

Speech of Md. Sabur Khan, Chairman, BoT, Daffodil International University at Plenary session 2 on "Digital Doors to Trade" at 16th World Export Development Forum 2016 in Sri Lanka

Date: October 12, 2016

Time: 14:00 – 16:00

Venue: Bandaranaike Memorial International Conference Hall (BMICH)
Colombo, Sri Lanka

Session Manager, Mr. Marcos Vaena, Chief Enterprise Competitiveness;

Distinguished Speakers:

- Mr. Kurt Cavano, Founder, GT Nexus
- Mr. Gao Hongbing, Vice President and Director, Alibaba Group and AliResearc
- Mr. Mano Sekaram, CEO, Sri Lanka Association of Software and Service Companies (SLASSCOM)
- Ms. Sally Buberman, CEO, Wormhole IT
- Ms. Shinto Sugroho, Head of Public Policy and Government Relations, Google Inc
- Mr. Eben Sermon, Vice President, eBay Greater Europe, Middle East and Africa

Distinguished Guests and Participants;

Distinguished Policy Makers;

Distinguished Leaders;

Ladies and Gentlemen;

Representatives from Print and Electronic Media;

Assalamu Alaikum & a very Good Afternoon,

On behalf of Daffodil International University and myself, I have the pleasure to express my thanks and gratitude to International Trade Centre (ITC) and Sri Lanka Export Development Board (EDB) for organizing such a mega event on trade and investment naming, 'World Export Development Forum (WEDF) 2016'. I also like to extend my heartiest gratefulness for inviting me at this auspicious event.

Distinguished Guests;

We are aware that the World Export Development Forum (WEDF) is a unique global platform dedicated to supporting trade-led development which provides an issue-focused setting for policymakers, trade & investment support institutions and business leaders to gain practical understanding in trade competitiveness. It also facilitates unparalleled opportunities for business operators to network and meet with potential partners.

We came to know that the theme of the WEDF, this year is 'Trade for Success: Connect, Compete, Change' which reflects the need for public and private sector partners to meet the

new trade realities due to the digitalization of the global economy, dramatic shifts in consumer demand and buying power, and new pattern of regional integration.

In G20 countries, the digital economy is growing at more than 10 per cent a year. The growth of the internet economy in emerging countries is even faster: 12-25 per cent per year. Internet-based economic or iGDP activity (the measure of internet's contribution to a country's economic gain) is expected to reach USD 4.2 trillion in the G-20 nations by 2016, or more than 5 per cent of GDP.

Ladies and Gentlemen,

In 2016, WTO economists reported that growth in the volume of world trade is expected to remain sluggish in 2016 at 2.8%, unchanged from the 2.8% increase registered in 2015. Imports of developed countries should moderate this year while demand for imported goods in developing Asian economies should pick up. It was also forecasted that global trade growth should rise to 3.6% in 2017.

In a recent speech, Director-General Roberto Azevêdo told that Global trade has been transformed over the intervening decades, with a far wider range of major players now influencing and impacting on the growth we are seeing.

On the basis of the forecast for 2016, world trade will have grown at roughly the same rate as world GDP for five years (at market exchange rates), rather than twice as fast as was previously the case. Such a long, uninterrupted spell of slow but positive trade growth is unprecedented, but its importance should not be exaggerated. Overall, trade growth was weaker between 1980 and 1985, when five out of six years were below 3%, including two years of outright contraction.

Recent press release of WTO suggests that

- World merchandise trade volume expected to grow by 2.8% in 2016, unchanged from 2.8% in 2015, as GDP eases in developed economies and picks up in developing ones.
- Trade growth should accelerate to 3.6% in 2017, still below the average of 5.0% since 1990. Risks to the forecast are tilted to the downside, including further slowing in emerging economies and financial volatility.
- South America recorded the weakest import growth of any region in 2015 as a severe recession in Brazil depressed demand.
- Exports of developed economies lagged behind developing countries in 2015, with 2.6% volume growth in the former and 3.3% in the latter.
- Developed economies imports surged last year while developing countries stagnated, with growth of 4.5% in the former and 0.2% in the latter.
- A sharp trade slowdown affected all regions in 2015Q2 but was mostly reversed by the end of the year.

Distinguished Participants;

Bangladesh economy now is much more integrated with the global economy than in the past. Linkage through trade has been rising significantly, from 19% of GDP in FY90 to about 38.4% in FY14. Exports picked up pace from 1990 onward with Export-GDP ratio rising from a mere 6.5% in FY90 to 12% in FY00, and averaging 19.7% in FY11-14. Exports are a function of global income; hence, fluctuations in global economic fortunes now tend to have a significant impact on Bangladesh's economic performance via commodity trade.

It is believed that the promotion of ICT based model targeting micro, small and medium enterprises (MSMEs) will play important role in fostering entrepreneurship in the country. To take advantage from this potential, SME Foundation has undertaken a project to study growth potentials of software companies and constraints limiting the exploitation of those potentials.

In order to make ICT industry vibrant, a number of activities have been implemented. The ICT business promotion council spearheaded by Ministry of Commerce supported BASIS in promoting ICT industry including the publication of software and IT service catalogue 2014. The Gartner global consultancy rated Bangladesh as among the first 30 most attractive destinations for IT/ITES outsourcing. Also, Bangladesh was rated as the 26th most preferred destination of IT/ITES outsourcing by another international consultancy, A.T. Kearney. Bangladesh entered the latter's Global Services Location Index in 2014. Moreover, Bangladesh has been ranked as number i.e. financially Bangladesh is the most attractive destination for outsourcing/ off shore business.

Major Constraints for SME Growth in Bangladesh

- Lack of information on SME sectors and markets
- Nonexistence of competent business service providers to address SME issues
- Lack of skilled workers and technicians
- Mindset of existing Bank/NBFIs ; they treat SMEs as unduly high-risk low-profit
- Lack of appropriate policies and regulatory arrangements for SME development
- Inadequate market linkage facilities and physical infrastructure for market

Bangladesh is now being considered as a highly potential destination and new gateway for investment by many strong economies, like Japan, India, Middle East and Europe. Competitive labor cost, low entry barriers for exports, full current account convertibility, vibrant young generation, stable macroeconomic condition and investment-friendly national act and laws worked as the catalyst for attracting investors. Bangladesh now represents a resilient sovereign credit story buoyed by high and consistent growth, improving public finances, and an increasingly supportive business environment and achieved notable improvements in all other key macroeconomic indicators. For these reasons, economic giants are now showing their keen interest on extending their cooperation to Bangladesh in setting up multilateral industries.

Distinguished Audience;

In this 21st Century knowledge has emerged as a leading determinant of economic growth and human welfare. At the economy level, knowledge is transforming ways that new technology is developed and adopted to enhance productivity and lower cost. At the individual level, the speed and ease by which an economic agent acquires and absorbs relevant knowledge to

inform the underlying economic decision conveys a huge competitive edge. Knowledge is also transforming people's welfare by facilitating advances in medical sciences that is contributing to increased life expectancy and health quality through preventive, diagnostic and curative measures. Accordingly, the focus on strengthening the Knowledge Economy (KE) is an integral part of any development strategy.

Digital Bangladesh is an integral part of the government's Vision 2021. Digital Bangladesh initiative consisting of four key priorities:

- Developing human resources ready for the 21st century.
- Connecting citizens in ways most meaningful to them.
- Taking services to citizens' doorsteps.
- Making the private sector and market more productive and competitive through the use of digital technology.

This initiative was incorporated in the Perspective Plan and the first phase of implementation started with the Sixth Plan. Bangladesh made important strides during the Sixth Plan in utilizing technology to bring in tangible transformation in all four areas emphasized by the Prime Minister. Progress made in bringing government services to the doorsteps of citizen is probably the area where Bangladesh registered most significant progress. Vertical (with government ministries and agencies) and horizontal (i.e., with citizens) policy advocacy and development interventions have resulted in a number of citizen-centric e-initiatives and services such as multimedia classroom and teacher-led education content development in public schools, mobile phone based health service from Upazila Health Complex, agricultural and other livelihood information and services (e-Tathyakosh) online through grassroots outlets. These are at an early stage of implementation but they constitute a concerted effort to bring government closer to the people through use of technology.

In Bangladesh, the tele density increased from less than 4 per cent to 78 per cent between 2004 and 2014. This robust growth in the last decade can be attributed to the phenomenal uptake of mobile phones – from 5 million to 116 million (more than 70 per cent of the population) – alongside robust growth in the number of internet subscribers which stands at 36 million today, or nearly one-quarter of the population, from less than a million a decade back.

Starting from a low base, ICT export earnings have gained some momentum during the Sixth Plan, growing from \$ 246.5 million in FY2010 to \$444.8 million in Financial Year 2014 . This is an encouraging sign and with concerted efforts, this can be a major source of export earnings during the Seventh Plan.

Ladies and Gentlemen:

Now I like to highlight the progress of ICT Education in Bangladesh. The Sixth Plan envisaged restructuring the education system to make it more attuned with the technologically evolving global landscape. More specifically, the Sixth Plan sought to enhance the role of ICT in boosting the quality of education and to narrow the ICT skills between urban and rural people. The Perspective Plan calls for making ICT education mandatory at the secondary level by 2013 and establishment of computer labs at the primary level by 2021 also. Whilst the first target has been met, significant progress has been registered with regard to the latter. The human

resource development component of ICT consists of four parts: (a) building e-learning infrastructure, i.e., one school, one computer lab, smart class room with e-learning facilities; (b) ICT education; (c) ICT-based education; and, (d) vocational ICT training facilities for the youth.

ICT education: With regard to the second area, progress is more limited. ICT courses for grade VI-XII have been introduced besides e-book conversion of 325 textbooks. An electronic teaching Programme for students (e-learning) has been introduced. The Bangladesh National Library Modernization Project is working in the following areas: digital library infrastructure, collect materials for full-text digitization, permanent store, create digital data storage, online data transfer, automatic binding and conservation measures to scientific and research. ICT literacy evaluation as part of Public Service entrance exams has been introduced, but it needs to be extended in terms of depth of questions regarding the usage of ICTs for good governance in the delivery of public provisions. Remarkable achievement has been made in areas such as online registration, payment of admission fees and publication of results in enrolment of university students and to some extent at primary and secondary education.

ICT-based education: Bangladesh has made some progress in this third area. Secondary and Higher Secondary ICT based Education project has established 20,000 Multimedia MMCs comprising of 13,700 schools, 5,200 madrasas and 1,600 colleges. Each MMC has at least one internet connectivity, one laptop and one multimedia. The Basic ICT Skills Transfer up-to-Upazila-level has set up computer labs at 192 educational institutions. It has provided training to 7,890 teachers as master trainers and to 112,189 students. In addition, 12,500 teachers have been trained to create multimedia content. These teachers are creating and sharing multimedia contents through a Teacher's Portal (<https://www.teachers.gov.bd/>), which is a central repository for e-learning content for teacher training and for all students. Incentives, through public recognition of best contents, are being awarded to encourage teachers' participation. Digital World (international), Digital Innovation Fair (district and sub-district level), Education Leaders' Conference (international), and Teachers' Conference (national) are being organized.

Vocational ICT training: Finally, in terms of spurring ICT related vocational training, 4 MMCs have been set up in each of the 64 technical teachers training institutes. Bangladesh Open University (BoU) has undertaken an initiative to launch e-learning/online Programme for its target audiences. Bureau of Manpower, Employment and Training (BMET) is also set to launch e-learning courses for migrant workers.

Distinguished Participants;

In order to make ICT industry vibrant, a number of activities have been implemented. The ICT business promotion council spearheaded by Ministry of Commerce supported BASIS in promoting ICT industry including the publication of software and IT service catalogue 2014. The Gartner global consultancy rated Bangladesh as among the first 30 most attractive destinations for IT/ITES outsourcing. Also, Bangladesh was rated as the 26th most preferred destination of IT/ITES outsourcing by another international consultancy, A.T. Kearney. Bangladesh entered the latter's Global Services Location Index in 2014. Moreover, Bangladesh has been ranked as number i.e. financially Bangladesh is the most attractive destination for outsourcing/ off shore business.

In order to spur e-commerce activities in the country, Bangladesh Bank has set up a National Payment Switch (NPS) to ensure the interoperability of different payment channels. The commercial banks having an ATM/POS/e-Payment Switch or being connected to any other shared switch network will be able to send inter-bank or inter switch payment instructions to the NPS for clearing and settlement purpose. This Switch acts as an electronic clearing settlement system and manages all electronic payments through cards and payment gateways irrespective of their ownership.

Distinguished Policy Makers;

While public investment provides the fixed infrastructure and supportive R&D expenditure, much of the supply of ICT services comes from the private sector. The private sector response to the deregulation of the ICT sector has been highly positive with considerable foreign and domestic investment. This response has been the key to the rapid expansion of tele density and mobile digital services in Bangladesh. The attractiveness of Bangladesh as an investment destination for ICT is indicated by the supply response from foreign investors, which is commendable. Nevertheless, service providers have raised serious concerns regarding the level of taxation of the ICT industry. A study by the International Technology Information Foundation (ITIF) covering 125 countries shows that Bangladesh has the highest rate of taxation of ICT among the 125 countries. Bangladesh also records the highest tax rate in the South Asia region. The ITIF study also looks at price elasticities of demand and concludes that this elasticity is quite high for Bangladesh that suggests that these taxes are a major reason for low investment and low use of ICT services in Bangladesh relative to other countries noted in Table 12.3 below. Accordingly, the Government will review the tax regime for ICT and ensure that the taxation regime is friendly to the ICT and is supportive of the implementation of the Digital Bangladesh vision.

Enhance Education Quality through ICT

Government of Bangladesh has formulated the vision to establish a system where ultimately every student will be equipped to face the challenges of the globalized 21st century through (a) reforming curriculum, pedagogy and teacher's capacity building to ensure quality education for all; (b) ensuring transparency, efficiency and effectiveness at all levels of educational administration; and, (c) securing accountability to the students and parents to enable stakeholders' participation in policymaking and decisions.

- (a) Interactive multimedia classrooms in every school: Every primary and secondary school will establish a multimedia classroom with a power-saving internet-connected laptop, projector/large-screen-TV and teachers professionally trained to use multimedia content for general subjects. Teachers will use digital content in the classroom for collaborative, problem solving sessions.
- (b) Incentives for teachers based on performance and innovation: Salary increments, bonuses and professional advancement for teachers will be instituted over time based on innovation and educational outcomes. Non-fiscal incentives will be designed in terms of recognition and opportunities for leadership in different levels. Some awards have been introduced but more incentives will need to be explored to make the system more competitive.

- (c) ICT literacy for students in tertiary education: ICT literacy will be mandatorily impart at the tertiary level to prepare students for the job market which increasingly demands ICT skills. For tertiary education, and partially for secondary education, the internet's capacity for two-way interaction offers the greatest promise for improving access and affordability and for providing flexibility to combine work with further study. Specialized education in ICTs may be encouraged to feed the burgeoning IT industry.
- (d) Education TV or web TV: The almost unused second terrestrial channel of the government may be turned into an education TV channel after the broadcast of parliamentary sessions. As many as sixteen ministries have already shown interest for producing educational content for this TV channel. HDTV work is underway.
- (e) Loans and scholarships for ICT education: Special initiatives are needed to prevent brain drain and to encourage the meritorious and young IT graduates. In this regard, special education loan scheme and scholarship programmes will be introduced for suburban and rural meritorious students who are comparatively less likely to move abroad. This will facilitate their admission in universities in IT related subjects. The Government will consider providing long term loan facilities (at least 4 year grace period and maximum 4 per cent interest) via commercial banks to create opportunities for IT education for the poor but meritorious students. They will be entitled to repay the loans after getting jobs on completion of graduation.
- (f) Establishing a National Certifying Authority: A National Certifying Authority would be established immediately for ensuring uniformity in the quality of IT students graduating from different public and private universities. The Authority could begin its work by launching its own massive open online courses (MOOCs) targeting fresh university graduates to groom them into a world class IT manpower.
- (g) Establishing Virtual University: Initiative will be taken to set up an ICT focused virtual university having campuses throughout the country. This will not only accelerate decentralization of quality ICT education but also ensure efficient utilization of available resources.

Distinguished Audiences:

Entrepreneurial education emphasizes on the development and application of an enterprising mindset and skills in the context of establishment of a new venture along with developing and growing an existing business venture or designing an entrepreneurial organization. Entrepreneurship education aims at producing graduates who are capable of pointing out the opportunities and developing ventures through establishment of new ventures or developing an existing venture. It focuses on persuading students to utilize enterprising skills as well as attributes to a range of different contexts, including new or existing business ventures, charities, NGOs, public agencies and social organizations or enterprises.

Today's world has shown that networking and sharing problems and solutions produces the best outputs. The Universities of today are no exception to this rule. Private universities in Bangladesh have only recently appeared in the past 20 to 25 years. Being in their infancy the universities are facing new and newer challenges as time progresses. One way to solve these problems would be to nationally and internationally sharing and tackling the solutions. If the industry, university management, faculty and students can network and collaborate to solve challenges we would all stand to benefit. Installing appropriate strategies for collaboration at all

levels would be an important step to promote such networking. Now, I like to share with you the initiatives of DIU in entrepreneurship development.

Apprenticeship Program	Bachelor of Entrepreneurship (BE) Undergraduate Program	Entrepreneur Guidance Program (EGP)
DIU Industry Academia Lecture Series on Entrepreneurship Development	Startup Market	Entrepreneur's Skills Development Institute (ESDI)
Daffodil Business Incubator	Bangladesh Venture Capital Limited (BVCL)	Career Development Centre (CDC)
Daffodil Industrial Innovation Park (DIIP)	Innovation & Incubation Centre (IIC)	DIU Short Term Mobility Programs in Asia
Global Entrepreneurship Summer Program (GESC)	Global Youth Entrepreneurship Summit Global Youth Entrepreneurship Summit	Enterprise Competitiveness Institute (ECI)
Affiliation with Kauffman FastTrack	Get in the Ring (GITR)	ART of Living
Global Youth Entrepreneurship Summit (GYES)	Global Money Week (GMW)	Entrepreneurship and Innovation Expo
Entrepreneurs MeetUp	Daffodil Entrepreneurs Network	Social Business Students Forum (SBSF)
'Young Entrepreneur Award' by Daffodil International University		

Distinguished Audience;

Resilience based development interventions promote inclusiveness that reduces relative vulnerability of less fortunate communities. To attain that, resilient transformation demands respect for context-specificity such that ICT development is based on deep and genuine analyses of local context and ownership from the population. At the same time, for a resilient transformation, people need to be empowered with knowledge and the capacity to mobilize to overcome or significantly mitigate adversity and hence, a culture of learning and innovation must be embraced.

As such, the 'Digital Bangladesh' is an inclusive vision—a vision that encompasses all citizen of Bangladesh including the disadvantaged groups. One of the important resilience aspects of Digital Bangladesh is that the vision is organic in nature, and it is driven from within. In addition, learning and innovation have been the hallmark of efforts undertaken to attain the vision. While so far most Digital Bangladesh initiatives were bottom-up in nature, more can be done to involve grassroots not just in the implementation but also in planning and prioritization.

I hope today's session on Digital Doors to Trade would surely address the key issues on synergy between ICT and Trade which shall facilitate the development in attaining the sustainable economic development.

Thank you all for your patient hearing.

Allah Hafiz.

Md. Sabur Khan

Chairman, BoT, Daffodil International University

October 12, 2016