



Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation

Organized by the Support to Sustainable Graduation Project (SSGP), ERD in collaboration with District Administration, Sylhet and The Sylhet Chamber of Commerce and Industry

Saturday 22 October 2022

Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation

Outcome Document

Background:

Support to Sustainable Graduation Project (SSGP) of the Economic Relations Division (ERD) organized a workshop on “Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation” in collaboration with the district administration of Sylhet as well as the Sylhet Chamber of Commerce and Industry on 22 October 2022 at the Sylhet Circuit House Conference Room.

ERD Secretary Ms. Sharifa Khan graced the occasion as chief guest while the President of the Sylhet Chamber of Commerce and Industry Mr. Tahmin Ahmed attended the event as special guest. Deputy Commissioner of Sylhet Mr. Md. Mozibor Rahman chaired the workshop. Additional Secretary of ERD and the Project Director of SSGP Mr. Farid Aziz delivered the welcome remarks of the event.



ERD Secretary Ms. Sharifa Khan speaking during the workshop

The main objectives of the event were:

- to sensitize the local level stakeholders regarding LDC graduation – its processes, opportunities and challenges;
- to discuss how the local level stakeholders can be involved in the process of ensuring smooth and sustainable graduation of Bangladesh from the LDC status; and
- to discuss the ways and means to overcome probable challenges and to utilize the opportunities of graduation from the LDC status.

Component Manger of SSGP Mr. Md. Anwar Hossain delivered a presentation on ‘Inclusive, Smooth and Sustainable LDC Graduation: Challenges and Way forward’ during the workshop. Chief Executive Officer of BUILD Ms. Ferdaus Ara Begum delivered a presentation on Participation of Private Sector and other Stakeholders at Sub-National Levels for Graduation with Momentum: Strategy Going Forward’.

Upazila Chairman of Sylhet Sadar Mr. Alhaj Ashfaque Ahmed, Managing Director of Baraka Power Ltd. Mr. Fahim Ahmed Chowdhury and Associate Professor of the Department of Architecture of Shahjalal Science and Technology University Mr. Subrata Das also spoke during the workshop.

Officials from ERD and SSGP, officials from the district administration as well as representatives from private sector and civil society participated in the workshop.



Participants of the workshop

Major Recommendations:

Taking into consideration the importance of regional participation and contribution in the nation economy during the Post-LDC graduation regime, the workshop pointed out following recommendations (specifically for Sylhet region) to be taken care of:

Incentivizing NRB Investment:

- The government should ensure a welcoming and business-friendly environment for the NRBs to attract investment from the NRBs.
- Measures should be taken to ensure hassle-free travel, immigration and visa processing as well as airport and customs procedures for the NRBs.
- The process of business registration and land acquisition should also be streamlined to make it easier for the NRBs to start a venture in the country.
- Road shows should be organized in overseas locations with significant NRB community to promote Bangladesh as an attractive investment destination.
- Recently, Bangladesh Bank has made it mandatory for the NRBs to obtain a Bangladeshi national ID card for obtaining CIP status. However, many NRBs might not be in possession of a Bangladeshi national ID card. In this context, the concerned authorities may reconsider this provision.

Implementation of Trade Facilitation Measures:

- Private sector should push for the implementation of trade facilitation measures to enhance its competitiveness. It is estimated that the implementation of Trade Facilitation agreement can reduce the cost of doing business by up to 14 percent.
- The process for acquiring trade license, import and export license, factory establishment license, fire certificate and environmental clearance needs to be simplified and streamlined.

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- National Board of Revenue should look to further automate the process of tax, VAT and SD collection to ease the process of tax submission as well as to increase domestic resource mobilization.
 - Any regional inequality in terms of the support mechanism needed for private sector needs to be addressed.
 - R&D support should also be provided for regulatory simplification for reducing the cost of doing business.

Boosting Agricultural Production and Export

- Enhanced support is required for agriculture related schemes and materials such as fertilizer, irrigation, certification, GAP and modern testing system for increased export of agricultural items from the country.
- Since the Sylhet region experiences heavier rainfall compared to other parts of Bangladesh—local farmers should be encouraged to cultivate crops that are more adaptable to the local climate and ecosystem.
- Innovative technology should be used to boost agricultural production in the region.
- A large portion of Bangladesh’s agricultural land is losing its fertility due to over-cultivation. Effective measures should be taken to address this issue with a view to ensure long term food security.
- Packaging and quarantine measures of Bangladesh’s agricultural exports (e.g.- vegetables, fishes) need to be improved to gain a greater share of such products in overseas markets.

Effective Utilization of Fallow Lands:

- The government should look to formulate laws encouraging the transformation of fallow lands into arable ones after a certain period.
- NRBs should be provided with financial incentives (including Islamic financing windows) to turn the fallow lands owned by them into arable lands.
- Fallow lands in the Sylhet region can also be used for solar power generation. Financing windows offered through Green Climate Fund (GCF) or Infrastructure Development Company Limited (IDCOL) can be mobilized for such schemes.
- Water shortage is one of the major causes for the prevalence of fallow lands in Sylhet. Improved access to irrigation and drainage service across the district can help to ease this problem.

Augmenting the Growth of Fisheries:

- The wetland areas of Sylhet including its marshes and swamps (haors) offer immense potentials for the growth of fisheries. Financing windows like the GCF can be mobilized for effective preservation and utilization of such wetland areas.
- Bangladesh should take advantage of the ‘Agreement on Fisheries Subsidies’ concluded during the recent WTO MC12. It is notable that the reduction in fisheries subsidy resulting from this agreement would be mainly applicable to marine subsidy while aquaculture and inland fisheries are excluded from the scope of this agreement. It is also notable that most of the fishing activities in Bangladesh take place inland.

Tapping the Geographic Advantage:

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- Sylhet can be promoted as a transit point among South Asia, South-East Asia and East Asia. The city can be transformed as a regional air hub through utilizing and improving its aviation infrastructure.
 - Sylhet can be used as a gateway for increased trade and export with the Seven Sisters region of India.
 - Business enterprises from India and Bangladesh may look to form joint venture entities centred in Sylhet—utilizing its geographic proximity to the Seven Sister states of India.
 - Bangladeshi products can be promoted in the Seven Sisters states through fair, exposition, exhibition and other promotional events.

Effective Marketing and Promotion of Indigenous Products:

- Export potentials of endemic fruits and vegetables (e.g.- Jaralebu or Citrus Lemon) should be thoroughly utilized through effective branding, packaging and quarantine measures.
- Necessary measures should also be initiated for the GI (Geographical Identification) certification of local products (e.g.- Manipuri Saree).
- Joyeeta Foundation can also play an instrumental role in the marketing and promotion of local handicraft items.

Infrastructure Development and Enhanced Connectivity:

- An 'Export Cargo complex' with dedicated scanner machine, a warehouse for perishable products, packaging facilities & a certification laboratory should be established in the district.
- Roads that have been damaged by the recent flash flood in Sylhet need to be urgently repaired. It is notable that Asian Development Bank (ADB) is providing budget support for the reconstruction of such roads. Meanwhile, a project to construct an 8-lane Dhaka-Sylhet highway has recently been approved by ECNEC.
- Direct road, rail and air routes between Sylhet and Chattogram need to be established to lower the shipment cost of local export items. Cargo service and warehouse facilities should also be operationalized.

Education, Skill Enhancement and Human Resource Development:

- The government should put increased focus on enhancing the quality of tertiary education with a view to enhance the skill and capacity of local human resource.
- A large number of young people from Sylhet are going abroad each year for pursuing higher education—causing a significant draining of money and talent. In this context, overseas universities should be encouraged to open their branches in Sylhet so that local students can obtain overseas degrees without moving abroad.

Better utilization of Tourism Potentials:

- Sylhet has immense potentials in the arena of tourism. However, a diverse range of tourism schemes including natural, historic, cultural and religious tourism should be promoted in unison.
- The capacity of the tourist police needs to be enhanced to ensure the safety of tourists coming to Sylhet.

Regulatory Improvement:

- The One Stop Service scheme currently allows for submission of all the required documents from a single window. However, the scheme should be improved further so that investors can also obtain all the relevant documents from a single window.
- Effective measures should be taken to expand the tax net with a view to lessen the tax burden on the existing taxpayers.

Miscellaneous:

- The local e-commerce sector should take advantage of the e-commerce moratorium which will remain in force until WTO MC13. Although, in case of any delay in MC13, the embargo would be lifted automatically after March 2024.
- Collaboration between industry and academia should also be institutionalized through formal agreements (e.g.- MoU).
- Local female entrepreneurs should be provided with easier access to financing.
- Bangladeshi business entities should look towards the enhancement of productive capacity and the reduction of production cost to offset the loss of various incentives that Bangladesh could offer as an LDC.

Key Policy Recommendations

The workshop has resulted in increased understanding of the local level stakeholders about the graduation process, probable challenges and consequences of the graduation from the LDC status. The event has also come up with several key policy recommendations highlighted below:

- The One Stop Service scheme currently allows for submission of all the required documents from a single window. However, the scheme should be improved further so that investors can also obtain all the relevant documents from a single window.
- Recently, Bangladesh Bank has made it mandatory for the NRBs to obtain a Bangladeshi national ID card for obtaining CIP status. However, many NRBs might not be in possession of a Bangladeshi national ID card. In this context, the concerned authorities may reconsider this provision.
- The government should look to formulate laws encouraging the transformation of fallow lands into arable ones after a certain period. NRBs should be provided with financial incentives (including Islamic financing windows) to turn the fallow lands owned by them into arable lands.
- Export potentials of endemic fruits and vegetables (e.g.- Jaralebu or Citrus Lemon) should be thoroughly utilized through effective branding, packaging and quarantine measures. Necessary measures should also be initiated for the GI (Geographical Identification) certification of local products (e.g.- Manipuri Saree).
- An 'Export Cargo complex' with dedicated scanner machine, a warehouse for perishable products, packaging facilities & a certification laboratory should be established in the district.
- Direct road, rail and air routes between Sylhet and Chattogram need to be established to lower the shipment cost of local export items. Cargo service and warehouse facilities should also be operationalized.