



# MUNICIPALITY COMPETITIVENESS INDEX (MCI) OF BANGLADESH 2024





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## Acknowledgement

The Municipality Competitiveness Index (MCI) is designed to develop a context-specific, locally relevant index informed by the perspectives of the private sector. The primary goal of the MCI is to provide evidence-based insights to local and national government agencies, inspiring them to enhance their service delivery and create actionable policy agendas that benefit local businesses. By benchmarking performance within the country, the MCI highlights potential of a municipality in terms of investment opportunity and recommends business environment improvement reforms. The MCI was developed using a Stratified Random Sampling Approach, drawing insights from 452 business owners and intermediaries via detailed questionnaires. The initiative was led by Policy Exchange Bangladesh, in partnership with the Bangladesh Investment Development Authority (BIDA) and the Swisscontact - PRABRIDDDHI project. The entire project was carried out under the supervision and technical direction of Dr. Masrur Reaz, Chairman and his team of Policy Exchange Bangladesh, which is a thinktank and have developed several indexes in Bangladesh. Critical analyses, drafting, and survey work were led by Policy Exchange's skilled team, comprising Md. Ziaur Rahman (Senior Policy Analyst), Pinaky Shankar Rahul Bhowmik (Senior Research Analyst), S.M. Hasibul Karim (Statistical and Survey Expert), Sadia Sultana (Research Analyst), Zahrah Rahman (Research Analyst), and Rafid Anjum (Business Analyst). We also gratefully acknowledge the guidance and support from the PRABRIDDDHI team- Markus Ehmann (Team Leader, Local Economic Development), Peter Bissegger (Technical Expert), Nahin Ferdous (Senior Manager), Faisal Kabir (Business Analyst, BICIP, BIDA), and Saima Hasnain (Officer - Knowledge Management & Advocacy) as well as Shah Mohammad Mahboob (Executive Member, BIDA) and Jibon Krishna Saha Roy (Director General, BIDA) and the participation and invaluable contributions of various municipalities, private sector institutions, chambers, and associations. Their feedback significantly enriched the depth and accuracy of the study, ensuring that the MCI provides a reliable reflection of the business environment across municipalities in Bangladesh.

# Acronyms

ACC: Anti-Corruption Commission  
APTA: Asia-Pacific Trade Agreement  
BBS: Bangladesh Bureau of Statistics  
BBX: Business Climate Index  
BEPZA: Bangladesh Export Processing Zones Authority  
BICIP: Bangladesh Investment Climate Improvement Program  
BIDA: Bangladesh Investment Development Authority  
BMET: Bureau of Manpower, Employment, and Training  
BREB: Bangladesh Rural Electrification Board  
BSIC: Bangladesh Small and Cottage Industries Corporation  
BSTI: Bangladesh Standards and Testing Institution  
CATI: Computerized telephone interview  
CMCI: Cities and Municipalities Competitiveness Index  
CMSME - Cottage, Micro, Small, and Medium Enterprises  
DFQF: Duty-Free Quota-Free  
EGP: Employment Generation Program  
EPB: Export Promotion Bureau  
EPZs: Economic Processing Zones  
EU: European Union  
EZ: Economic Zones  
FAO: Food and Agriculture Organization  
FDI: Foreign Direct Investment  
FE: Foreign Exchange  
FMCG: Fast-Moving Consumer Goods  
FY: Fiscal Year  
GDP: Gross Domestic Products  
GoB: Government of Bangladesh

HIES: Household Income and Expenditure Survey  
ICT: Information Communication & Technology  
IER: Institute for Economic Research  
IFPRI: International Food Policy Research Unit  
IMF: International Monetary Fund  
INGO: International No-Governmental Organization  
IT: Information & Technology  
LDC: Least Development Country  
LED: Local Economic Development  
LGD: Local Government Division  
LGED: Local Government Engineering Department  
LGI: Local Government Institutions  
LIC: low-income countries  
LPI: Logistics Performance Index  
MAC: Middle Affluent Class  
MCI: Municipality Competitiveness Index  
MPI: Municipal Performance Index  
NBFIs: Non-Bank Financial Institutions  
NGO: Non-Governmental Organization  
PDB: Power Development Board  
PMI: Purchasing Managers' Index  
PP: Perspective Plan  
PPP: Public Private Partnership  
PRI: Policy Research Institute  
PSMP: Private Sector Master Plan  
QR: Quantitative Restrictions  
RCCs: Regional Competitiveness Committees  
RMG: Ready-Made Garments  
SAFTA: South Asian Free Trade Agreement

SCM: Smart Cities Mission

SDGs: Sustainable Development Goals

SME: Small & Medium Enterprises

UMIC: Upper Middle-Income Countries

UN: United Nations

USAID: United States Agency for International Development

VAT: Value Added Tax

WFP: World Food Programme

WTO: World Trade Organization

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# Executive Summary

**Bangladesh has achieved significant economic transformation, marked by macroeconomic stability, technological advancements, and socio-economic progress.** However, regional disparities persist, limiting equitable access to economic opportunities. To address this, the Local Economic Development (LED) model has been incorporated into local government strategies to promote balanced regional growth and community empowerment. Bangladesh's Local Economic Development (LED) model is being implemented by the Local Government Division and Swisscontact, with support from the Governments of Bangladesh and Switzerland. The model focuses on five key pillars to enhance municipal competitiveness. To assess progress, the Municipal Competitiveness Index (MCI) serves as a key evaluation tool.

**The Municipal Competitiveness Index (MCI) is Bangladesh's only index focused on assessing the local business environment at the municipal level.** Unlike broader indices like the Bangladesh Business Climate Index (BBX) and Purchasing Managers' Index (PMI), which analyze national trends, the MCI provides critical insights into municipal-level competitiveness, filling a key data gap.

**The MCI is spearheaded by the Bangladesh Investment Development Authority (BIDA) as its prime host in terms of business environment enabling and investment authority,** with the Local Government Division (LGD) playing a pivotal coordinating role to ensure effective implementation and alignment with local governance structures. Supporting this initiative, PRABRIDDDHI provides technical assistance to develop the MCI framework.

**BIDA's established institutional coordination with Government of Bangladesh ministries and agencies provides a solid foundation for seamless integration of the MCI into national priorities.** Moreover, BIDA's ongoing interactions with the private sector offer valuable insights, ensuring the MCI remains relevant and responsive to business needs. The agency's divisional offices will act as key platforms for coordination with Local Government Institutions (LGIs), such as district commissioners and various government line agencies, to ensure regional and local-level awareness of the business environment.

**The MCI will be equally valuable to BIDA in achieving its mission of improving the country's investment climate.** The MCI will contribute by developing time-series data on business environment and market factors affecting investors at the local level. It complements national-level investment climate assessments by providing municipal-level information crucial for smaller businesses. The index offers a data-driven approach to identifying and implementing key reforms for improving the municipal business climate. Its integration into BICIP can enhance local competitiveness, attract investment, and strengthen economic governance. The impact of such indices is evident in the Bangladesh Business Climate Index (BBX), which proposed 97 reforms in FY 2022-23 to improve the national business environment. Similarly, MCI provides municipalities with a benchmark to measure progress, enhance ease of doing business, and foster a more competitive, investment-friendly landscape across Bangladesh.

**The MCI captures private sector perspectives, promotes investment, and provides actionable recommendations to enhance the municipal business environment.** Focusing on businesses in municipal and peri-urban areas, it offers an empirical assessment of local challenges and prioritizes reforms based on private sector needs. Unlike other indices, MCI addresses municipality-specific factors, identifying locally relevant business constraints.

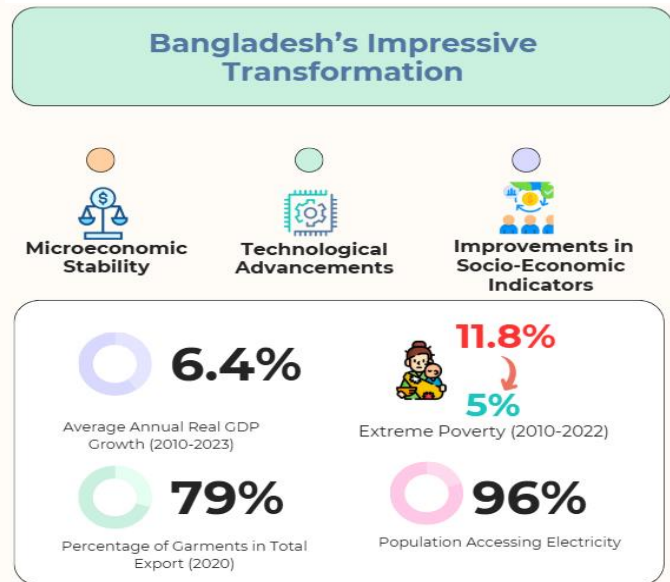


**The MCI Score summarizes overall municipal competitiveness, highlighting strengths and weaknesses.** Municipality-Wise Analysis identifies local challenges and advantages, while Pillar-Wise Analysis compares performance in areas like services, governance, and technology. Lastly, BICIP Pillar-Wise Analysis links MCI results with BICIP indicators. The index uses a simple method of calculation weighing all pillars equally and within each pillar, giving equal weight to each of the pillar. The score is indicated on a scale of 0 to 100, where 0 represents the worse performance and 100 the best performance.

# Chapter 1: Bangladesh's Economic Milestones: Achievements and Challenges in Regional Growth

**Bangladesh has attained an impressive economic transformation and achieved noteworthy macroeconomic stability, technological advancements and improvements in various socio-economic indicators.** Sound and effectual economic policies helped the country sustain an average annual real GDP growth of 6.4 percent between 2010 and 2023<sup>1</sup>. Poverty levels have significantly declined, and extreme poverty dropped from 11.8% in 2010 to 5% in 2022, based on the international poverty line of \$2.15 per day<sup>2</sup>. Similarly, moderate poverty declined from 49.6% to 30% during the same period, highlighting efforts towards inclusive growth<sup>3</sup>.

Figure 1 Bangladesh's Impressive Transformation



**These economic gains have been complemented by improvements in human development indicators, including reductions in infant mortality, and increased literacy rates and electricity access.** The country has reached gender parity in primary and secondary education (SDG 4) and expanded access to clean and affordable energy (SDG 7), with electricity now reaching 96% of the population<sup>4</sup>. Effective poverty reduction programs, such as the "Skills for Employment Investment Programme" and "Employment Generation Programme for the Poorest," have contributed to tangible outcomes in economic growth (SDG 8) and social protection (SDG 10). Increased manufacturing contributions to GDP and rising social protection budgets reflect a commitment to fostering sustainable and inclusive development<sup>5</sup>.

**Besides, Bangladesh is recognized for its robust manufacturing sector, particularly in ready-made garments, which has propelled it to become the second-largest exporter globally, after China.** In 1990, the percentage of garments in total export was merely 0.42 percent<sup>6</sup> which increased to more than 79 percent<sup>7</sup> by the end of 2020 and the export earnings increased from USD 5,752

<sup>1</sup> The World Bank in Bangladesh, The World Bank Group, 2024

<sup>2</sup> The World Bank in Bangladesh, The World Bank Group, 2024

<sup>3</sup> The World Bank in Bangladesh, The World Bank Group, 2024

<sup>4</sup> Toward 2030: Strategies for SDG success in Bangladesh, UNDP, 2024

<sup>5</sup> Toward 2030: Strategies for SDG success in Bangladesh, UNDP, 2024

<sup>6</sup> Study on the Decline of Women Workers in the Textile Industry in Bangladesh, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, 2023

<sup>7</sup> Study on the Decline of Women Workers in the Textile Industry in Bangladesh, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, 2023

million<sup>8</sup> to approximately USD 55,558 million<sup>9</sup> between FY2000 to FY23. Since 2001, exports from Bangladesh have recorded an annual average growth of about 10.25 percent<sup>10</sup>, while employment in the textile and ready-made garment sector grew 11 percent a year between 2003 and 2010, outpacing all other non-agricultural sectors<sup>11</sup>. This transformation demonstrates the critical role of trade in lifting millions out of poverty and setting the conditions for further development.

**The growth in the RMG industry has been driven not only by large manufacturers but also by the small and medium enterprises (SMEs) that form the backbone of the supply chain.** SMEs play a crucial role in supporting the RMG sector by enhancing its competitiveness across all stages of production, from providing raw materials to offering specialized services. These enterprises contribute significantly to job creation, economic diversification, and export expansion, helping to fuel Bangladesh's journey toward becoming a \$500 billion economy by 2026<sup>12</sup>.



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<sup>8</sup> Pocket Export Statistics FY 2022-2023, Export Promotion Bureau Bangladesh, 2023

<sup>9</sup> Pocket Export Statistics FY 2022-2023, Export Promotion Bureau Bangladesh, 2023

<sup>10</sup> Export Performance of Bangladesh during the Pandemic: The Impact of Export Concentration (2022), Bangladesh Bank

<sup>11</sup> Moving Forward: Connectivity and Logistics to Sustain Bangladesh's Success, World Bank 2021

<sup>12</sup> Bangladesh to be a \$500b economy by 2026: StanChart economists, The Daily Star, 2021

Adding to these accomplishments is the 'Digital Bangladesh' initiative which has played a transformative role in propelling the ICT sector, driving innovation, creating employment opportunities, and enhancing economic inclusivity. With over 4,500 IT and ITES firms employing more than 750,000 professionals, and a total of 650,000 registered freelancers, the sector is on track to generate USD 5 billion by 2025<sup>13</sup>. The country boasts one of the most affordable operational costs for IT services in South Asia, with expenses 16-30% lower than regional peers like India<sup>14</sup>. Extensive 4G coverage (95% of the population) and ongoing 5G implementation, alongside over 128 million internet users, have created fertile ground for IT-enabled services and e-commerce, which surpassed USD 2.5 billion in 2020<sup>15</sup>. Bangladesh's ICT sector, driven by cost-competitive advantages, expanding IT parks, and improved connectivity, offers lucrative opportunities for offshore development hubs and BPO centers, positioning it as a global IT services hub.

However, the impressive GDP growth, technological advancements and economic successes are not disseminated evenly across all regions. Regional disparities persist, with certain areas lagging in accessing the opportunities of economic advancement. Recognizing this, decentralization remained a central focus of the country's 7th Five Year Plan (7FYP)<sup>16</sup>. Hence, innovative strategies, such as Local Economic Development (LED) model,

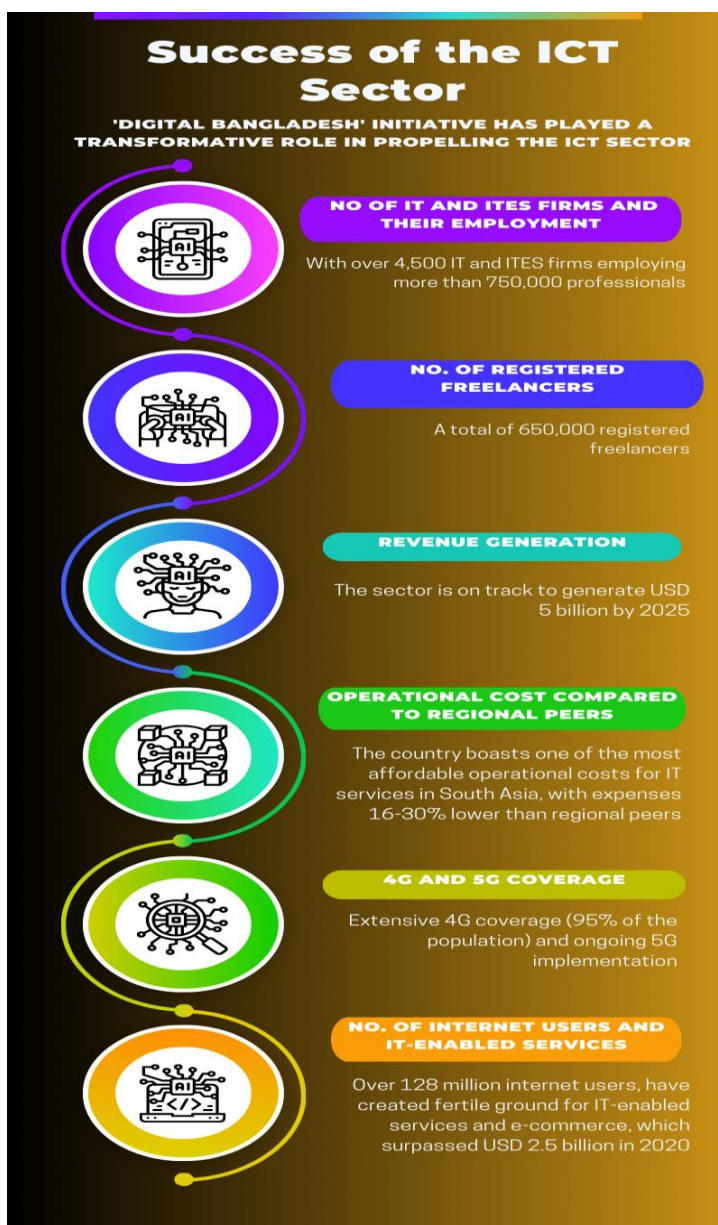


Figure 2 Success of the ICT Sector

<sup>13</sup> Bangladesh IT & ITes industry: Emerging destination for digital skills, Bangladesh Investment Development Authority (BIDA), 2019

<sup>14</sup> Bangladesh IT & ITes industry: Emerging destination for digital skills, Bangladesh Investment Development Authority (BIDA), 2019

<sup>15</sup> Bangladesh IT & ITes industry: Emerging destination for digital skills, Bangladesh Investment Development Authority (BIDA), 2019

<sup>16</sup> Seventh Five Year Plan, FY 2016 – FY 2020.

have been integrated into the local government agenda to promote balanced regional growth and empower local communities.

**There is a need to develop a business environment index at the local level** that can measure local competitiveness to address regional disparities and unlock the potential of municipalities as engines of growth. With that objective, Bangladesh is now introducing its first business environment index for the municipalities, the Municipality Competitiveness Index (MCI), which will play a key role in ensuring municipal competitiveness and distributing economic growth evenly across Bangladesh.

# Chapter 2: The Need for Decentralization in the Face of Rapid Urbanization

**Centralized development:** The rapid urbanization has exacerbated Dhaka’s inadequate housing crisis, increased congestion and worsened pollution. The Population and Housing Census 2022 reveals that Dhaka, the capital of Bangladesh, is home to the country’s largest population, with over 44 million people living in the division<sup>17</sup>, making it the fastest growing megacities in the world<sup>18</sup>.

According to the census, the city has a high number of slum dwellers, with 868,537 people living in these informal settlements<sup>19</sup> because of high land value and limited land availability in major cities<sup>20</sup>. Moreover, a staggering loss of over 8 million working hours daily as opposed to 5 million working hours in 2017 shows the deterioration of the congestion problem in the capital<sup>21</sup>.

Additionally, the city ranked as the 21st most polluted city globally, based on pollution measurements taken in 2019, reflecting a broader environmental crisis in Bangladesh<sup>22</sup>. These escalating challenges underscore the urgent need for decentralization, not only to relieve pressure on Dhaka but also to improve living conditions and environmental sustainability across the country.

**Challenges in Urban Governance Intensify with Accelerating Urbanization.** Urban governance in Bangladesh faces significant hurdles as cities struggle to keep pace with rapid urbanization. The population residing in urban areas has surged to 40.47% as of 2023 and is projected to exceed 56% by 2050<sup>23</sup>. This shift places immense pressure on municipalities to provide essential services such as housing, transportation, waste management, and utilities.

However, municipalities often lack the financial autonomy, technical expertise, and resources to meet these growing demands effectively. Centralized decision-making limits local governments’ ability to act independently, while poor coordination with service providers results in fragmented service delivery. Furthermore, the absence of robust urban social protection systems leaves vulnerable populations—especially the urban poor and informal workers—without adequate support, deepening inequalities. Recognizing the critical need to enhance Municipal Competitiveness in terms of service delivery, public-private initiative, governance, etc. the PRABRIDDI project, funded by the Governments of Bangladesh and Switzerland and implemented by the Local



44m

Population (Dhaka)



868,537

Slum Dwellers



21st

Most Polluted City

<sup>17</sup> Population and Housing Census 2022, Bangladesh Bureau of Statistics (BBS), 2022

<sup>18</sup> Urbanization in Bangladesh: Challenges and Way Forward, Asia Europe Foundation, 2021

<sup>19</sup> Population and Housing Census 2022, Bangladesh Bureau of Statistics (BBS), 2022

<sup>20</sup> Urbanization in Bangladesh: Challenges and Way Forward, Asia Europe Foundation, 2021

<sup>21</sup> Traffic Problems in Dhaka City: Causes, Effects, and Solutions (Case Study to Develop a Business Model), Scientific Research Publishing (SCIRP), 2023

<sup>22</sup> Air quality in Bangladesh, IQAir, 2024

<sup>23</sup> Decentralization and Empowerment of Local Governments in Bangladesh: A Pathway to Sustainable Development, UNDP, 2024



Government Division, under the Ministry of Local Government, Rural Development and Co-operatives and Swisscontact

## **PRABRIDDDHI and Local Economic Development (LED) Approach to Empower Municipalities**

**LED is a participatory framework that unites local stakeholders**—municipal officials, businesses, and community representatives—to identify competitive sectors and drive localized economic growth. By creating public-private collaboration, PRABRIDDDHI helps municipalities build the capacity to address urban challenges, promote inclusive development, and generate sustainable economic opportunities.

**The LED which is a tool to improve competitiveness of a municipality, emphasizes quick wins to build momentum and foster innovation**, such as improving markets, enhancing municipal services, or supporting local entrepreneurs. These initiatives not only improve the business environment but also strengthen municipal

capacity and responsiveness. In this way, PRABRIDDDHI aligns with broader goals like decentralization, sustainable urbanization, and the creation of resilient, self-reliant urban communities that can thrive amidst Bangladesh’s rapid urban growth.

**A Business Environment Index in the form of the Municipality Competitiveness Index, could complement the LED framework** by providing a structured evaluation of the local business climate, highlighting areas that need improvement, such as ease of doing business or access to resources. In this way, PRABRIDDDHI aligns with broader goals like decentralization, sustainable urbanization, and the creation of resilient, self-reliant urban communities that can thrive amidst Bangladesh’s rapid urban growth.



*“Through the adoption of the Local Economic Development (LED) approach, PRABRIDDDHI aims to create a thriving business environment where local businesses can prosper, employment opportunities can grow, and sustainable economic development can flourish”*

Source of Picture and Caption: Swisscontact.



## Chapter 3: The MCI- Assessing, and Transforming Local Business Climates

**The Business Environment Index is a single-country index that provides a thorough analysis of the business climate of a country by accounting for unique factors specific to a country.** Customized according to a country's needs, this index provides a comprehensive evaluation of the overall business environment unlike the Doing Business Report which assesses countries with unique characteristics on a single scale. This multi-purpose index incorporates factors, such as access to finance, technology, infrastructure, and land acquisition which can improve the business climate, induce investment and private sector growth, formulate effective policy in designing business-friendly environments and assess risks while making business decisions.

**MCI is a globally recognized tool for promoting potentiality of a municipality in terms of business and investment opportunity.** The multi-purpose nature of a business environment index makes it pertinent to the context of local economic development at municipality level. Countries like India, Philippines, Kosovo, etc. have previously devised such index. Bangladesh is now adopting the practice and developing a similar index to assess the municipal competitiveness to contribute to local economic development. The index in Bangladesh will be known as the Municipality Competitiveness Index.

**Through MCI, the business environment at the municipality level is assessed through a rigorous municipal specific analysis of the regulatory landscape across seven municipalities in Bangladesh.** Comprising five sub-indices, the framework has been adapted to capture key elements of the local business environment and address the challenges faced by businesses and intermediaries in engaging with regulations. The broad objective of the index is to complement the national goals of decentralization and encourage evidence-based policymaking in the process of strengthening the local economy.

### Examples of similar indices

**India:** Municipal Performance Index

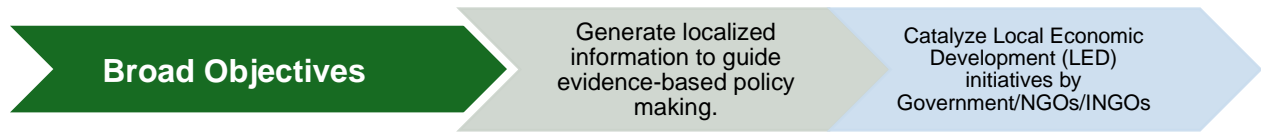
**Philippines:** Cities and Municipalities Competitiveness Index

**Kosovo:** Municipal Competitiveness Index

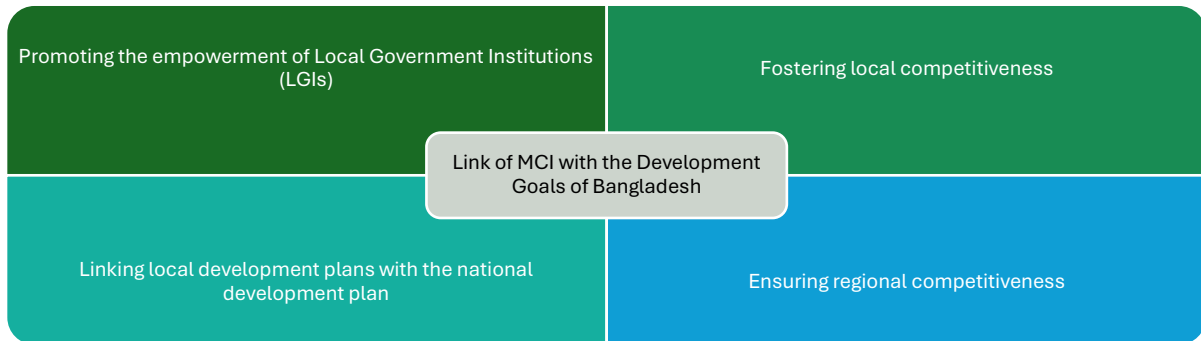


*The Municipality Competitiveness Index (MCI) is a critical tool for assessing and improving the local business environment across municipalities in Bangladesh.*

The broad objectives of MCI are mentioned below:



### Link of MCI With the Development Goals of Bangladesh



**Importance of MCI.** Measuring key factors such as local governance, infrastructure, sector competitiveness, public services, and human resources, the index can be useful to local businesses, potential investors and policymakers. It will collect and analyze data from various stakeholders from the private sector, public sector, and civil society to provide a holistic view of the business environment within each municipality. By doing so, the index will provide a reliable, systematic and robust framework, while its objectives will provide a clear roadmap for inducing sustainable and inclusive growth, laying the foundation for targeted interventions to improve business environment across municipalities.

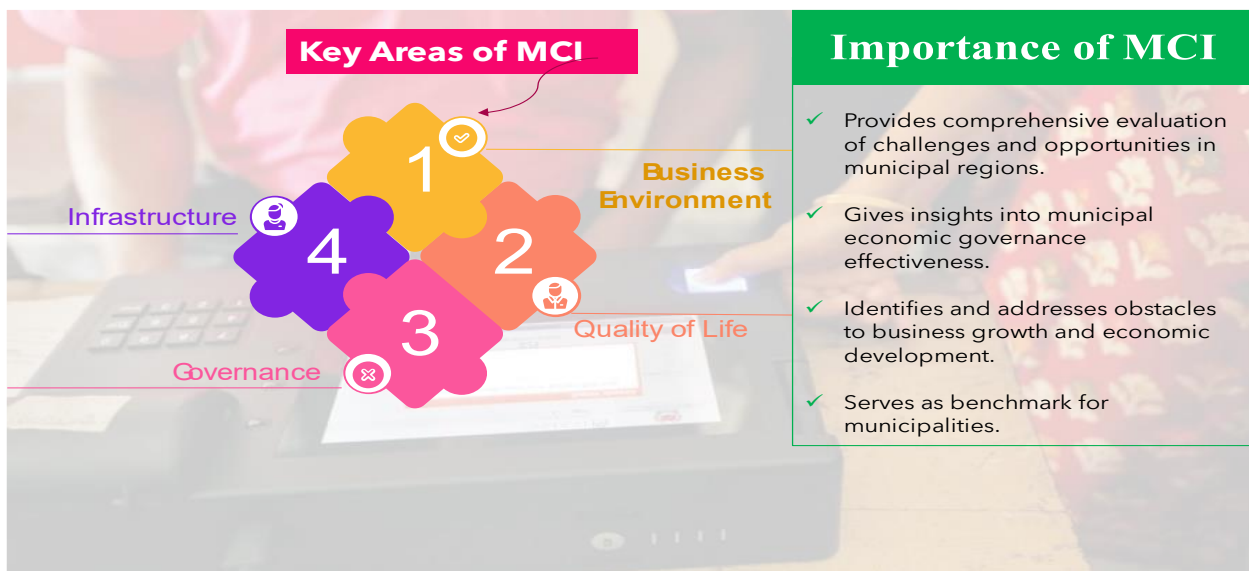


Figure 3 Importance of MCI





**The MCI identifies key strengths and improvement areas to support policymaking, identify business reform agendas and attract investments at the municipal level.** The policymakers can use the empirical data of the MCI to understand and address the barriers businesses face at the municipal level and take effective action to improve their productivity and performance. By focusing on key areas, the MCI will enable municipalities to identify and address critical blockages hindering economic development which will increase the competitiveness of these municipalities. This will not only lead to more competitive municipalities but also contribute to a stronger and more efficient national business environment. MCI will play a crucial role in measuring the quality of the business environment across the country, supporting Bangladesh's vision of decentralized economic growth and local empowerment.

**Moreover, it enhances local accountability, improves communication between municipalities and the central government, and fosters ongoing policy and public-private dialogues for sustainable development.** Strong local accountability, more effective communication and coordination between municipality and central government on follow up actions becomes easier with the use of MCI. Besides it creates entry points for continued policy dialogue and public- private dialogue on improvement opportunities and offers flexibility to adjust as local context evolves, aspects which are critical for decentralization.

**By integrating the perspectives of the local private sector and potential foreign investors, the MCI provides valuable insights** that can guide decisions on where to locate businesses, what policy improvements are necessary, and how to develop local markets effectively. It will amplify local accountability through enhanced communication and coordination between municipal and central government bodies, making it easier to follow up on actions and adapt policies as local contexts evolve which will improve the condition of urban governance.

#### **Outline of the MCI Applications:**

MCI can be applied to:

-  *Measure the efficiency of municipal service delivery and business enabling environment.*
-  *Showcase the problems and prospects of doing business at the local level.*
-  *Capture how businesses interact with the government at the local level.*
-  *Explore how the quality of local governance varies among the partner municipalities.*

#### **Summary of Specific Objectives of MCI:**

- ✓ *Develop a context-relevant index tailored to the business environment in Bangladesh.*
- ✓ *Provide evidence-based input to local and national government agencies for policy improvement.*
- ✓ *Benchmark municipal performance to identify best practices and successful initiatives.*
- ✓ *Facilitate dialogue between local governments and businesses for better policy reforms.*
- ✓ *Enhance local economic competitiveness in alignment with the Government of Bangladesh's vision.*
- ✓ *Offer a rigorous assessment of the regulatory landscape across municipalities.*
- ✓ *Capture key elements of the local business environment using five sub-indices.*

**The MCI is the only index in Bangladesh that specifically assesses the business environment at the local municipal level.** While other indices, such as the Bangladesh Business Climate Index (BBX) and the Purchasing Managers' Index (PMI), provide insights into the overall business conditions in the country, they do not capture municipal-level information. In this context, the MCI serves as a critical tool for understanding and evaluating the local business environment, addressing a significant gap in existing indices.

### **Applicability of MCI to Support Decentralization Initiatives**

**MCI can measure the strengths and weaknesses of municipalities to ensure sustained impact and scalability of LED.** The MCI provides valuable insights into the local business environment, governance, and economic potential, enabling targeted interventions to enhance competitiveness. This tool aligns seamlessly with the LED framework, offering a structured way to monitor progress, identify gaps, and drive reforms. By embedding MCI within the LED process, municipalities can better address urban governance challenges while creating vibrant, inclusive economies that reflect the aspirations of their communities.

**Initiatives like the LED model, and the MCI underscore the critical role of decentralized governance** in fostering balanced urbanization and addressing the needs of both urban and rural populations. Empowering local governments to drive economic growth and respond to urban challenges not only strengthens cities but also contributes to national development goals and global priorities like the Sustainable Development.

## Chapter 4: Leveraging the MCI to Address SME Challenges and Opportunities

***Use of MCI in Building a Robust SME Sector for Local Competitiveness.*** With substantial contributions to GDP and employment, the SME sector strengthens industrial competitiveness and promotes women's entrepreneurship in Bangladesh. The industrial sector contributed 34.99% to GDP in FY19, rising to 36.01% in FY21 and 37.07% in FY22<sup>24</sup>. This growth was largely driven by the manufacturing sector, which includes cottage, micro, small, and medium-sized enterprises (CMSMEs).

**The contributions from CMSMEs have progressively increased**, with the cottage industry's share of GDP growing from 3.94% in FY19 to 4.06% in FY21, and further to 4.22% in FY22<sup>25</sup>. Similarly, the share of small, micro, and medium industries rose from 7.44% in FY19 to 7.49% in FY21 and then to 7.80% in FY22<sup>26</sup>. This data highlights the rising contributions of CMSMEs to the manufacturing sector and their critical role in driving GDP growth.

**The labor-intensive nature made the CMSME enterprises an avenue for job creation and women's entrepreneurial growth through e-commerce.** The sector employs over 21 million people in this sector<sup>27</sup>. Women-led SMEs have seen significant benefits from utilizing e-commerce platforms, with 67% using them as alternative sales channels, 46% securing loans to expand operations, and 91% reporting increased income<sup>28</sup>.

***Informal CMSMEs are a barrier to decent work and growth.*** Most Small and Medium Enterprises (SMEs) operate at the local level, with approximately 60% to 65% of all SMEs situated outside the metropolitan hubs of Dhaka and Chattogram, predominantly operating in rural and semi-urban areas<sup>29</sup>. Therefore, strengthening this sector is consequential in the decentralization process and for local economic development. However, despite the sector's potential, approximately 80% of Cottage, Micro, Small, and Medium Enterprises (CMSMEs) operate informally, leading to a severe decent work deficit.

**This deficit highlights the disparity between employees' actual working conditions and their aspirations for better livelihoods, highlighting the need for greater formalization and improved labor standards within the sector.** Moreover, the SMEs in Bangladesh lag their counterparts in neighboring countries despite their significance. For instance, the GDP contributions are considerably higher in India, China, and Vietnam<sup>30</sup>. Additionally, women-led SMEs constitute only 7.2% of the total, highlighting the urgent need for more inclusive growth strategies in this sector<sup>31</sup>.

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<sup>24</sup> The impact of CMSMEs on Employment Generation Growth in Bangladesh, Bangladesh Bank, 2024

<sup>25</sup> The impact of CMSMEs on Employment Generation Growth in Bangladesh, Bangladesh Bank, 2024

<sup>26</sup> The impact of CMSMEs on Employment Generation Growth in Bangladesh, Bangladesh Bank, 2024

<sup>27</sup> The impact of CMSMEs on Employment Generation Growth in Bangladesh, Bangladesh Bank, 2024

<sup>28</sup> Improving Lives, Expanding Opportunities, The Asia Foundation.

<sup>29</sup> Study on Future Direction of SMEs in Bangladesh, Ministry of Planning.

<sup>30</sup> Leveraging the power of SMEs, The Daily Star, 2024

<sup>31</sup> Overview of SMEs in Bangladesh, The Daily Star, 2024

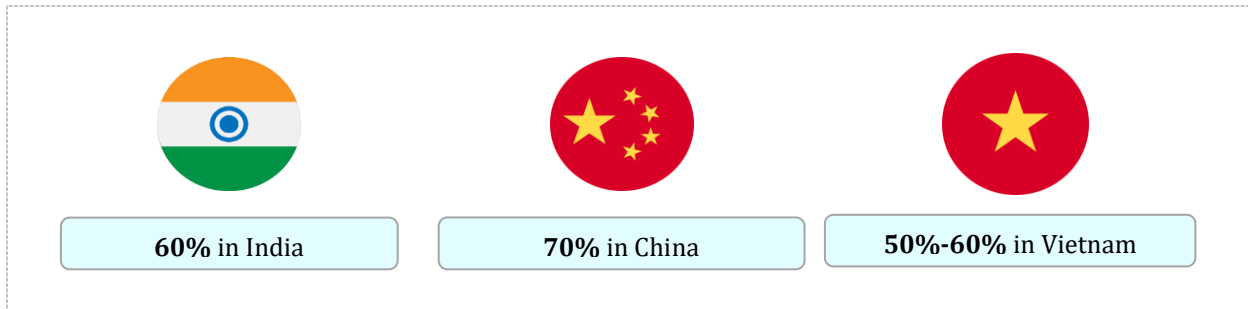


Figure 4 Global SME Contribution

**High Collateral and Bureaucracy Cause SME Financing Dilemmas.** There are other challenges that impede the growth of this sector and thereby impact Local Economic Development. Access to formal financing remains a major challenge for the SMEs in the country. According to the World Bank, there is a \$2.8 billion funding gap, leaving over 40% of SMEs without access to formal credit<sup>32</sup>. High collateral requirements, bureaucratic hurdles, and the lack of financial products tailored to SMEs exacerbate this issue, forcing many to rely on informal sources, which account for 74% of SME funding compared to just 36% from formal institutions<sup>33</sup>. While recent initiatives, such as loans to CMSMEs by banks and NBFIs in 2023, have improved access, procedural barriers and credit rationing policies favoring larger firms persist, limiting SMEs’ financial inclusion and growth potential.

**SMEs also face growing pressure to comply with environmental regulations, which are essential for meeting global trade standards.** Many SMEs lack the resources, infrastructure, and awareness needed for effective waste management, as highlighted in the Bangladesh Business Climate (BBX) 2023-2024 survey. Challenges such as the absence of proper systems for waste segregation, coupled with regulatory and resource constraints, hinder their ability to implement sustainable practices. Without addressing these gaps, SMEs risk exclusion from international trade networks, undermining their long-term competitiveness in global markets.

**Taxation complexities and financial mismatches further constrain SMEs.** The tiered corporate tax system introduced in the 2024–2025 budget imposes stricter compliance criteria for reduced rates, leaving many SMEs unable to benefit and facing higher tax burdens. Complex procedures for tax reporting and compliance, such as obtaining VAT and tax identification numbers, further complicated operations. Additionally, the mismatch between financial instruments and SME needs—such as rigid repayment schemes unsuited to businesses with seasonal cash cycles or credit-based sales—limits their ability to secure affordable financing. These structural challenges restrict SMEs’ ability to formalize, scale, and fully realize their potential in contributing to Bangladesh's economic development.

<sup>32</sup> Financing Solutions for Micro, Small and Medium Enterprises in Bangladesh, The World Bank Group, 2019

<sup>33</sup> Overview of SMEs in Bangladesh, The Daily Star, 2024

*Bangladesh faces several key obstacles that reduce its appeal for both domestic and foreign investors.* These include trade facilitation challenges, an inefficient regulatory framework, inadequate infrastructure, protectionist trade policies, limited access to finance, and concerns about political and economic stability. These factors combine to create a complex and difficult investment environment for small and medium enterprises (SMEs).

*Challenges in investment and business climate hinder the growth of the rural and peri-urban SMEs.* Moreover, the slow progress in building the capacity of Local Government Institutions (LGIs),

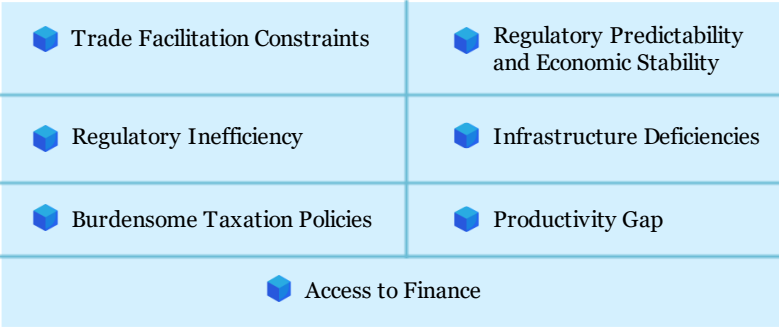


Figure 5 Investment Challenges in Bangladesh

compounded by limited resources and overlapping mandates, is obstructing the development of a supportive business environment. This lack of an enabling ecosystem outside major metropolitan areas poses significant challenges to fostering local economic growth, job creation, and attracting investment for sustainable and inclusive development in Bangladesh.

**Incorporating SME-specific challenges and opportunities into the MCI would enhance its relevance as a tool for assessing local economic development.** By evaluating how municipalities support SMEs through areas such as financial accessibility, regulatory efficiency, sustainability initiatives, inclusive growth strategies, infrastructure, and taxation, the MCI can provide specific insights into the strengths and weaknesses of local business environments and how these can be improved.



# Chapter 5: BIDA's Strategic Role in Ensuring the Sustainability and Success of the MCI

**The MCI is spearheaded by the Bangladesh Investment Development Authority (BIDA) as its prime host in terms of business environment enabling and investment authority**, with the Local Government Division (LGD) playing a pivotal coordinating role to ensure effective implementation and alignment with local governance structures. Supporting this initiative, PRABRIDDI provides technical and other assistance to develop the MCI framework.

**The Bangladesh Investment Development Authority (BIDA) is set to play a pivotal role in ensuring the successful implementation and long-term sustainability of the Municipal Competitiveness Index (MCI).** As the apex investment promotion agency established in 2016 under the BIDA Act, BIDA is committed to enhancing Bangladesh’s investment environment and facilitating both local and foreign investments. Its strategic functions—investment promotion, policy advocacy, and investor facilitation—align closely with the objectives of the MCI, making BIDA an indispensable partner in this initiative.

**By partnering with BIDA, the MCI will gain enhanced credibility and assurance of sustainability.** Firstly, the MCI's focus on the business environment aligns perfectly with BIDA's mission to improve Bangladesh's business climate. BIDA's expertise in developing similar indices for development partners ensures that the MCI will benefit from their experience and best practices.

**Additionally, BIDA's established institutional coordination with Government of Bangladesh ministries and agencies provides a solid foundation for seamless integration of the MCI into national priorities.** Lastly, BIDA's ongoing interactions with the private sector offer valuable insights, ensuring the MCI remains relevant and responsive to business needs. It is a testament to the synergistic potential of combining governmental support with innovative initiatives like the MCI, ensuring that the project is not only sustainable but also instrumental in driving the nation's economic progress.

**The agency’s divisional offices will act as key platforms for coordination with Local Government Institutions (LGIs),** such as district commissioners and various government line agencies, to ensure regional and local-level awareness of the business environment. These offices will facilitate structured dialogues with private sector actors, enabling the collection of data on the challenges and opportunities businesses face at the sub-national level. Additionally, BIDA’s dedicated budget for projects aimed at improving the business climate will support the MCI’s activities, such as participatory workshops and data validation processes. This collaboration will ensure that the MCI generates reliable time-series data on local business environments and market factors affecting investors. By complementing national-level investment climate assessments, the MCI will provide district and municipal-level insights critical for the growth of small and medium-sized enterprises (SMEs).

Why BIDA is a strong partner for MCI?

- The business environment focus of proposed MCI fits well with BIDA's effort to improve the business environment of Bangladesh
- Familiarity with developing similar indices for development partners
- BIDA's institutional coordination mechanism with the GoB ministries/agencies
- BIDA's continuous interactions with the private sector



***MCI Supports BIDA's Objectives.*** The MCI will be equally valuable to BIDA in achieving its mission of improving the country's investment climate. The MCI will contribute by developing time-series data on business environment and market factors affecting investors at the local level.

**It complements national-level investment climate assessments by providing district and municipal-level information crucial for smaller businesses.** This data will facilitate continued dialogues between BIDA and businesses at the local level, with dialogues and participatory workshops planned for data collection, validation, and awareness-building for the MCI. BIDA's divisional offices, which coordinate with various Local Government Institutes (LGIs) such as district commissioner's offices and district/sub-district level offices of different GoB line agencies, will serve as platforms for regional and local-level awareness on the business enabling environment. These offices will also initiate structured dialogues with local private sectors.

**By generating detailed local-level data, the MCI will provide actionable insights into the specific needs and challenges of businesses in different regions.** This will enable BIDA to tailor its strategies for investment promotion and policy advocacy, ensuring they address ground realities more effectively. Moreover, the MCI will facilitate continued dialogues between BIDA and the private sector, helping the agency stay informed about emerging trends and priorities. These interactions will strengthen BIDA's ability to advocate for policy reforms and streamline regulatory processes, producing a more business-friendly environment.

***MCI Aligns with BIDA's Vision for the BICI Program.*** MCI complements BIDA's Bangladesh Investment Climate Improvement (BICI) Program. In 2020, Bangladesh scored 168 out of 190 countries in ease of doing business with a score of only 45 against the top score of 86.8 of New Zealand which holds the first position in this ranking.<sup>34</sup> During the same period, the FDI to GDP ratio for Bangladesh was only 0.4 percent,<sup>35</sup> which demonstrates the deterrent effect of low ease of doing business on the investment climate in Bangladesh. To help Bangladesh advance in the intense global competition for investment and to relieve the current business and investment climate through holistic and nationwide business climate reforms for increased accessibility and reduced complexity of services, BIDA has inaugurated the Bangladesh Investment Climate Improvement Program (BICIP) in alignment with the development goals of the country.

#### **Business Climate in Bangladesh:**

- ✓ **Bangladesh scored 168 out of 190 countries in ease of doing business in 2020**
- ✓ **The FDI to GDP ratio for Bangladesh was only 0.4 percent in 2020**

How will MCI benefit BIDA?

Insights/findings from MCI can complement the national level investment climate issues for small and district level businesses

Develop technical know-how/institutional capacity through Swisscontact technical support

Develop time-series data on business environment and market factors affecting local level investors

Will help BIDA strengthen its position and role as the nodal agency/custodian of investment climate for all businesses in Bangladesh

<sup>34</sup> Doing Business 2020: Comparing business regulation in 190 economies, World Bank, 2019

<sup>35</sup> 'Foreign direct investment, net inflows (% of GDP) - Bangladesh and Vietnam', World Bank Data.

**BICIP, designed to enhance the business environment nationwide, extends its reach to secondary growth centers beyond major cities like Dhaka and Chattogram.** With seven key pillars focusing on areas such as business entry, industrial infrastructure, cross-border trade, and access to finance, BICIP's dedicated working groups will collaborate closely with government agencies to advocate for business environment reforms, in alignment with the objectives of the MCI.

**BICIP can improve the business environment through reforms in Dhaka and beyond by collaborating with the local agencies. BICIP is based on seven pillars, focusing on areas such as business entry and exit, technology adaptation, access to financial and non-financial incentives, etc.** The program includes 110 identified reforms across seven pillars, with dedicated working groups established to oversee updates for each pillar. Designed to boost investment and firm registration by at least 10%<sup>36</sup> annually, this program aims to simplify seven key aspects of business operations, with input from the business community.<sup>37 38</sup>



Figure 6 The 7 Pillars of BICIP

**BICIP has already initiated several actions and plans to implement more initiatives.** For instance, under the Digital Bangladesh BIDA introduced BICIP digital platform with the aim of digitizing and streamlining investment. This platform serves as an essential online portal for different investment related services and is a major step in creating an advanced and technology-oriented development of the investment environment which will make the investment process transparent for all the stakeholders involved.

**Importance of Incorporating MCI in BICIP. A business environment index, such as MCI provides a clear, data-driven approach** that can assist BICIP with identification and implementation of crucial reforms for improving the business climate of the municipalities. The usefulness of a business environment index is evidenced by the application of the Bangladesh Business Climate Index (BBX), a business environment index in Bangladesh, in FY 2022-2023. The index identified and proposed 97

<sup>36</sup> Bida plans new scheme to ease firm registration, Maritime Gateway, 2022  
<sup>37</sup> Bangladesh Investment Climate Improvement (BICI) Programme Concept Note  
<sup>38</sup> Bida fosters collaboration to enhance business, investment climate, The Business Standard, 2024

reforms for BICIP, which if implemented, can undoubtedly improve the business environment in Bangladesh. Similar implementation at the municipality can strengthen the local competitiveness of the municipalities.

**Integrating MCI into BICIP can promote local competitiveness and enhance the business environment and expand investment opportunities throughout Bangladesh.** The MCI, specifically designed to assess the competitiveness of municipalities, is crucial in measuring the ease of doing business and evaluating the effectiveness of economic governance at the municipal level. By providing municipalities with a strong benchmark, the MCI facilitates the monitoring of the progress made which can be useful in creating favorable business environments and empower localities to thrive against global competition.



Figure 7 Importance of MCI in BICIP

MCI can offer a thorough analysis of the impediments in the current business environment which can help BICIP set reform priorities and optimize resource allocation by identifying the urgent challenges and reforming those challenges. It can also help monitor the progress of the implemented reforms. By comparing the index results over time, BICIP can evaluate the effectiveness of the reforms and make necessary adjustments to improve the business environment. The specific identification of reforms, its application, monitoring, and further improvement will overall lead to sustainability of the improved business environment in Bangladesh which will be key to long-term economic growth in Bangladesh.

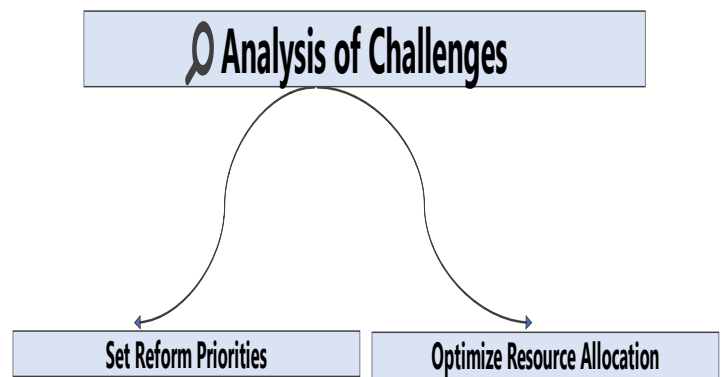


Figure 8 How MCI works

**Empowering BICIP with MCI's Localized Business Environment Data.** MCI's complements five of the seven pillars of BICIP. By generating time-series data on business environment factors at the

district and municipal levels, MCI can significantly contribute to BICIP. This data enriches national-level investment climate assessments and supports structured dialogues between the Bangladesh Investment Development Authority (BIDA) and local businesses which are essential for ongoing policy reform discussions and the refinement of local governance practices.

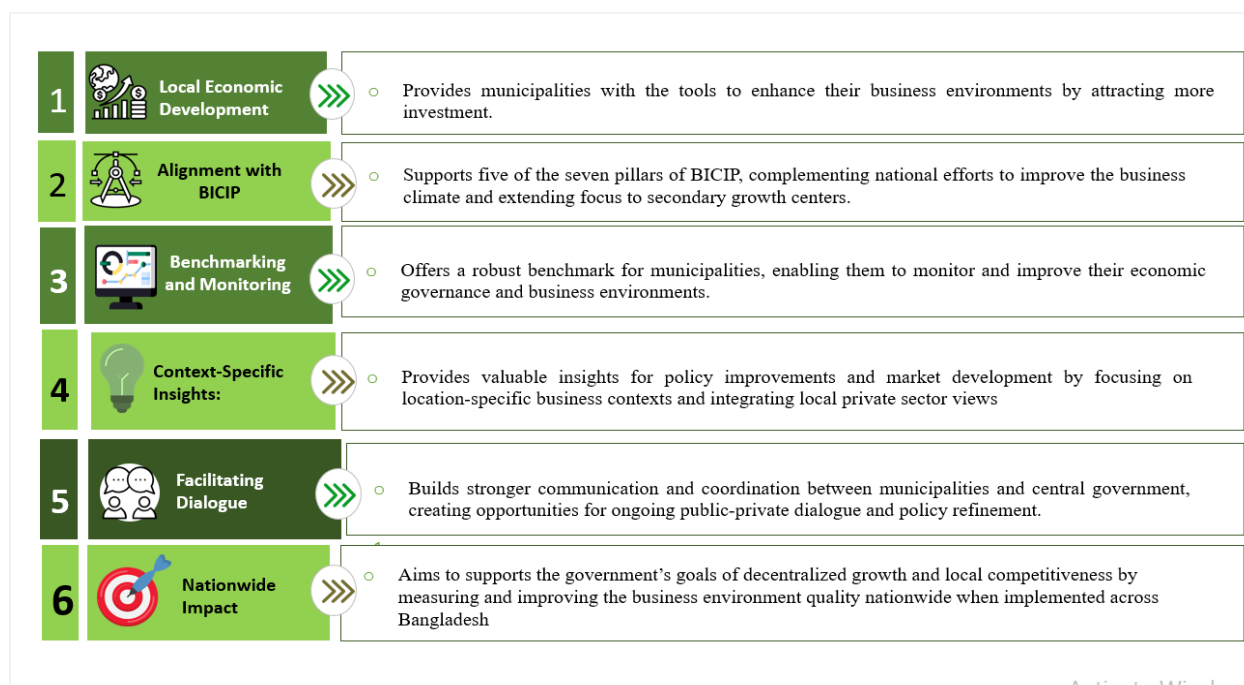


Figure 9 MCI and BICIP Linkage

Table 1 BICIP Pillars Relevant to the MCI Indicators

Sl.	MCI Sub-Index: Regulatory Service Delivery	BICIP Pillars Relevant to the MCI Indicators
	<b>Sub-Indicators</b>	
1	Average days to obtain a firm Business Permits/Trade License	01 Business entry, exit, and technology adoption.
2	Average cost to obtain a firm Business Permits/Trade License	
3	Level of difficulty to obtain Business Permits/Trade License	
4	Number of documents required for business permits	
5	Level of difficulty to obtain sectoral licenses (environment, fire, narcotics etc.)	
6	Level of difficulty to submit tax return (central and municipal level)	03 Tax Regime.
	<b>MCI Sub-Index: Regulatory Governance and Institutional Efficiencies</b>	<b>BICIP Pillars Relevant to the MCI Indicators</b>
	<b>Sub-Indicators</b>	
7	Availability of a functional information with business licensing information online and/or published on the board physically at the local level	01 Business entry, exit, and technology adoption.

8	Percentage of businesses and intermediaries that said access to information on local government policies is easy or very easy	04 Commercial dispute resolution and labor regulations.
9	Satisfaction level regarding the necessary skills and competencies to effectively deliver business-related services of the staff at Municipality	
10	Availability of gender-sensitive service delivery system by municipality	
11	Satisfaction level of businesses regarding quality and timeliness of services provided by municipality	
12	Implementation of governance mechanism	
13	Percentage of businesses and intermediaries that said there is regular communication and consultation from government on regulatory changes	
14	Availability of feedback mechanism and complain mechanism in the municipality	
	<b>MCI Sub-Index- Services</b>	<b>BICIP Pillars Relevant to the MCI Indicators</b>
	<b>Sub-Indicators</b>	
15	Percentage of business reporting that the availability of transport and logistics services is a major obstacle	02 Industrial infrastructure and logistics.
16	Average cost and time to obtain new electricity connection	
17	Average cost to obtain new electricity connection	
18	Average day of obtaining electricity connection again after disconnection	
19	Average cost of obtaining electricity connection again after disconnection	
20	Percentage of business reporting that waste was collected regularly and timely and managed in a proper manner	
	<b>MCI Sub-Index: Technology Adoption</b>	<b>BICIP Pillars Relevant to the MCI Indicators</b>
	<b>Sub-Indicators</b>	
21	Access to broadband internet/ mobile networks	01 business entry, exit, and technology adoption.
22	Availability of qualified workforce the municipality who have basic computer operating skills	
	<b>MCI Sub-Index: Economic Potential and Sectors</b>	<b>BICIP Pillars Relevant to the MCI Indicators</b>
	<b>Sub-Indicators</b>	
23	Level of difficulty to avail loans (bank and non-banking financial institutes)	05 Access to finance and incentives.

# Chapter 6: Global Examples of Municipal Level Competitiveness Benchmark Initiatives

**India: The Municipal Performance Index (MPI) 2019.** The Government of India's national development strategy is closely aligned with the Sustainable Development Goals and the 2030 Agenda, recognizing the key role cities play in driving economic growth. To support urban development, the Ministry of Housing and Urban Affairs has initiated several programs, including the Swachh Bharat Mission (SBM-U), Smart Cities Mission (SCM), HRIDAY, etc. These programs aim to enhance urban governance, improve city planning, and upgrade urban infrastructure, ultimately elevating the standard of living for city residents.

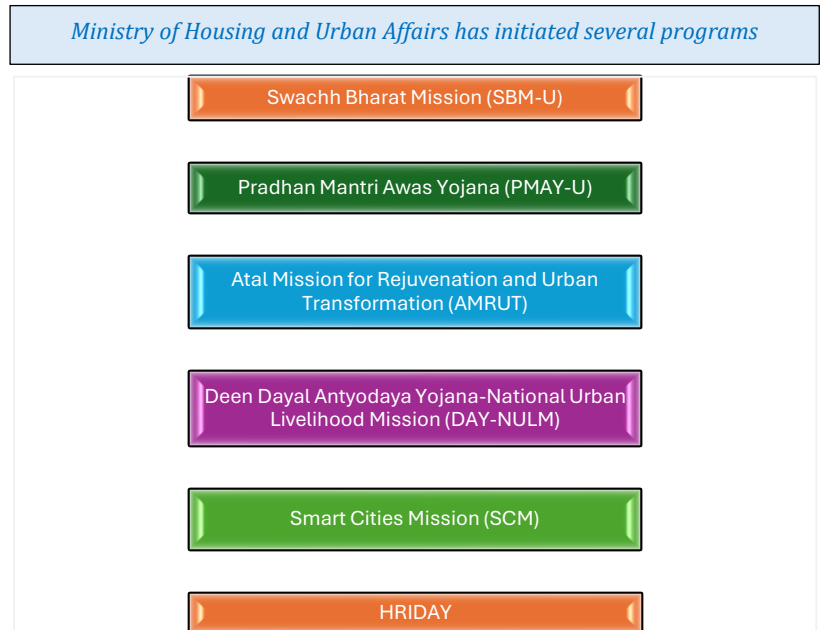


Figure 10 Initiatives of Housing and Urban Affairs



Figure 11 The Five Pillars of The Municipal Performance Index (MPI) 2019

**The Municipal Performance Index (MPI) 2019 was developed as a tool to measure and analyze the performance of Indian municipalities across five pillars which are services, finance, planning, technology, and governance.** These allocations reflect the relative importance of each pillar in assessing municipal performance. This index is particularly relevant for Smart Cities and cities with populations over one million, providing a structured approach to improve urban planning and management.

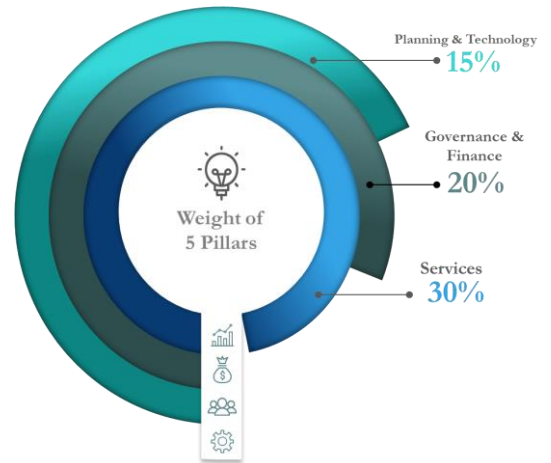


Figure 12 Weight of 5 Pillars

**The objectives of the MPI are to generate data that supports evidence-based policymaking and to drive actions that contribute to achieving broader developmental goals, including the Sustainable Development Goals.** Additionally, the MPI aims to evaluate and compare the outcomes achieved by municipal bodies, considering the resources at their disposal. It also seeks to provide citizens with a clearer understanding of local government operations and facilitate dialogue between various stakeholders. The MPI framework encompasses a wide range of municipal responsibilities, from providing basic public services to more complex functions such as urban planning.

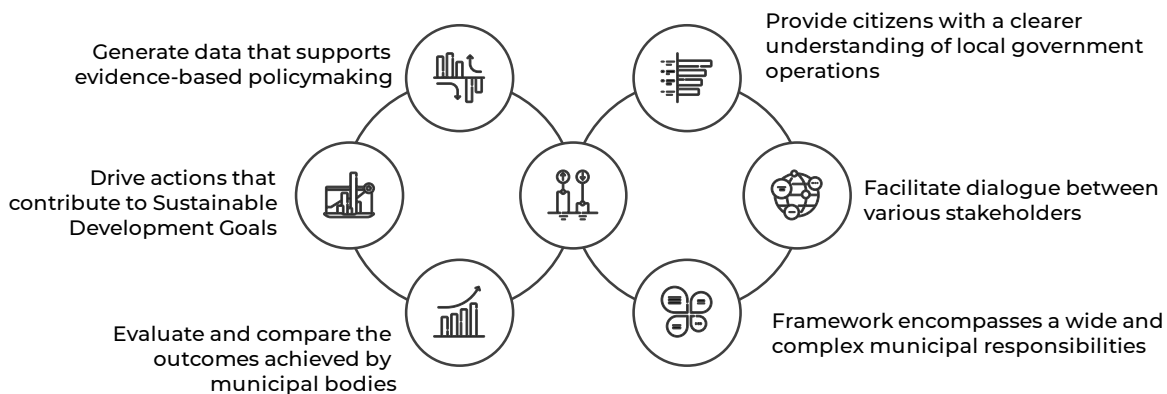


Figure 13 Objectives of MPI

**This index complements the Ease of Living Index by offering a detailed analysis of municipal performance, enabling data-driven governance, and contributing to the improvement of urban living conditions.** It includes 20 categories and 99 indicators that help evaluate municipal performance of 114 cities in a comprehensive manner. This structured assessment is intended to support evidence-based policymaking, encourage progress toward broader developmental objectives, and offer transparency to citizens regarding the functioning of their local governments. Reliable data input from cities is essential for the accuracy of the MPI. Therefore, The MPI Data Entry Portal 2019 allows the city data officers to input city data for the MPI 2019 Assessment.<sup>39</sup>

<sup>39</sup> Ministry of Housing and Urban Affairs (2021) Multi-Dimensional Poverty Index (MPI) Report; Ministry of Housing and Urban Affairs (n.d.) 'Multi-Dimensional Poverty Index (MPI)'



***Philippines: The Cities and Municipalities Competitiveness Index.*** The Cities and Municipalities Competitiveness Index (CMCI) is an annual ranking system for Philippine cities and municipalities, established by the National Competitiveness Council with support from the Regional Competitiveness Committees (RCCs) and the United States Agency for International Development. The CMCI framework is based on Michael Porter’s concept of competitiveness, which centers on productivity which is defined as the output per unit of input. The concept of competitiveness based on productivity assesses how effectively a city or municipality utilizes its resources to create value, both locally and globally to improve the standard of living for its citizens.

**The competitiveness rankings are based on an overall score derived from five core pillars: Economic Dynamism, Government Efficiency, Infrastructure, Resiliency, and Innovation.** Each pillar equally contributes 20% to the overall score, reflecting the comprehensive nature of the assessment and incorporates ten sub-indicators that provide a detailed analysis of a locality’s strengths and areas for improvement. Higher scores indicate greater competitiveness, which can attract investments, generate employment, and enhance the quality of life.

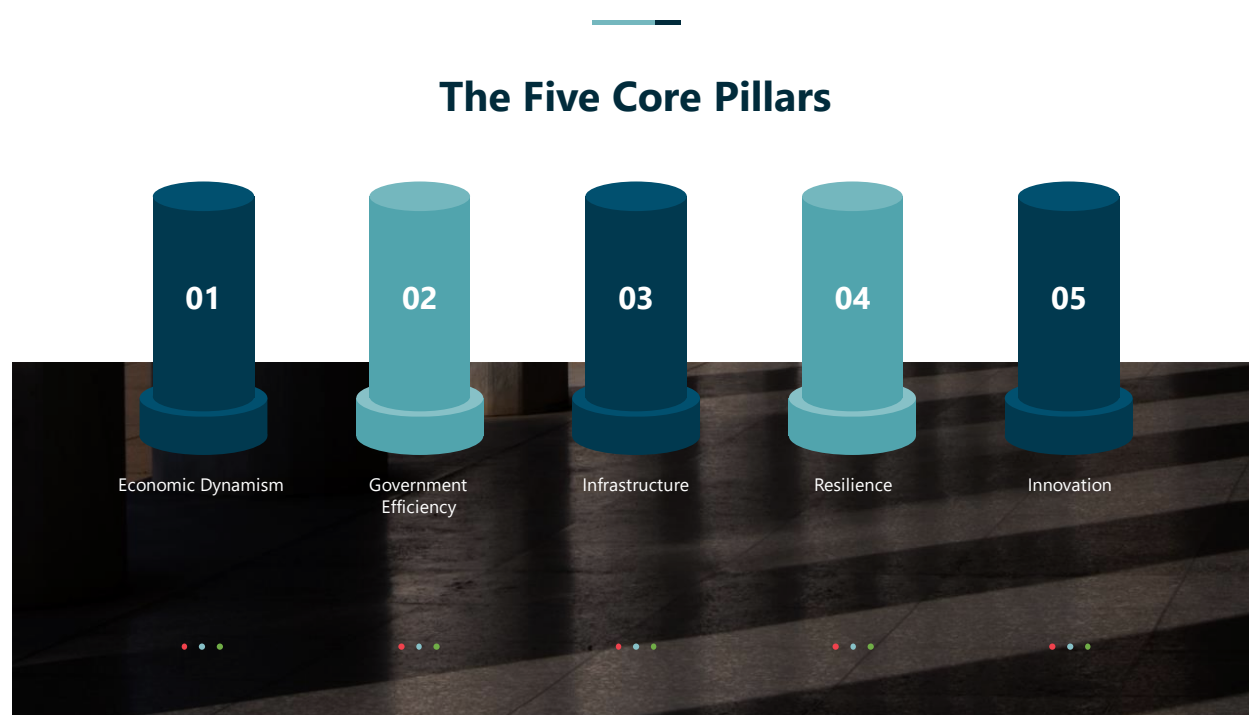


Figure 14 The Five Core Pillars

**The CMCI is a valuable tool for the public sector, private sector and academe.** Local government officials use it to diagnose and enhance their city or municipality's competitiveness, guiding policymaking and development planning. The business community can use this index for investment and business decisions, while the academic community and civil society can use the Index for research and analysis. The RCCs, which include members from the public sector, private sector, and academia, play a pivotal role in this process by regularly measuring competitiveness indicators, developing improvement programs, and promoting investments. These efforts collectively contribute to the economic vitality and global competitiveness of the Philippines.



**The methodology behind the CMCI involves gathering and analyzing unique data points for each city and municipality, with the overall index value capped at 100.** The detailed sub-indicators under each pillar provide a thorough understanding of the factors that drive competitiveness, from economic growth and government services to infrastructure quality, resilience planning, and innovation capabilities.<sup>40</sup>

***Kosovo: The Municipal Competitiveness Index.* The Municipal Competitiveness Index (MCI) is a comprehensive tool methodically designed to evaluate the performance of local economic governance in creating a favorable business environment in Kosovo.** The MCI can be used in the identification of business barriers and opportunities and the assessment of the overall performance of the private sector within municipalities. This will help enhance productivity by reducing obstacles, eliminating unnecessary administrative procedures, ensuring a fair legal framework, and providing the necessary infrastructure.

**The methodology of MCI involves primary data collection through surveys with business owners and entrepreneurs.** The index is composed of eight sub-indices, each focusing on a distinct aspect of economic governance, such as ease of starting a business, transparency, municipal administration, and infrastructure quality. These sub-indices collectively measure how well local governments support business activities and ensure a favorable business climate.

**The MCI not only serves as a benchmark for municipalities to track their progress in developing a business-friendly environment but also provides a platform to share successful practices.** By addressing barriers to entry, improving transparency, enhancing participation and predictability, and reducing time costs associated with regulatory compliance, municipalities can significantly impact the business environment. Other critical areas assessed by the MCI include the effectiveness of municipal administration, the burden of taxes and fees, the quality of the labor market, and the state of local infrastructure.

*Each sub-index within the MCI is scored on a scale of up to 10 points, with the overall MCI score being the average of these sub-indices.*

**Each sub-index within the MCI is scored on a scale of up to 10 points, with the overall MCI score being the average of these sub-indices.** This structure allows for a detailed analysis of the strengths and weaknesses of municipal governance in supporting business development which help formulate targeted policy reforms that can drive local and national economic growth.<sup>41</sup>



Figure 15 Scale of MCI

<sup>40</sup> [Department of Trade and Industry \(n.d.\) 'Competitiveness and Market Capability Index \(CMCI\)', Department of Trade and Industry](#)

<sup>41</sup> Reinvest Institute (2019) Municipality Competitiveness Index (MCI) 2019

## Chapter 7: Methodology of MCI

The MCI aims to capture the voice of the private sector in the municipalities, boosts investment and provide recommendations on how to improve the business environment, focusing on businesses that operate in municipal/peri-urban areas across the country. The index will seek to create an empirical overview of the business-related challenges in Bangladesh, while simultaneously providing the government with a prioritized set of reforms that the private sector seeks. Unlike other cross-country indices, the Bangladesh Municipality Competitiveness Index will look to capture contextual factors affecting businesses in Bangladesh and develop a set of locally nominated problems.

**Analytical Framework.** Analysis has identified five drivers which influence the local economy of a municipality in Bangladesh (Figure 18). The framework is derived from Michael Porter's theories of Competitive Advantage and adapted to the Bangladeshi context. The drivers are briefly explained below:

- **Local governance:** Quality and efficiency of public service delivery. For instance, registrations and permits, business taxation, Under local governance two sub-drivers will be mainly focused:

**Regulatory service delivery:** Registrations and permits, business taxation etc.

**Regulatory governance and institutional efficiencies:** Governance and transparency, financial management, staff and systems capacity, gender diversity, citizen engagement in decision making and delivery, vision and strategic planning and execution.

- **Sector competitiveness:** Business sectors with growth potential, creating employment and income opportunities at local level. For example: agriculture, light engineering, footwear or handicrafts.
- **Supporting functions and structures:** Services and processes which enable the business environment. For example, services provided by training institutes, information centers, business support organizations, bank & non-bank financial institutes.
- **Infrastructure:** Physical & organizational structures & facilities, like for example markets, systems for waste collection and traffic control.
- **Human resources:** Availability of skilled people.

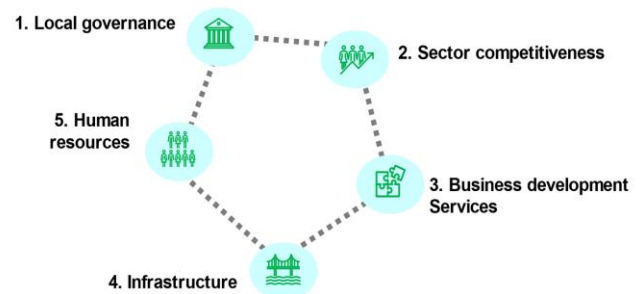


Figure 16 Drivers of Local Economy

**The framework helps to identify the level of a successful or failing driver of the local economy.** The information will provide further guidance for intervening to create an enabling environment for local businesses. For example, a municipality scoring low on 'local governance' can mean that businesses are facing delays in getting trade license and other certificates due to complicated and time-consuming manual bureaucratic procedures. This information therefore suggests that an intervention is required at the level of the local government institution (municipality) to resolve the failing factor. Simplifying the process and the digitization of the trade licensing system and of related certificates will reduce time and cost and increase transparency. Similarly, a municipality scoring

high on ‘Human resources and Infrastructure’ may present unique opportunities for an investor and can get active to attract investors.

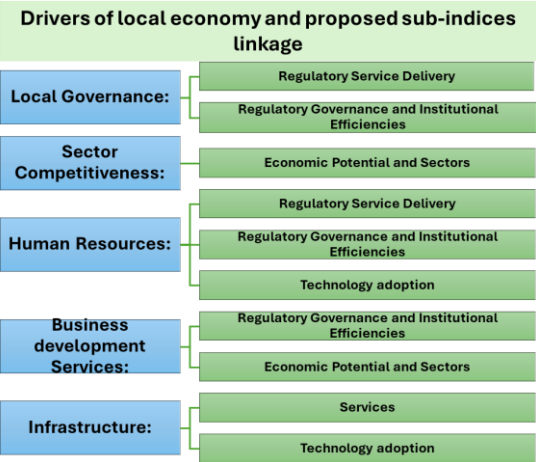


Figure 17 Drivers of Local Economy and Link to Proposed Sub-Indices

**Indicators.** The 5 sub-indices are further divided into 28 indicators. The MCI largely rely on perception data from local business owners and business intermediaries (lawyers and chartered accountants), and to some extent on government administrative data, where available. A detailed description of the sub-indices and indicators follows in the sections below.

**Pillar 1: Regulatory Service Delivery**

**Definition:** Overall time taken to obtain permits and filing tax and receive approval to start a business, the official costs of obtaining permits and submitting tax, and the ease of engaging in these regulatory processes.

**Sub-indicators:**

Number	Description	Data source
1.1	Average days to obtain a firm Business Permits/Trade License	Survey data
1.2	Average cost to obtain a firm Business Permits/Trade License	Survey data
1.3	Level of difficulty to obtain Business Permits/Trade License	Survey data
1.4	Level of difficulty to obtain sectoral licenses (environment, fire, narcotics etc.)	Survey data
1.5	Number of documents required for business permits	Survey data
1.6	Level of difficulty to submit tax return (central and municipal level)	Survey data

1.7	% of businesses have to pay informal payments to operate their business without any obstacle	Survey data
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## Pillar 2: Regulatory Governance and Institutional Efficiencies

**Definition:** Governance and Transparency, which gauges decision-making processes and openness; Financial Management, focusing on fiscal responsibility and resource optimization; Staff and Systems Capacity, Gender Diversity, which assesses workforce and technological capabilities alongside a commitment to inclusivity; Employee Engagement in Decision Making and Delivery, measuring workforce involvement and collaboration; and Vision and Strategy Planning and Execution, evaluating the organization's long-term goals and strategic implementation.

### Sub-indicators:

Number	Description	Data source
2.1	Percentage of businesses and intermediaries that said access to information on local government policies is easy or very easy	Survey data
2.2	Availability of a functional information with business licensing information online and/or published on the board physically at the local level	Survey data
2.3	Percentage of businesses and intermediaries that said there is regular communication and consultation from government on regulatory changes	Survey data
2.4	Satisfaction level regarding the necessary skills and competencies to effectively deliver business-related services of the staff at Municipality	Survey data
2.5	Satisfaction level of businesses regarding quality and timeliness of services provided by municipality	Survey data
2.6	Availability of gender-sensitive service delivery system by municipality	Survey data
2.7	Implementation of governance mechanism	Survey data
2.8	Availability of feedback mechanism and complain mechanism in the municipality	Survey data
2.9	Percentage of businesses and intermediaries that believe that the local political climate is stable and doesn't have an adverse impact on business	Survey data

### Pillar 3: Services

**Definition:** The Services delves into the overall infrastructure, waste management, security, and market services within the business environment. This assessment examines the efficiency and effectiveness of infrastructure provisions, waste management systems, security measures, and the availability of market-related services. The focus is on understanding the impact of these services on businesses, encompassing factors such as accessibility, reliability, and the overall ease of engagement.

#### Sub-indicators:

Number	Description	Data source
3.1	Percentage of business reporting that the availability of transport and logistics services is a major obstacle	Survey data
3.2	Average time to obtain new electricity connection	Survey data
3.4	Average cost to obtain new electricity connection	Survey data
3.5	Average day of obtaining electricity connection again after disconnection	Survey data
3.6	Average cost of obtaining electricity connection again after disconnection	Survey data
3.7	Percentage of business reporting that waste was collected regularly and timely and managed in a proper manner	Survey data
3.8	Percentage of businesses that experienced financial losses in the last year due to theft, robbery, vandalism, or arson	Survey data

### Pillar 4: Technology Adoption

**Definition:** The Technology Adoption survey focuses on the integration of Information and Communication Technology (ICT) in service delivery, the availability of technological infrastructure and skills, and the accessibility of mobile and internet services. This examination aims to gauge the extent to which businesses are leveraging technology for efficient service delivery, the adequacy of technological infrastructure, and the level of accessibility to mobile and internet services crucial for modern business operations.

### Sub-indicators:

Number	Description	Data source
4.1	Access to broadband internet/ mobile networks	Survey data
4.2	Availability of qualified workforce the municipality who have basic computer operating skills	Survey data

## Pillar 5: Economic Potential and Sectors

**Definition:** The Economic Potential and Sectors survey examines key factors shaping the business environment, including the size and growth of the economy, the prevalence of dominant sectors, accessibility to finance, and the presence of business support organizations. This assessment provides insights into the economic landscape's vibrancy and potential for business growth. It explores the impact of dominant sectors, the availability of financial resources, and the effectiveness of support organizations on overall economic health.

Number	Description	Data source
5.1	Percentage of businesses that have business growth compared to the last 2 years	Survey data
5.2	Level of difficulty to avail loans (bank and non-banking financial institutes)	Survey data

## Qualitative data

### *Sampling Design*

#### **Step 1: Define the Population**

The population consists of all businesses operating within the seven municipalities:

- Shibganj
- Jashore
- Bogura
- Bhairab
- Dinajpur
- Cox's Bazar
- Kushtia

## Step 2: Stratification Criteria

Stratification criteria ensure that different segments of the population are represented. We stratified the population based on:

- **Municipality:** Ensuring each municipality is proportionately represented.
- **Business Size:** Micro, small, medium, and large enterprises.
- **Sector:** Different industry sectors such as manufacturing, services, retail, etc.

## Step 3: Determine Sample Size

Cochran's formula for sample size estimation

$$n = \frac{Z^2 P(1 - P)}{e^2}$$

Here,

n is the sample size.

Z is the Z-value (e.g., 1.96 for a 95% confidence level).

p is the estimated proportion of an attribute present in the population (0.5 is often used as a conservative estimate).

e is the margin of error (e.g., 0.05 for ±5%).

By substituting the values into the above equation, we calculated a total sample size of 384. Assuming a 5% non-response rate, the minimum required sample size increased to 404. However, to enhance the robustness of the data, responses were collected from a total of 452 participants.

## Step 4: Allocate Sample Size Across Strata

The total sample size has been allocated to each stratum (municipality) proportionately based on the business population in each municipality.

Table 2 Allocation of samples by municipality

Name of the municipality	Sample size	Remarks
Bogura	123	Establishment data were available
Bhairab	40	Establishment data were available
Dinajpur	70	Establishment data were available
Shibganj	22 <sup>42</sup>	Establishment data were available
Kushtia	81	The average of Bogura and Dinajpur was used in absence of actual data since Kushtia has large BSIC industrial area

<sup>42</sup> The allocation of 22 samples to Shibganj municipality was determined using proportional sampling to ensure representation aligned with the municipality's share of the total number of firms. While a sample size of 30 is often cited as ideal for individual groups, this guideline is primarily associated with the Central Limit Theorem (CLT). The CLT indicates that, with a sufficiently large overall sample size, the sampling distribution of the mean approaches normality, regardless of smaller group sample sizes.

In this study, the total sample size of 452 is sufficiently large for the CLT to hold, ensuring statistical validity and a normally distributed sampling distribution of the mean. While the sample size for Shibganj municipality is 22, the broader sample size of the study provides reliability for the overall findings. Furthermore, statistical techniques such as the t-distribution can be applied to smaller sample sizes within specific groups, thereby preserving the rigor and robustness of the analysis.

Jashore	72	The average of Bhairab and Dinajpur was used since Jashore is also large municipality
Cox's Bazar	44	The average of Bhairab, Dinajpur and Shibganj was used since Cox's Bazar has large number of establishments
<b>Total</b>	<b>452</b>	

**Step 5: Random Selection Within Strata**

Within each stratum, businesses were randomly selected

**Step 6: Adjust for non-response**

We adjusted for non-responses by oversampling within each stratum. This ensures that the final sample size meets the required target despite non-responses.

*Data collection*

**Based on a review of literature and our experience with enterprise surveys, we believe that interview length of more than 30 minutes leads to respondent fatigue,** puts burden on respondent, and affects quality of response. Therefore, the aim was to conduct in person face to face interview and the cases where the respondents were willing to participate telephone interview, survey was conducted over telephone interview upon taking consent from the respondents. The questionnaire was digitally coded into a well-know open-source online data collection platform Kobo Toolbox which enabled us to efficiently collect the data.

*Questionnaire*

**After the agreement on the contours of the methodology, the team developed robust questionnaires which covered all 5 sub-indices,** capturing both objectives yes/no responses, and more subjective interpretations from businesses. Survey strategy will ensure that all relevant indicators for the study are captured and that the wording, logic and flow are appropriate. We will ensure necessary contextualization of the instrument based on the study objectives and municipality-specific realities (local laws and terminology applicable). Following these revisions, the questionnaires was translated into relevant local languages by our qualified professional translators. Post translation, the questionnaires will be back translated into English to ensure that the essence of the question is not lost in translation.

**Once the draft questionnaire had been scripted, it was essential to pre-test the questionnaire to ensure that the logic is accurate and that the tool translates accurately.** We conducted the pilot test in two municipalities. The pre-test checked the questionnaires for the following:

- **Appropriateness** – whether survey items are appropriately phrased for and translated and understood by the study respondents.
- **Acceptance** – whether items are relevant to the local context and are acceptable to study respondents.
- **Consistency** – whether items are consistent with preceding and succeeding items.
- **Sequencing** – whether items are correctly placed and timed in the questionnaire.



The questionnaires had a set of questions at the beginning of the interview that will aim to capture basic firm level data for each interviewed firm. This will include the size of the investment, the number of employees, and the sector the firm operates in. Capturing this data will enable the team to run other data diagnostics at a later stage.

### Quality assurance

Our survey implementation focused on collecting high quality data through efficient resource utilization, following three main principles:

1. **Quality control:** Quality assurance at every stage (starting from study design, sampling, tool development, translation to final data delivery)
2. **Risk management:** We prefer to work closely with the project stakeholders for the entire duration of the project through careful and extensive planning to avoid unforeseen events or mitigate challenges, that might disrupt data collection.
3. **Effective stakeholder dialogue:** To ensure all the steps of data collection reflect the needs of the stakeholders, we engage in continuous and effective dialogue through every phase of the project.

**The overall purpose of our quality assurance (QA) system is to ensure that consultancy services are provided as required in terms of reference, and at an appropriate professional level.** For this assignment, we have formulated a robust quality assurance framework that involves oversight and supervision at multiple levels, both simultaneously and sequentially. We believe that this approach will ensure earlier identification of mistakes, immediate feedback at required levels, timely correction, a very close engagement among all project counterparts and effective outputs.

### Data analysis

The final index score was constructed using the following key steps –

1. The first step will be to prepare the absolute scores across 28 indicators for each. This gave us  $28 \times 7 = 196$  data points to begin with.

$$B_i = \sum_{i=1}^n x_{j,k}$$

*Where, B is the value of the indicator; i is the sub sector and k is the sub indicator; Xjk is the score of the ith term in j sub sector and k indicator and n is the total number of firms surveyed*

2. The next step was to calculate an aggregate score for Bangladesh, for each of the 28 indicators. This was a simple average calculated by adding up the score for any particular indicator across the 7 municipality and dividing by 7. This gave us the average performance across all 28 indicators for Bangladesh.

$$B_i = \frac{\sum_{i=1}^n x_{j,k}}{7}$$

Where,  $B$  is the value of the indicator;  $i$  is the sub sector and  $k$  is the sub indicator;  $X_{jk}$  is the score of the  $i$ th term in  $j$  sub sector and  $k$  indicator and  $n$  is the total number of firms surveyed.

3. Next, each of the 28 individual indicators were compared across each municipality and was standardized as a score on scale of 1 to 10. The best performing score (highest or lowest depending on the specific case) will be given 10 points, and the other municipality got a relative score from 0 to 10 considering the value associated with 10 as a benchmark for each indicator. This step will assign a score between 0 and 10 to each indicator in each municipality.
4. The next step was to calculate absolute scores across the 5 sub-indices to determine the best performing municipality across each sub-index. This was a simple arithmetic total of the scores assigned to the 28 indicators in sub-indices for each municipality. This step gave us sub-index wise best performing municipality.
5. The last step was to calculate a combined overall score. This score was calculated using absolute scores for each sub-index for each municipality, with each indicator carrying equal weight. This step gave us a final aggregate score for each municipality.

$$I = \sum_{j=1}^n \sum_{k=1}^n w_i x_{j,k}$$

Number	Indicator	Weight
1	Regulatory Service Delivery	20%
2	Regulatory Governance and Institutional Efficiencies	20%
3	Services	20%
4	Technology Adoption	20%
5	Economic Potential and Sectors	20%
	<b>Total</b>	<b>100%</b>

6. The final metric was an aggregate score for Bangladesh that provided the overall municipality competitiveness of Bangladesh. This was developed compiling all the sub-indicators of the index.

## Chapter 8: Municipality Competitiveness Index (MCI): Score Analysis

The MCI Score presents the overall competitiveness of the surveyed municipalities, highlighting key strengths and weaknesses. Municipality Wise Analysis breaks down the performance of each municipality, identifying specific challenges and advantages within the local business environment. Pillar Wise Analysis focuses on the performance across core areas like services, governance, and technology adoption, providing a comparative view of how municipalities rank in specific categories of competitiveness. Finally, BICIP pillar wise analysis highlights the MCI and BICIP inked indicators results.

The MCI uses a simple method of calculation weighting all pillars equally and within each pillar, giving equal weight to each of the pillar. The score is indicated on a scale of 0 to 100, where 0 represents the worse performance and 100 the best performance.

The Overall score distribution was categorized into five categories-

Tier	Score	Description
1	0-20	Difficult environment for business: kick start for reform needed
2	21-40	Substantial bottlenecks remain for business: Significant reform efforts required
3	41-60	Generally complex business environment: Regulatory modernization/simplification required
4	61-80	Improving business environment: Progress made however more needs to be done
5	81-100	Business-friendly environment: Continue the momentum

When compared across years, the score will highlight how much the business environment for local entrepreneurs in an economy has changed over time in absolute terms.

### Respondent Profile

A total of 482 respondents contributed to the MCI, after two rigorous rounds of quality review responses from 452 respondents were included for the computation of the index.

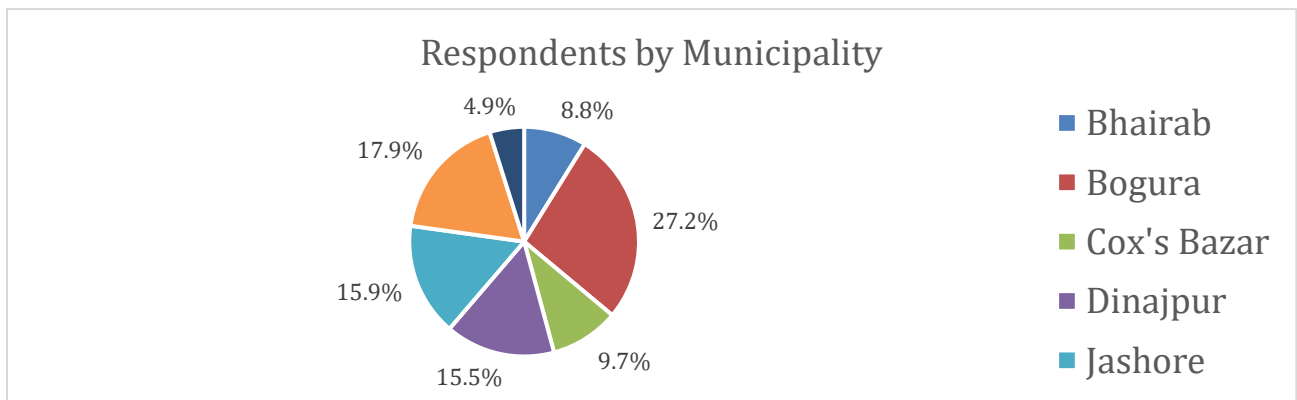


Figure 18 Respondents by Municipality

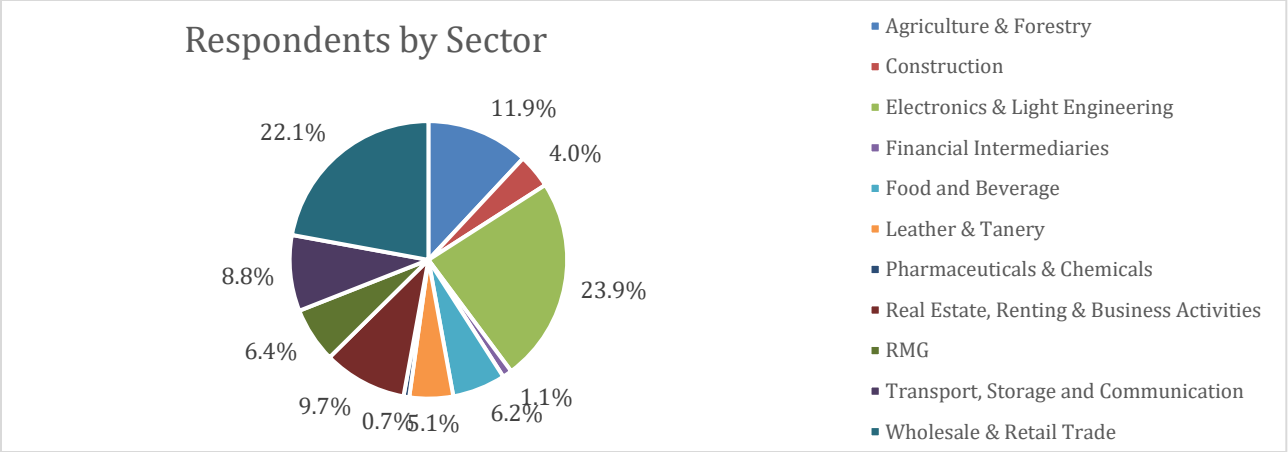


Figure 19 Respondents by Sector

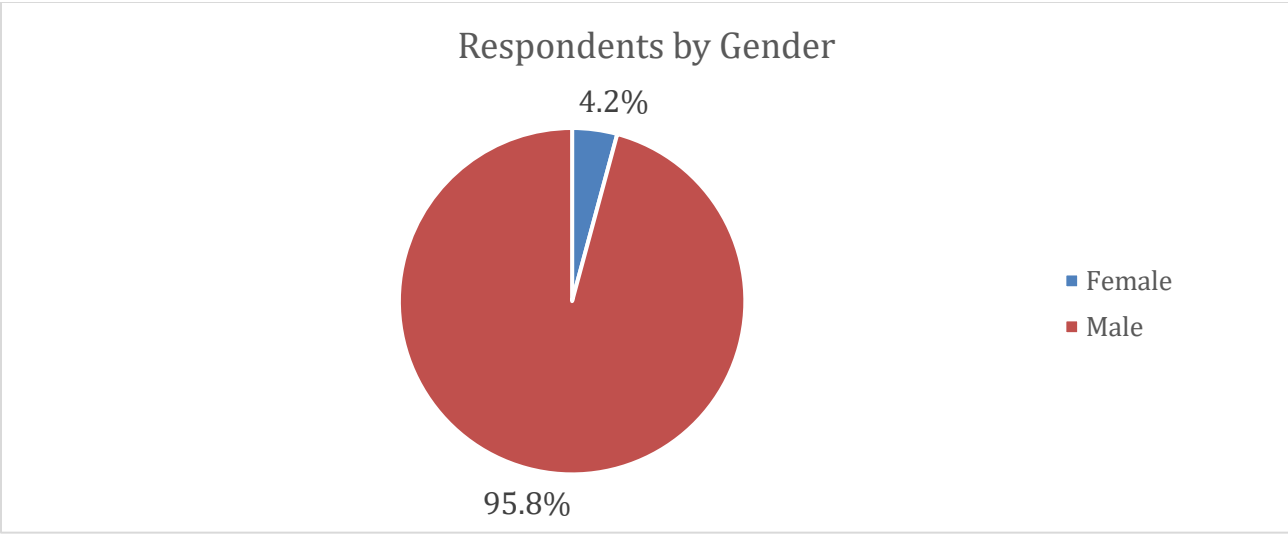


Figure 20 Respondents by Gender

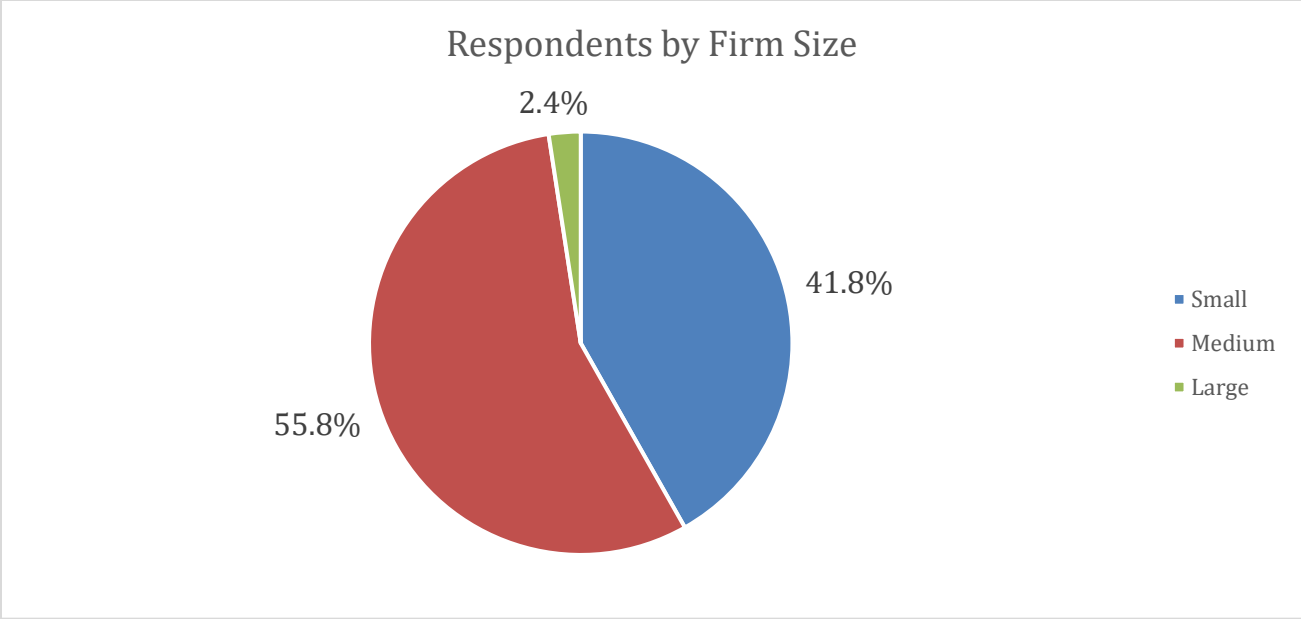


Figure 21 Respondents by Firm Size

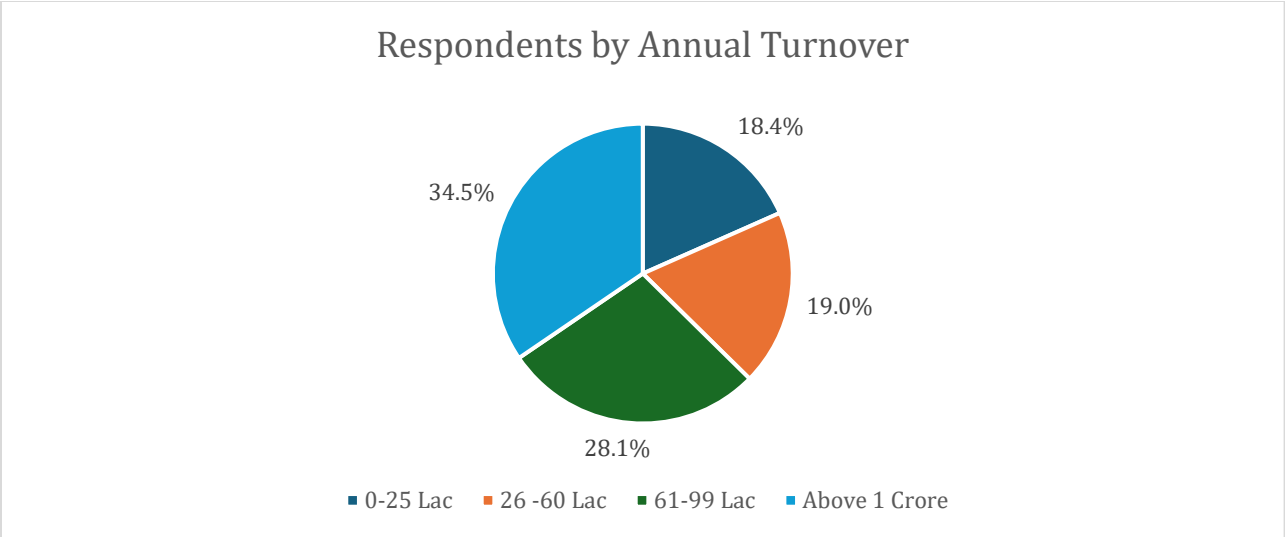


Figure 22 Respondents by Annual Turnover

## Municipality Competitiveness Index (MCI) Results

Municipality Competitiveness Index (MCI) composite score	55.86	3 <sup>rd</sup> Tier- Generally complex business environment: Regulatory modernization/simplification required
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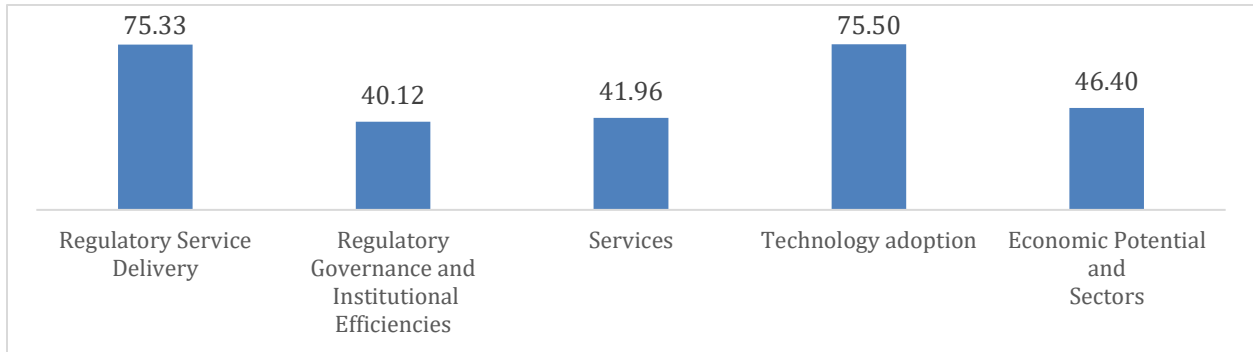


Figure 23 Pillars Composite Score

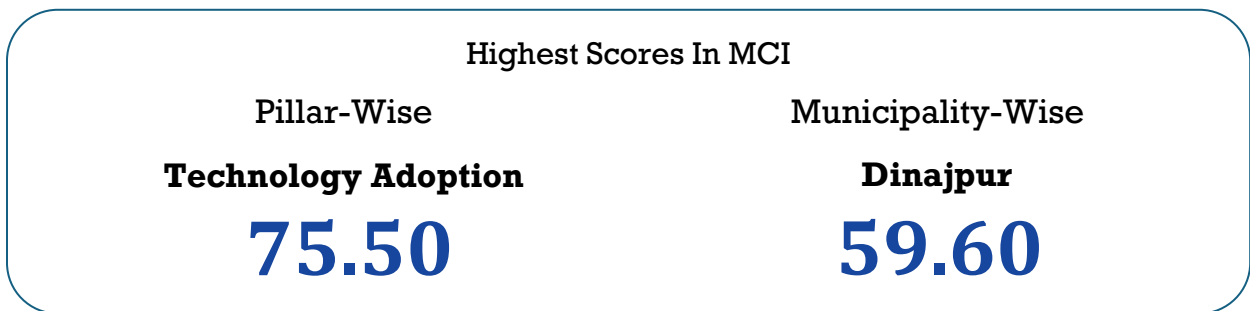


Figure 24 Highest Scores in MCI

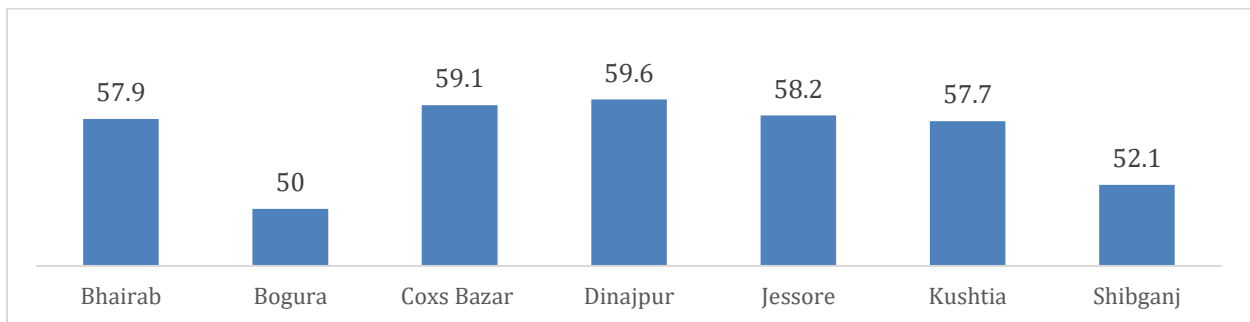


Figure 25 Municipality Scores

**The Municipality Competitiveness Index (MCI) composite score of 55.86 reflects a generally complex business environment within the municipalities assessed.** This score suggests that while there are certain strengths and opportunities in the local business climate, significant improvements are needed in regulatory modernization and simplification. In the context of Bangladesh, this composite score indicates that businesses face challenges due to complex regulatory

procedures and administrative burdens. The need for regulatory modernization points to the necessity for streamlining processes, reducing bureaucratic hurdles, and enhancing transparency to create a more conducive environment for business operations. The MCI provides an empirical overview of the business-related challenges in Bangladesh.

**An overall score of 55.86 has several implications-**

1. **Need for Regulatory Reform:** To enhance business competitiveness, regulatory frameworks should be further streamlined and standardized. Addressing inconsistencies can significantly improve the overall business environment.
2. **Improving Governance and Institutional Efficiency:** Better enforcement of regulatory mechanisms, improved policy communication through public-private dialogue, and enhanced institutional transparency are crucial to reducing bureaucratic obstacles and fostering a more reliable business environment.
3. **Enhancing Service Delivery:** Addressing the service gaps can support smoother business operations and improve the business environment, which in turn can attract more investment and support economic growth.
4. **Boosting Technology Adoption and Workforce Development:** Increasing digitization could enhance business efficiency. Additionally, addressing the challenge of finding a qualified workforce is essential for sustaining growth. Investments in digital infrastructure and workforce development can drive innovation and business expansion across municipalities.

*Table 3 Key Highlights of Municipality Competitiveness Index Pillars*

Sl.	Pillar	Score	Tier	Implications	Observations
1	Regulatory Service Delivery	75.33	4	Improving business environment	Efficient local government's regulatory services, such as the provision of business permits, trade licenses, and property rights, in facilitating businesses across the seven municipalities
2	Regulatory Governance and Institutional Efficiencies	40.12	2	Substantial bottlenecks remain for business	The relevant rules, regulations, and procedures from the local government are also unavailable online or as displayed on a physical board. These issues increase the uncertainty and operational risks of businesses, as they inadvertently fail to comply with the new regulations and face penalties.
3	Services	41.96	3	Generally complex business environment	Transport and logistic services vary across municipalities, with the highest availability in Cox's Bazar and moderate availability in Shibganj. Such limited transport and logistic services adversely impact businesses in Shibganj.



Sl.	Pillar	Score	Tier	Implications	Observations
4	Technology Adoption	75.50	4	Improving business environment	Broadband internet connectivity or mobile network availability are generally accessible in municipalities
5	Economic Potential and Sectors	46.40	3	Generally complex business environment	Most municipalities experienced low business expansion, indicating possible economic or bureaucratic challenges that hinder business development

Table 4 Summary of Municipalities

Sl.	Municipality	Score	Tier	Implications	Observations
1	Bhairab	<b>57.9</b>	3	Generally complex business environment	Bhairab's business environment is hindered by complex regulations and significant infrastructure gaps, including delays in electricity reconnection and inadequate security services. Despite decent transport and waste collection, limited technology use and workforce skills further impede business efficiency. Comprehensive regulatory reform, infrastructure enhancement, and workforce development are crucial for fostering economic growth in the region.
2	Bogura	<b>50.0</b>	3	Generally complex business environment	Bogura's business environment suffers from complex regulations, slow license processing, and high costs for new electricity connections. Governance issues and poor transparency exacerbate these challenges. Despite good broadband access and a skilled workforce, limited digital engagement and financing barriers stifle economic growth, highlighting the need for urgent reforms.
3	Coxs Bazar	<b>59.1</b>	3	Generally complex business environment	Cox's Bazar's business environment is hindered by complex regulations, high costs, and delays in utility services, including electricity. Despite good broadband access and a skilled workforce, challenges with bank loans and inconsistent regulatory updates impede economic growth. Modernizing

Sl.	Municipality	Score	Tier	Implications	Observations
					regulatory processes and improving utility and financial accessibility are essential for a better business climate.
4	Dinajpur	59.6	3	Generally complex business environment	Dinajpur, despite its leading score, faces challenges with regulatory complexity and service delivery. Issues include mixed efficiency in sectoral licensing, high costs for electricity, and limited policy transparency. While digital infrastructure and workforce skills are strong, improving regulatory clarity and service delivery is crucial for maximizing economic potential.
5	Jashore	58.2	3	Generally complex business environment	Jashore's business environment, despite efficient permit processes and internet access, faces issues with regulatory transparency, high electricity costs, and insufficient security services. The mixed feedback on the legal system and financial accessibility indicates a need for improved governance and service delivery.
6	Kushtia	57.7	3	Generally complex business environment	Kushtia's business environment features efficient trade licensing but suffers from regulatory communication issues and inconsistent service delivery, including unreliable electricity and limited security services. Technology adoption is growing but underutilized, and financial access remains a key barrier to economic growth.
7	Shibganj	52.1	3	Generally complex business environment	Shibganj excels in trade licensing but struggles with regulatory transparency and staff competency. Service issues include costly electricity connections and poor digital infrastructure, while financial access constraints limit business growth.

## 8.1 Municipality Wise Analysis

### Bhairab

**With an average score of 57.9, Bhairab is classified under the third category, characterized by a generally complex business environment,** where regulatory modernization and simplification are critical to foster ease of doing business and encouraging sustainable economic growth. Streamlining regulations in this context is essential for reducing bureaucratic inefficiencies, promoting investment, and improving overall business environment.

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*Summary: Bhairab's business environment is hindered by complex regulations and significant infrastructure gaps, including delays in electricity reconnection and inadequate security services. Despite decent transport and waste collection, limited technology use and workforce skills further impede business efficiency. Comprehensive regulatory reform, infrastructure enhancement, and workforce development are crucial for fostering economic growth in the region.*

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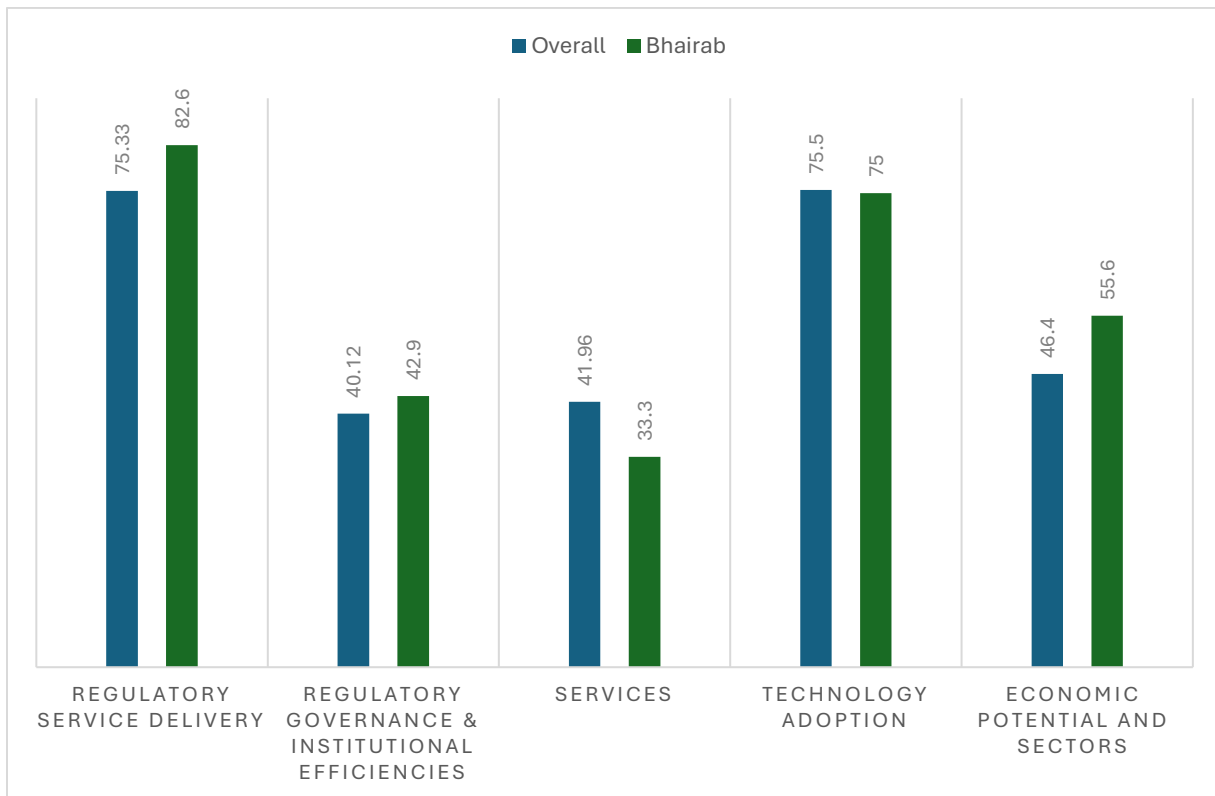


Figure 26 Bhairab's Pillar composite Score

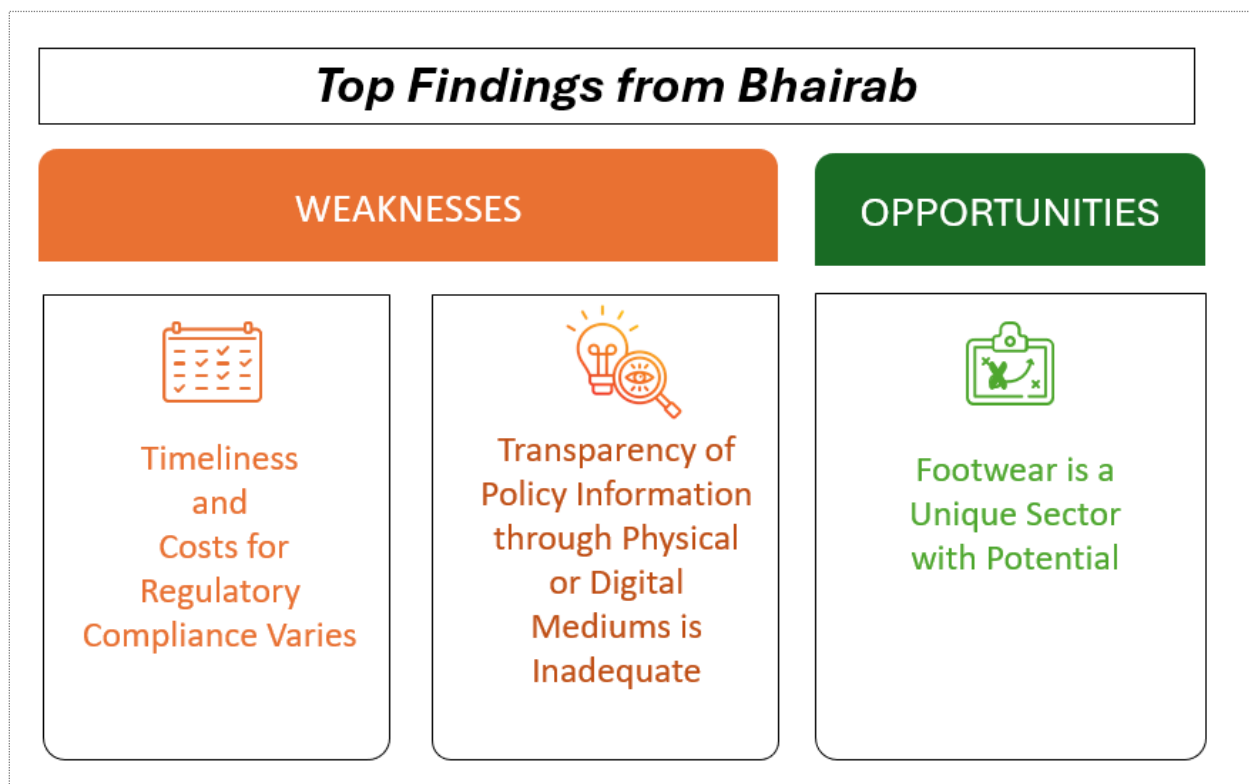


Figure 27 Top Findings from Bhairab

**Even though Bhairab scored high on regulatory service delivery, many businesses experience varying timelines and costs for regulatory compliance.** A majority (52.5%) of businesses reported that obtaining a trade license takes 1-3 days, while 37.5% indicated that it takes 4-7 days, and only 10% faced delays beyond a week. In terms of cost, 80% of businesses stated that obtaining a trade license costs between Taka 1,000 to 3,000, with 20% reporting higher costs of 3,000 to 5,000 taka. Additionally, 90% of businesses found it relatively easy to obtain a trade license, and 64% responded positively about acquiring sectoral licenses. Furthermore, 75% of businesses noted that tax submission is straightforward, and 80% reported no need for informal payments to operate. These insights suggest that while Bhairab's business environment is complex, modernization and regulatory reform remain critical to further easing the process.

**95% of businesses revealed that crucial rules, regulations, and procedures from the municipality were neither available online nor displayed at the municipal office, hindering transparency.** Regarding service delivery, 42% of respondents felt that municipal staff lacked the necessary skills and competencies to effectively handle business-related services. Additionally, 40% noted the absence of gender-sensitive service delivery mechanisms, further limiting inclusivity. Although 50% of businesses recognized the presence of governance mechanisms, this figure reflects significant room for improvement in implementing these systems. While 60% confirmed the existence of feedback and complaint mechanisms, the overall governance environment remains inadequate, necessitating substantial reforms to support ease of doing business and drive sustainable economic growth in Bhairab.

**62.5% of respondents found it easy to access transport and logistics, also, waste collection system is also commendable, contributing to a cleaner and more organized business environment, other critical services present significant issues.** When it comes to electricity, respondents reported delays in reconnection after disconnection, with only 35% receiving service within two days, 40% within 3-4 days, and 25% experiencing delays beyond four days. Additionally, around 97% of respondents stated they only have access to electricity for 16-20 hours a day, underscoring significant deficiencies in power availability, which hampers business operations. Security services are also lacking, as nearly 97% of respondents indicated that no security service providers operate in Bhairab. These service gaps emphasize the need for targeted reforms to streamline operations and improve infrastructure.

**In Bhairab, technology adaptation is progressing, but there remains room for improvement to fully leverage its potential.** Most respondents found it easy to access broadband internet, indicating that the necessary infrastructure for digital connectivity is in place. However, despite the availability of internet services, around 70% of respondents reported not utilizing the internet for marketing or selling their products, suggesting a gap in the adoption of digital business strategies. Additionally, when asked about the availability of a qualified workforce, particularly those with IT skills or the ability to operate computers, 72.5% rated the situation as moderate. While this indicates some level of technical proficiency in the workforce, there is a clear opportunity to enhance digital literacy and IT training. Strengthening these areas could further empower local businesses, enabling them to innovate and grow in an increasingly digital economy.

**Bhairab's economic potential spans across several key sectors, including agriculture, banking and NGOs, food and beverage, footwear, and wholesale and retail.** Despite this diversity, 70% of respondents noted that business expansion over the past two years has been stagnant, signaling challenges to growth in the local economy. On a positive note, around 62% of respondents found access to bank loans to be easy, highlighting a supportive financial environment for business development. However, to unlock the full economic potential of Bhairab, there is room for improvement in driving business expansion and fostering sectoral growth. Strategic investments, enhanced access to resources, and better alignment with growth opportunities could significantly uplift Bhairab's business landscape, encouraging sustainable development.

Key recommendations are-

- ✓ **Modernize and streamline regulations:** To foster more business-friendly environment, Bhairab needs to simplify its regulatory framework by reducing bureaucratic hurdles and modernizing outdated policies. This would encourage both domestic and foreign investment, boosting economic growth.
- ✓ **Standardize and expedite the licensing process:** The trade license process should be made uniform and quick through the introduction of an online portal for applications and payments, reducing delays and uncertainty for businesses seeking licenses.
- ✓ **Improve availability of regulations online:** Transparency can be enhanced by making all municipal regulations, procedures, and guidelines easily accessible online and visibly posted at municipal offices, thereby allowing businesses to comply with regulations more effectively.

- ✓ **Provide targeted capacity-building programs:** To address skill gaps among municipal staff, targeted training programs should be introduced, focusing on improving their ability to handle business services efficiently and professionally, thus speeding up service delivery.
- ✓ **Implement gender-inclusive policies:** Bhairab should incorporate gender-sensitive service delivery mechanisms to ensure equitable access to business-related services for women and other marginalized groups, promoting inclusivity in the business ecosystem.
- ✓ **Strengthen governance and accountability:** Governance can be improved by increasing transparency in municipal operations, implementing stronger oversight mechanisms, and ensuring greater accountability in decision-making to build trust among businesses.
- ✓ **Improve power supply reliability:** To address delays in reconnection and limited electricity availability, Bhairab needs to upgrade its power infrastructure and improve the efficiency of reconnections, ensuring businesses have a stable power supply critical for their operations.
- ✓ **Introduce reliable security services for businesses:** The introduction of organized security services is essential to safeguard businesses from theft and other risks, creating a more secure and conducive environment for economic activities in Bhairab.
- ✓ **Promote digital literacy and marketing strategies:** Encouraging local businesses to adopt digital tools and strategies, especially for marketing and selling products online, will help them reach broader markets and improve competitiveness in the increasingly digital economy.
- ✓ **Enhance IT training and workforce development:** Bhairab should invest in IT training and skill development for its workforce to enhance the digital capabilities of local businesses, ensuring they are well-prepared for modern challenges and opportunities.
- ✓ **Encourage strategic investments and resource access:** To drive business expansion, Bhairab should focus on providing easier access to finance and resources for key sectors like agriculture, manufacturing, and services. This can unlock growth potential and support long-term economic development.
- ✓ **Improve transport infrastructure and logistics systems:** Bhairab should invest in improving its road networks and logistics facilities to reduce transport costs and delays for businesses, enabling smoother supply chains and better market access.
- ✓ **Establish Modern Market Structures:** Creating modern market frameworks and sector-specific zones can enhance the business environment, attracting investment and improving local commerce.

The analysis of Bhairab composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory environment</b>	Modernize and streamline regulations	Simplify business procedures, reduce bureaucratic inefficiencies	Municipality, Ministry of Commerce, Ministry of Industry
<b>Varying timelines and costs for trade license acquisition</b>	Standardize and expedite the licensing process	Implement an online licensing portal, streamline fee structures	Municipality, Local Government Engineering Department (LGED)
<b>Lack of transparency in rules and procedures</b>	Improve availability of regulations online	Publish rules and procedures online and at the municipal office	Municipality, Information and Communication Technology Division
<b>Insufficient skills among municipal staff</b>	Provide targeted capacity-building programs	Train municipal staff in business-related services and customer service skills	Municipality, Ministry of Local Government, Rural Development & Cooperatives (LGRD)
<b>Lack of gender-sensitive service delivery</b>	Implement gender-inclusive policies	Establish gender-sensitive service mechanisms in municipal services	Municipality, Ministry of Women and Children Affairs
<b>Deficient governance mechanisms</b>	Strengthen governance and accountability	Increase transparency, implement effective governance systems	Municipality, Anti-Corruption Commission (ACC)
<b>Delayed electricity reconnection and limited availability</b>	Improve power supply reliability	Upgrade infrastructure, improve service quality for electricity reconnections	Power Development Board (PDB), Bangladesh Rural Electrification Board (BREB)
<b>Inadequate security services</b>	Introduce reliable security services for businesses	Engage private security providers or establish a municipal security framework	Municipality, Local Police



Challenges	Recommendations	Action Points	Responsible Agencies
<b>Low adoption of digital marketing</b>	Promote digital literacy and marketing strategies	Provide training on online marketing and e-commerce for local businesses	Ministry of ICT, Bangladesh Telecommunication Regulatory Commission (BTRC)
<b>Moderate IT skills in workforce</b>	Enhance IT training and workforce development	Introduce IT training programs for local employees and entrepreneurs	Ministry of ICT, Ministry of Education
<b>Stagnant business expansion in key sectors</b>	Encourage strategic investments and resource access	Create sector-specific development programs, improve access to funding	Bangladesh Bank, Ministry of Industry, Ministry of Agriculture
<b>Gaps in transport and logistics</b>	Improve transport infrastructure and logistics systems	Invest in road networks, enhance logistics facilities	Roads and Highways Department (RHD), LGED
<b>Struggles with establishing a modern market structure and sector-specific business zones</b>	Establish modern market structures	Develop sector-specific business zones; create incentives for businesses to relocate to designated market areas.	Local Government Division, Ministry of Commerce

## Bogura

An average score of 50.0 made Bogura the lowest scoring municipality among all seven assessed, reflecting the significant challenges it faces in producing a conducive business environment. Falling under the third category, characterized by a generally complex business landscape, Bogura is in urgent need of regulatory modernization and simplification. This complexity hampers ease of doing business, limits economic growth, and deters potential investments. Streamlined regulatory procedures, enhanced transparency, and improved governance are critical steps needed to unlock Bogura's economic potential.

**Figure: Bogura's Pillar composite Score**

*Summary: Bogura's business environment suffers from complex regulations, slow license processing, and high costs for new electricity connections. Governance issues and poor transparency exacerbate these challenges. Despite good broadband access and a skilled workforce, limited digital engagement and financing barriers stifle economic growth, highlighting the need for urgent reforms.*

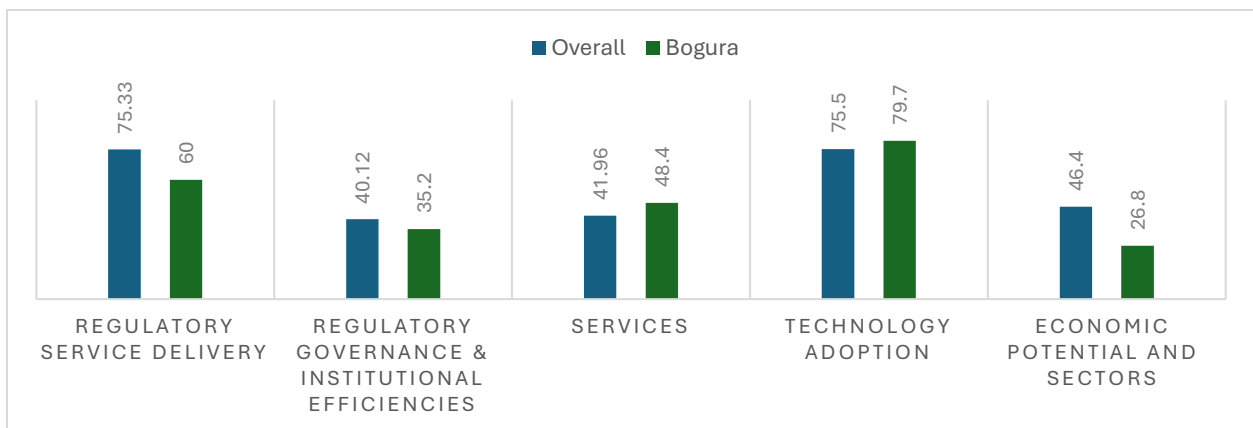


Figure 28 Bogura's Pillar composite Score

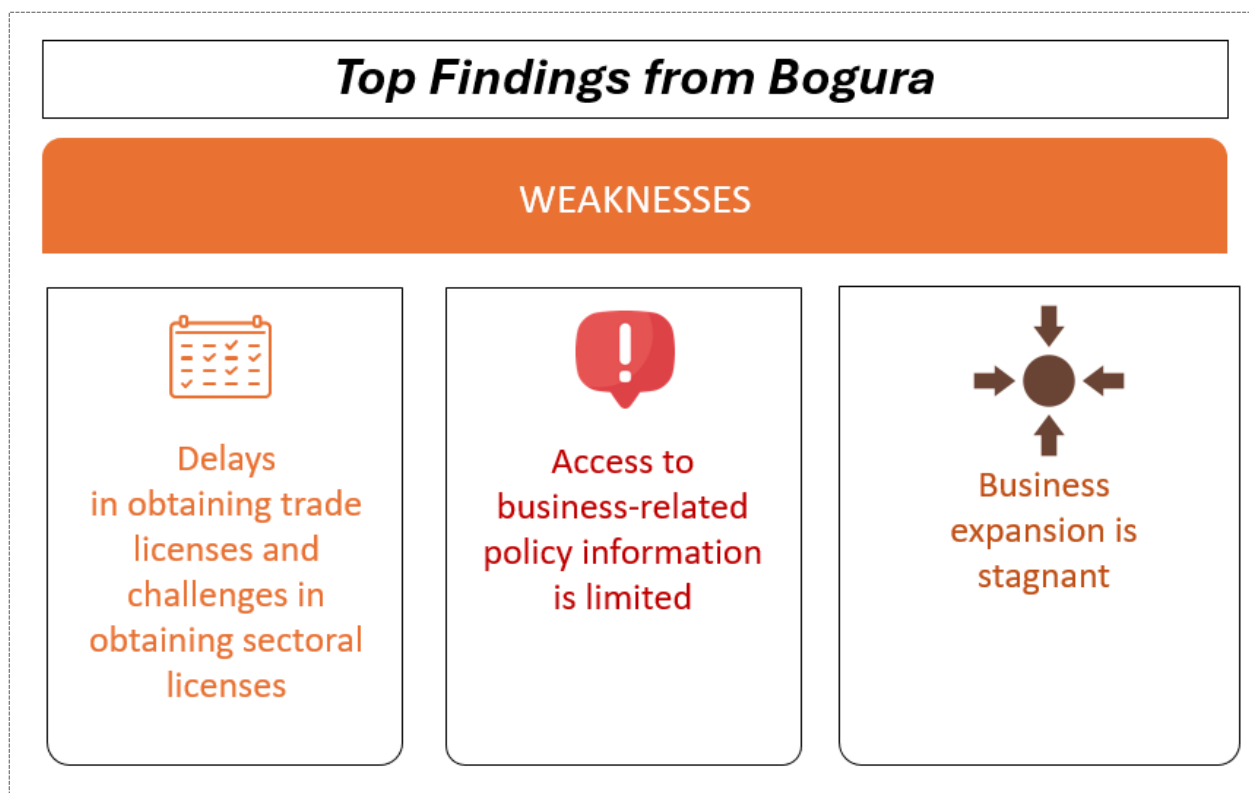


Figure 29 Top Findings from Bogura

**Bogura's regulatory service delivery system reveals significant areas for improvement, particularly in terms of streamlining and simplifying processes.** Approximately 66% of respondents reported that it takes 4 to more than 7 days to obtain a trade license, indicating delays that could hinder business operations. The cost of obtaining a trade license, ranging from 1,000 to 5,000 BDT for 78% of respondents, adds to the burden. Additionally, obtaining other business permits is reported as challenging by a notable portion of businesses, with 16% stating it's hard and 54% describing it as moderate. The situation is even more concerning for sectoral licenses, such as environmental or fire permits, with 35% of respondents stating they find it difficult to navigate this process. Moreover, the legal system's efficacy in protecting property rights and resolving contractual disputes is a concern.

**In terms of tax submission, responses were mixed, with 44% finding it easy and 46% stating it is moderately challenging, signaling room for improvement in simplifying tax-related procedures.** While the majority of businesses did not report informal payments, around 25% of respondents admitted to having to pay such fees. Overall, Bogura's regulatory service delivery requires significant reforms to reduce bottlenecks, improve transparency, and promote a smoother business environment.

**Significant challenges persist in regulatory governance and institutional efficiencies that hinder the business environment in Bogura.** Approximately 65% of respondents find it moderately difficult to access policy information related to business from the local government, indicating a lack of transparency and ease in obtaining critical information. A staggering 93% of

respondents report that they cannot access relevant rules and regulations either online or through physical displays at the municipality office, reflecting a severe gap in information accessibility. Additionally, 87% of respondents are only occasionally notified about changes in policies affecting their businesses, leading to uncertainty and potential compliance issues. The absence of gender-sensitive service delivery mechanisms, as reported by 93% of respondents, further exacerbates the challenges faced by diverse business owners. Furthermore, 70% of respondents indicate that governance mechanisms within the municipality are not being implemented effectively, pointing to broader issues in institutional functionality. These deficiencies underscore the urgent need for regulatory modernization and improved governance practices to foster a more supportive and transparent business environment in Bogura.

**The services pillar exhibits a mix of positive and challenging aspects that impact the local business environment.** Transport and logistics services are readily accessible, facilitating smooth business operations. The waste collection system is also commendable, contributing to a cleaner and more organized business environment. However, obtaining a new electricity connection poses a significant challenge, with approximately 50% of respondents who obtained new electricity reported that it takes between 21 and 30 days and costs between 25,000 and 35,000 Taka. Despite these delays and costs, once connected, 96% of respondents receive electricity for about 16-20 hours per day. Reconnection after disconnection is relatively efficient, with 69% of businesses experiencing less than a 2-day wait. The presence of 3-5 security service providers in the area offers some level of protection for businesses. While these services support business operations, the lengthy process and high costs associated with new electricity connections highlight areas for improvement. Streamlining these procedures and reducing associated costs could significantly enhance the overall business climate in Bogura.

**In Bogura, the technology adaptation pillar reflects a generally positive environment for businesses, though there is room for improvement.** Broadband internet connectivity is robust, with around 79% of respondents reporting availability of broadband internet, which is crucial for modern business operations. Despite this, only 41% of businesses leverage the internet for marketing and sales, indicating a potential area for growth in digital engagement. The availability of a qualified workforce, including individuals trained in IT or proficient in computer operations, is satisfactory, supporting businesses' technological needs. Overall, while the technological infrastructure and workforce capabilities in Bogura are relatively strong, increased adoption of digital tools and strategies could further enhance business efficiency.

**The Economic Potential and Sectors pillar highlights challenges facing the local business landscape.** A significant 83% of businesses reported that they have not expanded over the past two years, suggesting stagnation in economic growth and limited sectoral development. The major sectors driving Bogura's economy include agriculture, banking, NGOs, light engineering, and wholesale and retail businesses. While these sectors provide a foundation for economic activity, the difficulty in accessing bank loans, as reported by most respondents, presents a significant barrier to business growth and expansion. This difficulty in securing financing underscores a critical area for improvement, as enhanced access to credit could stimulate sectoral development and foster economic dynamism in Bogura.

Key recommendations are-

- ✓ **Modernize and streamline licensing processes:** Simplifying the trade license application process and reducing approval times will enhance the ease of starting and running a business.
- ✓ **Reduce costs and ensure uniformity in fees:** Implementing a fixed fee structure for trade and sectoral licenses will make the process more affordable and predictable for businesses.
- ✓ **Simplify the process for obtaining sectoral licenses:** Developing an online platform to handle all business permits will make the process more accessible and efficient.
- ✓ **Improve the efficiency of legal systems:** Establishing specialized courts for business disputes will accelerate resolution, promoting confidence in the legal framework.
- ✓ **Simplify tax submission procedures:** Introducing online tax filing systems will make it easier for businesses to comply with tax regulations and reduce complexity.
- ✓ **Eliminate the need for informal payments:** Accountability mechanisms, such as audits and anti-corruption hotlines, will discourage informal payments and promote a fair business environment.
- ✓ **Increase transparency in municipal policies:** Publishing municipal rules and regulations online will improve access to critical information for businesses, reducing bureaucratic hurdles.
- ✓ **Introduce gender-inclusive services:** Training staff in gender sensitivity and establishing a women's help desk will promote inclusivity and better service delivery for female entrepreneurs.
- ✓ **Expedite new electricity connections and reduce costs:** Streamlining the process and setting a maximum time limit will help businesses get connected to utilities faster and at lower costs.
- ✓ **Encourage digital adoption in businesses:** Offering digital marketing and e-commerce training will help businesses leverage technology to improve sales and operations.
- ✓ **Improve access to finance and stimulate business growth:** Easing loan conditions and offering credit guarantees will support business expansion, especially for small and medium enterprises (SMEs).
- ✓ **Strengthen Import Regulations and Support Local Products:** By reinforcing import controls and promoting local goods, the municipality can reduce reliance on imports, particularly from China, thereby fostering local industries.
- ✓ **Implement Tailored Training Programs for Entrepreneurs:** Developing customized training and counselling initiatives can empower entrepreneurs with the skills needed to navigate challenges and seize opportunities in the market.

The analysis of Bogura composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Regulatory Complexity &amp; Licensing Delays</b>	Modernize and streamline licensing processes	Digitize trade license applications, reduce processing time to 1-3 days	Municipality, Local Government Division (LGD)
<b>High Costs for Trade &amp; Sectoral Licenses</b>	Reduce costs and ensure uniformity in fees	Implement a fixed fee structure, provide subsidies for small businesses	Municipality, Ministry of Commerce

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Difficulty in Obtaining Business Permits</b>	Simplify the process for obtaining sectoral licenses	Develop an online one-stop platform for all business permit applications	Municipality, Ministry of Industries
<b>Property Rights Protection &amp; Legal Challenges</b>	Improve the efficiency of legal systems	Establish business courts for faster resolution of disputes	Ministry of Law, Justice and Parliamentary Affairs
<b>Mixed Responses on Tax Submissions</b>	Simplify tax submission procedures and enhance guidance	Introduce online tax filing systems and provide support for small businesses	National Board of Revenue (NBR), Municipality
<b>Informal Payments by Businesses</b>	Eliminate the need for informal payments through accountability mechanisms	Implement regular audits and establish anti-corruption hotlines	Anti-Corruption Commission (ACC), Municipality
<b>Lack of Access to Policy Information</b>	Increase transparency in municipal policies	Publish all rules and regulations online and display at municipality offices	Municipality, Ministry of Information
<b>Absence of Gender-Sensitive Services</b>	Introduce gender-inclusive services	Train municipal staff on gender sensitivity, create a women's help desk	Municipality, Ministry of Women and Children Affairs
<b>Long Delays in Electricity Connection</b>	Expedite new electricity connections and reduce costs	Streamline application process, set a maximum 10-day limit for new connections	Power Development Board (PDB), Municipality
<b>Limited Use of Digital Tools in Business</b>	Encourage digital adoption in businesses	Provide training for businesses on digital marketing and e-commerce	ICT Division, Ministry of Commerce
<b>Limited Business Expansion &amp; Access to Credit</b>	Improve access to finance and stimulate business growth	Encourage local banks to ease loan conditions, provide credit guarantees	Bangladesh Bank, Ministry of Finance
<b>Difficulty in limiting the import of Chinese products</b>	Strengthen import regulations and support local products	Collaborate with customs to monitor imports closely; promote local products through marketing campaigns.	Ministry of Commerce, Bangladesh Customs
<b>Lack of tailored training programs and monthly counseling for entrepreneurs.</b>	Implement tailored training programs for entrepreneurs	Partner with educational institutions to develop and deliver training tailored to local business needs.	Ministry of Education, Local NGOs

## Cox's Bazar

**Cox's Bazar, with a score of 59.1, falls into the third category of business environments, highlighting the need for significant modernization and simplification of its complex regulatory framework to enhance the ease of doing business.** Several regulatory obstacles, an intricate business landscape and bureaucratic inefficiencies pose difficulties for entrepreneurs and businesses in this region.

*Summary: Cox's Bazar's business environment is hindered by complex regulations, high costs, and delays in utility services, including electricity. Despite good broadband access and a skilled workforce, challenges with bank loans and inconsistent regulatory updates impede economic growth. Modernizing regulatory processes and improving utility and financial accessibility are essential for a better business climate.*

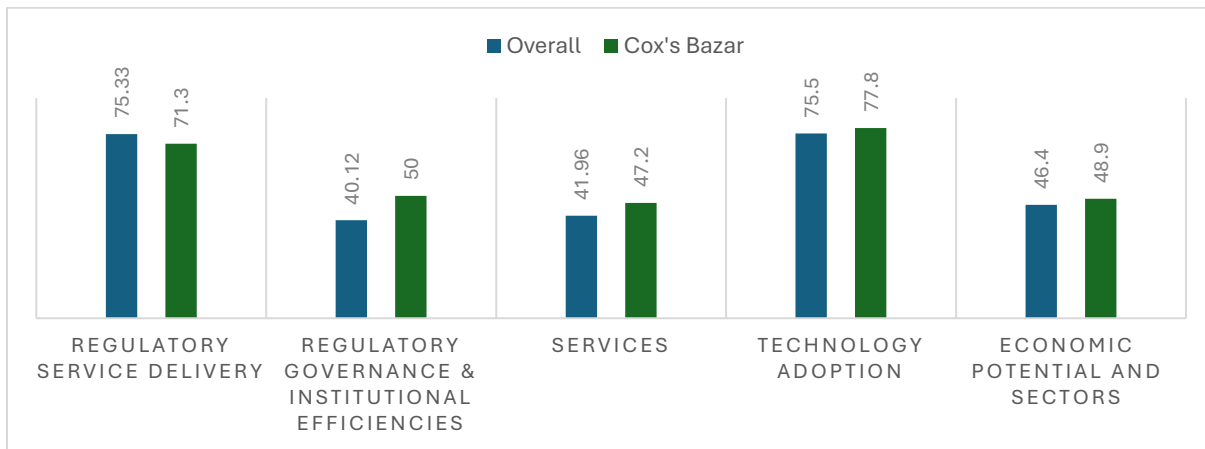


Figure 30 Cox's Bazar's Pillar composite Score

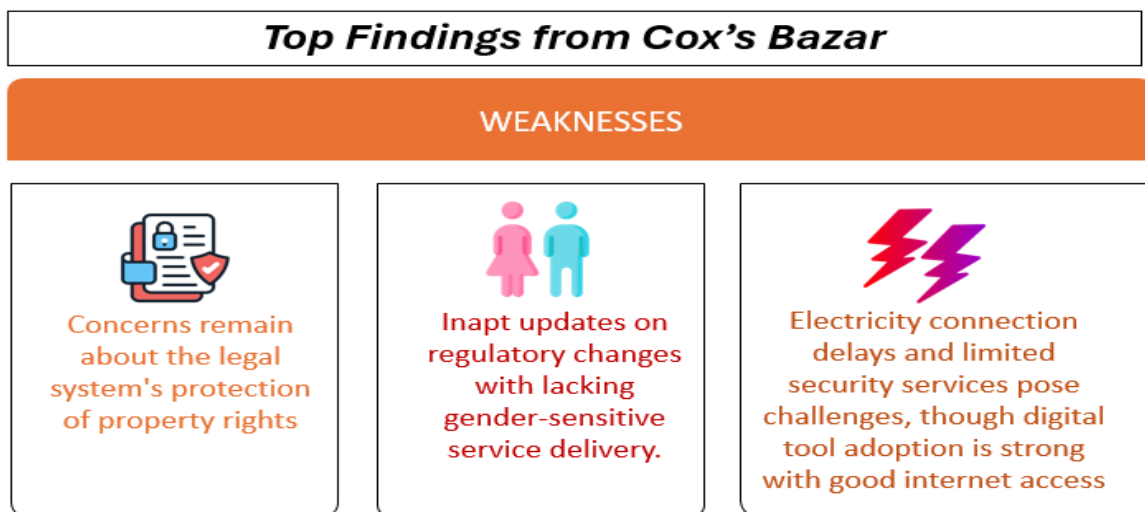


Figure 31 Top Findings from Cox's Bazar's



**The regulatory service delivery pillar reveals a mixed landscape of ease and challenges in obtaining essential business licenses.** Approximately 54% of businesses report that securing a trade license typically takes between 4 to 7 days, with costs ranging from 3,000 to 9,000 Taka. Despite this, the process for obtaining trade and sectoral licenses—such as those related to environment, fire, and narcotics—is generally perceived as straightforward. Tax submission also reflects a positive aspect of regulatory service delivery, with around 68% of respondents finding it easy and 31% describing it as moderate. However, the legal system's efficacy in protecting property rights and resolving contractual disputes remains a concern. Notably, while only one respondent reported a case of such disputes, there is a prevailing sentiment that the current legal framework in Bangladesh does not adequately support the enforcement of property rights and contract adherence.

**The Regulatory Governance and Institutional Efficiencies pillar presents a nuanced view of local government interactions and institutional practices.** Access to local government policy information related to business is relatively straightforward; however, around 79% of respondents report that they are only sometimes informed in advance about changes or modifications in regulations that impact their businesses, highlighting an area needing improvement in communication. On a more positive note, about 95% of businesses can access online or physically displayed information regarding relevant rules and regulations from local government entities. While there is a mixed response regarding the competency of municipal staff—61% affirming that staff possess the necessary skills for delivering business-related services—the absence of a gender-sensitive service delivery system remains a significant gap. Furthermore, most respondents feel that the existing governance mechanisms in the municipality are not effectively implemented, suggesting a need for stronger regulatory frameworks and institutional improvements to support business operations and governance in the region.

**The Services pillar reflects a mixed landscape of infrastructure and utility provisions.** Transport and logistics services are generally accessible, facilitating business operations. However, the process of obtaining a new electricity connection presents significant challenges: 50% of respondents among who obtained new electricity, report that it takes between 46 to 90 days, with costs exceeding 35,000 Taka reported by 75% of the respondents among who obtained new electricity. Once connected, most businesses experience a relatively quick reconnection time of about two days following any disconnection. Moreover, the electricity supply is available for 16 to 20 hours per day. Security services are relatively limited, with only 2 to 3 providers in the area. These factors collectively highlight areas for improvement, particularly in streamlining utility services and expanding security infrastructure, to better support the business environment in Cox's Bazar.

**The Technology Adaptation pillar in Cox's Bazar demonstrates a generally positive but improvable landscape.** Businesses find it relatively straightforward to secure broadband internet connections, which is a vital asset for modern operations. The majority of enterprises utilize the internet effectively for sourcing business information, as well as for marketing and sales activities, reflecting a strong adoption of digital tools for business growth. Furthermore, around 59% of respondents report that acquiring a qualified workforce with IT skills or computer proficiency is relatively easy in the municipality. This indicates a solid foundation for technological adaptation within the local workforce. However, there remains potential for enhancing the overall digital infrastructure and expanding training programs to fully leverage technology for economic development.

**The Economic Potential and Sectors pillar in Cox's Bazar reveals a mixed outlook with several challenges.** Although 77% of businesses reported expansion over the past two years, indicating some positive growth, the overall economic environment remains fraught with difficulties. The predominant sectors in Cox's Bazar include agriculture, banking and NGOs, transport, construction, hotels and restaurants, and wholesale and retail. Despite the expansion, a significant concern is the difficulty in obtaining bank loans, with 59% of respondents finding it challenging. This difficulty in accessing finance hampers further growth and limits the potential for economic diversification. The relatively low score in this area reflects persistent issues that need to be addressed to fully harness the economic potential of Cox's Bazar and foster a more supportive environment for business development.

Key recommendations are-

- ✓ **Simplify regulatory framework:** Streamlining regulatory requirements and creating an online platform will simplify the complex business landscape, reducing barriers for entrepreneurs.
- ✓ **Streamline licensing process:** Reducing the time to obtain trade licenses through digital processes will alleviate delays and make starting a business more efficient.
- ✓ **Accelerate electricity connection process:** Introducing fixed timelines and capping connection costs will reduce bottlenecks in utility services, making it easier for businesses to operate.
- ✓ **Improve communication of policy updates:** Enhancing communication channels such as online notifications or SMS alerts will ensure businesses are aware of regulatory changes, reducing uncertainty.
- ✓ **Expand security services:** Encouraging more security service providers and exploring public-private partnerships will address security concerns and improve safety for businesses.
- ✓ **Implement gender-inclusive service mechanisms:** Training municipal staff in gender sensitivity and establishing dedicated women's help desks will promote inclusivity and improve services for female entrepreneurs.
- ✓ **Enhance access to credit for businesses:** Easing access to finance through low-interest loans and credit guarantees will support business expansion and stimulate economic growth.
- ✓ **Promote digital adoption and workforce training:** Offering training programs in digital tools, marketing, and e-commerce will help businesses in Cox's Bazar adapt to modern technologies and improve their competitiveness.
- ✓ **Establish a specialized business dispute court:** Creating specialized courts to handle business disputes will expedite the legal process and boost confidence in the enforcement of contracts and property rights.
- ✓ **Improve Infrastructure and Road Conditions:** Prioritizing the repair of roads in residential and tourist areas will enhance accessibility and safety, significantly benefiting both locals and visitors.

- ✓ **Promote Investment in the Hospitality Sector:** Encouraging investment in quality accommodations will address the shortage of tourist facilities, improving the overall visitor experience and supporting local economic growth.
- ✓ **Strengthen Law Enforcement and Community Programs:** Increasing police presence and community engagement will help reduce drug trafficking and associated safety risks, fostering a safer environment for residents and tourists.
- ✓ **Enhance Beach Safety Protocols and Lighting:** Implementing better safety measures, including improved lighting and patrols on the beach after dark, will ensure the safety of tourists, especially during nighttime activities, thereby enhancing the overall appeal of Cox's Bazar as a tourist destination.

The analysis of Cox's Bazar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory framework and business obstacles</b>	Simplify regulatory framework	Develop an online, single-window service for all regulatory requirements, reducing bureaucratic inefficiencies.	Local Government, Ministry of Commerce, ICT Division
<b>Lengthy trade license process</b>	Streamline licensing process	Reduce the time to secure trade licenses to 1-3 days through a digital application process and clear guidelines on required documentation.	Municipality Office, Ministry of Commerce
<b>High costs and delays in obtaining electricity</b>	Accelerate electricity connection process	Introduce a fixed timeline (maximum 30 days) and cap costs for new connections. Improve transparency in the connection process by providing status tracking.	Power Division, Bangladesh Rural Electrification Board (BREB)
<b>Poor communication about regulatory changes</b>	Improve communication of policy updates	Ensure advance notice for changes in regulations affecting businesses via an online notification system or SMS alerts.	Municipality Office, Ministry of Commerce
<b>Limited security services</b>	Expand security services	Encourage the entry of more security service providers and implement a public-private partnership to enhance local security.	Local Government, Private Security Companies
<b>Lack of gender-sensitive service delivery</b>	Implement gender-inclusive service mechanisms	Introduce gender-sensitive training for municipal staff and establish a women's help desk to support female entrepreneurs.	Municipality Office, Ministry of Women and Children Affairs
<b>Difficulty in accessing finance</b>	Enhance access to credit for businesses	Collaborate with financial institutions to provide low-interest loans and credit guarantees to encourage business expansion.	Bangladesh Bank, Local Banks, Ministry of Finance
<b>Limited adoption of digital tools by businesses</b>	Promote digital adoption and workforce training	Provide training programs on digital marketing, e-commerce, and technology adoption for local businesses.	ICT Division, Ministry of Commerce, Local Chambers of Commerce
<b>Slow legal processes for dispute resolution</b>	Establish a specialized business dispute court	Set up specialized business courts to expedite the resolution of contract disputes and improve the enforcement of property rights.	Ministry of Law, Justice and Parliamentary Affairs
<b>Poor road conditions in residential and hotel areas</b>	Improve infrastructure and road conditions	Conduct a comprehensive assessment of road conditions and prioritize repairs in key tourist and residential areas.	Local Government Division, Ministry of Transport

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Lack of sufficient quality tourist accommodations</b>	Promote investment in the hospitality sector	Provide incentives and support for new hotel developments; establish standards for quality accommodation to enhance the tourism experience.	Ministry of Tourism, Local Government Division
<b>High levels of drug trafficking</b>	Strengthen law enforcement and community programs	Increase police presence and surveillance in high-risk areas; engage local communities in awareness and prevention programs to combat drug trafficking.	Ministry of Home Affairs, Local Law Enforcement
<b>Inadequate beach safety measures after dark</b>	Enhance beach safety protocols and lighting	Implement better lighting along the beaches; establish a beach safety patrol program during evening hours to ensure visitor safety.	Ministry of Tourism, Local Law Enforcement, Municipality

## Dinajpur

**Dinajpur, classified under the third category of business environments, stands out with the highest score of 59.6 among the seven municipalities evaluated, underscoring the need for modernization and simplification of its complex regulatory framework to improve the ease of doing business.**

*Summary: Dinajpur, despite its high score, faces challenges with regulatory complexity and service delivery. Issues include mixed efficiency in sectoral licensing, high costs for electricity, and limited policy transparency. While digital infrastructure and workforce skills are strong, improving regulatory clarity and service delivery is crucial for maximizing economic potential.*

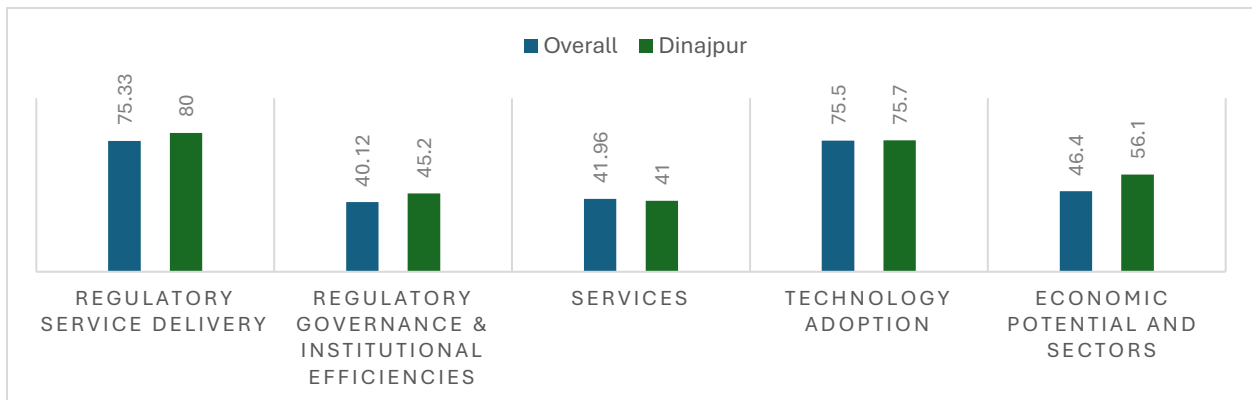


Figure 32 Dinajpur's Pillar composite Score

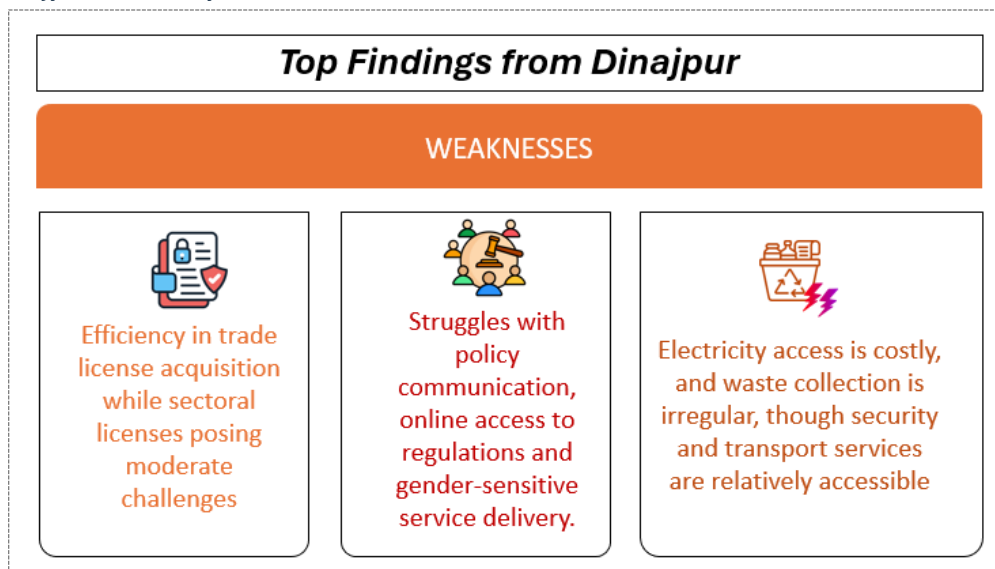


Figure 33 Top Findings from Dinajpur

**The regulatory service delivery pillar demonstrates positive attributes that contribute to its leading position among the seven municipalities.** A notable 77% of respondents indicate that obtaining a firm trade license typically takes between 1-3 days, reflecting a relatively swift process. Most businesses report that the cost of securing a trade license ranges from 1,000 to 5,000 taka, with only 14% encountering higher fees of 9,000 to 12,000 taka, which suggests that the process is largely manageable.

**The process for obtaining sectoral licenses, such as those for environment, fire, and narcotics, receives mixed feedback, with approximately 45% finding it straightforward and another 45% describing it as moderately challenging.** Tax submission is widely regarded as straightforward. Moreover, respondents who have faced property rights or contractual disputes express confidence in the local legal system's ability to uphold rights and contracts, indicating that law and order are well maintained in Dinajpur. While the regulatory framework generally supports business operations, there remains potential for improvements, particularly in streamlining the sectoral licensing process.

**The Regulatory Governance and Institutional Efficiencies pillar in Dinajpur highlights the areas for improvement.** There are concerns regarding the communication of policy changes as the majority of businesses reported that updates to policies or laws that could impact their operations are only "sometimes" communicated, creating uncertainty for businesses. Furthermore, 93% of respondents noted that they are unable to access relevant rules, regulations, and procedures online or on public display boards, which limits transparency and ease of access. Opinions on the competencies of municipal staff are mixed, with 55% of respondents expressing confidence in their skills, while 44% feel that there is room for improvement in the staff's ability to effectively deliver business-related services. Additionally, the absence of gender-sensitive service delivery mechanisms was highlighted by the majority of respondents, pointing to a gap in inclusive governance. Feedback on the implementation of governance mechanisms was similarly mixed, with around 57% affirming their implementation and 42% expressing doubts. While Dinajpur shows some promising aspects in governance, there are clear areas where further enhancements could boost efficiency and inclusivity.

**The Services pillar in Dinajpur reveals both accessibility and challenges in key areas.** Transport and logistics services are easily accessible, supporting local businesses' operational needs. Regarding electricity, a majority of respondents who obtained a new connection (57%) reported that it took less than 21 days, while 21% indicated a longer period of 21-30 days. However, 43% noted the high cost, with more than 35,000 BDT required to secure a new connection. Reconnecting after disconnection, however, is swift, with 93% of respondents stating that it was completed within just 2 days.

**Electricity availability in Dinajpur remains somewhat constrained, with power supplied for only 16-20 hours per day.** Another significant issue is waste management, as 60% of respondents expressed dissatisfaction with the irregular and untimely collection of waste, pointing to an area needing improvement. On the other hand, security services are relatively more accessible in Dinajpur compared to other municipalities, with around 15% of respondents availing services from the available 1-3 security service providers, the highest percentage among the seven municipalities.

While Dinajpur demonstrates strong service delivery in some areas, it still faces obstacles that affect business operations and overall quality of life.

**The Technology adaptation pillar in Dinajpur presents a positive outlook, with businesses reporting ease in accessing broadband internet, a critical factor for modern operations.**

Around 53% of respondents utilize the internet to gather business-related information, reflecting a moderate but growing reliance on digital resources for decision-making and market research. Additionally, businesses in Dinajpur find it somewhat easy to access a qualified workforce trained in IT and computer operations, supporting technological adoption and digital integration in various sectors. However, there is still room for improvement, particularly in increasing the adoption of digital tools for broader business functions like marketing and e-commerce.

**The Economic Potential and Sectors pillar in Dinajpur reflects a mixed scenario, with 59% of businesses reporting no significant expansion compared to the past two years.**

The municipality's economy is primarily driven by key sectors such as banking, NGOs, cold storage, food and beverage, rice mills, transport, and wholesale and retail trade. These sectors form the backbone of local economic activity, offering stable opportunities for growth. While obtaining bank loans is generally accessible, with most respondents finding the process easy, around 18% noted moderate difficulties in securing loans, signaling room for improvement in financial inclusivity. Despite the relatively diverse industrial base, the lack of business expansion points to underlying challenges, such as limited market growth or structural barriers that need to be addressed to unlock Dinajpur's full economic potential.

Key recommendations are-

- ✓ **Simplify and modernize regulatory framework:** Modernizing the regulatory framework through online platforms will reduce bureaucratic inefficiencies and improve the ease of doing business.
- ✓ **Improve sectoral licensing efficiency:** Streamlining the process for obtaining sectoral licenses by digitizing applications will reduce delays and enhance business operations.
- ✓ **Enhance communication on policy changes:** Establishing an online and SMS-based notification system will ensure that businesses are well-informed about policy updates, reducing uncertainty.
- ✓ **Improve accessibility of regulatory information:** Publishing regulations online and displaying them in public spaces will enhance transparency and ease of access to critical business-related information.
- ✓ **Implement gender-sensitive service delivery:** Gender-sensitive training for municipal staff and dedicated help desks for women entrepreneurs will promote inclusivity in business services.
- ✓ **Reduce costs and expedite electricity connections:** Implementing a fixed cost structure and ensuring quicker connections will reduce barriers to business operation in terms of utility services.
- ✓ **Improve waste collection systems:** Introducing monitoring systems for waste management will ensure timely collection and improve overall municipal cleanliness.



- ✓ **Expand and strengthen local security services:** Encouraging more private security firms to operate in Dinajpur will enhance the business environment by improving safety.
- ✓ **Encourage digital tools adoption:** Providing businesses with training on digital tools like marketing and e-commerce will boost digital engagement and competitiveness.
- ✓ **Boost business expansion through financial support:** Reducing barriers to credit and improving access to loans will encourage business expansion and stimulate economic growth.

The analysis of Dinajpur composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory framework</b>	Simplify and modernize regulatory framework	Introduce a single-window online platform to streamline processes for trade and sectoral licenses.	Municipality Office, Ministry of Commerce, ICT Division
<b>Mixed feedback on sectoral licensing processes</b>	Improve sectoral licensing efficiency	Reduce time and paperwork for sectoral licenses through digitized applications and tracking systems.	Municipality Office, Sectoral Regulatory Bodies
<b>Lack of clear communication on policy updates</b>	Enhance communication on policy changes	Establish a system for timely notification of policy changes affecting businesses via online portals or SMS alerts.	Municipality Office, Ministry of Commerce
<b>Limited access to regulations and rules</b>	Improve accessibility of regulatory information	Publish rules, regulations, and procedures online and display on public boards within the municipality office.	Municipality Office, ICT Division
<b>Lack of gender-sensitive service delivery mechanisms</b>	Implement gender-sensitive service delivery	Train municipal staff on gender inclusivity and establish help desks dedicated to female entrepreneurs.	Municipality Office, Ministry of Women and Children Affairs
<b>High cost of electricity connections</b>	Reduce costs and expedite electricity connections	Implement a fixed fee structure for new electricity connections and ensure connection within 21 days.	Power Division, BREB
<b>Irregular waste management services</b>	Improve waste collection systems	Introduce a waste management monitoring system to ensure timely and regular collection across the municipality.	Municipality Office, Local Government Engineering Department (LGED)
<b>Limited security services</b>	Expand and strengthen local security services	Foster partnerships with private security firms and encourage more providers to enter the market.	Municipality Office, Local Security Companies
<b>Inconsistent internet usage for business functions</b>	Encourage digital tools adoption	Provide training on digital marketing and e-commerce for local businesses to expand digital engagement.	ICT Division, Ministry of Commerce
<b>Slow business expansion</b>	Boost business expansion through financial support	Collaborate with local banks to provide more accessible business loans and reduce bureaucratic barriers to obtaining credit.	Bangladesh Bank, Local Banks, Ministry of Finance

## Jashore

**Jashore, with an overall score of 58.2, falls within the third category of business environments.** This reflects a generally complex regulatory framework that requires modernization and simplification to enhance the ease of doing business.

*Summary: Jashore's business environment, despite efficient permit processes and internet access, faces issues with regulatory transparency, high electricity costs, and insufficient security services. The mixed feedback on the legal system and financial accessibility indicates a need for improved governance and service delivery.*

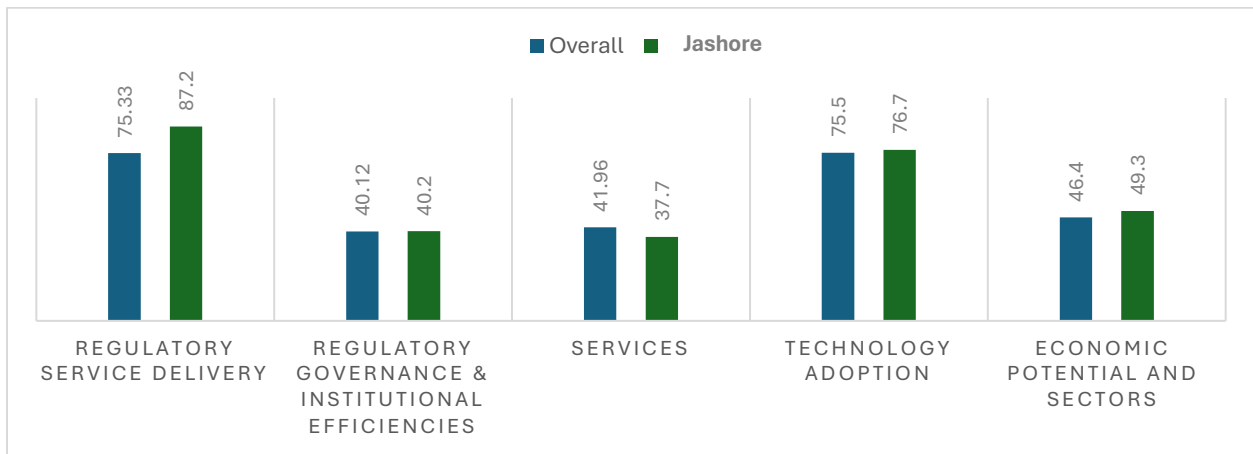


Figure 34 Jashore's Pillar composite Score



Figure 35 Top Findings from Jashore

**The regulatory service delivery in Jashore reflects a generally favorable environment for businesses, particularly in terms of obtaining basic permits and fulfilling tax obligations.** A majority of respondents indicated that acquiring a trade license is both quick and affordable, with most businesses securing the license within 1-3 days at a cost of 1,000 to 5,000 taka. Sectoral licenses, such as those related to the environment, fire, and narcotics, also appear accessible to most, with 78% of respondents finding the process straightforward. Additionally, the ease of submitting tax returns further highlights the supportive administrative framework in Jashore. However, the legal system presents notable challenges, as the few respondents who were involved in property rights or contractual disputes expressed dissatisfaction with the effectiveness of the legal mechanisms to protect their business interests. This highlights the need for judicial improvements to better safeguard property rights and contracts.

**The regulatory governance and institutional efficiencies in Jashore present significant challenges for local businesses, reflecting gaps in communication, and transparency.** A striking 75% of respondents reported that they were unable to access critical regulatory information either online or through physical displays at the municipality office, creating an environment of uncertainty for businesses. Additionally, most businesses indicated they were not notified in advance about changes in regulations, which further complicates planning and compliance efforts. Concerningly, 43% of respondents believe that municipal staff lack the skills and competencies necessary to effectively provide business-related services. The absence of gender-sensitive service delivery systems also underscore a lack of inclusivity in municipal services. Furthermore, nearly half (44%) of the respondents expressed dissatisfaction with the governance mechanisms, stating that these systems are not being properly implemented. These issues contribute to an environment where regulatory inefficiencies hinder business growth and operational stability.

**The services pillar in Jashore highlights several critical gaps that hinder the overall business environment.** While transport and logistics are readily available, the region struggles with reliable electricity provision, as most respondents reported receiving power for only 16-20 hours a day, which poses a significant challenge to business operations. One respondent who obtained a new electricity connection reported incurring a substantial cost of over 35,000 BDT, pointing to the high expense of essential services. Additionally, the absence of security service providers in Jashore further weakens the business infrastructure, leaving enterprises without crucial support in safeguarding their assets and operations. These issues underscore the urgent need for service improvement to foster a more conducive business climate in the municipality.

**Technology adaptation presents a relatively positive landscape for businesses.** Access to broadband internet is straightforward, facilitating connectivity for various business activities. Approximately 30% of respondents leverage the internet for marketing and selling products, while about 24% use it to seek business-related information, indicating a growing digital engagement. Furthermore, the majority of respondents find it somewhat or fairly easy to obtain a qualified workforce with IT skills or computer proficiency, with 43% rating it as easy and 40% as moderately easy. These factors collectively reflect a supportive environment for technological integration and workforce development, although there remains room for further enhancement in these areas.

**The economic potential and sectoral development reveal some challenges for business growth.** Approximately 60% of respondents indicated that their businesses have not expanded over

the past two years, highlighting a stagnation in economic progress. Key sectors in Jashore, including agriculture, banking and NGOs, handicrafts, transport, and wholesale and retail trade, play a significant role in the local economy. However, the mixed responses regarding access to bank loans reflect a lack of uniformity in financial support: 40% find it easy, 36% rate it as moderate, and 23% describe it as difficult. This disparity underscores the need for improvements in financial accessibility to stimulate business expansion and overall economic vitality in Jashore.

Key recommendations are-

- ✓ **Modernize regulatory framework:** Implementing a digital single-window system will streamline the process for obtaining trade and sectoral licenses, making it easier for businesses to navigate regulations.
- ✓ **Improve judicial effectiveness:** Strengthening the judicial system will ensure better protection of property rights and contracts, thereby enhancing the confidence of businesses in legal proceedings.
- ✓ **Enhance communication and transparency:** Developing an online portal for regulatory information will improve transparency and ease access to critical information for businesses, reducing uncertainty.
- ✓ **Establish a notification system for regulatory updates:** An alert system for notifying businesses of regulatory changes will help them stay informed and comply with new regulations effectively.
- ✓ **Enhance capacity-building programs:** Training municipal staff in customer service and business-related skills will improve the quality-of-service delivery and enhance the overall business environment.
- ✓ **Improve electricity service reliability:** Investing in infrastructure upgrades to the electricity supply will ensure a more stable power supply, which is critical for business operations.
- ✓ **Encourage establishment of security services:** Facilitating partnerships with private security firms will increase security service availability, providing businesses with necessary protection.
- ✓ **Promote digital marketing and e-commerce:** Organizing training sessions on digital marketing will encourage more businesses to utilize online platforms, improving their market reach and sales.
- ✓ **Improve access to financial support:** Collaborating with local banks to develop tailored loan products will enhance access to finance for SMEs, supporting business growth and economic vitality in Jashore.
- ✓ **Improve Supply Chain Management and Transparency:** Enhancing the understanding of supply chains among businesses and brokers can help mitigate inflated prices and improve profitability.

The analysis of Jashore composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory framework</b>	Modernize regulatory framework	Implement a digital single-window system for trade and sectoral licenses to streamline processes.	Municipality Office, Ministry of Commerce, ICT Division
<b>Ineffective legal system for property rights</b>	Improve judicial effectiveness	Strengthen the judicial system for better enforcement of property rights and contract disputes, including legal training for judges and staff.	Ministry of Law, Justice and Parliamentary Affairs
<b>Lack of transparency and access to regulatory information</b>	Enhance communication and transparency	Develop an online portal for businesses to access regulations, rules, and procedural information, ensuring they are regularly updated.	Municipality Office, ICT Division
<b>Insufficient communication of regulatory changes</b>	Establish a notification system for regulatory updates	Create an SMS or email alert system to inform businesses about changes in regulations and policies impacting their operations.	Municipality Office, Ministry of Commerce
<b>Competency issues among municipal staff</b>	Enhance capacity-building programs	Implement training programs for municipal staff focusing on customer service and business-related skills, ensuring better service delivery.	Municipality Office, Local Government Division
<b>Limited electricity supply</b>	Improve electricity service reliability	Invest in infrastructure upgrades to enhance electricity supply, aiming for at least 20-24 hours of service daily.	Power Division, BREB
<b>Lack of security service providers</b>	Encourage establishment of security services	Facilitate partnerships with private security firms to increase the number of available security service providers in the municipality.	Municipality Office, Local Security Companies
<b>Low internet utilization for business purposes</b>	Promote digital marketing and e-commerce	Organize workshops and training sessions on digital marketing strategies and e-commerce platforms for local businesses.	ICT Division, Ministry of Commerce
<b>Stagnation in business growth</b>	Improve access to financial support	Collaborate with local banks to create tailored loan products for small and medium enterprises (SMEs), ensuring fair access to financing options.	Bangladesh Bank, Local Banks, Ministry of Finance
<b>Businesses face profitability challenges due to inflated part prices from brokers.</b>	Improve supply chain management and transparency	Conduct workshops for businesses to better understand supply chain dynamics; engage brokers for fair pricing strategies.	Ministry of Commerce, Local Business Associations

## Kushtia

**Kushtia, with an overall score of 57.7, is categorized under the third group of municipalities,** which are characterized by a generally complex business environment that requires significant regulatory modernization and simplification.

*Summary: Kushtia's business environment features efficient trade licensing but suffers from regulatory communication issues and inconsistent service delivery, including unreliable electricity and limited security services. Technology adoption is growing but underutilized, and financial access remains a key barrier to economic growth.*

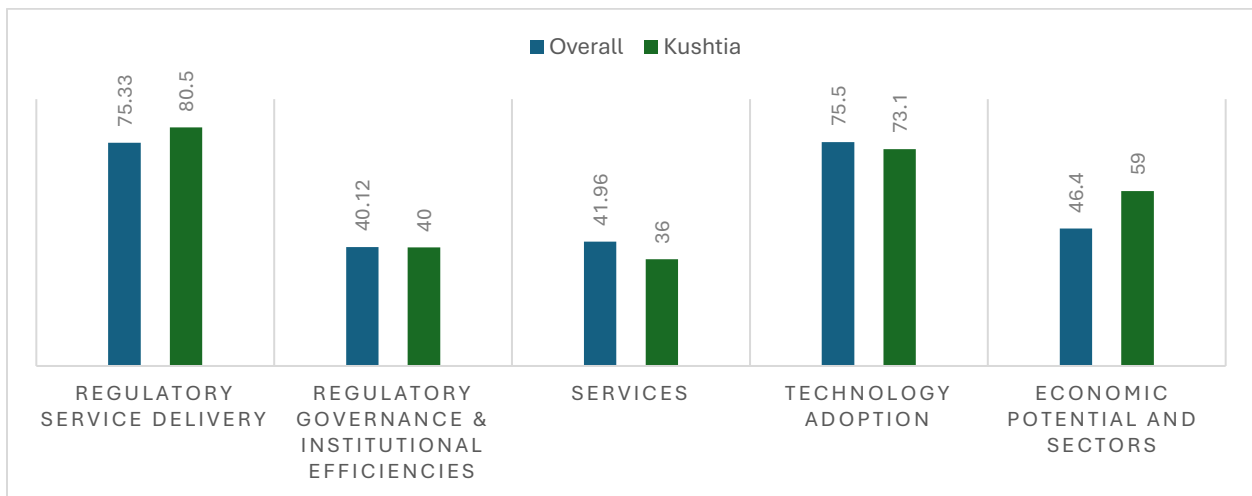


Figure 36 Kushtia's Pillar composite Score

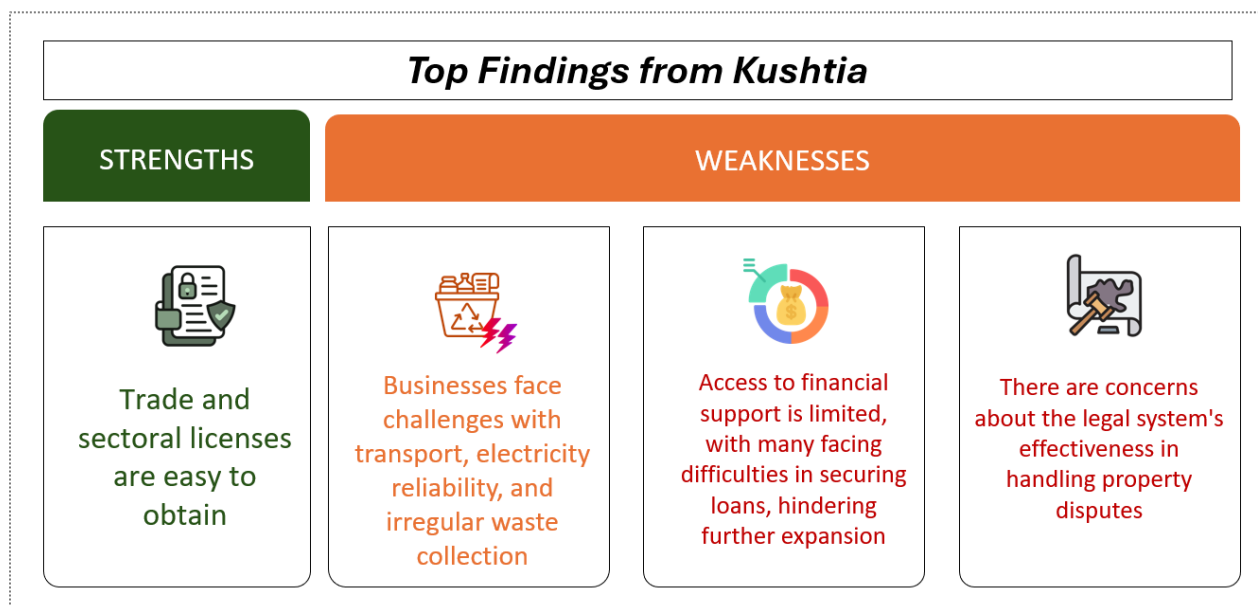


Figure 37 Top Findings from Kushtia

**The regulatory service delivery in Kushtia demonstrates several strengths.** Obtaining a trade license is straightforward, with most businesses reporting a cost of between 1,000 and 5,000 TK and a processing time of 1 to 3 days. Similarly, acquiring sectoral licenses, such as those for environmental, fire, and narcotics compliance, is generally manageable, although a small proportion of respondents (8%) found this process challenging. Tax filing is also reported to be simple and efficient. Although only 5% of respondents have been involved in property rights or contractual disputes, opinions on the effectiveness of the legal system are divided. Half of those who faced such disputes believe the system upholds property rights and contracts effectively, while the other half hold a different view. Overall, the regulatory service delivery in Kushtia is relatively efficient, with areas for improvement primarily centered around the legal system's effectiveness in handling disputes.

**The Regulatory Governance and Institutional Efficiencies pillar reveals several significant challenges.** Although 82% of respondents report occasionally being informed about changes in regulations, a notable 15% still experience inadequate communication. Access to relevant rules and regulations is problematic, as most businesses struggle to find this information either online or on physical boards at the municipality. Furthermore, there are concerns about the competency of municipal staff, with 54% of respondents believing that current personnel lack the necessary skills and expertise to effectively deliver business-related services. The absence of a gender-sensitive service delivery system is also a concern, reported by 64% of respondents. Additionally, about 52% responded that the governance mechanisms in place are not being implemented effectively.

**The Services pillar in Kushtia reflects several challenges that impact the local business environment.** Access to transport and logistics services shows a mixed picture, with only 37% of respondents finding it easy, while 36% describe it as moderately hard and 27% find it difficult. The process for obtaining a new electricity connection is also problematic; half of the respondents who obtained new electricity connection reported that they had to wait for 21-30 days, with costs ranging from 3,000 to 5,000 taka, and the process is characterized by delays and inconsistent service. While most report receiving electricity for 16-20 hours daily, 26% experience even less, indicating reliability issues. Waste collection is another concern, as 26% of respondents report that it is neither regular nor timely. Additionally, the absence of security service providers in Kushtia highlights a critical gap in essential services for businesses. Collectively, these issues underscore the need for substantial improvements in service provision to better support the business community in Kushtia.

**Technology adoption shows promising aspects with room for growth.** The majority of respondents (67.9%) find it relatively easy to access broadband or mobile network connectivity, with only a small fraction facing moderate challenges. While 44% of respondents use the internet for business-related information, there is significant potential for increased adoption in marketing and sales, as only 13% currently utilize digital tools for these purposes. The availability of a qualified workforce in IT and computer skills is reasonably accessible; 39% of respondents find it easy to recruit such talent. Although 49% report moderate difficulty and 11% face challenges, this highlights an opportunity for further development in the local labor market to support technological advancement and business growth.

**Kushtia's economic potential appears to face several challenges despite some sectoral diversity.** Although 62% of businesses reported growth over the last two years, a significant portion



remains stagnant. The key sectors—agriculture, banking and NGOs, light engineering, manufacturing, RMG, and wholesale and retail—are vital to the local economy but seem to lack the momentum for broader expansion. Access to financial support remains a notable obstacle, with only 31% of businesses finding it easy to secure bank or non-bank financial institution loans, while 29% find it moderately difficult, and 21% experience substantial difficulty. This financial strain limits growth opportunities and hinders the full economic potential of the region.

Key recommendations are-

- ✓ **Simplify Regulatory Processes:** Streamlining licensing procedures will reduce the time and costs associated with starting a business in Kushtia, fostering a more conducive environment for entrepreneurs.
- ✓ **Strengthen Legal Frameworks:** Enhancing the legal system's capacity to handle property rights and contract enforcement will build confidence among business owners and protect their interests.
- ✓ **Improve Communication and Transparency:** Establishing a centralized database for regulations will provide businesses with easy access to necessary compliance information, minimizing uncertainty and aiding in planning.
- ✓ **Enhance Training and Capacity Building:** Investing in the training of municipal staff will ensure they have the necessary skills to support local businesses effectively, improving service delivery.
- ✓ **Develop Inclusive Service Delivery Systems:** Addressing the gender gap in service delivery will ensure equitable access to municipal resources, benefiting the overall community.
- ✓ **Improve Transport and Logistics Infrastructure:** Enhancing transport networks will facilitate better access to markets and resources, which is vital for business growth.
- ✓ **Streamline Electricity Connection Processes:** Collaborating with service providers to reduce connection delays and costs will improve reliability and support business operations.
- ✓ **Enhance Waste Management Services:** Regularizing waste collection will improve the overall business environment, addressing cleanliness and operational challenges.
- ✓ **Promote Digital Literacy and E-commerce:** Increasing digital tool adoption will enable businesses to reach wider markets and improve their competitiveness in the digital economy.
- ✓ **Improve Access to Financial Services:** Enhancing partnerships between businesses and financial institutions will facilitate access to capital, supporting growth and expansion opportunities in Kushtia.

The analysis of Kushtia composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory environment</b>	Simplify regulatory processes	Streamline procedures for obtaining trade and sectoral licenses; establish a comprehensive online platform for applications and information.	Municipality Office, Ministry of Commerce, ICT Division
<b>Ineffective legal system for contract enforcement</b>	Strengthen legal frameworks	Implement legal training programs for businesses to enhance understanding of property rights and contract laws; establish mediation mechanisms.	Ministry of Law, Judiciary
<b>Inadequate communication regarding regulations</b>	Improve communication and transparency	Develop a centralized online database for regulations and changes; ensure timely notifications of regulatory updates to businesses.	Municipality Office, ICT Division
<b>Lack of skilled municipal staff</b>	Enhance training and capacity building	Conduct regular training workshops for municipal staff to improve their competencies in business-related service delivery.	Local Government Division, Municipality Office
<b>Insufficient gender-sensitive service delivery</b>	Develop inclusive service delivery systems	Introduce gender-sensitive policies and programs to ensure equitable access to municipal services for all genders.	Municipality Office, Gender Affairs Division
<b>Limited access to transport and logistics</b>	Improve transport and logistics infrastructure	Invest in the development and maintenance of transport networks; facilitate partnerships with logistics providers for better service access.	Local Government Division, Ministry of Transport
<b>Delays in electricity connection and service</b>	Streamline electricity connection processes	Collaborate with electricity providers to reduce connection wait times; establish clear guidelines for connection procedures and costs.	Energy Division, Local Electricity Distribution Company
<b>Irregular waste collection</b>	Enhance waste management services	Implement regular waste collection schedules and increase the number of waste management personnel and resources.	Municipality Office, Department of Environment
<b>Low adoption of digital tools for marketing</b>	Promote digital literacy and e-commerce	Organize training sessions for businesses on digital marketing and e-commerce platforms; incentivize the adoption of digital tools.	ICT Division, Business Associations
<b>Challenges in accessing financial support</b>	Improve access to financial services	Facilitate partnerships between local businesses and financial institutions; offer workshops on loan applications and financial literacy.	Local Chambers of Commerce, Financial Institutions

## Shibganj

**Shibganj, with an overall score of 52.1, falls under the third category of municipalities,** which indicates a generally complex business environment where regulatory modernization and simplification are necessary.

*Summary: Shibganj excels in trade licensing but struggles with regulatory transparency and staff competency. Service issues include costly electricity connections and poor digital infrastructure, while financial access constraints limit business growth.*

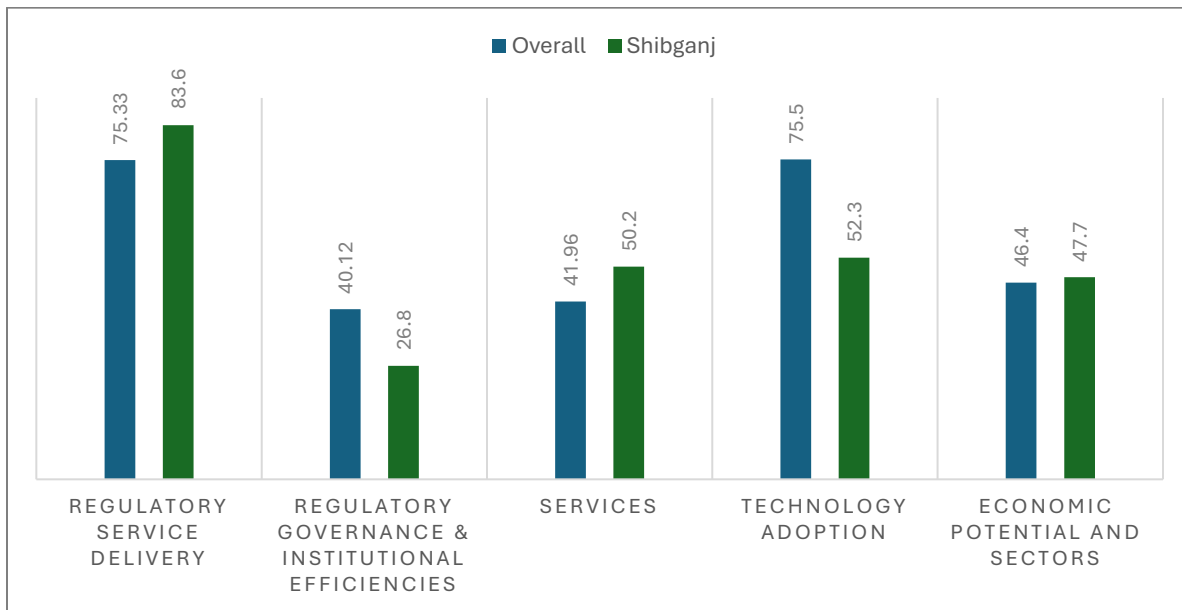


Figure 38 Shibganj's Pillar composite Score

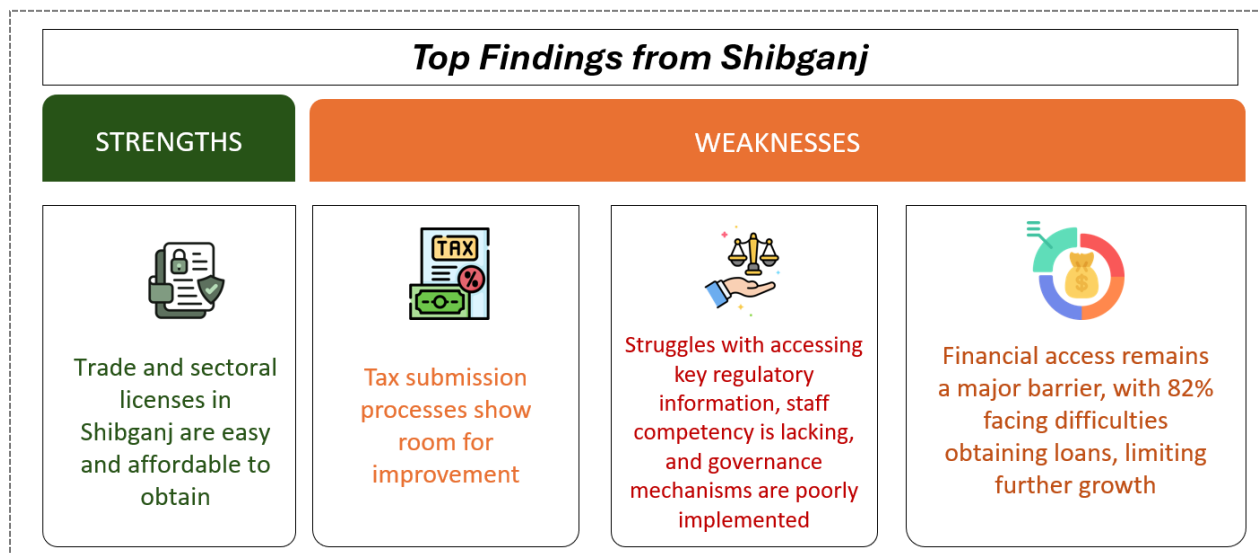


Figure 39 Top Findings from Shibganj

**The regulatory service delivery in Shibganj reflects a positive environment for businesses, particularly in terms of obtaining essential licenses.** Nearly all respondents reported that acquiring a trade license is both quick and affordable, typically taking only 1-3 days and costing between 1000-3000 taka. The process is widely regarded as straightforward, with sectoral licenses, such as those for environment, fire, and narcotics, also being easy to obtain. Tax submission processes are viewed favorably by 59% of respondents, who found them easy, while 41% found them moderately difficult, indicating room for further improvement but overall, a supportive regulatory framework.

**The regulatory governance and institutional efficiencies in Shibganj reveal significant challenges for businesses operating in the municipality.** While 86% of respondents reported that they are only occasionally informed in advance about changes in regulations, the lack of accessibility to key information remains a serious issue, with 86% unable to access relevant rules, regulations, or procedures online or on public display. Furthermore, 63% believe that the municipal staff lacks the necessary skills and competencies to effectively deliver business-related services. Gender-sensitive service delivery systems are notably absent, as indicated by 82% of respondents, and 91% feel that governance mechanisms in the municipality are not being properly implemented. This highlights a pressing need for improvement in transparency, staff capacity, and governance practices.

**The services pillar in Shibganj presents a moderately challenging landscape for businesses compared.** Access to logistics and transport services is reported to be moderately difficult, in contrast to the ease found in many other areas. Obtaining a new electricity connection generally takes 21-30 days and costs between 5,000-10,000 BDT, although some cases report higher expenses. Reconnection after disconnection is relatively swift, often taking less than 2 days. Electricity availability is limited to 16-20 hours per day, which poses a challenge for continuous business operations. Waste collection services receive mixed feedback, with 68% acknowledging regular and timely service, while 31% express dissatisfaction. Notably, Shibganj lacks any security service providers, adding to concerns around service provision.

**The technology adoption pillar in Shibganj highlights several areas of concern, particularly in comparison to other municipalities.** Access to broadband internet connectivity or mobile networks is moderately difficult, with 64% of respondents reporting challenges in availability. This lack of reliable connectivity may contribute to the fact that businesses in Shibganj generally do not leverage the internet for marketing, sales, or other business-related activities. The limited integration of technology into business operations indicates that there is significant room for improvement in digital infrastructure and adoption in Shibganj.

**The economic potential and sectoral development in Shibganj appear to be facing several challenges.** Although 55% of businesses reported expansion over the past two years, a substantial 45% experienced stagnation or decline, signaling a lack of widespread growth. Agriculture, particularly mango cultivation, along with banking, NGOs, construction, and wholesale and retail sectors dominate the local economy. However, access to financial resources remains a significant hurdle, with 82% of respondents reporting moderate difficulty in obtaining loans from banks and non-banking financial institutions. This financial constraint limits the ability of businesses to expand and innovate, curbing the overall economic potential of Shibganj.

Key recommendations are-

- ✓ **Simplify Regulatory Processes:** Streamlining the procedures for obtaining licenses will help businesses save time and reduce costs, fostering a more favorable business environment in Shibganj.
- ✓ **Improve Communication and Transparency:** Developing an online database for regulations will ensure that businesses have easy access to critical information, reducing uncertainty and aiding compliance.
- ✓ **Enhance Training and Capacity Building:** Regular training for municipal staff will enhance their capabilities in supporting local businesses effectively, leading to improved service delivery.
- ✓ **Develop Inclusive Service Delivery Systems:** Implementing gender-sensitive policies will ensure that all individuals have equitable access to municipal services, promoting inclusivity in the local business environment.
- ✓ **Improve Logistics and Transport Infrastructure:** Investing in transport networks will facilitate better access to markets and resources, essential for the growth of local businesses.
- ✓ **Streamline Electricity Connection Processes:** Collaborating with electricity providers to reduce wait times and clarify connection procedures will enhance reliability and support business operations.
- ✓ **Enhance Waste Management Services:** Improving waste collection services will address concerns related to cleanliness and operational challenges faced by businesses.
- ✓ **Improve Digital Infrastructure:** Expanding broadband and mobile connectivity will enable businesses to leverage technology more effectively, enhancing their competitiveness.
- ✓ **Promote Digital Literacy and E-commerce:** Training workshops focused on digital marketing and sales will encourage businesses to adopt digital tools, broadening their market reach and operational efficiency.
- ✓ **Improve Access to Financial Services:** Strengthening partnerships between businesses and financial institutions will facilitate access to capital, enabling growth and innovation within the local economy.

The analysis of Shibganj composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Complex regulatory environment</b>	Simplify regulatory processes	Streamline procedures for obtaining trade and sectoral licenses; establish an online portal for license applications and regulatory information.	Municipality Office, Ministry of Commerce, ICT Division
<b>Lack of accessibility to regulatory information</b>	Improve communication and transparency	Develop an accessible online database for regulations and procedures; ensure physical displays of key information at municipal offices.	Municipality Office, ICT Division

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Inadequate skills of municipal staff</b>	Enhance training and capacity building	Implement regular training sessions for municipal staff to improve their competencies in delivering business-related services.	Local Government Division, Municipality Office
<b>Absence of gender-sensitive service delivery</b>	Develop inclusive service delivery systems	Introduce gender-sensitive policies and programs to ensure equitable access to municipal services for all genders.	Municipality Office, Gender Affairs Division
<b>Limited access to transport and logistics</b>	Improve logistics and transport infrastructure	Invest in developing transport networks and logistics services to facilitate easier movement of goods and services for businesses.	Local Government Division, Ministry of Transport
<b>Delays in electricity connection and service</b>	Streamline electricity connection processes	Collaborate with electricity providers to reduce connection wait times and establish clear guidelines for connection procedures and costs.	Energy Division, Local Electricity Distribution Company
<b>Mixed feedback on waste collection</b>	Enhance waste management services	Ensure regular waste collection services and improve waste management practices to address concerns raised by businesses.	Municipality Office, Department of Environment
<b>Challenges in broadband and mobile connectivity</b>	Improve digital infrastructure	Invest in expanding broadband and mobile network access; partner with telecom providers to enhance connectivity in the region.	ICT Division, Local Government Division
<b>Low adoption of technology in business operations</b>	Promote digital literacy and e-commerce	Organize workshops to train businesses on leveraging digital tools for marketing and sales; provide incentives for digital adoption.	ICT Division, Business Associations
<b>Difficulties in accessing financial support</b>	Improve access to financial services	Facilitate partnerships between businesses and financial institutions; conduct financial literacy workshops to help businesses navigate loan processes.	Local Chambers of Commerce, Financial Institutions

## Overarching Business Environment Challenges in the Municipalities

Table 5 Overarching Business Environment Challenges in the Municipalities

SL.	Municipality	Category	Overarching Challenges
1	Shibganj	Infrastructure and Utilities	- Inadequate water supply and sanitation system. - Inadequate garbage and waste management.
		Market and Business Environment	- Lack of sector-specific markets hindering business growth.
2	Jashore	Supply Chain Issues	Businesses face profitability challenges due to inflated part prices from brokers.
3	Bogura	Import and Competition	- Difficulty in limiting the import of Chinese products.
		Skill Development and Support	- Lack of tailored training programs and monthly counseling for entrepreneurs.
		Infrastructure and Utilities	- Limited access to line gas supply facilities for businesses.

4	<b>Bhairab</b>	Market and Business Environment	- Struggles with establishing a modern market structure and sector-specific business zones.
		Infrastructure and Utilities	-Inadequate water supply and sanitation system.
		Skill Development and Support	- Lack of improved training for municipal staff to enhance service delivery.
5	<b>Dinajpur</b>	Infrastructure and Utilities	- Ongoing issues with flooding and waterlogging due to an outdated drainage system. - Poor road conditions in the municipality
6	<b>Cox's Bazar</b>	Infrastructure and Utilities	- Poor road conditions in residential and hotel areas impacting public and tourism.
		Accommodation Challenges	- Lack of sufficient quality tourist accommodations.
		Safety and Security Challenges	- High levels of drug trafficking posing safety risks. - Inadequate beach safety measures after dark.
7	<b>Kushtia</b>	Supply Chain Issues	- Limited availability of raw materials.
		Skill Development and Support	- Shortage of skilled and unskilled labor for business operations.
		Infrastructure and Utilities	- Inadequate waste management practices.

## 8.2 How do the Municipalities Fare in Each Area: A Pillar Wise Analysis

### Pillar 1: Regulatory Service Delivery- Score: 75.33

**Definition:** This pillar comprises overall time taken to obtain permits and filing tax and receive approval to start a business, the official costs of obtaining permits and submitting tax, and the ease of engaging in these regulatory processes (total 7 indicators).

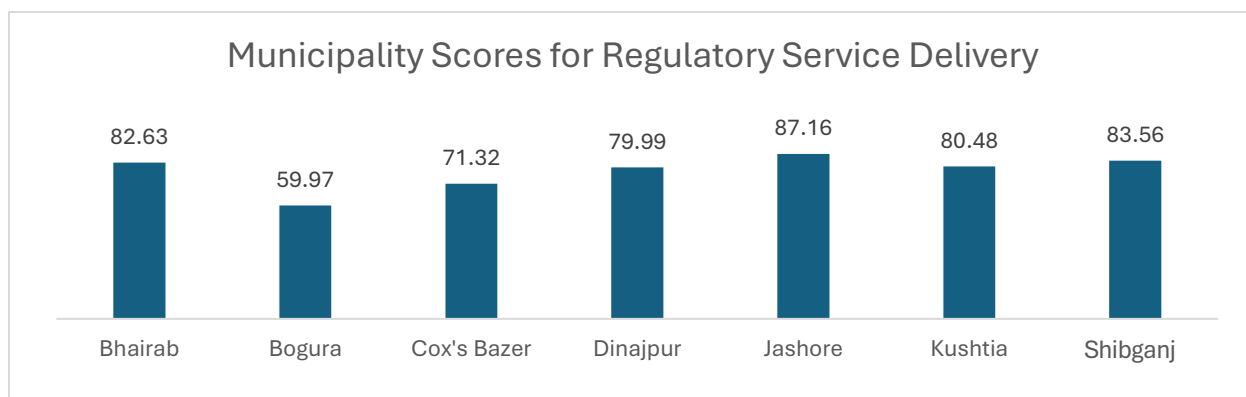


Figure 40 Municipality Scores for Services

#### Key Findings

- **Regulatory service delivery is the second-best performing pillar on the Municipality Competitiveness Index, scoring 75.33.** This score reflects the efficiency and transparency of the local government's regulatory services, such as the provision of business permits, trade licenses, and property rights, in facilitating businesses across the seven municipalities surveyed.
- **Enterprises face little obstacles in the process of obtaining a trade license in municipalities, but both cost and timeline vary with notable differences across municipalities.**

**Cost:** The cost is typically under Tk 3,000, though in some cases it reaches Tk 5,000, with a few reported paying between Tk 5,000 and Tk 15,000.

**Timeline of obtaining license:** Most firms secure their trade licenses within three days, although in some instances it can take up to seven days. Typically, businesses in the surveyed municipalities require three to five documents to obtain the business permits.
- **Most businesses in the municipalities never had to make informal payments to ensure smooth operation of their business except for seldom payments for few businesses within the municipalities.** These seldom payments are higher for a few businesses in Cox's Bazar compared to other municipalities.
- **Filing tax returns was generally reported as easy by most respondents, both at the central and municipal levels.** This suggests a relatively smooth process for businesses in managing their tax obligations.



- **Regarding property rights and contractual disputes, a majority of people have never been involved in such issues.** However, half of the people who have faced disputes expressed concerns about the efficiency of the current legal system in Bangladesh to uphold property rights and contracts.

The analysis of the pillar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action points	Responsible Agencies
<b>Variability in trade license costs and timelines</b>	Standardize trade license application processes	Implement a streamlined system for trade license application across all municipalities to reduce discrepancies.	Ministry of Commerce, Local Government Division
<b>Informal payments related to business operations</b>	Establish transparent fee structures for permits	Create a public database of all permit costs and regulations to ensure transparency and reduce informal payments.	Local Government Division, Ministry of Commerce
<b>Inefficiency in property rights and contractual disputes</b>	Improve legal frameworks and awareness for property rights	Develop community outreach programs to educate businesses about property rights and dispute resolution processes.	Ministry of Law, Local NGOs
<b>Complexity of regulatory processes</b>	Simplify regulatory frameworks	Review and simplify existing regulations to remove unnecessary bureaucratic hurdles.	Local Government Division, Ministry of Commerce
<b>Delays in obtaining necessary permits</b>	Reduce processing time for permits	Set specific timelines for permit processing and enforce adherence to them.	Local Government Division, Ministry of Commerce
<b>Lack of access to regulatory information</b>	Improve accessibility of regulatory information	Develop online portals to provide easy access to regulations, guidelines, and procedures.	Local Government Division, Ministry of Information

## Pillar 2: Regulatory Governance and Institutional Efficiencies- Score: 40.12

**Definition:** This pillar includes ease of access to local government policies and information on regulatory changes; availability of business licensing information publicly online or on boards; satisfaction with competences of municipal staff in service delivery and quality, timeliness and gender sensitiveness of service delivery; quality of implementation of governance mechanisms, including feedback and complain mechanisms as well as stability of local political climate (total 9 indicators).

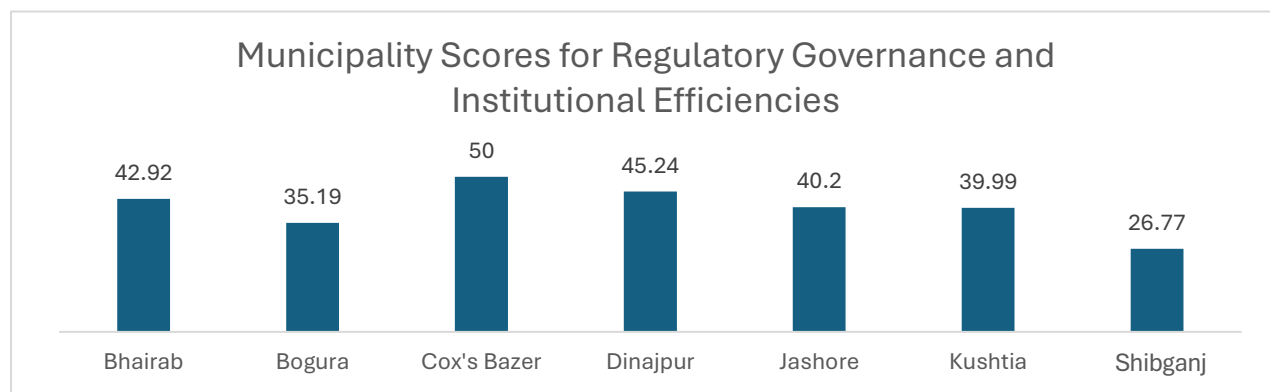


Figure 41 Municipality Scores for Regulatory Governance and Institutional Efficiencies

### Key findings:

- **Regulatory governance and institutional efficiency represent the weakest pillar on the MCI.** The weak score is an implication of the inefficient regulations, bureaucratic hurdles, and weak institutional frameworks of the municipalities, which are inimical to the business environment within these municipalities.
- **Municipality policy information is partly accessible, and businesses are hardly notified of policy modifications in advance which has multiple negative implications for the businesses.**  
*Increased Uncertainty and Operational risks:* The relevant rules, regulations, and procedures from the local government are also unavailable online or as displayed on a physical board. These issues increase the uncertainty and operational risks of businesses, as they inadvertently fail to comply with the new regulations and face penalties.  
*Adverse Impact on Planning:* The miscommunication of policies impacts the planning of businesses as they are unaware of the facilities and new opportunities presented by the updated policy.
- **Implementation of Governance mechanisms and their implementation varies among municipalities.** For instance, most businesses in Cox's Bazar, Dinajpur, and Jashore report implementation of governance, while maximum businesses in Bogura, Kushtia, and Shibganj highlight its absence, reflecting uneven implementation. The established systems, rules, and procedures aimed at ensuring proper management, accountability, and transparency within these municipalities are not consistently applied.
- **Feedback mechanisms are present in most municipalities with mixed responses on their functionality.** Nearly half of the businesses in the municipalities reported having

feedback and complaint mechanism is present in nearly all municipalities. However, there are mixed responses regarding the availability of a functional feedback mechanism which implies a lack of clear communication and accountability between businesses and local authorities. This can hinder effective governance, reduce trust in municipal services, and slow down the resolution of business concerns. It may also limit opportunities for continuous improvement in service delivery, which is crucial for creating a more conducive business environment.

- **Municipalities exhibit gaps in inclusive and gender-sensitive service delivery, mechanisms at the municipal level except Bhairab, indicating a significant gap in addressing the diverse needs of all citizens.** There are variations in satisfaction and timeliness in the municipalities and Shibganj has the highest number of unsatisfied respondents. This underscores the need for more inclusive governance practices to ensure that services are equitable and responsive to gender-specific concerns.
- **The assessment of the current staff in municipalities reveals mixed responses regarding their skills and competencies to effectively deliver business-related services.** Inconsistencies in staff capabilities could affect the quality and efficiency of service delivery, potentially leading to uneven support for businesses and varying levels of service effectiveness across different municipalities.

The analysis of the pillar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action points	Responsible Agencies
<b>Inefficient regulations and bureaucratic hurdles</b>	Strengthen communication of regulatory changes	Regularly publish updates on regulatory changes in accessible formats, including online platforms and community boards.	Local Government Division, Municipality Offices
<b>Lack of gender-sensitive service delivery</b>	Implement gender-sensitive governance mechanisms	Design and deliver training programs for municipal staff on gender sensitivity and inclusive service delivery practices.	Ministry of Women and Children Affairs, Local Government
<b>Variability in staff competencies</b>	Conduct staff training and capacity-building programs	Assess staff capabilities and develop tailored training sessions to improve service delivery and communication skills.	Local Government Division, Ministry of Local Government
<b>Poor communication between municipalities and businesses</b>	Establish regular business forums	Create platforms for dialogue between local authorities and business stakeholders to facilitate communication and feedback.	Local Government Division, Business Associations
<b>Insufficient resources for regulatory enforcement</b>	Allocate more resources for regulatory bodies	Increase budget allocations for local regulatory agencies to enhance their capacity for enforcement and oversight.	Ministry of Finance, Local Government Division

### Pillar 3: Services- Score: 41.96

**Definition:** This pillar focuses on services in infrastructure, specifically transportation, logistics and electricity, waste management, security, and market services within the business environment (total 8 indicators).

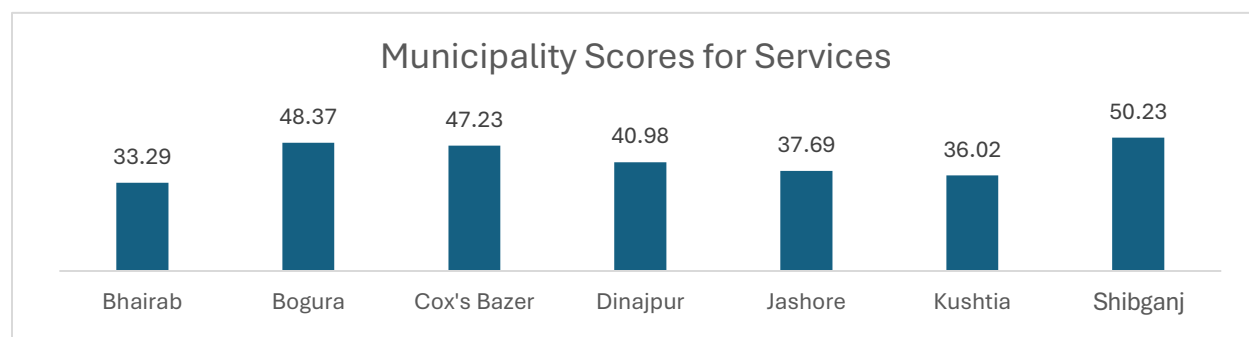


Figure 3 Municipality Scores for Services

#### Key Findings:

- **The Services pillar has the second-lowest overall score among the five pillars assessed, highlighting significant opportunities for improvement in service delivery.** This lower score underscores the need for targeted enhancements in critical areas to better support business operations and improve the overall business environment. Among the municipalities evaluated, Shibganj stands out with the highest score of 50.23, reflecting relatively strong performance in delivering municipal services. This suggests that Shibganj has made notable strides in service provision compared to other municipalities. On the other hand, Bhairab has received the lowest score of 33.29, indicating considerable challenges in service provision and highlighting areas requiring urgent attention and improvement.
- **Electricity availability across municipalities remains inadequate, with most areas receiving power for only 16-20 hours per day, leaving businesses to grapple with frequent interruptions that hinder operations and productivity.** The process for obtaining new electricity connections typically ranges from 21 to 30 days, with associated costs between Taka 5,001 and Taka 10,000. Although most municipalities can restore electricity connections within two days, Bhairab and Bogura face challenges with longer restoration times. In Bhairab, the cost of restoring electricity connections can exceed Taka 1,000, further complicating the operational environment for businesses.
- **Transport and logistic services exhibit considerable variability across municipalities.** Cox's Bazar emerges as having the highest availability of these services, providing a more robust infrastructure for businesses to operate efficiently. In contrast, Shibganj demonstrates moderate availability of transport and logistics services. This discrepancy has discernable consequences for businesses in Shibganj, where limited transport and logistic services can lead to disruptions in supply chains and difficulties in product delivery. Such challenges can significantly hinder business operations, affecting overall productivity and profitability.

- **Waste collection services are consistently provided in almost all municipalities, but quality and reliability vary among municipalities.** The irregularity in waste collection in Bhairab poses potential health and environmental risks, which could impact the quality of life and business operations.
- **Despite differences in the availability of security services, most municipalities have not reported significant financial losses from robbery, theft, or vandalism in the past year.** This indicates that while security services are an important aspect of municipal support, their impact on financial losses is less pronounced than other service-related factors. In terms of security services, Cox’s Bazar has the highest number of security service-providing companies, offering enhanced protection to businesses.

The analysis of the pillar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Inadequate transport and logistics services</b>	Enhance transport and logistics infrastructure	Collaborate with private sector stakeholders to identify and invest in key infrastructure projects to improve services.	Ministry of Transport, Local Government Division
<b>Frequent electricity interruptions</b>	Improve electricity supply reliability	Engage with utility providers to assess and enhance infrastructure, aiming for increased electricity availability.	Ministry of Power, Local Government Division
<b>Irregular waste collection services</b>	Standardize waste management practices	Implement regular monitoring and feedback mechanisms for waste collection services to ensure timely and reliable service.	Local Government Division, Ministry of Environment
<b>Lack of essential public services</b>	Improve access to basic services	Identify and fill gaps in essential services like healthcare, education, and sanitation to enhance quality of life.	Local Government Division, Ministry of Health

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Insufficient community engagement in service delivery</b>	Enhance public participation	Establish mechanisms for community feedback to improve service delivery based on residents' needs.	Local Government Division, Community Organizations
<b>Limited access to technology for service delivery</b>	Invest in technology infrastructure	Upgrade digital infrastructure for municipal services, allowing for better access and efficiency in service delivery.	Ministry of ICT, Local Government Division

## Pillar 4: Technology Adoption- Score: 75.50

**Definition:** This pillar focuses on access to ICT infrastructure such as broadband internet/ mobile networks and Availability of qualified workforce the municipality who have basic computer operating skills (2 indicators).

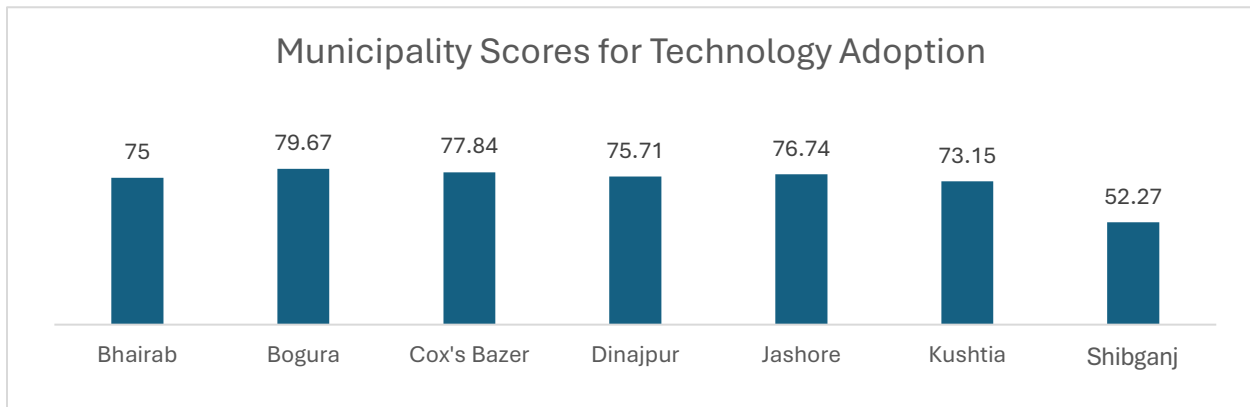


Figure 4 Municipality Scores for Technology Adoption

### Key Findings:

- **Technology adoption stands out as the highest-scoring pillar of the Municipal Competitiveness Index (MCI), reflecting a strong foundation in digital infrastructure and resources across the municipalities assessed.** Broadband internet connectivity and mobile network availability are generally widespread, with most municipalities having access to these critical technologies. Shibganj, however, experiences only moderate availability of these services. Despite this relatively good access to digital infrastructure, a significant gap remains in the utilization of technology by businesses. Most enterprises do not maximize the use of the internet to access regulatory information or business-related updates, which could impede their ability to stay informed about new regulations, compliance requirements, and emerging business opportunities.
- **The limited use of digital tools among businesses is evident, particularly in areas such as marketing and sales.** This finding suggests that there is a substantial opportunity for growth; increased adoption of digital tools could accelerate the sales process, enhance market reach, and potentially boost business performance.
- **Conversely, businesses continue to face moderate challenges in recruiting a qualified workforce.** This issue persists despite advancements in digital technology, highlighting that the benefits of increased digitization are somewhat outstripped by ongoing difficulties in workforce development. The need for a skilled labor force remains a critical barrier to business growth and operational efficiency.

- **The situation underscores the importance of adopting a balanced approach.** While improving digital capabilities and leveraging technology can drive significant benefits and efficiencies, addressing workforce development issues is equally crucial. To fully capitalize on technological advancements and ensure sustained business growth, municipalities must focus on both enhancing digital infrastructure and implementing strategies to develop and attract a skilled workforce. This dual approach will help create a more robust business environment that supports both technological innovation and human capital development.

The analysis of the pillar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Limited use of digital tools by businesses</b>	Promote digital literacy and technology utilization	Organize workshops and training sessions for businesses to demonstrate the benefits of technology adoption and digital tools.	Ministry of Information Technology, Local Business Associations
<b>Challenges in recruiting a qualified workforce</b>	Develop workforce training and recruitment programs	Partner with local educational institutions to align training programs with industry needs and facilitate recruitment efforts.	Ministry of Education, Local Government Division
<b>Gaps in broadband and mobile network availability</b>	Invest in digital infrastructure expansion	Collaborate with telecommunications providers to extend network coverage and improve service availability.	Ministry of ICT, Local Government Division
<b>Low digital engagement among consumers</b>	Promote awareness of digital services	Launch campaigns to inform consumers about available digital services and how to access them effectively.	Ministry of Information Technology, Local Government Division



## Pillar 5: Economic Potential and Sectors- Score: 46.40

**Definition:** This pillar focuses on the business development over the last two years and ease of access to credit (2 indicators)

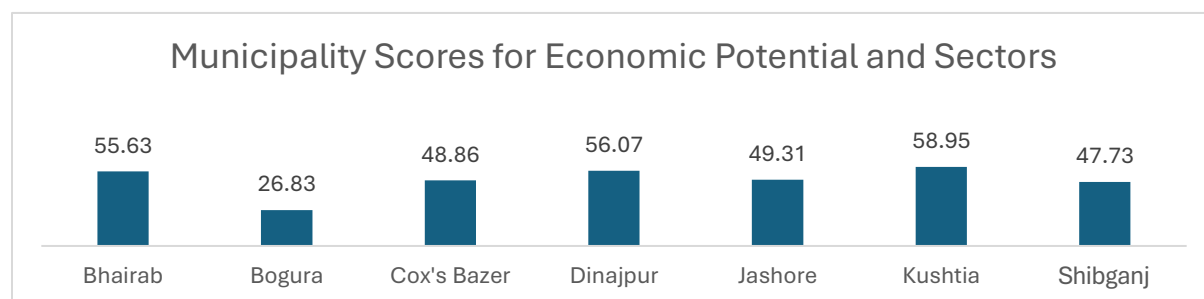


Figure 5 Municipality Scores for Economic Potential and Sectors

### Key Findings:

- **Most municipalities experience low business expansion rates due to regulatory hurdles, inadequate infrastructure, and limited capital access.** Cox's Bazar and Kushtia are exceptions, benefiting from better infrastructure and supportive policies, while Bogura struggles with bureaucratic inefficiencies, delays in trade licensing, and poor access to policy information, hindering growth.
- **Most municipalities have limited export activity, with exceptions like Bogura, Shibganj, and Cox's Bazar, likely due to barriers like market access and export support.** The business landscape is dominated by wholesale and retail trade, alongside key sectors like agriculture in Bhairab, Jashore, Kushtia, and Shibganj, and food and beverage in Bhairab, Dinajpur, and Jashore. In contrast, ICT, manufacturing, and footwear sectors remain underdeveloped, reflecting significant challenges or lower market demand.
- **Export activities are limited in most municipalities, with a focus on wholesale, retail, agriculture, and food sectors, while ICT, manufacturing, and footwear face development challenges.** Regarding export activities, most municipalities show limited engagement, with few businesses involved in exporting their products likely due to barriers like market access and export support. Notable exceptions include Bogura, Shibganj, and Cox's Bazar, where some businesses participate in export markets. Agriculture is a major sector in Bhairab, Jashore, Kushtia, and Shibganj, reflecting its importance in the local economies. Additionally, the food and beverage industry have a strong presence in Bhairab, Dinajpur, and Jashore, with Dinajpur also hosting a notable number of rice mills. On the other hand, ICT, manufacturing, and footwear sectors are less prominent across these municipalities, indicating that these sectors face more substantial barriers to development or have less market demand.
- **Local businesses face challenges in accessing external funding, relying heavily on personal savings and bank loans.** Businesses in Cox's Bazar face highest degree

of difficulty. This limited access to financial services strains growth, expansion, and long-term investment opportunities.

The analysis of the pillar composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Low business expansion rates</b>	Create supportive policies for business growth	Develop incentives for businesses to invest and expand, including tax breaks and streamlined licensing processes.	Ministry of Commerce, Local Government Division
<b>Limited engagement in export activities</b>	Enhance export support services	Establish dedicated export promotion programs to assist businesses in navigating international markets and compliance.	Ministry of Commerce, Export Promotion Bureau
<b>Over-reliance on personal savings for funding</b>	Improve access to financial services	Collaborate with financial institutions to offer tailored financing products for local businesses, especially startups.	Ministry of Finance, Local Banks
<b>Difficulty in accessing market information</b>	Provide market research support	Create programs that offer market research assistance to businesses seeking to understand their markets better.	Ministry of Commerce, Local Business Associations
<b>Insufficient focus on emerging industries</b>	Foster innovation in key sectors	Encourage partnerships with educational institutions and research organizations to promote innovation and entrepreneurship.	Ministry of Commerce, Ministry of Science and Technology

## 8.3 Implications/Relevance of MCI for BICIP Program

### BICIP Pillar 1: Business Entry, Exit, And Technology Adoption

#### 1. Average Days to Obtain a Business Permit/Trade License

The majority of respondents (65.5%) reported that it takes between 1 to 3 days to obtain a business permit or trade license. However, 21.5% indicated it takes between 4 to 7 days, and 13.1% reported it taking more than 7 days. Notably, Cox's Bazar stands out with 54% of respondents stating that it takes 4 to 7 days to obtain a license, in contrast to Dinajpur and Kushtia where 77% and 95% of respondents respectively reported obtaining their licenses in just 1 to 3 days, reflecting greater efficiency in these regions.

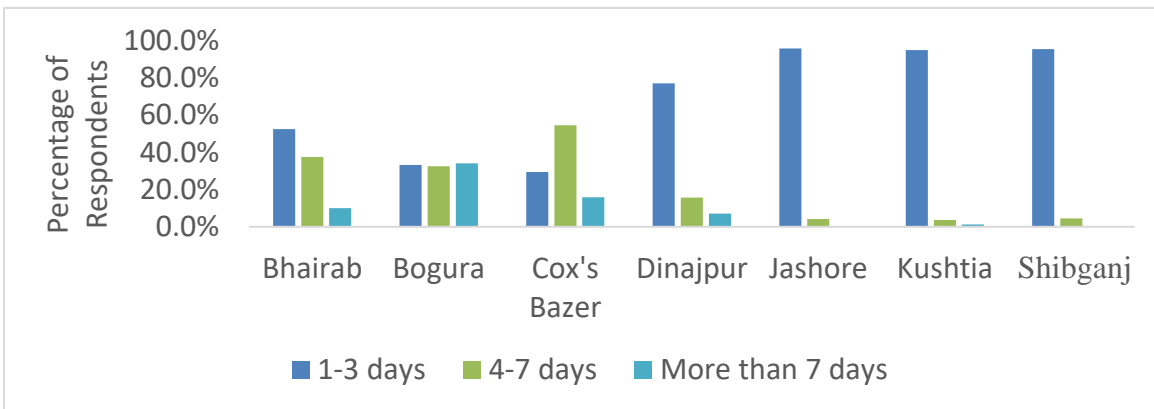


Figure 6 Average Days to Obtain a Business Permit/Trade License

#### 2. Average Cost to Obtain a Business Permit/Trade License

Regarding costs, nearly half of the respondents (49%) indicated that the cost of obtaining a business permit or trade license is between 1,000 to 3,000 BDT, while 34% reported that the cost ranges between 3,000 to 5,000 BDT. In Bogura and Kushtia, over 50% of respondents indicated that their costs fell within the higher 3,000 to 5,000 BDT range. These findings suggest that while obtaining a business permit is affordable in most regions, there are variations in cost depending on the municipality.

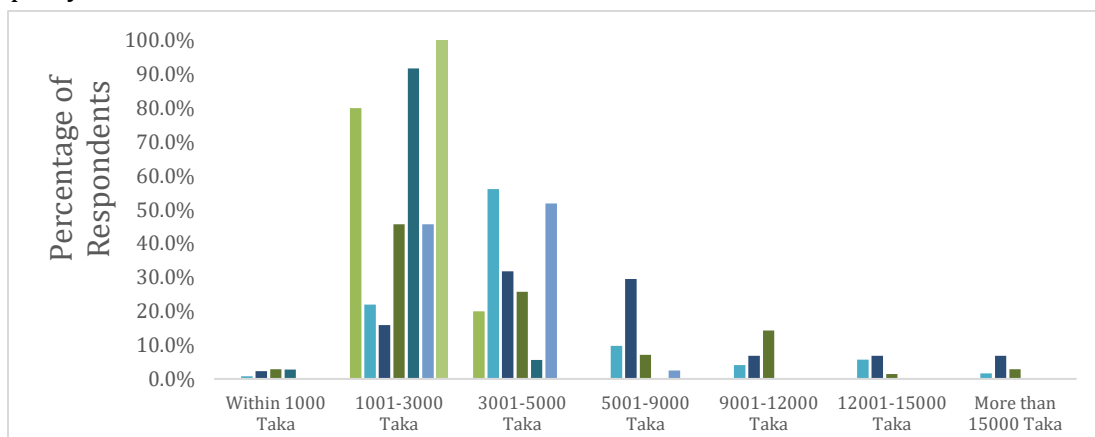


Figure 7 Average Cost to Obtain a Business Permit/Trade License

### 3. Level of Difficulty in Obtaining Business Permits/Trade Licenses

The overall process of obtaining business permits or trade licenses is considered relatively straightforward by 67% of respondents, who described it as easy. However, 26% experienced moderate difficulty. Interestingly, in Bogura, more than 50% of respondents reported facing moderate difficulty, highlighting regional differences in ease of access to permits.

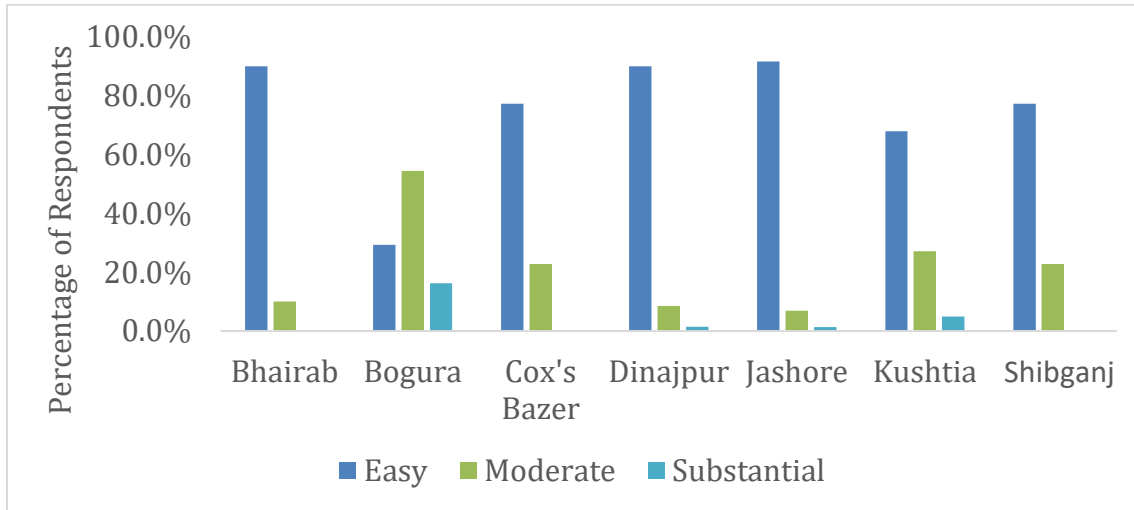


Figure 8 Level of Difficulty in Obtaining Business Permits/Trade Licenses

### 4. Level of Difficulty in Obtaining Sectoral Licenses

The process of obtaining sectoral licenses, such as those related to environmental, fire, or narcotics regulations, varies across municipalities. About 49% of respondents stated that it is easy, while 38% reported moderate difficulty. Bogura and Kushtia stood out as more challenging regions, with 50% of respondents in both areas describing the process as moderately difficult. These findings point to a need for streamlining the process of obtaining sectoral licenses in certain municipalities.

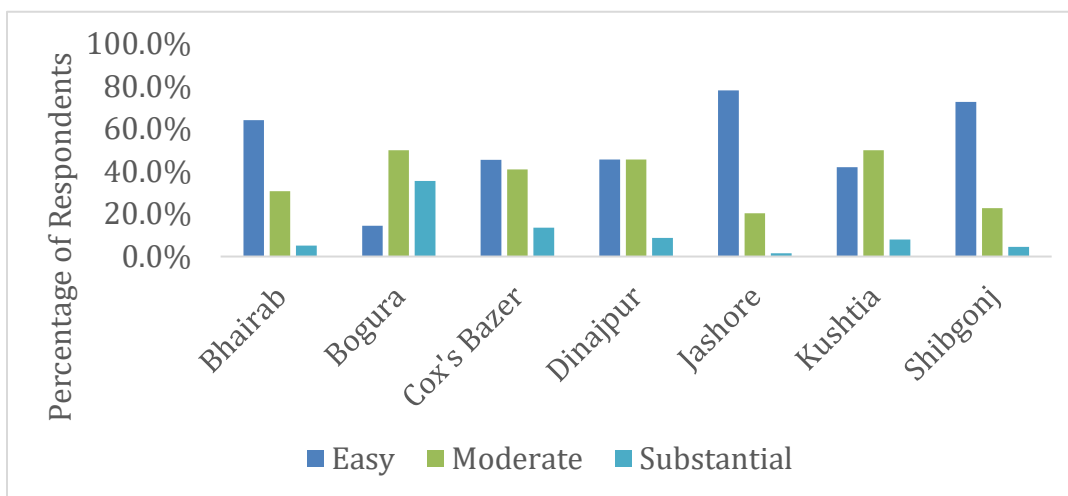


Figure 9 Level of Difficulty in Obtaining Sectoral Licenses

### 5. Number of Documents Required to Obtain a Business Permit/Trade License

The majority of respondents (71%) indicated that three to five documents are required to obtain a business permit or trade license. However, in municipalities such as Bogura and Cox's Bazar, 25% and 29% of respondents, respectively, reported that more than five documents were required. This indicates a potential bureaucratic burden in these regions, which may hinder ease of business entry.

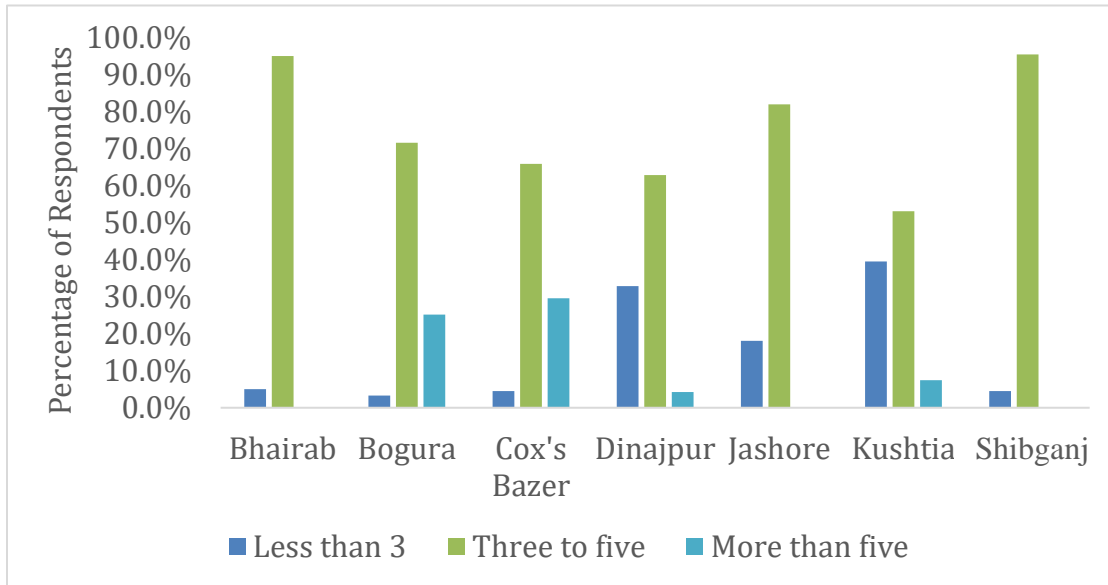


Figure 10 Number of Documents Required to Obtain a Business Permit/Trade License

### 6. Availability of Functional Business Licensing Information Online or Physically

A significant majority of respondents (75%) reported the absence of functional business licensing information available either online or on physical boards at the local level. This lack of transparency poses challenges for businesses seeking to comply with local regulations. However, there are exceptions, such as Cox's Bazar, where 95% of respondents reported the availability of such information, and Kushtia, where 43% of respondents confirmed the presence of business licensing information. These findings highlight regional disparities in providing accessible regulatory information, underscoring the need for more consistent implementation across municipalities.

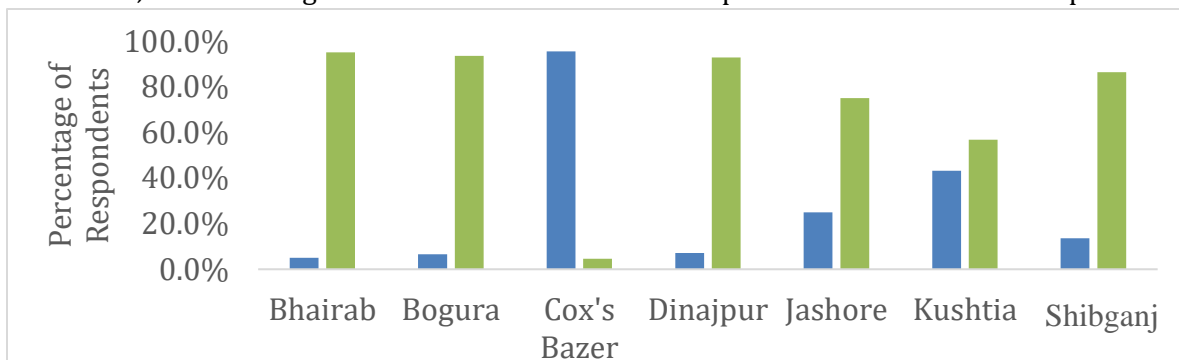


Figure 11 Availability of Functional Business Licensing Information Online or Physically

### 7. Availability of broadband internet connectivity/mobile networks

The availability of broadband internet connectivity and mobile networks is generally accessible, with 74% of respondents indicating it is easy to secure these services. However, a noteworthy 24% of respondents reported moderate difficulty in obtaining reliable connectivity, highlighting regional discrepancies. In Shibganj, for instance, 63% of respondents experienced moderate challenges in securing broadband or mobile network access, indicating significant gaps in digital infrastructure. Similarly, in municipalities such as Kushtia, Dinajpur, and Cox's Bazar, more than 25% of respondents also reported moderate difficulty. These findings suggest that while overall connectivity is improving, there remains a need for focused investment in enhancing digital infrastructure in specific regions to ensure equitable access and support for business growth.

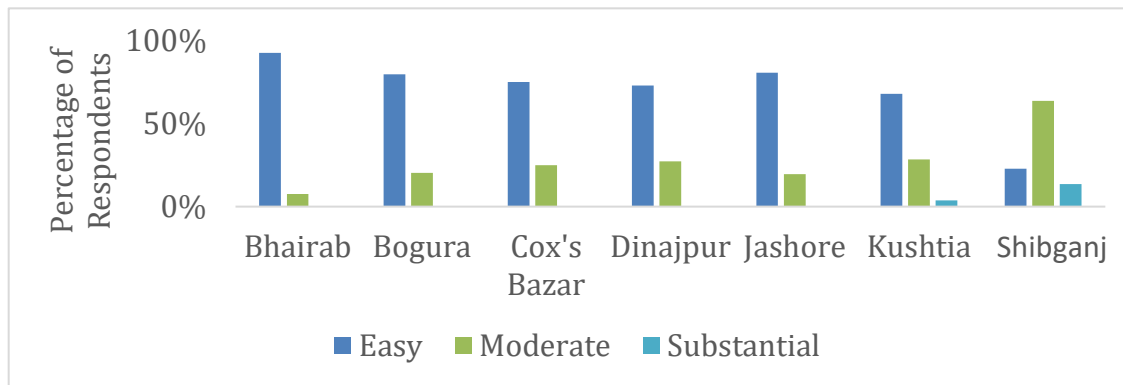


Figure 12 Availability of broadband internet connectivity/mobile networks

### 8. Availability of qualified workforce the municipality who have basic computer operating skills

Securing a qualified workforce, particularly individuals trained in IT or capable of operating computers, presents moderate challenges for many businesses. While 36% of respondents reported that it is relatively easy to find such talent, the majority—55%—indicated that obtaining a qualified workforce comes with moderate difficulty. This trend is more pronounced in specific regions, such as Shibganj, where 91% of respondents expressed difficulties in sourcing trained professionals. Similarly, in Bhairab, 56% reported moderate challenges in accessing skilled labor. These findings highlight the ongoing skills gap in certain areas, signaling the need for targeted workforce development programs, enhanced IT education, and vocational training to better meet the demands of local businesses.

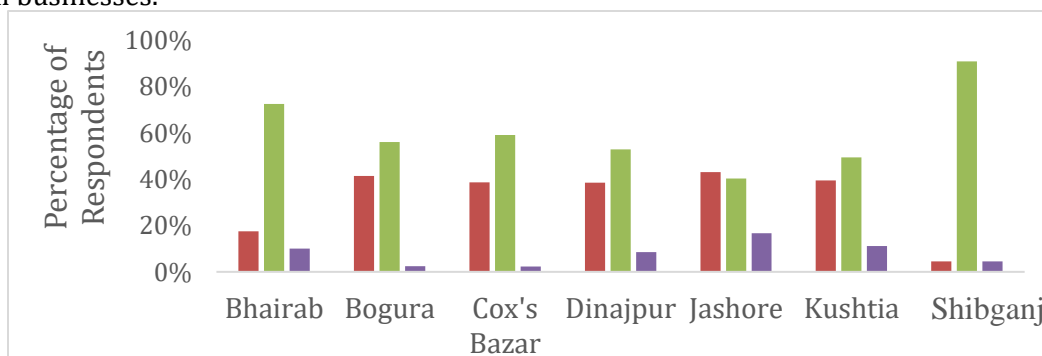


Figure 13 Availability of qualified workforce the municipality who have basic computer operating skills

The analysis of the BICIP pillar 1 composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Lengthy and inconsistent timeframes for obtaining business permits</b>	Streamline the licensing process to ensure timely issuance.	Digitize application processes and introduce service-level agreements (SLAs).	LGD, Municipalities, BIDA
<b>Varying costs of obtaining business permits</b>	Standardize licensing fees across municipalities.	Implement uniform fee structures and regularly monitor compliance.	LGD, Municipalities
<b>Moderate to high difficulty in obtaining permits/licenses</b>	Simplify and make the licensing process more accessible.	Introduce one-stop service centers and provide mobile help desks for guidance.	LGD, Municipalities
<b>Complexity in obtaining sectoral licenses</b>	Reduce regulatory bottlenecks for sectoral licenses.	Develop a centralized online platform for sectoral license applications.	Relevant Regulatory Authorities, LGD
<b>Excessive documentation requirements for licenses</b>	Minimize documentation requirements to reduce administrative burdens.	Create a unified document checklist and promote digital submission options.	LGD, Municipalities, BIDA
<b>Limited availability of business licensing information</b>	Enhance transparency by providing easily accessible information.	Publish detailed licensing guidelines online and on physical boards.	LGD, Municipalities
<b>Inadequate digital infrastructure for businesses</b>	Improve broadband and mobile network access in underserved areas.	Partner with telecom providers to expand coverage and reliability.	ICT Division, LGD, Private Telecom Operators
<b>Shortage of skilled workforce with IT/computer skills</b>	Address the skills gap through targeted training initiatives.	Establish IT training centers and encourage public-private partnerships for training.	Ministry of Education, NSDA, LGD, Municipalities, Private Sector

## BICIP Pillar 2: Industrial infrastructure and logistics

### 1. Availability of transport and logistics services

The availability of transport and logistics services is generally perceived as accessible, with 69% of respondents stating that it is easy to obtain such services. However, regional disparities exist, highlighting challenges in certain areas. In Shibganj, for instance, 63% of respondents reported moderate difficulty in accessing transport and logistics services. Similarly, in Bhairab and Kushtia, over 30% of respondents also faced moderate challenges in securing these essential services. These findings suggest that while transport and logistics infrastructure is robust in many municipalities, specific regions continue to experience bottlenecks. Addressing these regional gaps through infrastructure development and improving service availability could significantly enhance the operational efficiency of businesses, contributing to local economic growth.

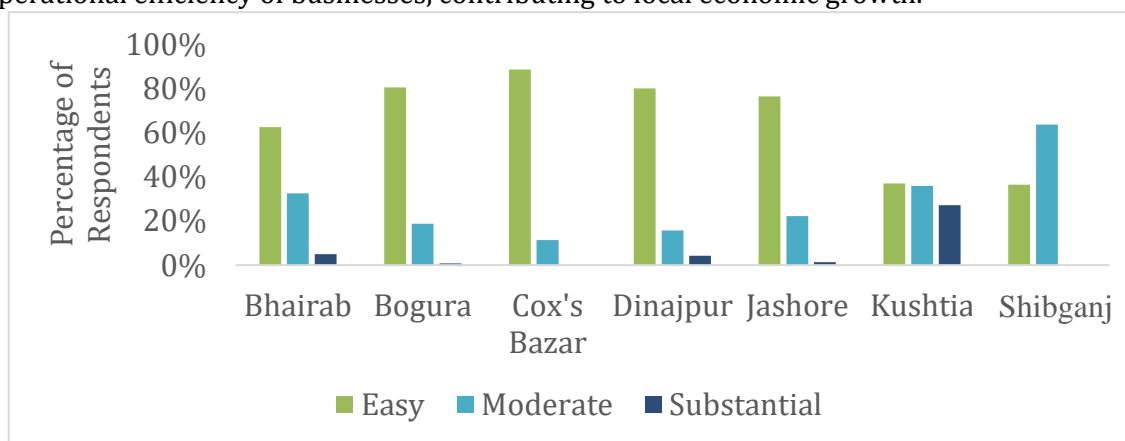


Figure 14 Availability of transport and logistics services

### 2. Average day and cost of obtaining new electricity connection

The process of obtaining a new electricity connection varies in terms of both time and cost across different regions. Overall, 48% of respondents reported that it takes between 21 to 30 days to obtain a new connection, while 40% were able to secure one in less than 21 days. In Bhairab, all respondents indicated a wait time of 21 to 30 days, underscoring regional disparities in service efficiency. Regarding costs, the responses reveal a significant variation: 25% reported paying between 5,000 to 10,000 Tk, 23% indicated costs exceeding 35,000 Tk, while others cited expenses in the range of 3,000 to 35,000 Tk. Notably, in Cox's Bazar, 75% of respondents who obtained a new electricity connection incurred costs above 35,000 Tk. These findings highlight inconsistencies in the process, where both the time and cost to secure electricity connections may pose challenges for businesses in certain regions. Addressing these gaps through streamlined procedures and cost regulation could foster a more conducive environment for business operations.



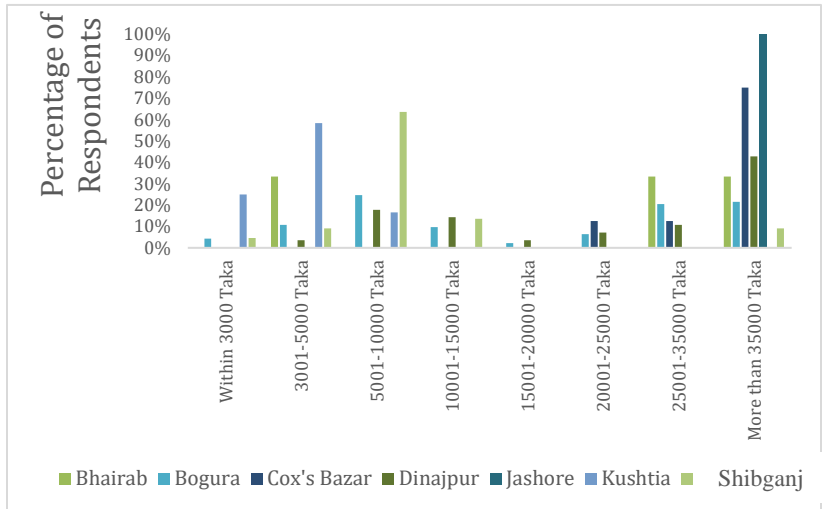
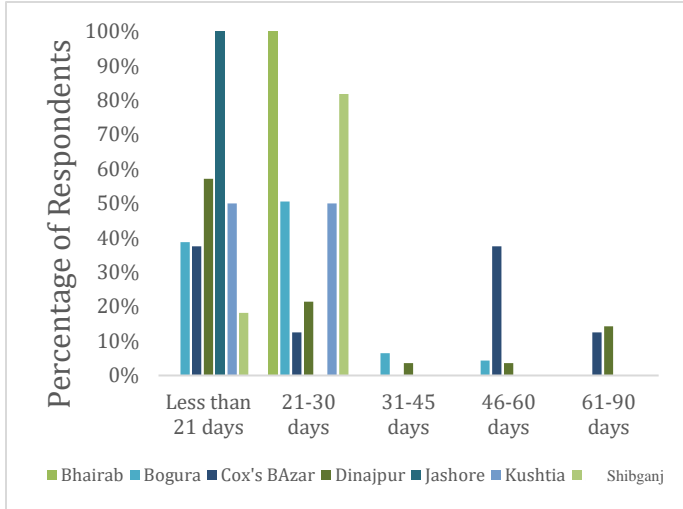


Figure 15 Average day and cost of obtaining new electricity connection

### 3. Average day and cost of obtaining electricity connection again after disconnection due to natural disaster, power failure, arson etc.

Based on recent data, the majority of respondents, approximately 80%, reported that the reconnection of electricity after disconnection is generally resolved within 2 days. However, regional variations exist in Bhairab, 40% of respondents indicated that reconnection typically takes between 3 to 4 days, and 25% reported delays extending beyond 4 days. Similarly, in Bogura, 14% of respondents experienced reconnection times of 3 to 4 days, while 16% faced delays exceeding 4 days. In terms of financial implications, the reconnection process itself incurs no official costs. Nonetheless, it is customary for individuals to provide informal tips to the linemen as a gesture of goodwill, with amounts ranging from 500 to 2000 Taka.

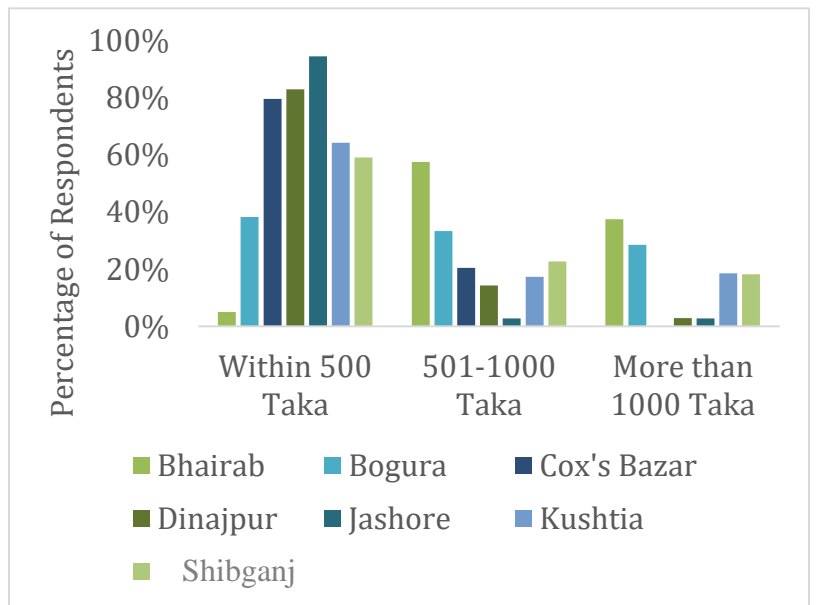
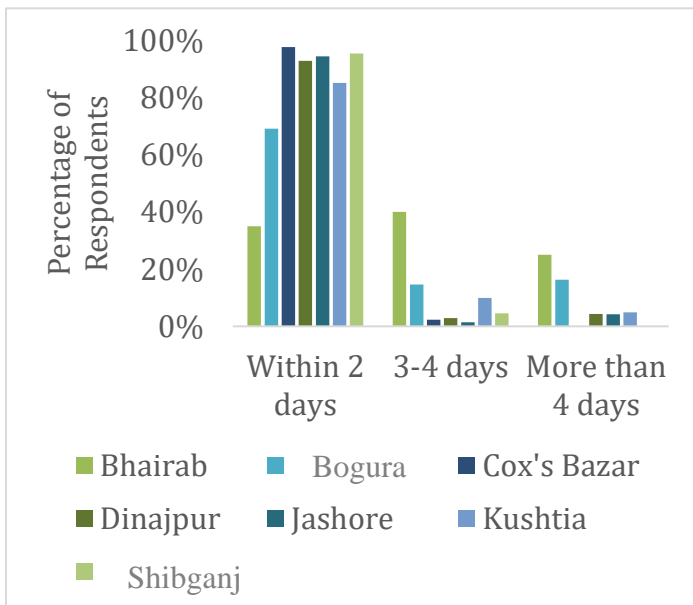


Figure 16 Average day and cost of obtaining electricity connection again after disconnection due to natural disaster, power failure, arson etc.

Moreover: 92% of respondents receive electricity for 16 to 20 hours per day, this level of service is still insufficient to support businesses effectively. The frequent power disruptions, despite being relatively consistent across municipalities, can significantly hinder commercial operations. The limited availability of electricity hampers productivity and affects business performance, highlighting a critical area of concern for economic stability and growth.

#### 4. Waste collection Situation-

Despite 76% of respondents acknowledging that waste collection is generally carried out regularly and in a timely manner, a troubling 23% reported inconsistencies. This issue is particularly pronounced in Dinajpur, where 60% of respondents experienced significant problems with irregular and delayed waste collection. Such deficiencies in waste management not only affect community cleanliness and public health but also have a detrimental impact on local businesses. Inadequate waste collection can lead to unsightly conditions and sanitation issues that disrupt commercial activities, ultimately hampering business operations and economic growth.

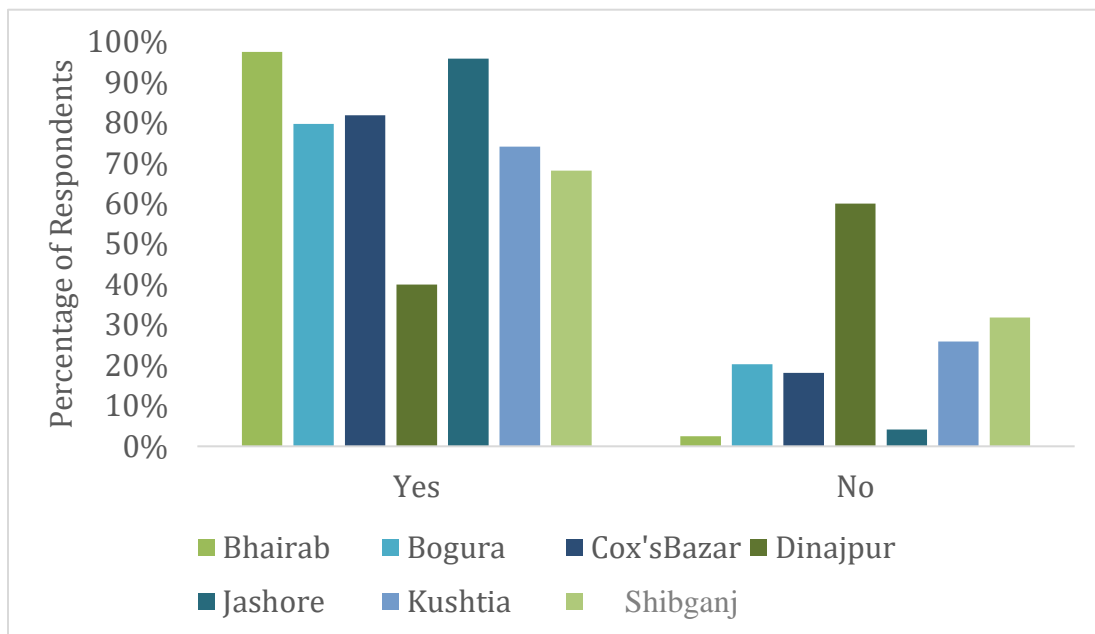


Figure 17 Regular Waste collection Situation

The analysis of the BICIP pillar 2 composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Limited availability of transport and logistics services in specific regions like Shibganj and Bhairab.</b>	Improve transport and logistics infrastructure in underperforming regions.	Develop region-specific infrastructure projects and enhance availability of services.	LGD, Municipalities, MoRTB
<b>Inconsistent time and cost of obtaining new electricity connections across municipalities.</b>	Streamline the electricity connection process and standardize costs.	Establish clear timelines and cost ceilings through regulatory reforms and digital applications.	Power Division, Municipalities
<b>Delayed reconnection of electricity following natural disasters, power failures, or other disruptions.</b>	Enhance the efficiency of electricity reconnection services.	Implement contingency plans and introduce rapid response teams for faster reconnection.	Power Division, REB
<b>Insufficient electricity availability to support business operations (16-20 hours/day for most regions).</b>	Increase electricity supply reliability to minimize power disruptions and support businesses.	Invest in grid stabilization projects and explore renewable energy solutions for consistent power.	Power Division, Municipalities
<b>Informal payments ("tips") to linemen for electricity reconnection.</b>	Reduce informal practices by improving transparency and accountability.	Introduce digital payment systems and enforce anti-corruption mechanisms.	Power Division, ACC
<b>Irregular and delayed waste collection in municipalities like Dinajpur.</b>	Strengthen waste management systems for regular and efficient collection.	Establish waste collection schedules, increase staff, and monitor performance regularly.	LGD, Municipalities
<b>High regional disparities in logistics and waste services that affect businesses.</b>	Promote equitable distribution of resources and ensure consistent service delivery across municipalities.	Develop a regional development framework to allocate resources based on need.	LGD, MoF, Municipalities
<b>Inadequate digital platforms for reporting and resolving service issues.</b>	Develop online platforms for businesses to report and track service-related issues, improving accountability.	Create user-friendly reporting apps and dashboards for transparency in services.	LGD, ICT Division, Municipalities

### BICIP Pillar 3: Tax Regime

The tax filing process appears to be relatively smooth for most businesses, with 68% of respondents indicating that it is easy to submit their tax returns. However, 28% of respondents expressed that it is moderately difficult, suggesting that while the overall process is streamlined, there may be challenges for certain businesses. Notably, in specific regions such as Bogura, a significant proportion of respondents (46%) reported moderate difficulty in filing taxes, and 9% of respondents even found it difficult. Similarly, in Shibganj, 41% of respondents faced moderate challenges with tax submission. These findings highlight that, while the tax regime is generally accessible, regional disparities and specific obstacles in some municipalities may hinder the ease of tax compliance for businesses, requiring targeted improvements to enhance the system’s overall efficiency.

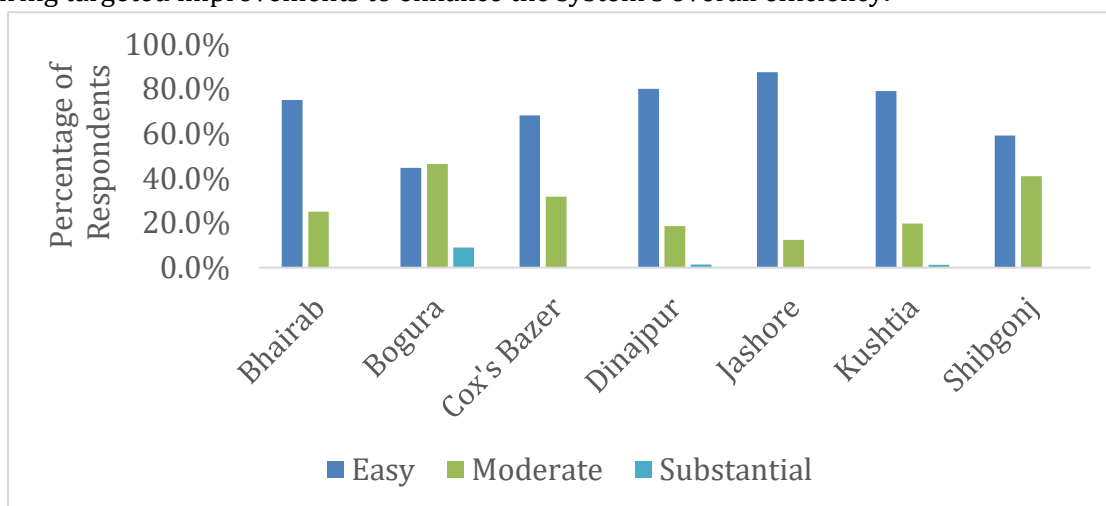


Figure 18 Difficulties in Submitting Tax Return

The analysis of the BICIP pillar 3 composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Moderate difficulty in filing tax returns in regions like Bogura and Shibganj.</b>	Simplify and digitize the tax filing process to ensure ease of compliance for businesses.	Develop user-friendly digital tax submission platforms and provide technical support for businesses.	NBR, BIDA, Municipalities
<b>Regional disparities in access to tax filing facilities and support services.</b>	Establish consistent tax facilitation infrastructure across all municipalities.	Set up one-stop service centers and mobile tax units to serve underserved regions.	NBR, Municipalities

## BICIP Pillar 4: Commercial dispute resolution and labor regulations

### 1. Accessibility of Local Government Policy Information

Accessing local government policy information related to business operations presents a mixed picture. While 59% of respondents find it easy to obtain such information, 37% describe the process as moderately difficult. The situation is notably challenging in specific municipalities, with 52% of respondents in Bogura, 56% in Cox's Bazar, and 54% in Shibganj reporting moderate difficulty. These varying levels of access highlight the need for more streamlined and transparent dissemination of policy information to support business activities effectively.

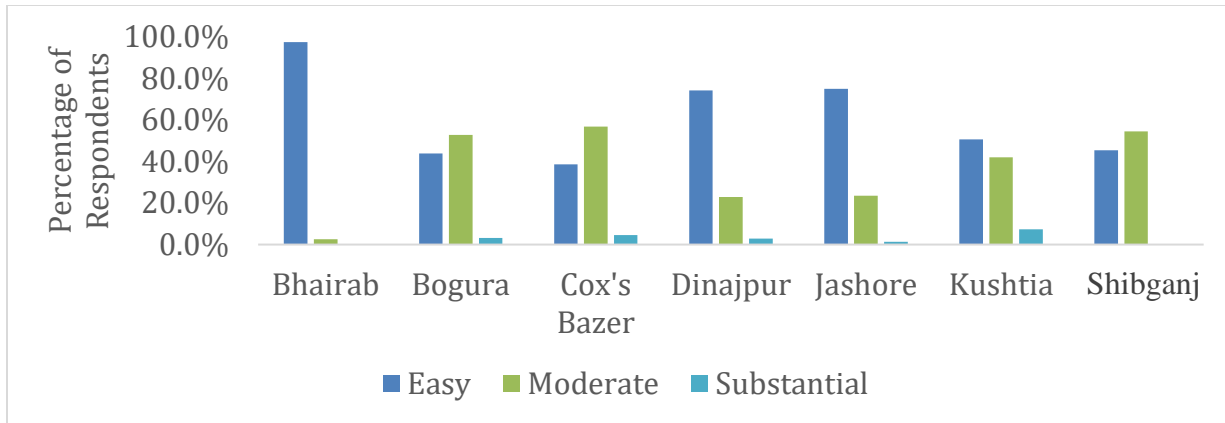


Figure 19 Accessibility of Local Government Policy Information

### 2. Communication and Consultation on Regulatory Changes

The frequency and effectiveness of communication from local government regarding regulatory changes are lacking. A significant 85% of respondents indicated that such communication occurs only sometimes, with similar sentiments observed across all municipalities. This sporadic engagement contributes to uncertainty and challenges for businesses trying to stay informed about regulatory updates, underscoring the need for more consistent and proactive consultation practices.

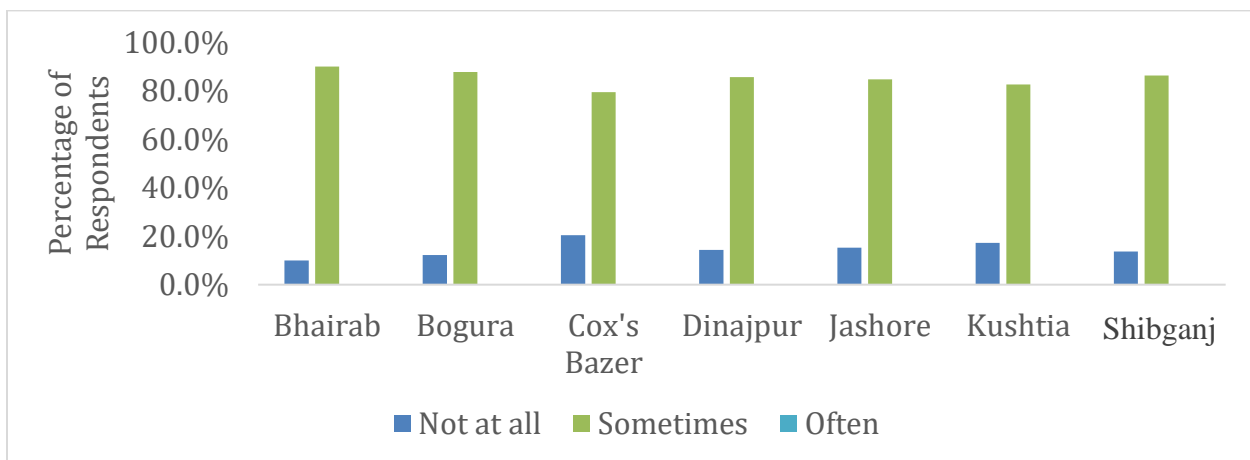


Figure 20 Communication and Consultation on Regulatory Changes

### 3. Skills and Competencies of Municipality Staff

The competency of municipal staff in delivering business-related services is a notable concern. While 54% of respondents view the staff's skills positively, a substantial 45% express dissatisfaction. The situation is particularly dire in Kushtia and Shibganj, where negative feedback predominates. This disparity in perceived competence highlights the urgent need for targeted training and development to enhance the effectiveness of municipal staff in supporting business needs.

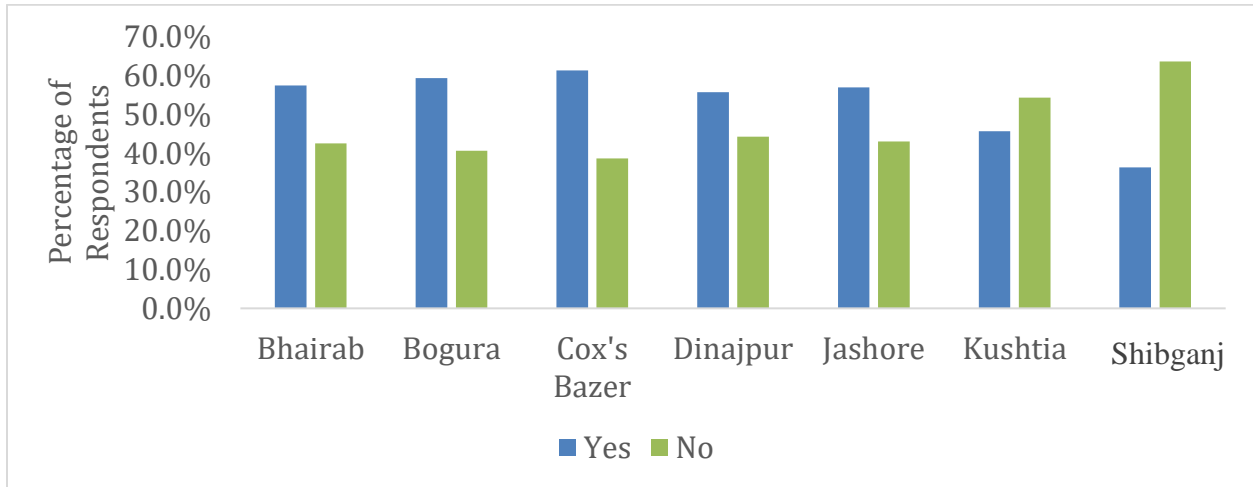


Figure 21 Skills and Competencies of Municipality Staff

### 4. Satisfaction with Quality and Timeliness of Municipal Services

Business satisfaction regarding the quality and timeliness of services provided by municipalities is generally positive for 56% of respondents. However, this satisfaction is not uniformly experienced across all areas. In Jashore, Kushtia, and Shibganj, the majority of responses are negative, with Shibganj reporting a particularly high dissatisfaction rate of 77%. These findings point to significant gaps in service delivery that impact business operations and overall satisfaction.

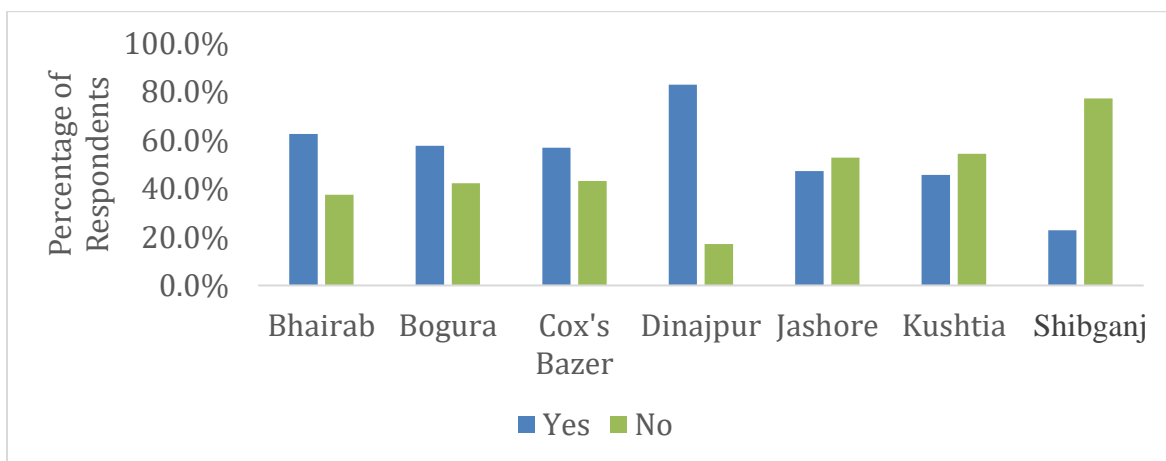


Figure 22 Satisfaction with Quality and Timeliness of Municipal Services

## 5. Gender-Sensitive Service Delivery

The availability of gender-sensitive service delivery systems within municipalities is notably deficient, with 75% of respondents indicating a lack of such mechanisms. Dinajpur presents a slightly better scenario, where 42% of respondents acknowledge the presence of gender-sensitive services. Nonetheless, the overall shortfall highlights the need for more inclusive and equitable service provision to address diverse community needs effectively

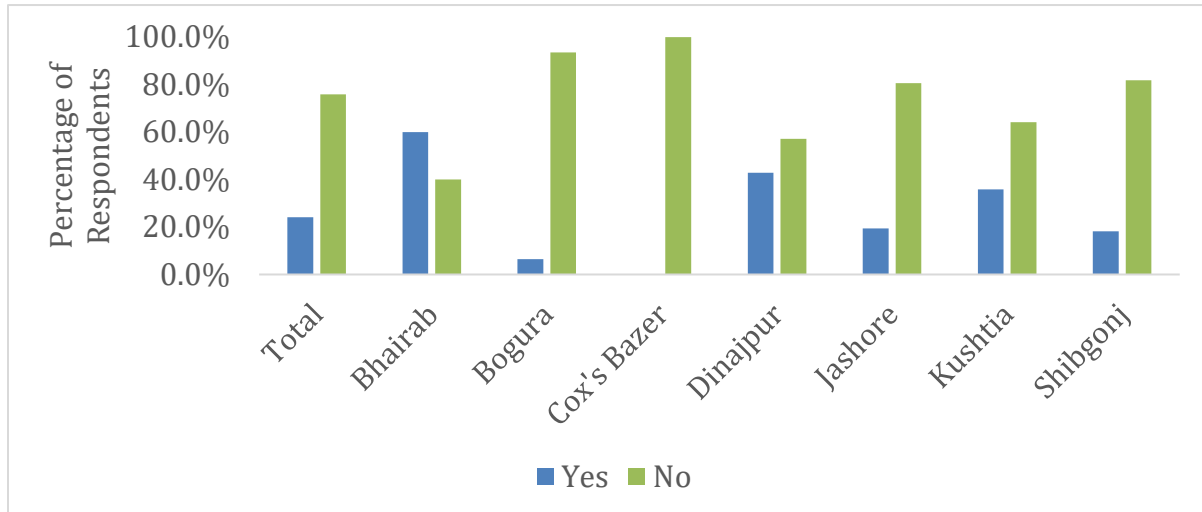


Figure 23 Gender-Sensitive Service Delivery

## 6. Governance Mechanism Implementation

Perceptions of governance mechanism implementation in municipalities reveal a general lack of confidence, with 55% of respondents expressing skepticism about its effectiveness. However, municipalities such as Jashore, Dinajpur, and Cox's Bazar show more favorable responses, with over 55% of respondents in these areas viewing the governance mechanisms positively. This variation underscores the importance of strengthening governance practices to enhance public trust and institutional performance.

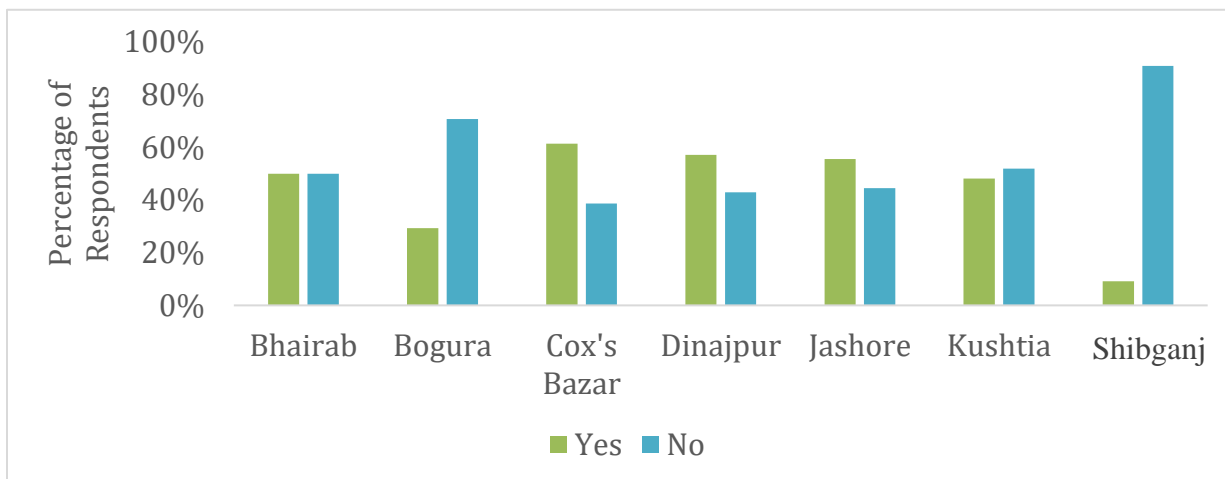


Figure 24 Governance Mechanism Implementation

## 7. Availability of Feedback and Complaint Mechanisms

The availability of feedback and complaint mechanisms in municipalities is viewed positively by 57% of respondents, with a relatively consistent perception across different municipalities. This indicates a reasonable level of accessibility for citizens to voice concerns and seek resolutions, though ongoing improvements could further enhance responsiveness and service quality.

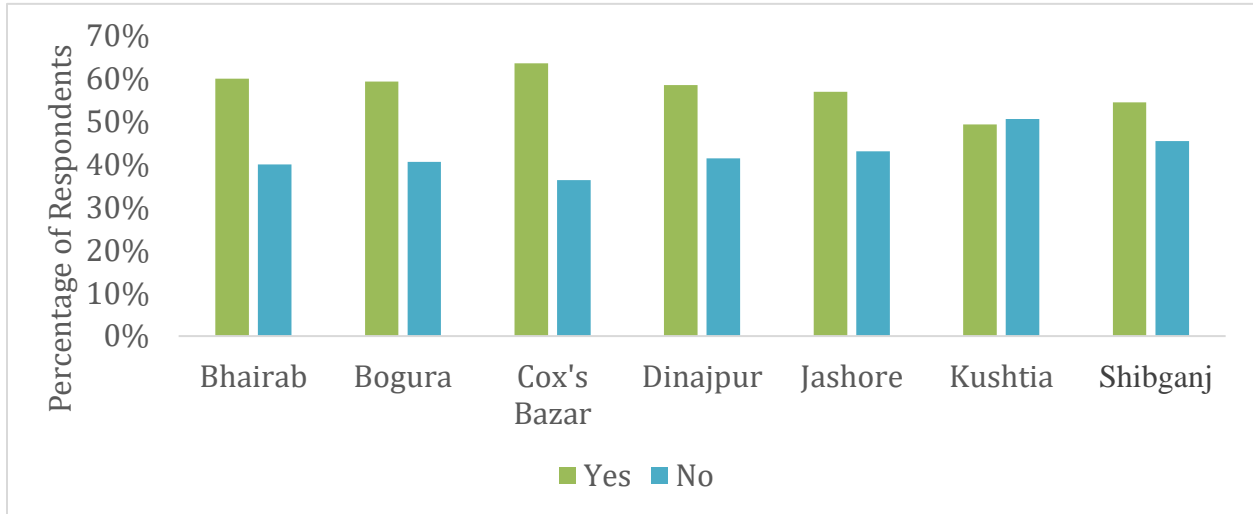


Figure 25 Availability of Feedback and Complaint Mechanisms

The analysis of the BICIP pillar 4 composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Lack of transparency and accessibility in local government policy information.</b>	Enhance accessibility and transparency in policy dissemination.	Develop a centralized online platform and physical noticeboards in municipalities for easy access to policy information.	LGD, Municipalities
<b>Inconsistent communication and consultation on regulatory changes.</b>	Establish consistent and proactive communication channels for regulatory updates.	Conduct quarterly stakeholder meetings, use SMS/email alerts, and provide clear timelines for implementation of new regulations.	LGD, Municipalities
<b>Insufficient skills and competencies of municipal staff to deliver business services.</b>	Enhance training and capacity-building initiatives for municipal staff.	Organize regular training sessions, offer certifications, and introduce performance-based incentives.	LGD, Training Institutes
<b>Gaps in the quality and timeliness of municipal services in regions like Shibganj.</b>	Develop and implement service delivery benchmarks to improve quality and timeliness.	Introduce municipal service charters, monitor key performance indicators, and conduct regular customer satisfaction surveys.	LGD, Municipalities
<b>Lack of gender-sensitive service delivery mechanisms.</b>	Integrate gender-sensitive approaches into service delivery systems.	Establish women-friendly service counters, recruit gender experts, and conduct training on gender inclusivity for municipal staff.	LGD, Municipalities
<b>Weak governance mechanisms in</b>	Strengthen governance practices to improve institutional accountability and public trust.	Introduce public grievance redress mechanisms, ensure timely audits, and foster participatory decision-making.	LGD



Challenges	Recommendations	Action Points	Responsible Agencies
<b>municipalities, leading to low public trust.</b>			
<b>Limited availability of feedback and complaint mechanisms for businesses.</b>	Expand and enhance feedback and complaint resolution systems.	Set up 24/7 complaint hotlines, implement digital feedback systems, and ensure timely follow-up and resolution of complaints.	LGD, Municipalities

## BICIP Pillar 5: Access to finance and incentives

The process of obtaining loans from both banking and non-banking financial institutions is fraught with difficulties for many businesses. A significant 27% of respondents find it difficult to secure financing, while 39% describe the process as moderately difficult. Only 33% report that obtaining loans is easy. This issue is particularly pronounced in Cox’s Bazar, where 59% of respondents struggle with loan access. The reliance on a mix of financing sources, including personal savings for 95% of businesses and loans for 57%, further illustrates the barriers faced. The prevalent use of personal savings underscores the limited availability and accessibility of external financing options, highlighting a critical gap that hampers business growth and sustainability.

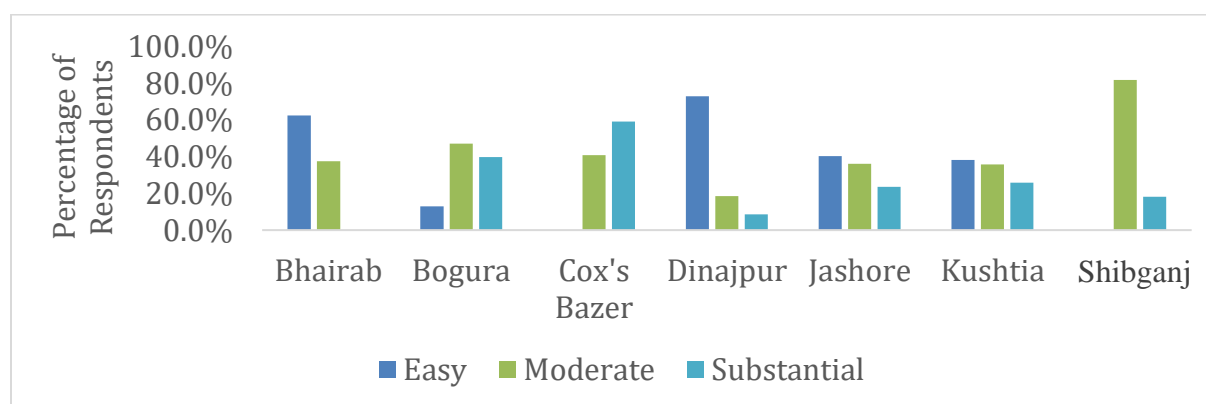


Figure 26 Access to finance and incentive

The analysis of the BICIP pillar 5 composite results leads to following recommendations and action plans:

Challenges	Recommendations	Action Points	Responsible Agencies
<b>Difficulty in securing loans from financial institutions, particularly in regions like Cox's Bazar.</b>	Simplify loan application processes and improve access to credit for businesses.	Introduce a simplified digital loan application platform, lower collateral requirements, and provide region-specific outreach programs.	Bangladesh Bank, Financial Institutions
<b>Heavy reliance on personal savings due to limited access to external financing options.</b>	Expand alternative financing mechanisms to reduce reliance on personal savings.	Promote microfinance programs, establish venture capital funds, and incentivize private equity investments targeting SMEs.	Bangladesh Bank, Microfinance Institutions

## 8.4 Local Economic Drivers (LED) Linked with MCI Pillars

Sl.	Local Economic Drivers (LED)	Observations
1	Local Governance	Exhibits efficient local regulatory services in municipalities like Kushtia, Jashore, Dinajpur, and Bogura. Most businesses obtain trade licenses within three days, and Cox's Bazar faces higher costs due to informal payments. In contrast, Shibganj, Bogura, and Kushtia display ineffective regulations and poor policy communication. Cox's Bazar, Dinajpur, and Jashore have governance mechanisms however, these are inconsistently applied.
2	Sector Competitiveness	The Economic Potential and Sectors pillars portray minimal export participation with only a few municipalities like Bogura, Shibganj, and Cox's Bazar involved. Footwear, light engineering and handicraft are unique dominant sectors consecutively in Bhairab, Bogura and Jashore.
3	Human Resources	Human resource capabilities are generally adequate, with minimal challenges reported in processing permits. Mixed responses regarding the ability of municipal staff to deliver business services effectively while showing inconsistencies in staff competency impacting service quality, especially in municipalities like Kushtia and Shibganj. There is also a lack of gender-sensitive services and varied staff competencies impacting service delivery across municipalities. Municipalities exhibit robust digital infrastructure however, the human capital to maximize these tools remains limited. Businesses struggle to find a qualified workforce, hindering their ability to fully leverage digital advancements for growth and operational efficiency.
4	Business Development	Bureaucratic inefficiencies and poor communication of policy changes in municipalities like Shibganj, Bogura, and Kushtia. Inconsistent governance practices and a lack of transparency make it difficult for businesses to navigate regulations, reducing investment and growth. Most municipalities experience slow business expansion due to regulatory complexities and inadequate infrastructure. However, Cox's Bazar and Kushtia stand out with better conditions for growth, while municipalities like Bogura face significant hurdles.
5	Infrastructure	Significant infrastructure gaps, with municipalities facing inconsistent logistics support, electricity, and waste management services. Bhairab struggles with unreliable electricity and slow restoration times, while Cox's Bazar excels in transport and security services. In contrast, the <b>Technology Adoption</b> pillar reflects strong digital infrastructure, with widespread broadband and mobile network availability across most municipalities. However, despite this digital foundation, businesses underutilize technology, missing opportunities to enhance operations through better infrastructure.