

private sector | development

# **SYNOPSIS OF PRESENTATIONS**

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# MAIN THEMES - JEAN PAUL GAUTHIER

- Overall focus: **Regulatory interface in Bangladesh is pretty severe. Burden on business and private sector needs to be alleviated**
- Over 60 regulatory interfaces faced by businesses, with re: to start-up, operating and locating
- In Bangladesh, quality of these interfaces needs to be improved
- Admin Barriers – 25% of operating costs
- Admin Barriers reduce business productivity
- Economic impact of good business regulation: better market functioning, better allocation of resources, reduced rent-seeking opportunities, encourages of formal participation in economy, cost and risk reduction for businesses, fosters investment, increases firm productivity, economic growth
- Regulatory policy reform options for Bangladesh: application of international regulatory reforms, periodic policy analysis and benchmarking, change management efforts, systematic policy analysis prior to legislating (e.g. RIA), e-governance, reform pilots
- SEZs relevance to reg. reform: employment generation (especially for women), higher pay levels and working standards, higher exports (especially in smaller countries), skills and technology transfer, economic diversification, increased economic growth
- However, SEZs are not a panacea for economic challenges. They do not substitute reform, rather they should be looked at as a catalyst for reform
- E.g.s of SEZs as catalysts for economic reform: China, Philippines, South Korea, Jordan, Kuwait, Malaysia, Costa Rica, UAE, Mauritius, Jamaica
- Q: Where does Bangladesh performance on EPZs stand relative to other countries?
- A: Average performer (17.6% of national exports vs 14% worldwide, 3.3% of employment vs 1.9% worldwide, 141 hectares on average vs 10 times elsewhere)
- You need large zones for better economic impacts

# MAIN THEMES - JEAN PAUL GAUTHIER

- What does this mean for Bangladesh:
  - -- Bangladesh's EPZ regime is a bit dated and needs to be updated
  - -- Tax incentives is an area of low priority for MNCs
- Today's investors need: flexibility of resource allocation, global supply and logistics chain competitiveness, competitive locational advantages, productive and skilled labor, CSR compliance
- Today's governments need: to comply with the international, rules-based trade regime of the WTO
- Therefore SEZ's regulatory frameworks increasingly: offset regulatory operating constraints, integrate host country's comparative advantage, integrate large areas (with internal markets), integrate broad economic activities, meet investor needs in terms of investor services to compete with other zones, deregulate markets (for product, utilities, transportation services), adherence to universal labor norms
- The important consideration: how to make zones effective as catalysts of reform
- SEZ trade facilitation policy elements – level of integration with domestic economy is crucial
- Huge opportunities for Bangladesh: Dhaka-Chittagong economic corridor, Dhaka-Tangail economic corridor, Dhaka-Mymensingh economic corridor, proposed Malaysian SEZ, Kanchpur China commercial hub, Korean EPZ in Chittagong

# MAIN THEMES – JONATHAN SMITH

- Overall focus: **how to view HR performance management from a systemic viewpoint**
- 5 main points covered:
- Have to focus on everything for analytical framework for integrated management
  - analytical framework for integrated management change
  - basic starting points of capacity building programs for enhanced regulations
  - some essential concerning HR performance improvement
  - no-cost, in-house solutions for improving performance or personnel
  - “cascade effect” management for authority, responsibility, & accountability
- Need to look at vision, mission and strategy for business growth; business structure; task requirements; external environment; leadership; organizational culture; management practices; work unit climate; motivation; organization and individual performance; systems and vital work processes; individual needs and values
- No single lever of change in any point is going to be sufficient – systemic point of view is essential and is the biggest challenge
- Key start points for capacity building: transparent communications and access of information for all; establishment of legitimacy and credibility of regulatory body; place key personnel with core competencies
- Also need to assess current capacity of agency; establish regulatory instruments, link to national – regional-local planning and policy-making structures and environments
- Need to build skills and integrity

# MAIN THEMES – JONATHAN SMITH

- 5 Actions that can be effective in establishing integrity systems:
  - allowing bad administrations to fall
  - making public information public \*
  - increasing public participation
  - establishing administrative structures which promote transparency
  - addressing HR requirements (need to create a continuous performance improvement organisation driven by customer's values/needs/demands)
- All of this requires an institutional culture change suggesting the customers and employees matter, and that employees are accountable for results
- Approach for improving HR performance: Keep focus on client's perspectives, internal work processes, learning, and growth/finances
- Activities for improving HR performance: benchmark against best practices, improve customer satisfaction, achieve ISO standards, align objectives across organisation, results-based performance evaluation, program evaluations, "work smarter, not harder"
- 5 Methods for improving HR quality on-site, at work, no cost:
  - tasks and periodic specific activities
  - designate work teams for specific activities
  - job change
  - formal coaching
  - professional development while off the job
- "Cascade effect" - ***Task should be carried out by most junior person on staff, with lowest hierarchical level...as long as that person has the core competencies for the task, is fully empowered, and has the proper resources for successfully completing the task.***

# MAIN THEMES – SUBHASH BHATNAGAR

- Overall focus: how E-government can be used as a tool for promoting investment and export growth
- E-Government: **process of reform** in the way Governments work, share information and deliver services to external and internal clients for the benefit of both government and the citizens and businesses that they serve.
- E-government is now being mainstreamed into World Bank strategy
- E-Lanka – WB is investing in and running this large program
- India has demonstrated govt. commitment to e-government, despite changes in govt I.e. political will is key
- Most of successes in India has actually been through small companies, not the large companies, in terms of e-govt. – contrary to popular belief
- Economic benefits: Improving delivery of services is important to businesses and services, improved rate of tax collection, reduced costs, encouraged reforms, empowers people (e.g. more questions of govt.)
- However, e-government is not a substitute for regulatory reform, but supplements reform
- Andhra Pradesh – land registration was taking forever, 15 days for just valuation
- Computerisation has taken over and reduced process to within one day
- Maharashtra and Karnataka followed next – demonstration effect
- In Maharashtra and Karnataka, the governments outsourced the land title scanning process to private companies. People had to deal with private agencies, not govt. sector
- In all these states, even poor people are willing to pay user fees when things can be rationalised
- E-government results in piecemeal – gradual improvements.
- Concrete targets are important
- E.g. Chile. Government procurement is done on-line, rationalisation of decision is also done on-line

# MAIN THEMES – SUBHASH BHATNAGAR

- Critical Success Factors: strong political and administrative leadership; detailed project management; clearly identified goals and benefits; significant Process Reengineering Required; start small, scale up through stages, manage expectations; adopt established standards and protocols – minimize customization; in-source Analysis - outsource design, software development, data preparation, training, etc;
- Enablers of e-government: 20% Technology; 35% BPR; 40% Change Mgmt.; 5% Luck
- Esewa in Andhra Pradesh: centers established by AP govt. in partnership with private sector to deliver on-line services for payments, issue of certificates
- Result: Transactions have quadrupled in 2001-2004 period, collections has increased x 20.
- Replicability in Bangladesh requires:
  - Leadership by elected executives
  - Administrative culture oriented to service
  - Clearly articulated programs for online service delivery
  - Project Management: ability to delineate scope and negotiate with vendors
  - Mature technical infrastructure, back office use
  - Enabling legal framework

# MAIN THEMES – CESAR CORDOVA

- Overall focus: **RIA can be used as a tool to improve regulatory environment**
- RIA is part of a comprehensive strategy: involves building a regulatory management system, improving the quality of new regulations, upgrading the quality of existing regulations
- Methods to take a regulatory decision: experts, political will, consensus, benchmarking, empirical
- Initially, there is an experimental period vs. enforcement period
- There are also questions on credibility of the initiative
- This is followed by fine-tuning the instrument(s) through a continuous quality process
- This needs to involve a shifting and balancing of the use of “carrots and sticks”
- Periodic external evaluation of the instrument (s)
- Two dimensions of an RIA system:
  - administrative process e.g. Canada
  - substantive report addressing content issues e.g. Australia/U.K.
- 10 Best Practices:
  - maximise political commitment to RIA
  - Allocate responsibilities for RIA programme elements carefully
  - Use a consistent but flexible analytical method
  - Develop and implement data collection strategies
  - Target RIA efforts
  - Integrate RIA with the policy making process
  - Involve the public extensively
  - Communicate the results
  - Train the regulators
  - Apply RIA to existing as well as new regulations

# MAIN THEMES – CESAR CORDOVA

- RIA in Bangladesh:
  - Start small scale rapidly”
  - Political support for ‘Better Regulation’

## First phase (6 months)

- Require all draft measures to have a 5 page check list
- Circulate the checklist together with legal text

## Second phase (6-12 months)

1. Review the rulemaking process
  - Including the publication of RIAs (“notice & comments”
2. Develop a template
3. Set up a national program
  - With budget for training
4. Establish an oversight body to control quality of drafts
  - Table an annual report of progress

## ➤ As an experiment:

- In parallel to the national upgrade of the regulatory management, launch pilot RIAs in 2 or 3 ministries and agencies in charge of policies areas dealing with: economic policies; social & environmental policies; and admn. procedures
- Launch a RIA project for Special Economic Zones
  - Starting with a ‘blank slate”
  - A laboratory for best practices
  - Adapting RIA to national circumstances
  - Training RIA drafters