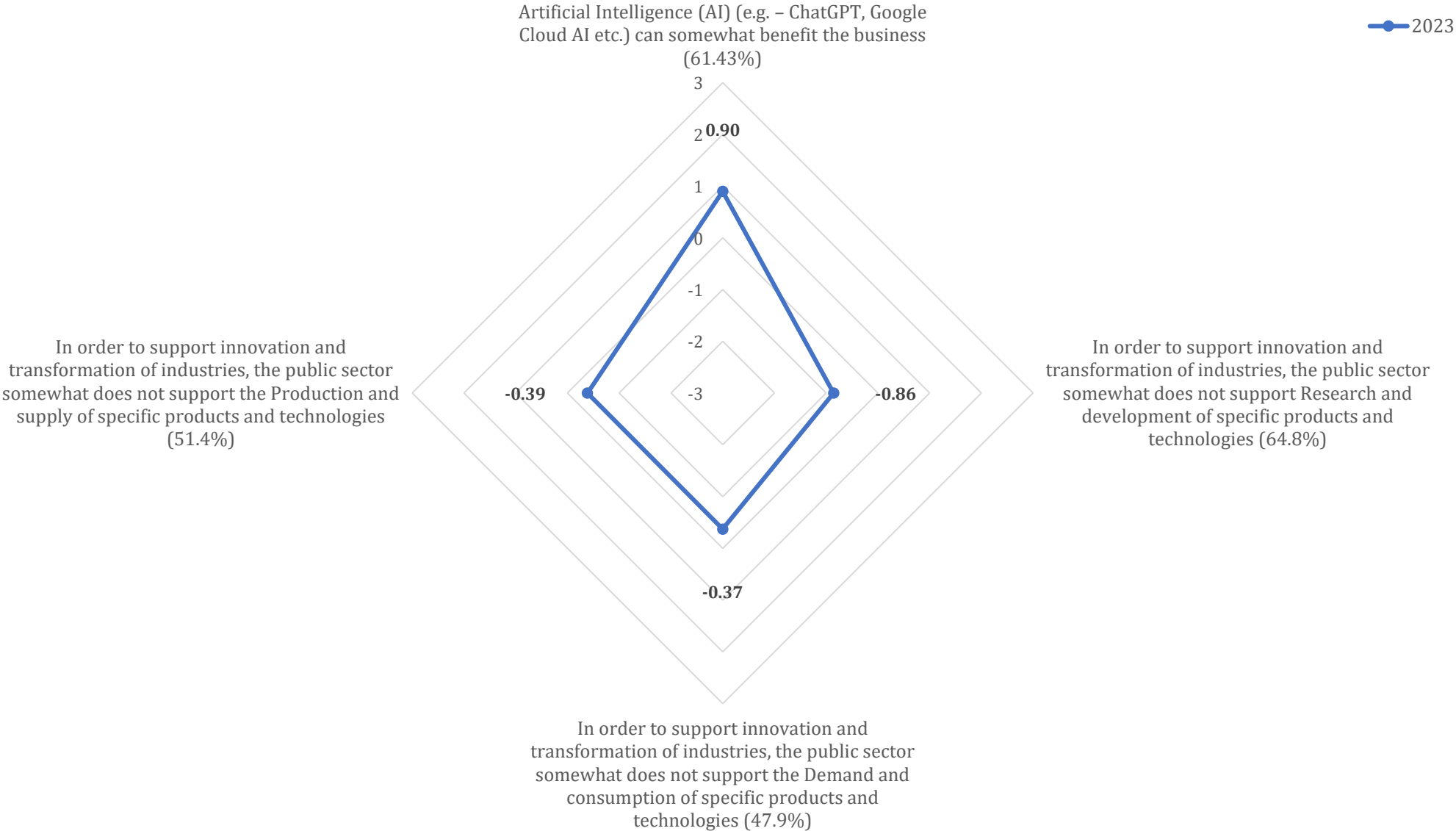
Innovativeness (Research & Technology)



Innovativeness (Research & Technology)



Innovativeness (Research & Technology)



Innovativeness (Research & Technology)

- The use of digital platforms showed similar trends like in 2022.
- The business executives somewhat agree that the following services can be received through the **digital platforms**:
 - Financial services (0.79; 70.4%)
 - Hotel, Restaurants and Leisure services (0.26; 81.7%)
 - Professional services including technical support services (0.36; 81.7%)
- However, the respondents somewhat agree that **digital platforms are still not used to provide** the following services:
 - Education (-0.13; 40.9%)
 - Healthcare Services (-0.69; 60)
 - Transportation, mobility and logistics (-0.17; 44.3)
- It was observed that other than price, **buyers do not consider any factors other than product quality**.
 - Apart from price, buyers make purchasing decisions **largely based on the product performance** (-0.41; 94.4%)
 - But buyers do not consider product impact on health, mental health and well-being (-0.17; 44.3) and company commitment to decent work standards and wages (-0.73; 55.7%) while making purchasing decisions.

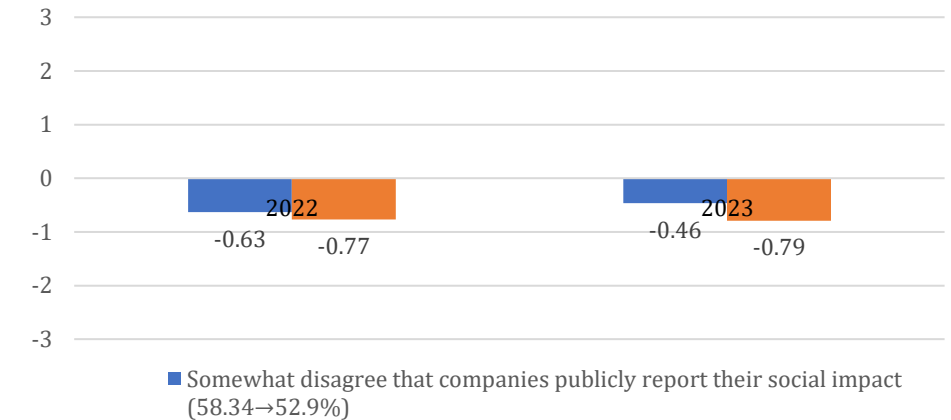
- 76.47% businesspeople somewhat agreed that **businesses somewhat use the internet for selling** their goods and services to consumers (0.44).
- The perception regarding **R&D collaboration** considerably degraded from that of 2022.
 - 47.2% of the executives largely disagreed that businesses and universities collaborate on R&D (-1.01).
 - 46.5% largely disagreed that companies participate in mutually beneficial collaboration on R&D (-1.03).
- **R&D activity in the key technologies** is not advanced according to the business executives. For instance:
 - Advanced computing technologies (-0.6; 53.6%)
 - Energy generation, storage and distribution (-0.93; 67.1%)
 - Information processing (AI, big data, VR and AR) (-0.93; 63.2%)
 - New materials and composites (-0.87; 63.8%)
- **R&D activity in some technologies** is **largely not advanced**, such as:
 - Biotechnology and gene technologies (-1.08; 45.5%)
 - Robots and autonomous systems (-1.23; 46.4%)
 - Quantum and encryption (-1.58; 62.5%)
 - Satellites and space technologies (-1.52; 58%)
 - Sensing, laser and optical technologies (-1.46; 62.7%)

- It was observed that the **adoption of different technologies** is **not much common**.
 - The observers indicated that the adoption of **advanced computing technologies** (0.3; 83.1%) and **information processing (AI, big data, VR and AR)** (0.9; 60%) is somewhat common
- However, the adoption of some key technologies is **somewhat not common**. These include:
 - Biotechnology and gene technologies (-0.93; 69%)
 - Energy generation, storage and distribution (-0.25; 47.9%)
 - New materials and composites (-0.39; 63.8%)
 - Sensing, laser and optical technologies (-0.94; 61.4%)
 - Satellites and space technologies (-0.99; 68.6%)
- Adoption of the following technologies is **largely uncommon**.
 - Robots and autonomous systems (-1.13; 50%)
 - Quantum and encryption (-1.49; 65.7%)
- 61.43% of observers opined that **Artificial Intelligence** (AI) (e.g. – ChatGPT, Google Cloud AI etc.) can somewhat benefit the business (0.9).
- In order to **support innovation and transformation of industries**, the public sector is **somewhat unsupportive** of the following aspects:
 - Research and development of specific products and technologies (64.8%)
 - Demand and consumption of specific products and technologies (47.9%)
 - Production and supply of specific products and technologies (51.4%)

Inclusiveness (Research & Technology)

- 53% of executives still somewhat agree that companies **do not publicly report their social impact** (-0.46)
- Like in 2022, it was observed by 57.1% of respondents that the buyers **do not** make purchasing decisions based on **company commitment to diversity, equity and inclusion** (-0.79)

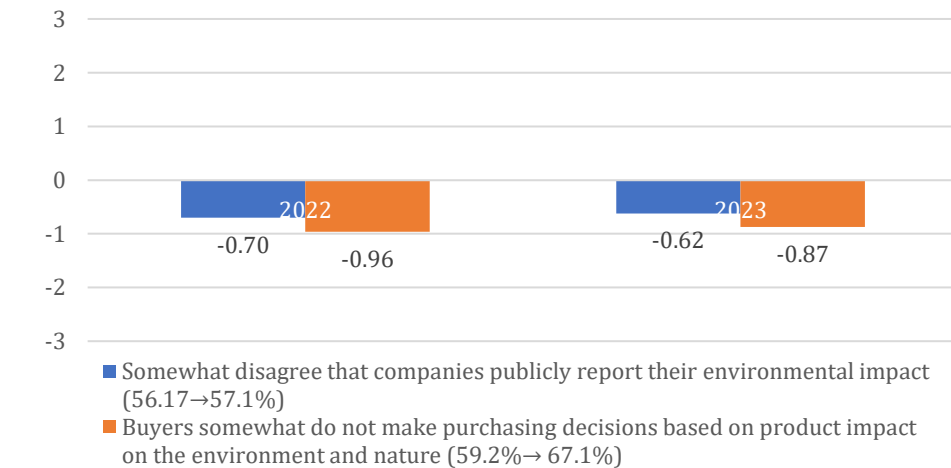
Inclusiveness (Research & Technology)



Sustainability (Research & Technology)

- 57% of respondents somewhat agreed that companies still **do not publicly report their environmental impact** (-0.62)
- 67.1% of observers indicated that buyers somewhat **do not** make purchasing decisions based on **product impact on the environment and nature** (-0.87).

Sustainability (Research & Technology)



Highest Improvement in Positive Indicators

Pillars	Indicators	2022	2023
Human Empowerment	Somewhat disagree that relatives or friends hold senior management positions in companies (50% → 76.1%)	-0.31	0.31
Physical Resources	The Air transport services are somewhat efficient (32.4% → 76.8)	0.08	0.52
Institutions	Govt. have a long-term vision in place to some extent (31% →73.24%)	0.06	0.41
Human Empowerment	Somewhat agree that companies find people in the local labour market with the skills required to fill their vacancies (29.2% → 69%)	0.38	0.72
Research & Technology	Businesses somewhat use the internet for selling their goods and services to consumers (15.62% → 76.47%)	0.125	0.44
Human Empowerment	Somewhat agree that regulations allow flexible hiring and firing of workers (22.2% → 71.83%)	0.29	0.60
Research & Technology	Somewhat agree that digital platforms are used to provide Professional services including technical support services to a great extent (56.2%→81.7)	0.11	0.36
Human Empowerment	Somewhat agree that companies give equal workforce opportunities in hiring and retention to those from low-income backgrounds (27.14% → 68.57%)	0.13	0.37
Human Empowerment	Neither agree nor disagree that vocational education system meets the needs of a competitive economy (40.3%→78.9%)	-0.21	0.01
Institutions	Somewhat agree that corporate activities are dominated by a few business groups (69.4% → 61.4%)	-0.89	-0.67

Highest Deterioration in Negative Indicators

Pillars	Indicators	2022	2023
Research & Technology	Largely disagree that businesses and universities collaborate on R&D (42.5% →47.2%)	-0.03	-1.01
Institutions	Bribes are largely common in connection with the imports-exports (71.4% → 55.7%)	-0.30	-1.27
Physical Resources	Largely agree that the town and city centres are overcrowded (71.6%→50.7%)	-0.28	-1.04
Institutions	Ethical standards of politicians are largely low (67.6% →59.2%)	-1.07	-1.69
Physical Resources	Largely agree that environment and natural assets are not at all adequately protected (63.02%→47.14)	-0.56	-1.07
Finance	Bangladesh's macroeconomic stability this year was somewhat under pressure (47.55% → 64.71%)	-0.34	-0.82
Finance	Somewhat agree that the soundness of banks is extremely low (41.1% → 47.89%)	-0.09	-0.55
Human Empowerment	Somewhat disagree that companies give equal workforce opportunities to those with disabilities (61.4%→71%)	-0.74	-0.96
	Somewhat disagree that companies give equal workforce opportunities to those who identify as LGBTQI (62.5%→83.3%)	-1.27	-0.66

V. Conclusion



V. Conclusion

- The business environment in Bangladesh has experienced **a mix of progress, stagnation, and challenges** across various sectors in recent years, particularly in the post-pandemic period.
- Bangladesh has demonstrated considerable progress in **infrastructural development**, specifically in **roads and transportation** in 2023.
 - The **air transport system** has notably **improved**.
 - Innovativeness-related **physical resources**, particularly **digital infrastructure facilities**, have shown positive trends.
 - There has been increased use of **digital platforms** for professional services, including hotel, restaurant, leisure, and financial services.
- **Corruption** has been **a persistent issue** in the country in recent years.
 - The government needs to strengthen the institutional mechanisms to combat corruption.
 - **Bribes or undocumented extra payments** remain **common** in various sectors, raising concerns.
 - To address this issue and ensure smooth transactions, it is crucial to develop and promote easily accessible **digital payment systems**.
 - The new government, based on its election manifesto, should disclose its strategies for how its different ministries and departments will address the corruption in public procurement, registration, licensing, permissions, and official orders.
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V. Conclusion

- For business owners, **government bureaucracy** and **instability in foreign currency** have been two **emerging issues**.
 - The government should now focus on attracting Foreign Direct Investments (FDIs), increasing export competitiveness, and channelling inward remittance flow through formal channels by adopting a market-based exchange rate policy.
- The ongoing **dollar crisis** has **negatively affected** many business indicators including **international transactions**, posing a **significant concern for external trade and investment**.
 - To restore the **macroeconomic stability** disrupted in the last few years, a nuanced monetary policy with the support of the fiscal policy aimed at **controlling inflation** and **increasing the dollar supply** is urgent.
- In recent years, the government has borrowed heavily to fund **mega projects** for infrastructural development, which has created pressure on the **foreign reserves**.
 - As a result, companies are facing issues regarding **LC opening and import payments**.
 - The government should now focus on **attracting FDIs**, increasing **export competitiveness**, and channelling remittance inflow through formal channels by adopting a **market-based exchange rate policy**.

V. Conclusion

- The **financial sector** indicators have been **persistently negative** in recent years, with challenges in obtaining **equity funding** and **access to finance for SMEs**.
- The **macroeconomic stability** was perceived to be **under pressure**.
 - Although **larger businesses** are recovering from the production shock of the pandemic, more than **one-third of small-scale businesses** continue to experience **a decline** in production.
 - The government should extend its support to **SMEs** by easing access to finance and customising fiscal instruments such as tax breaks and subsidies for specific sectors impacted by the pandemic.
 - Furthermore, the government should implement **loan guarantee schemes** with lower collateral requirements and **easier application processes** for SMEs.
- The economy is at high risk of **energy supply shortage, high inflation, slow economic growth, unemployment** and **huge public debt**.
 - The government, based on its election manifesto, should disclose its strategy on how it will address the challenges through concerned ministries and departments.

V. Conclusion

- There has been a **declining trend** in several key indicators under **research and technology**, with **limited collaboration** between **businesses and universities in R&D**.
 - The adoption of key technologies like **AI, robots, quantum encryption, and space technologies** has been limited.
 - To foster **digital literacy**, policies such as providing affordable access to technology and training for SMEs to leverage **e-commerce and online platforms** should be implemented.
 - Furthermore, creating research and development hubs to incentivise collaborative projects between universities and businesses is needed.
- Improvements in **human empowerment** include increased opportunities for personal economic improvement and higher satisfaction with employee skills.
 - The most demanding skills in the job market currently are **critical thinking and problem-solving skills**. However, there is a lack of these skills in the labour market.
 - Equipping graduates with relevant skills for in-demand sectors is important to utilise their potential.

V. Conclusion

- The **primary, secondary, and tertiary education** systems have not fully met the needs of a competitive economy, despite some **improvements** in **vocational education**.
 - The government should team up with private entities to train the teachers **to adapt to the new reforms** in the educational system.
- Both public and private sectors showed **limited inclusiveness**, especially for **people with disabilities and the LGBTI community**.
 - To promote inclusivity, the government should incentivise **corporate social responsibility programs** focused on education, healthcare, and environmental protection in **vulnerable communities**.
 - Companies have not adequately reported their **environmental impact**, and there is a lack of emphasis on sustainability in business practices.
 - To promote inclusivity, the government should incentivise corporate **social responsibility programmes** focused on education, healthcare, and environmental protection in **vulnerable communities**.

V. Conclusion

- The new government has set their milestones for the next five years
 - **Good governance:** practice of transparency, accountability and good governance in state management
 - **Rule of law:** effective human rights commission, independence and dignity of the judiciary
 - **Freedom of media:** Safeguarding the individual privacy and data, measures to prevent misuse
 - **Welfare-oriented, accountable and smart administration:** corruption-free, IT-based, welfare oriented administration, eradicate bureaucratic complexities and all forms of harassment
 - **People-friendly law enforcement agencies:** People friendly law enforcement forces
 - **Adoption of zero tolerance policy against corruption:** Strict measures to eradicate illegal wealth acquisition, bribery, abuse of power, nepotism, transparency and accountability in project selection, cost determination, quality audit
 - **Local government:** enhancing water supply and sewage system, waste management, establishing safe water resources, decentralization of power and autonomy of municipalities
 - **Economics:** Action plan for youth employment, strengthen trade agreements, policy support to access markets for agric. products
 - **Money supply and banking:** extend loans to employable and trained youths, access to loans for SMEs, reform in bank management, enforcement of laws to recover defaulted loans
 - **Investment and development:** simplification of regulations and procedural complications for FDI, transparency and accountability in project selection, costing, quality, audits and procurement
 - **Enhancing efficiency and capacity of the financial sector:** controlling borrowing opportunities by rescheduling defaulted loans, prevent under- and over-invoicing, counter money laundering
 - **Power and energy:** Uninterrupted and quality power supply, retirement of rental and inefficient power plants,

V. Conclusion

- The new government should set ten point action agenda to translate the political commitments into operation commitments
 1. All public offices should immediately announce its 100-days, one year, three year and five year plan of action based on the political commitments. These announcement should be made public as well as make available in their websites
 2. All action plan should be 'outcome-oriented, time-specific, proper delegation of responsibilities and monitorable'
 3. The government should take initiative to setting up an independent office of Ombudsman/Ombudsperson with proper legal, institutional and operational responsibilities and facilities.
 4. All public offices should introduce an office of Ombudsman/Ombudsperson to address the governance related issues. Financial sector will also introduce an office for the Banking Ombudsman. Securities and Exchange Commission will introduce office for the Securities Ombudsman, Tax Ombudsman, Law Enforcement Ombudsman, Trade Ombudsman etc..
 5. An integrated financial and transaction system should be introduced combining all kinds of financial and banking operations between banks, NBFIs, stock exchanges, foreign exchange dealers, and land and other asset related offices
 6. Public procurement system should be thoroughly revised both at pre-procurement and post-procurement levels- revising existing e-procurement system, harmonizing with international standards, engaging citizen's in all public procurements, engaging citizen's in project implementation
 7. Setting-up short-term commissions for banking, stock market and financial sector reform and take measures according to their suggestions
 8. Setting-up office for regulatory, institutional and operational reforms that affect the operations of the businesses
 9. Strengthening public offices which has a role in market competition: Competition Commission, Securities and Exchange Commission, Financial Reporting Commission, Financial Integrity and Customer Services Department, Financial Intelligence Unit etc.
 10. Reforms in laws, rules and regulations related with public services, resource mobilization and repealing anti-competitive acts.

Thank You!

