

Overview of RISE/PSDP by Syed Akhtar Mahmood, The World Bank

Honorable Minister, Chairman Dr. Siddiqui, Ambassador Horiguchi, High Commissioner Choudhury, Mr. Sobhan, my colleague Mr. Sinha, distinguished participants.

I would like to thank the organizers for giving me this opportunity to [provide] what will actually become an attempt to summarize what has already been said, so you will not find anything strikingly new in what I am saying. The earlier speakers have spoken about the collaboration and the post-MFA challenges, so basically what I'll try to do is go through these points again. We are all familiar with the post-MFA challenge; we know that the post-MFA world is going to be a highly competitive one. We know that the RMG industry will be getting new opportunities, but as has been already mentioned, it will also be facing new challenges. But we believe that the post-MFA challenge is not just an RMG challenge. The overall challenge – the broader challenge – is how you diversify Bangladesh's export basket. Irrespective of how the RMG industry does, some predictions are that it may actually do better than it has [over] the past couple of decades. But the important thing is to diversify the export basket. The keyword there is to increase the competitiveness of Bangladeshi firms. That will require action on many fronts, and many of these we've heard again. We need adequate infrastructure and logistical facilities, and we need a very streamlined regulatory interface between the government and the private sector. When we talk to the private sector, whether it is local investors, foreign investors, rural enterprises or urban enterprises, private investors always remind us that the regulatory interface with the government is a major source of problems and it often increases the cost of business for them. We cannot overemphasize the importance of establishing the rule of law, the provision of financial and non-financial business advisory services, and, increasingly, we can see the need to comply with higher standards, whether it's with regard to product quality, particularly important for agro-business products, or with social and environmental standards, and we can see how these standards are biting, especially in the garments industry, but will especially be true if you go for export markets. It certainly is [also] important to improve labor and management skills. So the key thing is that we need a strategy that is comprehensive, and we need that to be implemented fast.

As has been mentioned again, the enabling environment is key. The ultimate actors are the private sector, but the government, we feel, has a critical role to play. It needs to establish an enabling environment for enterprises. We'd like to emphasize that we talk of all enterprises across the spectrum, large and small, rural and urban, local and foreign. I think that this is important to keep in mind, because if we want the fruits of globalization to reach the poor people of Bangladesh, we need to make sure that no enterprise is left behind. The linkages between enterprises are thus important. We believe that in any economy, there will always be a need for a critical mass of high-performing companies, which would make breakthroughs in the international market, and we have in our audience representatives from such high-performing firms in Bangladesh. But at the same time, we need other enterprises, smaller enterprises, to be linked up to these high-performing ones so that together the enterprise sector grows. So the keyword there, we think, is improvements in the investment climate for all enterprises.

If we want to achieve this, we need to work together – that's another thing that has been mentioned here. The development partners, we like to work together, together amongst ourselves, and that is not something that has not always been achieved in every country at the same time, and that is a big challenge and a challenge that we want to face.

Within the World Bank, we are preparing a private sector support project which in many ways could be called a post-MFA support project. Within the World Bank Group, we have the SEDF, which Mr. Sinha represents, we have FIAS, and we have the mainstream IFC, and we like to work together amongst ourselves, but more and more we like to work together with other development partners. In particular, we have been working closely with DFID, through its Regulatory and Investment Systems improvement for Enterprise Growth (RISE) program and increasingly we are talking with the Japanese aid agencies, the Canadians, and the European Union, and hopefully we will be able to come together with one project that will help meet the post-MFA challenges.

One thing I must mention; as you saw from an earlier slide, the challenge of competitiveness is a broad one, and one single project, even if several donors come together, will not address all elements of that. So when we talk about the private sector project or the RISE program, we are not ignoring the fact that all of us are involved in other projects... We are working on infrastructure, like the Dhaka-Chittagong corridor. That is being done, not by this project, but through other projects. There are people working on governance, there are people working on health and education – all that, in some way or the other, directly or indirectly, will affect the competitiveness challenge. So this is an important effort, but this is part of a bigger picture. Of course, we want to work together with the government and other stakeholders. That brings us to this particular roundtable, which, as has been mentioned before, is an effort to enhance collaboration. We want to learn from good practices, and we are very grateful that we have representatives here from countries such as India, Mauritius, Dubai and Jordan. We were hoping for someone to come from the Philippines – she couldn't come this time but perhaps next time. The idea is to look jointly at good practices, and work together to search for solutions. We will focus at this roundtable on two subjects whose relevance and importance has been described already: economic zones and regulatory reforms.

I just want to mention one thing here: when you talk about provision of infrastructure, or when you talk about regulatory reforms, one can think of two tracks: one track is across the board, across the country, and then you can have infrastructure provision or regulatory streamlining in particular zones. Eventually, we'd like the whole country to have a good infrastructure, to have a streamlined regulatory framework. In the transition period, perhaps, as many countries have done, you move on two tracks and the tracks hopefully meet. That's [...] the relevance of economic zones. We shall learn the experience of many countries, but we shall design solutions in the Bangladeshi context. The way we have structured the roundtable meetings is very important – we have presentations, followed by breakout sessions where we hope to identify concrete issues and design solutions. As High Commissioner Choudhury reminded us, what's important are actionable programs – that's what we are looking for at the end of the day. Thank you very much for your patience.