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Simplifying Business Registration in Bangladesh

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PROJECT AT A GLANCE

COUNTRY/REGION BANGLADESH/SOUTH ASIA

PRODUCT BUSINESS REGULATION

The World Bank Group is working with the Regulatory Reforms Commission to identify a systematic approach to reform, with the overall objective of reducing the regulatory burden on businesses in terms of time and cost. More specifically, the project aims to introduce 20 government-to-business e-governance initiatives, pioneering technologies needed to move towards the government's vision of a "Digital Bangladesh" by 2021.

CONTEXT

The average time required for an entrepreneur to register a business in Bangladesh in 2008 was 57 days—nearly two months. This time was consumed by excessive paperwork, multiple visits to the Registrar of Joint Stock Companies (RJSC), and long waiting times. The registrar was a maze of crowded aisles and stacks of paperwork, making it difficult for documents to be tracked and checked. This system and its lengthy wait times discouraged fledgling businesses

RESULTS AND IMPACTS

- Automation reduces business registration time from 57 days in 2008 to 19 days (*Doing Business 2013*).
- Online payment system has contributed to increased revenue for RJSC, surpassing \$8 million collection target by nearly \$1 million.
- Online system ensures that fake stamps are no longer accepted, increasing revenues to RJSC.
- Online records access and changing mindsets within Registrar's office increase transparency and limit corruption.

IN PARTNERSHIP WITH **THE EUROPEAN UNION, THE UNITED KINGDOM**

from formalizing, thereby hindering their access to finance and other benefits.

OUR ROLE

The Bangladesh Investment Climate Fund (BICF), managed by IFC, partnered with Bangladesh's Ministry of Commerce to automate and simplify the business registration process. Over the last five years, Bangladesh, working with the investment climate teams of the World Bank Group, has taken strides to improve the business environment, mainstreaming information technology as a way of reducing poverty and establishing good governance. As part of the government's "Digital Bangladesh by 2021" initiative, the BICF has supported enhanced regulatory efficiency and transparency in the country.

Project components include:

- Software and hardware systems deployment
- Digitization
- Training

The reforms significantly improved the service quality of the RJSC, the first point of contact for entrepreneurs when starting a business. Through a computerized system it is now possible to receive name clearance for start-ups and to submit company registration applications and file returns online. With BICF support, the RJSC introduced online name clearance in February 2009, and the system was expanded to include online business registration in

March 2009. The agency added automated filing processes for registration and returns in 2010.

In addition to helping to automate the registration process, IFC worked to increase the profile of the RJSC and to shift mindsets within the agency, with the aim of improving transparency and increasing service quality. The effort encompassed elements of policy advocacy, negotiation, and public relations to create champions for the reform. Existing relationships with ministries and the media were leveraged to promote the image of RJSC. Through this means it was possible to resolve long-standing structural problems within the RJSC.



Before automation.

Bangladesh also introduced an online system that facilitates the payment of income taxes, value added tax (VAT), and customs in 2012, further aiding local businesses. Companies can process payments much more quickly and efficiently now that the online systems for customs and tax payments are available. Previously, entrepreneurs were required to prepare all documents manually, physically go to the treasury, and stand in line. It took business owners three to four days to get back their invoice for tax payments. The new online system has reduced the waiting time from days to under five minutes. Additionally, within 24 hours business owners can check online to ensure that the Treasury has received the payment.

"The online systems add a lot of value. I believe the reforms will make the private sector more efficient and interest many more people in doing business in the country."

WAHID SHARIF
Managing Director
Digicon Technologies Ltd
(Bangladesh's largest call center)

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