

## Data Sheet

<b>USAID Mission:</b>	Bangladesh
<b>Program Title:</b>	Private Enterprise Development
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	388-005
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$5,008,000 DA; \$335,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$4,038,000 DA; \$200,000 ESF
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** The USAID enterprise development program promotes market-oriented policies, laws, and regulations; improves the productivity and competitiveness of private enterprises; and fights the corruption that undercuts growth by encouraging transparency in decision making. USAID's industry-led "Seal of Quality" program establishes an independent process for issuing product certifications, thereby bypassing rent-seeking officials. USAID also provided technical assistance for a Secured Transactions Act to improve transparency and reduce fraud in collateral-based lending operations. In addition, USAID provided assistance to the Law Commission on drafting an Information Technology Law. USAID also funds a resident advisor in the Central Bank to strengthen the capacity for regulation and supervision of financial institutions. This contributes to counterterrorism efforts by enabling the Bank to detect financial crimes in the banking sector and fight money laundering.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$300,000 DA, \$335,000 ESF). The Government of Bangladesh (GOB) began economic reforms in the early 1980s by liberalizing its trade regime to favor export-led growth. Weak law enforcement, cumbersome regulations, and pervasive corruption, however, still hinder business development. To support investment and growth, USAID will continue to cooperate with the U.S. Treasury to strengthen the Central Bank's ability to supervise the financial sector and reduce money laundering. USAID will also support pilot e-governance activities to promote transparency and accountability in government services. USAID will work with the private sector to strengthen corporate governance and social responsibility, as well as enhance the advocacy skills of business associations. Grantees and contractors: Louis Berger Group, University of Maryland's Center for Institutional Reform and the Informal Sector (IRIS), and others to be determined (TBD).

Improve Quality of Workforce (\$300,000 DA). Bangladesh relies on plentiful, inexpensive labor as its competitive advantage in the global marketplace. This "race to the bottom" strategy is short-sighted in light of the expiration of the Multi-Fiber Arrangement garment quotas in January 2005. Upgrading both the breadth and depth of skills in the workforce is essential to address the challenges and opportunities of the 21st century economy. To do this, USAID maintains an innovative alliance between the private sector, government, and NGOs to train and certify more than 5,000 students a year in advanced information technology (IT) skills. USAID also engages private firms in high-growth industries to enhance their competitiveness by investing in new or improved workforce skills, paying special attention to the role of women in the workforce, given the underutilization of their managerial and entrepreneurial skills. Grantees and contractors: IRIS Center, U.S. Peace Corps, and others TBD.

Increase Agricultural Productivity (\$847,000 DA). Bangladesh remains an agrarian society with more than 75% of the population relying on agriculture as the primary source of employment. USAID provides farmers with simple and affordable technologies and management practices. For example, using disease-free shrimp larvae has boosted export sales by more than \$26 million. A new agribusiness project is being designed to generate new jobs and raise income in the rural areas, while improving the quality of consumables. Grantees and contractors include: Louis Berger Group, Winrock International, WorldFish, and Horticulture Research Institute.

Increase Participation in Global Trade and Investment (\$1,550,000 DA). Globalization creates opportunities for the expansion and diversification of Bangladeshi exports. Yet, local products suffer from a perception of inferior quality. USAID strengthens the country's competitiveness in the world market by improving the way firms in targeted subsectors cooperate and reinvest in their own development. USAID also supports Bangladeshi participation in international trade shows to change perceptions about Bangladeshi businesses. Grantees and contractors: Louis Berger Group, IRIS Center, and others TBD.

Increase Private Sector Growth (\$1,811,000 DA). Rent-seeking bureaucracies, overburdened and weak infrastructure, crime, and political gridlock severely handicap the private sector. USAID promotes the private sector's role in the economy by improving technology and management practices and by leveraging capital from non-U.S. Government sources. Using the Development Credit Authority (\$500,000), three private banks provide capital to growing businesses under a USAID guaranty. Grantees and contractors: Louis Berger Group, IRIS Center, WorldFish, and private banks TBD.

Promote Public-Private Alliances as a Principal Business Model (\$200,000 DA). The GOB should not direct limited revenues toward running enterprises or dominating the business sector. USAID will work with the private sector to forge new alliances strengthening private sector growth and expansion. Grantees and contractors: TBD.

**FY 2006 Program:** Improve Economic Policy and Governance (\$200,000 DA, \$100,000 ESF). USAID will engage stakeholders to improve the investment climate, reduce transaction costs, and establish more market-oriented policies. Grantees and contractors: U.S. Department of Treasury.

Improve Quality of Workforce (\$250,000 DA). USAID will support firms in select subsectors by evaluating their workforce requirements and refining needed skills to raise business performance, paying special attention to the role of women and skill development in nonindustrial sectors, such as IT. Grantees and contractors: TBD.

Increase Agricultural Productivity (\$900,000 DA). USAID's new agribusiness/competitive export project will assist high-potential subsectors, such as horticulture and pond-reared fish, to boost their productivity by adopting new management approaches and technologies. Grantees and contractors: TBD.

Increase Participation in Global Trade and Investment (\$1,488,000 DA, \$100,000 ESF). Agribusiness project will emphasize quality standards for agricultural products and work with firms to improve product design, and adhere to international standards. Grantees and contractors: TBD.

Increase Private Sector Growth (\$1,000,000 DA). USAID will boost sales from horticulture and seafood, thereby generating higher income for thousands of smallholder farmers. Grantees and contractors: TBD.

Promote Public-Private Alliances as a Principal Business Model (\$200,000 DA). USAID will develop and launch at least one public-private alliance related to IT. Grantees and contractors: TBD.

**Performance and Results:** FY 2004 successes in this program include the establishment of laboratories to detect disease in shrimp larvae, effectively doubling productivity. This alone accounted for \$26 million in new export sales. In cooperation with the University of Wisconsin, USAID also introduced the first agribusiness Master of Business Administration program in Bangladesh. Other activities generated more than \$40 million in additive sales for local businesses, of which \$15 million were export sales. USAID also developed 10 new business clusters encompassing 200 small businesses and linked them to buyers. The growth of these clusters raised domestic sales and increased internal market linkages. USAID's highly successful approach to fish/rice production was acknowledged in the October 2004 edition of "The Economist." Overall, these activities have changed attitudes about private enterprise by producing tangible improvements in income and the quality of life for millions of Bangladeshi people.

## US Financing in Thousands of Dollars

Bangladesh

388-005 Private Enterprise Development	CSH	DA	ESF
<b>Through September 30, 2003</b>			
Obligations	525	42,232	1,450
Expenditures	525	37,454	0
Unliquidated	0	4,778	1,450
<b>Fiscal Year 2004</b>			
Obligations	0	4,316	1,000
Expenditures	0	4,804	6
<b>Through September 30, 2004</b>			
Obligations	525	46,548	2,450
Expenditures	525	42,258	6
Unliquidated	0	4,290	2,444
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	5,008	335
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	5,008	335
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	0	4,038	200
Future Obligations	0	7,037	2,500
Est. Total Cost	525	62,631	5,485