



Was the BICF Core Group Program able to create a difference in the mindset of bureaucrats in approaching PSD?

# Bangladesh Investment Climate Fund

Managed by IFC, in partnership with the UK Government and the European Union

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*An impact assessment of the BICF Regulatory Reform Core Group Training Program*

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IFC Advisory Services in South Asia

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## About BICF

Bangladesh Investment Climate Fund provides advisory services aimed at improving business operating environment in Bangladesh. BICF is managed by IFC, in partnership with the UK Government and the European Union. Its objectives are consistent with the Bangladesh government's strategic vision for private sector development within its poverty reduction strategy. Government agencies and BICF—in close collaboration with the key stakeholders in Bangladesh—jointly design and implement programs to institute business friendly policies, laws and regulations, and strengthen the institutions that implement them.

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# ABBREVIATIONS

|                |   |
|----------------|---|
| <b>ABR</b>     | Administrative Barrier Review                 |
| <b>BICF</b>    | Bangladesh Investment Climate Fund            |
| <b>CCS</b>     | Compliance Cost Savings                       |
| <b>DFID</b>    | U.K. Department for International Development |
| <b>IC</b>      | Investment Climate                            |
| <b>M&amp;E</b> | Monitoring and Evaluation                     |
| <b>PSD</b>     | Private Sector Development                    |
| <b>RIA</b>     | Regulatory Impact Assessment                  |
| <b>RR</b>      | Regulatory Reform                             |

# EXECUTIVE SUMMARY

The BICF Core Group Program has fostered a nuanced and proactive outlook among the trained civil servants and changed their mindset in favor of private sector led economic growth through business reforms. This quasi-experimental evaluation tried to investigate the question: “Was the BICF Core Group Program able to create a difference in the mindset of bureaucrats in approaching PSD?” This study has established reasonable evidence that the training program succeeded in creating a difference in the dimensions of knowledge, perception and attitude of the bureaucrats towards reforms for private sector development. This study considered that the combined effect of change in knowledge, perception and attitude reflects change in mindset.

The trainees demonstrated more knowledge compared to untrained civil servants regarding the importance of carrying out systematic diagnosis and considering the difficulty of enforcement before initiating reforms. They were also more aware of scopes to carry out reform actions within their jurisdiction. These civil servants perceived that some laws and regulations are not private sector friendly and that they should be changed. They were also able to recognize their lack of technical resources to undertake those reforms. Government officials who received training from the Core Group program also demonstrated an attitude of action and proactive behavior. Some of the trained bureaucrats have implemented reforms identified as part of their learning-by-doing exercise, which included undertaking diagnostics by using Administrative Barrier Review (ABR) and Regulatory Impact Assessment (RIA) tools. They used their authority and network to advocate the implementation of the reforms in order to improve government service delivery to businesses.

BICF designed and implemented the Regulatory Reform Core Group Training Program in association with the Government of Bangladesh to shift the mindset of bureaucrats from that of a regulator to a facilitator. The project provided a series of tailored capacity building trainings to enhance knowledge and skills of 80 civil servants. The long-term aim was that the change in attitude of the government officials would lead to the identification and implementation of regulatory reforms for private sector development. This evaluation study depicts that hands-on training and the opportunity to interact with the private sector are effective in creating significant differences along several dimensions of the civil servants’ knowledge, perception and attitude in favor of private sector led economic growth.

However, both core group government officials and untrained colleagues hold some ingrained bureaucratic views which apparently were off-limits to impact from the Core Group training program. For instance, majority in both groups were in support of regulating the private sector strictly. Likewise, the two groups also seemed to agree that government officials are not capable of independently initiating reforms within their jurisdiction to improve government services to the private sector.

## ISSUES & OBJECTIVES OF THE STUDY

The mindset of civil servants is a key constraint to private sector development (PSD) in Bangladesh<sup>1</sup> – this was one of the key findings of a study undertaken during the design phase of Bangladesh Investment Climate Fund (BICF)<sup>2</sup>. The study found that in general, bureaucrats are not proactive about business related reforms. They are used to being regulators who control and manage. While many government officials agree that the private sector is the engine of growth, they lack the confidence to step forward and be facilitators of PSD. On their own, they are usually unable to identify and initiate reforms for private sector led growth. They lack the opportunities to learn from the successful initiatives of other countries and do not have the incentives to learn by themselves or to apply to their jobs whatever knowledge they might have.

A less common but effective way of catalyzing reforms promoting PSD could be to focus on middle-tier bureaucrats. Why mid-level? Because, mid-level government officials play an important role in design and implementation of reform actions, and they are placed strategically within government. At one level, they interact with senior officials and are aware of the overall policy imperatives of the government. At the same time, they also interact with the lower level officials who constitute the direct interface with businesses and have a good idea of what is happening on the ground. This strategic position endows them with considerable knowledge about the objectives, motivation, strengths and weaknesses of both those above and below them. In addition, middle-tier civil servants are expected to get promoted to influential senior-level positions during their tenure and would remain professionally active in the bureaucracy for another decade. As such, they would be responsible and heavily involved in future reforms and enactments of regulations. This was the program logic for core group training program.

| CORE GROUP PROGRAM                           | # of government officials |
|--|---------------------------|
| Regulatory Reform Core Group<br>(6-8 months) | 60                        |
| Executive Core Group<br>(6-8 months)         | 20                        |

Recognizing the critical role of mid-level bureaucrats, BICF developed and implemented a civil service training program in association with the Government of Bangladesh during 2008–2010 to build a community of reform minded mid-level officials (e.g. Senior Assistant Secretary, Deputy Secretary and Joint Secretary levels),

called the “Core Group”. The program’s objective was to sensitize participating civil servants about investment climate issues influencing PSD. The aim was to build their capacity to advocate, implement and monitor needed reforms so that they could become change-agents for PSD within the bureaucracy. The project provided intensive training through experiential learning and learning-by-doing methods which included seminars, lectures, training

<sup>1</sup> Bangladesh – *Assessing and Addressing Stakeholder Interests in Private Sector Development Reform*, November 2006, FIAS, SEDF

<sup>2</sup> Bangladesh Investment Climate Fund, a program jointly funded by the U.K. Department for International Development (DFID) and the European Union, aims to improve Bangladesh’s investment climate through

workshops, field trips and team-based reform activism. Several officials also went on peer-to-peer learning trip to South Korea to observe, first hand, international good practices and carried out exercises to analyze regulatory issues and propose solutions.

Although the completion of the program witnessed several reform actions undertaken and completed by core group participants, a key question that still loomed large was whether the core group program made any difference in their mindsets when compared to their colleagues who did not receive the training. Understanding the kind of differences probably caused by the program and the extent of such probable differences were hence a burning issue. This study aimed to resolve this issue by addressing the primary evaluation question, "Was the Core Group Program able to create a difference in the mindset of bureaucrats in approaching PSD?", by delving into the following primary research questions:

- a) Do perception, knowledge and attitude of the core group members differ significantly from those of non-participants regarding private sector development?
- b) Can the core group training program be credited to impact any change in perception, knowledge and attitude among the participants? If yes, then how?
- c) What are the critical areas where the core group members did not exhibit desired differences from their colleagues?

This study was conducted between November, 2011 and June, 2012. The findings and conclusions drawn from the study are presented in this report. This study was conducted by Chowdhury Golam Kibria, an Associate Professor of Jahangirnagar University, Dhaka, Bangladesh, in association with Syed Estem Dadul Islam (SIslam2@ifc.org), a Monitoring and Evaluation officer of BICF, and Sigma Shams (SShams@ifc.org), an M&E Consultant of BICF.

# METHODOLOGY

Ideally, the research questions set by this study could be answered best by a true experimental design through comparing pre and post-training mindset of randomly selected groups of core group participants and non-participants. However, in this case, that was not possible due to lack of ex-ante information on the mindset of the core group participants. Therefore, this study employed a quasi-experimental design to determine differences in knowledge, perception and attitude of core group trainees from their untrained colleagues and to explore the extent of the effect of Core Group training program on the potential differences. This particular design was deemed appropriate for this study because of its widespread use in evaluation of educational programs.

The approach of this study relied on two steps. In the first, it tried to measure whether any statistically significant differences in mindset existed between the trainees and non-trainees using face-to-face structured questionnaire survey. Next, qualitative measures involving 3 focus group discussions (see Annex 10) were employed to gain insights into reasons behind probable differences between the two groups.

The study considered two populations:

|                      |  |
|----------------------|--|
| <b>Core Group</b>    | civil servants who received the Core Group training    |
| <b>Control Group</b> | civil servants who did <b>not</b> receive the training |

The public officials in Bangladesh are recruited through a standard selection process. Further, they undergo similar grooming process during their service. Therefore, the study assumed that the two populations – core and control – were similar in outlook towards the private sector prior to the Core Group training. At the same time, the core group members were nominated by their respective government offices, and not by BICF. However, a BICF proposed guideline, particularly in terms of length of service and position within the bureaucracy, was used for the selection. The same guideline was also used in selecting the control group members for this study. This suggests that the control group members, falling under those guidelines, might have had the same chances of being selected for the training program. Additionally, when randomly selecting survey participants for control group, bureaucrats from those government agencies from which core group participants got nominated, were approached. This was done to minimize the variation between the two groups. Considering that the two groups of civil servants were similar in rank, length of service, and government department, this study assumed that the two populations – core and control – were similar in outlook towards the private sector prior to the Core Group training. Hence, it was concluded that the program was the only critical factor that differentiated them.

The matching criteria of the two samples are summarized below:

*Table 1: Population Characteristics*

| CORE   | CONTROL  |
|--|--|
| ▪ Recruited through standard selection process | ▪ Recruited through standard selection process |
| ▪ Analogous grooming process                   | ▪ Analogous grooming process                   |
| ▪ Similar rank and length of service           | ▪ Similar rank and length of service           |
| ▪ Matching government ministry                 | ▪ Matching government ministry                 |
| ▪ Nominated by respective government offices   | ▪ Randomly selected for the study              |

A random sample of 40 respondents from each group, drawn from 80 trained core and approximately 944<sup>3</sup> control group, was interviewed with a survey questionnaire containing 24 statements, which served as hypotheses (see Annex 8) and tried to establish references to the changes in mindset caused by the training.

The ‘mindset’ of a human being is a qualitative attribute. One of the key challenges of the evaluation was to measure such qualitative factors quantitatively. In this study, this was achieved by building in qualitative attributes to a quantitative method through a set of informed assumptions.

### Assumption underlying the construction of hypotheses

The mind-set of a human being is positively influenced by new knowledge which develops perception, and subsequently gets translated into attitude. The evaluation assumed the following logic model in order to observe the contribution of the Core Group training program in changing mindset of trainees.

| Activity | Outputs                  | Outcomes               |                      |
|----------|--------------------------|------------------------|----------------------|
|          |                          | Immediate              | Ultimate             |
| Training | → Knowledge and know-how | → Change in Perception | → Change in Attitude |

To map out the dimensions that contribute to the mindset change process, appropriate hypotheses were grouped in each of the three dimensions as follows:

<sup>3</sup> The population of the control group was drawn at random from the names of bureaucrats posted in the websites of different ministries. For the convenience of this study, only those bureaucrats posted in Dhaka city were invited to take the survey.

- a) Attitude towards the private sector,
- b) Perception about scope within government and access to resources for initiating reforms,
- c) Normative knowledge/attitude about need for rigorous analysis to identify reform areas.

Further, this evaluation has reflected Kirkpatrick’s Four Levels model (see Annex 5). According to Kirkpatrick’s model, “the trainers must begin with desired results and then determine what behavior is needed to accomplish them. Then trainers must determine the attitudes, knowledge and skills that are necessary to bring about the desired behavior(s). The final challenge is to present the training program in a way that enables the participants not only to learn what they need to know but also react favorably to the program.”

For the core group evaluation, in addition to grouping hypotheses in the three mindset dimensions, they were further sub-grouped as ‘Positive’ or ‘Negative’ which corresponded with what ‘Agree’ or ‘Strongly Agree’ meant in terms of knowledge, perception and attitude of the respondents towards private sector development. For some statements, ‘Agree’ or ‘Strongly Agree’ meant a positive or favorable attitude towards PSD while in other questions ‘Disagree’ or ‘Strongly Disagree’ meant the same. However, this grouping of the statements was not revealed to respondents during interviews.

### Constructing survey statements and setting hypotheses

The construction of statements to capture changes in perception and attitude in line with the training was a major challenge. A series of consultations with IC experts, project team, academics, and core group and non-core group members helped construct the survey questionnaire. Statements under the Knowledge dimension reflected and corresponded with lessons of the training program, while those under Perception mirrored aspects of the program aimed at changing the perception of participants. Lastly, the final link in the mindset chain, attitude, was represented through ‘action’ statements.

The evaluation set hypotheses in two levels – individual and aggregate. Under individual attribute level, a set of 24 statements served as hypotheses for each dimension of mindset – 7 representing knowledge, 11 for perception and 6 for attitude. On the aggregate level, the evaluation set a single hypothesis to test combined effect of individual attributes, which is ‘mindset’ of trainees. The overall null and alternative hypotheses of the study for comparing the two populations were:

|       |   |
|-------|---|
| $H_0$ | The populations are identical (i.e. has no difference in mindset between core and control groups)   |
| $H_a$ | The populations are different (i.e. there is difference in mindset between core and control groups) |

## Data Collection

During the survey, responses to each statement were categorized on a 5-point Likert scale, that ranged from strongly disagree to strongly agree, and were coded as:

| Strongly Disagree | Disagree | Neither Agree or Disagree | Agree | Strongly Agree |
|-------------------|----------|---------------------------|-------|----------------|
| 1                 | 2        | 3                         | 4     | 5              |

## Hypothesis testing

Initially, missing value analysis was conducted on the collected data which revealed that all 24 variables could be used for data analysis as the variables had less than 10% missing values. Subsequently, a reliability test, Cronbach's alpha , was performed to measure the internal consistency or reliability of the psychometric test, i.e. how closely related the statements are as a group. All 24 statements of the questionnaire were made subject to the test and resulted in a revised scale of 17 statements whose Cronbach's alpha score was 0.685 (see Annex 1).

Tests for normality and a two-sample t-test were considered irrelevant for this study as the responses generated by the 5-point Likert scale were ordinal in nature. Hence, the Mann Whitney U Test was used to investigate probable differences between core and control groups for the remaining 17 statements. The findings of this test are presented on mean ranks instead of calculating means of ordinal data. The procedure for computing mean ranks is by merging all scores from both groups for a particular statement and ranking them in ascending order. Once ranks are assigned, the scores are split back into two groups and their corresponding mean of the ranks calculated. A lower mean rank among the two groups with respect to a particular statement would mean inclination towards less agreement (i.e. more disagreement) with that statement and vice versa. The z-approximation of the Mann Whitney U test determines whether the differences in the mean ranks for each group are statistically significant.

Mann Whitney U test results revealed that out of the 17 variables, five showed significant differences between the two populations at the 95% confidence level and one variable showed the same at the 90% level. Variables showing differences at other significance levels were not considered as probable differences and were disregarded.

<sup>4</sup> Cronbach's alpha is a coefficient of reliability that measures the internal consistency of a psychometric test. A high value of alpha is evidence that the items measure an underlying construct, i.e. they are correlated.

<sup>5</sup> Cronbach's Alpha value, 0.685, means that the score is close to being in the 'Acceptable' range which is 0.7–0.8.

<sup>6</sup> The Mann Whitney U test is used to compare differences between two independent groups when the dependent variable is ordinal. It is the non-parametric alternative to the t-test.

<sup>7</sup> For sample sizes greater than 20, many academic literatures suggest that the z-approximation of the Mann Whitney U test is a robust basis for reaching conclusions regarding the differences between the two populations.

All statistical analyses were conducted using the statistical software, SPSS (version 16.0). The rest of this paper presents and compares findings obtained with respect to the three dimensions of mindset of the core and control groups.

### **Limitations of the Evaluation**

The evaluation study was unable to utilize confirmatory factor analysis due to inadequacy of sample size which otherwise would have provided a quantifiable basis for grouping the variables showing significant differences between the two populations.

A baseline survey was not conducted before the initiation of the Core Group program. This eliminated the study's capability to carry out an experimental design by comparing pre and post training mindsets of core group members.

Furthermore, selection of the core group members might have had selection bias as there is a possibility that the government agencies have nominated the 'best' enthusiastic and capable persons from their department to participate in the training.

Lastly, there is further scope to improve the statements in the survey questionnaire. One of the biggest challenges of this study was to develop appropriate statements for the end line survey which would be able to capture and measure differences in knowledge, perception and attitude adequately. The statements would have to be easily interpretable by the civil servants participating in the survey and would also have to reflect and correspond with materials from the training.

Mentoring junior civil servants could also have been an aspect of change in attitude. Similar future studies can account for this aspect.

# RESULTS & FINDINGS

## a) Knowledge about need for Rigorous Analysis for Reforms

The outlook of the samples differed significantly in the following two dimensions of knowledge, out of the seven explored in the study. The two are, namely whether systematic diagnostics should be undertaken before initiating reforms, and whether the difficulty of enforcement should be considered before enacting a regulation. In addition, this section also discusses the remaining five knowledge dimensions for which the difference in opinions of core and control group government officials was not statistically significant but whose results shed light on interesting views and interpretations.

### ▪ Enactment and enforcement of regulations

On the issue of enacting regulations, majority of the core group bureaucrats opined that simply because there is a barrier, government should not proceed with enacting a regulation to address the problem. It needs to worry about the difficulty of enforcement too (see Table 2). It implies that the core group members are more inclined to take into account the stakeholder's view and reaction at the time of framing a new regulation, which was a lesson they received through Regulatory Impact Assessment (RIA) training. A poorly executed regulation is worse than no regulation. The former not only fails to protect society's interest but may open the door for corruption; thus, making things worse on balance. On the other hand, control group civil servants are significantly less keen on patiently weighing the difficulties or feasibilities of enforcement before enacting laws and are inclined towards hastily enacting regulations.

This suggests that the core group members do not suffer from regulatory reform reflex, i.e. a knee-jerk reaction to any problem by jumping towards a regulation without patiently weighing the consequences. This difference might be illustrative of how participation in the core group program has inculcated a scientific approach to regulatory reforms in the minds of government officials.

Table 2: How knowledge about enacting regulations differs significantly between core & control group

| Variable Number | Variable Label   | Mean Rank † |      | z-score | Significance Level (2-tailed) |
|-----------------|--|-------------|------|---------|-------------------------------|
|                 |  | Control     | Core |         |                               |
| 22              | "If a problem requires regulation, the government should proceed with enacting the regulations without worrying about the difficulty of enforcement" | 45.03       | 35.1 | -2.07   | .039*                         |

† lower rank indicates tendency towards disagreement and vice versa;  
\*significant at 95% confidence level

▪ **Systematic diagnostics to identify and undertake reforms**

All core group respondents agree, either strongly or otherwise, that systematic diagnosis is necessary to prioritize reform actions and identify the right approach for carrying out the reforms. Likewise, control group members also agree about the usefulness of diagnosis; however, they are slightly less enthusiastic about employing such methods compared to core group members. In fact, some non-core bureaucrats even disagree. Mann Whitney test results found that the strength of agreement of the two groups is significantly different at the 10% significance level (see Table 3). This difference could be a result of the core group's better exposure to both the rationale and technique of regulatory diagnostics such as Administrative Barrier Review (ABR) training and its hands-on application practices.

▪ **Discussion on other variables of Knowledge dimension for which the differences were not statistically significant**

Out of 17 variables that were tested under this study, seven were on knowledge. Of this, five statements were found to have insignificant differences between the core and control groups. This was because, government officials, irrespective of whether they were part of core group or not, held some common viewpoints regarding the involvement of the private sector in policy making and reforms. For instance, both groups tended to believe that it is important to obtain feedback from the private sector before initiating business reforms and carrying out systematic diagnosis of regulations that affect business. Core group members seem to believe more strongly than their control group counterparts that it is important to engage the private sector in policy making. However, the difference in the strength of agreement was not found to be statistically significant. An interesting point could be raised here. Since the survey did not ask more detailed questions about the nature of consultation with the private sector, we do not know if the officials were agreeing on the need for more extensive consultations or thought that modest consultations will suffice.

Table 3: How opinion on systematic diagnostics differ significantly

| Variable Number | Variable Label   | Mean Rank † |       | z-score | Significance Level (2-tailed) |
|-----------------|--|-------------|-------|---------|-------------------------------|
|                 |  | Control     | Core  |         |                               |
| 14              | "Systematic diagnosis is vital for identifying which regulations and procedures require reformation and how" | 36.52       | 44.48 | -1.89   | .059*                         |

† lower rank indicates tendency towards disagreement and vice versa;  
\* Significant at 90% confidence level

About the issue of studying systematic diagnostics, both groups believe it to be somewhat complicated and yet the core group officials feel strongly that diagnostics should be carried out. This difference may be attributable to the Core Group program.

## b) Perception about scope within Government and access to resources for initiating reforms

The opinion of the two groups differed significantly in the following two perception dimensions out of a total of seven variables considered in the study of 17 statements. These include, beliefs of government officials regarding opportunities available in the government for taking action, and whether they have adequate technical resources. The discussions of these results are followed by analysis of non-significant dimensions of perception whose results warrant interpretation.

### ▪ PSD reform opportunities for civil servants within the government

Almost all core group members agree, unlike their control group counterparts, that there is scope for government officials to carry out reform actions for PSD within their jurisdiction (see Table 4). It seems that control group bureaucrats hold a similar viewpoint and admit that such opportunities exist within the bureaucracy. However, their strength of agreement is significantly different from that of the core group. For instance, control group's lower mean rank value of 35.1 compared to core group's 45.03 implies that significantly higher numbers of control group government officials responded to this statement as "Strongly Disagree" or "Disagree".

Table 4: Variables which significantly differ in terms of perception

| Variable Number   | Variable Label   | Mean Rank † |       | z-score | Significance Level (2-tailed) |
|---|--|-------------|-------|---------|-------------------------------|
|   |  | Control     | Core  |         |                               |
| 3   | "In Bangladesh, there are opportunities to take actions within the government for making reforms aimed at private sector led growth" | 35.1        | 45.03 | -2.19   | .029*                         |
| † lower rank indicates tendency towards disagreement and vice versa;<br>* significant at 95% confidence level |  |             |       |         |                               |

### ▪ Technical resources available to government officials for initiating reforms

It is evident from Figure 4 that the two groups hold divergent views regarding the adequacy of technical resources available to civil servants. Majority of control group survey-takers either agree or are unsure about the adequate availability of such resources for initiating private sector development related reforms. In contrast, core group expressed a significantly different opinion. They seem to be more sensitive towards and aware of the need for sufficient technical resources (see Table 5). For this statement, core group's lower mean rank value of 33.31 clearly suggests that they are more inclined to disagree with the statement than their control group counterparts. However, this difference in opinion could also be due to dissimilar interpretation of what the term "technical resources" comprise of.

For instance, during the survey, several control group public servants seemed to interpret technical resources to be access to computers, internet and other electronic gadgets. This interpretation was quite contrary to what the statement intended to convey.

▪ **Discussion on other aspects of the Perception dimension for which the differences were not statistically significant**

In contrast to the question of adequacy of technical resources, both core and control group members admit that government officials lack sufficient financial resources to take PSD initiatives. Core group seems to be in more agreement with this issue than the control group. However, the difference in their strength of agreement is not statistically significant. Furthermore, both groups asserted that they would take more initiatives in favor of the private sector if given more incentives and motivation. Both groups also seem to strongly support learning from the initiatives of other countries, thus showing their appreciation of peer-to-peer learning. (See Annex 2 and 7)

On the issue of whether government officials are capable in detecting barriers independently, the opinions of core and control group members seem to diverge, although not significantly. For instance, control group is more inclined towards thinking that bureaucrats are capable of detecting barriers independently than their core group counterparts. This is somewhat incongruous with the expected response from core group and might be attributed to the fact that core group bureaucrats are more aware of their own limitations and inadequacies. As such, they did not consider themselves to be capable of identifying bottlenecks of existing rules and procedures on their own.

**c) Attitude of bureaucrats towards the private sector**

Of the 17 statements considered in the evaluation, three belonged to the attitude dimension among which, core and control groups differed significantly in the two following hypotheses. The two significant variables investigated whether the bureaucrats believed there are unfriendly laws and barriers for the private sector in current rules. In addition, this section also discusses opinions of civil servants regarding the need to regulate the private sector strictly.

▪ **Need for identifying and reforming unfriendly PSD related laws**

Does the current set of laws and regulations provide the desired liberal environment for private sector growth? The opinions of the core and control group seem to diverge on this issue. Unlike the control group, core government officials strongly believe that there are laws that are unfriendly to the private sector (see Table 6). They are also aware that these bottleneck regulations require reforms. It seems the core group members are conscious of

the need for them to be proactive about these changes. In contrast, the control group members are less inclined to recognize that there are anti-productive and unfavorable laws which hamper private sector led growth.

Table 6: Variables which significantly differ in terms of attitude

| Variable Number | Variable Label  | Mean Rank † |       | z-score | Significance Level (2-tailed) |
|-----------------|---|-------------|-------|---------|-------------------------------|
|                 |   | Control     | Core  |         |                               |
| 15              | "There are laws that are unfriendly to private sector growth and hence should be changed accordingly" | 33.46       | 44.12 | -2.30   | .021*                         |

† lower rank indicates tendency towards disagreement and vice versa  
\* significant at 95% confidence level

▪ **Consequence of barriers in rules and regulations to government services**

Similarly, the core group bureaucrats also acknowledge that there are barriers in current rules and procedures and that these hinder government service delivery to the private sector. On the other hand, the control group members are significantly less willing to acknowledge that such barriers exist (see Table 7). The difference is statistically significant at the 5% significance level and is illustrated by core group's higher mean rank of 47.28.

Table 7: Difference in opinion regarding barriers in rules & regulations

| Variable Number | Variable Label   | Mean Rank † |       | z-score | Significance Level (2-tailed) |
|-----------------|--|-------------|-------|---------|-------------------------------|
|                 |  | Control     | Core  |         |                               |
| 18              | "There exists barriers in current rules and procedures that hamper service delivery to business" | 32.9        | 47.28 | -3.27   | .001*                         |

† lower rank indicates tendency towards disagreement and vice versa  
\* significant at 95% confidence level

▪ **Discussion on other dimensions of Attitude for which the differences were not statistically significant**

Irrespective of whether the government officials received core group training or not, they seem to share some common ingrained mindset regarding the private sector. For instance, bureaucrats from both groups agree that the private sector needs to be strictly regulated. Civil servants from both the groups seem to be suspicious of the activities of the private sector and appear to be cautious about liberalization. Several comments made in the focus group discussions also support these findings.

## FOCUS GROUP DISCUSSION NOTES

Three Focus Group Discussions (FGDs) were undertaken both Core and Control group government officials to confirm whether the participants held differences in opinion regarding various issues. The opinions expressed during the discussions supported the results of this study in many instances (see Annex 10 for detailed notes). For example, during one of the core group discussions several bureaucrats admitted to having a change in mindset due to the Regulatory Reform Core group program.

Several core participants acknowledged the unfriendly nature of some laws towards the private sector. One said, "There are some laws of the country that are quite old and not applicable in today's context. These need to be reformed." Another said that the potential of the private sector is being throttled due to improper practices and existing bottlenecks. He further added, "If you want to improve capabilities of the private sector, changes need to be made to existing rules and regulations – they must be made more business friendly." Other participants added that there is not enough motivation from the government to deal with challenges of PSD or to solve the PSD problems. Several believed that more work needs to be done through public private partnership (PPP) and support for the private sector needs to be extended.

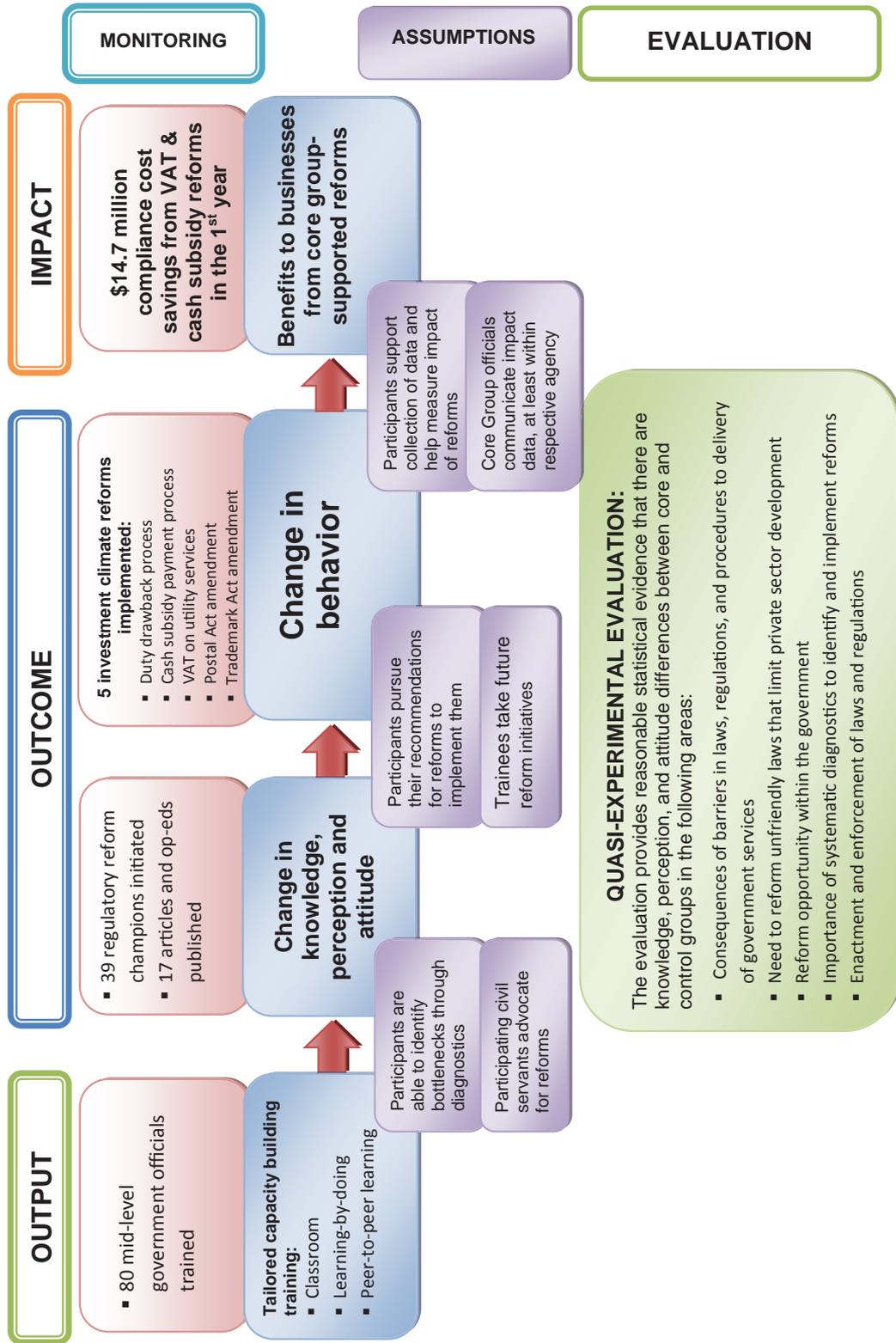
On the issue of policy making process, several core group civil servants indicated the need to involve the private sector through a public-private dialogue for better development. However, the bureaucrats widely held the belief that the private sector is negligent in terms of compliance and reluctant towards taking more responsibility. Therefore, they thought that the government needs to intervene regularly to stimulate private sector growth.

The core group FGD participants also talked about an existing lack of trust between the public and the private sector. Several government officials complained about the private sector holding preconceived notion that government processes are unnecessarily bureaucratic/tedious and will get delayed. In regards to corruption, a core group civil servant said, "The government has always been blamed for corruption but corruption largely exists within the private sector as well. In addition, such corruption is particularly encouraged during interaction between the government and private sector." Several others followed this thread and opined that there is a need for change in attitude and mind-set of the private sector as well as government officials and the policy makers.

Regarding the need for initiatives by civil servants, several control group participants of an FGD expressed reluctance towards taking initiatives independently because, "How supervisors will react is a major consideration prior to giving opinion for reforms and many tend to refrain from taking initiatives in apprehension of unfavorable repercussions." Another control group respondent said that due to this circumstance it is difficult to get things done effectively by an individual government official. He stated further, "I can't work alone. There is need for teamwork."

In general, the core group members expressed positive reviews about the training program. One of them termed the training as “an eye opening” experience which “taught us [participating bureaucrats] what is needed for Bangladesh’s PSD”. One of the speakers went on to say that the program enabled one “to think outside the box or the confinement of the established rules and regulations”. In addition, several requested follow-ups on the training through alumni programs, or a ‘refresher course’ for interested core group participants.

# THEORY OF CHANGE: BICF CORE GROUP PROGRAM



During the course of the implementation of the core group training program the project team collected significant amount of outcome and impact level data. However, the key question remained, “Was the Core Group program able to change the mindset of civil servants which was demonstrated through the reforms implemented by the trainees?” The evaluation was undertaken to get an answer to the question. A Theory of Change (ToC) using monitoring data from the project and the results of the evaluation study was developed. With the results of the evaluation linking the output, outcome and impact, the ToC delineates a causal pathway that links all the building blocks of change.

This change was monitored through initiation of 39 reform ‘champions’, several of who authored a total of 17 articles and opinion editorials in national newspapers to sensitize public opinion about PSD issues. Civil servants do not traditionally take such initiatives in Bangladesh and these actions are the first stages of behavioral changes brought on by the training. At this stage, the underlying supposition is that the trained government officials will pursue their reform recommendations and implement them proactively. It is also presumed that they will take future reform initiatives. Their change in behavior can be observed through the 5 IC reforms that the Core Group members implemented (Table 8 in the following page depicts the reforms). They advocated, lobbied and took personal initiatives dynamically with concerned government agencies to bring about the reforms.

The missing link in building a Theory of Change for the core group program was the evidence for changes in mindset of trainees. The evaluation study filled in this blank.

Table 8: Reforms supported by Core Group members

| CG Implemented Reforms  | Role of CG  | Results   |
|---|---|---|
| <b>1. Duty exemption &amp; draw back process simplified</b>                       | <p>Following a set of CG recommendations, the Duty Drawback Office implemented the <b>improvement of 8 procedures in June 2008</b> which included:</p> <ul style="list-style-type: none"> <li>▪ introducing a checklist for receiving applications</li> <li>▪ standardizing the document requirement</li> <li>▪ eliminating informal middle men from the system</li> <li>▪ publishing flat rates in booklets.</li> </ul>  | <p>Average cost and time required to obtain a duty drawback claim declined from approximately <b>\$261 to \$2.25</b> and <b>26 to 2 days</b> respectively.</p>  |
| <b>2. Cash subsidy claim procedure simplified</b>                                 | <p>Some manufacturers export local raw materials which are eligible for cash incentives. Before reform, these claims were disbursed only after full audit by the Central Bank. Processing times were uncertain, 4 months on average, sometimes exceeding 1 year.</p> <p>Following a recommendation made by a core group member, the Central Bank simplified the cash subsidy payment process in 2009 which <b>reduced steps from 7 to 2</b>.</p>                            | <ul style="list-style-type: none"> <li>▪ Simplification yielded <b>\$5.8m</b> in compliance cost savings (CCS) in the first year.</li> <li>▪ Firms receive 70% of a claim in 1 day without audit, only after a preliminary verification.</li> <li>▪ Remaining 30% is received in 15 days</li> <li>▪ Manufacturers need less working capital as funds are released earlier than before.</li> </ul> |
| <b>3. VAT reduction on utility bills</b> for firms related to production & trade. | <p>Core Group recommended this legislative change through which businesses pay VAT on only 20% of utilities consumed.</p>   | <p>This change, made in 2010, saved 80% of VAT paid on utility bills which generated <b>\$8.9m</b> compliance cost savings at the minimum in the first year.</p>  |
| <b>4. Post Office Act amended</b> in 2010   | <p>The 'Post Office Act 1898' authorized the government to monopolize postal service delivery to clients. The act had limited private sector investment in this sector.</p> <p>CG members conducted a light regulatory impact assessment on the Postal Act and recommended amending it to allow private courier services. To advocate the amendment, the CG members wrote 5 op-eds in national dailies on their findings and lobbied to concerned government officials.</p> | <ul style="list-style-type: none"> <li>▪ Courier service companies can do business legally in the country.</li> <li>▪ Nearly 100,000 jobs in the informal sector have been protected by the national labor law.</li> <li>▪ There is possibility of high government revenue collection through higher reported business earnings and imposed VAT on services rendered.</li> </ul>                  |
| <b>5. Trademark Act 2009 enacted</b> in 2010                                      | <p>A group of core group members studied the laws and made a set of recommendations. Further, the group followed-up and advocated with the Ministry of Industries so that their recommendations get implemented through an amendment of the Act. Finally, the Act was mended in the parliament by reflecting core group's recommendations.</p>  | <ul style="list-style-type: none"> <li>▪ It simplified trademark issuance and renewal processes.</li> </ul>   |

# CONCLUSION

The spirit of the Core Group training program was based on the readiness of government officials to recognize that there are opportunities to take initiatives for helping private sector led growth, to acknowledge the corrosive roles of laws and regulations, and the willingness to learn new knowledge and apply new methods to systematically identify and solve problems. Interestingly, statistical analyses have reasonably indicated that, to a considerable extent, it was the core group members who carry the spirit more compared to the control group members.

A more proactive attitude has been observed among the core group members compared to their control group colleagues. This suggests that the Core Group program and the exposure that it provided have both inculcated a reform commitment and helped bring some eruditeness in the attitude of the participants towards the government role in promoting PSD. This study provides reasonable statistical evidence that the core group training program implemented by BICF succeeded in creating a difference by effectively changing the mindset of the trainees in line with the spirit of the training program. Future studies could be further improved by conducting experimental evaluation studies on similar programs through comparing pre and post intervention knowledge, perception and attitude of the trainees.

## **Factors which contributed positively to the program**

A blend of different factors acted positively to attain the program objectives.

- As part of learning-by-doing exercise, the government officials interacted extensively with the private sector. This greatly enhanced bureaucrats' understanding of problems faced by the private sector and sensitized them towards the needs and requirements for private sector development. This was a complete reversal of the traditional practices, where the private sector would seek the attention of the bureaucracy for changes or reforms of existing barriers.
- The civil servants had the opportunity to engage in hands-on analytical work (e.g. identifying problems and bottlenecks in a service delivery mechanism) using the tools they learned during the training. The ability to self-identify bottlenecks in existing rules and regulations has provided confidence to the participating government officials to initiate change.
- Reform through the Core Group program is much more beneficial if the group is constituted with people from the relevant departments and/or agencies where reforms or process simplification will take place. This is because it helps the negotiation process

as well as the follow-up process. Reforms are also much more acceptable to the relevant agencies, if it comes through government officials involved with that department, since the officials have the advantage of being familiar with the process.

- The sense of community developed during the 6-8 months program, the psychological and cultural influences and the fusion of the private and the public sector in this intensive program helped form a network of reform-minded mid-level bureaucrats who are sensitive towards investment climate issues. Individually these change agents may not be influential enough to initiate change but cumulatively are a big force towards private sector development in the bureaucracy.

### **Lessons Learned**

- 1) One of the biggest challenges of evaluating a capacity building program is capturing the change in behavior or mindset of the trainees. As such, developing appropriate statements is one of the key ingredients of measuring results. The statements should not only reflect and correspond with training materials, but they should also be unambiguous and easily interpretable by the participating civil servants. In addition, the surveyors may be provided with standard definitions or explanations for ambiguous terms and statements in the questionnaire in order to minimize the differences in interpretation among survey participants.
- 2) As baseline survey was not conducted on government officials prior to the intervention, the evaluation study could not employ an experimental design, which has a more scientific footing. Therefore, a quasi-experimental design was used to compare treatment group with control group at the end of the program. Future evaluation studies on similar training programs can be improved further by collecting ex-ante and ex-post intervention data on knowledge, perception and attitude dimensions of the trainees and comparing them for statistically significant differences. This comparison would greatly enrich the evaluation.
- 3) One of the limitations of the Core Group program was that top-tier civil servants were not involved in the planning or implementation phase of the program. Neither was government agencies directly involved in the delivery of the training. As a result, after the completion of the project, such learning programs were not replicated by the government. It can be expected that if government clients had ownership of the training process and were put in the driver's seat, the impetus of the training might have been continued. One way of ensuring this would be by officially engaging government agencies as well as senior level civil servants in program activities from the onset.

# ANNEX 1

## RELIABILITY OF THE STATEMENTS

The statistic Cronbach's alpha was calculated in order to measure the internal consistency of the Likert scale used in the study. The output obtained at a point after which alpha would not improve is shown below:

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 72 | 90.0  |
|       | Excluded <sup>a</sup> | 8  | 10.0  |
|       | Total                 | 80 | 100.0 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .685             | 17         |

a. List wise deletion based on all variables in the procedure.

**Item-Total Statistics**

|     | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item - Total Correlation | Cronbach's Alpha if Item Deleted |
|-----|----------------------------|--------------------------------|------------------------------------|----------------------------------|
| Q1  | 39.82                      | 37.897                         | .206                               | .681                             |
| Q2  | 37.99                      | 38.324                         | .178                               | .684                             |
| Q3  | 39.53                      | 37.915                         | .250                               | .675                             |
| Q4  | 38.00                      | 38.366                         | .194                               | .682                             |
| Q8  | 39.28                      | 37.302                         | .231                               | .679                             |
| Q9  | 39.31                      | 36.356                         | .355                               | .663                             |
| Q12 | 38.74                      | 38.479                         | .186                               | .683                             |
| Q13 | 39.71                      | 38.717                         | .298                               | .672                             |
| Q14 | 39.78                      | 37.865                         | .480                               | .660                             |
| Q15 | 39.47                      | 37.126                         | .392                               | .661                             |
| Q18 | 39.18                      | 37.220                         | .316                               | .668                             |
| Q19 | 39.29                      | 37.195                         | .286                               | .671                             |
| Q20 | 39.07                      | 37.418                         | .292                               | .670                             |
| Q21 | 38.74                      | 37.718                         | .235                               | .677                             |
| Q22 | 38.60                      | 35.793                         | .358                               | .662                             |
| Q23 | 39.58                      | 37.458                         | .355                               | .665                             |
| Q24 | 38.60                      | 36.807                         | .276                               | .673                             |

The scale that was actually used in the survey had 24 items (shown in Annex 5) was made subject to the reliability test and test results showed a scale with 17 items measure of internal consistency of which was Cronbach's alpha of .685. Before conducting the reliability test, the weights of the scale were balanced according to the weights ('positive' and 'negative') applied to the scale as shown in Annex 5. This score of alpha, according to relevant research publications, is close to acceptable (A score of .7 is considered by many as acceptable). Discussions in the following sections are around only these 17 variables. The revised scale of 17 variables are again grouped into four different dimensions of PSD related perception and attitude through qualitative reasoning as factor analyses could not compare the factor structure of two samples as for the control group KMO measure was below .5 (.466) and Bartlett's test was .105. However, for the core group, KMO measure was .536 and Bartlett's test was .037.

## ANNEX 2

### STATISTICAL TEST RESULTS OF SURVEY DATA

|  | Variable Number | Variable Label   | Mean Rank |       | z-score | Significance Level (2-tailed) |
|--|-----------------|--|-----------|-------|---------|-------------------------------|
|  |                 |  | Control   | Core  |         |                               |
| A. Attitude towards private sector                                 | 2               | The private sector in Bangladesh needs to be regulated strictly.   | 38.43     | 37.6  | -0.17   | 0.862                         |
|  | 5               | Liberalization of regulations for the private sector will not have adverse effects.  | 36.55     | 43.36 | -1.40   | 0.161                         |
|  | 10              | The private sector in Bangladesh is unlikely to misuse the liberal attitude of the government.   | 41.62     | 38.42 | -0.65   | 0.514                         |
|  | 15*             | There are laws that are unfriendly to private sector growth and hence should be changed accordingly.   | 33.46     | 44.12 | -2.30   | 0.021                         |
|  | 17              | Liberalized business environment will not make it difficult to detect corruption in the private sector.  | 41.46     | 39.54 | -0.40   | 0.687                         |
|  | 18*             | There exist barriers in current rules and procedures that hamper service delivery to businesses.   | 32.9      | 47.28 | -3.27   | 0.001                         |
| B. Perception about scope within government to bring about changes | 3*              | In Bangladesh, there are opportunities to take actions within the government for making reforms aimed at private sector led growth.                              | 35.1      | 45.03 | -2.19   | 0.029                         |
|  | 6               | Systematic diagnostic work for reform is useless since decisions on reform are taken on political or such considerations.  | 39.11     | 39.88 | -0.16   | 0.875                         |
|  | 7               | Practically, it is risky for the government officers to initiate reform in favor of private sector.  | 42.61     | 35.49 | -1.49   | 0.135                         |
|  | 11*             | It is possible to improve procedures without changing laws and regulations for better government services to the private sector.                                 | 46.69     | 34.31 | -2.58   | 0.01                          |
|  | 16              | At present, government officials are not capable of independently initiating reforms within their jurisdiction to improve govt. services for the private sector. | 38.75     | 40.21 | -0.29   | 0.767                         |

|  | Variable Number | Variable Label   | Mean Rank |       | z-score | Significance Level (2-tailed) |
|--|-----------------|--|-----------|-------|---------|-------------------------------|
|  |                 |  | Control   | Core  |         |                               |
| C. Perception about need for additional exposure for government officials to take reform actions | 1               | Government officials do not need to consult private sector for understanding what is needed for private sector development.                                    | 41.86     | 38.19 | -0.79   | 0.429                         |
|  | 8               | If given more motivation and incentives, Government officials would take more initiative in favor of private sector than they currently do.                    | 36.95     | 44.05 | -1.45   | 0.148                         |
|  | 13              | Knowledge about initiatives of other developing countries to promote private sector is irrelevant for us.  | 43.2      | 37.8  | -1.26   | 0.207                         |
|  | 19              | Government officials have adequate financial resources to take initiatives in private sector development related reforms                                       | 40.37     | 39.64 | -0.16   | 0.876                         |
|  | 20*             | Government officials have adequate technical resources for taking initiatives in private sector development related reforms.                                   | 46.01     | 33.31 | -2.73   | 0.006                         |
|  | 24              | Whatever barriers that may exist in the current rules and procedures, civil servants are capable of detecting them independently.                              | 41.62     | 39.38 | -0.47   | 0.642                         |
| D. Knowledge/attitude about need for rigorous analysis for reforms                               | 4               | To remove barrier in a government service delivery process, the concerned officials should change the process first, and then conduct a cost-benefit analysis. | 37.71     | 42.24 | -0.96   | 0.337                         |
|  | 9               | Regulatory reform to remove a barrier within government procedures can be done without client feedback.  | 43.18     | 37.82 | -1.16   | 0.246                         |
|  | 12              | Systematic diagnosis of regulations and procedures are complicated to study.   | 41.68     | 39.32 | -0.49   | 0.624                         |
|  | 14*             | Systematic diagnosis is vital for identifying which regulations and procedures require reformation and how.  | 36.52     | 44.48 | -1.89   | 0.059                         |
|  | 21              | A policy about conducting cost-benefit analysis will not be useful, as regulations need to be enacted urgently.  | 37.25     | 43.75 | -1.34   | 0.18                          |
|  | 22*             | If a problem requires regulations, the government should proceed with enacting the regulations without worrying about the difficulty of enforcement.           | 45.03     | 35.1  | -2.07   | 0.039                         |
|  | 23              | Systematic diagnosis of regulations and procedures can be done without consultation with private sector.   | 41.66     | 39.34 | -0.55   | 0.583                         |

# ANNEX 3

## MANN WHITNEY U TEST RESULTS

Mann Whitney U Test is a non-parametric statistical hypothesis test that can be used to assess whether two independent groups are significantly different from each other. The test is based on a comparison of every observation in the first sample with every observation in the other sample. This test is the non-parametric substitute of the t-test when samples are not normally distributed.

### Assumptions of the test include:

- All observations are independent of each other
- Responses are ordinal, i.e. one can clearly identify the greater observation
- Under the null hypothesis the distributions of both groups are equal
- Under the alternative hypothesis the probability of an observation from

### Procedures for carrying out the test involve:

- All observations of a variable from each group are arranged in order of magnitude
- The corresponding ranks of the observations are added up for each group
- U statistic is calculated by:

$$U_1 = R_1 - \frac{n_1(n_1 + 1)}{2}, \text{ where } n_1 \text{ is the sample size for group 1 \& } R_1 \text{ is the sum of ranks}$$

$$U_2 = R_2 - \frac{n_2(n_2 + 1)}{2}, \text{ where } n_2 \text{ is the sample size for group 2 \& } R_2 \text{ is the sum of ranks}$$

The smaller value of  $U_1$  and  $U_2$  is used to consult the significance tables.

|                        | Q1    | Q2     | Q3*   | Q4    | Q5     | Q6     | Q7     |
|------------------------|-------|--------|-------|-------|--------|--------|--------|
| Mann-Whitney U         | 707.5 | 686.5  | 584   | 690.5 | 645.5  | 745    | 604    |
| Wilcoxon W             | 1528  | 1466   | 1404  | 1470  | 1426   | 1486   | 1384   |
| Z                      | -0.79 | -0.174 | -2.19 | -0.96 | -1.401 | -0.158 | -1.494 |
| Asymp. Sig. (2-tailed) | 0.429 | 0.862  | 0.029 | 0.337 | 0.161  | 0.875  | 0.135  |

|                        | Q8     | Q9    | Q10    | Q11*   | Q12   | Q13    | Q14*   |
|------------------------|--------|-------|--------|--------|-------|--------|--------|
| Mann-Whitney U         | 658    | 693   | 717    | 552.5  | 753   | 692    | 641    |
| Wilcoxon W             | 1478   | 1513  | 1537   | 1372   | 1573  | 1512   | 1461   |
| Z                      | -1.448 | -1.16 | -0.652 | -2.581 | -0.49 | -1.263 | -1.891 |
| Asymp. Sig. (2-tailed) | 0.148  | 0.246 | 0.514  | 0.01   | 0.624 | 0.207  | 0.059  |

|                        | Q15*   | Q16    | Q17    | Q18*   | Q19    | Q20*   | Q21    |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Mann-Whitney U         | 535    | 731.5  | 761.5  | 496    | 765.5  | 512.5  | 670    |
| Wilcoxon W             | 1238   | 1472   | 1582   | 1316   | 1586   | 1332   | 1490   |
| Z                      | -2.304 | -0.296 | -0.403 | -3.272 | -0.156 | -2.734 | -1.341 |
| Asymp. Sig. (2-tailed) | 0.021  | 0.767  | 0.687  | 0.001  | 0.876  | 0.006  | 0.18   |

|                        | Q22*   | Q23    | Q24    |
|------------------------|--------|--------|--------|
| Mann-Whitney U         | 584    | 753.5  | 755    |
| Wilcoxon W             | 1404   | 1574   | 1575   |
| Z                      | -2.066 | -0.549 | -0.465 |
| Asymp. Sig. (2-tailed) | 0.039  | 0.583  | 0.642  |

\* signifies significant variables

# ANNEX 4

## MEAN SCORE

|     | STATUS  | N  | Mean | Std. Deviation | Std. Error Mean |
|-----|---------|----|------|----------------|-----------------|
| Q1  | Control | 39 | 1.72 | 0.887          | 0.142           |
|     | Core    | 40 | 1.75 | 1.214          | 0.192           |
| Q2  | Control | 36 | 3.56 | 1.054          | 0.176           |
|     | Core    | 39 | 3.54 | 0.969          | 0.155           |
| Q3  | Control | 40 | 3.8  | 0.966          | 0.153           |
|     | Core    | 39 | 4.23 | 0.742          | 0.119           |
| Q4  | Control | 39 | 3.44 | 0.94           | 0.151           |
|     | Core    | 40 | 3.65 | 0.975          | 0.154           |
| Q5  | Control | 39 | 3.08 | 1.036          | 0.166           |
|     | Core    | 40 | 3.42 | 0.958          | 0.151           |
| Q6  | Control | 38 | 3.16 | 1.22           | 0.198           |
|     | Core    | 40 | 3.2  | 1.224          | 0.193           |
| Q7  | Control | 38 | 3.13 | 1.166          | 0.189           |
|     | Core    | 39 | 2.74 | 1.186          | 0.19            |
| Q8  | Control | 40 | 3.48 | 1.219          | 0.193           |
|     | Core    | 40 | 3.88 | 1.042          | 0.165           |
| Q9  | Control | 40 | 2.4  | 1.057          | 0.167           |
|     | Core    | 40 | 2.15 | 0.975          | 0.154           |
| Q10 | Control | 39 | 3.1  | 1.071          | 0.172           |
|     | Core    | 40 | 2.95 | 0.904          | 0.143           |
| Q11 | Control | 40 | 3.72 | 0.905          | 0.143           |
|     | Core    | 40 | 3.02 | 1.23           | 0.194           |
| Q12 | Control | 40 | 2.9  | 0.955          | 0.151           |
|     | Core    | 40 | 2.8  | 0.966          | 0.153           |
| Q13 | Control | 40 | 2    | 0.784          | 0.124           |
|     | Core    | 40 | 1.75 | 0.543          | 0.086           |
| Q14 | Control | 40 | 4.1  | 0.591          | 0.093           |
|     | Core    | 40 | 4.35 | 0.483          | 0.076           |
| Q15 | Control | 37 | 3.59 | 0.927          | 0.152           |
|     | Core    | 40 | 4.08 | 0.764          | 0.121           |
| Q16 | Control | 38 | 3.18 | 1.392          | 0.226           |
|     | Core    | 40 | 3.3  | 1.043          | 0.165           |
| Q17 | Control | 40 | 3.48 | 0.933          | 0.148           |
|     | Core    | 40 | 3.42 | 0.844          | 0.133           |
| Q18 | Control | 40 | 3.28 | 1.037          | 0.164           |
|     | Core    | 39 | 3.97 | 0.628          | 0.101           |
| Q19 | Control | 39 | 2.31 | 1.004          | 0.161           |
|     | Core    | 40 | 2.3  | 1.018          | 0.161           |
| Q20 | Control | 38 | 2.84 | 1.053          | 0.171           |
|     | Core    | 40 | 2.25 | 0.776          | 0.123           |
| Q21 | Control | 40 | 2.6  | 0.955          | 0.151           |
|     | Core    | 40 | 2.9  | 1.008          | 0.159           |
| Q22 | Control | 39 | 3.21 | 1.105          | 0.177           |
|     | Core    | 40 | 2.7  | 1.018          | 0.161           |
| Q23 | Control | 40 | 2.02 | 0.891          | 0.141           |
|     | Core    | 40 | 1.88 | 0.648          | 0.102           |
| Q24 | Control | 40 | 3.02 | 1.121          | 0.177           |
|     | Core    | 40 | 2.92 | 0.997          | 0.158           |

# ANNEX 5

## KIRKPATRICK'S FOUR LEVELS MODEL

The Kirkpatrick Model was created by Dr. Don Kirkpatrick in the 1950s. According to the model, "Trainers must begin with desired results and then determine what behavior is needed to accomplish them. Then trainers must determine the attitudes, knowledge, and skills that are necessary to bring about the desired behavior(s). The final challenge is to present the training program in a way that enables the participants not only to learn what they need to know but also to react favorably to the program."

The chain of evidence in Kirkpatrick's model is linked as follows:

|                               |   |
|-------------------------------|---|
| <b>Level 4 :<br/>Results</b>  | To what degree targeted outcomes occur, as a result of the learning event(s) and subsequent reinforcement.                            |
| <b>Level 3 :<br/>Behavior</b> | To what degree participants apply what they learned during training when they are back on the job.                                    |
| <b>Level 2 :<br/>Learning</b> | To what degree participants acquire the intended knowledge, skills, and attitudes based on their participation in the learning event. |
| <b>Level 1 :<br/>Reaction</b> | To what degree participants react favorably to the learning event.  |

### Kirkpatrick Foundational Principles

#### 1. The end is the beginning.

Effective training evaluation begins before the program even starts.

It is important that the results are defined in measurable terms, so that all involved can see the ultimate destination of the initiative. Clearly defined results will increase the likelihood that resources will be most effectively and efficiently used to accomplish the mission.

Attempting to apply the four levels after a program has been developed and delivered makes it difficult, if not impossible, to create significant training value. All four levels need to be considered at every step in the program design, execution, and measurement.

#### 2. Return on expectations (ROE) is the ultimate indicator of value.

When executives ask for new training, many learning professionals retreat to their departments and start designing and developing suitable programs. While a cursory needs assessment may be conducted, it is rarely taken to the point that expectations of the training contribution to an overall business initiative are completely clear.

Stakeholder expectations define the value that training professionals are responsible for delivering. Learning professionals must ask the stakeholders questions to clarify and refine their expectations on all four Kirkpatrick levels, starting with Level 4 Results. This is a negotiation process in which the training professional makes sure that the expectations are satisfying to the stakeholder, and realistic to achieve with the resources available.

Once stakeholder expectations are clear, learning professionals then need to convert those typically general wants into observable, measurable success outcomes by asking the question, "What will success look like to you?" Those outcomes then become the Level 4 Results; the targets to which you can sharply focus your collective efforts to accomplish return on expectations.

### **3. Business partnership is necessary to bring about positive Return on Expectations (ROE).**

Research has validated that training events in and of themselves typically produce about 15% on-the-job application. To increase application and therefore program results, additional actions need to happen before and after formal training. Historically, the role of learning professionals has been Levels 1 and 2, or just the training event. Not surprisingly, this is why many learning professionals spend almost all of their time there.

The production of ROE, however, requires a strong Level 3 execution plan. Therefore, not only is it critical to call up on business partners to help identify what success will look like, but also to design a cooperative effort throughout the learning and performance processes in order to maximize results.

Before training, learning professionals need to partner with supervisors and managers to prepare participants for training. Even more critical is the role of the supervisor or manager after the training. They are the key people to reinforce newly learned knowledge and skills through support and accountability. The degree to which this reinforcement and coaching happens directly correlates to improved performance and positive outcomes

### **4. Value must be created before it can be demonstrated.**

Research suggests that as much as 90% of training resources are spent on the design, development, and delivery of training events that yield 15% on-the-job application (Brinkerhoff, 2006). Reinforcement that occurs after the training event produces the highest level of learning effectiveness, followed by activities that occur before the learning event.

Currently learning professionals are putting most of their resources into the part of the training process that produces the lowest level of business results. They are spending relatively little time in the pre-training and follow-up activities that translate into the positive behavior change and subsequent results (Levels 3 and 4) that organizations seek.

Formal training is the foundation of performance and results. To create ultimate value and ROE, however, strong attention must be given to Level 3 activities. To create maximum value within their organizations, it is therefore essential that learning professionals redefine their roles and extend their expertise, involvement, and influence into Levels 3 and 4.

## 5. A compelling chain of evidence demonstrates your bottom-line value.

The training industry is on trial, accused by business leaders of consuming resources in excess of the value delivered to the organization.



**Level 1    Level 2    Level 3    Level 4**  
**Reaction   Learning   Behavior   Results**

Following the Kirkpatrick Foundational Principles and using the four levels will create a chain of evidence showing the business value of the entire business partnership effort. It consists of quantitative and qualitative data that sequentially connect the four levels and show the ultimate contribution of learning and reinforcement to the business. When workplace learning professionals work in concert with their key business partners, this chain of evidence supports the partnership effort and shows the business value of working as a team to accomplish the overall mission.

The chain of evidence serves to unify the learning and business functions, not isolate training or set it apart. This unity is critical for Level 3 execution, where business value is produced.

You can learn more about the Four Levels model by visiting <http://www.kirkpatrickpartners.com/>

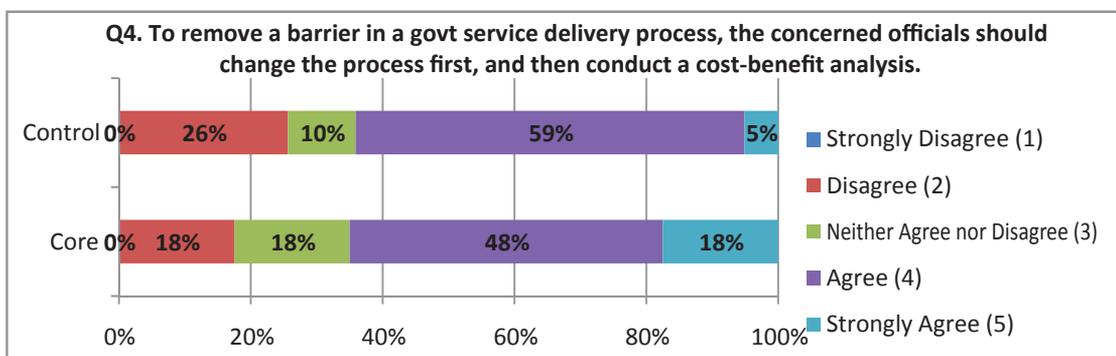
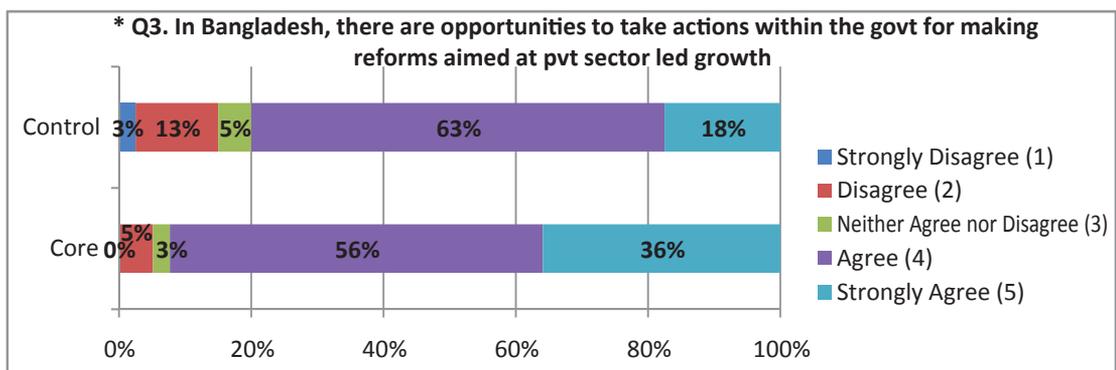
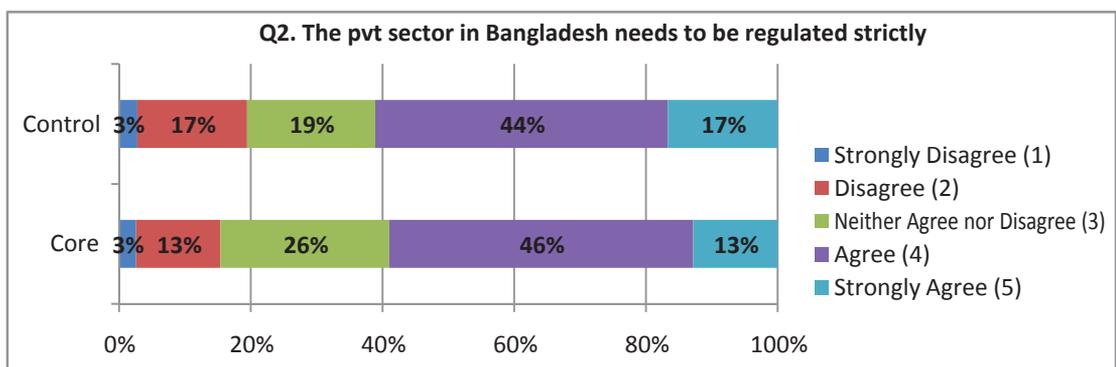
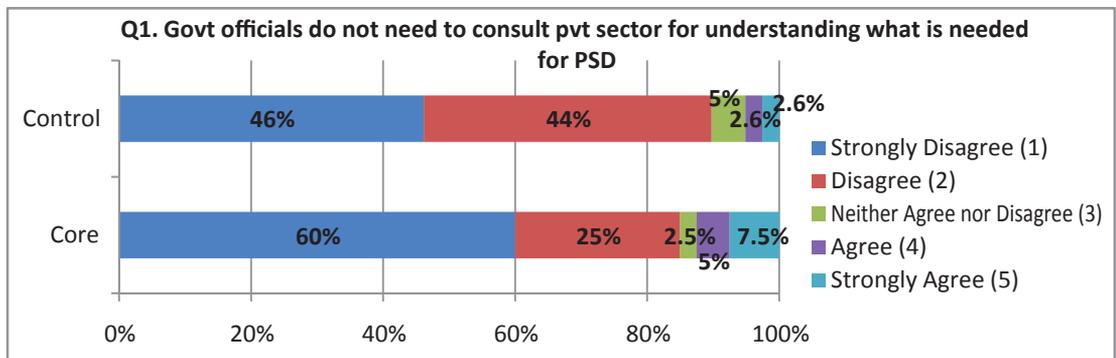
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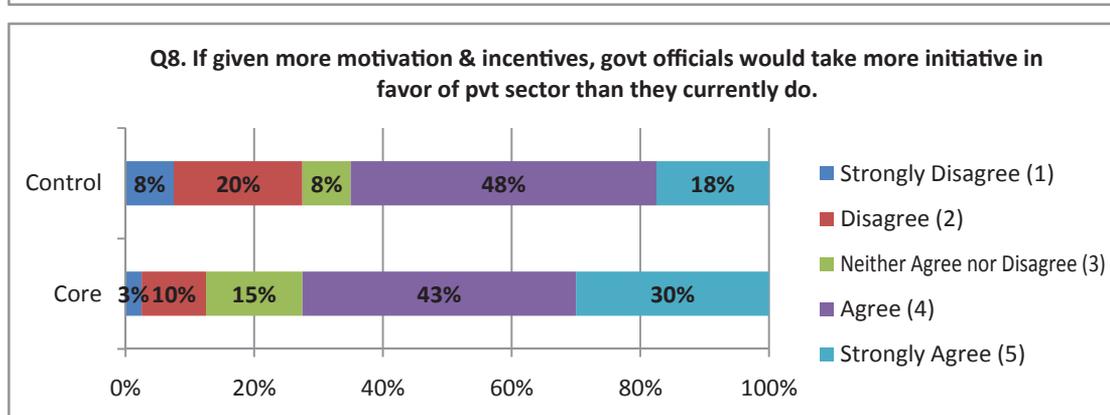
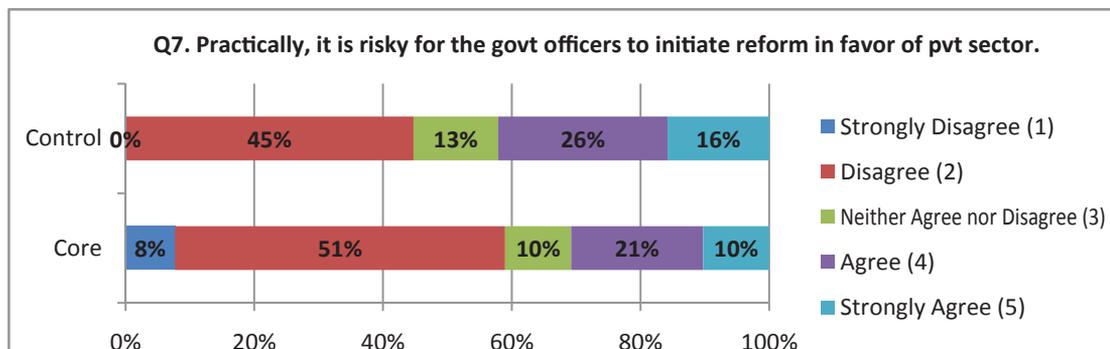
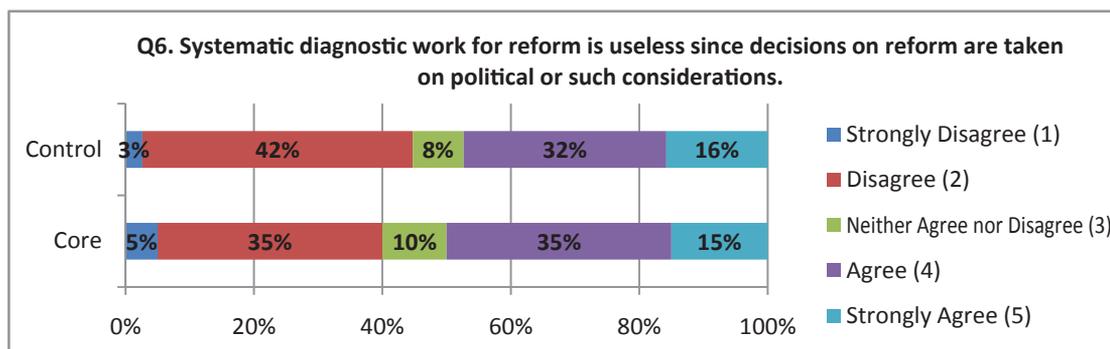
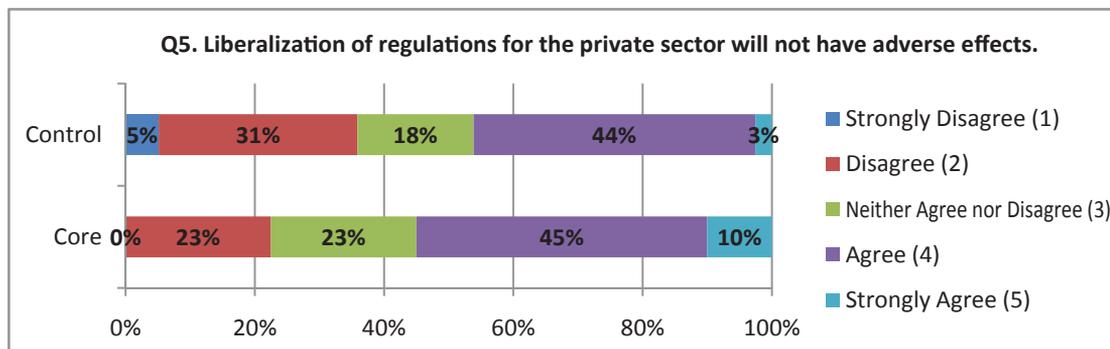
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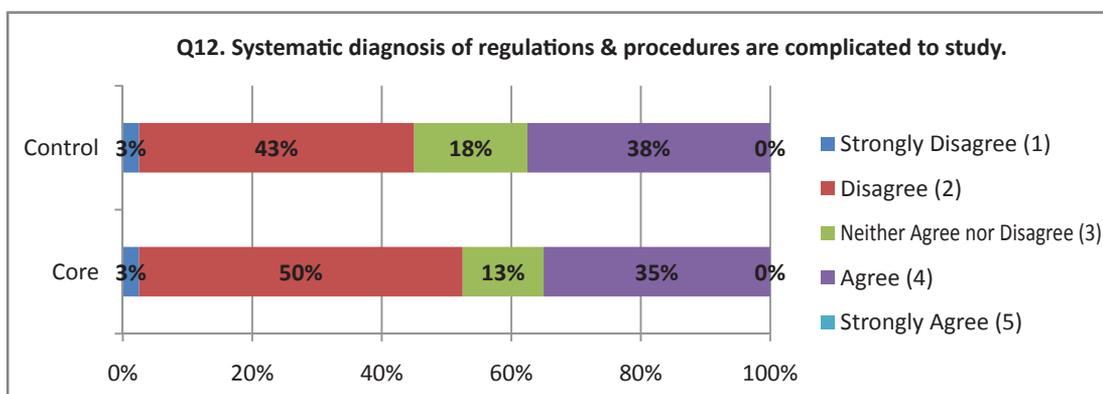
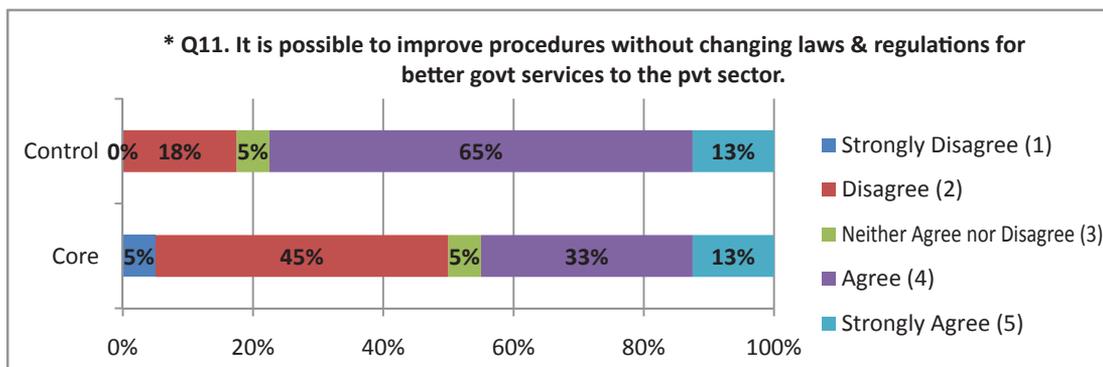
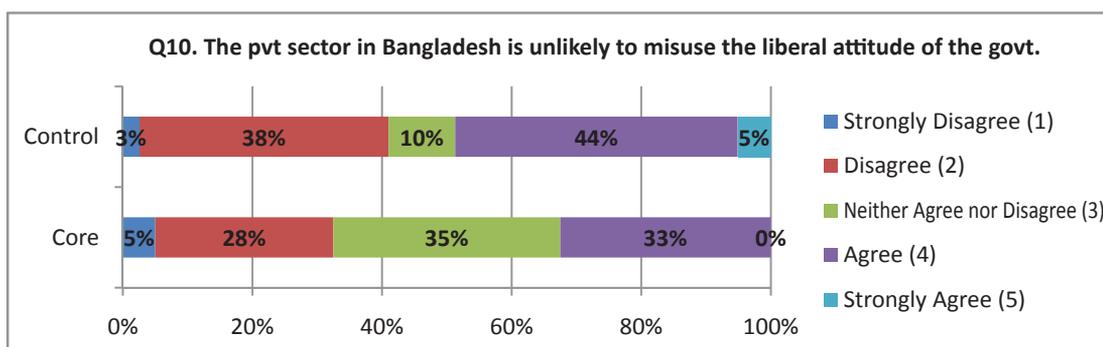
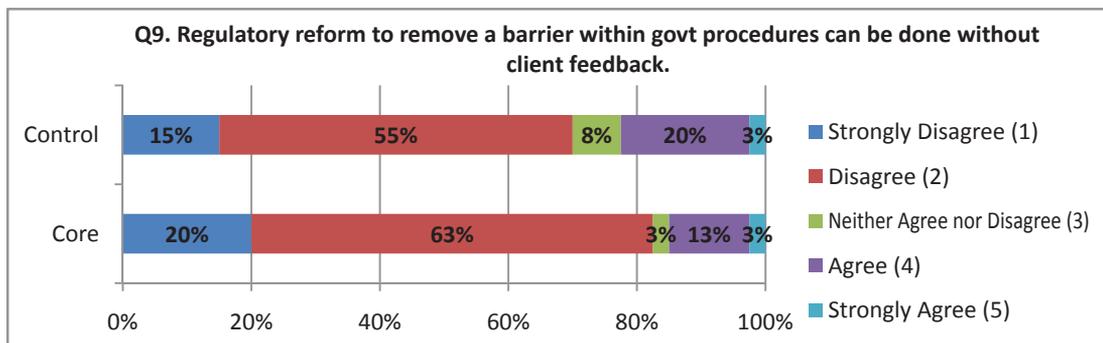
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|          | Core    | 24                | 10       | 1                          | 2     | 3              | 0       |
| Q2       | Control | 1                 | 6        | 7                          | 16    | 6              | 4       |
|          | Core    | 1                 | 5        | 10                         | 18    | 5              | 1       |
| Q3*      | Control | 1                 | 5        | 2                          | 25    | 7              | 0       |
|          | Core    | 0                 | 2        | 1                          | 22    | 14             | 1       |
| Q4       | Control | 0                 | 10       | 4                          | 23    | 2              | 1       |
|          | Core    | 0                 | 7        | 7                          | 19    | 7              | 0       |
| Q5       | Control | 2                 | 12       | 7                          | 17    | 1              | 1       |
|          | Core    | 0                 | 9        | 9                          | 18    | 4              | 0       |
| Q6       | Control | 1                 | 16       | 3                          | 12    | 6              | 2       |
|          | Core    | 2                 | 14       | 4                          | 14    | 6              | 0       |
| Q7       | Control | 0                 | 17       | 5                          | 10    | 6              | 2       |
|          | Core    | 3                 | 20       | 4                          | 8     | 4              | 1       |
| Q8       | Control | 3                 | 8        | 3                          | 19    | 7              | 0       |
|          | Core    | 1                 | 4        | 6                          | 17    | 12             | 0       |
| Q9       | Control | 6                 | 22       | 3                          | 8     | 1              | 0       |
|          | Core    | 8                 | 25       | 1                          | 5     | 1              | 0       |
| Q10      | Control | 1                 | 15       | 4                          | 17    | 2              | 1       |
|          | Core    | 2                 | 11       | 14                         | 13    | 0              | 0       |
| Q11*     | Control | 0                 | 7        | 2                          | 26    | 5              | 0       |
|          | Core    | 2                 | 18       | 2                          | 13    | 5              | 0       |
| Q12      | Control | 1                 | 17       | 7                          | 15    | 0              | 0       |
|          | Core    | 1                 | 20       | 5                          | 14    | 0              | 0       |
| Q13      | Control | 8                 | 28       | 0                          | 4     | 0              | 0       |
|          | Core    | 12                | 26       | 2                          | 0     | 0              | 0       |
| Q14*     | Control | 0                 | 1        | 2                          | 29    | 8              | 0       |
|          | Core    | 0                 | 0        | 0                          | 26    | 14             | 0       |
| Q15*     | Control | 2                 | 2        | 8                          | 22    | 3              | 3       |
|          | Core    | 0                 | 1        | 7                          | 20    | 12             | 0       |
| Q16      | Control | 4                 | 12       | 4                          | 9     | 9              | 2       |
|          | Core    | 0                 | 13       | 6                          | 17    | 4              | 0       |
| Q17      | Control | 1                 | 6        | 9                          | 21    | 3              | 0       |
|          | Core    | 0                 | 7        | 11                         | 20    | 2              | 0       |
| Q18*     | Control | 1                 | 12       | 4                          | 21    | 2              | 0       |
|          | Core    | 0                 | 2        | 2                          | 30    | 5              | 1       |
| Q19      | Control | 8                 | 18       | 6                          | 7     | 0              | 1       |
|          | Core    | 6                 | 25       | 1                          | 7     | 1              | 0       |
| Q20*     | Control | 3                 | 14       | 8                          | 12    | 1              | 2       |
|          | Core    | 3                 | 29       | 3                          | 5     | 0              | 0       |
| Q21      | Control | 3                 | 20       | 7                          | 10    | 0              | 0       |
|          | Core    | 2                 | 16       | 6                          | 16    | 0              | 0       |
| Q22*     | Control | 2                 | 11       | 6                          | 17    | 3              | 1       |
|          | Core    | 2                 | 22       | 2                          | 14    | 0              | 0       |
| Q23      | Control | 9                 | 26       | 1                          | 3     | 1              | 0       |
|          | Core    | 9                 | 29       | 0                          | 2     | 0              | 0       |
| Q24      | Control | 4                 | 11       | 6                          | 18    | 1              | 0       |
|          | Core    | 1                 | 18       | 4                          | 17    | 0              | 0       |

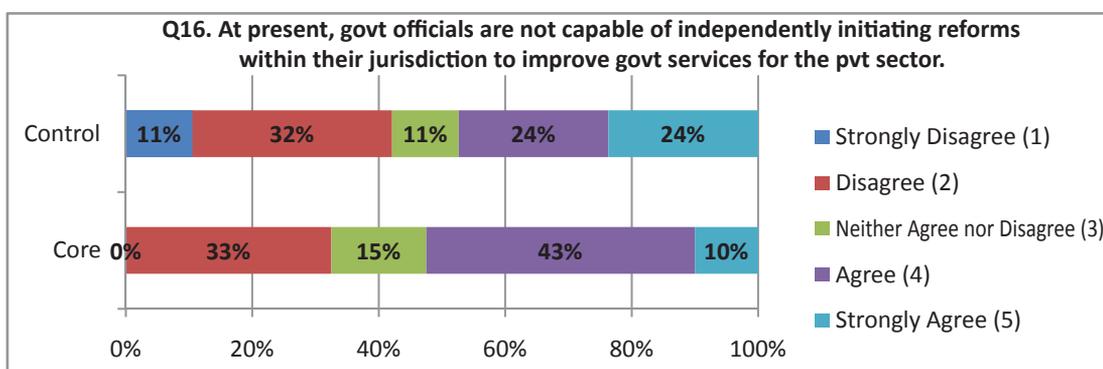
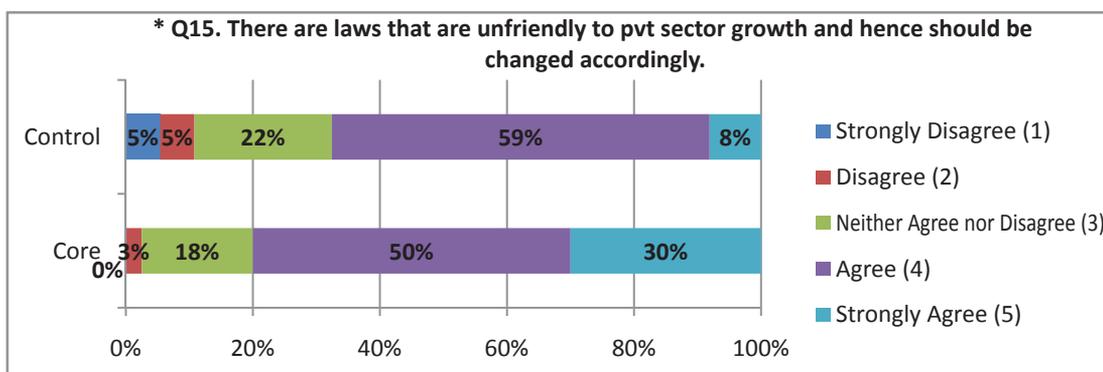
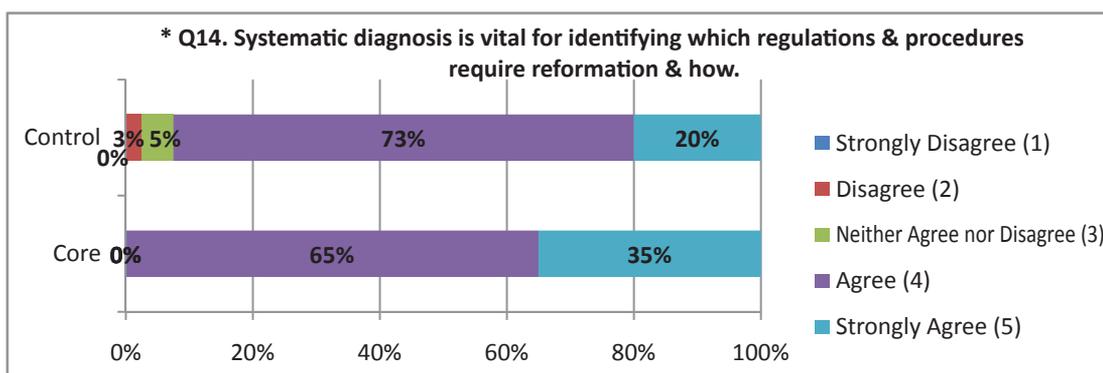
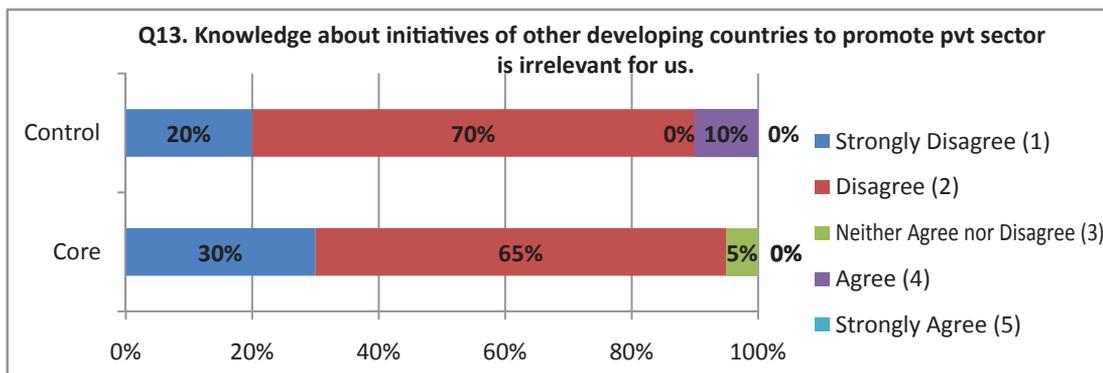
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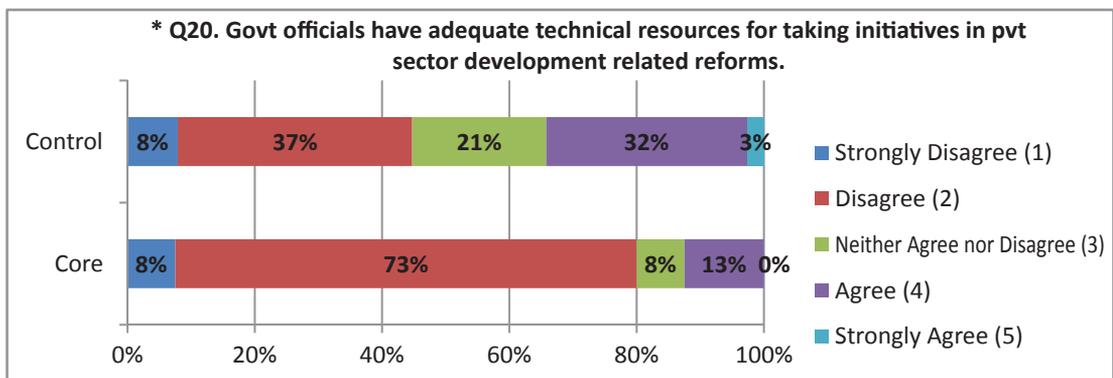
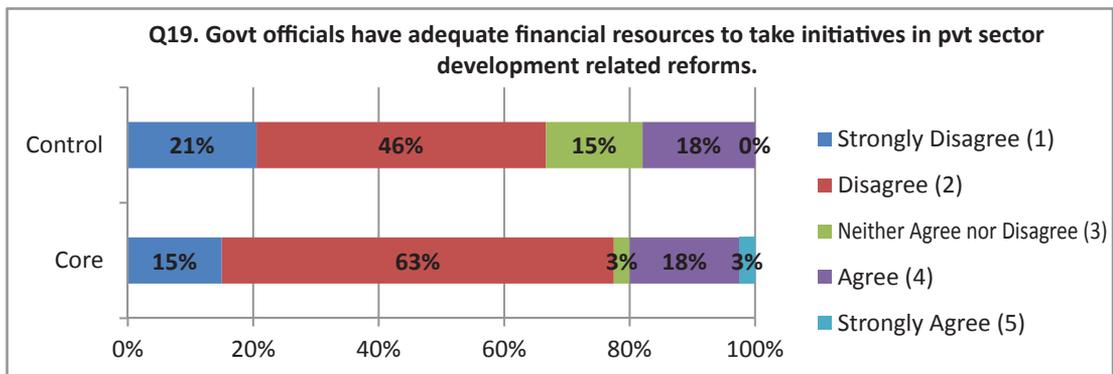
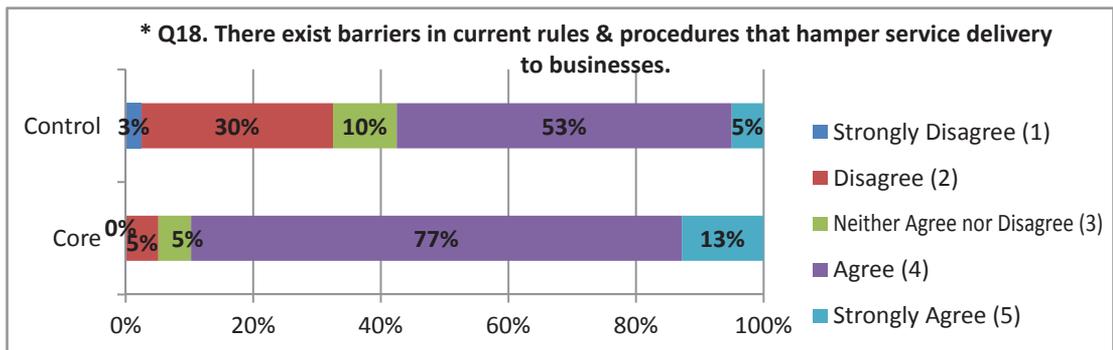
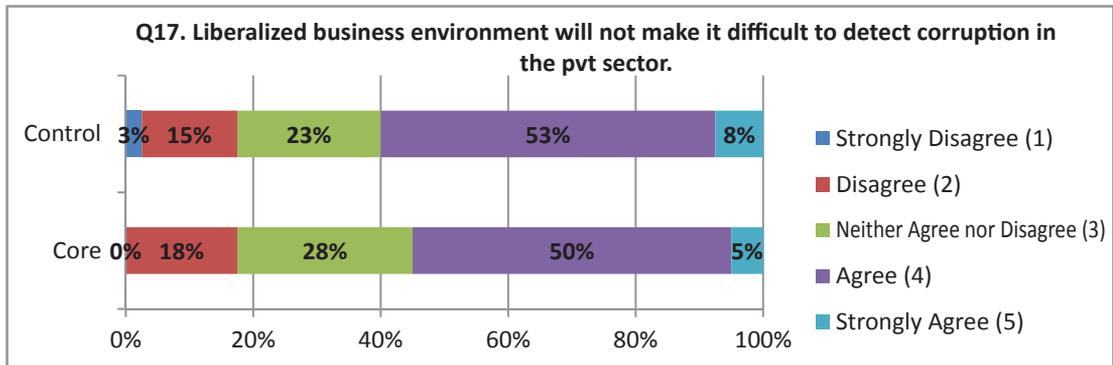
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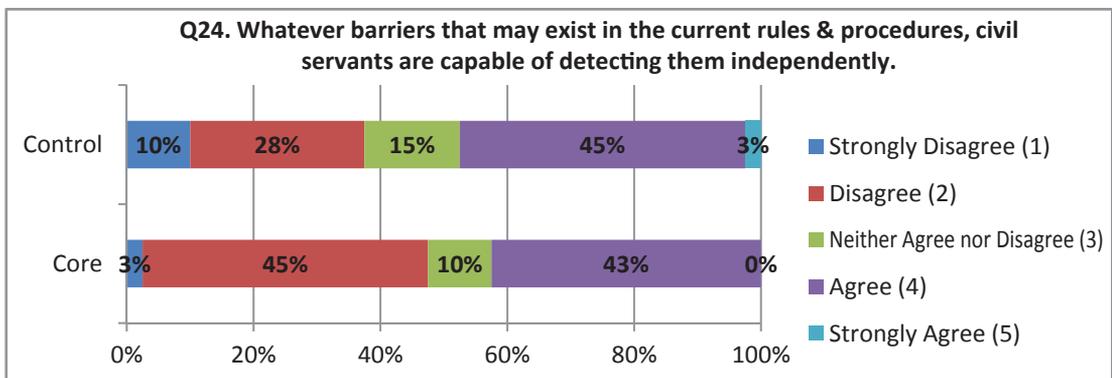
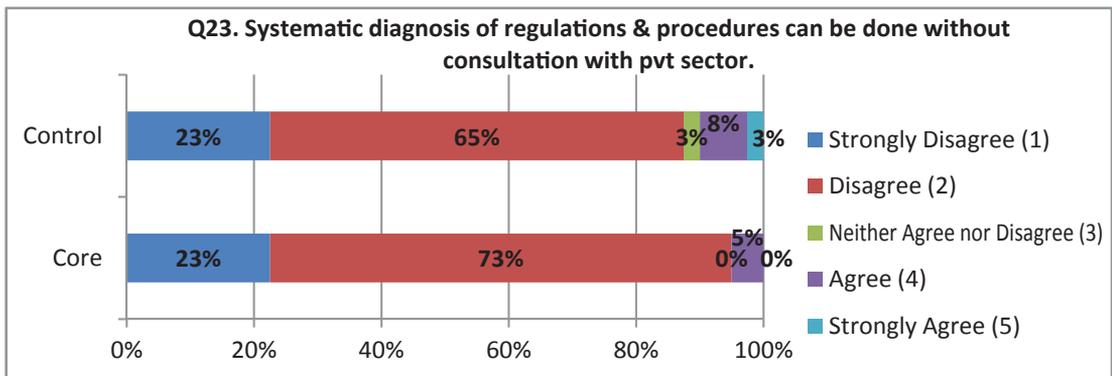
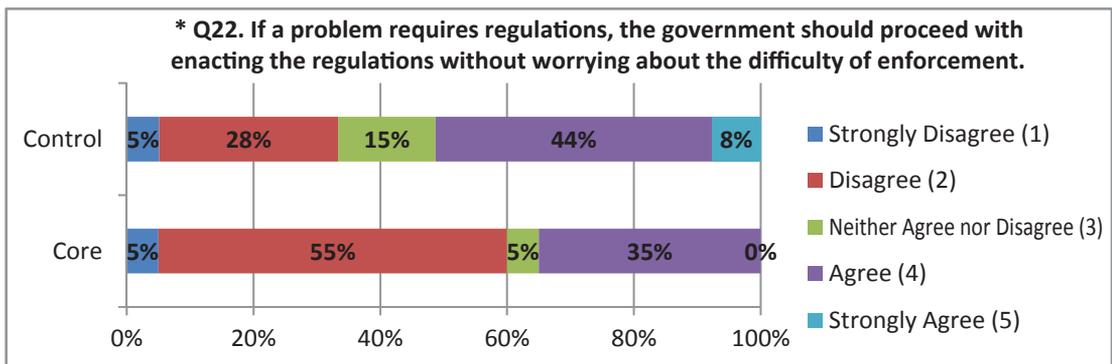
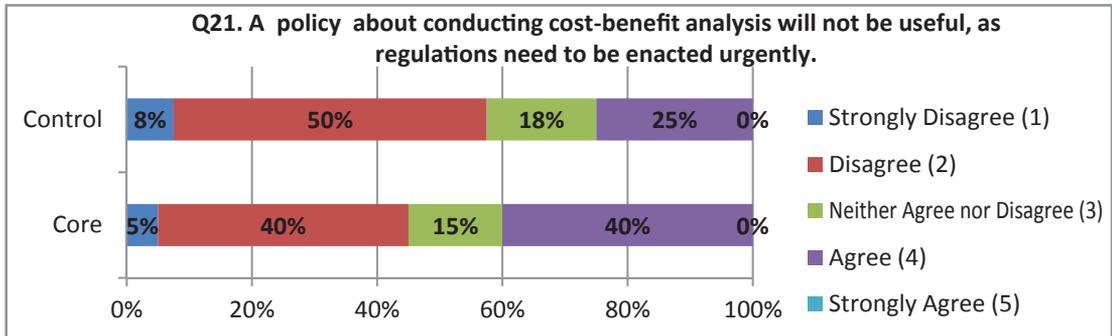












# ANNEX 8

## SURVEY QUESTIONNAIRE

**SURVEY TO ANALYZE SITUATION OF PRIVATE SECTOR DEVELOPMENT FROM THE PERSPECTIVE OF THE GOVERNMENT OFFICIALS**

***IMPORTANT: DO NOT ASK QUESTIONS FROM THIS PAGE. FILL IN THIS PAGE FROM OFFICE RECORDS***

SL.....:

NAME OF RESPONDENT.....:

DESIGNATION.....:

MINISTRY/DEPARTMENT/OFFICE.....:

CONTACT TELEPHONE.....:

GENDER OF RESPONDENT.....:

HIGHEST EDUCATION OF RESPONDENT.....:

YEARS IN GOVERNMENT SERVICE.....:

YEARS IN PRIVATE SECTOR RELATED MINISTRY.....:

NAME OF INTERVIEWER.....:

DATE OF INTERVIEW.....:

SIGNATURE OF INTERVIEWER.....:

**SPACE FOR OFFICE USE:**

RECEIVED BY:

DATE & TIME:

BACKCHECK BY:

DATE & TIME:

BACK CHECK COMMENTS:

STATUS AFTER BACK CHECK: ACCEPTED      NOT ACCEPTED

| Sl. | Statements   | Strongly Disagree        | Disagree                 | Neither Agree Nor Disagree | Agree                    | Strongly Agree           | What 'Agree' or 'Strongly Agree' Indicate |
|-----|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|---|
| 1.  | Government officials do not need to consult private sector for understanding what is needed for private sector development.                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 2.  | The private sector in Bangladesh needs to be regulated strictly.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 3.  | In Bangladesh, there are opportunities to take actions within the government for making reforms aimed at private sector led growth.                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 4.  | To remove barrier in a government service delivery process, the concerned officials should change the process first, and then conduct a cost-benefit analysis. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 5.  | Liberalization of regulations for the private sector will not have adverse effects.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 6.  | Systematic diagnostic work for reform is useless since decisions on reform are taken on political or such considerations.                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 7.  | Practically, it is risky for the government officers to initiate reform in favor of private sector.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 8.  | If given more motivation and incentives, Government officials would take more initiative in favor of private sector than they currently do.                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |

| Sl. | Statements   | Strongly Disagree        | Disagree                 | Neither Agree Nor Disagree | Agree                    | Strongly Agree           | What 'Agree' or 'Strongly Agree' Indicate |
|-----|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|---|
| 9.  | Regulatory reform to remove a barrier within government procedures can be done without client feedback.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 10. | The private sector in Bangladesh is unlikely to misuse the liberal attitude of the government.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 11. | It is possible to improve procedures without changing laws and regulations for better government services to the private sector.                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 12. | Systematic diagnosis of regulations and procedures are complicated to study.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 13. | Knowledge about initiatives of other developing countries to promote private sector is irrelevant for us.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 14. | Systematic diagnosis is vital for identifying which regulations and procedures require reformation and how.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 15. | There are laws that are unfriendly to private sector growth and hence should be changed accordingly.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 16. | At present, government officials are not capable of independently initiating reforms within their jurisdiction to improve govt. services for the private sector. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |

| Sl. | Statements   | Strongly Disagree        | Disagree                 | Neither Agree Nor Disagree | Agree                    | Strongly Agree           | What 'Agree' or 'Strongly Agree' Indicate |
|-----|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|---|
| 17. | Liberalized business environment will not make it difficult to detect corruption in the private sector.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 18. | There exist barriers in current rules and procedures that hamper service delivery to businesses.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 19. | Government officials have adequate financial resources to take initiatives in private sector development related reforms                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 20. | Government officials have adequate technical resources for taking initiatives in private sector development related reforms.                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | POSITIVE                                  |
| 21. | A policy about conducting cost-benefit analysis will not be useful, as regulations need to be enacted urgently.                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 22. | If a problem requires regulations, the government should proceed with enacting the regulations without worrying about the difficulty of enforcement. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 23. | Systematic diagnosis of regulations and procedures can be done without consultation with private sector.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |
| 24. | Whatever barriers that may exist in the current rules and procedures, civil servants are capable of detecting them independently.                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | NEGATIVE                                  |

## ANNEX 9

### POPULATION SIZE (Control Group)

| Government Agency                                     | Senior Assistant Secretary | Deputy Secretary | Joint Secretary |
|---|----------------------------|------------------|-----------------|
| Ministry of Land                                      | 8                          | 17               | 7               |
| Ministry of Commerce                                  | 5                          | 34               | 6               |
| Ministry of Industries                                | 5                          | 21               | 9               |
| Ministry of Home Affairs                              | 13                         | 20               | 12              |
| Ministry of Communication                             | 0                          | 1                | 0               |
| Ministry of Public Administration                     | 194                        | 123              | 60              |
| Local Government Division                             | 10                         | 24               | 9               |
| Finance Division                                      | 30                         | 35               | 13              |
| Ministry of Education                                 | 10                         | 22               | 6               |
| Ministry of Primary & Mass Education                  | 5                          | 6                | 6               |
| Planning Division                                     | 8                          | 8                | 1               |
| Parjatan Corporation                                  | 0                          | 2                | 4               |
| Cabinet Division                                      | 17                         | 17               | 6               |
| Ministry of Expatriates Welfare & Overseas Employment | 7                          | 7                | 5               |
| Bangladesh Public Service Commission                  | 8                          | 8                | 2               |
| Ministry of Health & Family Welfare                   | 13                         | 31               | 7               |
| BIAM Foundation                                       | 4                          | 6                | 0               |
| Economic Relations Division                           | 8                          | 24               | 11              |
| Board of Investment                                   | 6                          | 12               | 3               |
| Ministry of Law, Justice & Parliamentary Affairs      | 3                          | 2                | 0               |
| Bangladesh Export Processing Zones Authority          | 0                          | 1                | 2               |
| <b>Total</b>  | <b>354</b>                 | <b>421</b>       | <b>169</b>      |
| <b>Subtotal</b>                                       |                            | <b>944</b>       |                 |

# ANNEX 10

## FOCUS GROUP DISCUSSION NOTES

### FOCUS GROUP DISCUSSION 1 (Core Group)

**Date:** 19 February, 2012

**FGD Participants:** 3 core group members, Syed Estem Dadul Islam and Rotbah Nitia from IFC as observers, and Chowdhury Golam Kibria acting as the moderator.

**Venue:** Purbani Hotel in Dhaka

#### 1) Economic growth from Private Sector Development

- One of the respondents (who has been involved with the Finance Division at the Ministry of Finance since 2008) expressed that the role of the private sector is very important in the economic development of the country. Every year there are large amount of funds earmarked in the finance bill particularly targeted towards private sector development.

#### 2) Roles and responsibilities of government for improved private sector growth

- There exists a gap between the public and private sectors and the government is working to narrow down this gap.
- The current scenario is that the government usually does not invite the private sector in policy making process. It would be helpful if the government could build/support a platform which will make it more convenient for public-private dialogue (PPD) to progress and also encourage policy makers to take the private sector into consideration for further development. For establishing such a platform, there needs to be an institutional framework for PPD, like the Bangladesh Business Development Forum, which enabled such a dialogue to take place. The democratic government should re-start or re-vamp the whole PPD and initiate PPD through a proper forum and IFC should advocate for this.
- “There is a large difference between those who have received the training and those who did not. The mindsets of trainees have changed significantly. They are more liberal.” However, the same respondent added that things are still done in a traditional manner. For instance, ICT is not prominent in government departments and offices outside of Dhaka. Most civil servants’ offices do not have access to the internet, nor do they have any ICT-based technology. He suggested that there should be websites for the local government e.g. at the union parishad level. To make this happen the ICT sector needs to be developed further and technical competency of government officials need to be improved.

### 3) Roles and responsibilities of bureaucrats in private sector growth

- One of the core group members said: “The private sector in this country is not in a position to play their actual role. They are a bit negligent and reluctant towards taking up more responsibilities, especially when it comes to compliance.” This is why, he explained, it is necessary to have regular interventions to stimulate private sector growth. In addition, roles of private enterprises/entrepreneurs need to be improved. They should be more involved in regulation change and reform decisions. What is really needed for PSD are changes that will encourage entrepreneurs.
- Another respondent who has been involved in Regulatory Reform Commission (RRC) since 2008 believes that the capacity and potential of private sector is enormous but they are often throttled due to improper practices and existing bottlenecks. He cited the following example: In Chittagong, they are facing problems of double taxation in the VAT area. Importers pay VAT once on imported raw materials, and then VAT is imposed on the same raw materials again when they are being released into the market. Thus, if you want to improve capabilities of the private sector, there needs to be changes in existing rules and regulations to be made more business friendly.
- “The main change from being part of the training program has been a change in mindset. Being involved in RRC has been eye opening and it taught us what is needed for Bangladesh’s PSD. The way we think has changed completely when it comes to PSD,” said one of the FGD participants.
- Another respondent’s comment was: “Bangladesh is an agrarian society/economy. Employment generation is vastly necessary to meet the need of the growing population and the industrial sector has the capacity to generate jobs. Therefore, more focus should be directed at the industrial sector and PSD because there is a large scope in this sector. It is important to create business friendly/enabling environment; but it is easier said than done. All over Bangladesh there are many examples of how the industrial sector has created jobs and improved the living standard of the population of that area (for instance, domestic companies like RFL, ECONO, BENGAL, and ready-made garments sector). One example is that of BRB Cables in Kushtia which provides employment to 6,000 people; paid over Tk 3.5 crore in taxes, out of total tax revenue of Tk 170 crore, to the government; and are exporting to 70-80 nations worldwide.”
- “Another example where there was initiative, but it was insufficient was in north Bengal where infrastructure has been developed but due to lack of energy supply, these infrastructure cannot be utilized. One of the most important things that the government can provide to boost the PSD is ensuring supply of energy,” said another respondent at

the FGD. He added, "Energy is an important component of PSD. Private sector has the capability but government needs to do more to ensure that this capacity is optimized."

- One of the discussers opined that existing rules and regulations are not entirely PSD enabling due to many factors. For instance, it has not been easy to take initiatives while the caretaker government was in power before and then now with the official ruling party in power. PSD is not only dependent on changes in rules etc. but also depends on certain infrastructure availability and other support services. However, those that received the training have had a significant shift in their mindset, he said. As an example he cited a public private partnership initiative undertaken in Comilla. The Comilla City Corporation collaborated with a private service provider for the disposal of chemical waste. This PPP was initiated by another core group member who was not present at the FGD, the participant said. He further added, "There is huge scope for the government to work in partnership with the private sector for service delivery to both citizens and other members/bodies within the private sector. The government has the potential to involve huge manpower through outsourcing and large budget expenditure. But it is not utilized efficiently often due to the lack of capacity of civil servants."
- One of the respondents said, "There is not enough motivation from the government to deal with PSD challenges or how to overcome the problems. Support to the private sector needs to be extended and work should be done through PPP. However, the government wants to have control over the private sector. Most government officials think that the private sector cannot deliver healthy growth as it is very profit oriented."
- Another person said he disagreed. He said that there's a whole Government initiative taken through the PMO. This is through the Digital Bangladesh which is PM's initiative. This is primarily focused on PSD – especially through the finance ministry to increase GDP.
- Outside of the core group, people have taken initiatives but it was a very small effort. It is difficult to get things done effectively by an individual government official. He further stated, "I can't work alone. There is need for teamwork."
- Another respondent shared a personal example of mind set change due to involvement with the core group: He said Bangladesh has a huge scope for tourism. A new trend of time-sharing has emerged at Cox's Bazaar. An entrepreneur buys a land for Tk 5 crore and constructs apartments which are sold. Due to management problems of the building, a time share is created where the owners receive rent for 9 months and get to reside in the apartment for 3 months. However, the stamp fee for registering the apartments is very high and the process is very slow and cumbersome. In general, it takes the owner 3 years

to receive title deeds from the registration department. I made an appeal for changing the procedure. He expressed that if he had not received the training, he would not have pushed this issue forward to bring about reform. But the training has changed him. He said, "I personally visited Cox's Bazaar for a family holiday with a learning focus. Once there, I realized it is a booming business and the general people are very interested in buying the apartments. I petitioned with the honorable Law Minister, Barrister Shafique Ahmed, to change the registration process. I suggested that software be developed for faster registration." He thought this might increase the government fee but however will not affect the flow of registration. On top of that, he suggested that there should be a workshop conducted by IT experts to teach with civil servants the new streamlined registration procedure.

#### **4) Feedback on the Training Program**

- Effectiveness ranking by participants of the FGD:
  - 1) the field visits of both private sector and public sector (both inside and outside the country),
  - 2) seminars with resourceful persons,
  - 3) and all other events
  
- Suggestions and Recommendations:
  - 1) Suggesting that there should be continuous follow-up, another participant said an alumni group should be created which will meet quarterly to discuss and identify challenges and resolution ideas.
  - 2) Many recommendations were made to the government through the training program and many proposals are still pending – and no one has followed up on those. There should be a mechanism in place to follow up with those.
  - 3) Future development of program should ensure that relevant stakeholders are involved along with relevant government departments/ministries. This should be a continuous process. A feedback mechanism should be installed as well.
  - 4) The training which was disseminated should be a government initiative so that all civil servants go through such training.
  - 5) No other initiatives were undertaken before or after the RRCG – and the training was very different from other training programs. However, a lot of focus needs to be given to the ICT sector.
  - 6) A lot of civil servants get transferred out of their offices and departments and not all departments work in the business line. It would be very helpful if the training was provided to those civil servants who remain within departments that contribute to PSD.

## FOCUS GROUP DISCUSSION 2 (Core Group)

**Date:** 20 February, 2012

**FGD Participants:** 7 core group members, Rotbah Nitia from IFC as observer, and Chowdhury Golam Kibria acted as the moderator.

**Venue:** Purbani Hotel in Dhaka

### 1) Roles and responsibilities of the government for improved private sector growth

- “There are some laws of the country that are quite old and not applicable in today’s context. These need to be reformed,” said one of the respondents at the discussion.
- Another opined that public private partnership (PPP) has been much talked about but it is yet to take shape in reality. There needs to be more PPP for Bangladesh to reach the level of middle income country, he said.
- One of the FGD participants said: “Through the core group project there has been some significant changes in attitude. It allowed one to think outside the box or the confinement of the established rules and regulations. As a result of the training, there have been various initiatives to involve the private sector in various departments. For example, the Bangladesh passport office hired the services of a private company. This was a good initiative as considerable amount of time and money would have had to be spent if civil servants were to be trained or new bureaucrats were to be hired. There is a niche for private companies to cater to the services of various government departments and hence scope for PPP. But the lack of trust between the private and the public sectors have become a cause of hindrance for PPP.” “The Regulatory Reform Core Group participants try to use the training in their daily tasks,” the participant added.
- There is a lack of trust between the public and private sector. It seems as though the private sector has a preconceived notion that government processes are unnecessarily bureaucratic/tedious and will get delayed (due to going from desk to desk or getting harassed). Private sector does not give proper thought or respect to rules and regulations – they are too focused on getting the job done in whatever means possible. The private sector needs to understand proper procurement procedures and should not always expect a one-stop service everywhere they go. There should be a change in the mind set from the private sector’s end as well, expressed one of the core group members. However, many participants also felt that the government needs to be monitored severely.

- Some FGD participants thought that the training that was received as part of the RRC should be part of the early training mid-level officials should be given early on their careers. Some FGD participants stated that government officials do not have much scope to take any initiatives, while others argued that there is scope.

## **2) Roles and responsibilities of bureaucrats for improved private sector growth**

- One of the respondents cited the example of the Total Literacy Movement (TLM) project by the Ministry of Education. Under this project, BRAC started 33 schools focused on providing primary education to children. BRAC hired teachers who have completed up to 8th grade and provided them with rigorous teachers' training. These trained teachers have been teaching for many years and have performed extremely well; as evidenced by the number of students who received distinction in the national board examinations. The agreement with the government was such that BRAC and other NGOs will take up the initiative and bear its full cost for the first 3 years. After 3 years of successful programming, the government will repay/reimburse 50% of the total cost. However, after the NGOs ran the schools for more than 3 years and requested repayment, the government refused to pay and instead proposed to take over the institutions and turn them to government schools. One of the reasons behind the government's refusal was because the teachers did not meet the minimum educational qualifications stipulated in rules and regulations. As per law, teachers must have passed at least HSC examinations to qualify to become government school teachers. Therefore, the government refused to acknowledge the work experience gained by these grade 8-passed teachers which they have acquired over the course of more than a decade. For the same reason, the government refused to pay their remuneration. The participant, who was narrating the incident, took the initiative as part of a team member involved in the investigation of the TLM program. He proposed to the Education Ministry to allow BRAC to continue to manage the school and pay 50% of the operation costs as agreed upon before. As solutions to the BRAC problem, the discussor suggested that discretionary bills can be submitted towards the budget in order for BRAC to have access to the funds. Amendments can also be made to current rules and regulations to address this problem. The participant's department has been campaigning for BRAC and has held several meetings and discussion at higher ministry level.

Citing the BRAC example, the respondent said that the government, at times, seems to ignore obvious benefits that can be lost by sticking to certain rules and regulations. In fact, government officials do not even make the effort to propose changes even if there are avenues available, such as the case of BRAC.

The core group members further stated that similar examples are available widely but most mid-level officials refuse to take any action out of fear, change, and responsibility. He said that government officials have the mind-set that they cannot and will not be successful in bringing about change.

- One of the respondents said, “The government has always been blamed for corruption but corruption largely exists within the private sector as well. In addition, such corruption is particularly encouraged during interaction between the government and private sector.” Therefore, there is a need for change in attitude and mind-set of the private sector as well as government officials and the policy makers. There is a certain chain of command that needs to be followed by the private sector but they often try to wriggle an easy way out of such procedures, he added. The government should not be too liberal in their policy towards the private sector – there should be a good degree of control over their activities
- Development can take many forms but to measure development in terms of per capita income does not seem to be a suitable indicator. It should be the number of people who have been elevated from poverty. Reduction in poverty should be the main target. The nation’s progress should not be linked to per capita income.
- No country has been able to progress without the help of the private sector and there needs to be a change in mind-set to allow successful PPP, for instance in construction. Policy have been actively designed to allow private sector to flourish and also encourage PPP but there has been very little implementation of these. However, there are some cases. For instance, the Export Promotion Bureau (EPB) works with producers, manufacturers and exporters to understand their needs and accordingly suggest policy changes that will promote private sector growth.

### **3) Feedback on the training program**

- One respondent opined that the field visit component of the RRC training was highly effective as it assisted in better understanding of the private sector. The visit to South Korea was particularly useful as it taught a lesson on how dedication towards ones work is reflected in the provision of good services to the private sector. Furthermore, the discussor said the training component on how to develop a work plan and identify ways in which challenges and solutions can be identified was also very instructive.
- Challenges faced during the training:
  - ❖ One of the challenges faced during the course of the training is that there was little background provided initially on the type of training it is.
  - ❖ Another challenge was that many participants were compelled to participate by their then superiors and did not have a choice.
  - ❖ In addition, a lot of the training took place after office hours and during weekends. Therefore, the training became tough to handle on top of regular work duties as it left

very little time for personal use. Participants suggested that next time the training should be made residential.

- ❖ Once the participants were nominated, there was little communication between IFC and the superiors of the participating mid-level officials. This, at times, made it difficult to attend various events by the trainees.
- One of the discussers mentioned that there was no follow-up post training and no initiative was undertaken by IFC (that the trainees know of) to find out what happened to their recommendations from the group work. He suggested that there should have been proper M&E and follow up after the RRC training. At the time of the FGD many participants expressed doubt about how much has happened since the training. The government officials were also inquisitive about the current status of their recommendations. Several made requests for more follow-up post training as there seem to have been little sustainability. Others made suggestions for a refresher course to be developed for those who are interested.
- In the future, the program can be improved by bringing in various levels of stakeholders like mid and senior level officials from the same departments, policy makers, local politicians, private sectors and various government service providing institutions to ensure all levels of involvement and collaboration.
- It was suggested that the group work be results oriented with mandatory pressure to follow up and measure impacts – a suggestion was made that is an alumni meeting is scheduled, then each group be asked to communicate amongst each other and conduct research to develop a presentation on their group work conducted during the course of the training which involved making recommendations towards various government institutes.
- A strong agreement in general was made towards having a form of alumni platform because they are now on a similar level of mind-set. They believed that having an alumni platform will allow for solidarity and support towards each other.
- The main changes that RRC has brought about in the participants is thinking of ways to accelerate service delivery without breaking laws and the courage to stand up and own up to an initiative.
- There were many programs that the RRC worked with like the BSTI, Trademark-related and foreign exchange initiatives. The participants thought that more follow up should be done on them prior to alumni meeting.

## **FOCUS GROUP DISCUSSION 3 (Control Group)**

**Date:** 27 February, 2012

**FGD Participants:** Chowdhury Golam Kibria acted as the moderator, and several control group government officials

**Venue:** Purbani Hotel in Dhaka

### **1) Economic growth from private sector development**

- After independence of our country, during the 70s and the 80s, it can be seen that the private sectors of our country has been developing. This is due to the belief that the government has been taking many steps for the private sector which is facilitating the private sectors for their development. Thus it can be implied that within the near future our country might go to a mid-income level. However, though per capita income Bangladesh may reach mid-income level, but fair distribution of income for all may not be in place. For example, the ready-made garments industry, which is growing well, gets many subsidies from the government but give very low wages to its workers.

### **2) Roles and responsibilities of the government & bureaucrats for improved private sector growth**

- At first the government should begin to trust the private sectors and supply them with facilities (e.g. roads, energy, etc.) in order to assist them in the development of the country. In addition, gas subsidy, tax holiday, loans, etc should also be supplied to the private sector by government.
- One of the discussers said that in conjunction with Public Private Partnership (PPP), the government should design and enforce policies to help the private sector flourish. It is the responsibility of the government to take care of the private sector. However, business start-up licenses, VAT registration and many other legal registrations are required for businesses which cause harassment and waste of money and results in innovative businesses not advancing enough. On the other hand, another respondent argued that the private sector is quite innovative and is somewhat adept at overcoming such problematic situations.
- One of the respondents thought that the public sector should only work in those sectors which are beyond the ability of the private sector. The work should be supplementary instead of being parallel. However, the official opined that even in those sectors which are

monopolized by the public sector, the government has encouraged the private sectors to work for the development of economic growth. For example, telecommunication, railway (limited), domestic air travel, etc.

- “We are far away from CSR (Corporate Social Responsibility) and need to earmark this sector,” said one respondent.
- “The economic development of our country is measured in terms of per capita income which should not be the case due to factors/indicators like poverty, export and resource,” said another FGD participant.
- The public should be more concerned with the type of facility they want. As in whether a good/normal one with small amount of money or a luxurious five star one with a lot of money. For example the public hospitals are serving patients with minimum charge whereas private hospitals are charging large amount of money for too much of luxurious five star facilities.
- The government should make the private sector competitive so that the nation/public can get better facilities/services. This would lead to more focus on research and development.
- One of the FGD participants said: The main motive/goal of both the public and private sectors should be serving the nation. However, the private sectors give more importance to profit rather than the nation. The private sector provides many facilities/services but they consume the public’s money to make these profits. Thus, this phenomenon must be monitored by the Government.

Along the same lines another respondent said that the private sector does not give proper thought or respect to government rules and regulation. It can be observed that the private sector has a tendency of breaking laws. For example, in case of transportation whenever the government places restriction on bus fares, bus owners do not abide by it. Instead they call for strikes and further disrupt the situation. Another respondent cited the example of agricultural sector which he claimed was adulterated as the private sector is supplying the farmers with bad seeds and fertilizers. Therefore it is important for the government to monitor these.

- Tax is imposed on the private sectors by the government. However, private sector bears these taxes by charging extra on the public. Hence the public becomes the unnecessary victim.

- Despite all of the benefits of liberalization, the government should not be too liberal with private sectors, bureaucrats or policy-makers. Because, for instance, if the telecommunication sector was not under control of BTCL, then the sector would have been corrupted. However, these steps are difficult to realize as over 60% of parliament members are businessmen.

### **3) Roles and responsibilities of bureaucrats for private sector growth**

- Complexities related to bureaucracy must be solved/taken care of by Govt.
- Although the Govt. possesses a lot of organization with a lot of responsibilities, it lacks accountability.
- “The job of ministry is to make policy not to monitor them. Autonomous bodies like commissions should be set up to monitor the private sector. However, level or strength of monitoring should not cross extremes. Both excess and lack of monitoring can disrupt the whole system.”
- One of the respondents said, “Our rules and regulation are relaxed but multi-stepped which makes the process very tough and monotonous.”

### **4) Recommendation for improving knowledge and skills of government officials to facilitate private sector growth?**

- By providing specific responsibility to mid-level officers.
- Advocacy, technical help, and dedication can help to overcome the problem.
- By developing IT sector
- Effective- co-ordination. Co-ordination is necessary in macro-level. Inter-department co-ordination is inadequate.
- Government bows down to the demands of too many departments.