People's Republic of Bangladesh
Prime Minister's Office
Bangladesh Investment Development Authority
Bangladesh Economic Zones Authority
Ministry of Industries

Project for Promoting Investment and Enhancing Industrial Competitiveness in the People's Republic of Bangladesh

Final Report

May 2022

Japan International Cooperation Agency (JICA)

Koei Research & Consulting Inc.
UNICO International Corporation
World Business Associates Co., Ltd.

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Preface

This is the final report of the Project for Promoting Investment and Enhancing Industrial Competitiveness, reporting the achieved outputs and details of the activities from May 2017, the start of the Project, to April 2022, the completion of the Project.

The content consists of activities by the three Components, describing the following three subjects for each conponent; 1) achieved outputs, 2) implemented activities and 3) lessons and recommendations. Also, common activities and lessons/ recommendations across components are described at the beginning.

Component 1: Investment/ Business Climate Improvement and Functional Strengthening of BIDA

Counterpart: Bangladesh Investment Development Authority (BIDA)

Component 2: Strengthening Economic Zone Operation

Counterpart: Bangladesh Economic Zone Authority (BEZA)

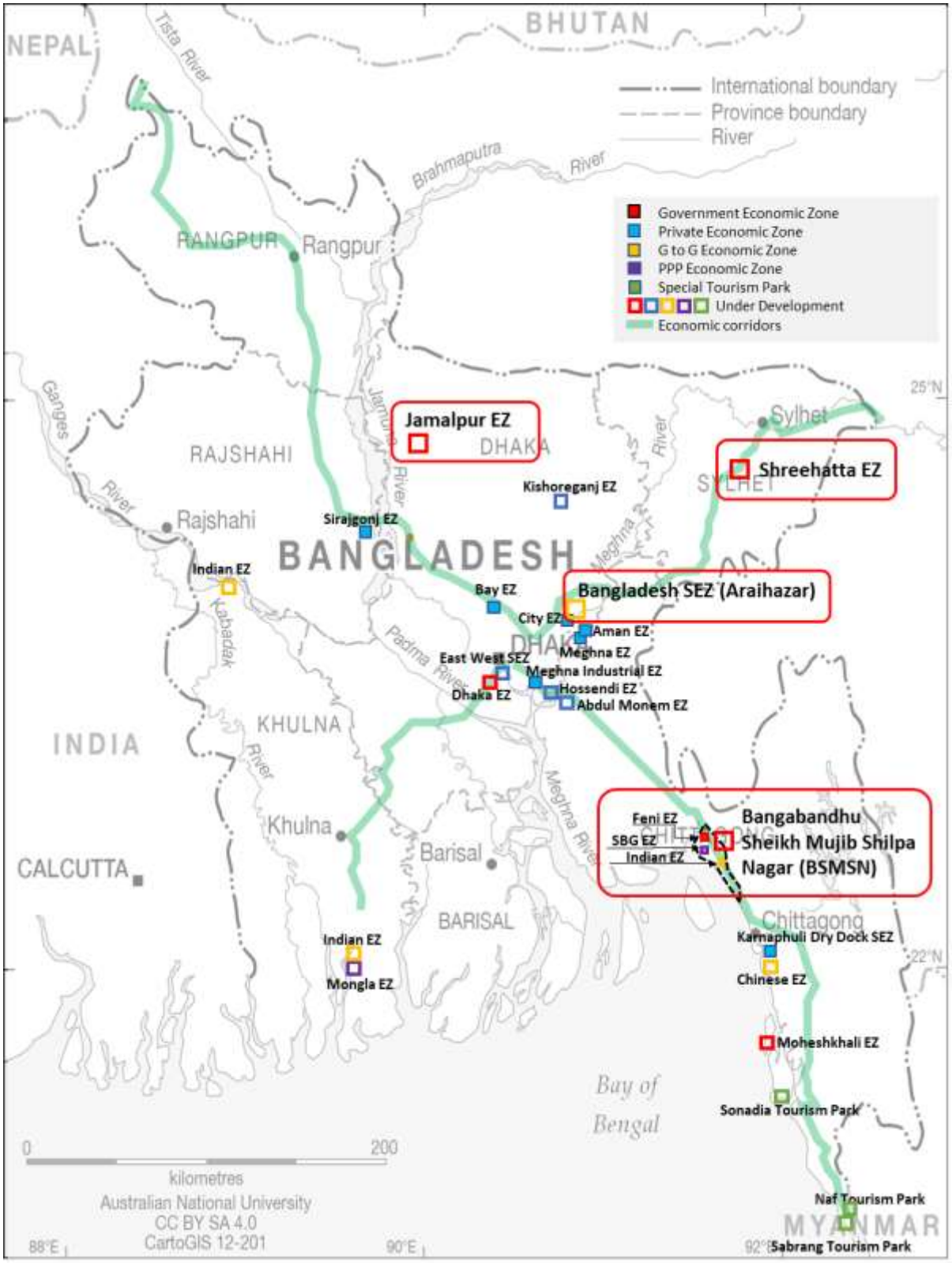
Component 3: Strengthening the Support System for Industry

Counterparts: Ministry of Industries (MOI), Bangladesh Industry and Technology Assistance Center (BITAC), Small and Medium Enterprises Foundation (SMEF)

The materials attached to the main report include the products produced and submitted during the above-mentioned reporting period. However, some attachement are in forms of separate volumes.

May 17, 2022

The JICA Project Team



Location of SEZs in Bangladesh

Project Activity Photos

Investment Promotion Webinar for Japanese Investors/ Presentation by BIDA (Component 1)

Handover of Investment Promotion Video to BIDA (Component 1)

Study Tour to Thailand Board of Investment (Component 1)

National Seminar on the Post-Covid Investment Promotion Strategy (Component 1)

Inauguration Ceremony of the One Stop Service Center of BEZA (Component 2)

BEZA One Stop Service Center Front Office (Component 2)

Joint-inspection upon the Factory-related Licensing along with the SOP (Component 2)

Bangabandhu Sheikh Mujib Shilpa Nagar (Component 2)

Model Line (*Before*) (Component 3)

Model Line (*After*) (Component 3)

Discussion by the Participants during the Study Tour to Thailand (Component 3)

Study Tour to Japan (Component 3)

Project for Promoting Investment and Enhancing Industrial Competitiveness
in the People's Republic of Bangladesh

Final Report

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List of Abbreviations

3S	:	Sort, Set in order, Shine
5S	:	Sort, Set in order, Shine, Standardize, Sustain
ACAMA	:	Automobiles Components & Accessories Manufacturer's Association
ADB	:	Asian Development Bank
ADR	:	Alternative Dispute Resolution
AOA	:	Articles of Association
AP	:	Action Plan
APA	:	Annual Performance Agreement
APO	:	Asia Productivity Organization
ASEAN	:	Association of South-East Asian Nations
ASYCUDA	:	Automated System for Customs Data
BB	:	Bangladesh Bank
BCS	:	Bangladesh Civil Service
BCSIR	:	Bangladesh Council of Scientific and Industrial Research
BDS	:	Business Development Service
BDT	:	Bangladesh Taka
BEIOA	:	Bangladesh Engineering Industry Owners Association
BEPZA	:	Bangladesh Export Processing Zones Authority
BERC	:	Bangladesh Energy Regulatory Commission
BEZA	:	Bangladesh Economic Zone Authority
BEZDP	:	Bangladesh Economic Zones Development Project
BIAC	:	Bangaldesh International Arbitration Center
BICF-2	:	Bangladesh Investment Climate Facility Phase 2
BIDA	:	Bangladesh Investment Development Authority
BIFFL	:	Bangladesh Infrastructure Finance Fund Limited
BIM	:	Bangladesh Institute of Management
BIPET	:	Bangladesh Institute of Plastic Engineering and Technology
BITAC	:	Bangladesh Industry & Technology Assistance Center
BMAMA	:	Bangladesh Motorcycle Assemblers & Manufacturers Association
BNBC	:	Bangladesh National Building Code
BoI	:	Board of Investment
BPDB	:	Bangladesh Power Development Board

BPGMEA	:	Bangladesh Plastic Goods Manufacturers & Exporters Association
BPHE	:	Department of Public Health Engineering
BR	:	Bangladesh Railway
BPR	:	Business Process Re-engineering
BREB	:	Bangladesh Rural Electrification Board
BSCIC	:	Bangladesh Small & Cottage Industries Corporation
BSEC	:	Bangladesh Security Exchange Commission
BSTI	:	Bangladesh Standard Inspection Institution
B-to-B	:	Business-to-Business
BUET	:	Bangladesh University of Engineering and Technology
BUILD	:	Business Initiative Leading Development
CAA	:	Civil Aviation Agency
CAD/CAM/CAE	:	Computer-Aided Design /Computer Aided Manufacturing /Computer Aided Engineering
CBC	:	Customs Bond Commisionerate
CBU	:	Complete Build-up Unit
CCIE	:	Office of the Chief Controller of Imports & Exports
CETP	:	Common Effluent Treatment Plant
CFC	:	Common Facility Center
CIDA	:	Canadian International Development Agency
CKD	:	Complete Knock Down
CNC	:	Computerized Numerical Control
COO	:	Cerificate of Origin
COVID-19	:	Coronavirus Disease 2019
C/P	:	Counterparts
CPA	:	Chittagong Port Authority
CRM	:	Customer Relations Management
CRT	:	Classroom Training
DBI	:	Dhaka Chamber of Commerce & Industry Business Institute
DCCI	:	Dhaka Chamber of Commerce & Industry
DFID	:	Department for International Development of the United Kingdom
DIFE	:	Department of Inspection of Factories & Establishment
DIIT	:	Division of Innovation and Industrial Technology Development, DIP, Ministry of Industry of Thailand
DIP	:	Department of Immigration and Passports
DIP	:	Department of Industrial Promotion, Ministry of Industry of Thailand

DoE	:	Department of Environment in the Ministry of Environment & Forestry
DPDT-MoI	:	Department of Patents, Designs & Trademarks in the Ministry of Industries
DTP	:	Desktop Publishing
EC	:	Executive Chairman
ECC	:	Environmental Clearance Certificate
EIA	:	Environmental Impact Assessment
EMP	:	Environmental Management Plan
EPB	:	Export Promotion Bureau
EPZ	:	Export-processing Zone
ERD	:	Economic Relations Department in the Ministry of Finance
EZ	:	Economic Zone
FAQ	:	Frequently-asked Questions
FDI	:	Foreign Direct Investment
FICCI	:	Foreign Investors Chember of Commerce & Industry
FSCD	:	Fire Service and Civil Defense
GDP	:	Gross Domestic Products
GIZ	:	Deutsche Gesellschaft fur Technische Zusammenarbeit
GMP	:	Good Manufacturing Practice
GoB	:	Government of Bangladesh
GoJ	:	Government of Japan
G to G	:	Government to Government
HIC	:	High Income Countries
HTPA	:	Hi-Tech Park Authority
IAT	:	Institute of Appropriate Technology
I(C)T	:	Information (& Communication) Technology
ICT	:	In-Company Training
IE	:	Industrial Engineering
IFC	:	International Finance Corporation
ILO	:	International Labour Organization
IP	:	Iternet Protocol
IPA	:	Investment Promotion Agency
IPE	:	Department of Industrial & Production Engineering
ISO	:	International Standards Organization
JCIAD	:	Japanese Commerce & Industry Association in Dhaka

JETRO	:	Japan External Trade Organization
JICA	:	Japan International Cooperation Agency
JMCTI	:	Japan Machiery Center for Trade and Investment
JIT	:	Just In Time
JV	:	Joint-venture
KAIZEN	:	Quality and Productivity Improvement
L/C	:	Letter of Credit
LDC	:	Low Developed Country
LE	:	Light Engineering
LEPBPC	:	Light Engineering Product Business Promotion Council
LFP	:	Linkage Formation Platform
LGED	:	Local Government Engineering Department
MCCI	:	Metropolitan Chamber of Commerce & Industry
MIS	:	Management Information System
MLSS	:	Member of Lower Subordinate Staff
MMEA	:	Motorcycle Manufacturers & Exporters Association
MoC	:	Ministry of Commerce
MoE	:	Ministry of Education
MoHA	:	Ministry of Home Affairs
MoI	:	Ministry of Industries
MOI Thai	:	Ministry of Industry in Thailand
MoLE	:	Ministry of Labor & Employment
MoLJPA-DoR	:	Ministry of Law, Justice & Parliament Affairs, Directorate of Registration
MoPEMR	:	Ministry of Power, Energy & Mineral Resources
MoRTB	:	Ministry of Road Transport & Bridges
NAS	:	Network Attached Storage
NBR	:	National Board of Revenue
NGO	:	Non-Governmental Organization
NIP	:	National Industrial Policy
NOC	:	No Objection Certificate
NPO	:	National Productivity Organization
NSI	:	National Security Intelligence
OCEI	:	Office of the Chief Electric Inspector
OCIB	:	Office of the Chief Inspector of Boilers

OECD	:	Organisation for Economic Co-operation Development
OEM	:	Original Equipment Manufacturer
OJT	:	On the Job Training
OSMEP	:	Office of SMEs Promotion of Thailand
OSS	:	One-stop Service
OSSC	:	One-stop Service Center
PC	:	Privatization Committee
PCC	:	Project Coordination Committee
PE	:	Polyethylene
PFI	:	Policy Framework for Investment
PIC	:	Project Implementation Committee
PIU	:	Project Implementation Unit
PL	:	Plastic
PMO	:	Prime Minister's Office
PMU	:	Project Management Unit
PP	:	Polypropylene
PP & PDC	:	Pilot Plant Process Development Center
PPP	:	Public-Private-Partnership
PPPTAF	:	PPP Technical Assistance Fund
PR	:	Public Relations
PSC	:	Bangladesh Public Service Commission
PSDPCC	:	Private Sector Development Coordination Committee
PSDSP	:	Private Sector Development Support Project
PT	:	Project Team
PWD	:	Public Works Department
QC	:	Quality Control
QCD	:	Quality, Cost, Delivery
RAJUK	:	Rajdhani Unnayan Kartripakkha
R&D	:	Research & Development
R/D	:	Record of Discussion (for the Project)
RJSC	:	Office of the Registrar of Joint Stock Companies and Firms
RTHD	:	Road Transport and Highway Division
SB	:	Special Branch
SCITI	:	Small & Cottage Industries Training Institute

SCM	:	Supply Chain Management
SCORE	:	Sustaining Competitive and Responsible Enterprises
SCPT	:	Support to Capacity Building of BEZA Project II
SDC	:	Swiss Agency for Development and Cooperation
SDGs	:	Sustainable Development Goals
SEIP	:	Skills for Employment Investment Program
SEPA	:	Self Employment and Poverty Alleviation
SGFL	:	Sylhet Gas Fields Limited
SIDP	:	Suporting Industrie Development Plan for Motorcycle Sector in Bangladesh
SOP	:	Standard Operating Procedure
SMEs	:	Small & Medium Enterprises
SME Bank	:	Small and Medium Enterprise Development Bank of Thailand
SMEF	:	Small & Medium Enterprises Foundation
SRO	:	Statutory Regulatory Order
STEP	:	Skills and Training Enhancement Project
TA	:	Teaching Assistance
TAI	:	Thailand Automotive Institute
TAPMA	:	Thai Auto-Parts Manufacturers Association
TAPP	:	Technical Assistance Project Proposal
TC	:	Training Center
TIN	:	Taxpayer’s Idenitification Number
TOR	:	Terms of Reference
TOT	:	Training of Trainer
TPM	:	Total Productive Maintenance
TQM	:	Total Quality Management
TTI	:	Tool & Technology Institute
TWI	:	Training Within Industry
UMIC	:	Upper middle-income country
UNCTAD	:	United Nations Conference on Trade and Development
UNDP	:	United Nations Development Programme
UNESCO	:	United Nations Educational, Scientific and Cultural Organization
USD	:	US dollars
VAT	:	Value-added Tax
WB	:	The World Bank

WG	:	Working Group
WTO	:	World Trade Organization
WTP	:	Water Treatment Plant

I. Activities across All Components

(Project Management Unit: PMU)

Perspective on Total Project Output

This Project is intended to facilitate industry-led growth by forming linkages between investment promotion and local industry development, by synergy by output of three Components, which are mandated to extend technical assistance to the respective counterpart agencies. The types of industry supposed for the linkage formation is assembly manufacturer for consumer durables, such as automobile, motorcycle and home electric appliances, which are expected to have wide-range impact in industrial growth through supporting industry development. The total output of this Project is summarized in the table below, while the details of each Component's output are referenced in the respective Chapters in this report.

While the People's Republic of Bangladesh (hereinafter Bangladesh) has high expectations for industrial development due to its rapid economic growth and population size, the current stage of industrialization is still a future potential. The work being made through this Project for linkage formation is considered to be important and effective in the coming stage of development. In this regard, the Component Team has been assisting for capacity building and policy measures at respective counterpart agencies, for improvement in investment promotion and supporting industry development, which still faces lot of challenges. These activities need to be continued by Bangladesh counterparts, after this Project.

The Project initiated to setup inter-institutional platform for linkage formation (LFP), to discuss policy issues for linkage formation, in cooperation with PMO as the counterpart, is a pioneering attempt by the Project. In the near future, more investment projects for assembly industry, including Japanese companies, will locate in Bangladesh, and demand for domestic supply of parts and components will increase. Then the policy alternatives discussed for linkage formation by this Project is expected to be further discussed and applied.

Table 0.0.1 Total Project Outputs

	C/P	Linkage Formation	Policy Level	Capacity Building
Component 1	BIDA	- Setup/held meeting of Linkage Formation Platform (LFP) for inter-institutional policy discussion (3 times) - Investment promotion measures for industrial linkage formation (corporate tax reduction for automobile assembly industries, etc)	- Improvement on priority issues for investment environment (e.g. royalty remittance, foreigners' work permit) - Improvement on issues raised at Japan Bangladesh PPED (long-term borrowing from abroad, etc) - Post COVID-19 Investment Promotion Strategy (relaxation of trade settlement method, etc) - Automobile Industry	- Investment Promotion Activities strengthened (including webinar manual) - Potential investors facilitation (CMS) - Investment Monitoring started - Investment Aftercare function introduced and started

			Development Policy (support for MOI, approval in June 2021)	
Component 2	BEZA	- Nomination of Model EZ for linkage formation - Proposal on EZ facility to accommodate supporting industry (e. g. exclusive space and rental factory))	- Support for drafting OSS（BEZA）Rules 2018 (approval system and simplification and speed-up of screening, etc） - Proposal for Custom clearance within EZ (application to BSEZ[1] as model case) - Proposal for EZ related laws and regulations (regulations on approval by BEZA OSSC)	- Organized/ established OSSC -OSSC operation strengthened - EZ Development: SOP and institution support - EZ Management capacity building - BEZA information system building and operation - OSSC online application system established
Component 3	MOI	-Technical support for industrial linkage formation (assisting three local plastic firms in cooperation with foreign affiliated motorcycle industry)	- Preparation of draft for Motorcycle supporting industry development plan	Supporting Industry Capacity Building Program - Managerial capacity building - KAIZEN: introduction and dissemination - Mold/dies technical improvement - Injection molding technical improvement

[1] Bangladesh Special Economic Zone (Araihazar Economic Zone)

I. Activities Across All Components: Project Management Unit (PMU)

I.1 Project Background, Purpose, Structure and Implementation Structure

I.1.1 Project Background

Government of Bangladesh has a long-term high-level plan (Vision) for advancing country's development. When this Project started in 2017, it was during the period of Vision 2021 (Perspective Plan of Bangladesh 2010-2021) which targeted for the country to become middle-income country in 2021. Bangladeshi economy was growing rapidly with more than 7% annual growth, and recorded 8.2%[2] in 2019. Due to COVID-19 pandemic, the economic to slowed down; however, it maintained positive growth of 3.5% in 2020, and recovered to 5% level in 2021 and is expected to grow at 6% level[3] in 2022. It must be noted that +3.5% in 2020 is remarkable compared with -5.6% for the average of South Asia and -4.0% for South East Asia, indicating the strong resilience of Bangladesh economy.

On 25 November 2021, United Nations General Assembly passed resolution for Bangladesh to graduate from the LDC[4] status, as the results of evaluation of per capita income (GNI), due to high economic growth, and other development criteria. Furthermore, Vision 2041[5], a succeeding high level 20-year plan after Vision 2021, sets the targets to become Upper Middle-Income Country (UMIC)[6] in 2031 and to achieve a High-Income Country (HIC) status by 2041.

The Bangladesh government formulates its Five Year Plan as the Vision for the next five-year period. When this Project started, it was within the 7th Five Year Plan period (2016-2020) which targeted the share of Industry within GDP to grow from 29% in 2016 to 35%, and for the total investment ratio to GDP to grow from 29% to 33%, and these targets were almost achieved. In the 8th Five Year Plan[7], starting in July 2020, targets the share of Industry within GDP to grow from 35% (actual) in 2020 to 42% in 2025, with the manufacturing sector to grow from 24% to 30%. The total investment ratio to GDP is targeted to grow from 32% in 2020 to 37% in 2025, with expanding private sector, in particular for foreign direct investment (FDI) to increase its ratio to GDP from 1% in 2019 to 3% in 2025.[8]

However, Bangladeshi economy is still relying on textile (RMG: ready-made garment) sector which

[2] The GDP growth rate of Bangladesh was 7.3% in 2017, 7.9% in 2018, 8.2% in 2019 and 3.5% in 2020. (ADB, ADO 2021 Statistical Table)

[3] IMF estimates 5.47% in 2021 and 6.6% in 2022 (New Age/2021/11/20)

[4] Eligibility criteria for LDC graduation: 1) Per capita GNI (over $1,222), 2) Human assets index (HAI)、and 3) Economic and environmental vulnerability index (EVI).

[5] "Perspective Plan of Bangladesh 2021-2041" (Vision2041), General Economic Division, Bangladesh Planning Commission, March 2020

[6] UMIC: GNI per capita over $4,046, HIC: over $12,696 (criteria by the World Bank)

[7] "8th Five Year Plan July 2020–June 2025", Promoting Prosperity and Fostering Inclusiveness, General Economic Division, Bangladesh Planning Commission, December 2020

[8] FDI/GDP: 0.87% (FY2019 Actual), 3.0% (FY2025 Plan, 8th Five Year Plan)

has a competitive edge with low labor cost, which has approximately 80% share of export revenue[9], and its balance of payment sustained by overseas workers' remittance[10] with the amount of inflow accounting for almost 40 % of total exports. On the other hand, the amount of FDI is remaining at a low level, at less than 1% of GDP (2019/20).

Based on successful experience in Export Processing Zone (EPZ) which largely contributed expansion of RMG industry, Bangladeshi government stipulated policy to develop Economic Zone (EZ) by establishing Bangladesh Economic Zone Authority (BEZA) in 2011, in order to further promote investment and industry development. The Government also established Bangladesh Investment Development Authority (BIDA) by merging Board of Investment (BOI) and Privatization Committee (PC) in 2016, for promotion of domestic and foreign investment by improving investment and business environment in the entire areas of Bangladesh. Capacity development of both new investment promotion authorities, BIDA and BEZA, are urgently needed.

Regarding industrial development, Ministry of Industries (MOI) stipulated National Industrial Policy 2016 (2016~2020)[11] for advancing diversification of the industry, by nominating priority industrial sectors including agro-processing/food, agriculture machinery, RMG, IT, pharmaceutical, leather, light engineering (LE), etc. In addition, MOI put focus on LE and plastic industry, which are main sectors of supporting industries, and currently preparing development policies for those sectors. On the other hand, the Government plans to shift its RMG-led industrial structure to diversified sectors of export-oriented and import substitution industries, with investment promotion and SME development which has high employment generation effect, in the 8th Five Year Plan.

These Project activities have been carried out for five years period, from May 2017 to April 2022, as a technical cooperation with development study assisted by JICA, with the purpose of investment promotion, in particular FDI, and strengthening industrial competitiveness together with developing function of EZ, with above-mentioned economic development policies of Bangladesh as a background.

I.1.2 Project Purpose

This Project was intended to encourage policy formulation for harmonized industrial development through investment promotion and domestic industry promotion, with focus on linkage formation between foreign invested companies and domestic supporting industry. Thus, the Project was targeted to contribute to Bangladeshi industrial diversification and advancement, through achieving the following three major outputs.

[9] During FY2015~19, RMG Export/Total Export: 80.8%~85.7% (8th Five Year Plan)
[10] In FY2019, Export fob: $39.6billion, Workers' remittances: $16.2bill (8th Five Year Plan)
[11] MOI is under preparation of National Industrial Policy 2022, the succeeding policy, expected to be announced in June 2022. (MOI, status as of December 2021)

Output 1: Support for policy measures on business climate improvement and investment promotion, and capacity strengthening to implement these policies.

Output 2: Support for promotion of Economic Zones development and capacity strengthening to implement these policies.

Output 3: Support for industrial development, with focus on supporting industry development for linkage formation.

I.1.3 Structure of the Project

The Project is composed of the following three components aimed at achieving the objective as well as three individual goals. It was intended to promote industrial development in a holistic manner through the spill-over effect of individual component's achievement. For this to happen, Prime Minister's Office (PMO) was mandated to lead the entire part, ensuring the horizontal coordination across the individual implementing agencies.

Table 1.3.1 Structure of the Project

Component	Counterpart	Objective
1	BIDA	Implementation and examination of various policies and measures related to improvement of business environment, investment promotion, and development of supporting industries and the reflection of their results and lessons in policies and measures of subsequent phase.
2	BEZA	Acceleration of development of Economic Zones which contributes to investment promotion as well as the strengthening of management mechanism of Economic Zones
3	MOI, BITAC, SMEF	Elaboration of roadmaps and action plans for the development of targeted sectors with strengthening of functions and structure for policy elaboration and implementation based on them.

I.1.4 Project Implementation Structure

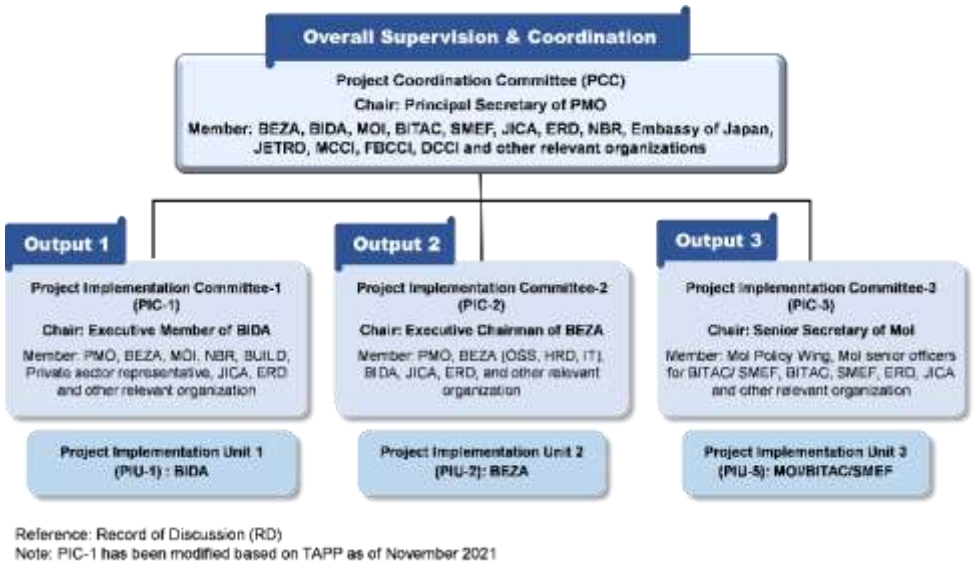


Figure 1.4.1 The implementation structure of Bangladesh side[12]

The implementation structure of Bangladesh Side

The implementation structure of the Bangladeshi counterpart (C/P) is presented in Figure 1.1. A Project Implementation Committee (PIC) as well as Project Implementation Unit (PIU) were set up at the each of the implementing agencies, i.e. BIDA, BEZA and MOI which engage in the activity of each component. In each component, PIC supervised the activity while PIU conducted the project activities. A Project Coordination Committee (PCC) was set up at PMO. PCC is composed of the representatives from each implementing agency, JICA and the other related ministries, agencies and institutions. PCC was conducted bi-annually between September 2017, after the commencement of the Project activity and October 2019, before the spread of COVID-19.

The implementation structure of JICA side

The implementation structure of JICA side is presented in Figure I.2. The Project Team was composed of both Japanese and Bangladeshi consultants. It placed component teams in each component. Those were in charge of each component's activity to achieve individual objective. In addition, a Project Management Unit (PMU) was set up across-the-components as well as overall coordination and for interacting with PMO, its Bangladeshi counterpart. Furthermore, an Advisory Committee was set up by JICA. Progress of the Project and issues related to project implementation were reported to the Advisory Committee where the Project Team participated in the discussion on the overall orientation of the Project.

[12] Source: Record of Discussion (RD). Note however, the structure of PIC-1 had been modified since November 2021 due to TAPP which is a technical assistance project document of the Government of Bangladesh.

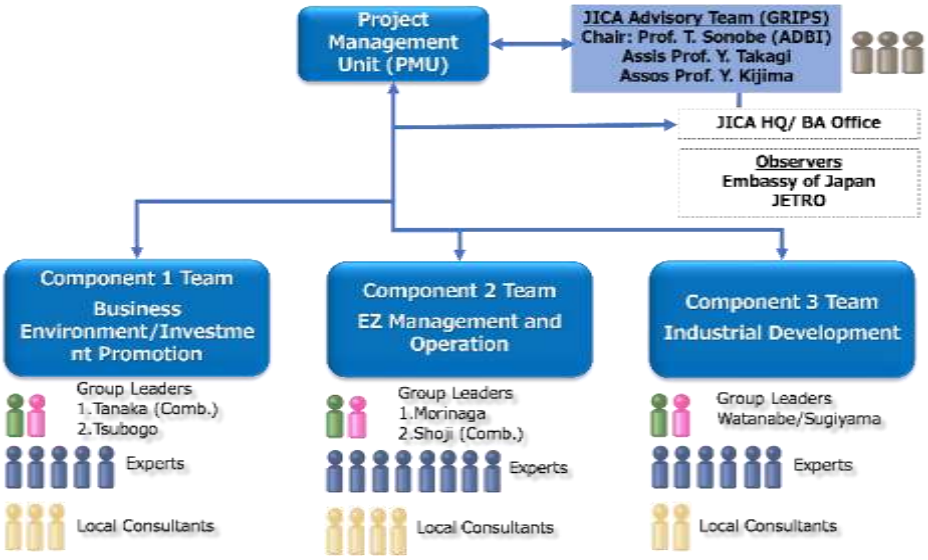


Figure 1.4.2 The implementation structure of JICA side

Composition of member

The C/Ps at PMO in charge of the Project were Director General -1 (DG-1) and Director -1 (D-1). Individuals were replaced due to personal rotation. The following members were assigned during the Project implementation period.

Table 1.4.1 C/Ps at PMO

Position at PMO	Names	Period
Director General 1 (DG-1)	Mr. M. Tofazzel Hossain Mia	2017/5 ~ 2018/3
	Mr. Mahammad Salahuddin	2018/4 ~ 2019/12
	Ms. Zubaida Nasreen	2020/1 ~
Director 1 (D-1)	Mr. Nafiul Hasan	2017/5 ~ 2018/3
	Mr. Devabrata Chakrabouty	2018/4 ~ 2018/9
	Mr. Ziaul Hoque	2018/10 ~ 2020/6
	Mr. Anisur Rahman	2020/7 ~ 2022/2
	Mr. Fiznur Rahman	2022/2 ~

The members of JICA Advisory Committee were composed of the following three members. There was no replacement during the Project implementation period.

Table 1.4.2 JICA Advisory Committee

Role	Names	Title
Chairman	Dr. Tetsushi SONOBE	Dean, ADB Institute
Member	Dr. Yoko Kijima	Vice President/Professor, GRIPS

Member	Dr. Yusuke Takagi	Associate Professor, GRIPS

The PMU members of the Project Team were the following two. There was no replacement during the Project implementation period.

Table 1.4.3 Project Team PMU Member

Role	Names	Company
Leader	Hidekazu TANAKA	Koei Research & Consulting, Inc.（KRC）
Deputy Leader	Hitoshi SHOJI	Koei Research & Consulting, Inc. (KRC）

I.1.5 Monitoring of the Project Implementation and Overall Coordination by PMU

Monitoring of the Project activities

The monitoring of the Project activities was done by PMU through 1) a monthly report summarizing the outline of activities of each month[13], (sent not only to PMO but also to C/Ps and related officers of JICA) and 2) with a quarterly report on the activities of each component as well as to PMU (shared within the Project Team and reported to JICA occasionally). Through these, PMU regularly took stock of the progress of works.

Information Network and information sharing within the Project Team

PMO proposed to establish an information sharing network among the project stakeholders at the first PCC. PMU then listed up e-mail addresses and telephone numbers of the key personnel in PMO, C/Ps, JICA and the Project Team as well as their contact points (in total 27 people). The list was regularly updated and used principally as the emailing list.

As the Project activities of each component advance, such information needs to be shared with the Japanese companies in the field, to the Japanese and Bangladeshi government institution and to the international organizations among the components. The PMU subsequently established an information sharing rule (internal regulation) and ensured its adoption within the team.

In addition, PMU called the meeting of component leaders in order to review the progress, to confirm the main issues and to build a consensus within the team. It took initiative to facilitate the communication within the team and to strengthen a common recognition across the team. Among others, that meeting was held monthly during the period of restriction of overseas travelling started in 2020 due to the spread of COVID-19. During that period, information was frequently shared on matters related to coordination with JICA and the method of activity implementation as well as its effect under remote-control operation.

Meeting with PMO

PMU member occasionally visited to PMO and held meetings with the personnel in charge at PMO

[13] Upon the request by PMO, it started in October 2017. The outline of activity of each month was reported monthly by e-mail before 10th day of the subsequent month, until January 2022.

(DG-1 and D-1) to report the Project activity, to confirm the thinking of the Bangladeshi government side and to use them as reference to the entire Project activity. Also, it set up meetings on a reporting of the specific themes and information exchange when there is a necessity. Up to the end of 2019, the Team Leaders visited PMO at least once during his stay in Bangladesh together with the officer in charge of the project of JICA Bangladesh Office. Such visit was on average, once in a two to three months.

Through smooth communication with PMO, the Project Team could confirm the thinking of the Bangladeshi side on the issues which need to be dealt with beyond the individual boundary of ministries. For example, such themes which were important to the Project, such as the establishment of LFP, drafting of Automobile Industry Development Policy and the request for the relevant ministries in cooperation with BEZA at the time of opening of Once Stop Service Center (OSSC). It resulted in the confirmation of orientation and in getting the support from PMO for intra-governmental coordination.

However, due to the personnel rotation in PMO and to the restriction of overseas travelling because of COVID-19, the visit meeting with PMO was interrupted after January 2020. There were only the following two meetings up to the end of the Project implementation period and the Project ended as is.

- November 1st, 2020: Online meeting with PMO D-1 (Presentation of the Project)
- October 27th, 2021: Visit to PMO D-1 (planning on PCC and PIC)

Countermeasures related to restriction of overseas travelling

With the restriction of overseas travelling due to the spread of COVID-19 started in March 2020, a temporary measure, consisting of transferring the field activities to those to be conducted in Japan was adopted in April 2020. In June, JICA requested Project Team to report the inventories of project activities with the revision of their anticipated achievements as well as to flexibly examine the measures to cope with the newly appeared needs after COVID-19. Upon this request, each component studied the countermeasures for COVID-19. Through consultation with JICA, the Project Team worked on the contents of additional works with their associated man-month and budget, and submitted it to JICA in September.

In addition, in 2020, direct communication among the team members tended to be limited, because of overseas travel restriction and teleworking, so that monthly leaders' meeting was initiated by PMU as shown below. In the meeting, the Component leaders and PMU members discussed the progress of each component, and shared the information related to the entire project activities and adjustment in activities due to COVID-19.

In 2021, since both overseas travel restriction and teleworking became a normal practice and it was found doable to manage field activities from Japan despite delays, the progress was supervised through quarterly reporting and Brief Monthly Activity Report for PMO. In June 2021, since overseas

travelling was resumed with limited number of travelers, priority of travelling members among and across the components were discussed taking into consideration their progress.

Table 1.5.1 The Component Leaders' Meeting during the overseas travel restriction period

Date	Discussed Topics
April 23	Work plan for April to June, including work volume and major subjects.
May 29	Progress reporting, shift of activities from Bangladesh to Japan, proposal for the additional works.
June 11	Shift of activities from Bangladesh to Japan, proposal for the additional works.
July 28	Additional support measures against the spread of COVID-19 and their estimated budget.
August 28	Progress reporting, Contract modification based on the additional support measures against the spread of COVID-19.
October 2	Progress reporting by each Component.
October 30	Progress reporting, Timeline for Progress Report-3 preparation, promotional activity (webinar) plan and schedule.
August 18, 2021	Progress reporting, Measures to resume field activities

I.2 Activities related to the entire Project

I.2.1 Explanation and Discussion on Inception Report

Draft presentation

The draft Inception Report produced by the Project Team was presented to Bangladeshi C/Ps as well as the members of PIC established at each CP implementing agencies during the first field activity period (May 17 to 25, 2017).

The draft Inception Report was also presented to the related institutions of the Government of Japan in Dhaka: namely, the Embassy of Japan for Bangladesh and JETRO Dhaka Office.

Finalization of the Inception Report

The approval of the draft Inception Report was the main subject at the first PCC meeting held on September 28, 2017, at PMO. In that meeting, all CP institutions were asked to review and present their comments in due course. Consequently, the draft was finalized by integrating the comments from PMO and distributed to JICA and each CP.

I.2.2 Creation of Project Coordination Committee (PCC) and its Activities

PCC which steers the overall project has been conducted five times as shown below. At the first meeting conducted on September 28, 2017, the Bangladeshi side proposed to conduct it every 6 months. Subsequently, PCC has been conducted following that schedule.

However, due to stagnation of activities both in Japan and in Bangladesh due to the rapid spread of COVID-19 started in February to March 2020, the restriction of overseas travelling imposed by JICA

was in effect between March and September. Coinciding with the personnel change at PMO[14], it became difficult to conduct PCC with physical participation of all members concerned, as done previously. Despite Project Team's effort to request on-line PCC to the new Director-1, no PCC had been conducted thereafter up to the end of Project implementation period.

At the first meeting, the Project Team presented the contents of Inception Report. During that session, Professor Sonobe, the Chair of JICA's Advisory Committee, underlined the importance of establishing a collaborative mechanism among the three implementation agencies as well as with PMO. Following this suggestion, it was decided that in the subsequent PCC meetings, the presentation of each component should, in principle, focus on the issues relevant among all components and reports on those activities of an individual component which have relationship with the other components, in addition to the respective components' progress reporting.

In addition, in order to strengthen the ownership of the Government of Bangladesh (GoB), it was decided that the representatives from Bangladeshi C/Ps shall make presentations starting from the second PCC meeting. Furthermore, a representative of PMO made a presentation on the follow-up activities on the conclusions of previous PCC meeting, starting from the third PCC meeting.

Table 2.2.1 Record of the PCC meetings

	Date	Representative of Bangladesh Side (PMO)	Representative of Japan Side
1	September 28, 2017	Ms. Suraiya Begum, Senior Secretary	Prof. Sonobe, Chair of JICA Advisory Committee
2	April 25, 2018	Mr. Md. Nojibur Rahman, Principal Secretary	Prof. Sonobe, Chair of JICA Advisory Committee
3	October 17, 2018	Mr. Md. Abul Kalam Azad, Principal Coordinator (SDG affairs)	Prof. Sonobe, Chair of JICA Advisory Committee
4	April 25, 2019	Mr. Md. Nojibur Rahman, Principal Secretary	Mr. Murakami, Deputy DG, Industrial Development and Public Policy Department (at this time), JICA
5	October 24, 2019	Mr. Md. Nojibur Rahman, Principal Secretary	Prof. Sonobe, Chair of JICA Advisory Committee
6	May 12, 2022 (scheduled)	Dr. Ahmad Kaikaus, Principal Secretary (Chief Guest)	H. E. Naoki Itoh, Ambassador of Japan (Special Guest) Mr. Hayakawa, Chief Representative, JICA Bangladesh Office

Since PCC scheduled in April, scheduled six months after the fifth PCC, was cancelled due to JICA's measure to restrict overseas travel with the spread of COVID-19, Project Team produced the progress report of each component between October 2019 and March 2020, which was supposed to be reported in that PCC, and submitted it to PMO as well as all C/Ps on April 22, 2020.

Due to various reasons mainly the effect of change of personnel at PMO, no PCC was conducted up

[14] Director General 1 was replaced in January 2020, so did the Director 1 in July 2020.

to April 2022. However, the 6th PCC is scheduled to be held as Project Completion Seminar in May 2022 just before the activities under the Project is to be concluded.

I.2.3 Participation to Advisory Committee and Various Coordination

The JICA Advisory Committee Meetings have been conducted six times, as shown in the table below. Up to the second Advisory Committee, the meeting was conducted just before the upcoming PCC meetings and the main theme was the preparation for the next PCC meeting. From the third committee meeting, it was conducted sufficiently before the next PCC meeting, in order to discuss the direction of the project in addition to the reporting of the progress.

Table 2.3.1 Record of JICA Advisory Committee Meetings

	Date	Participants	Venue
1	May 16, 2017	Prof. Sonobe, Assoc. Prof. Takagi	JICA (video connection with Bangladesh office)
2	April 10, 2018	Prof. Sonobe, Prof. Takagi, Prof. Kijima	JICA (video connection with Bangladesh office)
3	February 12, 2019	Prof. Sonobe, Prof. Takagi, Prof. Kijima	JICA (video connection with Bangladesh office)
4	September 12, 2019	Prof. Sonobe, Prof. Takagi, Prof. Kijima	JICA (video connection with Bangladesh office)
5	March 3, 2020	Prof. Sonobe, Prof. Takagi, Prof. Kijima	JICA (on-line connection for the Committee members and Project Team members)
6	February 28, 2022	Prof. Sonobe, Prof. Takagi, Prof. Kijima	On-line connection

The fifth Advisory Committee was conducted on March 3rd, 2020, in anticipation of PCC in April. However, that PCC did not materialize due to restriction of overseas travelling by JICA because of the spread of COVID-19.

On July 8th, 2021, following the Cabinet approval of Automobile Industry Development Policy and the completion of a draft Post-COVID Investment Promotion Policy, an on-line meeting was conducted for explaining them to the Advisory Committee members. The progress of each component was also reported.

In February 2022, the sixth Advisory Committee meeting was conducted keeping in mind convening of PCC meeting toward the end of the Project. The Project team reported the achievements throughout the Project as well as the lessons and recommendations. The Chair of the committee as well as the other members commented on them and discussed a prospect of convening the last PCC as well as the Chair's message and others targeted to the Bangladeshi side. During the sixth Advisory Committee, the following achievements were pointed out as remarkable output of the Project.

- The Project successfully incorporated three components, which would have been independent projects, into one package making inter-ministerial coordination mechanism effective, and resulted in formation of LFP.

- Post-COVID Investment Promotion Strategy has been clearly handed over to Bangladeshi counterpart.
- As for Economic Zone development, the Project created operation system with international quality.
- The linkage formation for motorcycle industry successfully brought to close to realization from the situation where no such linkage exists.

I.2.4 Activities related with Japan-Bangladesh Public-Private Joint Economic Dialogue

Japan-Bangladesh Public-Private Economic Dialogue (PPED) was first held in August 2014, after the summit meeting between Honorable Prime Minister Hasina and Japanese Prime Minister, Mr. Abe (at that time). During the Project period, PPED was held two times, the Third PPED (31 October 2017, in Tokyo) and For the PPED (4 July 2019, in Dhaka).

For each PPED meeting held during the Project period, the Project Team Leader and other main members attended as observer, and collected information related with issues discussed regarding obstacles faced by Japanese companies for their investment and business activities. In particular, the issues related with the Project C/Ps, BIDA, BEZA and MOI, were paid with attention as for reference to Project activities.

The issues regarding improvement of investment environment were followed-up by the Component 1 Team, as the Project activities, for assisting BIDA to take responding actions for improvement. The details of the activities and achievements are referenced in Component 1 report (II.2-2 Support for Investment and Business Environment)

As the sub-committees for PPED, the Working Groups (WG) are being set-up, participated in by both Japanese and Bangladesh sides, to hold preparatory meetings before holding PPED. The Project members participated in "Investment Environment Improvement WG" and "Industrial Diversification WG", as observer based on request by JICA and Embassy of Japan in Bangladesh.

I.2.5 Linkage Promotion between Foreign Direct Investment (FDI) and Domestic Firms

The linkage promotion between FDI and domestic firms, a main subject of this Project, has been carried out through the following activities, while the details of these activities are described in the respective Component activities.

Studies on the Current Situation and Cases in Other Countries by Component 1 and 3

The base-line studies for LE and plastic industries in Bangladesh was conducted in Component 3, as these are sectors to form supporting industries. On the other hand, case studies of FDI and supporting industry linkage formation in ASEAN countries, listed below, were carried out as one of Policy Support activities under Component 1.

- Automobile Industry: Development and policy application in Thailand
- Motor-cycle Industry: Development and policy application in Indonesia

- Electronics Industry: Development and policy application in Vietnam

Discussion on Policy Option Matrix at LFP by PMU/Component 1

As the result of the above-mentioned workshop series, LFP was setup to provide informal opportunities for policy discussion for promoting linkage formation, by initiative of PMO participated in by C/Ps from BIDA, BEZA and MOI. The LFP meetings were held three times in 2019. At LFP meetings, each counterpart agency prepared list of policy measures for linkage promotion, in a form of Policy Matrix, from their respective jurisdictions. Then the policy matrix was brought to LFP to discuss effectiveness and feasibility for implementation by participating members of LFP. Among the issues discussed in LFP, there were Automobile Industry Development Policy at initial stage, and nomination of three EZ as model for linkage promotion.

While LFP has been proposed by Project Team to setup as informal occasions for policy discussion, its concept has been well understood and supported by PMO to organize cross ministerial meeting. On the occasion of 3rd LFP meeting (October 2019), PMO invited MOC and NBR to join the discussion. As described, the initiative and understanding by PMO was essential to successfully organize inter-ministerial meetings.

Although LFP meeting could not be held after 2020, due to travel restriction by COVID-19, the Policy Matrix has been updated, and its last version, as of December 2021[15], consists of output of this Project. The experience gained by participants, to share a discussion platform for policy formulation across relevant government offices, could be also a reference for policy-level discussion sharing method for the future. (The details are referenced in Component 1 report)

Linkage Formation Measures at Economic Zone (EZ) by Component 2

Through discussion at LFP, BEZA presented policy measures to be considered for linkage formation at EZ, mainly on the two points listed below.

- Nomination of model EZs for linkage formation: Three locations of EZ, Araihazar, Mirsarai and Abudul Monem, have been considered as model EZ, based on the current and planned industry sectors of tenants of the respective zones.
- Provision of facility to promote formation of linkage within EZ, among tenant assembly manufacturers and parts and component suppliers through providing specific space and rental facility to accommodate supporting industry.

Linkage Formation for Motorcycle Parts Industry by Component 3

The technical assistance for Prototype Making of Motorcycle Parts has been implemented as one of the Project activities, in promoting local enterprises to produce parts to be supplied to foreign affiliated motorcycle companies currently assembling motorcycles in Bangladesh. The project selected three motorcycle assemblers targeted for technical cooperation, and also coordinated with three candidate

[15] For Policy Matrix, refer to Appendix of Component 1

local plastic companies, one to one, to provide the prototype parts, through match-making arrangement.

This activity takes a very practical approach, bringing close to business arrangement, as one of attempt for linkage formation. Initially, the Project tried to find opportunity for parts made of both metal and plastic, however, the Project focused on plastic parts since it was found difficult to find suitable candidate local supplier in producing metal (pressed) parts. Through this intervention, the local candidate enterprises were provided with opportunity to learn required level of quality for particular parts and business practice through actual case in dealing with assemblers.

I.2.6 Technical Input and Assistance to National Policies

As for the policy-level technical assistance, the following three subjects were mainly focused on and Project activities were implemented by each Component Team in charge.

Policies related with Investment environment by Component 1

The Component 1 Team assisted in providing inputs to BIDA, for simplifying various procedures and regulations related with foreign investment under the jurisdiction of BIDA, and policy advocacy recommendations for those procedures and regulation under jurisdiction outside of BIDA. In addition, due to expected impact to foreign investment by COVID-19, the policy recommendations to be considered by Bangladesh government were presented. (The details are described in the respective chapters in this report)

Automobile Industry Development Policy by PMU/Component 1

In May 2019, a request was made by BIDA Chairman to Project Team to make a preparatory study for automobile industry in Bangladesh. In response, the Team presented "Automobile Industry Development Policy in Bangladesh: Discussion Paper" in July 2019. After discussion among relevant authorities, MOI initiated for formulation the Automobile Policy. JICA Team continued to assist MOI in preparation of the Automobile Policy drafting through participation to the stakeholders' meetings. "Automobile Industry Development Policy 2021" was finally approved by the Cabinet in June 2021.

Based on experience of Japanese auto manufacturers investment in ASEAN and other developing countries, JICA Team provided advice for the policy formulation by introducing cases faced by other countries. In case of Bangladesh, since the domestic automobile market size is not sufficient to make it feasible for local production of parts and components, so the policy option for compulsory localization needs to be carefully considered. The details of this activity are referenced in Component 1 report.

Supporting Industry Development Policy by Component 3

The Team compiled draft policy for promoting parts suppliers for motorcycle industry. The counterpart, MOI, is currently preparing LE and plastic industry development policies, and the motorcycle parts industry policy will be positioned to supplement these policies.

I.2.7 Activities related to Public Relations and Investment Promotion

This activity item is composed of supports for 1) enhancing sorting and delivering of information related to investors, 2) producing promotional materials for the Japanese enterprises and 3) conducting an investment promotion seminar. For item 1), Component 1 provided support for producing "sector profiles" of various sectors, revising a guidebook for investors and producing FAQ for investment mechanism. It also produced a promotional video targeted to the foreign investors. This video was used as a basis of video which was projected during the International Investment Summit conducted on November 28 and 29, 2021 by BIDA. Component 2 produced pamphlets introducing OSSC and investment environment of Bangladesh EZs and distributed them at the opening ceremony of OSSC. It also produced a promotional video of OSSC for the opening ceremony of OSSC. In addition, it produced a short video targeted to the foreign investors and provided support for projecting it at the Dhaka International Airport. It also supported to add English and Japanese narration to an already produced BEZA's short promotional video in Bangla. For item 2), the Project Team supported to produce the presentation materials used for the Bangladesh investment seminar targeted to the Japanese investors, which is conducted under item 3) of this activity. For item 3), the Project Team provided support to organize an online "Bangladesh Investment Seminar", targeted to Japanese investors, conducted collectively by BIDA, BEZA and the Embassy of Bangladesh in Tokyo, co-organized by JICA and JETRO Dhaka Office. Component 1 also conducted an online investment seminar targeted to Swedish investors in October 2021. This was the first seminar planned by BIDA with collaboration with BEZA.

For the details of those seminars, please refer to the corresponding section of relevant component.

I.2.8 Training in Japan and in the Third Country

Training in Japan conducted in the Project was as follows. Due to the restriction of overseas travelling because of the spread of COVID-19, it became difficult to materialize trainings in Japan and in the third country after the second quarter 2020. Consequently, no training was conducted thereafter up to the end of the Project implementation period.

For the details of trainings, please refer to the corresponding section of relevant component.

Table 2.8.1 Training in Japan

Component	Implementation period	Content	Section of detailed description
3	February 24 to March 7, 2020	Improvement of Die technique	Component 3. IV.2.6.4 Plan 5: Die technique improvement program

Table 2.8.2 Training in the third country

Component	Implementation period	Visited Country	Content	Section of detailed description
1	March 10 to 16, 2019	Thailand	Role of Investment Board in foreign investment led industrial development	Component 1 II.2-5 Training in the third country and in Japan

3	March 13 to 22, 2019	Thailand	Contents, process of elaboration and experiences of its implementation of support industry development policy in Thailand	Component 3 VI.2.6.6. Plan 7: Support for elaborating support industry development plan and Plan 8: Recommendation on financial measures for modernizing support industry

I.2.9 Invitation Program to Japan

Component 1 and 2 planned invitation programs to Japan in the second half of the Project implementation period. Those visits were planned for conducting investment promotion seminar and for visiting those Japanese enterprises already invested in Bangladesh as well as for appreciating logistics system in Japan. However, it was not implemented due to the spready of COVID-19.

I.2.10 Elaboration of Reports and Their Submission

Progress Report, Interim Report, Draft Final Report

Three progress reports, each one of interim and draft final reports covering the reporting period described below were submitted. The reports were written both in Japanese and in English.

Table 2.10.1 Record of submission of Progress and Interim Reports

Title	Date of submission	Reporting period
First Progress Report	March 2018	May 2017 to February 2018
Second Progress Report	January 2019	March 2018 to December 2018
Interim Report	November 2019	May 201 to October 2019
Third Progress Report	December 2020	November 2019 to October 2020
Draft Final Report	February 2022	May 2017 to January 2022

Monthly report to PMO

In order to inform PMO, the C/Ps of the Project as well as JICA activities conducted during each month, a monthly report in English titled "Brief Monthly Activity Report" was sent by PMU on behalf of Project Team between October 2017 and February 2022. The contents of the report cover main activities taken by the PMU and Project Teams, period of experts' field activities in Bangladesh and other key points for reporting. It was sent by e-mail every month before tenth of the subsequent month.

I.3 Lessons Learnt and Recommendations

This Project was designed to combine three technical assistance components, which were considered

as individual projects implemented separately, into one package in order to yield synergy effect due to mutual relevancy among the components. The figure below illustrates its concept, presuming a model to attract foreign assembly industry through strengthening investment promotion (Component 1), preparing suitable land for industrial location (Component 2), and developing supporting industry for assemblers (Component 3). The technical assistance through these three components jointly implemented to achieve industrial linkage formation.

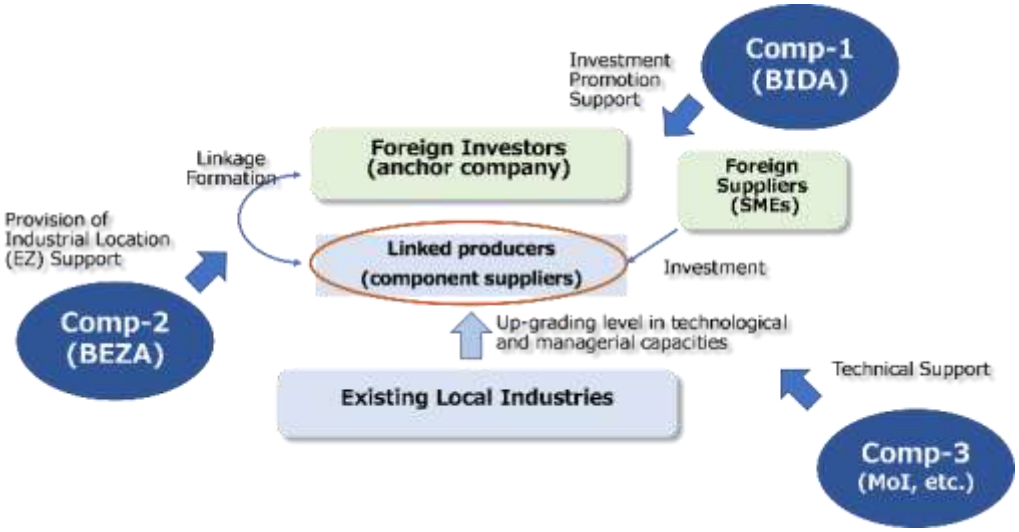


Figure 3.1.1 Industrial Linkage Formation Model

The following lessons learnt and recommendations can be stated based on Project implementation for five years period.

Project Packaged with Multiple Components

As explained above, this Project was composed with three technical assistance components, which used to be implemented as three independent projects, to be implemented as one project by integrating the three components. The following lessons learned can be pointed out in this regard.

- Sharing common objective: In this Project, "industrial linkage formation" has been indicated as common objective, so that each Component Team recognized their role to play.
- Consistency among Components: While each Component concentrate on capacity building, technical transfer and improvement of policy measure of their respective counterparts, consistency among components is being recognized, thereby assuring the consistency across thee Project.
- Bangladesh side C/P setup: Since PMO has been positioned as a supervising role at Bangladesh side, each C/P organization cooperated with JICA Component Team as a whole with contribution

from appropriate level of officers thanks to such high-level supervising body.

Monitoring and Coordination for whole Project by PMU (Project Management Unit)

Since each Component has its own task with the respective counterpart agency, and their Project offices are at different location, there was a need to setup a unit to coordinate among Components and related function by assigning Team Leader and Deputy Team Leader to form PMU. Those members have assignments in the Component Team, Team Leader with Component 1 and Deputy Team Leader with Coponent-2, thus PMU members are also closely working with component-level activities.

Due to large size of the Project, it was found necessary to setup a management and monitoring unit to cover and consolidate the Project. In addition, in case of unforeseeable situation, like COVID-19 pandemic experienced by this Project, PMU functioned to respond to immediate measures to be taken by taking the role of focal point for communication and information dissemination with JICA and C/Ps.

Lessons Learned

It was found effective to setup PMU for total management and monitoring of the project, in case of large-size project consisting of multiple components.

Consistency with Technical Assistance Recipient System of Bangladesh Government

In order to advance industrial linkage formation which requires coordination across different government ministries and agencies, function of PMO as a coordinator was important. From the start of Project in 2017 up to 2019, the policy discussion by establishing LFP has been intensively conducted in cooperation with PMO as a counterpart particularly for the linkage promotion issue.

However, due to travel restriction by COVID-19 and alteration of DG and Director at PMO, which made it difficult to maintain smooth communication, activities for LFP had to be halted from 2020. In addition, Bangladesh government system for managing technical assistance project, namely TAPP[16], was started to be applied from January 2020 for Component 1 (BIDA)[17], and monitoring and management. While the contents of TAPP basically follows Record of Discussion (R/D), but there were some points changed by Bangladesh side[18].

As mentioned, the technical assistance activities for linkage formation, with PMO as counterpart, could not be continued since 2020, due to various situations which made it unable to have understanding and cooperation by PMO. Application of TAPP, which is based on vertical government

[16] Technical Assistance Project Proposal
[17] TAPP for Components 2 and 3 were not yet approved by the Government of Bangladesh.
[18] The member compositions of PCC and PIC in TAPP has been changed from RD, an agreed document, and some part of the project budget shouldered by JICA were not consistent with implementation.

organization structure, also made it difficult to cover cross-cutting issues like industrial linkage formation.

Recommendations to Bangladesh Government

It is regrettable that technical cooperation activities for linkage formation could not be continued after 2020, while there has been fruitful collaboration by PMO provided until 2019, partly due to effect of travel restriction by COVID-19 pandemic which made smooth communication with JICA side insufficient. For the occasion of alteration of counterpart officials in charge, it is desired to have a continuous cooperation based on R/D which is an agreement between the two countries, to maintain sustainability of the project. Furthermore, it is also recommended to consult and discuss with JICA, regarding the inconsistency among R/D and TAPP, for smooth implementation of technical assistance projects.

Recommendations to JICA

For the long-term technical assistance project like this Project (5 Years), it is inevitable to experience shift in environment due to alteration of counterpart personnel. It is recommended to JICA to periodically discuss with C/Ps for its management after signing of R/D, and if necessary, to request to the recipient side for adjustment. In addition, for the subject requiring coordination across different organizations, it is also necessary to confirm with the counterpart government about their institutional arrangement for the technical cooperation.

Technical Assistance Activities under Pandemic Measures

Lessons learnt by experiencing technical assistance activities continued under COVID-19 pandemic spread, are summarized as follows.

- Limitation of technical cooperation through remote settings: While the effect might be different by kinds of activities, it was of vital matter to conduct technical instruction at production site, in case of Component 3. In case of Component 1, Component 2 and PMU, alteration of counterpart officials at respective agency and PMO as well as limited work-at-office situation due to COVID-19, made it difficult to maintain smooth communication only through remote communication. The staff changes also affected internal management which also impacted on their understanding, thus inefficiency in implementation. Particularly, it was found extremely difficult to maintain the same level of communication under remote environment, when the staff are occupied with their daily duties under the above-mentioned condition and in case of staff alteration. The countermeasure to ease this difficulty can be smooth succession at C/P side in case of alteration, and also support and intervention by JICA Bangladesh office.
- Utilization of local consultants: In case of - Component 1 and Component 2, local consultants with certain capacity were employed and trained through project activities working daily with Japanese experts. This helped in remote working environment to continue with smooth communication with understanding. Since this Project lasted for 5 years, which made it possible

to train local consultants through sharing daily work with Japanese experts. It was recognized to be a necessity to have technological transfer to local consultants as well as counterpart of the project.

II. Component 1

Investment/ Business Climate Improvement and

Functional Strengthening of BIDA

II. Component 1: Investment Climate Improvement and Functional Strengthening of BIDA

II.1 Achieved Outputs

The outputs attained throughout the Project for each activity agenda of BIDA Component are summarized in the table below. The Project activity started since July 2017 and continue till the mid of April 2022.

Table 1.1.1 Summary of Outputs attained by the Project Activity (Component 1)

Investment/ Business Climate Improvement	
Objective	To improve investment climate issues which might prevent smooth and predictable investment operation by foreign manufacturers.
Output: Improvement of priority investment climate issues	Preparation and revision of the guidelines on the following three investment climate issues (priority issues) with final approval of these guidelines by the Bangladeshi government; - Overseas remittance of royalty/ technical assistance-related fees, - Expatriate work permit policies, - Project office registration system. Revised guideline of overseas remittance of royalty/ technical assistance-related fees has already obtained final approval and been made official through the gazette (Mar. 2021). For the remaining two issues, guidelines are estimated to be finalized in short-term.
Improvement of the investment climate issues raised by PPED	In addition to the three priority issues (raised at the third PPED), BIDA has commenced taking its initiative for improving the following issues addressed by the fourth PPED; - To relax or simplify the existing rule/ regulation on the long-term borrowing from abroad, - To ease import settlement method (by allowing T/T). * These are also recommended in the Post-COVID Investment Promotion Strategy. Although it might be difficult to materialize improvements along with the proposal by BIDA and the Project Team during the Project period, BIDA has proactively commenced the facilitative action to the authorized organizations.
Establishment of work cycle for investment climate improvement	The Project has demonstrated the work cycle for investment climate improvement; from identification of climate issues through investment monitoring, followed by selection of issues for improvement and elaboration of improvement measure for selected issues, to materialization of improvement measures (or facilitation for implementation by the authorized organizations). The Project has dealt with an issue of delay of import registration certificate (IRC) issuance that was indicated by a number of existing investors, and BIDA made the licensing procedure serviced online earlier. Practice of the work cycle needs institutional alignment among the multiple divisions concerned. However, the Project has not made the work cycle institutionalized in BIDA, having largely been affected by the travel restriction under the COVID-19 pandemic.
Functional Strengthening of BIDA and Enhancement of its Promotion Services	
Objective	To develop the capacity of BIDA to perform its functions and services by utilizing its own and local resources in a phased manner by the Project completion (while the Project Team could lead BIDA to do so in the first half of the Project). To establish the institutional set-up enabling information provision and consultation to the existing and potential investors.
Output: Enhancement of investment promotion function	BIDA has hosted investment promotion seminars (webinars) to the following two countries, through technical guidance on planning/ preparation/ organization of promotion activities; - Investment seminar for Japanese investors with consultation session (Feb. 2021)

	- Investment seminar for Swedish investors (Oct. 2021) As a result of the investment seminar for Japanese investors, BIDA was able to recognize about ten of prospective investors and to extend the subsequent follow-up activity. Further, a practical SOP (manual) for organizing webinars was prepared based on the actual experiences and lessons leant. Followingly, BIDA could host (plan, prepare and organize) an investment seminar for Sweden along with the SOP, thus the Project has developed BIDA's relevant capability. A series of promotional materials (including sector profiles, investment handbook, promotional movie, website) were improved or developed for the usage upon promotion activities, thus enriching the means of information provision to investors.
Enhancement of facilitation activity for potential investors	An operational procedure of the Contact Management System (CMS) for potential investors was prepared, so that the concerned officers in BIDA understands the adequate follow-up work to investment promotion activity. And FAQs was developed as a tool that helps the officers involved in CMS with information provision. Further, application platform at website for online consultation/ inquiry service was prepared at website. However, the number of potential investors (their profile data) collected so far remains small, and the number of prospective investors with which BIDA has already commenced communicating amounts only around ten. Accordingly, the status of the communications has been yet active enough, thus far the CMS has not yet been institutionalized in BIDA.
Introduction of investment monitoring (IM) function	Investment monitoring (IM) function has been institutionalized in BIDA through the three-years practice, and the responsible division in BIDA has been conducting the collection and management of the monitoring data by mobilizing its own staff. The capture rate of monitoring data has been improved as follows: FY2017 Below 10% (collected 30 projects out of 460 projects as monitoring target) FY2020 44% (collected 126 projects out of 284 projects as monitoring target) As a result of the availability of the database for monitoring data, BIDA became able to grasp with the status of progress and development of the registered investment projects. Further, it became possible for BIDA to grasp with the issues confronted by a number of investors, and provide valuable inputs to the activity of aftercare.
Introduction of aftercare function	Aftercare activity of trouble-shooting for the project implementation has brought about two success cases, however, the number of such a case is limited since this activity commenced at the later stage of the Project. BIDA decided to regularize the stakeholder meeting for hearing the issues faced by the registered projects, thus trouble-shooting for the project implementation in every quarter, thus the Project has formulated the institutional set-up for aftercare activity. As for facilitation of reinvestment, although the Project has not yet observed the case where target investors with reinvestment possibility has reached to the decision to proceed or commenced their scheduled projects, BIDA has identified 12 priority projects as the target for facilitation support towards their materialization.
Policy Development for FDI Promotion and Industrial Linkage Formation	
Objective	To propose the measures for investment promotion including incentive regime and for industrial linkage formation with FDI while reviewing the existing measures/ actions.
Output: Materialization of proposed measures/ actions for industrial linkage formation	The Project Team extended technical assistance so that the measures/ actions (13 in total) proposed for industrial linkage formation by the Project counterpart (C/P) organizations (BIDA, BEZA, MOI) would be i) materialized by each C/P, or ii) reflected into their upper-level policy or strategy, as a result of which six measures/ actions have been done accordingly. The following four measures/ actions are materialized out of six ones proposed by BIDA; - Proposal of income tax exemption to auto-related industries (parts/ supporting industries) > Revised Finance Act 2020 (Jul. 2020) and SRO concerning income tax (Jul. 2021)

	- Adoption/ operation of follow-up system to potential investors (CMS) - Development of sector PR tools/ materials - Improvement of investment climate issues (overseas remittance of royalty/ technical assistance-related fees) > gazette in Mar. 2021
Establishment of inter-ministerial policy discussion and coordination	Linkage Formation Platform (LFP) was formulated with the lead by PMO to facilitate policy discussion and coordination among the relevant organizations to FDI attraction and industrial linkage formation. LFP meeting was held three times during the Project period, where the counterpart (C/P) organizations have reported and discussed the status of elaboration and implementation of their proposed measures/ actions.
Approval of Automobile Policy	The Automobile Industry Development Policy 2021 was approved by the cabinet in Jun. 2021 and then made public through the gazette in Sep. 2021.
Development of recommendations in the Post-COVID Investment Promotion Strategy	BIDA acknowledged the strategy and decided to publish/ distribute this to the concerned organizations. BIDA held a national seminar to explain the strategy to the concerned organizations, and issued (Jan. 2022) the letter of request for examination of the general recommendations made for other organizations than BIDA (excluding the long-term ones), based on acknowledgement of the strategy by BIDA's Executive Chairman (EC) (Nov. 2021). Among the recommendations made for other organizations, the following two ones; - To ease import settlement by allowing telegraphic transfer (T/T) - To relax or simplify the existing regulation on borrowing abroad of the long-term loan were selected as priority recommendations for materialization. BIDA has then elaborated proposals for improving these issues and commenced its facilitation to the authorized organizations towards materialization of these recommendations. Those recommendations made for BIDA (excluding a part of recommendations) have been materialized or on the process of elaboration.

II.2 Activities Undertaken during the Project

II.2.1 Activities of PIC-1 and PIU-1

(1) Establishment and Meeting of PIC-1

In accordance with the Record of Discussion (R/D) of the Project, BIDA formulated the Project Implementation Committee (PIC-1) and organized the first meeting on 7 July 2017. The members of PIC-1 as of the formulation are listed below.

Table 2.1.1 Members (organizations) of PIC (as of the formulation)

Organization	Position	Note
Bangladesh Investment Development Authority (BIDA)	Executive Member-3	Chair
	Executive Member-1	PIU
	Other relevant officers	
Bangladesh Economic Zone Authority (BEZA)	General Manager	C/P of Component-2
Ministry of Industry (MOI)	Joint Secretary or Deputy Secretary	C/P of Component-3
Economic Relation Div. (ERD), Ministry of Finance (MOF)	Deputy Secretary	
National Board of Revenue (NBR)	First Secretary	
Planning Commission	Deputy Secretary	
Local Chambers in Bangladesh	Representative	
BUILD	Chief Executive Officer	

PIC with the above members has been held five times during July 2017 and October 2019. These meetings

have been held before each PCC meeting as a preparatory meeting for PCC. In addition to regular PIC, discussion meetings among the PIC members were held to share and discuss activity progress.

Upon the approval of the Technical Assistance Project Proposal (TAPP) for Component 1 (December 2019), BIDA revised the members of PIC as listed below, and the Prime Minister's Office (PMO) approved the revision in September 2021. PIC with revised members was then held on 9 December 2021.

Table 2.1.2 Members (organizations) of PIC (after the approval of TAPP)

Organization	Department/ Position	Note
BIDA	Executive Chairman	Chair
	Secretary	Member
	Director	Project Director/ Member
	Deputy Director	Secretary
Prime Minister's Office (PMO)	Director General-1	Member
	Director-1	Member
Ministry of Planning (MOP)	Rep. from Socio-Economic Infrastructure Division	Member
	Rep. from Programming Division	Member
	Rep. from Executive Committee of the National Economic Council	Member
	Rep. from Implementation, Monitoring and Evaluation Division	Member
Ministry of Finance (MOF)	Rep. from Economic Relations Division	Member
	Rep. from Finance Division	Member

PIC and discussion meetings have been organized during the Project period as summarized below.

Table 2.1.3 Outline of PIC (and discussion) meetings

PIC meeting	Outline
The First PIC (7 July 2017)	Agenda: Explanation of the Component activity Presentation on the investment policy and FDI trend by BIDA Discussion/ decision: Acknowledged the contents of the Project activity.
The Second PIC (14 March 2018)	Agenda: Explanation of progress/ further plan of each activity Explanation of requests to BIDA (feedback to the investment climate review report/ selection of priority issues, selection of priority functions for functional strengthening of BIDA/ appointment of focal-points) Discussion/ decision: The chair agreed to answer for the requests of the Project Team.
The Third PIC (19 June 2018)	Agenda: Explanation of progress/ further plan of each activity Re-explanation of the requests (made in the Second PIC) to BIDA Discussion/ decision: BIDA's EC instructed to select priority issues for investment climate improvement, and approved to conduct workshops for policy development for FDI promotion and industrial linkage formation.
The Forth PIC (16 April 2019)	Agenda: Explanation of progress/ further plan of each activity Report of the third country training by the mission members Request for joining the Linkage Formation Platform (LFP) Discussion/ decision: BIDA's EC instructed to implement scheduled promotion events, utilize investment monitoring result and share draft guideline on priority investment environment climate issues to foreign chambers, and acknowledged to join the LFP.
The Fifth PIC (13 October 2019)	Agenda: Explanation of mid-term achievements and further plan of each activity Discussion of goals to achieve for the entire Project period Progress report of automobile industry development policy with request for support for the policy formulation to the relevant organizations (by MOI) Discussion/ decision: Acknowledged the goals to achieve for the entire Project period.

Progress-sharing meeting (27 October 2020)	Agenda: Explanation of progress/ achievement/ further plan of each activity Explanation of the Project activities under the COVID-19 pandemic and possible site activity schedule Request to hold the next PIC (inc. revision of PIC members along with TAPP) Discussion/ decision: Agreed on the schedule of webinar for Japan and to conduct aftercare workshop. And the Project Team accepted BIDA's request to support developing the investment promotion strategy for the post-COVID era.
Progress-sharing meeting (24 March 2021)	Agenda: Explanation of progress/ achievement/ further plan of each activity Report of the webinar for Japanese investors (Feb. 2021) and the feedback Interim report of the Post-COVID Investment Promotion Strategy Revision of PIC and PIU in accordance with TAPP Discussion/ decision: Agreed on proposed contents of Post-COVID Strategy. And the Project Team accepted BIDA's request to conduct research on medical devices industry.
The Sixth PIC (9 December 2021) as the First PIC after TAPP approval	Agenda: Explanation of TAPP and the Project (Component 1) Explanation of the progress, outputs and further plan of each activity Discussion/ decision: BIDA's EC asked the concerned divisions to institutionalize CMS and to organize the meeting for sharing outputs (e.g., manuals) of capacity building activities for their continued realization/ utilization after the Project.

Aside from the above, BIDA and the Project Team held the review meeting of the component activities for the purpose of ensuring the continued realization/ utilization of the Project outcomes/ outputs (27 Jan. 2022), and an explanatory session of the draft-final report (recommendations to BIDA in particular) of the Project (22 Mar. 2022).

(2) Formulation and Activities of PIU-1

BIDA shall actively engage in the planning, implementation and monitoring of the Project activities. Accordingly, the Project Team requested BIDA to formulate the Project Implementation Unit (PIU) which acts as the working group for the Project activities under the PIC, and nominate the C/Ps to be engaged in each of the three agendas of the Component.

As a result of discussion with BIDA, PIU would start with small numbers of staff, and would be additionally staffed for each activity in due consideration of the activity progress. Through the Project period, the PIU has largely been comprised of the following members. Members of PIU except for the Executive Member (EM) in charge of overall coordination were changed sometimes because of personnel transfer (but positions in BIDA of the members were not changed).

Table 2.1.4 Members of the PIU (from the initial stage till TAPP approval)

Position in BIDA	Role
Executive Member-1	Overall coordination, policy elaboration
Director (Registration & Incentives: R&I - Commercial)	Assistance of overall coordination, Investment climate improvement
Director (R&I - Local) or (Research & Economic Observatory)	Policy development
Director (Marketing & Communication) or (Investment Monitoring)	Capacity building
Assistant Director (Programming/ IT)	Internal coordination

Upon the approval of TAPP, the PIU members as well were revised as follows. One of PIU members (assistant director for the activity coordination support) has been continuously assigned after TAPP approval, but was replaced with another staff in February 2021.

Table 2.1.5 Members of PIU (after TAPP approval)

Position in PIU (BIDA)	Role
Project Director (Director)	Overall management/ coordination
Deputy Project Director (Deputy Director)	Assistance of overall coordination
Assistant Project Director (Assistant Director)	Activity coordination support
Computer Operator (Same)	Information technology
Office Support Staff (Same)	Document control

(3) The Project Team (BIDA Component)

The Project activities (BIDA Component) that have been undertaken by the Project Team consisted of the Japanese experts and national consultants/ staff as listed below.

Table 2.1.6 Members of the Project Team (BIDA Component)

	Name	Position
Japanese expert	Mr. Hidekazu Tanaka	Component Leader-1
	Mr. Taro Tsubogo	Component Leader-2/ Industrial Competitiveness Strengthening
	Mr. Hironobu Adegawa	Business Climate Analysis/ Investment Promotion Strategy
	Mr. Ryota Sai	Institutional/ Human Resources Development
	Mr. Takashi Shimada	Industrial Competitiveness Analysis/ Business Linkage/ PR
National consultant/ staff (excluding the short-term assigned ones)	Mr. Sabbir Hussain	Investment climate, Capacity building, Research
	Ms. Dilruba Hussain	Capacity building
	Ms. Sharmin Hossain	Policy Development, Research, Investment climate
	Mr. Fariaz Ahmed	Policy Development, Research, Capacity building
	Mr. Rashedul Islam	Capacity building
	Mr. Rabiul Mollah	Office secretary

II.2.2 Support for Investment/ Business Climate Improvement

(1) Objective and Approach

The Project Team assisted BIDA to improve investment/ business climate. The support for this activity contributed to improvement measures to solve issues and constraints faced by foreign companies, and then to assist BIDA to institutionalize the function of policy advocacy. The activity of support for investment climate improvement has been proceeding along with the work process described below:

Figure 2.2.1 Overall work process for investment climate improvement

The activity started with the overall review of investment/ business climate, and then identified and compiled the list of issues for improvement. Subsequently, the priority issues for improvement were selected by BIDA among the issues identified by the review, and the Project Team then assisted BIDA to examine these issues and propose measures for improvement.

The support for this activity has mainly dealt with the climate issues faced by the Japanese manufacturers in particular (those raised through Japan-Bangladesh Public-Private Economic Dialogue: PPED and Investment Climate Improvement Working Group: WG, for request of improvement). The Project Team observed those issues that could not be dealt with by BIDA itself, as well as could be dealt with by BIDA. In dealing with such issues outside the authority of BIDA, the Project Team through BIDA has facilitated the relevant ministries/ agencies to examine and implement their improvements.

(2) Overall Review of Investment/ Business Climate in Bangladesh

In proceeding with this support activity, the Project Team started with the overall review of the investment/ business climate in Bangladesh, as the starting point of work process of this support activity. The issues identified and draft recommendations for these issues were shared with and explained to BIDA. To effectively proceed with the activity, the Project Team found it important for BIDA officers to comprehend how foreign companies including Japanese companies (especially from the manufacturer's standpoint) perceive the entry/ establishment and operation climate in Bangladesh.

The World Bank Group, through the ease of doing-business indicators, has evaluated the business climate mainly from the viewpoint of ease of starting and operating business. However, the Project Team found it important to also focus on the operational stage from the viewpoint of manufacturing investment, and accordingly emphasized this respect in this support activity.

(i) Perspective of the review

Based on high level policies of Bangladesh (especially in the Seventh Five Year Plan) that underlines "investment promotion of assembly-type manufacturing industries and development of export-oriented component industries", the review focused on the issues and constraints in investment/ business climate from the perspectives of foreign investors, particularly the foreign manufacturers.

Foreign manufacturing investment in general requires the investment/ business climate to ensure long-term stability and commercial viability during their business operation, and predictability of investment related policies, and availability of quality infrastructure, services and resources necessary for investment, as well as to promise smooth operational commencement. Therefore, this review also looked at the investment climate for the service industries (such as logistics) essential for the operation of manufacturing investment.

(ii) Subject and method of the review

The following reports, documents and information sources were thoroughly consulted for this review. Further, the Project Team conducted interviews with foreign companies operating in Bangladesh, in particular with Japanese companies. These interviews were beneficial to understand the background and reasons, and validate the issues/ constraints indicated by the existing documents, and to draw on the actual cases of issues which those companies have experienced.

Documents and information sources referred to by this review

- UNCTAD, Investment Policy Review Bangladesh (2013)
- The World Bank, A Strategic Trade Diagnostic Survey (2016)
- The World Bank, Doing-business 2018 (2018)
- Relevant acts, regulations, guidelines, handbooks, circulars of the relevant agencies
- Report of the former JICA Expert to BIDA
- Issues listed by Japanese Commerce & Industry Association in Dhaka (JCIAD) as of October 2017
- Issues listed by Japan Machinery Center for Trade & Investment (JMCTI) in 2016
- Proposal in the annual report (2016) of Foreign Investors Chamber of Commerce & Industry (FICCI)
- Interview to Japanese investors in Bangladesh and other foreign investors (BIDA-registered)

Interviews were conducted from October to December 2017, and 21 Japanese companies (and organizations) in total located in Dhaka and its neighboring EPZs were visited (refer to the below). Not only export- oriented industries, domestic market-oriented ones which are (or would) be manufacturing locally were also included.

Table 2.2.1 List of Japanese companies interviewed for the investment climate review

Sector	Number	Status of Investment	Number
Textiles/ garment	4	Local subsidiary (export-oriented, EPZ)	2
Leather (bag)	1	Local subsidiary (export-oriented, non-EPZ)	3
Transportation equipment	1	Local subsidiary (domestic market-oriented: including the one under establishment)	3
Food processing	1	Local subsidiary (services for foreign companies operating in Bangladesh)	5
Daily necessities	1	Branch	1
IT (software development)	1	Representative/ liaison office	5
Construction-related service	2	Others (public org, Japanese chamber)	2
Logistics	2		
Trading	2		
Consulting/ accounting/ legal services	3		
Banking	1		
Public org., Japanese chamber	2		

(iii) Structure of investment/ business climate review

Structure of this review consists of three major categories as shown below, which are composed of several sub-categories. Major categories consist of FDI and other investment-related policies and regulations, services and resources necessary for investment, and logistic-related infrastructure. For each major category, several sub-categories were identified as subjects for review.

Table 2.2.2 Structure of the review

Major category	Sub-category
FDI and other investment-related policies and regulations	Entry of FDIs, Treatment of FDIs, Foreign exchange management: borrowing from abroad and overseas remittance, Taxation, Land title and registration, Labor management and foreigner employment, Incentives on FDI, Trade-related regulations and customs, Trade settlement, Non-tariff measures and product standards, Company registration and management, Environmental clearance, Intellectual property, Arbitration and mediation system
Services and resources necessary for investment	Ready-to-use land, Skilled workers, Public utilities (electricity and gas), Local banking, Logistic service, Local suppliers
Logistics-related infrastructure	Logistic infrastructure related to Dhaka-Chittagong Corridor, Airport cargo terminal, Land border station

(3) Preparation of the review report and screening of the issues for improvement

Around 40 issues were identified by reviewing investment/ business climate[1]. For each category, outline (of FDI and other investment-related policies/ regulations) and current condition (of services/ resources for investment and logistics-related infrastructure) were identified by the above-mentioned document reviewing and hearing survey. Then the review report explained those identified issues/ constraints in depth by citing the actual cases of issues/ constraints faced by the interviewed companies, if any. Further, counter-measures for each identified issue/ constraint were proposed in the review report.

The review report was shared among BIDA's officers including PIU members and explained in a series of PIU and PIC meetings. Then, the Project Team set the timeline (from February to April 2018) for BIDA's officers to go through the report, so that they could deepen their comprehension on how foreign companies including Japanese ones (from the manufacture's viewpoint) recognize the climate for investment entry and operation in Bangladesh. Followingly, the Team requested BIDA to indicate (screen) the priority issues to be tackled for improvement at an occasion of PIC (in March 2018).

In response to the request, BIDA then screened the short-list of candidate issues (among around 40 issues identified by the review) which could be supported for improvement by the Project. As suggested by the Project Team, such issues as i) authorized by BIDA or improved with BIDA's initiative and ii) raised by the PPED were covered. Screened issues are shown as follows.

Table 2.2.3 List of screened issues in investment/ business climate

Category	Issue/ Constraint	Authorities
Foreign exchange management: Borrowing from abroad and overseas remittance	Clarification of unrestricted items of overseas remittance	BB
	Simplification/ clarification of overseas remittance of royalty/ technical assistance-related fees	BB, BIDA, BEPZA
	Strictness of approval condition and usage of foreign term loan limited to capital investment	BIDA, BEPZA, BB
	Sources of foreign working capital loans limited to interest-free parent loan	BB
Labor management and foreigner employment	Prolongation of associated processes for completing work permit (issuance of security clearance)	BIDA, MOHA, NSI, SB
	Clarification of renewal conditions for work permit	BIDA
	Difficulty in meeting regulated ratio of foreign to local employees	BIDA
Incentives on FDI	Restrictive conditions of tax holidays to general investors	MOF, NBR, (BIDA)
Trade-related regulation and customs	Frequently-revised and escalated tariffs for consumer goods	MOF, NBR, MOC
	Frequent renewal for bonded license with limited entitlement	NBR
	Customs valuation not based on invoice	NBR
Trade settlement	Limited mode of import (trade) settlement to L/C	MOC, BB
	Limited application of L/C usance to capital/ intermediate goods	MOC, BB
	Limited entitlement of back-to-back L/C facility	NBR
Not-tariff measures/ product standards	Existence of less legitimate product standards (e.g. salable size of products)	MOI-BSTI

[1] Refer to the Appendix for the review report on investment/ business climate.

Local suppliers (for manufacturing parts)	Limited access (by foreign manufacturers) to information of potential local suppliers	MOI, BIDA
Airport cargo terminal	Low threshold value for duty-free clearance of airfreight consignments	NBR
Others	Clarification of entry conditions of foreign investors to the controlled sectors for foreign investors	Line ministries, BIDA

It was found that the following issues, although screened by BIDA, have been improved by the Bangladeshi government during the Project period.		
Taxation	Requirement of prior-registration of selling price for sales in domestic market and its inflexible registration procedure (in relation to VAT) → Abolished once the amended VAT Act. is effective (2019).	NBR
Company registration/ management	Requirement of prior-approval upon each capital increase (in case of exceeding a certain threshold amount) → PSDPCC (in September 2018) has ordered BSEC to largely increase the threshold amount	BSEC

Note: Underlined issues are addressed by PPED (or the Working Group).

The following general findings were observed by the review for investment/ business climate in Bangladesh.

Interpretation and application of laws, regulations and guidelines: Bangladesh has established the legal framework with relevant laws, rules and regulations, guidelines which stipulate or prescribe almost all deeds of establishment and operation of investment/ business. However, their descriptions either leaves some ambiguity or require stringent conditions. Both cases have caused compliance-conscious investors with administrative burdens and necessity of clarification or negotiation with the authorities concerned as each issue arises. Such investors then tend to face difficulty in clarifying the issues through negotiation with authorities unless precedents are presented. Without precedents, the authorities tend to handle the matters on a case-by-case basis or even are suspended. Then, fundamental issues remain unaddressed.

Accessibility to overseas resources: It is found that several restrictive policies exist for access to overseas resources (funds, labor, goods and services), which place burdens on them such as stringent regulations, obligation of prior-approval, and high tariffs, etc. Although the government prepares a series of privileges for export-oriented industries such as customs duty exemption, unrestricted mode of trade settlement, assured access to foreign currency (accounts), etc., these are not applicable to domestic market-oriented industries. These industries as well are supposed to utilize overseas resources, and thus experience more difficulties and burdens during their investment operation as a result of such restrictive policies.

(4) Selection of the Priority Issues for Improvement

The Project Team requested BIDA to select priority issues for improvement among the screened issues, which match the following condition (March 2018).

- Issues that are authorized by BIDA or improved with BIDA's initiative,
- Issues that PPED or the Working Group for Investment Climate Improvement propose BIDA to improve,
- Issues related to inquiries or complaints that BIDA has frequently received,
- Issues that could be improved in the relatively short-term

As a result, BIDA selected the following three subjects as priority issues.

Overseas remittance of royalty/ technical assistance-related fees

This is related to foreign exchange management: borrowing from abroad and overseas remittance, and is to deal with simplification/ clarification of the rule/ procedure on overseas remittance of royalty/ technical assistance-related fees.

Private Sector Development Policy Coordination Committee (PSDPCC) led by PMO had instructed BIDA to propose simplification or clarification of the rules concerned for this repatriation. BIDA, then at the PIU meeting (April 2018) asked the Project Team to assist studying the similar regulations in the neighboring peer countries and compiling the study findings to prepare counter-measure for improvement of this issue. Japanese investors raised this issue in view of simplification at the third PPED.

Expatriate work permit policies

This is related to labor management and foreigner employment, and is to deal with prolongation of associated processes for completing work permit (issuance of security clearance) and difficulty in meeting the regulated ratio of expatriate to national employees.

BIDA had an intention to revise the guidelines concerning this issue and requested the Project Team to regard this as a priority issue (July 2018). At the same time, foreign companies including Japanese ones have addressed this issue, where delay of security clearance associated with work permit in particular was raised at the third PPED.

Project office registration system

In preparation for the project office registration system[2], BIDA at PIU meeting (July 2018) requested the Project Team to support identification of the similar registration system in Asian countries and study the registration system in depth. This issue was also raised at PPED, where the Japanese side showed a strong interest. BIDA intended to additionally introduce the guidelines on the project office registration in the revised guidelines of expatriate work permit policies.

(5) Support for examining improvement measures for the priority issues

The Project Team started reviewing the background of each priority issue, and examining and proposing the improvement measures, in view of assisting BIDA to materialize improvement. In concrete, the Project Team has undertaken i) benchmark study of similar regulation/ system in the neighboring peer countries, ii) identification of good practices, and iii) technical input to the draft guidelines, as technical cooperation.

The tables below explain the background, development status of each priority issue, and the technical support and input which the Project Team provided for each issue.

(i) Overseas remittance of royalty/ technical assistance-related fees

Authorities in charge: BIDA, BB	
Background of the issue	In response to request from foreign investors, PSDPCC instructed BIDA to propose simplification or clarification of the rules for this repatriation (Aug. 2017). Japanese investors were also raising this issue as a potential factor that inhibits manufacturing

[2] This is the issue confronted by those contractors engaged in public works, not directly related to investment. Thus the investment climate review did not cover this matter. On the other hand, BIDA had been struggling to cope with complaints from many contractors. Since BIDA requested for support and planned to introduce the project office registration system in conjunction with revision of the guidelines on expatriate work permit, the Project Team decided to regard this matter as a priority issue.

	investment, which is associated with the provision of technical license/ know-how/ assistance. Then, the Japanese side of PPED asked Bangladeshi side to consider abolishment of the threshold value in Nov. 2017. This was also the case for EU-Bangladesh Business Climate Dialogue.
Discussion committee	Sub-Working Group (BIDA, PMO, Bangladesh Bank: BB, National Board of Revenue: NBR, Ministry of Commerce: MOC, BUILD) formulated under PSDPCC
Approver	Principal Secretary of PMO
Development/ Updated status of the issue	BIDA voiced needs to know how other countries deal with the similar issue and asked the Project Team to support the benchmark study of the similar rules/ regulations of the neighboring Asian countries (Apr. 2018). The Project Team in response to the request conducted the benchmarking with eight Asian countries and compiled the study results to BIDA's officials in charge (Jul. 2018), which found that the neighboring peer countries including India have almost all liberalized such repatriation, although requiring the remitters to report to their central bank. The Project Team further provided a proposal input in view of simplification (Sep. 2018), referring to a case at BEPZA and rules in Vietnam and Malaysia (past) where the remitters shall obtain prior-approval of the agreements of royalty or technical license/ assistance, but the fee remittance shall not be subject to further approval by the authority (setting no threshold value). BIDA shared the benchmark study and findings at PSDPCC (Sep. 2018). EU-Bangladesh Business Climate Dialogue asked BIDA to propose simplification by letting only the Authorized Dealers (ADs) handle the remittances without BIDA's involvement (Oct. 2018). On the other hand, BB revealed its careful stance in letting only ADs handle the remittance, considering their capability. BIDA has found it difficult to largely simplify the rules involving an abolition of threshold value, and stated that Bangladeshi government need to also consider how misuse of this regime for profit transfer by a part of foreign investors and local companies is prevented through maintaining a certain value of threshold value. BIDA then drafted revised guidelines in Feb. 2019. Drafted guidelines are stipulating the rule/ procedure for each category (i.e. royalty, franchise, technical license/ knowhow/ assistance) of repatriation (previously, rule/ procedure was common regardless of the category), but proposing remittance without prior-approval of BIDA in case the amount is below USD 25,000 (still subject to its acknowledgement on the content of the contract or agreements that are basis for the remittance). BIDA held the first stakeholder meeting in Feb. 2019, but invited only BUILD, local chambers and Foreign Investors' Chamber of Commerce & Industry (FICCI) from the private sector. Therefore, the Project Team advised BIDA to hear from those chambers of EU, US, Japan as well, which raised this issue. Investment Climate WG under PPED was then held in Mar. 2019 to explain the development and status of the revised guidelines (but without sharing the draft). Then, BIDA further explained the revised guidelines to EU and US chambers in May/ Jun. 2019, which are requesting another opportunity of BIDA's explanation or public comment. In parallel, the revised guidelines were internally reviewed among BIDA's senior officials including EC from Aug. To Dec. 2019, which commented on definition of a few terminologies such as franchise fee. BIDA then drafted a final draft at the end of 2019 after confirming the internal comments. BIDA was scheduled to place this final draft of revised guidelines at its Board meeting to be held in Feb. 2020 to obtain the approval of PMO, but this meeting was postponed. The final draft was then finally placed at the Board meeting that was held in Aug. 2020. In this meeting, however, PMO advised BIDA to have the final draft further reviewed by BB. After the review by BB, the revised guidelines were finalized again and placed to PMO. PMO then approved the final draft in Feb. 2021, and the guidelines was made official through gazette. Although having not achieved deregulation completely (i.e., remittance threshold value of 6% of sales in the previous year continues to remain), remittable fees are clarified and remittance procedure is simplified where the revised guidelines allow to

	remit multiple times up to the threshold value without prior-approval upon each remittance, once the contract/ agreement as a rationale for the fee remittance is registered in prior.
Technical support/ input by the Team	- Benchmark study of the similar rules/ regulations of the neighboring eight Asian countries - Study of prior-approval system for agreements of royalty or technical license/ assistance - Proposal input for revised guidelines

(ii) Expatriate work permit policies

Authorities in charge: BIDA, associated authorities: Ministry of Home Affairs (MOHA)/ National Security Intelligence (NSI)/ Security Branch (SB)	
Background of the issue	Foreign companies including Japanese ones have addressed the expatriate work permit policy as one of the issues, citing a few problems including prolongation of associated processes for completing permit (security clearance). Delay in security clearance in particular was raised by PPED. BIDA, in preparation for revising the Guidelines for Issuing Work Permit of Foreign Nationals, commenced to identify and compile problems in relation to work permit policy, and then requested the Project Team to assist this work for improvement.
Discussion committee Approver	Inter-ministerial Committee organized by BIDA periodically (Ministry of Home Affairs: MOHA, Ministry of Industries: MOI, Ministry of Foreign Affairs: MOFA, NBR, BB, BEPZA) Principal Secretary of PMO
Development/ Updated status of the issue	Asked by BIDA, the Project Team supported to review the existing guidelines and interview on the procedure in practice to BIDA's responsible officers to the work permit, analyzing the problems recognized by the Japanese chamber. As a result, the following issues in were found in relation to work permit policy, i) gap between the existing guidelines and actual procedure in practice (particularly in case that security clearance is not conducted within the prescribed period), ii) necessity to indicate (or exemplify) the procedure to be followed upon applications for special case (i.e., application for a case exceeding regulated ratio between foreign and local employees). A delay in security clearance (caused by a lack of officers in charge in MOHA) has been a problem, since this causes a problem in renewing work permit. In dealing with such a frequently arisen problem, BIDA has been allowing the renewal in practice by notifying the delay to MOHA, unless security clearance is undertaken within a due period. The Project Team proposed BIDA to address such a handling practice in the revised guidelines to minimize the work permit applicants who are muddled by the delay of security clearance. BIDA then drafted revised guidelines concerning expatriate work permit in Feb. 2019 and explained that BIDA would organize a series of stakeholders meeting to hear from related ministries/ agencies and chambers. As per the handling practice to delay in security clearance, BIDA stated that this has been dealt with at BIDA's own risk, and it would accordingly be difficult to address this practice in depth in the revised guidelines. The Project Team advised BIDA to hear from major chambers including Japan, which raised this problem of security clearance. Investment Climate WG under the PPED was then held in Mar. 2019 to explain the development and status of the revised guidelines. Then, BIDA further explained the revised guidelines to EU and US chambers in May/ Jun. 2019. As of Oct. 2019, BIDA has completed the internal review in BIDA and been proceeding with hearing from related ministries/ agencies, which has posed no particular comments. Since then, however, it has taken a long time to prepare a final draft. The final draft was needed to ensure a consistency to the Visa Policy that has been revised as well and prepared along with the official issuance of Visa Policy (Jul. 2020). BIDA prepared a draft as of Nov. 2020. The draft as of this addresses the above-mentioned issues, i.e., how to treat the case in which security clearance is not conducted within the prescribed period, and the procedure of application for a case exceeding regulated ratio between foreign and local employees. Then, BIDA's EC suggested to ask further feedback to the draft from local chambers and

	Bangladesh International Mediation Center. It then took time to collect feedback from these organizations, and BIDA stopped collection in Sep. 2021. As of the Project completion, BIDA is reflecting the collected feedback into the final draft and is to finalize the revision for PMO approval in short-term.
Technical support/ input by the Team	- Benchmark study of the similar rules/ regulations of the neighboring eight Asian countries - Review of the existing guidelines and actual procedures in practice of BIDA, for the problems recognized by the Japanese chamber

(iii) Project office registration system

Authority in charge: BIDA	
Background of the issue	Foreign contractors are advised to register branch office with BIDA (or local company with the Registrar of Joint Stock Companies and Firms (RJSC)) under the existing regime. Unless establishing or local company, they cannot engage the projects involving fees/ revenues, or open bank account. Branch establishment is not an option with ease for foreign contractors coming for just executing the contract or does not presume a formation of joint-venture (JV) that is general among the contractor business. Accordingly, there's virtually no other available option for ensuring the smooth contract execution. Hence, Japanese contractors and trading houses requested BIDA to introduce the project office status aside from branch (or local company).
Discussion committee Approver	Inter-ministerial Committee organized by BIDA periodically (Ministry of Home Affairs: MOHA, Ministry of Industries: MOI, Ministry of Foreign Affairs: MOFA, NBR, BB, BEPZA) Principal Secretary of PMO
Response/ development for the issue	BIDA decided to respond to the request for introducing the project office registration and asked the Project Team to support identification of the similar registration system in Asian countries and study the registration system in depth (Jul. 2018). The said study covered India, Vietnam, Indonesia, Sri Lanka (the similar system has already been abolished or not been observed in other neighboring countries). The Project Team has then presented the result of the above study to BIDA's officials in charge, and suggested that proposed project office be i) coequal to branch office, which can receive the project receipts, ii) registered in JV's name, iii) able to open local bank account; finance operational expenses both with the project receipts (from client) and suspense payment (from head office); access to the relevant visa for expatriates along with the contract needs; and repatriate the remaining fund upon the completion. BIDA then added the guideline of the project office registration to the existing guidelines (for establishing/ opening of branch, liaison & representative office) in Feb. 2019, and explained that BIDA would organize a series of stakeholders meeting to hear from related ministries/ agencies and chambers. Investment Climate WG under PPED was then held in Mar. 2019 to explain the development and status of the revised guidelines. As of Oct. 2019, BIDA has completed the internal review among BIDA's senior officials including EC and been proceeding with hearing from related ministries/ agencies. Subsequently, the draft version (in Bengali) was then shared with the Project Team in Mar. 2020 and then to the Japanese contractors executing the construction projects in Bangladesh for their feedback through JCIAD (Project WG) after translation. Their feedback, grouped into the clarification and request, was centered on the possibility of the office registration in JV's name, Visa/ expatriate work permit affair, remittance and tax treatment. The Project Team and BIDA then had a discussion opportunity to confirm the clarifications and share the requests in Jun. 2020 while transmitting the feedback in letter to BIDA. The discussion clarified the questions regarding the possibility of the office registration in JV's name, procedure for expatriate recruitment, remittance in accordance with the contractors' presumption and decided to consider the requests. BIDA prepared a final draft as of Nov. 2020. However, this guideline is to be included in the

	above-mentioned revised guideline on expatriate work permit policies, so that final approval of this guideline waits for this finalization. BIDA plans to finalize and place this guideline to PMO in short-term.
Technical support/ input by the Team	- Study of the project office system covering India, Vietnam, Indonesia, Sri Lanka - Analysis/ proposal of the facilities to be guaranteed for the project office - Review, transmission and discussion of the feedback (clarifications and requests) regarding the guidelines, which are given by the Japanese contractors

(6) Support for Work Cycle Establishment for Investment Climate Improvement

(i) Objective and Approach

To establish the work cycle of investment climate improvement, BIDA is expected to review investment climate periodically and update list of issues for improvement. The Project Team commenced to assist investment monitoring and have extended the cooperation so that BIDA establishes the work cycle from identification of the issues faced by investors utilizing the channel of investment monitoring, through screening of the issues for improvement, to examination and proposal of improvement measures.

(ii) Support for examining improvement measures for the issues revealed by investment monitoring

The investment monitoring revealed that a relatively large number of investors faced a difficulty in obtaining trade license and import registration certificate (IRC), security clearance in relation to work permit, and environmental clearance certificate (ECC). The fourth PIC acknowledged that IRC issue is to be dealt with as initial casework. IRC is a licensing authorized by the Office of Chief Controller of Import & Export (CCI&E) of the Ministry of Commerce (MOC) and BIDA only stands at the position to issue the recommendation for CCI&E (one of required documents) based on application. The Japanese Chamber had requested for prompt approval and issuance.

The Project Team commenced interviews on the problems and reasons behind the IRC issue and needs for improvement with the concerned investors from October 2019, and prepared the report which proposes the improvement measures[3] to BIDA in February 2020.

BIDA in response to this proposal decided to deal with an application of IRC issuance as one of the priority licensing services accommodated in its online one-stop service (OSS) facility, and then established an application programming interface (API) for the connection to the application portal held by the authorized entity of CCI&E. Since 2020, online application for IRC issuance has become available.

(7) Follow-up Support to the Issues Raised by Public-Private Economic Dialogue (PPED)

(i) Issues raised by PPED and support for improving the issues

During the Project period, the third PPED was held in October 2017 in Tokyo. The issues raised by the Japanese side for improvement by the Bangladeshi government at this dialogue covered the following.

- Simplification of overseas remittance of royalty/ technical assistance-related fees
- Expediting of security clearance issuance in relation to expatriate work permit
- Appropriate operation of OSS facility and close coordination with the related ministries/ agencies

As already stated, the Project Team has assisted BIDA to improve the issue (by revising the guidelines) on

[3] Refer to the Appendix for the proposal report on IRC issue.

overseas remittance of royalty/ technical assistance-related fees and expatriate work permit policies among them.

To support the follow-up to the investment climate issues raised at the fourth PPED (July 2019), the Project Team has i) undertaken comparative analysis on the similar policies and initiatives for improvement with the neighboring peer countries and ii) proposed improvement measures for these issues to the Bangladeshi side (since October 2019), in close consultation with JETRO Dhaka Office and JICA. Such issues as raised by the fourth PPED are largely related to foreign exchange management, taxation/ customs clearance, and authorized by BB and NBR as follows.

- Improvement of overseas remittance and external borrowing (remittance of royalty/ technical assistance-related fees, remittance by branch office, import settlement, fund borrowing from abroad),
- Predictability of taxes/ tariffs and transparency upon their revision, good governance of tax assessment/ customs clearance, improvement of bond licensing policies,
- Improvement of expatriate work permit and the associated policies, immigration clearance at airport, port/ airport facility, decision mechanism of wages in EPZ, motorcycle registration fee, measures against counterfeit goods,
- Introduction of the project office status

Concerning the above issues except for those already supported for improvement, the Project Team analyzed the problems of Bangladesh in relative to the peer countries (relatively stringent rules/ procedures, deeds of business allowed or deregulated in the peer countries, initiatives lacking in Bangladesh), and proposed counter-measures for improvement to be considered by the Bangladeshi side[4], in close consultation with JETRO Dhaka Office and the Japanese chamber (December 2019). The above study result was then explained to and shared with the Japanese Ambassador to Bangladesh (December 2019) and JETRO Dhaka Office (February 2020).

(ii) Proposal of improvement measures for the issues raised at the Fourth PPED

In preparation for BIDA to take preparatory action for the next PPED, the Project Team had an opportunity to explain the above study result (comparative analysis with the peer countries and counter-measures for improvement for the issues raised at the fourth PPED) to the EC of BIDA (February 2020). Subsequently, the EC of BIDA requested the Project Team to propose "possible measures to promote relocation of Japanese factories to Bangladesh" (May 2020) in view of the prospect of the fiscal measure of Japanese government to promote diversification of manufacturing base of intermediate/ final goods of Japanese manufacturer, that was introduced in response to the COVID-19 pandemic. The Project Team proposed the above counter-measures for the PPED-raised issues to BIDA, seeing this request as a chance for BIDA to take its action.

EC of BIDA then formulated a taskforce to examine and implement investment promotion measures during the COVID-19 pandemic (June 2020). In parallel, JETRO Dhaka Office has been extending its facilitative actions in view of improving the issues of foreign exchange management and trade settlement in particular to BB which authorizes the issues, with reference to the study result by the Project Team.

(iii) Reflection of the proposed measures to Post-COVID Investment Promotion Strategy

[4] Refer to the Appendix for the proposed measures for the issues raised at the fourth PPED with the result of the comparative analysis.

BIDA had taken its facilitative actions for improving the investment climate issues which other authorities authorize to rather limited extent before the COVID-19 pandemic. In October 2020, however, EC of BIDA requested the Project Team to examine "the investment promotion strategy for Bangladesh in preparation for the era of post-COVID-19".

In response to the request, the Project Team commenced to examine the requested strategy since January 2021, and accommodated the improvement measures for such climate issues that were aggravated since the outbreak of the COVID-19 pandemic in terms of impacts on business activities, particularly trade activity, as recommendations in the strategy. They include the issues concerning easing of import settlement method (by allowing telegraphic transfer), relaxation or simplification of the existing rule on external borrowing of long-term loans, and improvement of custom clearance governance.

The Project Team then drafted the Post-COVID Investment Promotion Strategy (explained in depth at the later section) in June 2021, which proposes the above recommendations to issues such as investment climate issues. The draft strategy was explained to the Taskforce for the Promotion under the COVID in BIDA in August 2021 and then to the related ministries/ agencies and local chambers in October 2021. Subsequently, the BIDA's taskforce, through the discussion to select the priority recommendations, confirmed the following climate issues as priority for further elaboration or materialization of improvement measures.

- To relax or simplify the existing rule/ regulation on long-term borrowing from abroad,
- To ease import settlement method (by allowing telegraphic transfer: T/T).

(iv) Detail examination of improvement measures and facilitation to the concerned authorities

The Project Team updated the benchmark study of similar rules/ regulations of the neighboring peer countries for elaboration of improvement measures for both priority issues, and proposed concrete measures to the taskforce in BIDA[5]. The Project Team then in December 2021 explained the proposals of recommendation to the taskforce and discussed how to approach and facilitate BB and MOC which authorize these issues.

As for the recommendation to relax or simplify the existing rule/ regulation on long-term borrowing from abroad, BIDA had also found it necessary to address since the outbreak of the COVID-19 pandemic. Existing rule on the long-term borrowing from abroad requires submission of many documents which necessitates a considerable preparation as well as prior-approval, causing a burden to the cases of borrowing from parent/ affiliated companies in particular. As a result, the number of applications on long-term borrowing from abroad has been remaining very low, thus inhibiting investment promotion and industrial diversification. Accordingly, the Project Team has prepared the proposal to reduce the number of submitted documents or allow the post-fact reporting, at least for borrowing from parent/ affiliated companies (and borrowing by investment in the priority sectors).

As for the recommendation to ease import settlement method (by allowing T/T) which MOC authorizes, BIDA and the Project Team suggest allowing T/T for trade settlement without placing any ceiling value for transaction among the group companies in the proposal, while highlighting the demerits of the existing mode of settlement (i.e., by the letter of credit). BIDA has commenced facilitation to the authorized entities of BB and MOC for improving both priority issues through internal discussion, and the Project Team has so far

[5] Refer to the Appendix for the draft recommendations of improvement measures for both priority issues.

supported preparation of explanatory materials for the discussion.

(8) Achieved Outputs

The Project has extended the activities for the purpose of "improving investment climate issues which might prevent smooth and predictable investment operation by foreign manufacturers. The achievement status for the outputs is stated below.

(i) Improvement of priority investment climate issues

The status of improving the three priority issues for investment/ business climate (revision or preparation of guidelines), as of the Project completion, is shown as follows. Among these issues, revised guideline of overseas remittance of royalty/ technical assistance-related fees has already obtained final approval and been made official through the gazette[6]. For the remaining two issues, revised guidelines are estimated to be finalized in short-term, according to BIDA.

Overseas remittance of royalty/ technical assistance-related fees	Revised guideline has been finalized with approval by PMO and made official through the gazette. BIDA already commenced the operation with revised regulation.
Expatriate work permit policies	Revised guideline is estimated to be finalized (subject to final approval by PMO) in short-term, with the following remaining task; - Reflection of feedback from chambers/ Bangladesh International Arbitration Center, - Submission of final-draft to PMO.
Project office registration system	Guideline* is estimated to be finalized (subject to final approval by PMO) in short-term, with the following remaining task; - Submission of final-draft to PMO. * This shall be finalized together with the revised guideline on expatriate work permit policies

These priority issues are those raised at the third PPED for investment/ business climate improvement.

(ii) Improvement of the investment climate issues raised by PPED

In addition to the above three priority issues, BIDA has commenced taking its initiative for improving the following issues (in relation to foreign exchange management and trade settlement) addressed by the fourth PPED. Improvement measures were elaborated and proposed in cooperation with the Project Team, and BIDA commenced facilitating for their improvement to the authorized organizations (as of January 2022).

- To relax or simplify the existing rule/ regulation on long-term borrowing from abroad,
- To ease import settlement method (by allowing T/T).

Although it might be difficult to materialize improvements along with the proposal by BIDA and the Project Team during the Project period, this deserves a nod since BIDA has proactively commenced the facilitative action to the authorized organizations and continued the discussion with them.

(iii) Establishment of work cycle for investment climate improvement

In an initiative for establishing the work cycle for investment climate improvement, BIDA in cooperation with the Project Team has dealt with an issue of delay of IRC issuance as a casework, which was indicated by a number of existing investors through investment monitoring, and made the licensing procedure serviced

[6] Refer to the Appendix for the revised guidelines on overseas remittance of royalty/ technical assistance-related fees.

online earlier. To establish the work cycle, BIDA needs to ensure institutional alignment among the divisions concerned; starting from identification/ selection of investment climate issues for improvement (by Investment Monitoring Division), followed by elaboration of improvement measure for the selected issues (by Aftercare Division and other related divisions) and reporting proposed measures to directorate general (DG) in charge and EC, to materialization of proposed measures (by appointed division as instructed by EC) or facilitation of proposed measures to the authorized organization (through Policy Advocacy Division).

The Project Team assumed to repeat the work cycle for improvement by the end of the Project completion. However, due to travel restriction under the COVID-19 pandemic, it became difficult to extend such an initiative as requiring close coordination/ cooperation among the concerned plural divisions. Although the investment monitoring which reveals the climate issues confronted by investors has already been institutionalized, Aftercare Division or other relevant divisions in BIDA still needs experience/ know-how to elaborate improvement measures against the issues indicated from investment monitoring[7].

II.2.3 Functional Strengthening of BIDA and Enhancement of its Promotion Services

(1) Objective and Approach

BIDA is expected to proactively perform the roles and services for investment promotion and facilitation as an investment promotion agency (IPA) through the support for functional strengthening. In consideration of the support measures for functional strengthening, the Project Team conducted the capacity assessment consisting of gap analysis between the existing conditions of BIDA and benchmarks (good practices of IPAs) and indicated the measures/ actions for functional strengthening (or adoption for those functions that had not been rendered). Then the Project compiled those proposed measures/ actions as "the Action Plan for functional strengthening" and assisted BIDA to implement the plan for the functions which BIDA decided to strengthen (or adopt) in priority.

(2) Capacity Assessment

The BIDA Act (2016) sets forth a range of functions and services which BIDA is mandated to fulfill. These functions/ services are categorized into the following three groups largely, covering investment promotion (information provision, promotion activity), investment facilitation (consultation, licensing facilitation, investment monitoring and aftercare), and policy advocacy.

To examine measures/ actions for functional strengthening, the Project Team grasped the existing conditions and identified key challenges regarding BIDA's functions/ services, and further revealed the gaps and issues by comparing the existing performance of BIDA with good practices of other IPAs. The capacity assessment[8] was conducted from October 2017 to February 2018, and the following challenges were found.

Expected functions	Challenges (before the commencement of support activity)
Marketing/ information provision	Research on major industrial sectors was not conducted and information provision to investors had not taken place. Sector profiles for 16 sectors were prepared including those outsourced, but needed further improvements of their contents.

[7] The Project assisted BIDA to adopt aftercare service as a part of functional strengthening activities, in which the Project has facilitated BIDA to commence an initiative of trouble-shooting to the issues confronted by investors.

[8] Refer to the Appendix for the capacity assessment report.

Investment promotion activity	Participation in promotion activities were mostly based on invitation from government and related organizations in other countries. BIDA had experiences in hosting promotion activities in foreign countries though it was rare, while the know-how/ skills of organizing events were not accumulated due to the frequent rotation of officers.
Investment consultation	BIDA had only dealt with the inquiries from investors. The challenge for BIDA was found to proactively facilitate to the investors interested in Bangladesh. For this purpose, it was necessary to accumulate and administer the data of potential investors (contacted through seminars and inquiries).
Investment approval (project registration)	Interviews with foreign investors revealed that there were fewer issues compared to other functions. However, there were a few respects that could be improved. It was necessary to ensure consistency of the explanations by the officers regarding the procedure for investment project registration.
Licensing facilitation	Online OSS was being developed for the purpose of facilitating and simplifying investment-related licensing procedure. BIDA is to have the role of facilitating investors to smoothly proceeding their licensing authorized by other organizations. However, facilitation by BIDA to other authorities was not always effective.
Investment monitoring and aftercare	Without investment monitoring, it is difficult to conduct aftercare activity. Although a division responsible for investment monitoring existed, its initiative had just started. Accordingly, it was not possible to grasp with if registered projects with BIDA were being implemented.

(3) Action Plan Formulation for Functional Strengthening of BIDA

(i) Formulation of the Action Plan

The Project Team formulated the Action Plan (as the first version) after examining the measures/ actions for strengthening or adopting those expected functions as IPA (February 2018). The Action Plan describes the definition and vision, proposed measures/ actions for strengthening or adoption, expected outputs, and approach for implementation, for each function. In the process of formulating the plan, the Project Team considered the needs/ requests of external stakeholders (foreign investors in particular), technical assistance by other donors, and requests (good practices learnt from IPAs of other countries) and constraints (lack of staff and ongoing organizational reform) from BIDA side.

Those functions addressed by the plan cover those expected as an IPA, namely; i) Information provision, ii) Marketing, iii) Investment promotion, iv) Consultation, v) Investment approval (registration), vi) Licensing facilitation/ OSS, vii) Investment monitoring and viii) Aftercare. The Project Team decided to support implementation and development of the activities for functional strengthening or adoption through building the capacity building consisting of mainly hands-on guidance, followed by training, workshop, and demonstration by the Project Team if deemed necessary.

The Action Plan was then explained at the second PIC (March 2018) for receiving feedback, and then finalized as the first version (April 2018)[9], reflecting the feedback from PIU of BIDA.

(ii) Selection of the priority functions

Since there exist a range of functions which BIDA shall perform, the Project decided to select those functions to be strengthened or adopted in priority. The Project Team asked BIDA to consider such priority functions at the third PIC in July 2018. However, since it took a considerable time for BIDA to select the priority

[9] Refer to the Appendix for the Action Plan. The plan was revised in August 2019 and October 2020 to reflect the development.

functions[10], the Project Team decided to propose them.

The Project Team proposed to prioritize "investment promotion activity" among the pre-investment functions and "investment monitoring" among the post-investment ones. Investment promotion activity is the function for outreaching to the potential investors, and thus given priority in view of extending the support activity to the follow-up actions for screening prospective investors, developing the decision-making facilitation through investment consultation. Investment monitoring is deemed as indispensable for grasping with the status of registered investment projects, and the subsequent functions such as aftercare and policy advocacy including investment climate improvement would not be developed unless this monitoring is undertaken.

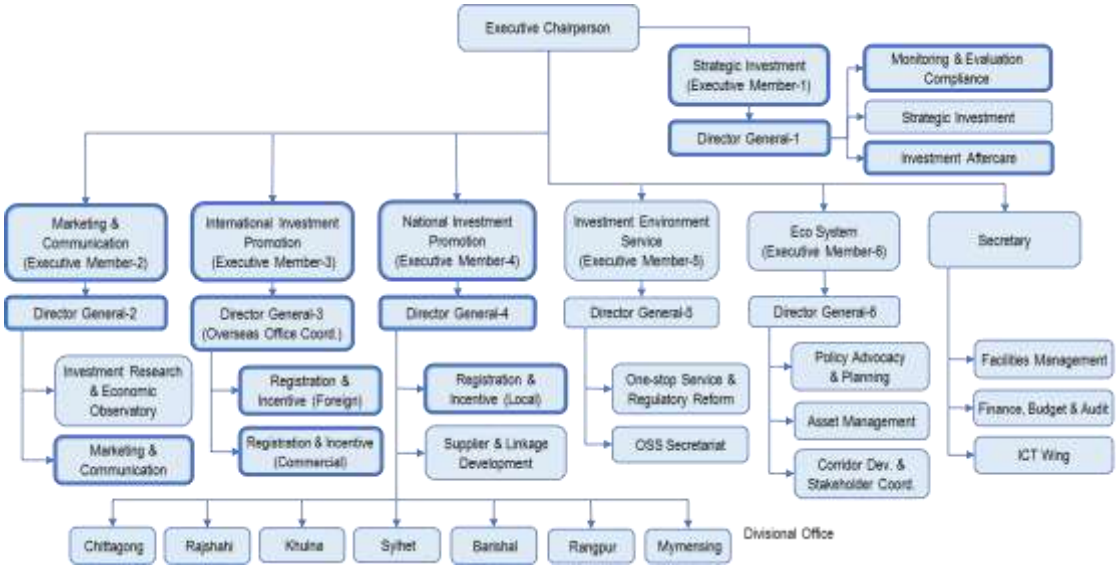
Such priority functions for strengthening or adoption were acknowledged by BIDA (October 2018). In addition, the Project Team confirmed to support development of promotional materials (as information provision function) and preparation of FAQs concerning investment which is an important tool for investment consultation function. Followingly, the focal-points for each function were appointed upon the approval by BIDA's EC (October 2018). The following divisions were assigned for each function.

Table 2.3.1 Functions covered in the Action Plan and focal-points assigned

Function	Focal point
Marketing/ information provision	Marketing & Communication Division (changed from Image Building & External Communication Division)
Investment promotion activity	Marketing & Communication Division, taking over from Registration & Incentive (R&I) Division for Foreign/ Local Industry/ Commercial Office
Investment consultation	R&I Division for Foreign/ Local Industry/ Commercial Office
Investment approval (registration)	Ditto
Investment monitoring	Monitoring & Evaluation Division
Aftercare	Investment Aftercare Division

BIDA started organizational reform two years after its establishment and transformed the organization as shown below along with the BIDA Act in December 2018, upon which the divisions responsible for aftercare and following-up to strategic investment projects were newly established.

[10] This was partially because a technical cooperation project referred to as Bangladesh Investment Climate Facility-II (BICF-II) by the World Bank Group (International Finance Corporation: IFC) had formulated the Mid-term Strategic Roadmap of BIDA, which prepared the action plans for strengthening or introducing the functions/ services to be performed by BIDA. Since BICF-II had not decided those action plans to be covered for implementation support, it took time for the Project to clarify its priority functions/ actions to be supported.



Note: Those framed by thick-line indicate the positions/ divisions involved in activities for functional strengthening of BIDA.

Figure 2.3.1 Organization chart of BIDA (current)

Although the number of posts in the new organogram amounts to 392, those posts that have already placed the officer amount to around 200 as of the end of 2021. Waiting for consolidation of the recruitment regulations between merged organizations (Bord of Investment (BOI) and Privatization Committee (PC)), BIDA has not been able to commence recruiting its own staff. As a result, a number of vacant posts, which BIDA can directly recruit and place permanent staff (i.e., who are able to have long-run working experiences in investment promotion services), has remained.

(iii) Addition of the target functions during the Project

Support activities for strengthening/ adopting the priority functions have been carried out from the latter half of 2018 (support for investment monitoring functions had been commenced earlier[11]) to March 2022. For the pre-investment functions, the Project Team firstly has begun with investment promotion function, and also commenced extending the support for introducing the follow-up actions for potential investors (as a part of investment consultation function) in the middle of the Project period, in preparation for "after the implementation of investment promotion seminars".

As for the post-investment functions, since the adoption of investment monitoring function has progressed where the monitoring results became available, the Project Team commenced the support for adopting the aftercare function from the latter half of the Project period. The background and development of the support activities for enhancing/ adopting priority functions are described below.

(4) Enhancement of Investment Promotion Function

(i) Objective

On the investment promotion function, the support activity aims to enhance BIDA's capability of planning, preparation, implementation and follow-up of investment promotion activities, and accumulate the contact information of potential investors through the promotion activities hosted by BIDA. The Project Team

[11] At the time of formulating the Action Plan, BIDA was at the early stage of introducing this function. In response to the request by BIDA, the Project Team decided to commence the support in advance.

prepared the detail plan[12] upon the commencement of the support activity (May 2020).

Support activities for strengthening this function have proceeded along with the workflow (planning, preparation, organization, and follow-up) of investment promotion events. BIDA had little experience in hosting the promotion events in foreign countries, and had not institutionally accumulated the know-how/ skills due to the frequent rotation of the officers. No proactive initiative was observed for the follow-up to the promotion activities. Further, since BIDA had largely participated in the event upon the invitation by other institutions, it became therefore difficult to collect data of the event participants, i.e., potential investors.

Table 2.3.2 Outline of support for strengthening investment promotion function

Objective	Outline of support activities
Capability enhancement of planning	- Formulation of annual event plan/ schedule that identifies important sectors/ target countries - Guidance/ dissemination of event information to be held through website/ other channels
Capability enhancement of event organization	- Standardization of procedure for seminar preparation/ organization - Guidance on preparation/ organization of seminars (inc. preparation of presentation/ handout materials, registration form and questionnaire) - Identification of cooperating organizations including embassies and strengthening of their cooperation - Preparation of SOP for organizing seminars
Introduction of the follow-up activity	- Collection/ management of participant (potential investor) data and adaptation of efficient means - Analysis of participant (potential investor) data = identification of prospective investor - Development of a database for potential investor's profile - Communication with prospective investors and decision-making support (facilitation)

(ii) Capability enhancement of planning

Support for annual planning of investment promotion activity

Overseas investment promotion of BIDA had been mainly through its participation in events organized by the hosting organizations in the subject countries, where BIDA's EC or Executive Members (EMs) are usually invited as speakers. Accordingly, it was not necessary to formulate an annual plan of promotion activities by itself, and BIDA had not referred to the data for considering the target countries/ sectors.

To be specific, the Project Team assisted BIDA with collecting and analyzing the data of outward FDI from major investment origin countries, actual investment flow/ import into Bangladesh, registered investment with BIDA, record of foreign investment missions to Bangladesh, so that the highly potential and important sectors and origin countries could be objectively sought. The Project Team provided technical guidance so that collection/ analysis of such data was undertaken by the responsible officers of the focal-point, Marketing & Communication Division. At the same time, the Project asked the officers to revisit the National Industry Policy in order to check the sectors, which Bangladeshi government shall promote.

Based on the above analysis work, target sectors and locations of proposed promotion activities were derived and compiled as the annual plan of investment promotion activity for FY2019. The annual promotion activity plan was then proposed and approved by EC (the former) of BIDA. Annual plan of investment promotion

[12] Refer to the Appendix for the detail plan for investment promotion function.

activity has been prepared for every successive year along with the same practice, and the formulation process to the approval by EC became embedded in BIDA.

Development of the annual plan of investment promotion activity

The annual plan for FY2019 was revised in November 2019 to focus on three countries/ regions (China, the United States/ Canada, and Saudi Arabia, out of initially proposed countries/ regions) upon the replacement of EC. However, these scheduled promotion events were further postponed to after July 2020 due to the outbreak of the COVID-19 pandemic in the beginning of 2020. Subsequently, the promotion activity plan for FY2020 was discussed, where BIDA planned to hold the seminars/ roadshows in seven countries including Japan and the above three countries that had not been conducted during the last fiscal year.

(iii) Capability enhancement of event organization

Guidance on detail planning/ preparation of event and preparation of SOP

Since November 2019, the Project Team commenced providing technical guidance to the organizing committees formulated for each promotion seminar in the three countries scheduled for FY2019 in order to proceed with their preparatory works. Because the Marketing & Communication Division has only two officers including the director, and to complement such a shortage of human resources, the Project Team proposed to form such committees (divisions-wide task team) for each scheduled promotion event.

However, the concerns about accumulation of know-how/ skills of event planning/ preparation/ organization remained left. Therefore, the Project Team prepared the manual[13] for organizing promotion events and provided technical guidance accordingly. The Team facilitated BIDA to contact each Bangladeshi overseas mission in the target countries and the chambers of commerce of these countries in Dhaka, and discuss to design and prepare for the events in detail. Besides, the Project Team supported to prepare presentation materials/ handouts to be used for the promotion events.

BIDA however had to change all the scheduled seminars to webinar format in July 2020 in anticipation of the continuation of the COVID-19 pandemic. Accordingly, the Project needed to reconsider the guidance along with the change of format. Since most BIDA officers were not familiar with online tools, BIDA asked the Project Team to provide the guidance on how to organize webinars including explanation about the necessary tools for online conference.

The Project Team accordingly held a workshop on webinar organization in July 2020 for concerned BIDA officers including EC, highlighting functions of online conference tools, differences from in-person seminars, preparatory procedure and important aspects. In parallel, target countries were revised to the United States and Germany[14] for the time being. In addition, the Project Team proposed a webinar for Japanese investors at the progress meeting (held in October 2020) and BIDA agreed to hold this webinar.

Support for organizing BIDA-hosted events (webinars)

During the Project period, BIDA has hosted two promotion events on its own initiative, from planning to follow-up, namely; investment webinars for Japanese and Swedish investors (as of January 2022).

[13] Refer to the Appendix for the manual for organizing promotion events.
[14] BIDA started detailed planning and preparation along with SOP for organizing webinars (described later), these webinars were postponed avoiding overlapping with the Bangladeshi diplomatic mission scheduled at the same time. After that, a webinar for Sweden was proposed.

Investment webinar for Japanese investors: Co-hosted by BEZA, BIDA in cooperation with the Project Team planned a webinar for Japanese investors and the Project Team assisted BIDA for the whole process from detailed planning, implementation, and preparation for follow-up. At the planning stage, the Team had discussions with JETRO Dhaka Office to differentiate the webinar from others organized previously for Japanese investors. For differentiation, the Project Team ensured that the webinar was to be hosted by Bangladeshi side and that both BIDA and BEZA are to make detailed presentations, after which individual consultation session was to be arranged.

Table 2.3.3 Outline of the investment webinar for Japanese investors

Date	2 February 2021
Format	Webinar (live) *recorded and distributed through JETRO website later
Host	Host: BIDA, BEZA, Embassy of Bangladesh in Japan, Co-host: JICA, JETRO
Participants	Japanese companies (announced to the companies expressing interests in Bangladesh, based on JETRO's database)
Objective	- To develop image-building of Bangladesh as an ideal destination of investment with the initiatives of Bangladeshi IPAs, - To promote Japanese investment, explain FDI promotion regime/ facilitation services, and disseminate the latest information of EZs.
Contents	- Consisting of webinar (one and half hour) and individual consultation session (one hour), - Individual consultation session (online) with BIDA, BEZA and JETRO.
Agenda	Opening: The Embassy of Bangladesh in Japan, Ambassador of Japan to Bangladesh, Principal Secretary PMO Presentation-1: BIDA "Attractiveness of Bangladesh as investment destination" Presentation-2: BEZA "Development status of EZs" Presentation-3: Bangladesh SEZ Ltd. "Bangladesh Special Economic Zone" Presentation-4: Japanese investors, "Attractiveness of Bangladesh and business climate" Presentation-5: JETRO Dhaka, "Business development by Japanese companies in Bangladesh" Closing: EC of BIDA, EC of BEZA, Senior representative of JICA Bangladesh Office

Almost 170 persons from 120 Japanese companies participated and were briefed with information on the economic overview, investment policies and investment climate, updated status of EZ development, impact and recovery conditions of the COVID-19 pandemic, and testimony by the Japanese companies that have already invested in Bangladesh. In the individual consultation sessions held after the seminar, 14 companies/ organizations which registered in advance joined the one-to-one consultations with BIDA, BEZA, or JETRO Dhaka Offices respectively according to their choices. Further, profile data of the companies participating in the webinar (data available from the registration) were collected and administered for the purpose of follow-up action.

Preparation of the SOP for organizing webinars: After the webinar for Japan, a wrap-up meeting was arranged among the responsible officers of BIDA and BEZA. The Project Team presented its own and participants' feedback, and discussed improvement measures to be reminded upon the following webinars. The proposed measures were then reflected in the SOP (manual) for organizing webinars. A draft SOP was then presented to BIDA in May 2021 and revised based on the feedback from BIDA.

Investment webinar for Swedish investors: Followingly, a webinar for Swedish investors was hosted jointly by BIDA and the Embassy in Sweden (October 2021). This webinar was the first case where BIDA

took an initiative in all stages from planning, preparation, and implementation along with the SOP. BIDA, with the cooperation of the Bangladeshi embassy in Sweden, undertook all the ranges of tasks, covering the coordination with related organizations, announcement to Swedish companies, participant registration, preparation of privacy policy, as well as planning of the webinar agenda/ program/ presentations.

After the webinar, the Project Team presented its feedback and points for improvement to BIDA, further reflected them in the SOP for organizing webinars for finalization[15]. While the lessons learnt from the last webinar for Japan were mostly reflected, the Project Team still found an issue that BIDA could not promptly collect or compile the participant data since the Swedish embassy accepted participant registration by e-mail. In view of ensuring follow-up to those contacted potential investors, the Team guided how to use the function of online-conference tool and advised BIDA to undertake participant registration by itself instead of letting other organization handle this.

(iv) Introduction of the follow-up activity

In the investment promotion activities in which BIDA was previously involved, the lists of participants were not thoroughly collected, thus a practice of regarding them as potential investors and conducting the follow-up activity were not observed. For this reason, BIDA could not reach out to the potential investors in view of securing investment volume, even though investment demand was forecast to decline since the outbreak of the COVID-19. BIDA reaffirmed an issue that it does not have the pipeline of potential investors.

Adoption of Contact Management System (CMS) for potential investors

The Project Team proposed EC and concerned EMs to adopt a contact management system (CMS) for the purpose of administering the profile data of potential investors to be contacted through promotion activities or their visits to BIDA, and conducting follow-up communication with those having the plan of investment/ business in Bangladesh.

EC found it valuable, stating that such an initiative is essential to IPAs, and issued an office order in October 2019 which decides adoption of the proposal, while asking the Project Team to begin with the technical guidance to those officers of concerned divisions. The workflow of the CMS is described as follows:

1) Data collection/ administration: to collect and accumulate the profile data of potential investors to be contacted through promotion activities or their visits to BIDA.
2) Screening of prospective investors: to identify prospective investors in accordance with the criteria (e.g., promoted sectors, availability of investment/ business plan or visit plan to Bangladesh), from among the profile data of potential investors.
3) Follow-up action to the prospective investors: to seek for any possible information or supports[16] that are deemed necessary for their decision-making of investment, through the communication with each of them while asking their updated plan of investment/ business or visit to Bangladesh.

Support for practicing CMS for potential investors

The Project Team held two times of workshop for the officials in the concerned divisions from April to May

[15] Refer to the Appendix for the SOP for organizing webinars.
[16] Those supports that can be rendered by BIDA at this stage may include information/ data provision, inquiry service, arrangement upon business visit (meeting with chambers, government organizations, and site visit to candidate land), and introduction of support facilities.

2020. Based on proposed workflow, the Team discussed with BIDA about the data to be accumulated, the way of identifying prospective investors, the support assumed at the time of follow-up. At this occasion, it was agreed to begin with collecting the profile data of potential investors to be contacted. However, due to the prolonged COVID-19 pandemic, there had been few chances to have the contact with potential investors, except the above-stated investment webinars (those hosted by BIDA) and visit by some new investors.

In August 2021, BIDA requested again to hold a workshop concerning CMS. The workshop was then held in October of the same year, in which the Project Team prepared the SOP[17] for operating CMS and explained the workflow/ tools including database for potential investors. The Team then suggested that the existing country officers[18] be assigned to the task of follow-up to prospective investors, and obtained EC's consent. Accordingly, using the profile data of Japanese potential investors (participant list of the last webinar), the Project Team commenced the guidance to the country officer for Japan along with the SOP, as a pilot action for CMS.

Followingly, the Project Team with the country officers for Japan conducted screening of prospective investors and collected information on their businesses and related matters through secondary sources such as their website. Further, to start the communication with prospective investors, the country officers for Japan sent e-mails questioning the updated status of their investment plans, visit plan to Bangladesh, and any needs for information provision and inquiries.

To be specific, the Project Team assisted the country officer for Japan to screen prospective investors out of enlisted participants in the webinar, according to the criteria; "if they already invested in Bangladesh", "if they have investment plan in a short time", and "if they plan to visit Bangladesh". Followingly, the country officer gathered information on the businesses/ related data of those screened investors (around 10 investors) through secondary sources such as their corporate website. Further, to start communication with such prospective investors, the Team advised the officer to send e-mails asking the updated status of their investment plan, visit plan to Bangladesh, and any needs for information and inquiries.

The number of prospective investors which have been in contact remains small, and the majority of communications with them have yet remained active enough. It is therefore found that CMS for potential investors has not been institutionalized in BIDA. However, this is an important investment promotion service for IPA, thus the Project has continued to support and advise till the end of the Project period.

A database for accommodating the data of potential investors and communication records with prospective investors became necessary. Although initially prepared in Excel format for ease of handling, this was revised to the database stored in a cloud for sharing (May 2021). From the viewpoint of data security, however, BIDA suggested to prepare the database by software. Therefore, the Project Team had been proceeding with preparatory work, preparation of a technical concept paper, processing of data to be accommodated in the database by mobilizing a local expert.

It was found however that the technical cooperation (Bangladesh Investment Climate Fund Phase-II: BICF-II) by the World Bank Group/ International Finance Corporation (IFC) was planning to build an investor/ project management system called as Investors Relationship Management System (IRMS) which shall

[17] Refer to the Appendix for the SOP of CMS for potential investors.
[18] After the current EC of BIDA took office (Sep. 2020), BIDA officials (assistant director and above) are assigned to a few countries for the purpose of collecting the country information, and they are referred to as country officers.

integrates with existing OSS system. Since IRMS includes a database of potential investors, BIDA arranged a coordination meeting with BICF-II (January 2022). The Team suggested that it would be more effective to prepare the database for potential investors through the IRMS development, and EC consented to this in the meeting. The purpose and SOP of CMS have already been explained to the responsible officer of BICF-II.

Since BICF-II shared the demo version of the database for potential investors in March 2022, the Project Team checked if the database was prepared in accordance with the plan, and advised to improve it accordingly to BIDA/ the developer. With this demo version of the database, the Project Team held a training session again concerning CMS to the country officers (25 persons), which also explained how to operate and utilize the database, and shared the experience of the pilot action for the Japanese potential/ prospective investors. The development of IRMS itself is estimated to be completed by April or May 2022.

(5) Introduction of Investment Monitoring (IM) Function

(i) Objective

For the investment monitoring (IM) function, the support activity aims to enable BIDA to grasp with and report the implementation status of registered investment projects, problems upon their implementation confronted by the investors, their requests to the government organizations, and to utilize those collected data for other functions of BIDA. The Project Team prepared the detail plan[19] upon the commencement of the support activity (May 2018).

Since IM was newly introduced function in 2017, the procedure and implementation set-up were not in place. Therefore, the Project Team rendered its support activity for adopting and institutionalizing the function. IM consists of monitoring data collection and administration/ analysis, and the Project Team designed the introductory support for both aspects.

Table 2.3.4 Outline of support for IM function

Objective	Outline of support activities
Capability enhancement of monitoring data collection	- Improvement of monitoring questionnaire - Verification of contact information of registered investment (foreign) projects - Revise of the means of contact with registered investors - Preparation of the guidelines for IM based on the support experience
Capability enhancement of monitoring data administration/ analysis	- Development and usage of monitoring database - Analysis and reporting of the monitoring data - Support for adopting online monitoring service

(ii) Capability enhancement of monitoring data collection

<u>Improvement of monitoring questionnaire</u>

The primary purpose of IM is for BIDA to grasp with the implementation status of registered projects. The Project Team firstly suggested to improve the questionnaire used for monitoring. The questionnaire was improved to add questions (problems faced, requests to government organizations, etc.) on the premise that the collected data would be utilized for other functions of BIDA, such as aftercare (May 2018).

[19] Refer to the Appendix for the detail plan for IM function.

Verification of contact information of registered investment (foreign) projects

IM activity requires accurate and up-to-date contact information of the investors with registered projects. All the contact information of the projects registered before February 2019, when OSS was introduced, was filed manually. Therefore, the latest contact information was not updated. Then, in the process of digitalizing the data of past registered (foreign) projects (from February to June 2018), the Project assisted BIDA to cross-check the contact information on the website with those recorded during the registration.

In addition, since BB also requests foreign-owned companies to submit the quarterly report, BIDA requested BB to share their contact information of the companies that could not be reached by BIDA. Through these efforts, the Project has updated the contact information of registered investors and improved the accuracy.

Revision of the means of contact with registered investors

After digitalizing the data of past registered (foreign) projects (June 2018), BIDA became able to handle the contact information efficiently. The Project Team then suggested to revise the means of contact with registered investors from requesting data reporting through the direct visit to distributing the questionnaire via e-mail in advance and collecting the answers by telephone.

Improvement of capture rate of monitoring data

As a result, the capture rate of monitoring data (below 10%) in the first monitoring activity for FY2017 was largely improved to over 40% in FY2018. For FY2019, BIDA started to remind respondents in distributed questionnaire that the registered investors are obliged to submit monitoring data as one of the conditions set force during the project registration. Partly owing to this, the capture rate was further improved to 56%.

Preparation of SOP for IM based on the support experience

Based on the support experience of IM for the last three years, the Project Team has compiled efficient and effective procedure for IM activity in the guidelines[20] (March 2022). In preparing the SOP, the Team has considered the continued limited number of available staff assigned for IM activity. As for the latest monitoring activity (FY2020), a responsible division (Monitoring & Evaluation Compliance Division) of BIDA has undertaken with its own resources by mobilizing own staff for monitoring data collection and entry.

(ii) Capability enhancement of monitoring data administration/ analysis

Development and usage of monitoring database

The Project Team also assisted BIDA to prepare and improve the database (in Excel) that stores the monitoring data, not only commencing and implementing IM activity itself as stated above. The capability of the officials/ staff in the Monitoring & Evaluation Compliance Division have been repeatedly developed through the training on Excel skills, data analysis/ processing, and hands-on guidance when the needs arise, and the database has properly been managed and utilized.

Analysis of the monitoring data and reporting of the monitoring result

By utilizing the database, BIDA became able to analyze and report the implementation status of registered projects. For instance, the registered projects can be classified according to the progress of the project

[20] Refer to the Appendix for the guidelines for IM activity.

implementation, namely; "operational", "under implementation", "yet to start implementation" or "closed" (refer to the figure below). Further, the database also enables for BIDA to comprehend the problems/ constraints frequently confronted by registered investors, which can be further reported as inputs to the activities of aftercare and polity advocacy.

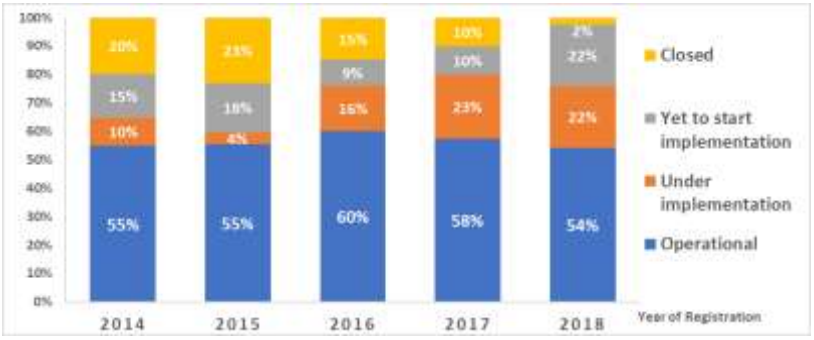


Figure 2.3.2 Breakdown of registered projects with BIDA by the status of implementation

In addition to the analysis of monitoring data, the Project Team has extended the support and guidance to the Monitoring & Evaluation Compliance Division for its preparation of monitoring reports, that are to be prepared every year. Since the IM activity for FY2018, the division has prepared IM report which states the implementation status of registered projects, problems confronted by a number of investors, requests to government organizations, etc., and submitted it to the executive committee meeting of BIDA.

Support for adopting online monitoring service

As a part of support for adopting IM function, the Project Team explained the online monitoring service introduced by IPAs in Southeast Asian countries. In response, BIDA began considering the possibility to introduce the online service in September 2019, and EC of BIDA acknowledged to add the monitoring service to the OSS facility in October of the same year. Since then, the Project Team has provided advice on the online service when needed.

According to the idea of BIDA, any investors with registered projects shall access to the site to enter the monitoring data online according to the prescribed form. Although the burden on the investor side would remain, BIDA side can attain operational efficiency significantly and automate basic data analysis/ reporting. Online monitoring service is to be adopted as one of the functions of the above-mentioned IRMS.

(6) Introduction of Aftercare Function

(i) Objective

For the aftercare function, the support activity aims to develop trouble-shooting activity for the project implementation among the registered investment projects or facilitation activity for reinvestment, by appropriately utilizing the results of IM. The Project Team prepared the detail plan [21] upon the commencement of the support activity (May 2020).

As the aftercare was introduced by BIDA upon its establishment, the scope of work was not defined for this function. EC of BIDA therefore ordered the Investment Aftercare Division to prepare the concept note of this function (April 2019).

[21] Refer to the Appendix for the detail plan for aftercare function.

Table 2.3.5 Outline of support for aftercare function

Objective	Outline of support activities
Examination of the scope of work	- Provision of lectures on aftercare activities of other countries IPAs - Examination and proposal of the scope of work (preparation of a concept paper) - Screening of target investment projects for aftercare service
Development of aftercare activity	- Creation of success cases of trouble-shooting for the project implementation, or - Creation of success cases of facilitation for reinvestment

(ii) Support for scoping the work for aftercare function

Preparation of Concept Paper for aftercare function

The Project Team firstly provided a lecture to explain the definition and objective of aftercare, and good practices of IPAs in other countries. Followingly, the Team assisted the Aftercare Division to examine the scope of work for the aftercare function that BIDA shall perform. As a result of discussions, a concept paper on the aftercare function was prepared, and suggested BIDA, by utilizing the IM results, to focus on i) trouble-shooting activity for the project implementation (i.e., projects yet commercially operational) and ii) facilitation activity for the projects with reinvestment potentials, among the registered investment projects.

However, two-times replacement of EM in charge since 2020 has made it necessary to repeatedly explain the proposed scope of aftercare function, thus causing a delay in commencing the support activity. After the current EM was appointed in June 2020, the Project Team again briefed the proposal and the detail plan of aftercare function. BIDA then confirmed to focus on trouble-shooting activity for the project implementation till the end of 2020 and decided that facilitation activity for reinvestment would be followed after 2021.

Screening of target investment projects for aftercare service

BIDA became able to identify registered projects that faces the problems in their implementation or that have reinvestment potentials as a result of IM activity. The Project Team accordingly provided guidance to Investment Aftercare Division on how to derive the investment projects which fall onto these two categories.

Trouble-shooting for the project implementation

To commence and develop this activity, BIDA identified the problems faced by those projects yet commercially operational by reviewing the result of IM activity. Observed issues are categorized as follows:

	Category	Examples of issues
1)	Issues related to licensing authorized by BIDA	Delay in issuance of IRC, expatriate work permit
2)	Issues related to licensing authorized by other organizations	Lengthy processing for issuance of trade license, environmental clearance certificate
3)	Issues requiring the mid- to long-term initiative by government	Lack of skilled labor, insufficient infrastructure
4)	Issues difficult for the government intervention	Market downturn, shortage of funding

BIDA then decided to conduct the aftercare workshop, in which foreign and local investors with the projects yet commercially operational[22] are invited to address the problems faced during their project implementation, and their needs of trouble-shooting to the government organizations concerned with such problems. The workshop was held in October 2021 by the chair of EC, where 22 foreign and local investors joined.

[22] BIDA also invited several long-run investors operational in Bangladesh such as home-appliances and electrical products makers, in view of hearing about the wider range of problems held by the existing investors.

In the workshop, those problems affecting the project implementation were explained by the invited investors again and shared with the authorized government organizations. BIDA's officials responded to the address by the investors for clarification of the problems or suggestion of counter-measures, and replied that BIDA would discuss the issues and licensing procedures pertinent to NBR in particular. Furthermore, the following cases of trouble-shooting were reported as a result of facilitation by BIDA.

Cases of troubleshooting (for the projects before commercial operation)
Prolonged environmental clearance procedure: Implementation of a particular registered project has been suspended for a long time because the understanding of the environmental category on the proposed project differ between the investors and DOE. The burden to follow the procedure and submit the documents would be significant depending on the category. BIDA then issued a letter to requests DOE to promptly solve the issue and take an effective judgement in favor of the investors. A few days later, DOE replied to the investor with the notice to proceed with the procedure in line with the understanding of the investor. Delay of construction work for widening the access road: A particular registered project requires a permit of local government to widen an access road to the factory under construction, but the local government has not issued a permit despite repeated reminders. The investor has been concerned that this would hinder the transportation of raw materials after completion/ operation of the factory. BIDA then issued a letter to urge the local government to issue a permit for construction to the investor. Subsequently, the investor reported to BIDA that they are assured of the permit by the local government.

It was decided by the EC of BIDA that BIDA would organize the stakeholder meeting for trouble-shooting to the existing investors in every quarter.

Facilitation for reinvestment

While it is difficult to reach out to new investors under the continued COVID-19 pandemic, an importance to support the reinvestment promotion, e.g., business expansion by the existing investors, has been increasing. The result of IM activity (for FY2020) revealed that 37 investors have the possibility to make reinvestment. To seek measures to be taken by BIDA for materializing the possibility of reinvestment, BIDA commenced interviewing with the investors stating such a possibility and completed this by the end of December 2021.

Followingly, the Project Team, together with Investment Aftercare Division in charge, compiled the result of interviews with such investors to summarize the outlines and possibilities of their proposed projects for reinvestment, and the issues and constraints in realizing their project plans, and the likely measures by BIDA for these issues. Then, the Project Team and the division selected those projects to be facilitated for materialization (identified 12 priority projects for the facilitation support, out of 37 ones in total). Selection was made considering i) impact (not too small in terms of the cost/ employment) of proposed project and ii) viability of BIDA's intervention measures for solving the issues/ constraints for the project realization, on the premise that originally registered projects are implemented as planned.

To obtain an internal approval of BIDA for the proposed activity for reinvestment facilitation, Investment Aftercare Unit Division prepared a report which summarizes the findings from the interviews, and proposes i) frequently raised issues by the investors with reinvestment potentials (e.g., difficulty and lengthy process for obtaining environmental clearance are raised repeatedly), and ii) target priority projects for individual facilitation support. The report was finalized by the EM-1 and is to be placed to the EC (as of March 2022). In the meantime, BIDA commenced preparing for the stakeholders' meeting for the purpose of discussing and solving the frequently raised issues faced by the investors with reinvestment potentials. Further, BIDA would commence individual facilitation support for those identified priority projects.

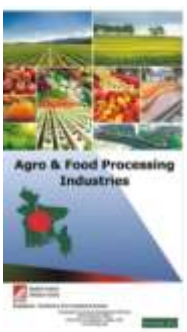
(7) Other Supports

Development of promotional publications/ PR materials (information provision)

The Project Team also had opportunities to develop the following promotional materials and publications (as requested by BIDA) for the purpose of enriching the means for information provision.

Table 2.3.6 Support for development of promotional materials/ publications for information provision

Improvement of sector PR tool	Support: Sector PR tool for 13 sectors in total (motorcycle/ parts, shipbuilding, steel/ cement, software/ ITeS, pharmaceuticals/ API, automobile, agro/ food processing, leather products, diversified jute products, ceramic, healthcare/ medical devices, plastic, light-engineering) was improved or developed. The Project name is credited in each PR tool. Capacity building to BIDA: Learning about sector PR tools prepared by other IPAs, interview skills to industrial associations Available through: Investment Opportunities, Resources (Publications) in BIDA website = https://www.bida.gov.bd/publications
Revision of Investment Handbook 2020	Support: Assisted BIDA to prepare Investment Handbook 2020, which was revised for the first time since 2011. The Project Team contributed to drafting the chapters (Ch.2: Starting a business, Ch.6: Sector Overview) requested by the editing committee of BIDA. Capacity building to BIDA: Not in particular, involving drafting contribution only. Available through: Resources (Publications) in BIDA website = https://www.bida.gov.bd/publications The handbook was announced by the national newspapers upon BIDA's Board meeting and then distributed to foreign embassies/ chambers in Dhaka. Further, this was introduced at the webinars and provided to visiting investors to BIDA free of charge.
Development of FAQ on investment policies	Support: Collected questions/ inquiries (around 60) received by R&I Divisions in the past and compiled the answers to these questions as FAQs. Further, the Project Team developed FAQ portal in BIDA website (Apr. 2019) and updated the contents in Mar. 2021. The Project name is credited in FAQ book. Capacity building to BIDA: Guidance on how to categorize questions/ inquiries from investors, validation of answers prepared by the Team, and learning about FAQ sites by other IPAs and portal development skills Available through: FAQ in BIDA website = https://www.bida.gov.bd/faq
Development of PR movie for investment promotion	Support: Upon a BIDA's request, a movie for investment promotion to Bangladesh was developed in January 2021. The Project Team has prepared the script/ contents in consultation with EC of BIDA and the concerned officers. JICA logo is credited in the movie. Capacity building to BIDA: Guidance on how to examine movie script/ contents including attractiveness/ advantages of Bangladesh. Available through: Resources (Gallery) in BIDA website = https://www.bida.gov.bd/gallery, YouTube (BIDA channel) = https://youtu.be/IU_GkSrtaaQ





Sample of sector profile

Investment Handbook

FAQs

Sector research (Bangladeshi medical devices sector)

BIDA requested the Project Team to conduct in-depth research on medical devices industry/ market (November 2020), on which BIDA placed the utmost attention in investment promotion. This research aimed for studying medical devices industry/ market in Bangladesh and analyze the items with the higher needs/ possibility for local manufacturing (as target for investment promotion). As well as the review/ analysis of the related articles and statistical data, interviews with makers, importers, medical institutions and government organizations (e.g., Directorate General of Drugs Administration) were conducted in the research.

The research report[23] recommended measures/ actions for BIDA and other related organizations to consider in view of attracting investment for producing those items with the higher needs/ possibility of local manufacturing by foreign and local medical devices manufacturers. After the submission of the report, BIDA asked the Project Team to hold a seminar to explain the research result to the stakeholders. BIDA and the Project Team jointly held the seminar to facilitate other related organization to consider and materialize recommended measures/ action towards investment promotion to medical devices sector.

Table 2.3.7 Outline of scheduled seminar on medical devices sector

Date:	A half day on 30 March 2022
Place:	Meeting room in BIDA (only Japanese experts participated virtually)
Agenda:	- Outline of the research on medical devices sector (explained by the Project Team) - Discussion on the recommendations made by the research - Discussion on further actions to the recommendations
Participants:	30 persons excluding BIDA/ the Project Team (Medical devices manufacturers, Directorate General for Drug Administration, NBR, MOC, academic institutions, others)

In the seminar, the participants from government (regulator) side opined about the regulations (on product registration/ sales permit) that are raised as factors inhibiting localized manufacturing by the devices manufacturers, and disadvantages in terms of import duty set for materials/ parts and upon public procurement, followed by active exchange of opinions between manufacturers and regulators. However, both sides appreciated the research/ seminar conducted for promoting medical devices industry as an important initiative, and agreed to continue stakeholder meeting to further discuss and improve those raised issues.

(8) Achieved Outputs

The Project has extended the support activities for functional strengthening of BIDA with the aims for developing the capacity of BIDA to perform its functions and services by utilizing its own and local resources in a phased manner by the Project completion (while the Project Team could lead BIDA to do so in the first half of the Project), and developing the institutional set-up enabling information provision and consultation to the existing and potential investors. Achieved outputs of the Project activity are stated as follows.

(i) Enhancement of investment promotion function

BIDA has successfully hosted investment promotion seminars (webinars) to the following two countries, through technical guidance on planning/ preparation/ organization of promotion activities:

- Investment seminar for Japanese investors with individual consultation session (February 2021)

[23] Refer to the Appendix for the research report on medical devices market and industry in Bangladesh. BIDA plans to publish the report after finalization.

- Investment seminar for Swedish investors (October 2021)

As a result of the investment seminar for Japanese investors, BIDA was able to recognize about ten of prospective investors to Bangladesh and to extend the subsequent follow-up activity. Further, a practical SOP (manual) for organizing webinars was prepared based on the actual experiences and lessons leant. Followingly, BIDA could host (plan, prepare and organize) an investment seminar for Sweden along with the SOP for organizing webinars, thus the Project has developed BIDA's relevant capability.

In addition, a series of promotional materials (including sector profiles, investment handbook, promotional movie, website) have been improved or developed for the usage for the promotion activities, thus enriching the means of information provision to investors.

(ii) Enhancement of facilitation activity for potential investors

An operational procedure of the Contact Management System (CMS) for potential investors was prepared and explained with a series of technical guidance to the concerned divisions and the country officers including the officer in charge of Japan, so that BIDA understands the adequate follow-up work to investment promotion activity. Further, FAQs was prepared as an information tool, which also helps the country officers involved in communication with potential investors. However, the number of potential investors (their profile data) collected so far remains small, due to the influence of the COVID-19 pandemic.

As a result, the number of prospective investors with which BIDA has already communicated still remains around 10, and status of the communications (replies by the prospective investors to the questions from BIDA concerning the latest plan of investment/ business and visit to Bangladesh, needs for information or inquiry) has to be more active. Accordingly, the CMS has not yet been institutionalized in BIDA and the Project has not yet observed the case where the contacted potential investors has reached to the project registration through the facilitation along with the CMS[24].

(iii) Introduction of IM function

Investment monitoring function has been institutionalized in BIDA through three-years practice, and the responsible division in BIDA has been conducting the collection and management of the monitoring data by mobilizing its own staff. Further, the capture rate of monitoring data has been improved as follows, compared to the initial phase, although the rate declined in FY2020[25].

Table 2.3.8 Improvement of the capture rate of monitoring data

Monitoring in FY2017	Below 7.5% (collected 30 projects out of 400 projects as monitoring target)
Monitoring in FY2018	43% (collected 300 projects out of 700 projects as monitoring target)
Monitoring in FY2019	56% (collected 396 projects out of 708 projects as monitoring target)
Monitoring in FY2020	44% (collected 126 projects out of 284 projects as monitoring target)

As a result of the availability of the database for monitoring data, preparation, BIDA became able to grasp and report (to its executive committee and other divisions) the status of progress and development of the

[24] It is noted that one of communicated prospective investors (Japanese) has responded to the country officer positively, updating their plan of business and requesting a consultation (online) with BIDA in March 2022. The country officer has scheduled the requested consultation to help the prospective investor to materialize its business plan.

[25] IM covered all foreign projects registered in the last five years till FY2019, but changed to those registered in the last three years for FY2020 due to time and resource constraints. The Project Team considers that this change might have increased the share of the projects at the status of "yet start to implement" which are deemed as relatively difficult to reach. As a result, the rate is estimated to become lower.

registered investment projects. Further, it became easier for BIDA to grasp with the issues confronted by a number of investors, and provide valuable inputs to the activities of aftercare and policy advocacy. Online monitoring service is to be adopted as one of the functions of the above-mentioned IRMS.

(iv) Introduction of aftercare function

Aftercare activity of trouble-shooting for the stagnant projects has brought about two success cases, however, the number of such cases has been limited since this activity commenced at the later stage of the Project. However, EC of BIDA decided to organize the stakeholder meeting for trouble-shooting to existing investors in every quarter, thus the Project has formulated the institutional set-up for aftercare activity.

As for facilitation of reinvestment, although the Project has not yet observed the case where target investors with reinvestment possibility has reached to the decision to proceed or commenced their scheduled projects, BIDA has identified 12 priority projects as the target for facilitation support towards their materialization.

II.2.4 Policy Development Support for FDI Promotion and Industrial Linkage Formation

(1) Background and Objective

The Seventh Five-year Development Plan of the Bangladeshi government expected the greater role of FDI in attaining the economic growth target, and presumes that FDI would be leveraged for capability development of local industries and adoption of new technology. The same plan further expected the closer association between foreign investors and local industries which have limited experience in manufacturing of intermediate goods. In this context, the plan pointed out necessitated attraction of FDI by assembling manufacturers and related parts suppliers, capability development of local supporting industries through joint-venture and technology transfer, and availability of facilities and business climate conducive for the closer association among them. However, the proposal for the concrete policy measures to materialize such policy challenges has been waited in Bangladesh.

Policy development support in this Project has been assisting the relevant C/P organizations with elaborating and proposing the policy measures/ actions, that are relevant in the Bangladeshi context, along with the three initiatives for the industrial linkage formation, namely; i) attraction of FDI by assembling manufacturing and related parts/ service industries, ii) development of capable local/ service industries, and iii) ecosystem building for their association through linkage formation and technology transfer. The Project then expected that proposed policy measures be materialized, or reflected by the superior policy documents or any actions plans prepared by each C/P organization.

The Project activity for "promoting collaboration with foreign companies" has been covered in this "policy development support for FDI Promotion and Industrial Linkage Formation".

(2) Workshops for the Policy Learning and Development

The Project Team recognized that "experiences of FDI-led industry development in the Southeast Asian countries" shall be learned for examining what policy measures are effective in attracting FDI, and facilitating industrial linkage formation between foreign investors and local industries. To learn about these policy measures experienced in Southeast Asian countries, the Project Team proposed to organize a series of workshop to BIDA.

BIDA requested the Project Team to examine the measures for attracting manufacturing investment which would induce industrial linkage with local industries, and the Ministry of Industries (MOI) also asked the Project Team to advise on development of the supporting industry in preparation for the development of motorcycle industry, and matching measures with foreign investors. Accordingly, the Project has organized the policy workshops[26] as follows for this purpose:

Table 2.4.1 Workshops for the policy learning (organized)

Workshop	Contents
First: 18 Sep. 2018 Presenter: Tanaka (the Project Team) * The same workshop was organized at MOI (Oct. 2018) and joined by MOI, BITAC, SMEF, NPO.	FDI and Linkage Formation: Cases of investment of Japanese assembling manufacturers and local supporting industry formation in ASEAN countries: - Current situation and position of Bangladesh - Automobile industry in Thailand - Electronics industry in Vietnam - Motorcycle industry in Indonesia - Policy implications to Bangladesh - focusing on attracting manufacturing FDI and encouraging linkage formation with local industries
Key feedback from participants: "Multi-national companies (MNCs) have been operating here for many years. MNCs promise that they would bring knowledge and technology, train local employees, but they do not realize them. That is why the types of industries and policies, presented in this workshop, are required. The country does not want snack or food industries but like those industries addressed by this workshop." (EC of BIDA)	
Second: 16 Oct. 2018 Presenter: Dr. Sonobe (the JICA Advisory Team)	How to Boost Industrial Development Further ~ Industrial clusters and supply-chain development: - Development of Bangladeshi pharmaceutical and garment industries - Policy implications learnt from the development of these industries
Third: 12 Dec. 2018 Presenter: Tsubogo (the Project Team)	1) IPA's Role in Promoting & Facilitating FDI-linked Industry Development: - General functions of IPAs, IPAs in the selected ASEAN countries and their good practices - Measures for promotion (historical case for Thai automobile/ parts industries) - Measures for Linkage Facilitation (cases of Thai and Malaysia) 2) Explanation of Linkage Formation Platform and follow-up of policy options
Key feedback from participants: (Referring to the slide indicating the possible areas of policy measures for FDI promotion of assembling manufacturers and parts suppliers, and facilitation of their local parts sourcing), "these are key points that can be reflected as "lessons from experience" to Bangladeshi case. I requested the participants to find out how Bangladesh can prepare the investment scenario and policy measures in accordance with these areas for the industry development goal of the country." (EC of BIDA) "Even though BIDA is engaged in the explained functions of IPA, but not in ways as found from the workshop. The presentation is helpful for BIDA in understanding how to do the functions more efficiently. For instance, I would like to examine the IM practices by Indonesian IPA (online submission, penalty in case of default). On the other hand, I appreciate if the workshop could pick-up other sectors than assembling-type manufacturing". (one EM of BIDA)	

The above workshops became a springboard for BIDA's EC to request the support for the automobile industry policy formulation to the Project Team (but MOI became responsible for the policy formulation after the coordination by PMO), leading to the involvement of the Project Team in the policy formulation process.

(3) Proposal/ Elaboration of Measures/ Actions for Industrial Linkage Formation through the Platform

(i) Proposal of measures/ actions for industrial linkage formation

Learning from the first workshop, each of C/P organizations (BIDA, BEZA and MOI) through consultation

[26] Refer to the Appendix for the slides prepared for the workshops.

with the Project Team proposed options of policy measure/ action for attracting assembling manufacturers/ related parts suppliers and facilitating industrial linkage, setting automobile and motorcycle industries as specific cases. Then, these proposed measures/ actions were categorized into each three initiatives for industrial linkage formation, namely; i) attraction of FDI by assembling manufacturing and related parts/ service industries, ii) development of capable local/ service industries, and iii) ecosystem building for their association through linkage formation and technology transfer.

Subsequently, the Project Team moved to elaboration of the proposed policy measures/ actions (including those which the Project Team had already started preparing or elaborating in each component activity). The Project Team then compiled them in "the policy measure matrix for industrial linkage facilitation", stating the goal, necessary actions (for materialization or further elaboration), current status (of the necessary actions), responsible organization and timeline for each proposed policy option. The Project Team then shared and explained the matrix at the third workshop with C/P organizations.

Proposed measures/ action in the matrix included those still at the brain-storming stage. Therefore, the Project Team has found it necessary to hold a series of discussions with the responsible C/P organizations as for those proposals at brain-storming stage. Further, there were some proposed measures which require the mutual collaboration among BIDA, BEZA and MOI. In this connection, the Project Team recommended formulation of the Linkage Formation Platform (LFP) at the third PCC, as the place for discussion and elaboration among these main C/P organizations.

(ii) Formulation of Linkage Formation Platform (LFP)

Formulation of the LFP was then agreed at the third PCC. Based on the decision, LFP was formulated (April 2019), which consists of the members appointed by each C/P organization, PMO, the Ministry of Commerce (MOC), National Board of Revenue (NBR), local chambers of industry and commerce. The LFP was to be organized periodically before the PCC with the lead by PMO.

Each C/P organization, through the LFP, was expected to discuss their roles to be performed in depth to achieve a common (cross-organizational) policy goal of industrial linkage formation, and to experience the policy elaboration process and then facilitate inter-organizational collaboration or coordination during the policy elaboration.

(iii) Elaboration and development of proposed measures/ actions through LFP

Policy measures/ actions proposed in the policy measure matrix for industrial linkage facilitation, categorized by each of three directions, are shown below:

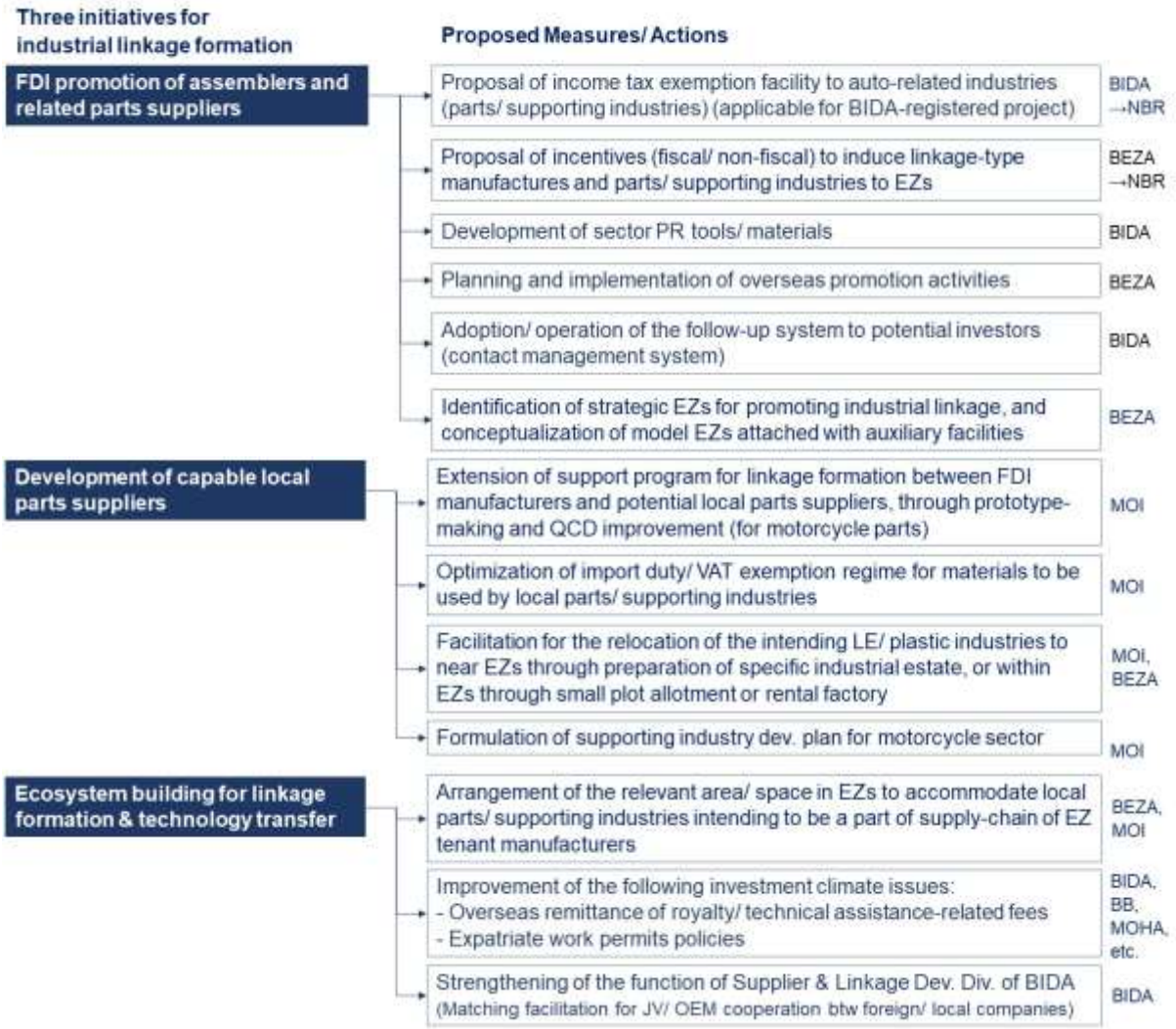


Figure 2.4.1 Policy measures/ actions proposed in the policy matrix for industrial linkage formation

Setting automobile and motorcycle industries as specific cases, 13 policy measures/ actions were proposed by BIDA, BEZA and MOI. Each C/P organization, in cooperation with the Project Team, has been engaged in designing and preparatory works for further elaboration or materialization of the proposed measures/ and actions, while setting or revising the necessary actions and timelines. They have also reported updated status of the proposed measures/ action through the LFP. The LFP has been held three times as follow[27]:

Table 2.4.2 Record of LFP meeting

LFP meeting	Outline	
First LFP (Apr. 2019)	Activity:	Objective of LFP, role of each C/P organization, and member introduction Explanation of the policy matrix for industrial linkage facilitation (initial draft) Report of the status of each policy measure/ action and feedback
	Remarks:	Requested by MOI= Consultation by BIDA on proposed industries for corporate income tax exemption by BIDA Expected by BIDA= Early concept planning of "strategic economic zones (EZs)" for industrial linkage facilitation by BEZA

[27] Having been adversely affected by the COVID-19 and personnel transfer in PMO, the activity of LFP became suspended since 2020, and no LFP has been organized after the third one.

Second LFP (Jun. 2019)	Activity: Remarks:	Report of updated status of each policy measure/ action and feedback Requested by MOI= Consideration of dedicated EZs for automobile/ motorcycle industry cluster (inc. LE industries) by BEZA
Third LFP (Oct. 2019)	Activity: Remarks:	Report of updated status of each policy measure/ action and feedback Explanation of automobile industry development policy (MOI)/ Discussion Paper for Automobile Policy (the Project Team) Requested by MOI= Consideration of dedicated EZs for automobile/ motorcycle industry cluster (inc. LE industries) by BEZA Requested by PMO= Progress report of the automobile industry development policy formulation by MOI (at LFPs) and follow-up of the proposal of tariff/ VAT exemption for motorcycle parts industry to NBR (inc. reporting at PCC by MOI)

Those proposed measures/ actions which received feedback and attentions for discussion among the members through the LFP meetings included "conceptualization of strategic EZs for promoting industrial linkage" proposed by BEZA and "optimization of import duty/ VAT exemption regime for materials to be used by local parts industry" by MOI. Concerning the former one, MOI suggested BEZA to secure the area/ space dedicated for the amassment of automobile/ motorcycle industries. As for the latter one, PMO requested MOI to ensure its prompt proposal to NBR and the subsequent follow-up.

Further, as asked by PMO for MOI to report the outline of automobile industry development policy at the LFP meeting, MOI explained the policy outline at the third LFP while the Project Team introduced the working paper for the policy formulation. Since this working paper explains the historical development path of the automobile industries in South-East Asian countries and how the local production ratio can be set in accordance with the growth of domestic market and vehicle production, the LFP could have played a certain role in guiding the policy focuses and agenda discussed in the formulation process. Then, PMO further asked MOI to report the progress of this policy formulation at the following LFP opportunities.

Through the activities of LFP, the Project Team has started observing positive attitude such as constructive discussion and mutual evaluation on proposed measures/ actions among the working level members of LFP, where one C/P institution provided feedback or suggested requests upon elaboration or materialization of the particular measures/ actions proposed by other C/P organizations. Furthermore, some of the proposed measures/ actions have been materialized as a result of the initiative of C/Ps and support by the Project Team.

(4) Support for Formulating Automobile Industry Development Policy

(i) Background

During the course of policy development support for industrial linkage formation, the former EC of BIDA, requested the Project Team to support the preparation of automobile industry policy (June 2019), where the two tasks of i) preparation of policy note for his presentation at the fourth PPED and ii) drafting of the policy were requested. In response to the request, the Project Team has prepared "discussion paper for automobile industry policy" which states the existing condition of Bangladeshi automobile industry, the development path of automobile industry and the policies taken by Thailand, Myanmar, as well as possible development stage of automobile industry along with the market expansion, and topics to discuss during the policy formulation process. The discussion paper[28] was then submitted to the former EC.

[28] Refer to the Appendix for the discussion paper for automobile industry policy.

EC of BIDA distributed the discussion paper to three organizations (PMO, MOC and MOI). However, MOI also begun formulating the same policy, and organizing the stakeholders' discussion involving local chambers and existing automobile assemblers. Followingly, MOI prepared an initial draft of automobile industry development policy in October 2019 (through the coordination by PMO), and explained the policy at the third LFP and the fifth PCC, while PMO asked the Project Team for inputs/ feedback to the policy.

From the above background, MOI has sought for the Project Team's inputs/ feedback during the policy formulation process and involved the Team in the stakeholders' meeting held by MOI. The Project Team, recognizing this opportunity as a significant part of policy development support, has extended the technical assistance to the automobile industry policy formulation, that is strongly related to linkage formation.

(ii) Process of the policy formulation

MOI has started to formulate the automobile industry development policy in earnest, and presented the third draft to the Project Team at the end of 2019. The Team then reviewed the draft and provided the feedback to MOI while hearing the opinions from Japanese automobile makers (as suggested by JICA and Ministry of Economy, Trade and Industry of Japan). Followingly, MOI has announced the fourth draft through its website for the purpose of receiving public comments in April 2020. In response, the feedback (clarification and requests) was presented from foreign and local automobile makers, trade body of reconditioned vehicle importers, local chambers, ministries/ agencies concerned and the Project Team (feedback by the Team is summarized at the later section). Then, the stakeholders meeting (online) was organized by MOI in August 2020 to discuss the fourth draft policy.

The draft policy proposes the three key directions, namely; tariff reduction for imported knockdown (KD) vehicles, target-setting for parts localization and phased ban of reconditioned vehicles import. The discussion in the stakeholders' meeting centered on the pros and cons of phased ban of reconditioned vehicle import and the necessity to distinguish commercial vehicle from passenger vehicles. Concerning the phased ban of reconditioned vehicle import, the meeting observed a circumspect opinion from the government organizations and local chambers, and a strong opposition from the trade body of importers. Local assemblers demanded separate incentive policies for commercial vehicles since the domestic assembly for commercial vehicles has relatively advanced compared to passenger vehicles.

MOI then announced the revised draft (fifth, only in Bengali) through the website in November 2020, again for the purpose of receiving public comments. The fifth draft addressed the tariff reduction for imported KD vehicles, and treated commercial vehicle separately from passenger vehicles, however, withdrew the phased ban of reconditioned vehicles import. Further, target for parts localization (i.e., local contribution ratio) was set as the level which might discourage the automobile makers to start the local assembly in Bangladesh[29]. The Project Team has translated the draft and compiled feedback (summarized at the later section) again to MOI while clarifying the differences from the previous version. Subsequently, the stakeholders' meeting was held again in December 2020 to discuss draft for finalization, where MOI stated that the draft policy would not be revised significantly.

[29] Manufacturers are to be requested to attain 10% of local contribution ratio from the first year of commercial operation for passenger vehicle, for instance, as the condition to avail the benefit of duty exemption for imported knock-down vehicles, which then becomes subject for questions by Japanese auto-makers.

(iii) Outline of the final policy

MOI has prepared the final draft in early 2021, submitted it to the cabinet, and then obtained the cabinet approval[30] in June 2021. Subsequently, the policy was made public as the Automobile Industry Development Policy 2021 through the gazette in September 2021. The final policy is outlined as below[31]:

Outline of Automobile Industry Development Policy 2021		
Table of contents	Ch.1: Introduction Ch.2: Definition Ch.3: Policy Statement Ch.4: Strategy for Automobile Industry Development Ch.5: Production of Commercial Vehicles	Ch.6: Increased Production of Eco-friendly Vehicles Ch.7: Implementation, Monitoring and Evaluation Ch.8: Conclusion Ch.9: Time-bound Action Plan
Policy objectives	- Development of domestic assembly/ parts manufacturing industries, enhancement of local value addition, and strengthening of international competitiveness, - Increased contribution to manufacturing GDP, - Enhancement of import substitution and overseas market access, - Skills development and employment creation, - Promotion of innovation, research & development.	
Development strategy	No.1: Promotion of domestic industries No.2: Development of automobile market No.3: Expansion of local parts production No.4: Phased manufacturing localization No.5: Strengthening of vehicle registration and inspection system	No.6: Promotion of R&D, strengthening of design/ testing capability No.7: Preparation/ compliance of automobile standards No.8: Development of industry human resources No.9: Improvement of business climate

(iv) Inputs from the Project Team

The Project Team has provided the advisory/ knowledge supports and feedback to MOI during the formulation process of the national automobile industry development policy:

- Examination and compilation of the action plans along with the contents of draft policy,
  > Reflected partially in the Time-bound Action Plan in the finalized policy.
- Interview with Japanese automobile makers which are interested in assembly business in Bangladesh (concerning the definition of KD production, preconditions for investment decision covering tariffs for imported KD vehicles, restriction of reconditioned vehicle import, local contribution ratio),
  > Among the above, desirable tariff exemption for imported KD vehicles (indication of tariff exemption measure both for imported SKD and CKD vehicles, and the difference of tariff rates between them) is reflected in the finalized policy.
- Feedback to the draft policies (in response to the public comment announcement).

[30] A cabinet secretary commented after the cabinet meeting, "we need to develop automobile industry in our own interest amid growing demand. We are thinking of the development of automobile industry to some extent, and of not remaining dependent only on imports". (Dhaka Tribune, 14 June 2021)

[31] Refer to the Appendix for the Automobile Industry Development Policy 2021.

Ver. of draft policy	Major feedback	Status of reflection
The fourth draft (Aug. 2020) * Feedback presented to MOI in Sep. 2020	The draft policy needs; 1) to consider reconditioned vehicle import restriction in terms of traffic safety, air pollution, after-service, 2) to examine cash incentive for complete knockdown (CKD) production, 3) to revise the target of local contribution ratio (in accordance with the growth of domestic market), 4) to consider import duty exemption both for semi-knockdown (SKD) and CKD vehicles, while securing adequate difference in import duty between them, 5) to consider import duty exemption for imported parts/ materials used by automobile parts manufacturers, and, 6) to set timeline for proposed action plan implementation.	Among the left-stated feedbacks, 4) and 6) are reflected in the finalized policy. 1), 2) and 5) are not addressed or 4) is not considered.
The fifth draft (Dec. 2020) * Feedback presented to MOI in Dec. 2020	The draft policy needs; 1) to clearly state the restriction policy on reconditioned vehicle import (in response to the withdrawal of phased import banning in the fifth draft), 2) to revise the target of local contribution ratio (in response to the upward revision to the target, compared with the fourth draft), and, 3) to recognize an importance of SKD production for the existing stage of automobile industry development and propose import duty exemption for SKD vehicles.	3) is reflected in the finalized policy (SKD is referred to as CKD Level-1). 1) is not addressed or 2) is not considered.

(5) Formulation of the Post-COVID Investment Promotion Strategy

(i) Background and objective

At the progress meeting held by BIDA in October 2020, BIDA asked the Project Team for the possibility to examine the investment promotion strategy of the Bangladeshi government for the era of the post-COVID. BIDA had undertaken the following in response to the COVID-19 pandemic since March 2020:

Response to the immediate-term influences: to propose urgent recommendations which relax administrative rules/ regulations and digitalize the related procedures in anticipation for potential arrearage of reporting and licensing of business/ tax compliances, based on dialogues with foreign embassies/ chambers (during March to May 2020) held for the purpose of grasping the influences of the nation-wide lockdown onto foreign investments.

Impact survey of the lockdown: to conduct the COVID (lockdown) impact survey through the questionnaire to the registered foreign and local investment projects with BIDA (June 2020), from which proposed 13 policy recommendations to the relevant authorities.

The above initiatives are intended to derive the relatively immediate or short-term recommendations in view of easing difficulties confronted by the existing investment projects in abiding by the business compliances and ensuring their business continuation after the lockdown. On the other hand, BIDA expressed a grave concern with the possible change of global FDI scenario and reduction of investment proposal/ actual inflow in case the COVID-19 pandemic is protracted, and anticipated the difficulty in attracting the sufficient investment with the conventional measures taken before the pandemic.

Accordingly, the Project Team decided to study "the Post-COVID Investment Promotion Strategy" with the aim to recommend policy measures/ actions for the short- to mid-term perspective, which shall be taken by

the Bangladeshi government in view of easing the impacts of the COVID-19 pandemic on investment/ business and reduced investment inflow to Bangladesh, while promoting businesses opportunities with the COVID-resilience or affinity.

(ii) Method and process of the strategy formulation

The Project Team had a brainstorming discussion with concerned officers and prepared a concept paper on the proposed Post-COVID Investment Promotion Strategy. The concept paper was presented to BIDA (and JICA) for receiving their feedback. After BIDA confirmed the concept paper, the Project Team commenced the study work by the following methods:

- Literature review concerning the impacts of the COVID-19 pandemic on the global investment trend, forecast investment/ business scenario under with-/ post-COVID, transformation of IPAs' functions/ services in response to the COVID-19 pandemic,
- Review of the previous works undertaken by BIDA and the Project Team in the activities of investment climate improvement support and BIDA's functional strengthening,
- Participation in the investment promotion seminars by the plural IPAs (which announced the new policies, regulatory relaxations, newly promoted sectors in response to COVID-19 pandemic in particular),
- Interview with the companies operating in Bangladesh (among the selected sectors for case study, namely; RMG, software/ ITeS, automobile, pharmaceuticals, electronics & electrical equipment, food processing).

BIDA held a workshop to share the progress and outputs of the Project activities (March 2021), in which the Project Team was asked for an interim reporting of the strategy formulation. Followingly, the draft strategy was explained in detail to the Taskforce for the Promotion under COVID that was formulated in BIDA in August 2021, where the EC and all the Executive Members of BIDA were also present. The Taskforce suggested to organize a national seminar in view of disseminating the strategy's recommendations to the concerned organizations. The seminar was held by BIDA in October 2021 as follows:

Table 2.4.3 National seminar on the Post-COVID Investment Promotion Strategy

Date:	25 October 2021, 10:30 ~ 13:00
Place:	BIDA Board Meeting Room
Agenda:	- Opening remark by BIDA' EC - Opening speech by the Representative of JICA Bangladesh Office - Explanation of the Post-COVID Investment Promotion Strategy (the Project Team) - Discussion ~ summary of discussion (Director General in charge of BIDA) - Closing speech by BEZA's EC and BIDA's Executive Member in charge
Host:	BIDA and the Project Team
Participating organizations:	BEZA, NBR, BB, MOC, ICT Division, Finance Division of MOF, Federation of Bangladeshi Chambers of Commerce & Industry (FBCCI), private companies, think-tanks inc. BUILD (Business Initiative Leading Development), media, 46 persons in total (including the parties of BIDA and JICA)

The Project Team then submitted the final version of the strategy to BIDA (November 2021) after reflecting the feedback made in the national seminar. BIDA then acknowledged the strategy and decided to publish/ distribute the strategy to the concerned government and private organizations.

(iii) Outline of the strategy and recommended measures/ actions

The Post-COVID Investment Promotion Strategy is outlined below[32]. The strategy indicates the five strategies to be focused by BIDA in its pursuit for investment promotion during the post-COVID era, while learning from the initaitives and transformations made by IPAs in other countries in response to the pandemic.

The strategy recommended the policy measures/ actions to be taken by BIDA itself or facilitated to related organizations for each strategic focus, referring to the similar measures/ actions adopted by IPAs in other countries while considering the existing conditions of BIDA and Bangladesh.

Aim	To recommend policy measures/ actions for the short- to mid-term perspective, which shall be taken by the Bangladeshi government in view of easing the impacts of the COVID-19 pandemic on investment/ business and reduced investment inflow to Bangladesh, while promoting businesses opportunities with the COVID-resilience or affinity.
Strategic focus and proposed policy measures/ actions	1) Strengthening of marketing and communication in general Dissemination/ periodic update of the COVID-related information (pandemic conditions, rules/ regulations on social and economic activities/ entrance to the country, trends of national economy/ trade/ investment, and supporting measures for business activities) 2) Easing the remaining and amplified issues confronted by the existing investors Relaxation or removal of the remaining and amplified issues as a result of the COVID-19 (as of one year after the COVID outbreak, relaxation of import settlement method, improvement of customs clearance, etc.), Support for diversification of suppliers/ supplying countries of imported materials, Development/ securement of industrial skills with excessive-demand, Extended provision of liquidity-easing measures, Dissemination of e-commerce opportunities to local industries, Introduction of fiscal incentive for efficiency enhancement in factory operation, manufacturing process and supply-chain management through adoption of digital solutions or equipment, etc. 3) Facilitation of reinvestment by the existing investors Development of facilitation activities to the investors with potential for reinvestment, Proposal of reinvestment tax allowance (which can deduct a certain portion of invested amount from taxable income), Relaxation or simplification of regulation on borrowing abroad of the long-term loan 4) Promotion of new investment in business opportunities with COVID-resilience or affinity Entitlement of CIT exemption to the emerging or growing businesses in the post-COVID era in view of promoting their investment, Development of investment promotion activities (both for overseas and domestic) 5) Further digitalization of IPA's functions and services Capability building for organizing webinar, Establishment of a technical unit for webinar organization, Institutionalization of CMS for potential investors, Preparation of application platform for online consultation/ inquiry service, Preparation of a portal for updating the development status of EZs, Installation of online investment monitoring service

The strategy presented "general recommendations" consisting of 18 policy measures/ actions for each of five strategic focuses, indicating the content, organizations assigned for further elaboration or materialization, timeline for each recommendation. Further, the strategy compiled sector-specific recommendations (counter-measures for the issues heard from the interviews with those industries belonging to six case study sectors.

[32] Refer to the Appendix for the Post-COVID Investment Promotion Strategy.

(8) Achieved Outputs

Achieved outputs of the Project activity undertaken with the aims at "proposing the measures for investment promotion including incentive regime and for industrial linkage formation with FDI while reviewing the existing measures/ actions", are stated as follows.

(i) Materialization of proposed measures/ actions for industrial linkage formation

The Project Team has extended the technical assistance so that the proposed measures/ actions (13 in total) in the policy matrix for industrial linkage formulation would be i) materialized by each responsible C/P organization (BIDA, BEZA, MOI), or ii) reflected into the upper-level policy, strategy, or action plan (or that sorts) of each responsible C/P organization, as a result of which six measures/ actions have been done accordingly[33]. The status of each policy measure/ action proposed by BIDA are stated below, where four measures/ actions are materialized out of six.

Table 2.4.4 Status of the policy measures/ actions proposed by BIDA

Policy measure/ action	Status of elaboration or materialization
Proposal of income tax exemption facility to auto-related industries (parts/ supporting industries) (applicable for BIDA-registered project)	The Revised Finance Act 2020 (Jul. 2020) added auto parts/ components (BIDA had proposed in view of industrial linkage formation) to the industry sectors (products) entitled with the corporate income tax (CIT) exemption (5 to 10 years varying among the investment location). In addition, SRO (-170/AIN/Income Tax/2021) concerning income tax entitles new project of automobile assembly (inc. automobile parts manufacturing) with 100% CIT exemption (for initial ten years + 10% for another ten years) (subject to the condition of local contribution ratio attainment) in Jul. 2021.
Adoption/ operation of the follow-up system to potential investors (CMS)	BIDA's EC issued a letter to adopt CMS for potential investors in Oct. 2019 and the Project Team continuously provided technical guidance to officers of the divisions concerned. Although there have recorded only a few potential investors contacted so far due to the COVID-19 pandemic, the CMS will be operational along with the activation of investment promotion activities. > Explained in the section II.2-3(4)(iv).
Development of sector PR tools/ materials	Prepared 13 sector profiles in total (inc. automobile/ parts, motorcycle/ parts for assembly manufacturing). > Explained in the section II.2-3(7).
Improvement of the following investment climate issues: - Overseas remittance of royalty/ technical assistance-related fees	Obtained the final approval of the revised guidelines to simplify the remittance procedure in Feb. 2021, which was then made public through gazette in Mar. 2021. > Explained in the section II.2-2(5).
- Expatriate work permits policies	To obtain the final approval of the revised guidelines in short-term. > Explained in the section II.2-2(5).
Strengthening of the function of Supplier & Linkage Dev. Div. of BIDA (Matching facilitation for JV/ OEM cooperation btw foreign/ local companies)	The Project Team suggested BIDA to focus on matching support for JV formulation/ OEM partnership between foreign investors and local industries. But being affected by the COVID-19 pandemic, an opportunity (i.e., foreign investors' mission) to arrange such matching supports has not taken place. * Assuming the opportunity for foreign investment mission incoming to Bangladesh before which the needs of reference to partners of JV or OEM are received, matching event was to be arranged upon the visit of such incoming mission.

[33] Refer to the Appendix for the policy matrix which states the status of each proposed measure/ action.

In addition to the above-stated measures/ actions proposed by BIDA, the following ones by BEZA and MOI have been realized;

- Planning and implementation of overseas promotion activities (BEZA): > Co-hosted the webinar for Japanese investors covering the promotion of Araihajar EZ (February 2021)
- Optimization of import duty/ VAT exemption regime for materials to be used by local parts industry (MOI): SRO (207/Rule/2018/810/VAT) issued in June 2018 concerning VAT exemption upon the import of parts/ materials by motorcycle manufacturers/ their vendors placed a strict condition for this exemption, which requires to attain the local value-added ratio (30% or more). MOI proposed to abolish this condition after consolidating the opinion of the industries, and NBR withdrew the condition in October 2019.

(ii) Approval of the Automobile Industry Development Policy

MOI has submitted the final draft of the automobile industry development policy to the cabinet and then obtained the cabinet approval in June 2021. Followingly, the policy was made public as the Automobile Industry Development Policy 2021 through the gazette in September 2021.

(iii) Development of recommendations in the Post-COVID Investment Promotion Strategy

After the Project Team explained the Post-COVID Investment Promotion Strategy to the Taskforce for the Promotion under COVID, BIDA acknowledged the recommendations of policy measures/ actions (November 2021). As for the general recommendations, that are proposed to other organizations than BIDA (excluding the long-term ones), BIDA in January 2021 has issued the letter of request for examination to the concerned organizations[34]. Among those taken into consideration by other organizations:

- To ease import settlement by allowing telegraphic transfer (T/T), proposed for the strategic focus "Easing the remaining and amplified issues confronted by the existing investors",
- To relax or simplify the existing regulation on borrowing abroad of the long-term loan, proposed for the strategic focus "Facilitation of reinvestment by the existing investors",

were selected as priority issue for materialization. BIDA has then elaborated the proposals for improving these issues in preparation for facilitation to the concerned organizations, and commenced discussion with them (explained in detail in the section of investment climate improvement support).

Those recommendations made for BIDA had been taken into action before or after the formulation of the strategy. Among them, the following actions have been materialized after the presentation of the strategy:

- To prepare a dedicated section to regularly update the COVID pandemic-related information in its website, proposed for strategic focus "Strengthening marketing and communication",
- To prepare application platform at website for online consultation and inquiry service, proposed for strategic focus "Further digitalization of IPA's functions and services".

The development status of general recommendations indicated by the strategy (excluding the mid to long-term ones) is stated as follows:

[34] Although not as a result of facilitation by BIDA (i.e., recommendation by this strategy), a part of the recommendations was materialized right after the strategy preparation.

Table 2.4.5 Status of general recommendations in the Post-COVID Investment Promotion Strategy

Strategic focus	Recommended measures/ actions	Responsible institution(s)	Status of development
Short-term measures/ actions			
Marketing & communication	To prepare a dedicated section to regularly update the COVID pandemic-related information in its website.	BIDA	Already prepared in the revised website.
Easing the remaining and amplified issues confronted by the existing investors	To ease import settlement by allowing T/T (at least on the import from parent/ affiliate companies). * MOC has drafted the revised Import Policy Order, allowing import settlement by T/T up to USD one million per annum.	Ministry of Commerce (MOC)	Selected as a priority issue and started discussion with the concerned organization for improvement.
	To ease or improve liquidity of the industries in general (with a particular attention to non-export-oriented industries and SMEs) with, possibly either through; - Temporally reducing CIT rate, - Waiving imposition of advance income tax (AIT) or expediting/ simplifying refund process, or, - Extending concessional finance facilities (stimulus package) with more tolerable tenure/ repayment period, wider sector coverage and collateral-free basis.	Income Tax Wing-NBR/ MOF BB	Issued a request letter for examination to the concerned organizations.
	To disseminate opportunities of e-commerce platform to the industries producing consumer goods locally.	MOC	Ditto
Facilitation of reinvestment by the existing investors	To extend facilitation activities to the investors with the potential for reinvestment for materializing their reinvestment plans.	BIDA	Started facilitation activity in Jul. 2021.
	To relax or simplify the existing regulation on borrowing abroad of the long-term loan, through proposing either one of the following options in view of activating reinvestment by existing investors: i) Shift from current prior-approval to post-fact report, or, ii) Reduction of required documents (at least in case of term-loan from parent/ affiliate company), namely, those documents for proving the aspects that are to be appraised beforehand by lender's responsibility.	BIDA BB	Selected as a priority issue and started discussion with the concerned organization for improvement.
Promotion of new investment in business opportunities with COVID-resilience or affinity	To propose entitlement of CIT exemption to the following emerging or growing businesses in the post-COVID era in view of promoting their investment; Processed foods (pre-cooked/ ready-made/ frozen foods, health/ supplement foods, etc.), ITeS/ software, Digital tech service (FinTech, MediTech, AgriTech, e-commerce platform, digital solution service for industry), Pharmaceuticals (COVID-related drugs, API, reagents), Healthcare (general/ specialized hospital, medical devices), Education (learning support service, IT vocational training), Electrical & electronics (products/ devices for home productivity and entertainment/ home cooking/, products/ devices enabling tele-/ remote and internet services, Transport equipment (motorcycle, automobile, bicycle, etc.), Biotechnology-based materials/ products, Others	Income Tax Wing-NBR/ MOF BIDA	Issued a request letter for examination to the concerned institution. Among the proposed businesses for promotion, in Jul. 2021 some became entitled for CIT exemption (hospital), and for the extended CIT holiday (automobile/ parts, products/ devices for home cooking/ productivity, and vocational training).
	To conduct investment promotion activities for the emerging or growing opportunities in the post-COVID era (both for overseas and domestic).	BIDA	Investment Summit 2021 (Nov.) organized sector-specific promotion for ITeS/ software, digital-tech., pharma/ healthcare.

Further digitalization of IPA's functions and services	To conduct technical guidance for organizing webinar, ranging from stages of design, preparation, implementation till follow-up, along with the SOP.	BIDA BEZA	BIDA: organized a webinar as host along with the SOP.
	To establish a technical unit for webinar organization.	BIDA	Not yet considered due to lack of relevant staff.
	To institutionalize CMS, which store the profile data of potential investors and administer follow-up action for facilitating their investment decisions.	BIDA	Continuing support to operationalize CMS.
	To prepare application platform at website for online consultation and inquiry service.	BIDA	Already prepared in the revised website.
	To install online investment monitoring (IM) service.	BIDA	To be adopted as one of functions of IRMS.
Mid-term measures/ actions			
Easing the remaining and amplified issues confronted by the existing investors	To organize the event for facilitating diversification of suppliers/ supplying countries, particularly for the sectors which confront difficulty in inputs sourcing.	BIDA	Not yet considered.
	To consider fiscal incentive for efficiency enhancement in factory operation, manufacturing process and supply-chain management through adoption of digital solutions or equipment (automation/ robotics): - Investment tax allowance (aside from standard depreciation), which exempts CIT for a certain period up to a certain percent of capital expenditure, and, - Import duties exemption on necessary equipment.	Income Tax Wing-NBR/ MOF	Issued a request letter for examination to the concerned organization.
Facilitation of reinvestment by the existing investors	To consider reinvestment tax allowance (deductible from the taxable income) to be availed by existing investors upon their materialization of reinvestments.	Income Tax Wing-NBR/ MOF	Issued a request letter for examination to the concerned organization.
Further digitalization of IPA's functions and services	To develop a portal dedicated for updating the status of development and operation for EZs (ideally enabling potential investors to virtually access to the sites).	BEZA	Decided to adopt EZ dev. admin. System, data of which can be open for public.

II.2.5 Study Tour to the Third Country and Training in Japan

(1) Study Tour to the Third Country

The Project Team conducted a study tour to Thailand for the C/Ps to deepen the understanding of Thailand investment promotion policies and roles of the Board of Investment (BOI) in materializing FDI-led industry development, that were introduced during the workshops for policy learning.

Table 2.5.1 Outline of the study tour to the third country (Thai-BOI, etc.)

Period	10 - 16 March 2019 (7 days in total)
Participant	10 persons, from BIDA (7), PMO (1), BEZA (2)
Objective	To learn about the following, as a part of policy development support for industrial linkage formation; - Measures to promote assembly-type manufacturers and their related parts producers, and facilitation services for smooth investment establishment/ operation - Measures to support and induce industrial linkage with local supporting industries

Day	Time	Activities	Organization involved
11 Mar.	AM	Courtesy call, Lecture: Roles of BOI and their transition	Secretary General, BOI
	PM	Lecture: Overall BOI, FDI promotion strategy of Thai Lecture: Measures/ means for FDI marketing/ promotion	Investment Strategy & Policy Div. Foreign Investment Marketing Div.

12 Mar.	AM	Lecture: Industrial linkage development (focused on motorcycle, automobile and their parts industries)	Industrial Linkage Development Div. (BUILD)
	PM	Lecture: Investor facilitation service and OSS	One Start One Stop (OSOS)
13 Mar.	AM	Visit: Local parts suppliers (of motorcycle/ automobile) supported by BOI-BUILD	BUILD
	PM	Visit: Industrial estate, BOI Regional Centre (Chonburi), cargo terminal port in Laem Chabang region	Industrial estate developer, BOI Reginal Center, Laem Chabang Port Authority
14 Mar.	AM/PM	Visit/ lecture: Thai Science Park (for R&D promotion)	Thai Science Park
15 Mar.	AM	Business meeting/ dialogue with Thai companies and Thai Chamber of Commerce and Industry	Thai Overseas Investment Promotion Div.

During the study tour, BOI organized a business dialogue with Thai companies interested in investment or business in Bangladesh and local chamber of commerce. The participants reported the following particulars that are suggestive for elaborating the measures/ actions for FDI attraction and linkage formation:

- Menus for FDI promotion, and relation of promoted sector/ activity with incentive regime (income tax exemption),
- Follow-up after promotion activities,
  > Motivated BIDA to start considering CMS for potential investors based on the Team's suggestion.
- Development and services of the Industry Linkage Development Division,
- Facilities of rental factory (ready-built unit) and vocational training attached with industrial estate, and key lessons for estate developer in inducing industry agglomeration (e.g., attraction of anchor assemblers/ manufacturers in prior).
  > Participants from BEZA considered a seminar on the above topic to developers/ operators of EZs.

(2) Training in Japan

Before the COVID-19, the Project Team planned to conduct an invitation program to Japan during March to April 2021 in which an investment seminar and visits to the companies operating business in Bangladesh (or belonging to promoted sectors of Bangladesh) would be organized. However, the seminar in a physical manner which invites the high-ranked C/Ps as guest has continued to be unfeasible due to the COVID-19 pandemic.

Given this condition, the Project Team proposed to hold a webinar instead and conducted this in February 2021 (stated in the section of Functional Strengthening of BIDA). Followingly, once the Project Team finds it possible, a training program in Japan was be conducted for the purpose of follow-up to this webinar during September to October 2021. However, it has been continuously unfeasible to receive C/P officers for training purpose during the Project period due to continued travel restriction in Japan.

II.3 Lessons Learnt and Recommendations

The Project (Component 1), through the activities of investment climate improvement support, functional strengthening and policy development support for FDI attraction/ industrial linkage formation, has observed the issues, constraints and factors, which account for the realization of the outputs. Reviewing such observations, the Project Team compiles the lessons learnt and recommendations for the better realization of the anticipated outputs.

II.3.1 Investment/ Business Climate Improvement

(1) Stance of Technical Cooperation Project in Investment/ Business Climate Improvement Support

In Bangladesh, the World Bank Group has also assisted business climate improvement through leading the ease of doing-business reform program[35]. Evaluation crieteria for doing-business have been adopted by a number of country through the multilateral cooperation, focusing mainly on ease of starting business. On the otherhand, this Project, as bilateral cooperation by the Japanese government, has placed its focus to some extent onto investment climate for manufacturing industries which represent the overseas investment from Japan. The focus of the Project was considered as relevant, considering the direction stated in the National Industry Policy of the Bangladeshi government.

Investment/ business climate improvement for the benefit of Japanese investors has been dealth with by JETRO or through the PPED, where the climate issues have respectively been identified and discussed for improvement with the Bangladeshi government. Therefore, the Project Team has to take into account its stance in extentding the support. BIDA, as an IPA to receive the requests for improving the climate issues from the investors, is supposed to consider the improvement measures and facilitate for improvement to the concerned organizations, while understanding the background of such requests. On the other hand, BIDA usually goes through the dilemma against the concerned organizations which apprehend the negative implications or impacts of the improvement measures (i.e., misuse or abuse, thus motivated to maintaint the existing rules/ procedures or even make them more stringent). Accordingly, it is not easy for BIDA to facilitate the relaxation or simplification as expected by the investors.

In case the Project Team is expected to unilaterally represent the requests from the investors' side in view of improving the climate issues as they request, the Project Team which stands at the position of assisting BIDA faces a difficulty. Taking into account the stance in the technical cooperation project, the roles that the Project can render in the support for investment climate improvement shall largely cover the following:

- Study/ research for elaboration of improvement measures: comparative/ benchmark/ evaluation study of the similar policies/ rules/ regulations, etc.,
- Information/ data collection for elaboration of improvement measures: interviews/ questionnaire survey on the influences/ problmes confronted by the investors and requests for improvement,
- Elaboration and proposal of improvement measures,
- Analysis of the feedbacks from the stakeholders to the proposed measures, and further elaboration of counter-measures to the feedbacks.

Except for the case in which the C/P organizations ask to directly explain the proposed improvement measures or share the background information with the concerned organizations, the Project Team finds it relevant to take a background role by focusing on the provision of knowledge/ advice or technical inputs.

Recommendation to JICA : In the support for investment climate improvement under the bilateral technical cooperation, it is important to focus on the climate issues that are being facilitated through JETRO or public-private dialogue body for the betterment of investment/ business operation of the Japanese investors. In this regard, it is essential to recognize the distinctive policy environment concerning industry development and

[35] Although the reform program had eagerly been proceeded, the World Bank Group abolished the ranking system of doing-business and then ceased the program in 2021 due to the internal reason.

external trading in the subject countries, and to grasp with investment/ operational performance of Japanese investors. Further, it is desirable to extend technical cooperation in view of building the capacity for IPA to enable elaboration/ proposal of the improvement measures, where the consultants shall take a background role by focusing on the provision of knowledge/ advice or technical inputs.

(2) Facilitation for Improving the Climate Issues Authorized by the Other Institutions

Three priority investment climate issues dealt with during the Project are those authorized by BIDA mainly, although they are partially concerned with the other organizations. On the other hand, the climate issues raised by the investment climate review and PPED include those authorized by the other organizations such as BB and NBR. BIDA has become proactive in facilitating for improving these climate issues since the placement of the current EC and in particular the outbreak of the COVID-19 pandemic. However, BIDA's facilitation has been rather made as the request for the improvement of issues.

Recommendation to BIDA：It is suggested for BIDA to strengthen the capability to elaborate/ propose the improvement measures for investment climate issues, and clarify the division/ unit to specialize in this task. Further, BIDA is suggested to continue the investment climate improvement for the remaining issues (that are not addressed during the Project) among those indicated by the overall review of investment climate in Bangladesh conducted by the Project.

(3) Organizational Set-up for Investment Climate Improvement in BIDA

The support for improving the three priority climate issues dealt with by the Project has taken more time than presumed for finalization. BIDA commenced preparing each guideline for the priority issues in the mid of 2018 and prepared the drafts in February 2019, but two of them have not been finalized yet. The main reason behind has attributed to the fact that the officers in charge of the guideline preparation could not afford to set aside enough time in dealing with and accommodating the feedback from the concerned stakeholders.

Recommendation to BIDA：It is suggested for BIDA to clarify the division/ unit to engaged in elaborating/ proposing the measures for improving the investment climate issues, promptly recruit the officers/ staffs to this division/ unit from the external sources (on a contract basis), and then provide the capability building by letting them experience the opportunities in practice for elaboration/ proposal of improvement measures.

II.3.2 Functional Strengthening of BIDA and Enhancement of its Promotion Services

(1) Further Enhancement of Investment Promotion Activities

Investment promotion activities have sporadically been organized by the other organizations than BIDA such as MOC, local chambers, financial institutions, in which BIDA is usually called for the participation or cooperation at short notice. Accordingly, it was difficult to host and organize the promotion events as scheduled. In relation, the overseas investment promotion needs a collaboration by the overseas embassies. However, their response to or the degree of the cooperation has shown large variations. Further, BIDA needs to accumulate skills and know-how based on actual experiences to prepare and organize the promotion events effectively.

Recommendation to BIDA：BIDA needs to ensure the better coordination between the promotion activities to be hosted itself and those events requested (for participation or collaboration) by the third parties, so that BIDA can increase the number of events to be hosted itself and accumulate the list of contacted potential

investors (i.e., the project pipelines for investment). Accordingly, it is recommendable to place the contact point in charge of receiving the requests for event participation/ cooperation from the third parties, and ensure the better coordination through the contact point. This contact point can also be assigned for developing the relationship for collaboration with overseas embassies.

It is also advisable to establish a special unit responsible for the coordination work/ technical support in view of putting in place adequate event preparation in accordance with the SOP (manual), and ensuring good result and good image of the participants. This unit can be staffed with experienced/ skilled persons (on a contract basis).

(2) Continued Operation of Contact Management System (CMS)

Although the CMS is a new initiative to BIDA, BIDA has found it one of important tasks in investment promotion to administer the profile data of potential investors and facilitate their decision-making. It did not take a time for BIDA to decide to adopt the proposal from the Project. However, it took a time to internally clarify the divisions/ officers engaged in the follow-up facilitation (i.e., communication) to individual prospective investors, since the number of officers in BIDA is limited. Although BIDA clarified that the follow-up communication with prospective investors is to be dealt with by the country officers, all of them have been concurrently serving for other duties and tasks.

Recommendation to BIDA : It is necessary for BIDA to ensure that the country officers periodically report the status of communication development with prospective investors to institutionalize the CMS activity in BIDA, while BIDA is advised to early recruit the persons (on a contract basis) who are familiar with the business activity for the country officers. In addition, it is considered effective to involve the commercial attaches in the overseas embassies for the field follow-up (in the potential investors' country).

(3) Early Availability of Online Monitoring Service

Although IM activity has become undertaken by the responsible division's own resources, BIDA can expect a significant operating efficiency by adopting online monitoring service which does not require the entry work of the collected monitoring data. Online monitoring service can also automate basic analysis of the collected data, BIDA can expect a prompt sharing of the monitoring findings with other functions such as aftercare. On the other hand, it shall be noted that the online monitoring service itself would not improve the capture rate of monitoring data.

Recommendation to BIDA : It is desirable to adopt the online monitoring service as early as possible to ensure the continuation of IM activity[36]. Further, BIDA is suggested to examine possible measure to be taken in case the investors fail to submit the monitoring report. BIDA can consider an option to make the copy of monitoring report (recently submitted) as one of the documents to be attached upon the application for the license that is to be annually renewed.

(4) Institutionalization of Aftercare Function

BIDA's executives have increasingly recognized the importance of facilitation support for the registered projects that are yet commercially operational and have the potential for reinvestment since the outbreak of the COVID-19 pandemic. In this regard, BIDA has advanced its initiative, where BIDA decided to regularize

[36] Online monitoring service is to be incorporated as one of the functions of the above-mentioned IRMS.

the stakeholder meeting held for hearing various issues faced by the registered projects and thus trouble-shooting for the project implementation. However, the Investment Aftercare Division has been facing under-staffing in extending the scope of work as desired.

Recommendation to BIDA: It is rather difficult for aftercare services to expect its operational efficiency through the installment of the operating/ online systems. Accordingly, BIDA is advised to early recruit the persons (on a contract basis) who are familiar with the business activity to this division as well.

II.3.3 Policy Development for FDI Promotion and Industrial Linkage Formation

(1) Policy Coordination/ Discussion among the Working Level Officials via LFP Model

In the mid of the Project, the LFP was formulated by the lead of PMO, through which the Project Team has started observing the positive attitude such as constructive discussion and mutual evaluation on the proposed measures/ actions among the working level members of LFP, where one C/P institution provided feedbacks or suggested requests upon elaboration or materialization of the particular measures/ actions proposed by other C/P institutions.

The Project Team accordingly intended to suggest a continuation of the LFP (or formulation of an alternative body) by the PMO's lead and seek for the acknowledgement of PMO, so that the similar initiative would be continued after the Project completion. Due to the suspension of the field activity because of the COVID pandemic and personnel transfer in PMO, the activity of LFP has been suspended during which the momentum for resuming could not be maintained. As a result, the LFP has not continuously been organized.

Recommendation to PMO : In case the Bangladeshi government finds it important to have an inter-ministerial body for policy discussion in the future, it is suggested to examine and formulate such a working level opportunity for policy coordination and examination as experienced through the LFP. BIDA also has emphasized an importance of such an inter-ministerial body for the discussion/ coordination of policies on FDI attraction and industrial linkage formation.

(2) Support/ Intervention which BIDA Can Render in Facilitating Industrial Linkage/ Cooperation with Foreign Industries

Along with the organizational reform in December 2018, BIDA newly established the Division of Supplier & Linkage Development for the purpose of promoting the linkage between domestic suppliers and foreign companies. The Project Team was given an opportunity to advise on the scope of work of this division. The Project Team advised BIDA to focus on referential services/ visiting arrangement in response to the requests from foreign investors on i) potential suppliers of parts/ materials, ii) partners of investment projects and iii) partners of OEM, and accordingly to develop the relationship with esteemed references (sector-specific industrial associations).

The opportunities to practice the above services, however, has not been available during the course of the Project, because the investors requesting for reference of the potential suppliers have not been identified through the investment monitoring, and foreign investment mission (as a potential opportunity for matching with partners of investment projects) has not taken place since the outbreak of the COVID-19 pandemic.

Recommendation to BIDA : To enable referential services/ visiting arrangement in response to the requests from foreign investors, it is suggested to develop internal set-up in the responsible division and external

relationship with stakeholders (industrial associations or local chambers).

(3) Follow-up to the National Automobile Industry Development Policy

This policy was enacted in June 2021 after the cabinet approval, through which Bangladeshi government explicitly intends to develop its automobile industry as a national policy, and expects the investments to this sector and industrial linkage with supporting industries. On the other hand, the Project recognizes that the policy leaves some issues to be clarified or solved for its effective implementation.

Recommendation to JICA：It is deemed as necessary to provide the advisory service to realize the effective implementation of the automobile industry policy, while providing technical assistance for promoting investment by foreign makers (including Japanese ones) and developing the supporting industries.

(4) Follow-up to the Recommendations in the Post-COVID Investment Promotion Strategy

Recommendation to BIDA：BIDA has already materialized a part of the recommendations made in the strategy, and been elaborating or facilitating the recommendations towards their materialization. It is suggested for the Taskforce for the Promotion under the COVID in BIDA to continue the follow-up initiative in view of materializing as many recommendations as possible.

II.3.4 General Issues

(1) Response to the Staff Shortage

Although the number of posts in the new organogram amounts to 392, those posts that have already placed the officer amount to around 200 as of the end of 2021. A number of vacant posts, which BIDA can directly recruit and place permanent staff (i.e., who are able to have long-run working experiences in investment promotion services), has remained. Among the total, 32 posts have been prepared on a contract-basis for the external resources who have specialized knowledge/ skills related to investment promotion, but has not been recruited yet. Therefore, the Project Team has inevitably proceeded with the capacity building based on the premise of limited quantity of staffing.

Recommendation to BIDA：It is suggested to resolve the consolidation of the recruitment regulations (of the two merged organizations) as early as possible, and proceed with direct recruitment of the staff.

(2) Response to Frequent Personnel Rotation

The staff placed in BIDA consist of two types according to their employment status, namely: official staff and non-official staff. The former refers to the Bangladesh Civil Service (BCS), which occupies the directive posts in BIDA. Since most of them repeat the short-term placement (transfer from/ to other ministries/ agencies), it is considered difficult to accumulate the necessary knowledge and skills for investment promotion services. Such a personnel practice may not work ideally for IPA, of which the important task is to support the investment projects and build the relationship with investors.

Recommendation to BIDA：It is suggested to consider the longer-term placement of BCS in BIDA through the internal transfer among the wings/ directive posts, while commencing direct recruitment of the staff (permanent one) as early as possible.

(3) Placement of Japanese Expert

BIDA is expected to continuously engage in extending investment climate improvement on the issues raised

by foreign investors, providing information provision/ consultation/ inquiry services to promising investors, and developing investment promotion activities. BIDA as an apex IPA for Bangladesh is also expected to introduce and guide potential investors to other IPAs such as BEZA.

Recommendation to JICA : It is suggestive to place a Japanese expert in BIDA who can advise and support for the above functions, in preparation for the contacts with Japanese investors. This is deemed relevant, since the interests of Japanese investors in Bangladesh, automobile makers in particular, become strong.

III. Component 2

Strengthening Economic Zone Operation

III. Component 2: Strengthening Economic Zone Operation

III.1 Achieved Outputs

III.1.1 Achieved Outputs

Component 2 of JICA Project Team, Strengthening Economic Zone Operation (hereinafter "EZ"), focused on support for the establishment of BEZA One Stop Service Centre (hereinafter "OSSC") and its operation management considering their staff allocation and prioritized assistance for which BEZA required at times during May 2017 to March 2020. JICA Project Team also actively engaged in the formulation of BEZA Information System, preparation of draft Standard Operating Procedure (hereinafter "SOP") for EZ development, and proactive discussions about investment promotion events as well as Linkage Formulation Platform (hereinafter "LFP") to discuss measures for linkage formation. Although the project activities were influenced by the COVID-19 pandemic since March 2020, JICA Project Team continued to support BEZA OSSC, with solid support from the project counterpart (hereinafter the "C/P"), in both preparing and operating internal management documents and monthly reports. Site surveys were timely conducted in order to understand key challenges of EZ development. Likewise, in accordance with BEZA's intention to actively examine various measures concerning investment promotion under COVID-19, JICA Project Team proposed and started to deal with the following additional activities since November 2020: OSSC hybrid functioning, EZ development and operation capacity building, drafting customs clearance in EZ, and image building for prospective investors. Major outputs are summarized in the table below by type of support.

Table 1.1.1 Achieved Outputs in Component 2 (as of March 31, 2022)

Support for Enhancing One Stop Service (OSS) Capabilities	
Objective	To support the establishment and smooth operation of the OSSC for EZ-oriented investors with the cooperation of relevant ministries and agencies led by BEZA.
Formation and Opening of BEZA OSSC May 2017 – October 2019	・ BEZA OSSC, a single-window provider of 107 license/approval services in collaboration with BEZA and 29 departments of 14 ministries and agencies, was officially launched in October 2019 after a trial operation period starting in June 2019. As of the end of December 2021, assigned in BEZA OSSC are 23 officials (including 5 assigned by the relevant ministries) and 49 contact officers of relevant ministries (hereinafter "Focal Point"). ・ From April to July 2018, while BEZA was drafting OSS (BEZA) Rules 2018 following OSS Act 2018, JICA Project Team assisted in considering and finalizing licenses/approvals undertaken by BEZA OSSC, competent authorities, and evaluation period. These are organized in the Rules as a Schedule, which enabled establishment of the legal basis for the license/approval services (see Annex 21). ・ Among the license/approval services provided by OSSC, JICA Project Team prepared SOPs describing the outline of procedures, application procedures, and application forms for 74 services in 20 categories, and obtained an official approval from the relevant ministries for 57 services. These SOPs (including 17 unapproved) are being properly implemented and updated as necessary.
Strengthening of BEZA OSSC Operation Capacity November 2019 – March 2022	・ JICA Project Team supported the C/Ps of BEZA OSSC in preliminary consultations with the unit investors on applications for various licenses/approvals, verification of application documents, assessment, inspection, and provision of licenses/approvals, as well as strengthened their capacity through on-the-job trainings and lectures. ・ JICA Project Team documented the approval procedures between BEZA and the relevant ministries and agencies for each license/approval handled by BEZA OSSC, and developed an internal control document to manage the records of receipt and issuance. In addition, JICA Project Team supported BEZA OSSC in preparing and

	started to use a monthly report form to report the operational status and issues to BEZA's management members on a monthly basis. ・ JICA Project Team recorded the evaluation period for each license application and confirmed that almost all the licenses were processed within the time frame specified in the OSS (BEZA) Rules, except for some application cases in the Building, Fire Safety, and Environment sectors. Taking advantage of the strength of OSSC, a joint inspection system was organized for Building Permit by the officials in charge of Building, Fire Safety, Environment, and Factory Management. As a result, the goal of expediting the construction process, set by PMO and BEZA upper management, which was to start to construction within 100 days after the EZ unit investors obtained investment approval, was realized in multiple projects (in the case of investment outside the EZ, the period required to start construction is approximately five months to one year after obtaining investment clearance). ・ JICA Project Team examined the functions of OSS in regional area and prepared a draft establishment plan, using Bangladesh Special Economic Zone (BSEZ) as a pilot case, which is being developed with a Japanese yen loan. ・ JICA Project Team proposed the introduction of quantitative indicators (criteria) to improve BEZA's investment reviewing capacity and made discussions. ・ With the aim to upgrade the content of OSSC introduction and procedural flow on the BEZA website, JICA Project Team clarified the purpose and outline of BEZA OSSC and the overall license/approval workflow.
Support for Capacity Building of BEZA and Related Ministry in Planning and Management in SEZ Development	
Objective	To improve the capacity of BEZA and related officials to plan and manage EZ development through the improvement of EZ development procedures, the introduction of management tools, the preparation of practical reference materials, and their trial operation.
Preparation of SOPs for EZ development and study of management and organizational structure May 2017 – October 2019	・ JICA Project Team drafted SOPs for 14 licenses/approvals considered necessary for EZ development such as EZ Development License, land development, roads, railroads, river ports, water resources & supply, gas supply, communication infrastructure, administrative buildings & facilities, wastewater & waste disposal, customs & inland depots, fire stations & facilities, and industrial police. ・ JICA Project Team developed a form for managing progress of private EZs (basic information, progress management, quarterly reports) and held in April 2018 a workshop for EZ developers to operationalize the form. The forms did not take root, but communication between BEZA and EZ developers became active. ・ JICA Project Team proposed to BEZA the establishment of an expert group as a part of its organization, and BEZA came to recognize the importance of establishing an EZ management structure which is mainly composed of engineers. Although this did not lead to a reorganization, a certain number of engineers were secured when an EZ project team was formed.
Proposal and Trial for Strengthening EZ Management Capacity November 2019 – March 2022	・ JICA Project Team investigated the current status of EZs under development or in operation from July 2019 to July 2020 and found that 1) procedures for the development and operation phases (plan approval → development works → operation) were not organized, and that 2) BEZA officials and those in charge of EZ development were not fully aware of the importance of preparing accurate design drawings and monitoring work during construction. JICA Project Team, therefore, made the following 5 proposals in order to solve the problems above, which were approved by BEZA and JICA. Proposal 1: To conduct technical seminars for BEZA and EZ developers to reform their awareness. Proposal 2: To improve EZ development procedures (Completion of Development Works, Phased-basis Approval System, monitoring works). Proposal 3: To implement a project management system to realize a centralized EZ development and operation management system.

	Proposal 4: To develop a manual for standard design and construction management in EZ development. Proposal 5: To provide support for the development and operation of private EZs (modular type of CETP, etc.). ・ Proposal 1 & 5: JICA Project Team organized Technical Seminars three times from March to September 2021 (1st: Overview of EZ Development and Operation, 2nd: EZ Planning and Design, 3rd: Construction Management and EZ Operation & Maintenance). Explanations on CETP were given during the 2nd Technical Seminar. ・ Proposal 2: In order to improve the workflow and provide a legal basis for the issuance of Certificates of Completion of Development Works, introduction of phased basis development approval system, and monitoring works, JICA Project Team is in consultation with BEZA's Legal Department to incorporate these points into the Private Economic Zone Rules 2021. ・ Proposal 3: With regard to the implementation of a project management system (see III.2.3 (3) 5) for more details), JICA Project Team has started trial operation for four priority EZs, which are BSEZ, BSMSN, Jamalpur EZ, and Shreehatta EZ, given BEZA's approval and the required data inputs, thus expecting to improve BEZA's EZ managerial operations. ・ Proposal 4: In order to improve evaluation capacity during the plan approval process and to confirm the appropriate workflow in construction management, JICA Project Team prepared a handbook about EZ development & operation, which contains issues to be considered during design stage and checkpoints to be used in monitoring works. BEZA agreed to use this handbook in its actual daily operations, while making modifications as appropriate.
Support for Establishment of BEZA Information System and its Operation	
Objective	To establish BEZA Information System in a way BEZA OSSC officials can smoothly utilize under proper maintenance.
Establishment of BEZA Information System and support for operation November 2018 – March 2022	・ JICA Project Team studied the current status and identified issues of BEZA information system then submitted "Proposal on Information System at BEZA" on the information system and operational management system necessary for its full-scale operation by BEZA OSSC, which were then approved by BEZA and JICA. ・ Based on the above-mentioned proposal, JICA Project Team procured the first patch of equipment in July 2020 (enhanced security, online system server, in-house mail system, etc.) and the second patch of equipment in December 2020 (storage system for virtual infrastructure), and started to develop a new system in August 2021, which enables to receive online applications centrally and share within BEZA using its intranet system. The system was delivered in the end of March 2022 and trial operation will be started soon after.
Support for expansion of online application and Hybrid Functioning November 2018 – March 2022	・ At the start of the project, BEZA's online application system was being operated by system developer, but BEZA was unable to manage and improve the system on its own. Therefore, JICA Project Team, in consultation with BEZA, decided to support BEZA in building its own information system as described above. ・ As of December 2021, online applications are available in 48 services. In order to realize the centralized online application for licenses/approvals handled by BEZA OSSC, BEZA has already started discussions on online cooperation with 13 relevant departments, and online collaboration has been realized for two of them (company registration and environment), and MOUs are scheduled to be signed with competent departments of tax registration, factory license, and electricity connection. ・ In October 2020, JICA Project Team submitted a proposal to realize a hybrid function of OSSC where application, examination, inspection, issuance, and investment consultation become available online, with the aim of realizing the OSSC services independent of COVID-19, then discussed the technical measures to achieve this proposal. As of December 2021, application, examination, and issuance services are available online. On the other hand, on-site inspection using wearable cameras has been suspended due to the limited communication environment around the EZ sites;

	instead, the experts in Dhaka and Japan are verifying the video recorded by a 360-degree camera. Likewise, 24-hour investment consultation service has also been suspended during this project period because of the small number of applications and limited personnel.
Support for Review and Improvement of EZ-related Laws, Regulations, and Systems	
Objective	To review EZ-related laws and regulations and make suggestions for improvement if there exist deficiencies and/or issues.
Review of EZ-related laws and regulations and establishment of legal basis for BEZA OSSC May 2017 – December 2019	・ JICA Project Team collected and listed information on EZ-related laws and regulations, and updated the list as appropriate. Furthermore, JICA Project Team identified issues through a review of key laws and regulations, such as Bangladesh Economic Zone Act 2010, and found that BEZA's authority in granting investment approvals and that of licensing regulations handled by OSSC were not incorporated. ・ While BEZA was drafting OSS (BEZA) Rules 2018 based on OSS Act 2018, JICA Project Team advised on the licenses/approvals handled by OSSC, the competent ministries, and the examination period, which were then stipulated in the Schedule of the Rules. Based on the Schedule, JICA Project Team prepared SOPs for each license and approval and obtained official approval from BEZA and relevant ministries. As a result, the legal basis has been established for the operation and management system of the BEZA OSSC, the licenses/approvals, and workflow for each of the process.
Investment incentives for EZ investors January – December 2019	・ Due to the lack of clarity on the investment incentives applicable to EZ developers and EZ unit investors as well as the actual application procedures with the Inland Revenue Department (Tax Wing), JICA Project Team conducted a status survey from January to December 2019 (see Annex 22). However, as the discussion with Tax Wing was expected to be difficult and sensitive, JICA Project Team, in consultation with BEZA, decided not to take further actions during this project period
Realization of customs clearance within EZ December 2019 – March 2022	・ JICA Project Team conducted a survey on customs clearance procedures for EZs in December 2019 and understood the current situation and issues regarding the prolonged dwell time of cargo, which had been considered an issue at the Chittagong Port. Afterwards, JICA Project Team submitted a proposal to BEZA to realize customs clearance procedures including bonded transportation in EZs, and decided to prepare for its realization using BSEZ as a pilot case. ・ JICA Project Team proposed on the following: realization of customs clearance and cargo inspection within the BSEZ, realization of bonded transportation and customs clearance procedures during transportation, introduction of container seals with GPS, and simplification of the workflow by using Import Permit issued by BEZA. Series of discussions between BEZA and BSEZ were made; a draft of detailed plan will be prepared by the end of May 2022 and sent to BEZA for approval and to Customers Wing afterwards.
Proposal for improvement of EZ development related laws and regulations August 2021– March 2022	・ With regard to Private Economic Zone Rules 2021 being drafted by BEZA from August 2021, at the request of BEZA, JICA Project Team proposed to incorporate into the Rules the issuance of "Certificate of Completion of Development Works", the introduction of "Phased Development Approval System", and "Monitoring works", which were then adopted and on the way to realization. JICA Project Team also proposed improvements to those related OSS and investment approval, which were stipulated in the draft Rules but in conflict with other rules and regulations.
Investment Promotion and Industrial Linkage	
Objective	To support for preparation of PR tools and investment promotional seminars to strengthen the investment promotion function of BEZA, and to contribute to the Linkage Formation Platform to connect foreign investment and local industries in Bangladesh.
Public relations activities and participation in investment promotion events	・ A front office was established in OSSC at the time of the BEZA OSSC soft opening in June 2019 to serve visitors and keep records of basic information (company name, date, time, purpose). Likewise, the OSSC Manager and OSSC officials are capable of dealing with investment consultation and inquiries on license/approval, so the contact system is functioning well. Meanwhile, after moving to the new office in

May 2019 – March 2022	December 2021, procurement of necessary equipment such as office furniture has been delayed, and the front office was not in place as of the end of March 2022. ・ In preparation for the opening ceremony of BEZA OSSC in October 2019, JICA Project Team created an OSSC PR video and two brochures as PR tools. In addition, a new PR video was produced to dispel the image previously held by foreign companies before extending to Bangladesh (such as poverty, traffic congestion, and opaque license/approval system) and to convey the appeal of EZs as an investment destination. In addition, an English and Japanese translation of BEZA's existing video (EZ development vision, Bengali) has been produced. In addition, BEZA has initiated negotiations with the Civil Aviation Authority Bangladesh (CAAB) to allow these videos to be broadcasted at Dhaka Airport, which will continue after the project is completed. ・ The C/Ps of BEZA gave a presentation at a webinar in January 2021 on investment promotion in Japan organized by BIDA, BEZA, and the Embassy of Bangladesh in Japan, and co-organized by JICA and JETRO, as well as at a webinar in October 2021 on investment in Sweden organized by BIDA. For each seminar, JICA Project Team provided support in preparing materials for each seminar, coordinating with BIDA, and attending individual consultation sessions on the day of the seminar. Through this support, BEZA has acquired the know-how to organize investment promotion events in foreign countries in cooperation with foreign relevant organizations.
Contribution to Linkage Formation Platform January 2019 – March 2022	・ During the discussions on linkage formation, JICA Project Team was expected to formulate EZ development plans and promotional strategies in line with the investment and industrial policies formed by the concerned ministries. However, JICA Project Team prioritized the development of foundation as a proper investment recipient by enhancing the capacity of EZ development management and establishing OSSC thus mainly providing information on EZs (site candidates, progress, unit investors, etc.), participating in briefing sessions, and proposing donor partnerships and investment incentives. ・ JICA Project Team then attended meetings of the LFP, designed possible measures for BEZA, and compiled a matrix of activities to realize them. The matrix was periodically updated after the progress of each activity was reviewed.

Source: JICA Project Team

III.1.2 Current Status of BEZA and EZ Development

(1) Current Status of BEZA—Administration Structure, Organogram, Staff Allocation

1) Administration Structure

The administration structure of BEZA consists of the three tiers: Governing Board, Executive Board, and Divisions as shown in the table below. There has been no change in this structure during the project implementation period.

Table 1.2.1 BEZA's Administration Structure

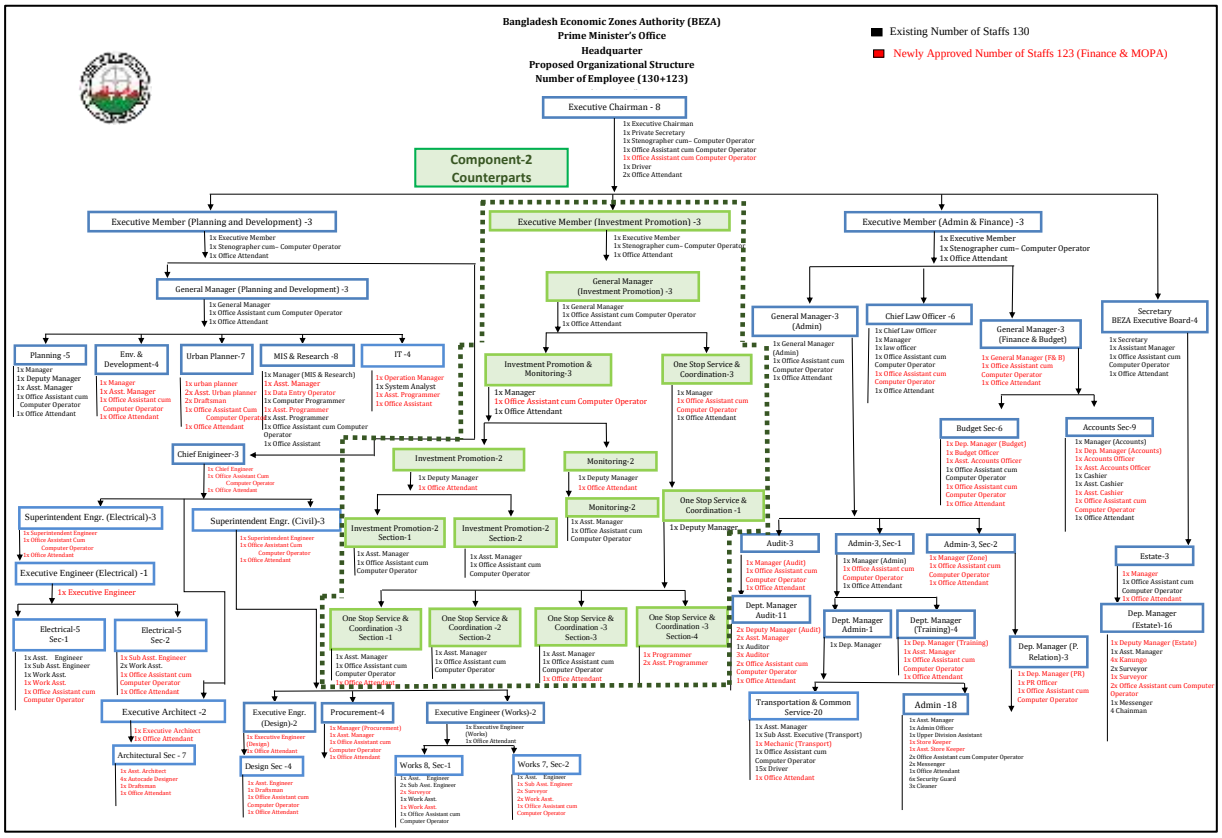
Supervision of BEZA: Governing Board
The Governing Board is the highest decision-making body of BEZA and is responsible for making its overall policies. The Governing Board is chaired by the Prime Minister, and its members include the representatives from various Ministry / Department as well as chambers of commerce and business associations. The decision of the Governing Board is conveyed to the Executive Board for further actions.
Internal Control of BEZA: Executive Board
The Executive Board consists of Executive Chairman of BEZA as the chairman of the Board, and 3 Executive Members in charge of Administration & Finance, Planning & Development, and Investment Promotion respectively. It oversees day-to-day operations of BEZA.

Practical Function of BEZA: Divisions
Under the Executive Chairman of BEZA, there are 3 divisions, i.e., Administration & Finance, Planning & Development, and Investment Promotion, and each division is supervised by the respective Executive Member in charge. Under the Executive Member, General Manager, Manager(s), and Assistant Manager(s) are placed.

Source: JICA Project Team

2) Organogram and Staff Allocation

When the Project started in 2017, the number of BEZA's employees was 72, and it was planned to increase the total to 130 by adding 58 posts by the end of 2018. In October 2020, 123 additional posts were newly approved in addition to the already authorized 130 officials. However, according to the list of staffs as of March 2022 (updated June 2021), the number of officials actually assigned was 51[1] compared to the capacity of 253 (see Figure 1.2.1), thus 203 positions were vacant (see Annex 2). With the approval of budget for its personnel, BEZA had conducted recruitment in two phases. Fifteen new officials were newly recruited in July 2019, but three of them have already resigned. Furthermore, BEZA reviewed the staff positions in early 2022 and started phase by phase recruitment. However, as it requires bugdting process by the related ministries, the procedure takes time. Despite the new approval of EZ and the increase of applications at OSSC, BEZA has not been able to increase the number of officials. The main counterparts of this project are shown in green enclosed with dotted lines.



Source: BEZA

Figure 1.2.1 Organogram of BEZA and main Counterparts

[1] The number of BEZA officials as of 2017 included the consultants employed by the World Bank's project, resulting in an apparent high number of officials.

There is also a difference between the list of staffs and organigram of BEZA as shown in Table 1.2.2. This is because of the fact that the officials are flexibly assigned to the departments where the workforce is needed, and their assignments are provisional. Even some officials who are not present in the organogram are considered to be budgetary approved.

Table 1.2.2 Difference between organigram and actual positioning

Positions in organigram	Actual staff position
Manager, Investment Promotion & Monitoring (1 staff)	Manager Investment Promotion 1, 2 (2 staff)
Manager, Planning and Development (1 staff)	Manager, Planning and Development 1 – 5 (5 staff)
None	Manager, Finance and Budget (1 staff)
None	Manager BSMSN
None	PS to Executive Chairman

BEZA has a Project Implementation Unit (PIU) for each project separately from the main body. As of October 2021, there are 5 project offices as shown in Table 1.2.3. This includes the project office for Bangladesh Special Economic Zone (BSEZ) being implemented through a yen loan.

In 2019, a project office for Matabari-Moheshikhari Infrastructure Development Initiative (MIDI) was supposed to be established in BEZA, and a JICA expert was appointed. However, the decision was made to transfer the office to PMO in October 2020, and the move was implemented.

Table 1.2.3 Project office under BEZA

1	Bangladesh Economic Zone Development Project (Phase-1)
2	Support to Capacity Building of BEZA Project
3	Infrastructure Development for Japanese Economic Zone at Araihazar, Narayaganji
4	Accusation of Land for Establishment of Economic Zone*
5	Establishment of Jamalpur Economic Zone Project

*The assigned staff is concurrently assigned as the project manager for BSEZ.

3) Legal Documents Related to EZ

The legal documents related to BEZA consist of basic laws and Statutory Regulatory Orders (SROs). Most of the SROs are for approving new EZ development. Table 1.2.4 lists the basic laws.

Table 1.2.4 List of Basic Laws

Name	Number	Issuing date	Content
The Bangladesh Economic Zone Act	Act No. 42 of 2010	August 1, 2010	Establishment of BEZA
The Bangladesh Economic Zones (Amendment) Act 2015	Act of No. 29, 2015	N.A.	Amendment to the law on Establishment of BEZA
The Bangladesh Economic Zones (Appointment of Developers, etc.) Rules 2014	SRO No. 294-Law/2015	October 6, 2015	Selection method, rights and obligations of EZ developer
The Bangladesh Private Economic Zones Policy	SRO No. 354-Law/2015	November 29, 2015	Rules related to EZ development and operation by private EZ developer
The Bangladesh Economic Zones (The Procedure of Appointment of Developer) Rules 2016	SRO No. 44-Law/2016	November 16, 2016	Rules related to EZ development by PPP
One Stop Service Act, 2018	Act No.10 of 2018	February 12, 2018	Establishment of OSS in Bangladesh

One Stop Service (BEZA) Rules, 2018	SRO No.296-Law 2018	October 16, 2018	Establishment of OSS in BEZA

Source: JICA Project Team

In addition to those basic laws above, a number of SROs have been issued, which are mainly about individual EZ development approvals issued by BEZA, investment incentives for EZ developers and investment enterprises, and details of related procedures. The related laws and regulations, including those issued during the project implementation period, are listed in Annex 3.

(2) Progress of EZ Development and Investment

1) Progress in EZ Development

The progress of EZ development as of end March 2022 is shown in the table below. Total 48 EZ projects are in progress, 40 of which have been officially approved by BEZA, and 8 are in the preliminary stage (Pre-qualification License). Of these projects, 26 EZs are involved in the actual development works and are conducting sales promotion activities and accepting unit investors (see Annex 4). Regarding BEZA initiative EZ[2], 25 EZs have obtained an approval for land development, 12 of which have started construction. As for the private sector initiative EZs, 11 projects have started construction, 8 of which are accepting unit investors. As for the Public-Private Partnership EZs, there are 3 joint development projects with foreign governments, which are China: 1 EZ, India: 1 EZ, and Japan: 1 EZ.

Table 1.2.5 Summary of EZ Development Status (As of end March 2022)

Mode of Development	Stages of Development			
	Pre-qualification	Licensed	Total	*Of the Total Development Started*
BEZA Initiative	0	25	25	*12*
Private Sector Initiative	8	12	20	*11*
PPP Initiative	0	3	3	*3*
Total	**8**	**40**	**48**	***26***

Source: BEZA

2) Progress of Investment in EZ

As of the end March 2022, the progress of unit investors occupancy is shown in Table 1.2.6 (See Annex 5). In total 81 unit investors have been granted Investment Clearance by BEZA, and 28 of them have already started commercial operation. Moreover, 16 unit investors are currently under assessment for Investment Clearance. As for the occupancy summary by country, 63 out of 81 investors are Bangladeshi companies which still account for the majority, while 18 foreign companies (including JVs) are also investing in the EZs (Table 1.2.7). By sector, 76 of the 81 investors are in the manufacturing sector (Table 1.2.8). In fact, the number of inquiries for investment has been steadily increasing since 2021, and some domestic and foreign companies have started specific negotiations with developers, including BEZA, for land leases.

Table 1.2.6 Occupancy Summary by EZ (As of March 2022)

Name of EZ (EZ Status) / Scheme		EZ Development License or Declaration	Under Assessm't	Approved	Total	*In Operation*
Mirsarai EZ	BEZA	Declaration Jul 2017	7	19	26	-
City EZ	Private	License Jan 2018	-	8	8	*3*

[2] In Bangladesh Economic Zones Act 2010 (as amended in 2015), three types of EZ development schemes are defined: direct development scheme by BEZA; development scheme by private developers; and development scheme by public-private partnership (PPP).

Aman EZ	Private	License Mar 2017	-	5	5	*3*
Meghna EZ	Private	License Aug 2016	1	11	12	*8*
Meghna Industrial EZ	Private	License Sep 2017	2	19	21	*12*
Bay EZ	Private	License Apr 2017	-	2	2	*1*
Abdul Monem EZ	Private	Declaration Jul 2017	-	2	2	*1*
East West EZ	Private	License Feb 2019	-	1	1	-
Karnaphuli Dry Dock EZ	Private	License Feb 2019	-	1	1	-
Mongla EZ	PPP	Declaration May 2015	3	-	3	-
Moheshkhali-3 EZ	PPP	N/A	-	1	1	-
Hosendi EZ	Private	License Jan 2020	1	4	5	-
Shreehatta EZ	PPP	Declaration Jul 2016	1	5	6	-
Jamalpur EZ	BEZA	Declaration Sep 2019	-	3	3	-
Kishoregoni EZ	Private	License Feb 2019	1	-	1	-
Total			**16**	**81**	**97**	***28***

Source: BEZA

Table 1.2.7 Occupancy Summary by Country

Country	Unit Investors
Bangladesh	60
Australia	2
Germany	1
Hong Kong	1
Switzerland	1
China**	5
India*	2
Singapore	1
Japan**	3
United Kingdom***	2
Total	81

*One of which is JV with local company
**Two of which is JV with local company
***JV with local company
Source: BEZA

Table 1.2.8 Occupancy Summary by Sector

Sector	Unit Investors
Manufacturing	76
Food and Beverages	*17*
Household Goods	*16*
Chemicals	*15*
Constr. Material & Elec. Wires	*10*
Garment & Textiles	*6*
Automobiles (incl. Motorcycles)	*3*
Pharmaceuticals	*3*
Others	*6*
Service / Logistics	2
Service / IT	1
Service / Power Generation	1
Petrochemical Plant	1
Total	81

Source: BEZA

(3) Progress of Donor Assistance

Table 1.2.9 shows the summary of implemented and on-going technical assistance from other donors during the project period.

Table 1.2.9 Assistance of Other Donors

Support to Capacity Building of BEZA Project II: SCBT	
Donor	The World Bank
Period	July 2016 ~ June 2019 (3 years)
Budget	USD 8,000,000
Activity	1. To conduct feasibility study (that covers financial, economic, technical, legal and social & environmental aspects) and market demand survey. 2. To make a prospectus which includes master plan formulation for selected sites in order to promote private EZ development (including social & environmental consideration, infrastructure development, zoning, pricing, etc.). 3. To formulate an operational guideline to monitor the developers' obligation in order to ensure compliance with concession agreement and all concerned rules and regulations (Technical Operation & Maintenance Manual already completed). 4. To develop dispute-resolution mechanism effective in disagreement between both parties of concession agreement, change in business situation, and/or deterioration of business environment during the contract period.

Notes	The project is a technical assistance project for BEZA for capacity development on EZ development.
Bangladesh Economic Zones Development Project (BEZDP) Phase -2	
Donor	The World Bank
Period	July 2016 ~ June 2021 (5 years)
Budget	USD 1,000,000
Activity	To support BEZA in improving development environment in the form of PPP in 4 regional EZs located at Mongla, Mirsarai, Anwara, Sherpur. Development of off-site infrastructure is mainly focused for the above EZs (on-site infrastructure included as appropriate).
Bangladesh Private Investment & Digital Entrepreneurship Project (P170688): PRIDE	
Donor	The World Bank
Period	July 2021 ~ December 2025 (4.5 years)
Budget	USD 500,000,000
Activity	Being financed in the form of PPP by IDA, this project aims to promote private investment and job creation in economic zones and digital entrepreneurship in hi-tech parks in an environmentally sustainable manner. The project covers 4 components; first three components will be implemented by BEZA and the fourth by BHTPA. Component 1: Creating an enabling environment for private investment, sustainability and job creation; Component 2: Supporting phased development of the BSMSN Green Economic Zone; Component 3: Creating a dynamic private market for serviced industrial land; and Component 4: Strengthening the digital entrepreneurship and innovation ecosystem.
Study of National Master Plan for Bangladesh Economic Zones Authority (Package No: BEZA S-130)	
Donor	The World Bank
Period	April 2021 ~ March 2024 (1 year)
Budget	Not disclosed
Activity	To select Priority EZs in 3 major stages and formulate EZ development Master Plan and marketing strategy that covers the next 20 years. Stage-1: To develop a profile for each 100 economic zone by undertaking market survey and demand forecast; Stage-2: To identify Key EZs and industry sectors for each Key EZ and to determine off-site infrastructure improvement plan; and Stage-3: To prioritize EZs and determine development mechanism. The bidding process is still in progress.

Source: JICA Project Team

III.2 Activities Implemented

III.2.1 PIC-2 and PIU-2

(1) PIC-2 and PIU-2 Members

Project Implementation Committee (PIC-2) was formed in accordance with R/D of the Project and notified on July 23, 2018. The number of members is 16 as shown in Table 2.1.1, and there were no changes during the project period. Some individuals were replaced due to personnel rotation, but since the membership was given to the position of an organization, its successor succeeded the membership. At the beginning of the project, there were only 4 members of PIU, including GM and OSS manager, but the number was increased thereafter in response to personnel rotation and expansion of assigned works. Especially, the number of staff members related to OSS was increased in accordance with the increase in assigned staff at OSSC. The provisional members of PIU as of March 2022 is shown in Table 2.1.2.

Table 2.1.1 PIC-2 Members

No.	Position
PIC-2 Chairman	
1.	Executive Chairman, BEZA
PIC-2 Member	
2.	Executive Member (Investment Promotion), BEZA
3.	Director-1, Prime Minister's Office
4.	Representative of Economic Relation Division

5.	Representative of Ministry of Home Affairs -Security Services Division
6.	Representative of Power Division
7.	Representative of Customs (NBR)
8.	Representative of Department of Environment
9.	Representative of Bangladesh Bank
10.	Representative of Petrobangla
11.	Manager (MIS & Research), BEZA
12.	Manager (Planning & Development), BEZA
13.	Manager (Admin), BEZA
14.	Representative of JICA
15.	Representative of JICA's BIPIC Team
PIC-2 Member Secretary	
16.	Manager (OSS and Coordination), BEZA

Source: BEZA

Table 2.1.2 Provisional PIU-2 Members

No.	Position	Members at the time of Project commencement	Successors
1.	General Manager, MIS & Research	Mr. Mohammed Shoheler Rahman Chowdhury	None
2.	Manager, OSS and Coordination	Dr. Malay Choudhury	Mr. Mustafizur Rahman
	Manager, Administration	Mr. Mohammed Daud Mia	None
3.	Manager, Finance and Budget	None	Mr. Rezaul Hoque
4.	Deputy Manager, OSS & Coordination	None	Mr. Md. Tanvir Hasan Ruman
5.	Assistant Manager, OSS & Coordination	None	Mr. Md. Abdul Kader Jony
6.	Assistant Manager, OSS & Coordination	None	Mr. Durjoy Roy Palash
7.	Assistant Manager, OSS & Coordination	None	Mr. Md. Zubayer Hossain Bhuiyan
8.	Deputy Manager, Investment Promotion-2	None	Ms. Binita Rani
9.	Deputy Manager, Monitoring	None	Ms. Shenjuti Barua
10.	System Analyst	Mr. Simon Kuntal Biswas	Mr. Mina Shoaib Rahman
11.	Programmer	None	Mr. Tushar Kanti Roy

Source: BEZA

(2) JICA Project Team Members

Table 2.1.3 shows the list of JICA Project Team members who have engaged in this project during the contract period: 17 Japanese and 19 local consultants, in total 38 project members.

Table 2.1.3 List of JICA Project Members

Name of Consultant	Position	Contract Period	
		From	To
Japanese Consultants (17 members)			
Takuji KAMEYAMA	Former Component Leader 1 / EZ Operation / OSS 1	2017/4	2018/4
Akihiko Morinaga	Component Leader 1 / EZ Operation / OSS 1	2017/6	2022/4
Hitoshi SHOJI	Deputy Project Leader / Component Leader 2 / Investment Promotion	2017/4	2022/4
Yoichi MATSUI	EZ Development	2017/7	2018/4
Nihad KABIR	EZ Legal Expert	2017/7	2021/10
Junichiro MOTOYAMA	EZ Operation / OSS Expert	2017/4	2022/4
Shinji TANAKA	OSS Environment Expert	2017/4	2022/4
Tomoe TAKEDA	OSS Environment Expert	2020/4	2022/4
Tomoya WATANABE	EZ Operation / OSS Expert	2019/6	2020/9

Tetsuro NISHIMURA	Architect / EZ Operation & Maintenance / OSS Expert	2017/10	2022/4
Kensaku KAWAI	EZ Operation / OSS Expert	2020/10	2022/4
Kei TAKEUCHI	EZ Operation / OSS Expert	2020/10	2022/4
Satoshi IZAWA	EZ Operation / OSS Expert	2020/11	2022/4
Teishi FUJIWARA	Human Resource Development	2017/4	2019/5
Yumi FUJIBAYASHI	PR / Business Linkage	2017/4	2021/6
Kazuharu OIDE	Logistics Expert	2020/10	2022/4
Yoichi KOGURE	IT / Information Management System	2020/4	2022/4
Local Consultants (19 members)			
M. Zakir Hossain	Senior One Stop Service Expert	2017/7	2022/4
Muhammad Abdul Momin	One Stop Service Expert	2017/7	2022/4
Rudra Anarja Saha	Administrative Manager / Project Coordinator	2017/10	2022/4
Md. Hasanul Islam	One Stop Service Expert (Environment)	2018/9	2022/4
Md. Sarowar Mahmud	One Stop Service Expert (Architect)	2018/9	2022/4
Md. Saddam Hossain Mozumder	EZ Operation / OSS (Fire Safety & UE)	2018/9	2022/4
Md. Shahiduzzaman	Assistant OSS Expert / I & O Expert	2018/11	2022/4
Imtiaz Mahmud Shakil	System Administrator	2019/11	2022/4
Thasina Takia	Business Information Officer	2019/2	2022/4
Tahiat Tafannum	Business Information Officer	2021/7	2022/4
Ayesha Akter	Business Information Officer	2021/7	2022/4
Amit Kumar Singha	Assistant Secretary / Security Officer	2020/11	2022/4
Birjit Shingha	Assistant Secretary / Security Officer	2019/8	2020/6
Simon Kuntal Biswas	ICT Consultant	2021/9	2022/4
Abdullah Al Mahmud	Legal Expert	2021/11	2022/4
Abu Akhter ul Iman	Media Promotion Officer	2019/3	2019/6
Md. Robin Sayeed	Investment Incentives	2018/11	2019/3
Nazmul Hassan	System Administrator	2019/7	2019/11
Nuvia Noorain Rashid	Assistant Consultant for Environment	2017/10	2018/4

Source: JICA Project Team

(3) Record of PIC Meetings

PIC meetings organized and held during the project period are summarized in Table 2.1.4 below. The minutes of each meeting are attached as Annex 1.

Table 2.1.4 Record of PIC Meetings

Title (Date)	Agenda	Number of Participants
1st PIC Meeting (July 25, 2017)	➢ Presentation of the work plan of Component 2 ➢ Plans for EZ development and establishment of OSS ➢ Introduction of Thilawa SEZ Conducted jointly with Focal Point meeting. Agreed on cooperation between BEZA and relevant ministries and agencies for EZ development and establishment of OSS, and shared the understanding the importance of enhancing services and expedite license/approval process in order to attract potential investors.	Total 58 participants from 19 ministries and agencies including BEZA
2nd PIC Meeting (March 8, 2018)	➢ Overview of OSS Act as a basis of OSS ➢ Overview of organogram, functions, and roles of OSS ➢ Overview of information system for OSS The Executive Chairman of BEZA stated the goal of making OSSC a best practice in Bangladesh by means of accelerating preparations for OSSC official launch including staffing and securing office space. Agreed to establish a cooperative system between BEZA and relevant ministries.	Total 36 participants from 9 ministries and agencies including BEZA
3rd PIC Meeting (October 2, 2018)	➢ Explanation on necessity, function and role of OSS ➢ Explanation on license/approval operational workflow	Total 35 participants from 15 ministries

	➢ Explanation on schedule to commencement of operation Discussed the need to revise and finalize the SOPs. Shared the understanding that appointing a Focal Point and stationing officials at the OSSC for some licenses/approvals is a necessary function of the BEZA OSSC to attract FDI.	and agencies including BEZA
4th PIC Meeting (April 18, 2019)	➢ Explanation of change of PIC member ➢ Explanation of opening ceremony of OSSC ➢ Proposal on support for smooth operation and management of OSSC ➢ Organizing EZ development procedure and proposing introduction of project management tool ➢ Explanation of methodology of inter-enterprise linkage Agreed on the importance of giving responsibility and authorizing BEZA OSSC officials and Focal Points for quick decision makings and problem solving through capacity building. The Executive Chairman called for a single-minded cooperation of all the parties concerned to seize the opportunity.	Total 27 participants from 14 ministries and agencies including BEZA
5th PIC Meeting (October 21, 2019)	➢ Mid-term reporting of the Project Establishment of OSSC, support for EZ development capacity enhancement, and inter-enterprise linkage ➢ Target objectives of the Project ➢ Major items and necessary supports from PMO to achieve the objectives The Executive Chairman called for further capacity strengthening of BEZA OSSC officilas and Focal Points in response to remarkable growth in the number of visitors to OSSC and development of major EZs. Further, denied system integration with BIDA and BEPZA and agreed with the course of BEZA that serves investors based on OSS Rules.	Total 22 participants from 14 ministries and agencies including BEZA
6th PIC Meeting (January 25, 2021) conducted on-line	➢ Achievements to date and future objective goals ➢ Major future activities (capacity enhancement of OSS operation and EZ development & management, establishment of information system, customs clearance procedure, investment promotion, and inter-enterprise linkage) and major issues for achieving the project objective Reached agreement on the importance of accelerating OSSC Hybrid Functioning considering COVID-19. Further agreed that the business environment must be improved to provide timely support for major EZs such as BSEZ which was expected to start operation within a few years.	Total 37 participants from 14 ministries and agencies including BEZA
7th PIC Meeting (November 11, 2021) Explanatory Meeting (November 30, 2021)	➢ Report on progress of 5 major activities and future activities ➢ Conditions and support necessary to strengthen BEZA's capacity At the 7th PIC meeting, shared the results of OSSC benefits such as simplifying and expediting the license/approval process, and discussed actively how to further improve the procedures. At the Explanatory Meeting for BEZA executive members, agreed that BEZA as a whole would tackle with improving EZ development workflow, introducing EZ management system, and establishing BEZA information system.	PIC: Total 41 participants from 14 ministries and agencies including BEZA

Source: JICA Project Team

The 6th PIC meeting was held online on January 25, 2021, in response to the travel restriction imposed due to the spread of COVID-19. The 7th PIC meeting was held as usual in the BEZA conference room with the participation of members from related ministries and agencies, but since there were many topics other than OSS to be discussed, JICA Project Team focused on OSS related discussions and briefed BEZA executive members on specific topics on a separate date.

III.2.2 Support for Strengthening Function of BEZA One Stop Service

(1) BEZA OSSC Operation Status and Major Support during the Project Implementation Period

1) Major Support during the Project Implementation Period

The flow of support during the Project period is summarized in the following table.

Table 2.2.1 Major Support during the Project Implementation Period

Checking BEZA's status and proposing concept of BEZA OSS (May 2017 – March 2018)
・ Project briefing to BEZA; establishment of PIC-2 and implementation structure (May 2017); 1st PIC meeting (July 2017). ・ Status check for BEZA; identification of licenses/approvals to be provided by OSS; review of procedures outside EZ. ・ Development of OSS policy and preparation of draft SOP. ・ Formulating OSS functions and draft implementation structure; individual consultations with relevant ministries and agencies; 2nd PIC meeting (March 2018).
Preparation and Official Launch of BEZA OSSC (April 2018 – October 2019)
・ Individual meeting with PMO (Director General 1 (DG1) and Director 1); request for cooperation to realize OSSC at 2nd PCC. ・ Support for promulgation of OSS (BEZA) Rules 2018 (October 16, 2018) (Support for preparation of draft Schedule). ・ Revising and finalizing SOPs; development of draft BEZA OSSC organizational & operational structure; 3rd PIC and 3rd PCC meeting (October 2018) ・ Workshop for BEZA and OSSC officials (November 2018) and workshop for EZ developers and unit investors (December 2018). ・ BEZA OSS Seminar for PMO, relevant ministries, and private sector (November 2018) ・ Support for preparation of layout plan for OSSC office; selection of contractor; completion of renovation works by BEZA (April 2018). ・ Orientation training for BEZA OSSC officials (including Focal Points from relevant ministries) (February 2019). ・ 4th PIC and 4th PCC meeting (April 2019); soft opening of BEZA OSSC (June 2019). ・ Joint inspection of a Japanese unit investor by BEZA and DIFE and discussions with JICA, JETRO, banks, etc. to address issues faced by the investor. ・ Opening ceremony of BEZA OSSC (October 21, 2019); 5th PIC and 5th PCC meeting (October 2019).
Strengthening BEZA OSSC's Capacity of Operation and Function (November 2019 – December 2021)
・ Support for operation of BEZA OSSC; capacity building of the OSSC officials through OJT; support for revision of SOPs based on actual license/approval workflow. ・ Establishment of BEZA OSSC servicing system under COVID-19; support for its operation; proposal for improvement of tax incentive mechanism. ・ Preparation of draft internal control document, draft FAQ, and draft monthly report; discussions on new services under COVID-19. ・ Recommendations on simplifying and expediting OSSC license/approval services; study on OSSC function in regional area. ・ 6th PIC meeting (January 2021); replacement of the Executive Chairman of BEZA (July 7, 2021). ・ 7th PIC meeting (November 2021); explanatory meeting for BEZA executive members (December 2021); BEZA office relocation (December 2021).

Source: JICA Project Team

2) BEZA OSSC Operation Status (As of Dec 2021[3])

BEZA OSSC was officially launched on October 21, 2019, after a provisional opening in June 2019 in accordance with OSS Act 2018 and OSS (BEZA) Rules 2018 enacted in February and October 2018 respectively (see Annex 21). As of December 2021, OSSC provides 107 license/approval services[4], 48 of which can be applied for online (see Annex 6). As for the organization and staffing, BEZA OSSC is headed by the Executive Member of the Investment Promotion under the supervision of the Executive Chairman of BEZA, and 32 members are assigned to BEZA OSSC. As Focal Points, 49 members are assigned from relevant ministries and agencies, and additional Focal Points will be positioned in BEZA OSSC from total 10 ministries and departments as follows: Office of the Registrar of Joint Stock Companies and Firms (RJSC), Department of Immigration and Passports (DIP), Fire Service and Civil Defense (FSCD), Office of the Chief Electric Inspector (OCEI), Department of Environment (DoE), Office of the Chief Inspector of Boilers (OCIB), Department of Inspection of Factories & Establishment (DIFE), Customs Bond Commissionerate (CBC), Bangladesh Customs, and Bangladesh Bank. As of December 2021, 1 staff from DoE (environmental), 2 from FSCD (fire safety), and 1 from DIFE (factory operation) have been assigned to OSSC (see Annex 7, 9).

The number of visitors to BEZA OSSC had been growing steadily since its provisional opening in June 2019 (see Figure 2.2.1). After February 2020, the number of visitors decreased significantly, due to the spread of COVID-19 and the resulting period of office closure (April to May 2020 and 2021, respectively) based on the government's lockdown order. Meanwhile, after the lockdown order was lifted, BEZA OSSC resumed their activities and supported the investors; as a result, the number of visitors gradually increased again.

The purpose of the visit to BEZA OSSC covered a wide range of subjects such as basic guidance necessary for licenses/approvals for company set-up or factory operations, licenses/approvals issuance such as investment registration & clearance, company registration, trade license, work permit, import/export permit, building construction, fire safety, electricity connection etc. Further, there are requests for the issuance of a recommendation letter and NOC as well as media interviews.

Note: The number of visitors in April-May 2021 is not available due to the closure of the project office.
Source: JICA Project Team

Figure 2.2.1 Number of Visitors to BEZA OSSC (June 2019 to December 2021)

[3] After BEZA moved to the new office in December 2021, accurate information has not been obtained as the front office is yet to be set up.

[4] OSS (BEZA) Rules 2018 stipulates that 125 license/approval services are to be dealt with in BEZA OSSC, but due to the overlapping content of the services, the number is effectively 107 services.

(2) Checking of BEZA's Situation and Concept Formulation of BEZA OSSC (May 2017 ~ Mar 2018)

1) Formulation of Project Implementation Structure and Understanding of OSS Launch

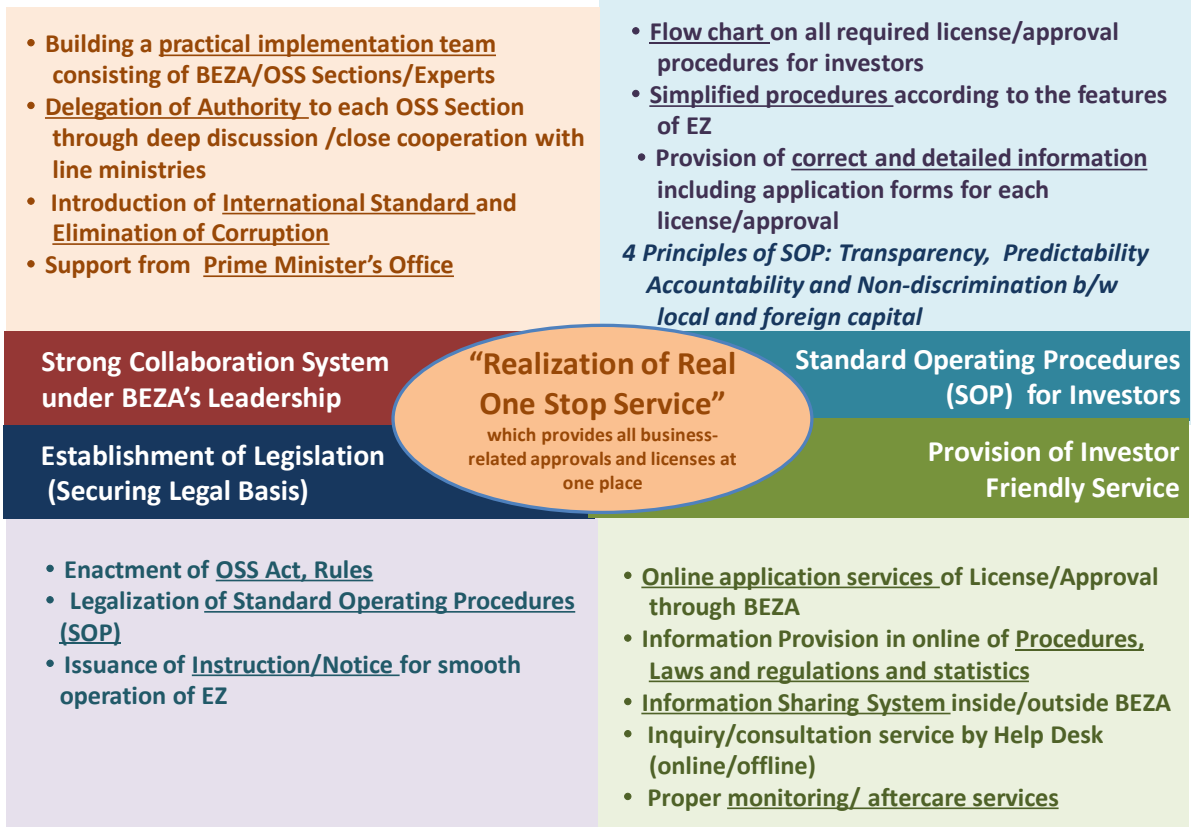
At the beginning of the project, JICA Project Team briefed BEZA about the project outline and established PIC-2 as the implementation structure. JICA Project Team then confirmed the organizational structure and personnel composition of BEZA and reviewed the status of 1) EZ development, 2) EZ-related laws and regulations, 3) progress in preparation of OSS, and 4) support from other donors. The 1st PIC meeting was held on July 25, 2017, and after a lively discussion on issues related to EZ development and OSS establishment, BEZA and relevant ministries agreed to cooperate with each other.

2) Identifying License/Approval to be Provided by OSS and Review of Those Current Procedures

For the 30 licenses/approvals that were under consideration by BEZA, JICA Project Team reviewed the outline of the licenses/approvals and the competent authorities then categorized them into 1) to be provided by BEZA, 2) to be provided by the relevant ministries, and 3) BEZA-issued documents required to apply for licenses/approvals by the relevant ministries. Furthermore, JICA Project Team identified all the licenses/ approvals required for potential investors and organized their workflow into 5 stages in accordance with the actual steps in factory establishment and operation. The information on license/approval procedures outside the EZs were collected through interviews with relevant ministries and agencies and were analyzed so that expected procedures in the EZs were organized.

3) Consideration of OSS Establishment Policy and SOP Drafting

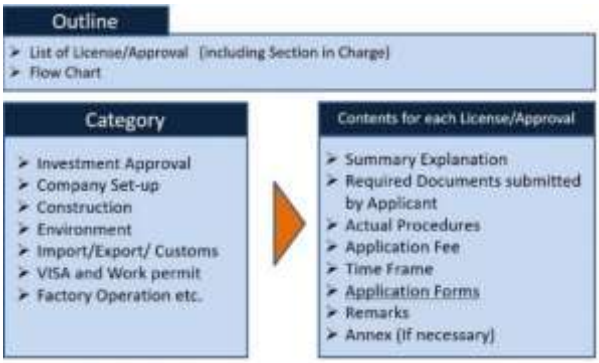
In considering the establishment of OSS, based on the EZ development policy and the status of each license/ approval procedures at BEZA and relevant ministries and agencies, the following four policies were developed, taking into account the knowledge and lessons learnt from the establishment of OSS in Thilawa SEZ of Myanmar: Policy 1) Building Strong Collaboration System with Relevant Ministries and Agencies under BEZA's Leadership; Policy 2) Formulation of SOPs for Unit Investors; Policy 3) Establishment of Legal System (Securing Legal Basis) for OSS; and Policy 4) Provision of Investor Friendly Service. Figure 2.2.2 below outlines each policy.



Source: JICA Project Team

Figure 2.2.2 Polices for OSS Establishment

The draft SOPs are shown in Figure 2.2.3, with the aim to provide investors with accurate and detailed information necessary for license/approval process at OSSC and to enable the Focal Points to provide investment consultation services. In December 2017, JICA Project Team made a presentation to the Executive Chairman and management of BEZA, explaining the proposed structure of the SOPs and the key points to simplify and expedite the preparation of each license/approval workflow, and obtained agreement. The first draft of the SOPs was prepared around February 2018 when OSS Act 2018 came into effect, while maintaining 1) transparency, 2) predictability, 3) accountability, and 4) equality between domestic and foreign capital.



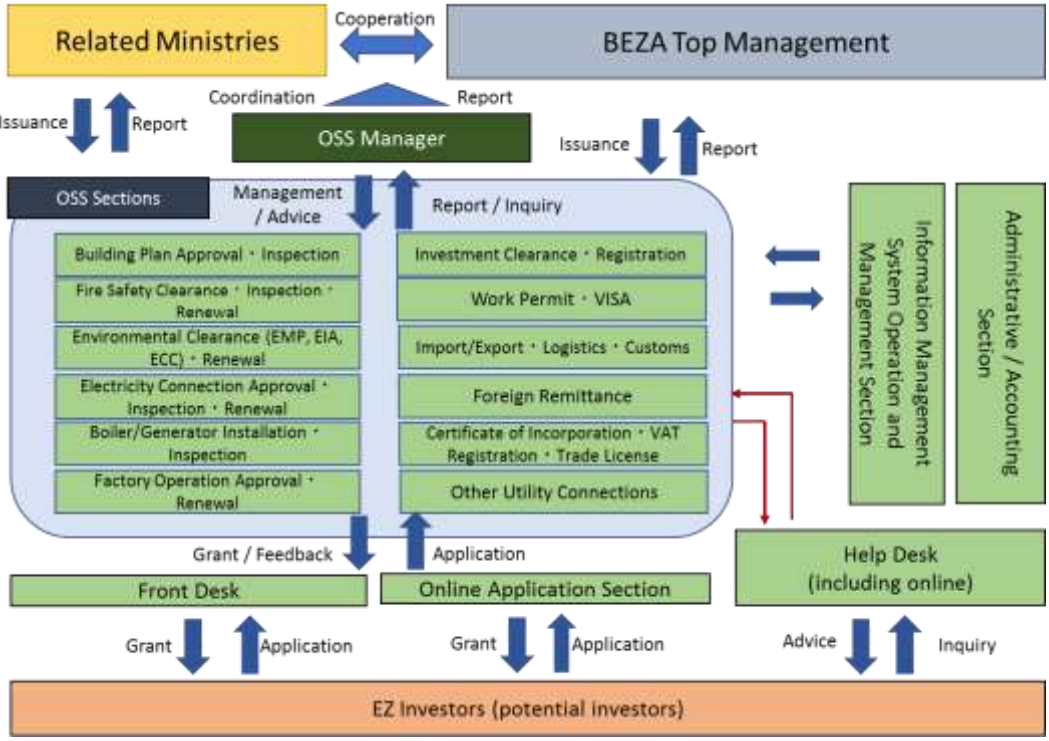
Source: JICA Project Team

Figure 2.2.3 SOP Structure (Draft)

4) Formulation of OSS Function and Implementation Structure and Individual Discussion with Related Ministries

Under the supervision of OSS Manager, OSS is responsible for the following functions: 1) application receipt and document verification; 2) review and inspection; 3) decision-making; 4) inquiries and investor consultation; and 5) operation and maintenance of both online application system and intranet system. In order to fulfill the functions above, JICA Project Team proposed the implementation structure for providing

OSS services as shown in the figure below.



Source: JICA Project Team

Figure 2.2.4 OSS Functions and Implementation Structure (draft)

JICA Project Team also prepared 1) the draft division of roles between BEZA and relevant ministries in receipt of application, review, inspection, and approval process envisioning each license/approval workflow, 2) draft personnel plan necessary to provide the license/approval services, and 3) the qualification requirements for each official. At the 2nd PIC meeting held on March 8, 2018, JICA Project Team explained the above to the relevant ministries and agencies, and it was decided to start specific discussions with each of the ministries for the realization of OSSC.

(3) Preparatory Work and Official Launch of BEZA OSSC (Apr 2018 ~ Oct 2019)

1) Request for Cooperation in Establishing BEZA OSSC through Individual Briefings to Both PCC and PMO DGs

Based on the results of the above-mentioned 2nd PIC meeting, JICA Project Team explained the concept of BEZA OSSC at the 3rd PCC meeting held in April 2018 and again requested cooperation from the PMO and relevant ministries. In addition, with the support of BEZA official, JICA Project Team explained to DG-1 and Director-1 of the PMO the outline of OSSC and its contribution to improving the investment environment through the establishment of OSSC, and obtained their active support.

2) Support for OSS (BEZA) Rules, 2018

Following the promulgation of OSS Act 2018 in February 2018, OSS (BEZA) Rules was promulgated in October 2018, stipulating the laws and regulations for BEZA OSS. JICA Project Team supported the preparation of a draft schedule that specifies the competent authorities and assessment period for each license/approval to be provided by OSS (see Annex 21).

3) SOP Modification and Finalization

With regard to the preparation of the SOPs for the license/approval services provided by OSSC, JICA Project Team, in cooperation with BEZA, held multiple consultations with the heads of each ministry and agency to finalize the SOPs. As the discussion progressed, JICA Project Team updated the list and flowchart of licenses/approvals, list of application fees, and contact information, which were attached to the SOPs. Careful examinations were made to the newly added licenses/approvals in OSS (BEZA) Rules 2018 with a view to prepare a SOP. Table 2.2.2 shows the SOPs prepared for BEZA OSSC.

Table 2.2.2 SOPs Prepared for BEZA OSSC (as of December 2021)

No.	Licenses/Approvals	SOP Progress	No.	Licenses/Approvals	SOP Progress
Licenses/Approvals issued by BEZA: 7 Categories, 20 Services					
1	Investment Clearance	Finalized	5	Various Foreign Remittance	Partially Finalized
2	Trade License	Finalized	6	Import/Export Permit	Finalized
3	Building Construction	Finalized	7	Commercial Operation	Finalized
4	Work Permit (excl. Security Clearance)	Finalized			
Licenses/Approvals issued by the Concerned Ministries/Departments: 14 Categories, 54 Services					
1	Company Registration	Finalized	8	Generator Installation	Under Finalization
2	Tax related Registration	Partially Finalized	9	Factory License	Finalized
3	Fire Safety	Finalized	10	Bond License	Finalized
4	Electricity Connection	Finalized	11	Customs Clearance	Finalized
5	Environmental Clearance	Finalized	12	Certificate of Origin (GPS)	Finalized
6	Visa	Partially Finalized	13	Foreign Loan/Various Foreign Remittance	Finalized
7	Boiler Installation	Finalized	14	License for Explosives	Finalized

(Remarks) The status of SOPs that have not been finalized are as follows.
Tax Registration: The SOP is expected to be approved after the online collaboration currently under discussion between BEZA and Tax Wing.
Work Visa: Visa extension process in Dhaka is still underway at the HQ of the department. Continued discussions are needed.
Generator installation: Discussions are expected to continue. No applications have been submitted. Negotiations will be conducted based on the timing of receiving specific applications.
Overseas remittance: The approvals under BEZA's jurisdiction instead of BB's have been finalized; The Approvals under BB's jurisdiction are yet to be approved, but the current procedures are being followed so there are no operational obstacles. It is necessary to consider dispatching advisors to BEZA OSSC in the future.

Source: BEZA

4) Formulation of BEZA OSSC Organizational & Operational Structure

Based on OSS (BEZA) Rules 2018, and taking into account the organizational structure of BEZA, JICA Project Team supported BEZA considering that of OSSC. In consultation with BEZA and relevant ministries, JICA Project Team then organized the content of each license/approval service to be provided by OSSC based on the characteristics of each and the division of roles between BEZA and relevant ministries. In order to start the operation of OSSC, JICA Project Team discussed the appointment of the Focal Point and staff dispatching to OSSC with the heads of the relevant ministries in cooperation with BEZA. In doing so, JICA Project Team examined the required workload of each license/approval service and explained to BEZA the personnel composition and job responsibilities (including qualification requirements), which led to the appointment of OSSC officials and Focal Points from related ministries.

5) Trial Operation of SOP-Based License / Approval Procedures and Joint Inspection

Upon the licenses/approvals for which the SOPs were finally approved, JICA Project Team started trial operations with actual applications, mainly for building, fire safety, and environmental permits. In particular, for a Japanese unit investor that was planning to officially start operation, BEZA and DIFE jointly conducted an inspection, at the end of its construction work, for 1) building permit, 2) factory license and 3) certificate of commercial operation. Furthermore, JICA Project Team, in consultation with JICA and JETRO, analyzed the background and challenges of the license/approval procedures faced by the Japanese unit investor, and supported to solve the issues.

6) Announcement of BEZA OSSC Establishment Plan and Discussion with Stakeholders

JICA Project Team held the 3rd PIC meeting in October 2018 to explain the progress of preparations for the establishment of OSSC and to seek further cooperation. In addition, from October to December 2018, the plans to establish BEZA OSSC was publicly released, for which opinions were exchanged among the stakeholders. Specifically, JICA Project Team organized and held 1) workshops for BEZA executive members and to-be OSSC staffs, 2) BEZA OSSC seminars for PMO, relevant ministries and agencies, domestic and foreign private sectors, and donors, and 3) briefing sessions on BEZA OSSC for EZ developers and unit investors.

Since the 3rd PCC meeting in October 2018, the PMO was holding regular meetings with relevant ministries and agencies, and continued to instruct them to have a clear intention to open BEZA OSSC and to cooperate in its realization. As a result, the PMO obtained cooperation from those ministries which were reluctant to cooperate in the assignment of Focal Point and finalization of SOPs.

7) BEZA OSSC Office Layout and Renovation

BEZA secured the 11th floor of the same building where BEZA was located (one floor below from BEZA office) for the new OSSC office space. JICA Project Team supported BEZA in preparing the office layout plan and necessary furniture and equipment. Based on the plan, BEZA selected a contractor and renovated the office space, and the renovation work was completed in April 2019.

BEZA OSSC - Entrance


BEZA OSSC - Front Desk

8) Capacity Development of BEZA OSSC Officials

JICA Project Team continuously strengthened the capacity of the Focal Points of BEZA OSSC on an OJT basis in order to enable them to carry out the license/approval operations based on the trial SOPs. In particular, JICA Project Team focused on the approval process of investment, construction, fire safety, and environment. An orientation training on BEZA OSSC was conducted for BEZA OSSC officials (including Focal Points of relevant ministries) on February 13, 2019 (see Annex 26).

9) BEZA OSSC Soft-Launching and SOP Modification

During the 4th PIC meeting in April 2019, the necessary preparation and schedule for the official launch of BEZA OSSC were discussed with BEZA and relevant ministries and agencies. BEZA OSSC provisionary opened in June 2019 and began operations. Based on the experience of operating OSSC after the provisional opening, JICA Project Team reviewed the roles and responsibilities of each official as well as SOP description, and revised as necessary, upon which JICA Project Team continued to provide support for capacity building to the Focal Points.

10) BEZA OSSC Inauguration Ceremony

BEZA held the OSSC inauguration ceremony at Hotel Pan Pacific Sonargaon on October 21, 2019. The program is described as shown in the table below. BEZA invited the following participants: Private Industry and Investment Advisor to the Prime Minister as Chief Guest; Principal Secretary to the Prime Minister; Principal Coordinator (SDG) of the Prime Minister's Office, etc. as Special Guests from Bangladesh; and the Japanese Ambassador and Chief Representative of JICA Bangladesh Office as Special Guests from Japan; and about 300 attendees including the media. The Private Industry and Investment Advisor to the Prime Minister emphasized the fact that everyone had strong determination under the leadership of the Prime Minister led to this great milestone. He also expressed his deep appreciation for those who are involved from Japan for this support. Further to this, the 5th PIC meeting and 5th PCC meeting were held on October 21 and 24, 2019 respectively, the agreement was made by the stakeholders upon the opening of BEZA OSSC and future initiatives.

Table 2.2.3 Program of OSSC Inauguration Ceremony (October 21, 2019)

No.	Description
1	TV Conference with OSSC (Remarks on the BEZA OSSC from government officials and unit investors)
2	Promotion Video
3	Official Inauguration of OSSC by Chief Guest
4	Speech by Special Guest - President, FBCCI - Chief Representative, JICA Bangladesh - Ambassador, Embassy of Japan in Bangladesh - Principal Coordinator (SDG), PMO - Principal Secretary to the Prime Minister - Executive Chairman, BEZA
5	MOU on Online Collaboration between NBR, RJSC, DOE and BEZA respectively
6	Speech by Chief Guest: Private Industry and Investment Advisor to the Prime Minister

Chief Guest / Special Guest


Audience at the Venue

Source: JICA Project Team

(4) Strengthening BEZA OSSC Operation Function (Nov 2019 ~ Dec 2021)

1) Support for BEZA OSSC Operation (Capacity Development and SOP Modification)

Soon after the establishment of BEZA OSSC, JICA Project Team supported the operation of OSSC to put it on track quickly. In particular, JICA Project Team supported the actual operations of the Building Committee (9 members) for building-related permits and the Focal Points dispatched to OSSC for environment-related permits (DoE) and Fire Safety-related permits (FSCD). Specifically, together with the assigned officials, the local project members supported the unit investors in pre-application consultation, document verification, examination, and on-site inspection, while the Japanese project members provided advice and guidance for corrections and improvements. Importantly, it was found that building and fire safety related permits were being reviewed and approved without preparing drawings (plans) of the international standards. JICA Project Team, therefore, supported OSSC officials through OJT in a way of close communication in order to secure the quality of submitted documents and drawings as well as to increase the assessment capacity of Focal Points. As for the other licenses/approvals, JICA Project Team supported the process management from application acceptance, examination status confirmation, and permit issuance in cooperation with BEZA and related ministries and agencies. At the same time, the number of visitors and applications of BEZA OSSC was accurately recorded and reported to BEZA accordingly, and the SOP was revised based on the knowledge obtained through actual practical experience.

2) Impact of COVID-19 on BEZA OSSC Operation

Since March 2020, COVID-19 had begun to spread widely in Bangladesh, and the Government announced the 1st lockdown from March 26 to May 28, 2020, and the 2nd lockdown from April 14 to August 10, 2021. To cope with this, BEZA adopted working from home, in principle, or allowing 25% of the number of employees to go to work intermittently depending on the influence of COVID-19. Especially, during the period of working from home, face-to-face meetings were suspended; instead, applications were only accepted via online or email, and related consultations were conducted through screening, telephone, email, or SNS tools.

3) Safety Measure for BEZA OSSC

In response to the fact that COVID-19 infection was confirmed in Bangladesh, JICA Project Team implemented the following measures in order for BEZA OSSC to safely provide administrative services for visitors.

- Disinfectant water and masks
- Anti-splash film on front desks
- Layout change of open space
- Wearing a mask and secure 2m distance
- Frequent cleaning and disinfection
- Daily health check for employees
- Thorough stay home rule for sick officials
- Notice and distribution of observances


Disinfectant water and masks


Anti-splash film on front desks


Layout change of open space

4) Support for BEZA OSSC Operation under COVID-19

From the end of March 2020 to the end of May 2021, when COVID-19 expanded, JICA Project Team supported OSSC operation according to the management policy of BEZA, i.e., working from home, 25% of staff attendance, 50% of staff attendance, and regular work depending on the influence of COVID-19. During the period of lockdown from the end of March to the end of September 2020, the local JICA Project Team members supported BEZA OSSC operation while working from home or at the office in shifts in close cooperation with BEZA OSSC officials. Japanese members provided necessary advice and instruction for the assessment accordingly. Since the number of applications decreased during this period, the JICA Project Team focused on the improvement of the internal management system of OSSC such as preparation of internal management documents, monthly reports (see Annex 8), FAQs about BEZA OSSC's operation (see Annex 11), and required license/approval procedures. Furthermore, a periodical meeting was held once every two weeks to avoid the stagnation of communication between the Japanese side and the Bangladesh side and check the progress of each member's task so that the impact of COVID-19 on the Project was minimized.

5) Special Incentives Proposed by BEZA for Attracting Investment into EZ

Expecting that the influence of COVID-19 may cause the shift of manufacturing bases of foreign companies from China, the Government of Bangladesh had focused on attracting foreign capital, and as part of this, BEZA proposed the following 5 Special Incentives to PMO in May 2020.

- To lift the ban on imports of used machinery to construct foreign capital factories.
- To exempt the corporate tax for foreign capital companies for 10 years (investment by 2023).
- To exempt VAT on land lease for foreign direct investment.
- To grant the status of bonded warehouse facilities to the companies in the domestic market.
- To subsidize 50% of the cost of installing CETP (G to G).

In September 2020, Prime Minister Hasina instructed the related ministries and agencies such as PMO and NBR to take proper actions to this proposal within a month, but the negotiations have taken time. After that, while the discussions between BEZA and NBR were held and the proposals for the above five items were not adopted, alternative measures were taken to reduce the corporate tax for 2020 and 2021 by 2.5% for EZ unit investors, respectively.

6) Proposals for Strengthening BEZA OSSC Hybrid Function

In order to laterally support BEZA's new proposals for attracting foreign investment looking at post COVID-19 era mentioned above, JICA Project Team proposed additional activities in November 2021. Regarding BEZA OSSC, JICA Project Team has proposed to BEZA "Hybrid Functionalization of BEZA OSSC" to build a completely online service provision system in addition to the existing offline service. Concretely, it was decided to aim for the realization that "assessment", "inspection", and "consultation" are also provided by remote control while making full use of ZOOM, TEAMS, wearable cameras, etc. in addition to the online "application receipt" that has already been provided and made necessary studies (see Table 2.4.7).

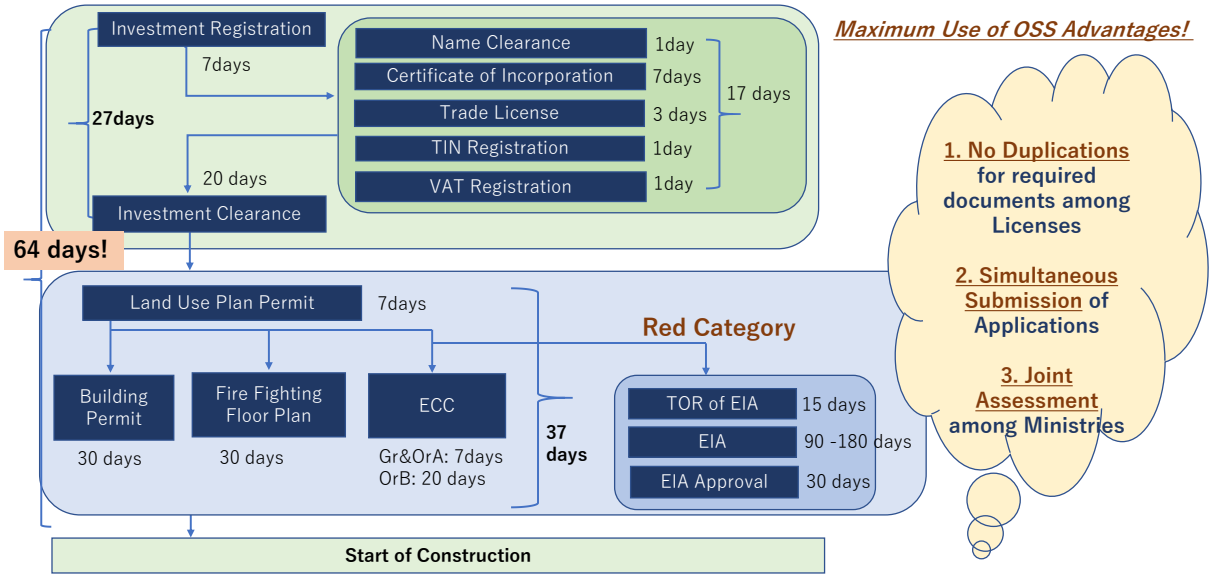
7) Upgrade of OSSC Online Application by BEZA

Partly due to the influence of COVID-19, BEZA continued to strengthen its online application function. On October 22, 2020, BEZA held an inauguration ceremony at Hotel Pan Pacific Sonargaon for the launch of OSSC 11 new online services with approx. 200 participants including media. As of December 2021, BEZA concluded a MOU on online collaboration with each of three ministries and currently provides 48 services

of license/approval in online. During this period, payment of application fees was also made online, and services were improved (see Annex 17).

8) 6th PIC Meeting and Discussion about Assistance in Remaining Project Period

The 6th PIC meeting was held in January 2021[5]. JICA Project Team explained the progress of the project and proposed new activities, "Hybrid Functionalization of BEZA OSSC", "simplifying and expediting OSSC license/approval services" and "strengthening OSS functions in reginal area" and obtained the agreement of BEZA and related ministries and agencies in addition to the continuation of support for license/approval service as the assistance to BEZA OSSC in the future, In particular, regarding "simplifying and expediting OSSC license/approval", JICA Project Team concretely explained that, if BEZA OSSC adopted the receipt of simultaneous submission of applications as well asl the implementation of joint inspection among several ministries by using the advantages of OSS, it can be realized that the construction work can be started within 100 days after investment registration (it takes about 5 months to 1 year under the current procedures outside EZ) as shown in the figure below. Many participants made strong comments that each stakeholder needs to work together to realize "simplifying and expediting OSSC license/approval".



Source: JICA Project Team

Figure 2.2.5 Draft of License/Approval Flow for EZ Unit Investors

[5] Japanese members participated in the 6th PIC online.

9) Joint Inspection related to Building Permits and Strengthening the Inspection System

For the realization of "simplifying and expediting license/ approval services", BEZA OSSC arranged joint assessment for building permit application through the participation not only by the building committee members but also by the representative of DOE (Environment Conservation Plan), FSCD (Fire Safety Plan) and DIFE (Factory Layout Plan). As for the on-site inspection, the team formulation has been gradually set up through the alignment with regional offices on related ministries and the assignment of dedicated personnel, so that joint inspection on site may be conducted in the future.

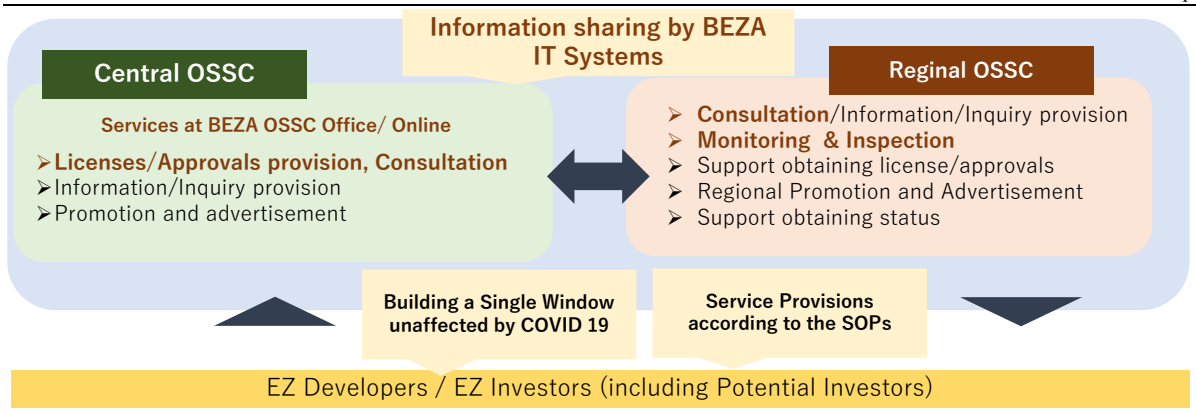
Joint Assessment for Building Permit among related ministries

10) Building of Cooperative Relationship with Core Members under New BEZA Executive Chairman

From 2020 to 2021, in BEZA, there was a series of retirement and the officials at the class of Executive Member and GM were transferred. At the end of June 2021, the Executive Chairman of BEZA retired after serving for 7 years since 2014, and a new Executive Chairman took office in July 2021. JICA Project Team had been always in contact with the Executive Chairman, Executive Members and GMs thoroughly even in the period spreading COVID-19 and tried to communicate more closely with Executive Chairman and key members during the period from June to December 2021when it became possible to travel to Bangladesh.

11) Consideration of Regional OSS functions and preparation of Its Implementation Plan

BEZA expected that Bangladesh Special Economic Zone (BSEZ) and Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) currently under development while receiving support from Japanese government and the World Bank respectively will become core EZs meeting international standard and plans to establish Regional OSSC in these EZs. Based on the current status of service provision by BEZA OSSC as the central function, JICA Project Team examined the possible functions of Regional OSSC and proposed the roles as shown in Figure 2.2.6 below. Specifically, it is planned that the functions of online application and assessment at BEZA OSSC will be maintained and/or expanded, and Regional OSSC will have functions of 1) inspection and monitoring on site, 2) License/Approval which requires the applicant to appear, 3) customs clearance and 4) various consultation services. Regarding BSEZ, Phase 1 development work will be completed at the end of 2022 and the administration building where the Regional OSSC will move in will be completed in the middle of 2023. Therefore, BEZA is planning to prepare for the establishment so that it can be operated in full-scale at the time.



- Main Functions of Regional OSS are **Monitoring/Inspections and Consultation**
- Cooperation **with the Developer and Regional Offices of concerned Depts.** is Important.
- **Plan of Office Layout, HR with Capacity Building and Equipment** for BSEZ will be illustrated.

Source: JICA Project Team

Figure 2.2.6 Possible Functions at Central and Regional OSSC

JICA Project Team conducted field trips to both BSEZ and BSMSN in November 2021 and identified the current development progress of both EZs in November 2021. After that a more detailed concept was developed in close communication with BEZA and the developers while considering the development progress, improvement progress on the procedures, introduction progress of online service and discussion status on customs clearance (see Annex 10).

12) 7th PIC Meeting and Explanatory Meeting

The 7th PIC meeting was held on November 11, 2021. Since the participants from related ministries were many, discussion was focusing on the progress of OSSC operation and issues to be addressed. The importance of "simultaneous application receipts for simplifying and expediting license/approval procedures", "implementation of joint assessment and joint site inspection" and "inviting investment of good quality[6]" were shared with the participants and agreed to make efforts for realizing these concepts in close cooperation among BEZA and related ministries.

13) Relocation of BEZA Office

In December 2021, the BEZA headquarters moved to the Agargaon area, which is being developed as a new government district. The area is also the home of the Ministry of Planning and the Securities and Exchange Commission, and BEZA is moving to the building where BIDA houses. The JICA project team also relocated and secured office space on the 7th floor where the OSSC is located. However, as of March 2022, the power distribution system in the office floor is still under construction and the OSSC front office furniture is yet to be installed. On the other hand, online applications are operating without any impact. The office space of BEZA OSSC at the 11th floor of the former BEZA building will continue to house the project offices of BSEZ, the consultant team for the EZ development supported by India, and the World Bank support team.

[6] "Investment of Good Quality" is a concept to promote the investment from companies which have minds to understand the objective of EZs, comply with related laws and regulations, not only secure profits but also spread technology and developing human resource through their business and contribute to the economic and social development in Bangladesh as the ultimate goal. This concept is applied in practice by JICA Project Team.

14) Workshop on BEZA OSSC Socialization for EZ Unit Investors

It was found that many of the EZ unit investors did not fully understand the existence of the BEZA OSSC and the various licenses/approvals required of them. In fact, in BSMSN, there was a case where a factory was constructed without obtaining a building permit. To cope with this, BEZA plans to conduct a survey on the status of licenses/approvals obtained by each EZ unit investor, and to hold a workshop on mandatory use of BEZA OSSC and compliance with laws and regulations for all EZ unit investors (including those applying for investment) in February 2022, for the purpose of socialization, led by Executive Chairman of BEZA himself.

(5) Issues to Further Strengthen OSS Function

Through this project, BEZA has been able to realize the legal framework for the establishment of BEZA OSSC, build cooperation among BEZA and related ministries, and provide various license/approval services based on the established SOPs. Online services have been implemented, and since the establishment of BEZA OSSC, most of licenses/ approvals have been issued within the assessment period[7] specified in the OSS (BEZA) Rules 2018, which means that the project has achieved its initial purpose. On the other hand, about 100 potential investors have already signed land lease agreements, and the number of applications to BEZA is expected to increase rapidly. Furthermore, in order to attract "investment of good quality," it is necessary to change the mindset on business customs of business and way of thinking about license/approval in Bangladesh to be in line with international standards. The table below shows the issues that BEZA needs to overcome in order to further strengthen its OSS functions in the future.

Table 2.2.4 Issues to overcome for further strengthening BEZA OSSC functions

Preparation for increased workload
According to BEZA, about 100 domestic and foreign investors have signed land lease agreement in the EZs owned by BEZA, and the number of applications for license/approval to BEZA OSSC is expected to increase significantly in the future. In order to properly respond to this situation, it is necessary to secure the number of BEZA OSSC officials and the personnel assigned from relevant ministries to further strengthen the operational functions of BEZA OSSC through practical experience while enhancing its capacity. In preparation for further full-scale operations in the future, it is necessary to make plans and preparations for securing personnel, service provision systems, and necessary budgets.
Dealing with companies that lack awareness of required license/approval
In some cases, EZ unit investors are preparing for their factory establishment without fully understanding the license/approval required for the investment. In November 2021, there was a fire at a private EZ tenant (a domestic company that started operations prior to the opening of BEZA OSSC, and whether or not it had building and fire permits has not been confirmed). One of the reasons might be that BEZA tacitly allowed EZ unit investors to start construction without obtaining building permits, or to start operations before completion inspections, in order to provide support to EZ unit investors. EZ unit investors also believe that they can get by asking government for help, which can happen on a daily basis in Bangladesh. If the business environment is to be developed in line with international standards, it is necessary to centralize license/approval operations at the BEZA OSSC and ensure that all EZ unit investors comply with laws and regulations.
Establishment of Regional OSS functions
It is necessary to consider a system of Regional OSSC that can provide monitoring and on-site inspection, customs clearance services, and consultation services related to license/approval l at the assumed EZs in the regions. Since it is difficult for BEZA officials alone to provide such services, it is necessary to prepare by

[7] There were cases where the review period was exceeded for fire safety, environment, etc., but this was mainly due to timing conflicts with the monthly approval meetings of HQ of department, or because the assessment period included the time required for EZ unit investors to respond to the instructions by the department to submit additional materials or revise plans. It is necessary to ensure that the exact review period is recorded.

involving relevant ministries, especially officials of regional offices and employees of EZ developers. Regarding the consultation services, one idea is to establish a training system related to license/approval for OSSC, and to introduce a registration system for personnel who have passed the training to provide consultation services.

Source：JICA Project Team

III.2.3 Support for Improvement of EZ Development Procedures and Capacity Development

(1) Major Support during the Project Implementation Period

The support for improvement of EZ development procedures and for capacity building during the project period are divided into two phases as shown in the table below. From May 2017 to October 2019, JICA Project Team supported in drafting SOPs to clarify the procedures for licenses/approvals for EZ development and conducted studies on EZ management and organizational structure. Since June 2019, JICA Project Team visited each EZ for OSSC on-site inspection and found that the situation was serious, including inadequate drawings, and lack of monitoring services. Therefore, JICA Project Team then conducted a survey on the status of the EZs to identify the problems, discussed the improvement measures with BEZA and JICA from September to December 2020, obtained their approval, and provided support based on the improvement measures since January 2021.

Table 2.3.1 Major Support during the project period

Support for Preparation of SOPs for EZ development and study of EZ management and organizational structure (May 2017 – October 2019)
・ Support for preparation of Standard Operating Procedures (SOP) of EZ development. ・ Support for the introduction of a project management system. ・ Study of BEZA organizational structure for EZ development and operation.
Proposal and actions to strengthen management capacity for EZ development and operations (November 2019 – December 2021)
・ Proposal on support for strengthening management and supervisory functions of EZ development and management based on the site surveys and identified issues. ・ Technical seminars for BEZA, relevant ministries, and EZ developers with the aim of improvement of approval procedures in EZ development. ・ Introduction of a project management system (TRESSA System) for EZ development and operation. ・ Preparation of a manual for construction supervision and standard design for EZ development. ・ Implementation of briefing sessions for BEZA officials.

Source: JICA Project Team

(2) Support for Preparation of SOP of EZ Development and Consideration for EZ Management and Implementation Structure (May 2017 – Oct 2019)

1) Support for Preparation ofSOP of EZ development

JICA Project Team consulted with relevant ministries and agencies and organized all the required license/approval workflows in terms of EZ development into 14 draft SOPs as shown in Table 2.3.2.

As some modifications were made based on the comments from 6 related organizations, the SOP draft entitled as "SOP for EZ Development Ver. 1" was submitted to BEZA in October 2019. For the remaining part, which is about the development of Off-site Infrastructure, such facilities are often supposed to be developed as "Depository Works" in which BEZA prepares the budget for development and appoints the related organizations to be engaged.

Table 2.3.2 Progress status of SOP preparation on EZ development permission and licensing

No.	Name of Permission/License	Progress of SOP Preparation
1	Obtaining a License for Economic Zone Development	Described the requirements and procedures for obtaining the "Pre-qualification Certificate" and "EZ Development License" necessary for EZ development.
2	Project Site Clearance and Land Development	Described the procedures related to Land Use Plan for the land secured by EZ developers and approval procedures related to environmental and social considerations in such the case.
3	Access Road Development	Described the requirements and procedures for construction of access roads to EZ (developer-directed construction and deposit of funds with the competent authority: Depository Work).
4	Access Railway Development	Described the requirements and procedures for the construction of an access railroads to EZ (deposit of funds with the competent authority: Depository Work).
5	River Port Development	Described the requirements and procedures for construction of a river port as an EZ-ancillary facility (construction commissioned by the developer directly to the jurisdictional construction authority).
6	Water Resources and Water Supply System Development	Described the requirements and procedures for securing and developing industrial water sources, laying water pipes to EZ, and constructing water supply system in EZ.
7	Electric Power Supply Systems Development	Described the requirements and procedures for electricity supply (supply from the national distribution network, IPP business by developers, and supply by private generators).
8	Gas Supply Connection	Described the requirements and procedures for the construction of a gas supply line (design and construction commissioning to a gas supply company) for the supply of gas to EZ.
9	Tele-communication Line Connection	Described the requirements and procedures for pulling communication lines from the main line to EZ and maintaining the communication network inside EZ.
10	Administration Building and Supporting Facilities Development *Incl. new proposals	Described the requirements and procedures for construction and opening of EZ administration building and supporting facilities such as boundary wall, ancillary facilities (hospital, canteen, bank), hotel, vocational training school, day care center, etc.
11	Wastewater treatment, Solid Waste Management and ECC Application for EZ Development	Described the procedures related to the construction of domestic and industrial wastewater treatment facilities, solid waste disposal, and obtaining an Environmental Clearance Certificate (ECC).
12	Customs Office and Inland Depot Development	Described the requirements and procedures for the setup of customs office in EZ and the construction of Inland Depots in bonded area (which serve as storage and distribution facilities for goods).
13	Fire Brigade Station and Fire-fighting Systems Development	Described the requirements and procedures for the approval of fire safety plans for the entire EZ, and for establishment of fire stations and other fire facilities to comply with disaster prevention standards.
14	Industrial Police Development	Described the requirements and procedures for attracting Industrial Police[8] to conduct security operations in EZ.

Source：JICA Project Team

2) Introduction of Project Management Systems

BEZA had assigned officials in charge of EZs to be constructed in cooperation with foreign governments

[8] The Industrial Police is a special unit (with the same police powers as the general police) under the Bangladesh Police, established in Industrial Zones, including Economic Zones, to maintain security such as protection of workers' rights, protection of foreigners and crime prevention in the zones.

(hereinafter "G to G EZs") and EZs to be developed independently, but not assigned the officials in charge of private EZ. Instead, since the start of the project, the officials in charge of BEZA OSSC had been concurrently assigned to private EZs, thus not being able to handle administrative works of EZ development and operations nor prepare management control documents. Therefore, JICA Project Team proposed to prepare some management control documents shown in the table below and introduced as the project management system. In April 2018, a workshop was held for BEZA and EZ developers to solicit their cooperation. Although some private EZ developers initially made submissions, it failed to take root since BEZA officials, and the developers were not able to respond to the submissions. Yet, communication between BEZA officials and developers became active.

Table 2.3.3 Outline of Project Management Systems

Items	Description
Project Database	Encode the basic information on EZ development and make it as a Database.
Chronographic Progress Records	Records major progress and events happened in the course of EZ development chronologically.
Quarterly Progress Report	Summarize the progress of EZ development every three (3) months and report the issue and proposed countermeasures to BEZA.

Source：JICA Project Team

3) Proposal for Improvement of BEZA EZ Administrative Systems

In order to improve the EZ management structure of BEZA, JICA Project Team studied the organizational structure envisioning centralized management of EZ development in BEZA and proposed the establishment of a new Engineering Department. This Department was to be headed by a Chief Engineer and consist of three groups (Research & Study Group, Physical Planning Group, and Environmental Group). The position of Chief Engineer was to be filled by the Chief Planner of the Planning & Development Department, the current department in charge. In addition, under the Chief Engineer, a group of experts (civil engineering, architecture, mechanics, electrics, procurement, quantity surveyor, etc.) was to be assigned as a headquarters function, and separate Project Teams was to be formed and assigned to each EZ. Although this proposal did not lead to a reorganization but made BEZA recognize the importance of building a management system led by engineers, resulting in the formation of Project Team with a certain number of engineers in the BSEZ implemented through a yen loan project.

(3) Strengthening EZ Development and Monitoring Function (Nov 2019 ~ Dec 2021)

1) Identification of Issues based on Site Surveys

JICA Project Team has often made site visits in each EZ since July 2019 in order to discuss with EZ developers and conduct on-site verification of licenses/approvals procedures (final inspection, inspection for ECC approval, etc.), then the following issues have been identified.

- In most EZs developed by the private sector, sales promotion, preparatory works for commercial operations, and commencement of operations are carried out without installing necessary On-site Infrastructures (Sewerage Treatment Plant, Solid Waste Treatment Facilities, etc.).
- In some EZs developed by the private sector, a monitoring framework or procedures necessary during the EZ development and after the commencement of operations have not been developed.
- Both EZ developers and BEZA officials in charge of EZ management do not fully understand the importance of design drawings, and as a consequence land development and drainage works have been implemented based on the drawings which are prepared at the basic design level.

In view of such circumstances, JICA Project Team made additional site surveys in each EZ to identify the issues and to make proposals for improvements, then prepared a Site Survey Report for the EZ development projects (see Annex 12). Details of major issues identified through the site surveys are shown in the following table.

Table 2.3.4 Issues related to EZ development and operations (as of June 2020)

1) Discrepancy between the present requirements and actual EZ development works
DoE demands not only an individual ECC for Sewerage Treatment Plant (STP) and Central Effluent Treatment Plant (CETP) when completed but also another ECC for the entire EZ when all the facilities in EZ have been completed. According to DoE, the expression "entire EZ" means "all the facilities specified by the Master Plan". DoE maintains a position that "actual operations by unit investor should be started when the ECC for the entire EZ has been issued". On the other hand, private EZ developers maintain a different position that "the area of EZ specified by the Master Plan should not be developed at one time, but a phased basis development of EZ should be adopted in accordance with the number of unit investors. In this respect, there is a divergence between the current system and the actual situation of EZ development. For private EZ developers, sewage treatment facilities are a burden because they require a certain amount of investment; however, there are some models recently that enable decentralized and phased installation in a modular fashion.
2) Shortage of BEZA staff and lack of their capability
The biggest issue in the project management (including monitoring works) for the EZ development by BEZA is shortage of their staff members, especially of engineers, in both the BEZA headquarters and EZ project sites. In addition, the engineers who have already been assigned as a project member seem not to be fully equipped with competency required for the project management from the perspective of either a team member or an individual capability. For example, the officials of the "Building Committee," who are expected to play an important role in technical issues, seem not to be well qualified in the fields of electric, mechanical, and facility engineering although they as an architect can perform well in the field of architecture. It is essential to identify and secure engineering staffs according to the implementation and administration of EZ development in order to achieve a continuous improvement of the development and operations of EZs (including monitoring works).
3) Weak awareness of the importance of project management (monitoring) for EZ development/operations
The manager of OSSC is responsible for the development and administration of the EZs developed by private sector in addition to his own original duties, and so are the other OSSC officials supporting the manager; as a consequence, the number of officials is not enough to perform proper OSSC services and EZ management. JICA Project Team, therefore, proposed the introduction of the project management system and supported its establishment; however, even though some EZ developers cooperatively followed the system at the beginning of its introduction, the system did not take root afterwards. The main reason for this is that BEZA officials and EZ developers are still not aware of the importance of project management works.
4) Lack of recognition of the importance of design drawings for EZ development
In the process of EZ development, the importance of making design drawings is not recognized. No design drawing is found in each EZ site, but instead the construction works such as land development and drainage are being implemented based on the master plan or basic design only. In particular, some private EZ developers often submit an application for design approval to BEZA without preparing any proper design drawings required for EZ development or they manage to complete the works by direct employment of workers, for they intend to make their Engineering Unit in the same company group engage in the part of design and construction works. In this case, whenever any adjustments are necessary in the construction works, the developers are likely to manage them without technical evidence; therefore, BEZA is not able to properly control the quality of construction works, and the EZ developers will likely face difficulty in managing construction schedule as well as cost.
5) Lack of project management (monitoring) systems and workflows for EZ development/operations
The management and supervision system for EZ development works and business operations is not fully in place. Although the G to G EZ is properly managed individually by experts of the international standards in support from donors, BEZA alone does not have a system that can control and supervise such EZ. BEZA does not also have a department responsible to deal with the development of EZs by private sector, yet the OSSC manager and officials are secondly handling for management and operations as there is no engineers.

Furthermore, the construction works and operations are not monitored because of the lack of inspection criteria and procedures; as a result, the progress management of each EZ is not performed systematically nor efficiently. Therefore, it is necessary to consider the management system of EZ development, build a centralized management system, and develop a systematic workflow in which a construction supervisory manual, standard designs for construction works, and a project management report are duly prepared and submitted.

Source：JICA Project Team

2) Proposals on Strengthening Management and Supervising Functions for EZ Development

In order to solve the issues related to EZ development and operation identified as above and to create an appropriate investment environment by BEZA under the influence of COVID-19, JICA Project Team proposed the following five measures to BEZA and JICA for strengthening the management and supervision of EZ development and operation, and obtained the final approval after discussions from July to October 2020.

Proposal 1: Technical Seminar for BEZA, the relevant ministries and agencies, and EZ developers.
Proposal 2: Improvement of approval process of EZ development (Completion of Development Works, introduction of phased basis development, and monitoring works)
Proposal 3: Introduction of project management system—TRESSA System
Proposal 4: Construction management manual and standard designing in EZ development
Proposal 5: Support for development and operations of private EZs (introduction of module type of CETP)

3) Technical Seminar for BEZA, Related Ministries and Agencies, and EZ Developers

JICA Project Team conducted a series of seminars online, or webinars, in order for BEZA officials in charge of EZ development and EZ developers to understand the practical process of EZ development and operations of the international standards, to recognize the issues of their respective EZ from this international viewpoint, and to accelerate future improvements. A summary of the webinar is shown in Table 2.3.5 below.

In the 1st Webinar, "Overview of EZ Development and Operation", JICA Project Team lectured about the sequence of EZ development from EZ planning, development works, and operation, and introduced successful examples of EZ development in other countries. In the 2nd Webinar "EZ Planning and Designing", the lecture was about land selection, master plan preparation, basic & detailed design for EZs, bidding procedures for development works, market research & cost estimation for development works, and social considerations. In addition, Johkasou System Association gave a lecture about the effectiveness of septic tanks in wastewater treatment and introduced a modular CETP model as addressed in the Proposal 5 earlier. In the 3rd Webinar, "Construction Management and EZ Operation and Maintenance", a project manager of BSEZ construction management team gave a lecture on construction management, and a representative of Sumitomo Corporation Dhaka Office gave a lecture on EZ operation and maintenance based on the practical experience. The first half of each Webinar was lectures and the second half was Interactive Discussion, in which participants were divided into small groups of 3 kinds (Strategy, Management, and Engineering) and discussed their own issues and findings, and afterwards the group discussion topics were shared among all participants. This series of Webinar helped the participants to deepen their understanding of EZ development and management and also contributed to building trust among BEZA, developers, and all the parties involved (see Annex 13).

Table 2.3.5 Outline of Seminar for EZ Development and Operations

Outline of Seminar for EZ Development and Operations	
Goals	➢ BEZA officials and EZ developers will understand the basic workflow of EZ development and

	operations in the international standards. ➢ The participants will comprehend and share with each other the problems related to the procedures of EZ development and operations so that they simultaneously increase the momentum toward further improvements.	
Date	➢ 1st Webinar on Mar 2, 2021; 2nd Webinar on Mar 24, 2021; 3rd Webinar on Sep 30, 2021	
Target	➢ BEZA officials in charge of EZ development and engineers. ➢ EZ developers and engineers.	
Seminar 1: Overview of EZ Development and Operation Participants: BEZA x44 and JICA Project Team x9 Lecturer: JICA Project Team x4 (Component Leader, EZ Management, Architecture, Environment)		
1	Goal of Webinar	➢ Contribution of EZ development to the economy, attracting investors of good quality, and the role of BEZA
2	EZ Development Precedents	➢ Case studies in Southeast Asia
3	Basic Process of EZ Development	➢ Flow of planning, design, construction, on-site infrastructure, and risks (river plan, drainage, land grading, water supply, traffic plan, sewerage)
4	Fact Findings	➢ Designing and construction of On-site infrastructure in order, preparing drawings at each stage, supporting facilities in place, CETP & STP in place, hazardous waste management.
5	Interactive Discussion	➢ Strategy x1, Management x3, Engineering x2
6	Information Sharing, Q&A	
Seminar 2: EZ Planning and Designing Participants: BEZA x41 and JICA Project Team x9 Lecturer: JICA Project Team x4 (EZ Management x 3, Environment), Johkasou System Association x1		
1	EZ Development Planning and Design, Bidding document preparation (general)	➢ Master Plan, land selection, site survey, EZ development strategy, EZ development concept, Basic Design, Detailed Design, Scheduling, Construction Packaging (land development, infrastructure, treatment plant, substation), bidding document, Standard Conditions of Construction Contract (FIDIC Red/Yellow/Silver)
2	Business Planning	➢ Market research, scale of EZ development, promotion, cost estimation, financial analysis, risk analysis, and alternative options.
3	Environmental Survey and Facilities	➢ EIA system in Bangladesh, business categories, EIA procedure, effectiveness of septic tanks ➢ Johkasou—packaged sewage treatment plant
4	Interactive Discussion	➢ Strategy x1, Management x2, Engineering x3
5	Information Sharing, Q&A	
Seminar 3: Construction Management and EZ Operation and Maintenance Participants: BEZA x33, Focal Points x4, Zone Developer x15, and JICA Project Team x22 Lecturer: JICA Project Team x2 (Architecture, Environment), BSEZ Construction Management Team, and Sumitomo Corporation Dhaka Office		
1	Procurement of Contractor	➢ Difference in FIDIC Red/Yellow/Silver, overview of international bidding system and procedures (bidder qualification, public announcement, invitation, bidding, evaluation, contract negotiation, contract execution)
2	Supervision and Control of Construction Works, Commissioning	➢ Construction management of civil engineering (management system, progress management, construction drawings and verification, completion of construction, commissioning)
3	Building and Fire Safety Applications and Inspections	➢ Building standards, firefighting equipment, examination and inspection, monitoring
4	Environmental Monitoring	➢ Environmental monitoring plan, environmental monitoring surveys (during construction and operation), monitoring report, update of EIA Approval

5	EZ Operation and Maintenance	➢ Case studies of on-site infrastructure damages, operational items, operational system, unexpected situation, operational rules, management records ➢ Maintenance system, maintenance rules, periodic inspections, unexpected incidents, regular meetings with unit investors, consideration of local residents.
6	Interactive Discussion	➢ Strategy x1, Management x2, Engineering x3
7	Information Sharing, Q&A	

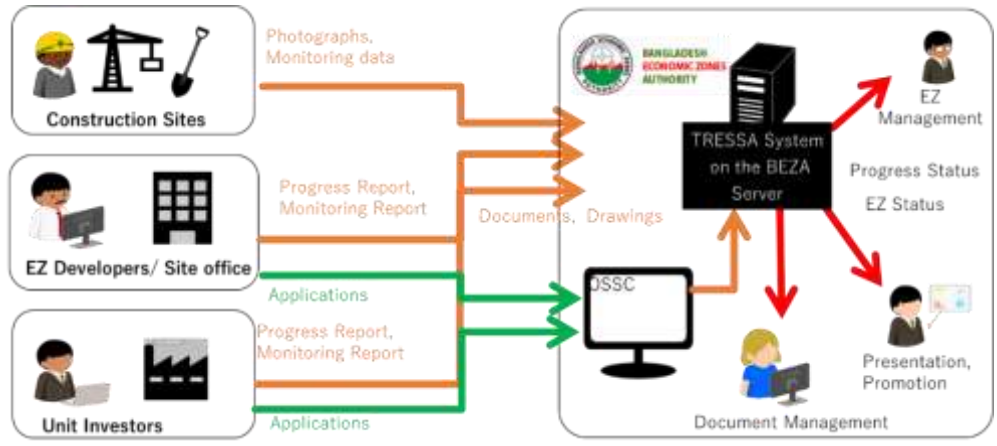
Source: JICA Project Team

4) Improvement of Approval Process in EZ Development

Based on the actual situation of EZ development, JICA Project Team reviewed the approval process of EZ development in terms of 1) final inspection after the completion of development works and issuance of development completion certificate, 2) phased basis approval process for EZ development plan, and 3) monitoring work required at the time of EZ development works and start of operation. In the case of (1) and (2), since the procedure for issuing ECC by DoE is closely related, JICA Project Team also reviewed the ECC issuance process. Furthermore, since BEZA started drafting Private EZ Rules 2021 in August 2021, JICA Project Team provided necessary support to legitimize the draft workflow for improvement (refer to III.2.5(2) for details).

5) Introduction of Project Management System—TRESSA System

In order to establish a system that enables BEZA to consolidate and manage the information and development progress of each EZ in a unified manner, JICA Project Team decided to introduce a project management system (TRESSA system[9]) (see Figure 2.3.1). Since the TRESSA system has such functions as saving documents, visualizing the progress of the entire project, and GIS, it can not only centrally manage the progress of each EZ, but can also be used to report the progress to the PMO by BEZA and provide information on each EZ at workshops, etc. Through the introduction and trial operation of the TRESSA system, it is expected that BEZA officials and EZ developers have become more aware of the importance of EZ management and supervision work and strengthen their practical capabilities (see Annex 14)



Source: JICA Project Team

Figure 2.3.1 Image Diagram of TRESSA System

[9] It is a project management tool developed by Nippon Koei Co., Ltd. and is suitable for managing large-scale development projects that require the management of a substantial number of tasks and processes. It is currently being used in an irrigation project in Bangladesh.

After proposing TRESSA to BEZA Executive Chairman and JICA from September to November 2020 and obtaining their approval, JICA Project Team modified the TRESSA program code for the EZs in Bangladesh. The concept was then presented to the stakeholders at the 6th PIC meeting in January 2021, which was agreed. In February 2020, JICA Project Team explained TRESSA to JICA and discussed its details, and in September of the same year, demonstrated TRESSA to the new Executive Chairman of BEZA. The Executive Chairman gave his approval for the introduction of TRESSA, and 3 BEZA officials were assigned to TRESSA System. After that, the activities were conducted based on the schedule shown in the figure below. In October 2021, training on TRESSA was conducted for BEZA officials and local members of the JICA project team (see Annex 15). Since December 2021, training has been started by using the demo version with weekly tasks given, and data from 2 model EZs (BSEZ and BSMSN) are currently being sequentially entered, with trial operations scheduled to begin in May 2022. Since the full-scale operation of TRESSA will continue after the completion of this project, JICA Project Team held discussions with JICA Economic Development Department on the implementation structure after the completion of the project.

Works	2021			2022				
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Initial Instruction								
Trial Operation								
Feedback from BEZA team & reconsideration of the implementation plan								
Trial Operation of the Model Project								
Feedback from Model Project								
Actual Operation in BEZA								

Source: JICA Project Team

Figure 2.3.2 TRESSA Implementation Schedule

6) Preparation of Handbook on EZ Development and Operation

JICA Project Team is preparing a handbook on EZ development and operation named "Planning and Management Guidelines for Economic Zone" so that both BEZA officials and EZ developers become capable of properly understanding and carrying out planning and design of EZ development and monitoring work during the development works as well as after the start of operation. As shown in Figure 2.3.3, the handbook consists of two parts; Part 1: Technical Introduction of EZ and Part 2: Implementation Manual and Check List. Part 1, which serves as an introduction for new learners, introduces case studies of special economic zones and industrial parks in Myanmar and Vietnam, and provides easy-to-understand explanations of facilities and functions such as on-site infrastructure necessary for EZs, using photographs and drawings. Part 2, which serves as a practical handbook for those in charge of EZs, explains the series of flow from EZ development to operation, introducing the points necessary to consider when formulating EZ development plans and designs, as well as manuals and checklists for construction management and monitoring of development works (see Annex 16).

A draft version of the handbook was prepared in the end of February 2022, followed by comments from BEZA, and BEZA agreed to use this handbook in its actual daily operations. At the same time, it was agreed that the handbook would not be finalized during the project period but would be first used for actual works. BEZA plans to proceed with the following schedule.

i) To hold a briefing session for BEZA officers (May-June 2022: Simultaneously, descriptions related to sewage treatment to be added).
ii) To actually use the handbook and identify items to be revised (July-October 2022).
iii) To hold consultation meetings regarding revisions (November 2022).
iv) To finalize the revised document (get approved as official BEZA document) (December 2022).

Source: JICA Project Team

Figure 2.3.3 Outline of Handbook on EZ Development Planning and Operation (draft)

7) Explanatory Meeting for BEZA Executive Members

Among the activities in this project, the following were newly added activities in November 2020: support for EZ development and operation other than OSSC; support for drafting private sector EZ Rules leading to improvement of EZ procedures; support for customs clearance in EZ; support for establishment of BEZA information system; and support for investment promotion. Since then, due to the impact of COVID-19, these new activities have been carried out mainly by specific C/Ps. Therefore, in consultation with BEZA senior management. An explanatory meeting for BEZA senior members was held on November 30, 2021 (attended Approx. 30 Managers or higher). The majority of the participants were surprised at the breadth of JICA Project Team's scope of works and engaged in lively discussions with a cooperative attitude. In particular,

the Executive Member (Planning and Development Department) who led the meeting gave high praise to the project and opined that BEZA should take a proactive role in these activities.

(4) Issues to Improve Planning & Operation Capacity for EZ Development

The following table shows the issues that BEZA needs to address in the future in supporting the improvement of planning and management capacity of BEZA and related ministry staff in EZ development.

Table 2.3.6 Issues to be addressed in supporting BEZA and related ministries in improving the planning and management capacity of EZ development

Strengthening the awareness of BEZA executives on project management capability and implement specific measures
JICA Project Team introduced TRESSA and produced an EZ development planning handbook to improve EZ development and operation procedure. These will be put into full-scale operation after the completion of the Project, and many BEZA staff will be engaged in it. While BEZA assigned 2 officials for operating TRESSA, it is necessary to set up an environment where these officials can pursue their assignment properly and to train the trainer of TRESSA operation. Likewise, EZ development planning handbook needs to be improved through its on-site use. Therefore, it is necessary for BEZA top management to recognize their importance and usefulness of the manuals, and to ensure that they are thoroughly implemented in BEZA. It is also required for BEZA top management to take necessary measures and put them into effect.
Improvement of EZ development approval process
It is necessary to incorporate the proposal of improvement made by JICA Project Team into Private EZ Rules 2021, which is being drafted by BEZA. It is also necessary to develop application forms and discuss detailed procedures in line with draft improvement.

Source: JICA Project Team

III.2.4 Support for Establishment and Operation of BEZA Information System

(1) Major Support during the Project Implementation Period

The support provided by JICA Project Team for the establishment and operation of BEZA information systems during the project period are divided into three categories: 1) support for the establishment and operation of BEZA Information System, 2) support for the expansion of online application and hybrid functions of BEZA OSSC, and 3) capacity building for BEZA IT officials. The contents of each support are summarized in the table below.

Table 2.4.1 Major Support during the Project Period

Support for the Establishment and Operation of BEZA Information System
➢ Confirmation of the current status and identification of issues related to BEZA Information System ➢ Proposals for enhancing BEZA Information System functions and securing budget for procurement ➢ Track record of the equipment procurement for BEZA, system development, and schedule for future operations ➢ Integration with other information systems, division of roles, and coordination of management information
Support for the Expansion of Online Application and Hybrid Functions of BEZA OSSC
➢ Understanding the current status of BEZA online application and identification of issues ➢ Confirmation of progress on expansion of online applications and online coordination with related ministries and agencies (as of the end of November 2021) ➢ Review and confirmation of progress of the proposal and implementation of hybrid functions (as of the end of November 2021)
Capacity Building for BEZA IT Officials
➢ Support for Capacity building for newly assigned IT officials

Source: JICA Project Team

(2) Support for Establishment and Operation of BEZA Information System

1) Understanding of IT Infrastructure and Online Application System

JICA Project Team reviewed the current status of BEZA's information systems in November 2018 and revealed that the IT infrastructure required for full-scale operation of the OSSC was barely organized, and issues were apparent as shown in the table below.

Table 2.4.2 Current status and issues of BEZA IT infrastructure (as of November 2018)

Status	Issues
BEZA website	
BEZA was running its website on a hosting service, but it was down due to a huge increase in access to BEZA's job recruiting. Due to the poor response from the hosting service, BEZA moved to its own server.	Management, maintenance, and the contents update of the site are all done by a system analyst dispatched by the World Bank, and there is no staff in charge in BEZA organization.
Email / shared schedule management	
While some applications can be made online, others are still processed on a paper-based basis. Especially for applications under the jurisdiction of other ministries, online application has not yet been realized at all.	Preparation of OSS based on SOPs is in progress, but support for online applications is delayed.
Investment-related application Processing	
While some applications can be submitted online, other applications are processed on a paper-based basis. In particular, for applications under the jurisdiction of other ministries, online processing has not yet been realized at all.	Preparation of OSS based on SOPs is underway, but support for online applications is somewhat delayed.
Information sharing in the office	
Simple file sharing using Network Attached Storage (NAS) is being implemented. CRM to manage contact with investors and other parties, and project management software to monitor the work status of developers have already been implemented.	Due to the lack of skills of the people in charge within BEZA, systems other than NAS are rarely used in practice.

Source: JICA Project Team

2) Proposals for Enhancing BEZA Information System Capabilities and Budgetary Measures for procurement

Based on the status of the information system at BEZA, the JICA Project Team prepared a proposal on Information Systems at BEZA, which included the overall picture of the IT infrastructure and system required when BEZA OSS would become fully operational in the future, as well as the necessary staffing and training. It was submitted to BEZA in March 2018 and presented at the 2nd PIC meeting (see Annex 18). Since the proposed equipment procurement and system development required additional budget, JICA Project Team discussed with JICA and obtained their approval to secure the necessary budget.

3) Schedule of Equipment Procurement and System Development

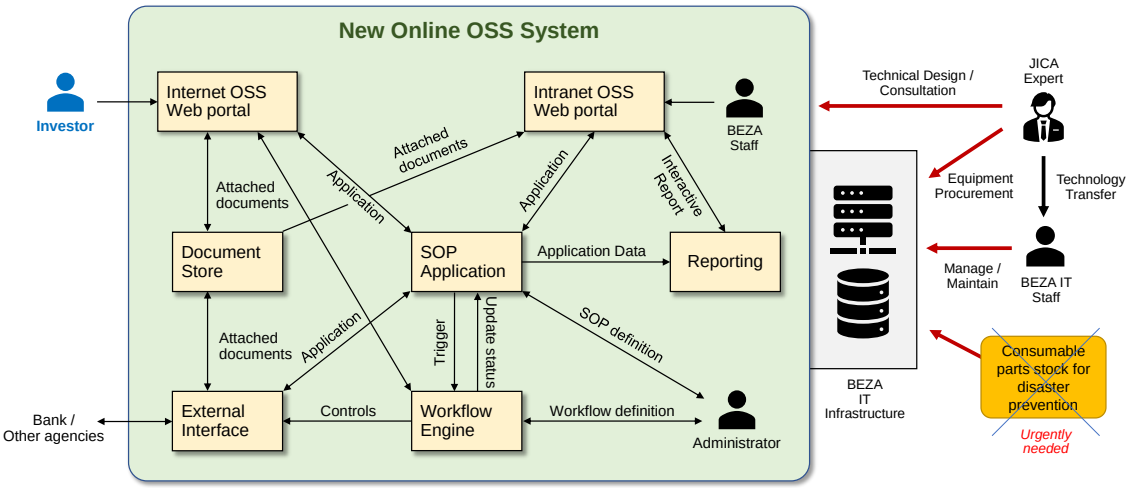
The procurement of equipment and system development was carried out in three stages as shown in Table 2.4.3, taking into account the progress of discussions with the relevant ministries and agencies and the procurement plan by BEZA. Commissioning of Stage 1 and 2 were completed. The contract for Stage 3 system development was signed with a developer in August 2022. Between the end of March and early April 2022, the new system was delivered and also the connection and data migration from the old system to the relevant ministry systems was completed (Appendix 19).

Table 2.4.3 Schedule for proposed BEZA IT infrastructure solution (October 2020)

Timing	Description
Stage 1 Jul 2020, Acceptance Completed	➢ Introduced inhouse mail system for BEZA domain ➢ Strengthening information security measures ➢ Introduced a server for OSS online system
Stage 2 Dec 2020, Acceptance Completed	➢ Introduction of storage system for virtual infrastructure
Stage 3 Aug 2021, Contract Execution Jan 2022, Delivery Schedule[10] Feb 2022, Technology Transfer	➢ OSS Information System upgrade (self-development) ➢ Online application site for investors (decentralized) ➢ Information sharing, application processing workflow management, and document management functions within BEZA (intranet) ➢ Service core functions, including linkage with existing systems of related ministries and agencies

Source: JICA Project Team

Figure 2.4.1 shows the overview of BEZA Information System under development as of December 2021. The establishment of this information system will enable 1) BEZA's own system, 2) centralized receipt of all applications in a single window, and 3) information sharing between BEZA and OSSC. In order to monitor the progress of the system development, the JICA project team has been holding bi-weekly meetings between the developer and BEZA's IT officials on the work progress to ensure proper progress management of the system development.



Source: JICA Project Team

Figure 2.4.1 Overview of BEZA's New Information System

4) Role Definition for Each Information System in BEZA

In March 2022, JICA Project Team discussed with BEZA management and it was acknowledged that there had been several systems that were implemented or to be implemented within BEZA. After further discussions among the parties involved, it was agreed that the roles of each system should be clarified and integrated among the systems as appropriate, and that adjustments should be made to avoid duplication. Table 2.4.4 summarizes the systems to be implemented within BEZA.

[10] After delivery, there will be a one-year maintenance contract, and the system will be updated and modified as needed, under the leadership of BEZA IT official, who took the training during the technology transfer, in cooperation with the development company.

Table 2.4.4 Role Definition of Information Systems

Name of System	Purpose
BEZA OSS Information System	Management of licenses/approvals for unit investors.
TRESSA System	Progress management of EZ developers.
Data Management System (under planning)	Management of internal documents in BEZA.

Source: JICA Project Team

(3) Support for Upgrading BEZA OSSC Online Application and Hybrid Functioning

1) Understanding of BEZA Online Application System

The status and issues of the online application system for OSS procedures are summarized in the table below. As of November 2021, 48 license/approval services are available for online application. (see Annex 17).

Table 2.4.5 Status and Issues of the Online Application System

Item	Status	Issues
Location of the site	Rental server of the system developer.	Unable to control from BEZA.
Development system	Based on the contract with BEZA, the system developer develops the system free of charge, and receives a part of the application fee.	Since BEZA does not have ownership of the source code, it is not possible to add or change functions independently. When the number of applications is small, the developer does not allocate enough resources for the work, resulting in delays in development progress.
Collaboration with online systems of other ministries and agencies	Cooperation started for 3 procedures (see below)	It is necessary to conclude a MoU with related ministries (described later).

Source: JICA Project Team

2) Progress of Online Collaboration with Related Ministries and Agencies (as of Nov 2021)

The following table shows the progress of discussions regarding online collaboration with other ministries and agencies in relation to the application procedures handled by OSSC (only for ministries and agencies that have online application system or are preparing to introduce it).

Table 2.4.6 Status of online application systems of other ministries and agencies

Procedure name	Competent Authority	Progress of discussions on online collaboration with BEZA
Company Name Clearance	RJSC	Online collaboration started (July 2020)
Company Registration	RJSC	Online collaboration started (July 2020)
Tax Registration – TIN	NBR	MoU agreed at the OSSC opening ceremony on October 21, 2019, discussion in progress.
Tax Registration - VAT	NBR	(Same as above)
VISA	DIP	No progress.
Environmental Clearance	DoE	Online collaboration started (October 2020)
Fire Safety	FSCD	Discussion in progress, MoU to be signed.
Electricity Connection	OCEI	MOU to be signed; OCEI's system will be developed first, and then specific technical discussions will begin.
Boiler	OCIB	Basic agreement has been reached, but no progress has been made.

Factory License	DIFE	MoU to be signed. The system on the DIFE side will be revised first, and then specific technical discussions will begin.
License of Explosive	DoEx	It will be linked with the a2i project[11] together with Boiler
CO (Certificate of Origin)	EPB	Basic agreement has been reached.

Source: JICA Project Team

3) Proposal for BEZA OSSC Hybrid Functioning and Progress in Implementation (as of March 2022)

Due to COVID-19 pandemic, JICA Project Team proposed BEZA to implement OSS Hybrid Functioning to realize not only face-to-face receptions and implementation of OSS functions but also their online implementation as much as possible. The table below lists the functions and tools required.

Table 2.4.7 Tools to realize BEZA OSSC Hybrid Functions

No.	Function	Proposed Tool and Equipment	Estimated budget
1	CRM	Suite CRM	(Introduced already)
2	Online communication infrastructure	For general communications: Zoom Business	(10 licenses) Approx. USD 2,000 / year
		For video conference systems in BEZA conference rooms: Zoom Rooms	(3 licenses) Approx. USD 1,497 / year
		For webinars: Zoom Webinar	(Assuming 3 times a year) Approx. USD 420 / year
3	Online support	FAQ: BEZA Web site and Facebook	Free
		Chat support: Facebook	Free
4	Appointment / reception management	Online and OSSC reception management: Queue Pro (including kiosk terminal, waiting queue display, ticket printing machine)	Approx. 296,270 BDT (Reference price[12]: 405,072 yen)
5	Online site inspection	Smartphone for real-time communication in the field: Samsung Galaxy M51	Approx. 36,000 BDT (Reference price: 49,221 yen)
		Wearable camera for detailed video recording in the field: Go Pro Hero 9	Approx. 41,500 BDT (Reference price: 56,740 yen)

Source: JICA Project Team

As of December 2021, while investment consultations are available via Zoom (free license) as needed, the number of applications is still small, so the OSS Manager and officials are able to respond via their own cell phones and SMS, and the purchase of the above tools has yet to be completed.

In fact, the lack of an Internet environment near EZ sites prevented the purchase of smartphones or wearable cameras for the purpose of online EZ site surveys and inspections. As an alternative, a 360-degree camera was purchased, and the recorded videos or images were brought back from the site for verification by experts in Dhaka and Japan.

[11] *Access to Information in Bangladesh*, Government digitalization program led by PMO with support from UNDP.

[12] Reference prices in Table 2.21 are calculated based on the February 2022 JICA Rate: 1.36724 yen per taka.

(4) Support for Capacity Development for BEZA IT Officials

Training for BEZA IT Officials

Since January 2021, BEZA has hired two new IT personnel who are in charge of managing BEZA's server room along with a local member of JICA Project Team (IT administrator). However, both of them have a background in software development so have no experience in server or network administration. JICA Project Team then provided the staff with technical transfer of server and network management methods from November to December 2021, as they were not sure if they could manage the entire IT infrastructure of BEZA, including the new information system. As a result of the training, the two IT officials acquired the minimum technical knowledge and skills required for infrastructure management, and they are expected to accumulate the skills to a sufficient level through their future work experience.

(5) Issues related to Support for Construction and Operation of BEZA Information System

The following table shows the issues that BEZA needs to address regarding the establishment and operation of BEZA Information System.

Table 2.4.8 Issues to be addressed by BEZA regarding Establishment and Operation of BEZA Information System

Capacity Development for the Information Systems Management Team
BEZA's two IT staff members (directly employed by BEZA) have been busy with daily IT support in the office, such as software installation, malware handling, and document entry. They tend to deprioritize the maintenance and management of the IT infrastructure, which is their primary task, resulting in the fact that their work ethic is declining. It is necessary to assign a separate IT support staff in the office. In addition, continuous support for capacity building for the two IT staff members is still required.
Improving BEZA Management's understanding of information systems management tasks
In order to properly maintain and manage BEZA information systems, the hard drives and other equipment of the servers need to be stocked at all times as consumables, yet the management members tend to be slow to respond when advised by the IT staffs. In addition, when moving to the new office, BEZA ordered all of the PCs and all of the equipment in the server room to be relocated, networked, and reactivated, which normally takes at least a week, to be done in two weekend days by the two IT staffs. As these examples show, BEZA management members need to deepen their understanding of information system management tasks.
Internal Regulations for Information Security
At BEZA, the use of USB memory devices brought in from outside and the installation of pirated software are still commonplace, and infection incidents have actually occurred. It is, therefore, necessary to create an information security policy and guidelines that stipulate the safe use of IT devices in offices. Although there is already a separate IT policy and guideline set by the Bangladesh government, some internal rules should be set separately to deal with the common practice in BEZA offices such as dangerous usage of PCs that may lead to information leakage.
Improvement of BEZA OSSC Website (UI/UX)
As of December 2021, the BEZA OSSC website does not accurately explain the concept of OSS, and the SOPs are not properly categorized and arranged in such a way that investors can refer to them by type of procedure. The overall flow of licenses/approvals and the relationship between related laws and regulations and the above SOPs are also unclear. The OSSC website needs to be improved to get more user-friendly, and the necessary personnel need to be considered.

Source: JICA Project Team

III.2.5 Support for Review and Improvement of EZ Related Laws and Regulations

The support contents for review and improvement of EZ-related laws, regulations and legal framework during the project period are shown in the table below.

Table 2.5.1 Major Support during the Project Implementation Period

Review of EZ related laws and regulations and establishment of legal basis for the establishment and operation of BEZA OSSC
➢ Review of EZ related laws and regulations and preparation and update of the list of laws and regulations (May 2017 - Feb 2018) ➢ Support drafting of OSS (BEZA) Rules 2018 and preparation of SOPs (Feb 2018 - Dec 2019)
Study on investment incentives and their application procedures for EZ investors
➢ Study on review of laws and regulations pertaining to investment incentives for EZ developers and unit investors (Jan - Dec 2019)
Realization of customs clearance within EZ
➢ Review of laws and regulations related to customs clearance and survey of the current status of customs clearance procedures (Dec 2019) ➢ Study of business flow for realizing customs clearance in the EZ and discussion with BSEZ (Oct 2020 – Sep 2021) ➢ Preparation of the draft of expected customs clearance procedures in BSEZ and discussion with the Customs Wing (Sep - Dec 2021)
Proposals for the Private Economic Zone Rules 2021 being drafted by BEZA
➢ Attendance at BEZA's internal meetings and briefing on improvement of EZ development procedures (Oct 2021) ➢ Preparation and submission of proposal for the Rules and revised draft articles (Oct – Dec 2021) ➢ Raising issues for improvement of EZ related laws and regulations (Dec 2021)

Source：JICA Project Team

(1) Review of laws and regulations in general and establishment of legal basis for the establishment and operation of BEZA OSSC

The major EZ-related laws and regulations listed in Table 1.2.4 were reviewed to identify issues. As a result, it was confirmed that BEZA's rules of authority for granting investment licenses and the licensing rules to be handled by the OSSC are not in place. In addition, we reviewed the relevant SROs and compiled a list of EZ-related laws and regulations, categorized into those for BEZA, EZ developers, and EZ investment companies.

In drafting the OSS (BEZA) Rules 2018 based on the OSS Act 2018, JICA Project Team advised on the license/approval of OSSC, competent ministries and departments, and assessment periods, which were set out in the Schedule to the OSSC Rules (Appendix 21). Based on the Schedule, BEZA OSSC prepared SOPs for each license and approval and obtained official approval from BEZA and relevant ministries. As a result, the legal basis for the operation and management system of the BEZA OSSC with license/approval to be handled and their workflow have been established.

(2) Study on investment incentives and their application procedures for EZ investors

As the investment incentives applicable to EZ developers and unit investors and their actual application procedures to Internal Revenue Department (Tax Wing) were unclear, a study on the current situation was conducted from January to December 2019 (Appendix 22). Meanwhile, it was decided not to take further actions during the project period in consultation with BEZA, as the discussion on improvement with Tax Wing is expected to be difficult and sensitive.

(3) Realization of Customs Clearance Procedures for EZ

1) Review of Laws and Regulations related to Customs Clearance Procedures and Site Survey

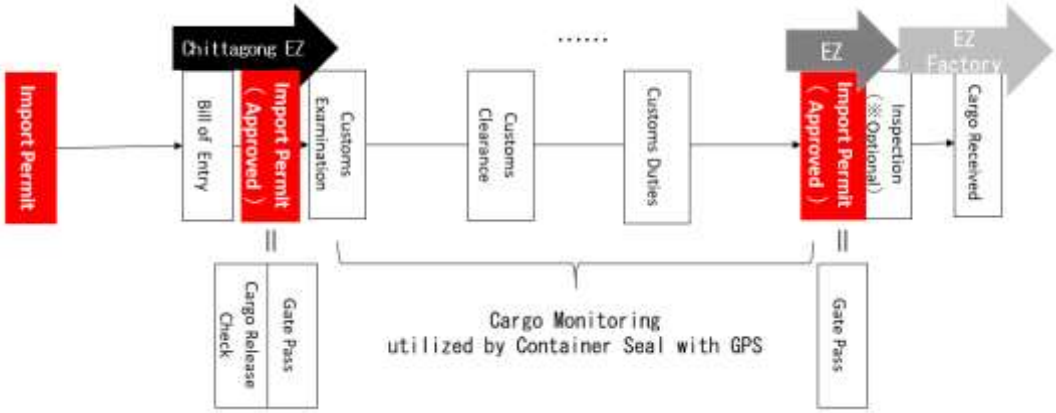
Laws and regulations such as Customs Act and EZ Customs Procedures were reviewed to understand the

customs procedures in Bangladesh. In addition, a site survey of the current status of import procedures at Chittagong Port, the country's largest trading port, was conducted in December 2019 to investigate the causes of prolonged cargo dwelling time which is a challenge faced by Chittagong Port.

2) Examination of the workflow to realize customs clearance within EZ and meeting with BSEZ

Based on the results of the above status survey, JICA Project Team discussed simplifying the procedures in the Chittagong port as much as possible in order to significantly shorten the lead time for cargo transportation and made the following proposals to BEZA.

- The Import Permit, which is issued by BEZA, specifies in advance the amount of cargo to be imported, the destination (EZ) and the shipper (EZ tenant company), and the applied import cargo is also reviewed and approved. By making effective use of this permit, it is possible to simplify or omit procedures at the port for EZ bound cargo.
- Introduce bonded transportation to realize customs clearance by ASYCUDA during transportation and consider the introduction of GPS-equipped container seals to enable Customs Wing to conduct monitoring during bonded transportation.



Source：JICA Project Team

Figure 2.5.1 Improved Flow of import customs clearance procedures (Proposed)

After consultation with BEZA, it was decided to proceed with preparations for the realization of customs clearance in EZ, using BSEZ, which is being developed under the yen loan project, as a model case. Based on the above-mentioned proposals, discussions were held between BEZA and BSEZ, and the actual operational flow was examined while checking the gate, customs inspection area, customs office, route, etc. on the layout drawing of BSEZ. In the process, it was decided that bonded transportation could be realized under the current laws and regulations, but that the use of Import Permit would require revision of the laws and regulations, which would take time, so it was decided to focus on the realization of bonded transportation first.

3) Preparation of the draft workflow of customs clearance procedures at BSEZ and discussion with Customs Wing

The JICA Project Team prepared a draft workflow of customs clearance procedures based on the above-mentioned meeting between BEZA and BSEZ (Appendix 23). After that, JICA Project Team aimed to prepare a detailed plan (draft) and obtain BEZA's approval before starting discussions with Customs Wing. However, due to the relocation of BEZA's office, the impact of the Corona disaster, and various events after 2022, there was not enough time to prepare the detailed plan (draft). Currently, BEZA and BSEZ are working together with the completion of the detailed plan (draft) to be ready by the end of May 2022.

(4) Proposals for Private Economic Zone Rules 2021 being drafted by BEZA

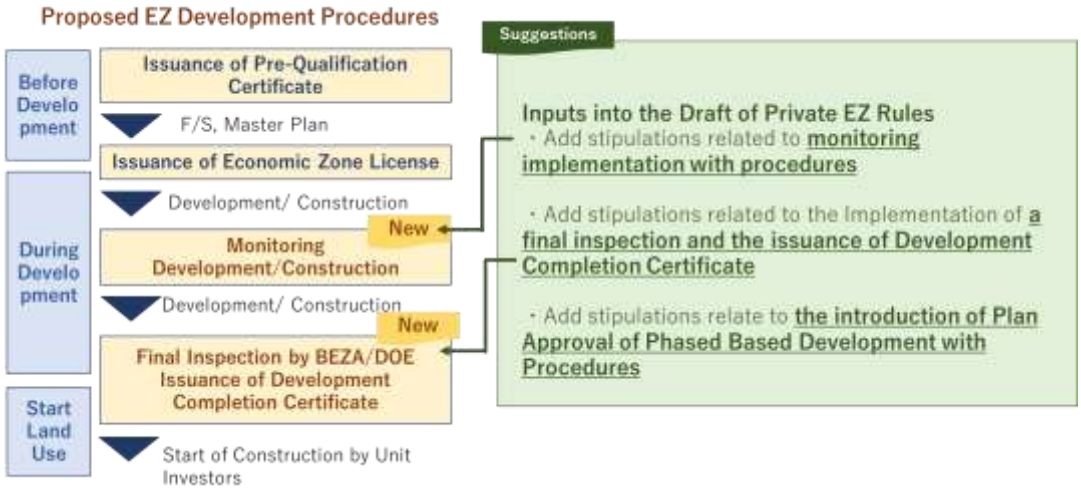
1) Explanation to BEZA on the improvement of EZ development procedures and proposals for inclusion in the draft Private Economic Zone Rules 2021

In October 2021, BEZA requested JICA Project Team to attend the internal meeting for drafting Private Economic Zone Rules 2021[13], and the Team explained the proposal for improvement of EZ development procedures and proposed to reflect it in the Draft Rules, which was accepted by the participants from BEZA. In addition, in November 2021, JICA Project Team presented the issues and proposals for improvement of EZ development and operation procedures to be included in the Draft Rules, as shown in the table and the figures below, and obtained the consent of BEZA. At the same time, JICA Project Team submitted a draft revised text of the draft (Appendix 24).

Table 2.5.2 Proposals for the draft of Private Economic Zone Rules2021

Issues	Improvement Proposals
・ There is no article in the existing laws and regulations to implement monitoring during EZ development.	・ Add an article on implementation of monitoring during EZ development.
・ After obtaining a EZ development License, development work is started, and since there is no confirmation after the completion of the work, construction and operation of the EZ unit investors have started without the necessary on-site infrastructure.	・ Final inspection and issuance of development completion certificate upon completion of development works. By obtaining the completion certificate, the on-site infrastructure will be secured, and then the construction work will be allowed to EZ unit investors.
・ The actual development of EZ is not a full-scale development in one time but is being carried out in stages while monitoring the market.	・ By allowing EZ developers to do phased based development and operation, it will be possible to approve plans and confirm completion in accordance with the actual situation of the EZ developer.

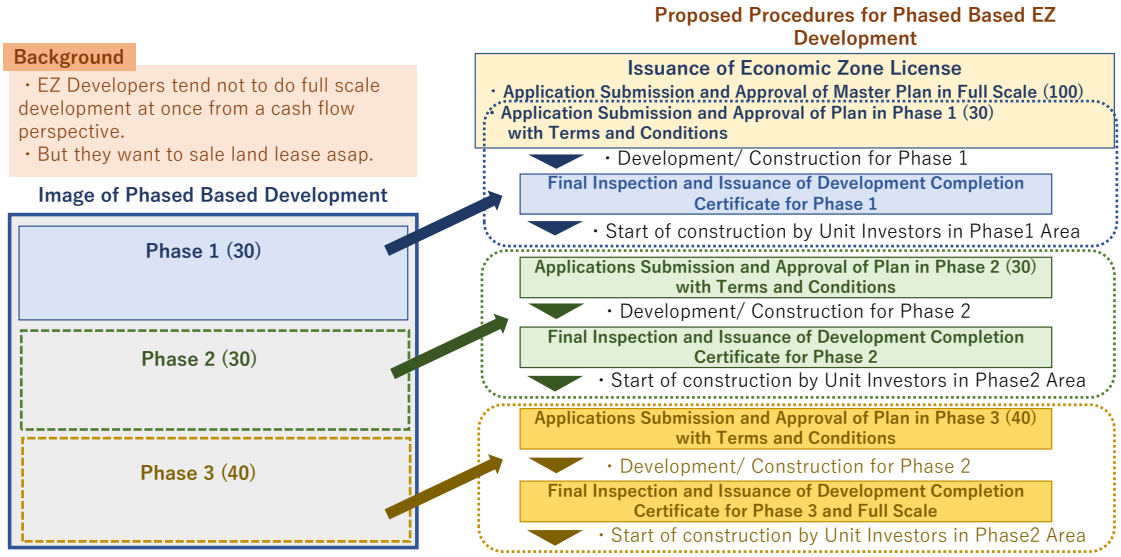
Source: JICA Project Team



Source: JICA Project Team

Figure 2.5.2 Improvement Proposals for Private Economic Zone Rules 2021
(Monitoring and Development Completion Certificate)

[13] This is a draft set of rules for Private EZs under the Bangladesh Private Economic Zone Policy 2015. It consists of articles on "Pre-qualification of EZ development Plan", "Acquisition of EZ development license", "Rights and Responsibilities of EZ developers", "Cancellation and suspension of EZ development license", "Incentives and guarantee for investment in Private EZs", "OSS", and "User permit and its rights and responsibilities", etc.



Source: JICA Project Team

Figure 2.5.3 Improvement Proposals for Private Economic Zone Rules 2021
(Phased based development)

JICA Project Team also pointed out the following comments on the draft Private Economic Zone Rules 2021.

- As OSS Act 2018 and OSS (BEZA) Rules have been issued for OSS, it is sufficient to have one clause stating that OSS complies with the OSS Act 2018 and OSS (BEZA) Rules. It is confusing to include different articles in the Private Economic Zone Rules 2021 than in the OSS (BEZA) Rules 2018.
- The definition of "User Permit" is vague. It is unclear whether it refers to EZ unit investors or cafeterias, clinics, stores, etc. located within the EZ. If the former, there is a discrepancy with the OSS (BEZA) Rules 2018 regarding procedures.

The draft Rules are still being discussed within BEZA as of March 2022.

2) Review of EZ-related laws and regulations and suggestions for improvement

JICA Project Team reviewed EZ-related laws and regulations in conjunction with the draft of Private Economic Zone Rules 2021 and pointed out the following to BEZA's Legal Manager as areas for improvement when BEZA reviews its legal system in the future.

- The Private Economic Zone Policy 2015, which is a superordinate law to the Draft Rules, should be replaced at the time of issuance of the Draft Rules, as its contents are mostly duplicative and confusing to the reader.
- While the Rules for EZ development and developers vary depending on the type of EZ (G to G, directly managed, PPP, private), the rules for EZ unit investors are the same for all EZs. Therefore, it is better to draft EZ Investors Rules for EZ unit investors separately.

(5) Issues to Review and Improve EZ Related Laws and Regulations

The following table shows the issues that BEZA should address in the future regarding the review and improvement of EZ-related laws and systems.

Table 2.5.3 Issues to be addressed by BEZA for review and improvement of EZ-related laws and systems

Development and operation of customs clearance procedures in EZ in line with the progress of BSEZ
The development of the workflow for customs clearance procedures in EZ was originally scheduled to start in October 2021 in consultation with the Customs Wing, but the preparation of the draft workflow has been

delayed. Since this activity will have a significant impact on the schedule for the development and operation of the BSEZ, which is a yen loan financed project, it is necessary to carry out the work promptly and consider a revised schedule.
Follow-up on proposals for improvement to Private Economic Zone Rules 2021
The drafting of the Private Economic Zone Rules 2021 is being done by the consultant hired for the World Bank project, and it is necessary to continue to monitor the drafting in cooperation with the GM and Manager in charge of legal affairs of BEZA to ensure that the improvement proposals are reflected in the law. In addition, it is necessary to consider the application forms to be used for final inspection, development completion certificate and plan approval of phased based development.
Review of EZ-related laws and regulations system
The current EZ-related laws and regulations are issued on an ad hoc basis, which makes the positioning of each law and the consistency among laws and regulations unclear and very difficult to understand for EZ developers, unit investors and potential investors. It is necessary to draft the above-mentioned Rules for EZ unit investors and prepare materials to explain EZ-related laws and regulations.

Source: JICA Project Team

III.2.6 Support for Investment Promotion and Inter-enterprise Linkage

(1) Major Support during the Project Implementation Period

The support related to BEZA's investment promotion and inter-enterprise linkage during the Project period are grouped into two: 1) promotional activities and participation to investment promotion events and 2) contribution to Linkage Formation Platform.

Table 2.6.1 Major support during the project period

Participation to promotional activities and investment promotion event
・ Establishment of the front desk for unit investors. ・ Preparation of PR tools timed for the inauguration of BEZA OSSC. ・ Participation in investment promotion events. ・ Activities related to image building for attracting investment in Bangladesh and EZ.
Contribution to Linkage Formation Platform
・ Formation and activity orientation of Linkage Formation Platform ・ Actual contribution to Linkage Formation Platform

Source: JICA Project Team

(2) Activities of Public Relations and Participation to the Investment Promotion Activities

1) Front Desk for Unit Investors

Since the provisional operation of OSSC in June 2019, the reception counter is placed at the entrance of OSSC, and a receptionist are assigned to serve the visitors. At the reception, the following items are recorded; company name, date and time of visit, purpose of visit, and point of contact. Consultations related to investment and its questions as well as various application for approvals are handled by OSS Manager and OSSC officials, and JICA Project Team has supported their activities.

2) Preparation of PR tools timed for the Inauguration of BEZA OSSC

In terms of support for public relations, in preparation for the opening ceremony, JICA Project Team supported producing a short video and brochures to introduce OSSC since March 2019 (see Annex 28). At the request of BEZA, JICA Project Team also produced a brochure introducing the benefits of investing in EZ for foreign investors (see Annex 27). In addition, the Project Team produced a handout written in Japanese

Brochures of 2 kinds

summarizing the existing incentives for the Japanese investors and the List of EZ related laws.

3) Participation in Investment Promotion Events

As for investment promotion event, at the beginning of the Project, investment promotions seminars with individual investment consultation in Japan and Thailand were planned. However, due to the spread of COVID-19, it was replaced by online seminar. In concrete terms, an investment promotion webinar for Japan and individual consultation sessions were held on February 2, 2021, hosted by BIDA, BEZA, and the Embassy of Bangladesh in Japan, and co-hosted by JICA and JETRO (172 participants from 120 companies). The webinar was recorded and distributed on demand on the JETRO website after the webinar. The latest information on EZ was provided at an investment webinar for Sweden hosted by BIDA on October 26, 2021. JICA Project Team supported BEZA officials in terms of production of presentation materials, coordination with BIDA, and individual investment consultations (see Annex 25).

4) Activities related to image building for attracting investment in Bangladesh and EZ.

In order to attract investment to Bangladesh and EZ in the future, while keeping in mind the impact of COVID-19, JICA Project Team decided to produce a promotional video to build images as a promising investment destination. A short video of around 2 minutes with the contents described in Table 2.6.2 was produced in April 2022. JICA Project Team also supported BEZA in producing English and Japanese versions of already produced promotional video of BEZA in Bengalese, which shows the objective of economic development through EZ. These videos are expected to be shown at Dhaka International Airport, thereby expecting to provide a new image to foreign companies visiting Bangladesh.

Table 2.6.2 Video Contents for Image Building (draft)

Story: In the scene, three investors describe the change and benefits of Bangladesh based on their experience of investment. ➢ Unit Investor 1: Potentiality as investment destination and current state of infrastructure development in a whole country ➢ Unit Investor 2: Advantages of EZ as investment destination and investment incentives to be granted ➢ Unit Investor 3: Benefit to the unit investors using OSSC The Executive Chairman of BEZA states his strong commitment to attract investment to EZ and to support unit investors.

Source: JICA Project Team

(3) Contribution to Linkage Formation Platform

1) Roles of BEZA in considering Linkage Formation

For promoting the linkage between the Foreign Direct Investment and domestic firms, it is essential to coordinate among PMO, Ministry of Industry, BIDA, Ministry of Commerce, and other related ministries and agencies in charge of industrial policy, SME policy, supporting industry development plan, and investment and trade policies. The roles of BEZA are to elaborate and implement EZ development plan and investment attraction strategy as the implementing agency of EZ development and operation. However, given the current situation of BEZA and EZ development, priority must have been given to the development of soft and hard infrastructure to receive investment, such as EZ development and management as well as establishment of OSSC. Therefore, the immediate role of BEZA for promoting linkage was to provide the elements which enables EZ development and operation to contribute to realization of the policies by the relevant ministries and agencies. More precisely, those are to i) select EZ candidate sites, ii) introduce existing EZs and their development status, iii) conduct explanatory and briefing sessions for EZ developers, iv)

provide information to unit investors, v) propose development schemes for implementing policies through EZ development and operation (including donor support), and vi) make proposals for investment incentive measures targeted to EZ developers and unit investors.

2) Policy Measures based on Linkage Formation Platform

Linkage Formation Platform (LFP), a discussion forum of linkage promotion among the implementing agencies of the project, was formed and led by Component 1. Meetings were held on a regular basis to ensure that the implementing agencies of all Components of this project could facilitate consultations and coordination on linkage formation between FDI firms and domestic industries. In the forum, BEZA contributed by devising possible policy measures for linkage promotion, listing activities to realize such the measures, and proposing to monitor its progress in the form of a policy matrix (see the description of Component 1 for more details of LFP meeting). The policy measures developed by BEZA were monitored at the LFP meeting, and its progress was updated accordingly. While no LFP meetings were conducted after the spread of COVID-19 in March 2020, JICA Project Team updated the matrix regularly. The following table shows the policy items in the matrix and the implementation status as of December 2021.

Table 2.6.3 Measures to be Taken by BEZA Discussed at the LFP Meeting

Content of Policy and Activity	Progress
Promotional activities abroad	With launching of OSSC, conducted promotional activities targeted to the Japanese companies in February 2021. Participated in BIDA's roadshow for Sweden.
Provision of incentives to attract manufacturing and parts industries that form linkages	Conducted a study on the incentive system in Southeast Asian countries. As adoption of fiscal incentives will take time, the first step is to provide existing incentives (including non-fiscal incentive) to the investors properly and in timely manner.
Identify strategic EZ suitable for promoting industrial linkage	Chose BSMSN, BSEZ, Abdul Monem as model EZ. BSMSN aims at attracting automobile assembling industry in a view of attracting motorcycle parts industry in BSEZ.
Arrange relevant area/space to accommodate local support industries to establish a supply-chain with EZ-oriented manufacturing companies	Completed locational survey of planned EZ and LE-Plastic SME clusters in Dhaka and Chittagong regions. Discussion was held with private developers on introduction of rental factories. BEZA considers the possibility of introducing dedicated area for SMEs in the same EZ where foreign anchor industry is investing.

Source: JICA Project Team

(4) Issues to Improve Investment Promotion and Linkage Formation

The following table shows the issues to be addressed in order to promote investment and inter-industrial linkage between domestic and foreign companies.

Table 2.6.4 Issues to be Addressed by BEZA in order to promote investment and linkage formation

Organizing investment promotion team and division of roles based on the current situation of BEZA
The investment promotion unit of BEZA has been focusing on the investment promotion events within Bangladesh. The majority of their participation to overseas promotional event was budgeted by organizers, thereby limiting the number of participants by BEZA officials, so that only the Executive Chairman and a part of board members made speeches and presentations. There is a gap between organizational settings and actual division of roles. It is therefore necessary to set up a practical and efficient investment promotion structure by well defining the roles of management and its supporting staff.
Preparing and distributing practical explanation and reference materials
At seminars, while visual appearance, clarity, and accuracy of information is important for presentation materials, in order to attract participants' attention, more practical information is required if concrete

consideration of investment is starting (e.g., laws and regulations, policies, and license/approval procedures to check business consideration; the status of on-site/off-site infrastructures in each EZ to check the business environment; information sources to check market information, etc.). For policies and laws in particular, it is necessary to establish a mechanism which can prepare and update the materials explaining the laws and policies in systematic manner.
Building a collaborative network with promoting agencies and organizing investment events regularly (including online)
It is more efficient to convene investment promotion events both inside and outside of the country by collaborating the related institutions such as BIDA. In particular, it is challenging for BEZA to conduct events overseas with the current structure. Therefore, it is essential to collaborate with BIDA, JETRO, the World Bank, UNIDO, and/or the Bangladesh Embassy of the country in question. Such institutions have a certain amount of budget each year, so if proposal is made during the previous fiscal year, it is possible to hold events regularly. BEZA is required to strengthen its function and capabilities to build networks and to organize events on a planned basis.
Undertaking online investment promotion activities proactively
For the overseas promotion, webinars should be actively adopted. Online method makes it easier to plan both closed seminars targeting the banks, trading companies, and developers interested in EZ development, and individual consultation sessions for the selected sectors. It can also be a method of public relations. Therefore, it is necessary to establish an implementation mechanism.
EZ development in accordance with the government's development plan
The policies on industry, investment, and trade are to be formulated by MOI, BIDA, and Ministry of Commerce respectively. The four economic corridors proposed by ADB and the Comprehensive Development Plan for Matabari-Moheshikhari based on BIG-B which is under discussion with Japan are also under consideration. BEZA, as the implementing agency of EZ development and operation, needs to formulate EZ development plans and investment promotion plans taking into consideration of various policies and comprehensive development plans. BEZA is conducting a study for prioritizing EZ development with assistance from the World Bank. Such study also needs to assure the consistency with these existing plans.

Source: JICA Project Team

III.2.7 Training Program in Japan and Third Countries

As for the training in Japan and third countries, a total of five people, three BEZA officials and two NBR (Customs Wing) officials, were scheduled to visit Japan and Thailand for eight days in March 2020 for the purpose of 1) attracting investment to the EZ, 2) understanding Japan's logistics system through visits to Japanese companies and local sites, and 3) holding seminars to promote investment. However, due to the COVID-19, it was difficult to implement the project and it was cancelled.

III.3 Lessons Learnt and Recommendations

The lessons learnt and recommendations made through this project are summarized in the table below.

III.3.1 Lessons Learnt and Recommendations about Strengthening EZ Operation

Support for establishment of OSS and strengthening its operation and capacity building in SEZ
Ensuring institutional self-sustainability of BEZA OSSC
During the project period, BEZA, despite the small number of staff, with the high level of commitment of BEZA's senior management, actively lobbied the PMO and related ministries and agencies for the establishment of the OSSC, and as a result, the OSSC was successfully established, and the concept of the BEZA OSSC is now highly evaluated. On the other hand, the number of BEZA OSSC officials is still considerably small, and as public servants, both BEZA and related ministries are prone to personnel transfer (usually across ministries), which makes it difficult to maintain the concept of OSSC among BEZA officials and to maintain the quality of license/approval services. BEZA has started to employ juniors and seniors as well as engineers as its own staff. At the same time, BEZA is also considering to improve the compensation package (provision of additional incentives), but this has yet to be realized. The current operation is assured by practical support on OJT basis by the JICA Project Team; however, it is necessary to prepare and study measures to

ensure self-sustainability of BEZA, considering that the number of investment applications is likely to increase more rapidly than before, and considering the establishment and operation of OSSC in regional areas.

Recommendation to BEZA: It is necessary to consider now how to ensure the organizational independence and development of BEZA OSSC. Specifically, in addition to the existing inter-agency cooperation, such measures should be considered as hiring own staff members and engineers and introduction of additional remuneration schemes, utilizing developers and outside experts (resource) and outsourcing some of the assessment work, and collecting management fees from unit investors.

Point of attention in considering simplification and expediting licenses/approvals based on each characteristic

During the project implementation period, it was often said "making all the approval procedure online is good enough for OSS" or "quick issuance of permits is good enough to improve Doing-Business indicators". Each of the licenses/approvals has its own characteristics in terms of the following categories: 1) registration-based, 2) document-based, and 3) those require technical review and/or on-site examination. If these characteristics are not considered in examining the possibility of making them online or in speeding up the period needed for approvals, it may lead to skipping necessary procedures in order to shorten the lead time, which may result in accidents caused by insufficient inspection. In fact, many staff members are struggling to cope with such pressure coming from the government top officials. Instead, issuance of permits after proper examination and inspection, rather than blind shortening of period, will lead to trust in the unit investors. BEZA needs to understand this point in examining the improvement of business environment. It should also be noted that this is a special treatment and there is an additional cost is incurred in putting each of approval procedures into a single window whether online or offline, since each license/approval is originally issued by each competent ministry.

Recommendation to BEZA: In considering simplification and expediting of each approval procedure, it is necessary to determine the appropriate workflow taking into consideration of the characteristics, work content, and amount of work of each process. It is necessary for BEZA to understand that easy simplification and speeding up of the workflow without considering staff member's burden will lead to the omission of inspections, which are essentially necessary, or to the tacit approval of companies preparing and operating without obtaining licenses and/or permits, all of which will lead to the loss of trust from faithful investors.

Dealing with those companies with less conscious on approvals

Some of the unit investors started to construct their facilities without properly understanding the licenses/approvals required for investment. To establish business environment complying with international standards, it is necessary to centralize the license/approval procedures at BEZA OSSC and to ensure that the investors comply with the laws and regulations. BEZA Executive Chairman intends to conduct socialization program to ensure that all the unit investors apply for each license/approval through BEZA OSSC and comply with laws and regulations related to each permit and license. Especially for those approvals related to human life, such as construction, firefighting, environment, electricity connection, and working environment, it is necessary for BEZA to establish a system of examination and inspection, and also to establish a workflow for advising, guiding, warning and penalizing the investors for their non-compliance.

Recommendation to BEZA: It is necessary for BEZA to enlighten the unit investors to obtain appropriate license/approval BEZA OSSC and to comply with laws and regulations. It is also necessary to organize procedures for advising, guiding, warning and penalizing the investors for their non-compliance, and put them into SOP.

Continue to provide information on approvals useful for investor's practice and to obtain results

Soon after the commencement of the Project, BEZA was only responsible for issuing permits under its jurisdiction to the investors as well as recommendation letters necessary to apply for license/approval from the relevant ministries. Therefore, JICA Project Team organized the information on license/approval necessary for the potential investors to obtain when entering EZs, and presented a flowchart of the procedures along the chronological timeline from company setup to actual operation.

JICA Project Team also prepared SOPs for each license/approval procedure, specifying not only the procedure but also the legal basis, application fee, review period, and application form, considering the contents to ensure transparency, fairness, objectivity, and predictability for the unit investors.

In addition, JICA Project Team publicized such the information on its website and/or distributed on paper. According to the records of approvals in OSSC, various approvals have been granted mostly within the review period stipulated in OSSC (BEZA) Rules 2018, except some cases in the firefighting and environmental

applications. Consequently, the unit investors started to appreciate it gradually. It is important for BEZA to continue to update SOPs and improve the procedures in accordance with the real situation in the field.

Recommendation to BEZA: It is necessary for BEZA to continue its effort to ensure that each license/approval are granted within the stipulated period, while keeping in mind ensuring transparency, fairness, objectiveness, and predictability in order to win a great trust from the investors. Likewise, it is necessary to update SOPs and other documents as appropriate based on actual conditions.

Support for improving procedures related to EZ development and capacity development

Study on prioritization and categorization in EZ development

BEZA, under government policy, aims to develop 100 EZs by 2030. However, there are many candidate places where only land is secured, though its function as EZ is yet to be verified, and similarly, EZ development license is being issued, so the number of EZ under development is increasing. Even under such circumstances, the number of OSSC staff members who properly manage and operate EZs is way short of what is required. In proceeding with future EZ development, BEZA needs to prioritize EZ development from the perspective of selection and concentration of inputs (persons, things, money). BEZA Executive Chairman laid out a realistic strategy by prioritizing the development of following four EZs; namely, BSEZ, BSMSN, Jamalpur, and Shreehatta EZ. Likewise, the World Bank "Study of National Master Plan for BEZA" (consultant selection in progress as of December 2021) will determine prioritized EZs by examining each candidate locations from the viewpoints of economic zone, market potential, potential industries, and necessary infrastructure. In future, it may be worth classifying EZs into such categories as the ones with international standard to attract foreign direct investment, the ones as small industrial park targeting mainly to the local companies, and the other ones as a wholesale industrial park, and applying operation and management methods appropriate for each category.

Recommendation to BEZA: In order to promote EZ development efficiently and effectively, EZ development plan needs to be prioritized. Especially, establishment of EZ of international standards that are capable of attracting foreign investment is an urgent issue, thus, for the time being, BEZA needs to focus on developing the four prioritized EZs. In the future, it is worth considering the possibility of classifying EZ into two categories and adopting operation and management method in accordance with the respective objective and characteristics.

Establishing precedent of EZ development along international standards

The majority of EZ currently under operation are developed by Bangladeshi developers and its unit investors are domestic companies. The EZ, which aims to attract foreign investment in line with the objectives of EZ Act 2010, is yet to be established and operated. Consequently, EZ development and operation are naturally subject to Bangladeshi business practices. This resulted in EZ operation without obtaining the necessary approvals and without constructing onsite infrastructure through individual negotiations with BEZA. For future EZ development, it is desirable to establish successful precedents of EZ development in accordance with international standards, such as BSEZ, an on-going yen loan project, and to apply the method to other EZ development. In BSEZ, it is planned to pilot some projects which are new to Bangladesh, such as to establish regional OSSC and customs clearance function in EZ. It is expected that the knowledge and know-how obtained from such trial will be applied to other EZs and to contribute to improving investment and business environment in Bangladesh.

Recommendation to BEZA: It is necessary for BEZA to hasten the development and commencement of operation of EZ that meet international standards to serve as a model case of EZ development in Bangladesh. In BSEZ, which is under development with yen loan assistance from Japan, it will be equipped with onsite infrastructure and utility necessary for EZ and will be operated under the supervision of an internationally experienced developer. It is also planned to implement regional OSSC and customs clearance in EZ, and it is expected that the knowledge and experience gained will have a positive impact on further EZ development.

Training of practical staffs capable of detailed design of EZ development and of field monitoring

The survey on EZ status conducted during the Project implementation period revealed that the detailed drawings were not prepared at the time of EZ planning and designing and that the those involved were not aware of the importance of them; as a consequence, monitoring work was not conducted. It is necessary to train engineers and key personnel who understand the importance of design and construction management well for the future EZ development. Throughout the project, JICA Project Team supported in developing soft infrastructure to enable BEZA officials and EZ developers to properly manage EZ development and operation, including 1) recommendations on EZ development procedures, 2) handbook for EZ designing and monitoring works, 3) introduction of TRESSA to manage the progress of EZ development. It is expected that these basis will be fully utilized thus contributing to the practical capacity of those who are concerned.

Recommendation to BEZA: It is necessary for BEZA to concentrate on practical capacity development of the staff members so that they become capable of carrying out planning and designing of EZ development and field monitoring work by utilizing the procedure for EZ development and operation, the handbook for practical implementation, and the EZ progress management system, all of which have been developed through the Project.

Support for establishment and operation of BEZA Information System

Set up internal rules for information security

JICA Project Team mainly supported establishing the information infrastructure in BEZA and expansion of online application of OSSC as well as its hybrid functioning. Additionally, it is necessary in the future to strengthen the management system of information security of the entire organization. To achieve this, it is necessary to build up the awareness and develop rules for the entire organization to prevent incidents rather than the current support system built after an information incident has occurred. Specifically, infection incidents are happening due to the use of USB flash drives brought from outside and/or the use of pirated software copies, both of which are still common practice; therefore, it is necessary to establish the information security policy and guidelines which stipulates safe usage of IT equipment in the office. While there is already an IT policy and guideline set by the government, some internal rules need to be set up separately to deal with the perversive daily practice of dangerous usage of PCs which may lead to information leakage from BEZA office.

Recommendation to BEZA: BEZA needs to strengthen information security within BEZA in addition to management of its information infrastructure. For that, it is necessary to raise awareness and establish rules and regulations for the entire organization to prevent incidents rather than current support mechanism formed after an information incident occurs.

Support for review and improvement of EZ-related laws and regulations

Establishment of legal basis for EZ-related procedures and EZ development planning, design, and monitoring operations

While OSSC aims to provide the centralized license/approval services, BEZA has no authority to handle non-jurisdictional licenses in OSSC, nor does it have any discretion to simplify and expedite the procedures. In 2018, during the project period, legal basis was established for the provision of license/approval services by promulgation of OSS Act 2018 and OSS (BEZA) Rules, which specified the licenses/approvals handled by OSSC and the review period etc. Based on this, BEZA OSSC obtained approval from the relevant ministries and agencies for SOPs for each approval procedures, which enabled BEZA to provide administrative services in the form of exercising administrative authority. JICA Project Team proposed improvements of EZ development procedures to be included the following stipulations in the articles of Private Economic Zone Rules 2021 being drafted by BEZA: final inspection upon the completion of development works; issuance of certificate of completion of development works; introduction of phased basis development plan; and conducting monitoring work and based on which specific workflows will be prepared. The handbook for EZ development and operation, which describes procedures of EZ planning and designing as well as monitoring items, will also be incorporated into SOPs. As in the case of OSSC, having a legal basis for the workflow and SOPs will make them enforceable as rules, and the solid workflow will be fully established.

Recommendation to BEZA: When improving the approval workflow, it is important to provide a legal basis in order to enable BEZA OSSC officials to require the applicant to comply with and implement the relevant approval procedures. As for the improvement efforts of EZ development, similar to OSSC, it is necessary to provide a legal basis to the workflow, given the relevant laws and regulations, leading to actual operation and consolidation.

Investment promotion and inter-enterprise linkage

Formulation of EZ attraction plan taking into consideration of industry related policies and characteristics of each industrial sector upon linkage formation

The policies on industry, investment and trade are to be formulated by MOI, BIDA and Ministry of Commerce respectively. Four economic corridors proposed by ADB and Matabari-Moheshikhari comprehensive development plan based on BIG-B, which is under discussion with Japan, are also under consideration. BEZA, as the implementing agency of EZ development and operation, needs to take these policies into consideration when formulating EZ development and investment promotion plans. Moreover, BEZA also needs to strengthen its function as an investment promotion agency. It is necessary for BEZA to accumulate know-how as an investment promotion agency by understanding 1) while it is important to attract anchor industry, their criteria of investment decision is different from one another (condition of investment by anchor industry), 2) supporting industry may not be followed immediately after the anchor industry's investment (condition for forward linkage

formation) and 3) it is not easy task to develop local supporting industry which supplies the parts to anchor industry (condition for backward linkage formation). BEZA's contribution to linkage formation is not to conduct blind promotion activities but to establish a structure which can implement the investment attraction policy based on the characteristics of each EZ, and to accumulate further know-hows.

Recommendation to BEZA: When formulating EZ development plans and investment promotion plans, it is important to refer to the relevant policies of industry, investment and trade. In addition, it is necessary to understand the characteristics of the target sectors and promote linkage formation based on the properties of each EZ, rather than pursuing it in blind manner.

EZ investment promotion: Establishing a mechanism to attract "investment of good quality"

When planning investment promotion, in many cases, promising industry is determined and priority is given to those industry. However, when having such discussions, it is important not to intervene in an extreme manner, such as by insisting that only certain industries be attracted to individual EZ. BEZA needs to understand that the ultimate responsibility of investment attraction falls in the hands of developer with its own marketing perspective. Even in the garment sector, which is considered as a labor-intensive industry, companies that produce high value-added product but those yet to be produced in Bangladesh, or that employ more than 1,000 employees are worth considering acceptance of their investment and may be treated on a case-by-case deal. What is important is to attract "investment of good quality (see footnote 6 on page 2)" which complies with the objective of EZ Act and with regulations, brings new technologies, and is willing to contribute to human resource development in Bangladesh. As of December 2021, about 100 domestic and foreign companies had concluded with BEZA land lease agreement in the EZs managed by BEZA. In order to firmly capture such investment momentum (wave of investment), it is necessary to steadily advance the development of priority EZs and to establish a structure accommodating "investment of good quality" as soon as possible.

Recommendation to BEZA: When formulating EZ development plans and investment promotion plans, in addition to promising and priority industries, focusing on "investment of good quality" will lead to economic development in Bangladesh. It is necessary to establish a mechanism to capture such investment inflow by incorporating such the perspective into the investment criteria, developing the ability to judge "investment of good quality".

III.3.2 Lessons Learnt and Recommendations for JICA Cooperation Project

Cross-cutting project implementation structure with three components

This project consisted of three components: BIDA (investment policy and promotion), BEZA (EZ development and operation), and MOI (policy on supporting industry and enterprise development). The cross-sectional approach to investment promotion and industrial competitiveness enhancement was very helpful in strengthening of EZ functions. In particular, reports to the PCC and JICA Advisory Committee (including JICA), the PMO's support to relevant ministries for assisting BEZA, and direct encouragement from the JICA Advisory Committee members were good stimuli for the BEZA C/Ps and gave them confidence in implementing the project. Although it depends on the circumstances and needs of the developing country, similar support and assistance using platforms such as LFP could be used in other technical cooperation projects.

Recommendations to JICA: The cross-sectional project implementation system with three components contributed to strengthening the EZ management system. It is recommended that similar approaches be applied to industrial development projects in other countries in the future.

Active use of local members supported the smooth implementation of the project under COVID-19.

About 10 local members were hired for this project. In collaboration with the C/Ps, they supported OSSC's operation by providing consultation services, assessment, and on-site inspections. Through the actual practice, the local members themselves have matured and are also providing training to new BEZA OSSC officials.

In addition, while Japanese members were unable to travel to Bangladesh due to COVID-19, the local members built reliable relationships with BEZA officials and related ministries, made efforts to ensure the project implementation with them, and contributed to building bridges with Japanese members.

Recommendations to JICA: The use of local human resources is essential for effective technology transfer under the impact of COVID-19.

Looking for results through trial implementation (importance of agile development)

The most important point for smooth implementation of a cooperation project with technology transfer to C/Ps is to motivate C/Ps and create a system in which they are willing to engage in the project activities as their own business. For example, in the case of a general survey, what is normally required of experts is to organize and

analyze the current situation and issues in detail, and to specify the derived solutions in the form of Master Plan and detailed Action Plans. Meanwhile, simply providing a perfect answer will not motivate C/Ps. It is important to imagine and do necessary preparation for full-scale operation from the survey stage. Therefore, JICA Project Team believes that the agile development method[14] will be effective for technology transfer, in which the general direction of the solution is first indicated, and improvements are made according to the situation with cooperation from experts and C/Ps.
Recommendations to JICA: Agile development methods are effective in improving the practical capacity of C/Ps while implementing what is proposed.
Preparation and approval of the TAPP in advance
As the TAPP is a document which is to be prepared by Bangladesh, JICA Project Team assisted BEZA in preparing the TAPP on behalf of JICA Bangladesh Office after the start of the project. However, the TAPP has not yet been approved even in the final stage of project implementation. For future projects in Bangladesh, the TAPP needs to be approved before the project starts.
Recommendation to JICA and BEZA: TAPP approval should be obtained before the start of successor project.

[14] It is a method of software development in which planning, design, implementation, and testing are repeated in small units. It is easy to respond to the needs of customers and users because it can easily accommodate specification changes.

IV. Component 3

Strengthening the Support System for Industry Development

IV. Component 3: Strengthening of Support System for Industry Development

IV.1 Achieved Outputs

Table 1.1.1 summarizes the main outputs achieved in Component 3.[1] The current report later examines the achievement status in comparison with the key performance indicators (KPIs) as well as the background and factors of the status in IV.2.6.

Table 1.1.1 Main Outputs Achieved in Component 3

Activities		Achieved Outputs
1	Support in Linkage-case Creation	- Matchings were made between three local plastic companies and three foreign motorcycle manufacturers in Plan 1 (Prototype Making of Motorcycle Parts) of the Action Plan. - The three plastic companies above, or "model companies," developed a "model line" meant exclusively for future production of motorcycle parts with the higher-level production and quality management system than they had maintained. - Each model company enhanced capabilities of 5S, drawing technology and management, process control, operation standards, standard molding conditions, inspection standards, identification control between conforming and non-conforming products, order/shipping management, visualization of quality/production management activities, etc. - One of the model companies achieved the target score of 80 out of 100 in the quality/production management system check sheet in comparison with the baseline score of 41 at the start of the support. The scores of other two companies, though not reaching the target, increased to 63 and 50, respectively, compared to 26 and 28 at the start of the support. - Two foreign motorcycle manufacturers assessed the management level of the model line of the respective model companies. - A foreign motorcycle manufacturer started coordination for transfer of a mold from abroad for prototype-making. - A total of 143 employees in the three model companies received hands-on training/technical guidance from the JICA Project Team.
2	Capacity Development Programs for Supporting Industry*	
2-1	Plan 3 (Program for Enhancement of Capacity of Business Managers)	- A total of 106 top managers, mid-level managers and factory managers of the light engineering and plastic companies participated in seven training batches organized by the SME Foundation (SMEF) together with the JICA Project Team.
2-2	Plan 4 (Program for Introduction and Extension of KAIZEN)	- A total of 36 candidates for a KAIZEN Extension Officer joined three batches of Training of Trainer (TOT) implemented by SMEF in collaboration with the JICA Project Team. These candidates belonged to five agencies under the Ministry of Industries (MoI) and two industry associations. - Out of 36, 28 met the evaluation criteria as a KAIZEN Extension Officer. - Nine companies out of 12 which had received the trainees for the onsite training under TOT improved either the defective rate or productivity, thereby accomplishing at least one of the goals set by them together with the trainees.

[1] The outputs are summarized here in line with the "Action Plan" for development of the target industries, namely, light engineering and plastic industries, the primary support activity of this component. The Action Plan consists of three themes, namely, "Support in Linkage-case Creation," "Capacity Development Programs for Supporting Industry," and "Support Concerning Supporting Industry Development Policies/Measures," and nine "Plans" assigned to each theme (Plan 1 to Plan 9). Plan 9 which is not shown in the table and its note was conducted within the framework of other plans (Refer to IV.2.5 to IV.2.6 for more details of the Action Plan).

Activities		Achieved Outputs
2-3	Plan 5 (Program for Enhancement of Die/Mold Technologies)	- The Bangladesh Industrial and Technical Assistance Center (BITAC) in cooperation with the JICA Project Team completed two batches of TOT. - Fifteen trainees from BITAC and 14 from private companies, or 29 trainees in total, joined the first batch. Out of 29, ten continuously attended the training including online sessions and completed the training with the attendance rate of 80% or higher. - The JICA Project Team organized training in Japan within the framework of the first batch from February to March 2020 where 15 trainees from BITAC, a light engineering industry association and a plastic industry association visited 11 organizations and companies. - Seventeen trainees from BITAC and nine trainees from private companies, or the total 26 trainees, participated in the second batch; out of which 15 satisfied the evaluation criteria as a qualified instructor in this field.
2-4	Plan 6 (Program for Enhancement of Injection Molding Technologies)	- A total of 674 employees of various plastic companies attended the i) training for technicians (13 batches), ii) training for individual companies/BDS organizations (14 batches), and iii) TOT (one batch) conducted by the Bangladesh Institute of Plastic Engineering Technology (BIPET)** in collaboration with the JICA Project Team. - Thirteen trainees had initially joined TOT; out of which five completed the training by satisfying the evaluation criteria as a trainer in this field.
3	Support Concerning Supporting Industry Development Policies/Measures***	- The JICA Project Team organized training in Thailand in March 2019 to learn the supporting industry development in the country. A total of 20 public and private stakeholders in Plan 1 and Plan 7 (Support in Formulation of Supporting Industry Development Plan) visited 17 organizations and companies in the country. - The JICA Project Team prepared and submitted to MoI a draft for the "Supporting Industries Development Plan for Motorcycle Sector in Bangladesh (SIDP)" under Plan 7 in the end of July 2020. - The JICA Project Team, in response to request from MoI, provided comments on drafts of 2019 and 2020 for the "National Plastic Industry Development Policy 2020."

Note: * Plan 2 "Program for Enhancement of Basic Skills for Light Engineering Sector" had been a part of the Capacity Development Programs for Supporting Industry. Yet, it was later integrated into Plan 5 (Refer to IV.2.5 for more details).
** BIPET is a training institute under the Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA).
*** Plan 8 "Recommendation for Financial Measures for Modernization of Supporting Industry" had also been a part of the Support Concerning Supporting Industry Development Policies/Measures and the recommendation was included in the draft of SIDP in Plan 7.
Source: Prepared by JICA Project Team

IV.2 Activities of Component 3

This chapter reports on the activities conducted in Component 3 over the project period.

IV.2.1 Activities of PIC-3/PIU-3 and Constitution of JICA Project Team

IV.2.1.1 Project Implementation Committee-3 (PIC-3)

PIC-3, an overall coordination and monitoring body of the component activities, was formed by an official letter of MoI dated 29 June 2017. Table 2.1.1 presents a list of PIC-3 members. MoI, BITAC and SMEF shown in the table are the counterpart (hereinafter referred to as "C/P") organizations of Component 3 whose organization charts are shown in Figure 2.1.1.

Table 2.1.1 Members of PIC-3

No.	Title	Organization
1	(Chair) Senior Secretary	MoI
2	Additional Secretary	MoI
3	Joint Secretary	MoI
4	(Secretariat) Senior Assistant Secretary	MoI
5	Planning Wing	MoI
6	Representative	BITAC
7	Representative	SMEF
8	Representative	Economic Relations Division, Ministry of Finance
9	Representative	Planning Commission
10	Representative	JICA Bangladesh Office
11	Representative	Component 3 Team, JICA Project Team

Source: A letter issued by MoI dated 29 June 2017

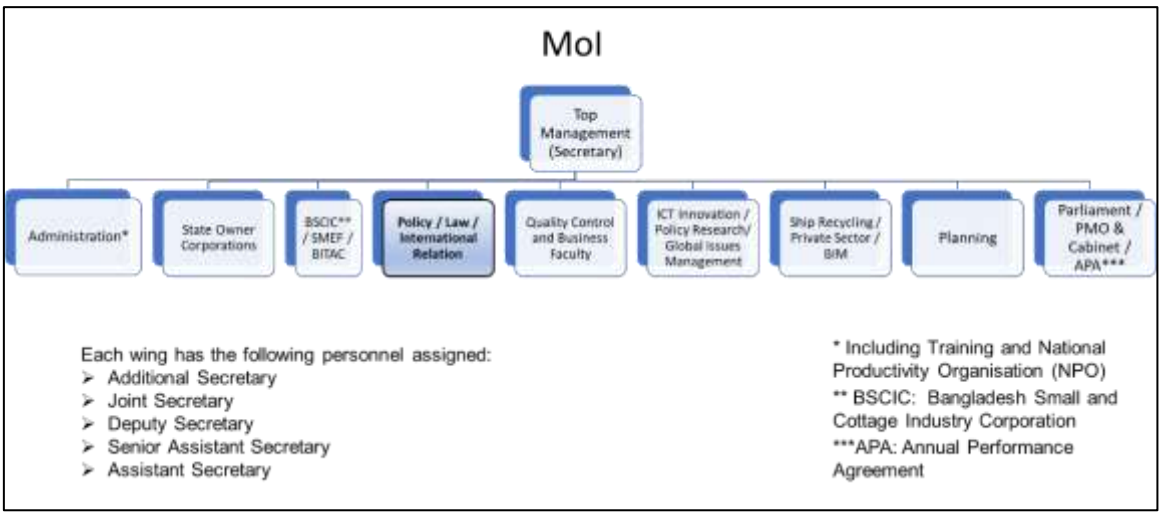
As shown in Table 2.1.2, PIC-3 had held seven meetings by the end of the project. Representatives from non-PIC organizations[2] also attended the third meeting onward in addition to the official members. The JICA Project Team shared with the C/P organizations the presentation materials on progress in the component activities in April and October 2020 and March, May and October 2021 during the pandemic of the Coronavirus disease 2019 (hereinafter referred to as "COVID-19"). PIC-3 organized the final meeting in March 2022 where the JICA Project Team presented summary of the Draft Final Report and collected comments from the members on it, thereby wrapping up the component activities.

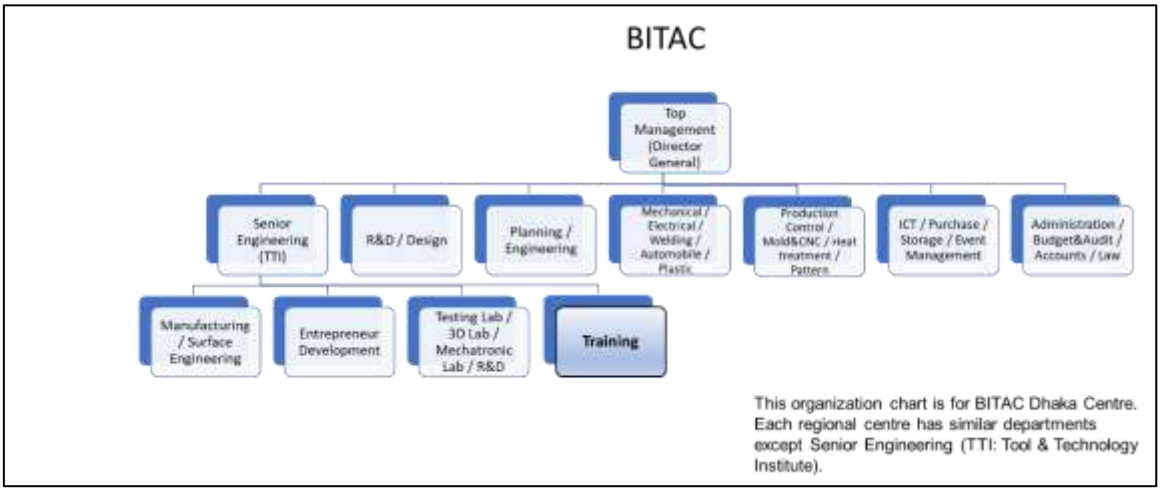
Table 2.1.2 Record and Plan of PIC-3 Meetings

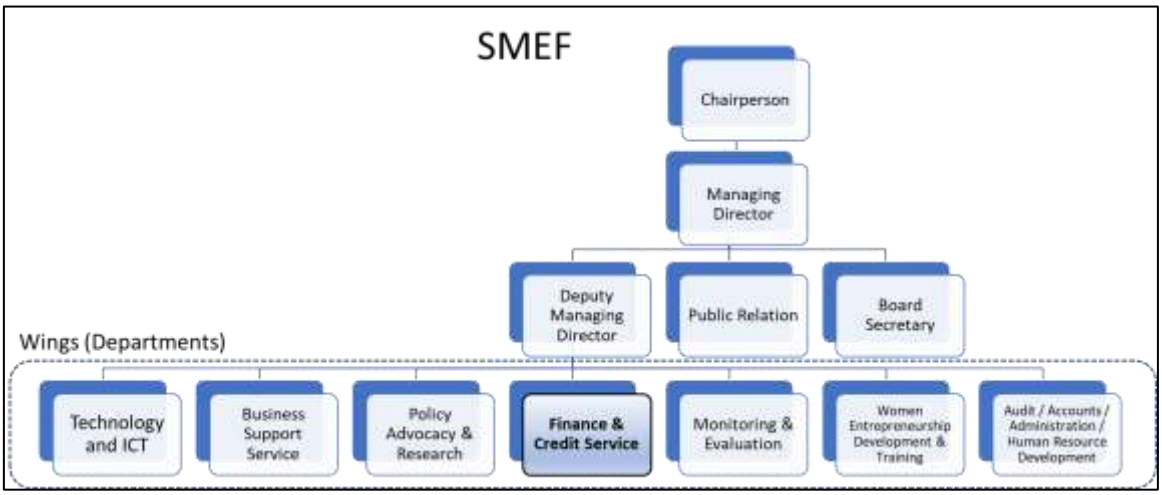
No.	Date	Main Topics, Discussion Points and Agreement
1	13 July 2017	Overview of Component 3 activities, implementation set-up for these activities
2	11 December 2017	Interim results of a current situation survey on the target industries
3	27 February 2018	Final report on the current situation survey above, draft of the Action Plan for development of the target industries
4	10 October 2018	Progress report on implementation of the Action Plan, collaboration with other components
5	16 April 2019	Progress report on implementation of the Action Plan
6	22 October 2019	Mid-term review on component activities (status of achievements and goal setting for the remaining term)
7	9 March 2022	Explanation of the Draft Final Report and collection of comments on it

Source: Prepared by JICA Project Team

[2] BPGMEA, the Bangladesh Engineering Industry Owners' Association (BEIOA), and the Bangladesh Motorcycle Assemblers & Manufacturers Association (BMAMA) in addition to BIDA and BEZA which are the C/P organizations of Component 1 and Component 2, respectively.







Note: Departments (Wings) shown by the bold letter are in charge of this component.
Source: Prepared by JICA Project Team based on organization charts of the three organizations (those of MoI and BITAC are in Bengali and that of SMEF is in English)

Figure 2.1.1 Organization Charts of C/P Organizations

IV.2.1.2 Project Implementation Unit-3 (PIU-3)

Table 2.1.3 shows members of PIU-3 that led implementation of the activities in cooperation with the JICA Project Team. PIU-3 played a pivotal role in implementation of the activities, especially the current situation survey and the Action Plan. The Joint Secretary numbered "1" in the table has been vacant since October 2020.

Table 2.1.3 Members of PIU-3

	Name	Title	Organization
1	Ms. Yasmin Sultana (July 2017 to August 2019) Mr. Mir Khairul Alam (October 2019 to October 2020)	(Leader) Joint Secretary (vacant from October 2020)	MoI
2	Mr. Salim Ullah	Senior Assistant Secretary	MoI
3	Dr. Ihsanul Karim	Director	BITAC
4	Mr. Nazeem H. Satter	General Manager	SMEF

Source: Prepared by JICA Project Team

IV.2.1.3 JICA Project Team

Table 2.1.4 presents constitution of the JICA Project Team with the members in charge of each plan of the Action Plan (Refer to IV.2.5 and IV.2.6 for more details). Two leaders were assigned; the leader numbered "1" led activities concerning supporting industry development policies/measures while "2" took lead in activities for capacity development of the supporting industry. As for Plan 1 of the Action Plan, all technical experts from "4" to "8" contributed to the activities under the instruction from member "4." Members "9" and "10" assisted the leaders in managing overall component activities in addition to taking charge of each specific responsibility. Apart from the Japanese experts, two local assistants, one for administration and the other for technical matters, and an office secretary were assigned in the team.

Table 2.1.4 Constitution of JICA Project Team

	Position	Name	Plan-in-Charge	Assignment Period
1	Component Leader 1 / Supporting Industry Development	Yoji Watanabe	Plan 7 and 8	April 2017 – June 2021
2	Component Leader 2 / Supporting Industry Development / BDS Development	Keisuke Sugiyama	All	April 2017 – April 2022
3	(Predecessor) Production Technology / Equipment 1	Takeshi Adachi	-	April 2017 – June 2018
4	(Successor) Production Technology / Equipment 1 (Automobile / Motorcycle Parts)	Osamu Sato	Plan 1	September 2018 – April 2022
5	Production Technology / Equipment 2	Makoto Nakazawa	Plan 5, 6 and 1	April 2017 – April 2022
6	(Successor) Production Technology / Equipment 3 (Metalworking)	Kuniaki Kowatari	Plan 5 and 1	December 2019 – April 2022
7	Quality Control / 5S / KAIZEN	Hideki Tabuchi	Plan 4 and 1	April 2017 – April 2022
8	Business Management and Diagnosis	Naoya Nishigaki	Plan 3 and 1	April 2017 – April 2022
9	Institutional and Human Resources Development	Kenji Hata	All	April 2017 – April 2022
10	Business Linkage / PR	Yuta Noguchi	All	April 2017 – April 2022
(1)	Project Assistant 1 (Administrative)	Abul Faruque	-	September 2017 – March 2022
(2)	Project Assistant 2 (Technical)	Jafar Ikbal		June 2021 – March 2022
(3)	Office Secretary	Hakim		November 2017 – March 2022

Note: Members "4" and "6" succeeded "3" by dividing 3's responsibilities after his assignment finished in June 2018.
Source: Prepared by JICA Project Team

IV.2.2 Current Situation Survey on Target Industries and Analysis of Challenges/Needs

This section summarizes results of a survey on the current situation of the target industries, namely, light engineering ("LE[3]") and plastic industries, which were conducted from August to December 2017 (hereinafter referred to as the "Survey" in this section). The Survey aimed to grasp the supply chains and challenges/needs of the target industries. The complete report of the results of the Survey is presented in Attachment 1.

IV.2.2.1 Survey Method

The Survey consisted of a) literature and internet research, b) a questionnaire-based structured interview survey subcontracted to a local company (hereinafter referred to as the "questionnaire survey" in this section), and c) an in-depth interview survey conducted by the C/P organizations (BITAC and SMEF) together with the JICA Project Team (hereinafter referred to as the "interview survey" in this section). The questionnaire survey was conducted by targeting 50 companies of each target industry. A separate summary report on results of the questionnaire survey is accessible in Attachment 2. On the other hand, the C/P organizations and the JICA Project Team performed the interview survey with two industry associations of the target industries, 42 LE companies including 12 die/mold companies, 29 plastic companies and two plastic trading companies. About 70% of the companies targeted[4] in these two surveys were those recommended as the prospective companies[5] by the industry associations and the C/P organizations while the remaining 30% were selected at random.

IV.2.2.2 Survey Results

The following summarize results of the Survey. For analytical purposes, the challenges faced by both target industries are classified into a) general challenges and b) challenges in promoting the backward/forward linkage with the motorcycle industry.[6] It should be noted here that the JICA Project Team were in close contact with many LE/plastic companies through training and technical guidance programs even after the Survey had finished, thereby confirming that the situation remains almost the same as of the time that the present report is submitted.

IV.2.2.2.1 LE Industry

(1) Overall Situation

Since the LE industry consists mostly of micro and small companies, it is difficult to obtain statistics that accurately represent the current situation of the industry. According to BEIOA, an LE industry association, about 600,000 people are engaged in approximately 40,000 LE companies in Bangladesh, and the industry's contribution rate to GDP is 3%. Further, its annual sales are estimated to be around USD 1.6 billion, and domestically produced products meet about half of the total demand of LE products in the country, thereby

[3] The LE industry is a unique industry category in Bangladesh that covers a wide range of light industries. This component targeted metalworking companies among these light industries.

[4] On average, 86% of the total LE companies targeted in the two surveys are classified as either small, micro or cottage with 120 employees or less as per definition of the National Industrial Policy 2016 and they produce various kind of metalworking products. On the other, 97% of the targeted plastic companies are either small, medium or large with 120 employees or above and their main products are household articles, accessories for the apparel industry, packaging, and infrastructure-related products.

[5] The companies recommended as potential to become a parts-supplier for foreign manufacturers in future. These companies are also a candidate for the "model company" explained later.

[6] Component 3 had initially taken several candidate industries for development of the backward linkage with the target industries. Yet, the component later started to focus on the motorcycle industry in view of necessity to narrow down the scope of the target products, high market growth rates of the industry, and breadth of the supporting industries of it, among others. The Survey thus put more emphasis on analyzing challenges in promoting the backward/forward linkage with foreign motorcycle manufacturers, than on those generally observed in the target industries as a whole.

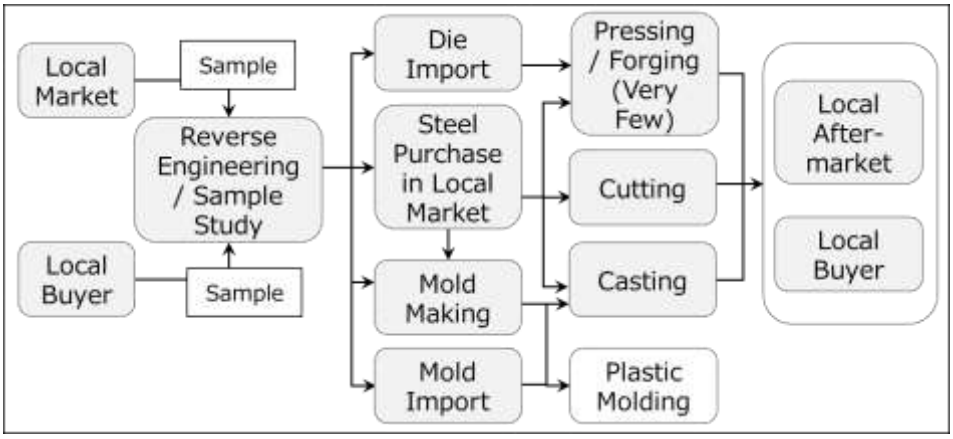
contributing largely to import substitution in Bangladesh.

The LE industry covers various industrial products, including machinery, parts, and dies/molds, which are mainly metalworking products. Because of its characteristics as a mother body of all manufacturing industries, the LE industry is selected as a high priority sector by industrial development policies such as the National Industrial Policy and the Export Policy as well as by industrial promotion projects of other donor agencies. There are 34 LE industrial clusters identified by SMEF in the country.[7] These consist of approximately 7,500 companies in 18 districts.

The manufacturing process of LE companies generally takes form of manual processing or single-item processing using old secondhand machines with limited capacity of mass production. Further, the forward linkage from the LE industry to foreign companies including motorcycle manufacturers has hardly developed. Not only the parts supplier, but also other supporting industries, such as steel makers, die/mold designers and makers, heat treatment facilities, material/product testing and inspection facilities, are still at the early stage of development. The formation of the industrial linkage in Bangladesh is therefore yet to start at this point.

(2) Supply Chain

Figure 2.2.1 shows the supply chain generally seen in LE companies in Bangladesh. The more comprehensive and detailed supply chain is depicted in Attachment 1. The following sections from 1) to 4) outline the supply chain from upstream to downstream tiers.



Source: Prepared by JICA Project Team

Figure 2.2.1 Supply Chain Generally Seen in LE Companies (Simple Figure)

1) Product Development

In general, LE companies in Bangladesh produce the products either on a contract or reverse-engineering basis. Even in the contracted production, the companies usually produce the products from the sample products provided by the buyer, not from a drawing which is not normally prepared.

2) Procurement of Raw Materials and Dies/Molds

The raw materials used by LE companies in the country[8] are mostly iron before the steelmaking process

[7] Website of SMEF http://www.smef.org.bd/smemap3/ (accessed 20 January 2018). The same reference is applied for regional distribution of plastic industrial clusters which is described in IV.2.2.2.2.

[8] According to the questionnaire survey results, nearly 30% of materials used for the main products of the surveyed companies are pig and cast iron and 20% are mild steel, followed by aluminum (9%), stainless steel (6%), copper (5%) and brass (4%). Copper is used only by the electrical cable companies. Iron and steel materials other than recycled ones are all imported except some scrap steel.

including pig and cast iron, and mild steel processed from scrap of decommissioned ships. As for alloy-steel, stainless steel and brass are the main raw materials while the non-ferrous metal is mainly aluminum and copper.

These companies ordinarily purchase iron and mild steel processed in Bangladesh from the local market, while imported steel is also procured from the local market. This is primarily because direct import of iron and steel requires a large amount of order at a time and 1.5 to two months of delivery time.

Many casting companies produce casting molds by themselves. The companies importing casting molds constitute about 20% of the total and these molds are chiefly from China and India. There is a very limited amount of pressing and forging dies procured by LE companies in Bangladesh including those from imports.

3) Production and Quality

Most LE companies in Bangladesh produce the products by casting or various cutting technologies, while the number of companies applying pressing and forging techniques is very limited.[9] They usually use old conventional machines with 20 or less installed at the production site. Automatic machines including CNC machines are rarely seen in LE companies in the country except die/mold companies.

Die/mold companies often apply automatic machines. They usually do not perform the integrated production; for example, some companies undertake the cutting process while others carry out the polishing and assembly processes. Most companies produce plastic molds in the simple and flat form with shallow cutting depth while the companies producing pressing/forging dies are only a few.[10]

Regarding the quality, LE companies in Bangladesh using drawings for production are rare. Even the companies using the drawings do not usually possess adequate knowledge about dimensional and geometric tolerances. Further, inadequacy in equipment maintenance, measuring technology/awareness, and quality improvement activities is causing low accuracy of their products in general. According to the questionnaire survey results, the companies using measuring equipment are limited to 4% of the total respondents and those implementing quality improvement activities, including KAIZEN, constitute a mere 2%. Furthermore, the number of LE companies targeted in the Survey having ISO9001 certification is as low as seven; of which four are large companies producing electric cables.

4) Market

Main markets of LE companies in Bangladesh are domestic.[11] Delivery of spare machines and parts to a buyer on a contract basis or through wholesalers in the aftermarket is the main form of their product supply. Their markets or customers are not diversified,[12] as they do not normally engage in proactive marketing activities according to the interview survey results.

(3) General Challenges

Table 2.2.1 shows the main challenges raised by the companies in the questionnaire survey and the interview survey as well as those observed by the JICA Project Team in the interview survey.

[9] According to the questionnaire survey results, the processing method most widely applied by the surveyed companies for their main products is casting constituting 45% of all the methods, followed by various cutting methods (turning, milling, and grinding) (25%), welding/brazing (12%), forging (2%) and pressing (0%).

[10] According to the interview survey results, the number of companies making pressing dies is limited to two and most of their products are plastic molds; none makes forging dies.

[11] Except markets of bicycle companies and electrical cable companies.

[12] According to the questionnaire survey results, on average, 51% of the total sales of a company come from the three main customers.

Overall, LE companies in Bangladesh lay more emphasis on the challenges regarding the external environment than those of the internal environment including technologies, quality, cost and delivery (QCD). They are generally confident of quality of their products or being able to satisfy the quality required by the current local markets. These companies are apparently satisfied with the current situation as the products meet quality requirements of the current customers who sustain their present business operation.

Table 2.2.1 Main Challenges of LE Industry

Raised by Companies (Questionnaire Survey)	Raised by Companies (Interview Survey)	Observed by JICA Project Team
(Top 10 Challenges) - Difficulty in access to short term finance (lack of working capital) - Difficulty in access to long term finance (lack of investment capital) - Undeveloped infrastructure - High expense/overhead - High cost for raw material import - Increasing employees' wage - Lack of opportunity to know potential customers - Severe competition - Low technology/skills of employees - Cumbersome customs clearance	- Difficulty in access to finance - Unstable power supply and high electricity bill - Small production space - Severe competition - Lack of production volume (small market demand) - Low technology/skills of employees (including machine maintenance and troubleshooting) - Obsolete machines - Low quality of local steel (high price of imported steel) - Lack of a series of technologies for die/mold-making - Lack of common facilities for heat treatment, raw material testing, and surface treatment	- Unwillingness to change - Poor working environment and non-smooth flow of goods and humans - Halfway implementation of 3S and safety rule - Low awareness of quality - Inadequate understanding of drawing - Limited ability to optimize machines setting and production process to utilize full production capacity - Inadequacy of die/mold designing and processing capacity - Improper stock management - Lack of market/technology information - Low quality of local steel

Source: Results of questionnaire survey and interview survey

Observation of the JICA Project Team from the interview survey indicates that poor working environment and non-smooth flow of goods/workers due to inadequate application of 3S and safety rules worsen production efficiency, although the companies tend to attribute the reason for these to the small production space. All of the above point out the difference of perception between the companies and the JICA Project Team regarding challenges in quality and conditions of the production site.

The most significant challenge that the LE companies specified is difficulty in access to finance, in particular to long-term finance, which causes adversity in solving problems of the small production space and obsolete machines. The small production space then leads to difficulty in installing up-to-date machines which are usually larger than those currently installed.

The issues in available raw materials, including high import cost and low quality of local steel, and inadequacy of die/mold designing and processing capacity, in addition to the constraints of access to long-term finance, are the challenges that both the companies and the JICA Project Team consider to be significant.

(4) Needs for Support

The questionnaire survey covered the question asking what kind of public support the companies would like to receive in the future. Details of the results are in Attachments 1 and 2.

Overall results indicate that the companies need most the support in access to long-term finance. In addition, the support in provision of market and technology information, arrangement to meet potential customers, and technical guidance of die/mold technologies is relatively in large demand. Further, there were several companies that showed interests in the support to introduce KAIZEN, including 5S, during the interview survey.

On the other hand, some companies answered "None" to the question. Nonetheless, the interview survey results suggest that these companies may not recognize what problems they are facing, or even if they do, they may not have an idea as to what measures are necessary to cope with these problems.

IV.2.2.2.2 Plastic Industry

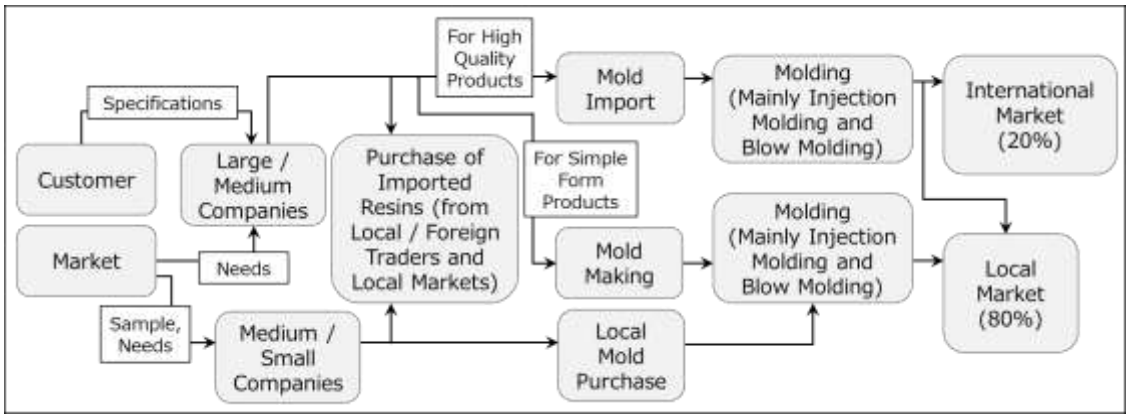
(1) Overall Situation

There are about 5,000 plastic enterprises in Bangladesh: of which: 65% are small; 33% are medium; and 2% are large.[13] About 60% of the total companies operate in or around Dhaka and the three plastics industrial clusters identified by SMEF are also in the same regions. Some 1.2 million people are employed in the plastic industry in Bangladesh. Its domestic market size was USD 950 million in 2017, while the export value stood at USD 126 million with indirect export to domestic foreign-owned garment factories being USD 467 million in the same year.[14] According to BPGMEA, a plastic industry association, there are 250 to 300 plastic companies that perform direct and indirect exports in the country.

As detailed later in this section, the major products of the Bangladeshi plastic industry are accessories for local core industries or final products for vigorous domestic markets with growing demand. Production of parts for industrial products is hardly observed. Although there are large-scale plastic companies, they are characterized by mass production of small varieties of goods made of a single plastic resin. From the viewpoint of industrial development for establishing the supplier base of industrial parts, the plastic industry is considered to be standing at a new starting line.

(2) Supply Chain

Figure 2.2.2 shows the supply chain generally seen in plastic companies in Bangladesh. The more comprehensive and detailed supply chain is depicted in Attachment 1.



Source: Prepared by JICA Project Team

Figure 2.2.2 Supply Chain Generally Seen in Plastic Companies (Simple Figure)

The following sections from 1) to 4) summarize the supply chain from upstream to downstream tiers.

1) Product Development

Plastic companies in Bangladesh, in general, tend to emulate the products selling well in the markets with booming demand, such as housewares and infrastructure-related goods, rather than developing new products by

[13] BPGMEA, a document distributed in the "12th Dhaka International Plastic, Packaging and Printing Industrial Fair" (15-18 February 2017).

[14] Same as footnote 13. According to BPGMEA, the export value including the indirect export in 2019 was about USD 1 billion and the contribution rate to GDP was 1% in the same year.

themselves. There exists a business cycle where cash-rich large companies first develop the products abroad (mold development) and smaller companies then procure cheap molds domestically by taking samples of these products.

2) Procurement of Raw Materials and Molds

All the plastic resins used by plastic companies in Bangladesh except the recycled materials are imported and they are mostly commodity plastics.[15] The main import sources[16] are Middle East and Asian countries from which the delivery takes 1.5 to two months. A periodic, fixed quantity ordering system that is normally applied by plastic companies in Bangladesh, in conjunction with the long import period and poor physical distribution conditions in the country, causes the companies to have excessive material stock.

As for molds, the plastic companies basically use imported molds for the products requiring relatively high quality and domestic molds for those of low quality. There are also the middle and large companies producing small and flat-type molds by themselves. The largest mold-import source is China, followed by India. The results of the interview survey suggest that local molds are 20-40% less costly than Chinese molds while the latter can assure usually two to five times, or sometimes even ten times, more shots (longer durability) than the former can.

3) Production and Quality

Injection molding and blow molding are predominant processing methods of Bangladeshi plastic companies. Accordingly, many of the companies possess injection molding and blow molding machines.[17]

Regarding the quality, one-third of the companies, in the questionnaire survey, is certified for ISO 9001, and more than half have industrial standards set by the Bangladesh Standards and Testing Institution (BSTI).[18] Companies visited in the interview survey tended to consider that they could produce any product according to quality requirement only if the necessary resin, mold and machine were in place.

On the other hand, only a few companies use measuring instruments, resin dryers, and mold temperature controllers that are indispensable for industrial parts production; the number of companies having measuring instruments is a mere two out of 50 respondents according to the questionnaire survey results. Further, manual deburring work widely applied in plastic companies in Bangladesh is causing variation in product quality. In addition, the results of both surveys reveal that most of the companies do not apply quality improvement activities including 5S and KAIZEN.

4) Market

Most products of Bangladeshi plastic companies are accessories for textile industries, homewares for domestic markets, infrastructure-related products, and containers for food processing, pharmaceutical and painting products, which are the local core industries and have the booming domestic demand. While their main market is local, many large companies producing accessories for textile products export them directly or supply them to

[15] According to the questionnaire survey results, 26% of the plastic materials used by the surveyed companies for their main products are polypropylene (PP), followed by polyethylene (PE) (17%) and polystyrene (PS) (8%). There is no answer for engineering plastics.

[16] Results from both the surveys show that the largest plastic exporter to Bangladesh is Saudi Arabia constituting 38% of all, followed by India (26%), Thailand and Taiwan (10% each), South Korea (6%), China (4%), and the United Arab Emirates and Singapore (3% each).

[17] According to the questionnaire survey results, 68% and 24% of the surveyed companies use injection molding and blow molding methods respectively while 92% and 58% possess injection molding machines and blow molding machines respectively (multiple answered allowed).

[18] BSTI is a standardization and certification agency under MoI.

local and foreign exporting companies.[19] Markets or customers of plastic companies in Bangladesh are not diversified,[20] and a very limited number of them perform proactive marketing activities according to the interview survey results.

(3) General Challenges

Table 2.2.2 shows the main challenges raised by the companies in the questionnaire survey and the interview survey as well as those observed by the JICA Project Team in the interview survey.

Table 2.2.2 Main Challenges of Plastic Industry

Raised by Companies (Questionnaire Survey)	Raised by Companies (Interview Survey)	Observed by JICA Project Team
(Top 10 Challenges) - Difficulty in access to short term loan (lack of working capital) - Difficulty in access to long term loan (lack of investment capital) - Lack of infrastructure. - Severe competition - High expense/overhead - Difficulty in export procedure - High tariff on imported raw materials - Lack of opportunity to know potential customers - Difficulty in employees' recruitment - High cost of imported raw materials	- Difficulty in access to finance - Unstable power supply, generating defective products. - Severe competition (market saturation, low marketing ability) - High turnover rate (after receiving in-company training) - Expensive imported raw materials - Outdated machines - Low quality of local molds, incurring high import cost and long delivery time - Low skills of employees (designing, material mixture and machine maintenance/repairing) - Inadequate technical support system and material testing facility - Lack of knowledge and technology of industrial parts processing	- Unwillingness to change - Optimistic perception that any products can be produced if there are raw materials, molds and machines - Insufficiency of product development and its awareness - Limited experience and knowledge about function-reinforced plastics including engineering plastics - Excessive raw material stock and improper stock management. - Low quality of local molds, incurring high import cost and long delivery time - Limited knowledge, experience and technology of industrial parts processing - Manual finishing, resulting in quality variation. - Halfway implementation of 3S and safety rule. - Inadequate measuring technology and quality management - Lack of technology/market information - Insufficiency of market/product diversification

Source: Results of questionnaire survey and interview survey

As in the case of the LE industry, the most significant challenge that plastic companies in Bangladesh point out is difficulty in access to finance and this is indicated mainly by small companies. This challenge makes it hard to solve the challenges including low quality of local molds (high costs incurred to purchase molds from abroad) and outdated machines. Overall, plastic companies in Bangladesh, like the LE companies, put more emphasis on the challenges regarding the external environment than those of the internal issues such as technologies and QCD. In general, especially the middle and large plastic companies have perception that they can produce any products including motorcycle parts only if appropriate raw materials, molds and machines are available.

Most plastic companies in Bangladesh do not produce industrial parts at present, and thus, do not have

[19] According to the questionnaire survey results, about 20% of the markets of the surveyed companies are abroad.

[20] According to the questionnaire survey results, on average, 72% of the total sales of a surveyed company come from the main three customers.

knowledge and know-hows of the technologies and quality management measures required for them. Normally, they do not apply the basic factors of quality management including drawings, measurement, and operation standardization. Further, except for some companies, the plastic companies usually do not perform removal of unnecessary things from the production site, measures to have more efficient movement of persons and goods, designing of the layout that makes it easier to find and take the necessary goods, etc. As in the case of the LE industry, there is the difference of perception between the companies and the JICA Project Team regarding challenges in quality and conditions of the production site.

(4) Needs for Support

The questionnaire survey covered the question asking what kind of public support the companies would like to receive in the future. Details of the results are in Attachments 1 and 2.

Overall results indicate that the largest need is for the support in access to long-term finance. In addition, the support in marketing activities, including provision of market and technology information and arrangement to meet potential customers, has relatively large demand. Further, the support to enhance mold-making technologies attracts the needs from many companies. In the interview survey, there were several companies that showed interests in the support to introduce KAIZEN including 5S.

IV.2.2.2.3 Challenges in Promoting Backward/Forward Linkage with Motorcycle Industry

Based upon the general challenges of each target industry analyzed above and results of interviews[21] with the motorcycle industry, Table 2.2.3 lists up the challenges that both target industries need to address in promoting the linkage with the motorcycle industry. The challenges are classified into the stages of the supply chain.

Table 2.2.3 Challenges in Promoting Linkage with Motorcycle Industry

Supply Chain	Challenges		Industry
1) Raw materials	a	Difficulty in procuring appropriate imported steel	LE
2) Dies/molds	a	Inadequate capacity to design and process dies/molds	Both
3) Production	a	Limited experience in pressing	LE
	b	Inadequate knowledge, technologies and facilities for industrial plastic-parts processing	Plastic
	c	Low accuracy and low quality of finishing	Both
	d	Limited knowledge and implementation of production and quality management	Both
	e	Inadequate automation of machines	LE
4) Marketing	a	Shortage of opportunity to know and meet foreign companies	Both
5) Business/financial management	a	Insufficient investment capital	Both

Source: Prepared by JICA Project Team

1) Challenges in Raw Materials

a. Difficulty in Procuring Appropriate Imported Steel (LE Industry)

Motorcycle manufacturers in Bangladesh would not accept their suppliers to use local steel[22] as raw materials to produce the parts, given the difficulty to ensure the conforming quality by it. Imported steel is, however, more

[21] In addition to the interviews with nine motorcycle companies and two industry associations, namely, BMAMA and the Motorcycle Manufacturers and Exporters Association of Bangladesh (MMEAB), the JICA Project Team performed frequent discussion with three partner motorcycle manufacturers in Plan 1 and the needs-identification survey to prepare the Supporting Industries Development Plan for Motorcycle Sector (SIDP) in Plan 7 of the Action Plan (Refer to IV.2.5 and IV.2.6 for more details of the Action Plan).

[22] Local steel generally cannot ensure the conforming quality due mainly to insufficient and non-standardized hardness, inadequate facilities for material testing, lack of facilities and technologies for heat treatment, lack of locally made alloy steel and metallurgic technology.

costly than local steel and the importation requires large amount of purchase at a time and 1.5 to two months of delivery time as reported earlier. These constraints make it unrealistic for local LE companies to import the steel by themselves or through trading agencies, and thus, they usually buy the imported steel at local stores. Since the companies face difficulty in finding the specified type of imported steel at local stores, they are often forced to buy a similar type of steel, causing the steel composition to be less adequate for the product than what it should be. Further, LE companies in Bangladesh generally possess limited knowledge and technologies for the heat treatment of hard steel/alloy steel under optimal conditions as per the steel composition, while the appropriate material testing is not performed in many cases. These factors heighten hurdles for LE companies in Bangladesh to procure imported steel according to their needs both by the importation and at local stores.

2) Challenges in Dies/Molds

a. Inadequate Capacity to Design and Process Dies/Molds (Both Industries)

Dies/molds made of local mild steel are inferior to those produced abroad in terms of the number of shots, or product durability. Further, there is difficulty in steel import and in finding specific imported steel required for a particular die/mold at local stores. As for the imported dies/molds, import of a plastic mold from China, for example, costs about 1.5 times higher than local molds and takes two months for delivery. These factors lessen comparative advantage of motorcycle parts produced by Bangladeshi LE/plastic companies against the imports.

In addition, problems listed in Table 2.2.4 regarding die/mold designing and processing of local die/mold makers cause their products to remain low in quality.

Table 2.2.4 Problems in Die/mold Designating and Processing

	Problems
1	Inadequate process planning from designing to prototype evaluation
2	Production from product samples (inability to read and write a drawing)
3	Insufficient structure designing (assembly drawings) and planning of constituting parts (parts drawings)
4	Limited ability to design and process dies/molds in the complicated form
5	Inadequate processing of cooling circuits and gas vents
6	Low quality of surface polishing (roughness of die/mold surface)
7	Insufficient dimensional measurement of finished products and lack of measuring instruments

Source: Results of interview survey

Moreover, the number of companies that can produce pressing dies is very small in Bangladesh. Promotion of the linkage with motorcycle manufacturers definitely requires pressing work, whereas the materials and technology involved are different between plastic molds and pressing dies. This situation arises largely from the limited experience of LE companies in pressing work, and inadequate facility and technology of technical assistance agencies in the field of pressing work and pressing dies compared to other processing methods, cutting in particular.

3) Challenges in Production

a. Limited Experience in Pressing (LE Industry)

As mentioned earlier, the number of LE companies in Bangladesh applying the pressing techniques is very limited. Yet, promotion of motorcycle-parts supply in Bangladesh entails increase in the number of companies able to perform the pressing as well as accumulation of experience and technical capacity of it. Insufficient experience with the pressing on the company side enlarges expectation for the support from the technical assistance agencies. Nonetheless, as mentioned above, facilities and technologies of the agencies in this field is not adequate at present compared to other fields.

b. Inadequate Knowledge, Technologies and Facilities for Industrial Plastic-parts Processing (Plastic Industry)

Industrial parts processing is usually ordered on a small-lot-production basis for wide variety of products, in contrast to mass production of the small varieties currently operated by plastic companies in Bangladesh. The small-lot production of wide varieties of plastic industrial parts entails knowledge and technologies, especially for resin replacement during the production that requires different-temperature control and efficient mold changeover, which have not been experienced by plastic companies in Bangladesh to date. Further, no burr is allowed in motorcycle parts. A complete removal of the factors creating defective appearance and compliance with dimensional tolerance, which are not required in the current products, are strictly required for the motorcycle parts.

Meeting these strict requirements necessitates skills in the measurement and fine adjustment of molding conditions. Most plastic companies in Bangladesh, however, do not or cannot perform the measurement, the basics of the quality assurance, because they have the limited knowledge, technologies and instruments at present. As for the fine adjustment of molding conditions, it is essential to understand proper positioning and speed control of a heating cylinder screw, and flowing route and speed of resin inside the molding machine. The plastic companies in Bangladesh do not currently have such knowledge and skills. Moreover, the fact that the companies do not ordinarily possess a resin dryer and a mold temperature controller would pose a challenge as these are indispensable facilities for industrial parts production.

c. Low Accuracy and Low Quality of Finishing (Both Industries)

In general, low-quality requirement by the current markets causes LE and plastic companies in Bangladesh not to have strong awareness toward quality improvement. Further, they usually have a small number of employees with formal technical education and training. Meanwhile, the technical factors generating low accuracy and low quality of finishing are inadequate knowledge and awareness regarding a) use and understanding of a drawing, b) use and calibration of measuring instruments, c) optimization of production conditions (parameters), and d) re-grinding of cutting tools, in addition to the challenge regarding dies/molds mentioned above as well as the delay in automation of machines discussed later.

d. Limited Knowledge and Implementation of Production and Quality Management (Both Industries)

In order to continuously supply parts to motorcycle manufacturers, LE and plastic companies in Bangladesh would need to satisfy and maintain the required quality, to deliver goods in the quantity required by the specified time, and to realize the manufacturing cost designated by the customers while leaving the margin for profit. For ensuring these, the companies would need to implement strict quality and production management. Notwithstanding, LE and plastic companies in the country still do not have sufficient knowledge, awareness and practice of such management technologies.

The production and quality management system covers a wide range of management activities. Given the present level of the companies in systematic and firm management activities, it is not realistic for them to introduce high-level and comprehensive management activities simultaneously. KAIZEN including 5S would be effective as the first step to enhance quality-awareness and to establish the strict and sustaining production and quality management system. Most LE and plastic companies in Bangladesh, however, do not implement KAIZEN at present and recognition of KAIZEN is very small in these industries.

e. Inadequate Automation of Machines (LE Industry)

Basically, LE companies in Bangladesh, except foundries, produce the small varieties of products in small volume. This is partly due to lack of automated machines including CNC machines. Further, non-standardized product quality, low product accuracy and low quality of finishing are caused largely by production by manual work and conventional old machines. Introducing the new and automated machines to the present LE companies in Bangladesh seems to be a big challenge. Nonetheless, the automated machines including CNC machines would be indispensable to satisfy strict requirements of motorcycle manufacturers, for their production volume, quality, price and delivery time.

4) Challenges in Marketing

a. Shortage of Opportunity to Know and Meet Foreign Companies (Both Industries)

Both LE and plastic companies in Bangladesh consider a shortage of opportunity to know and meet foreign companies to be the most serious challenge in developing the linkage with foreign companies.[23] While the public support is apparently insufficient to provide such opportunity,[24] the companies themselves are also not proactively attempting to acquire it. The LE and plastic companies basically have not actively diversified their customers so far and thus they do not have much experience of new customer exploration. Therefore, they would face difficulty in finding opportunity to market themselves to motorcycle manufacturers without external support to create such opportunity or facilitate the proactive marketing activities by them.

5) Challenges in Business/Financial Management

a. Insufficient Investment Capital (Both Industries)

Both LE and plastic companies in Bangladesh consider adversity in access to long-term finance to be the most challenging issue in their business operation. According to the interview survey results, the current interest rate of a long-term loan for SMEs which cannot receive the prime rate is, though recently declining, 10-13% on average. Banks require land as the collateral and do not usually accept movables including machines as the collateral. The repayment period is ordinarily three to five years, while the grace period is not normally awarded. Especially, lack of automation of machines, a limited space for production, and difficulty in procuring high-quality dies/molds cannot be effectively solved without improving the access to long-term finance.

Based upon the general challenges and needs of the target industries as well as the challenges in promoting the backward/forward linkage with motorcycle industry analyzed above, the Roadmap/Action Plan for development of the target industries was formulated as detailed in IV.2.5.[25]

[23] In the questionnaire survey, 41 LE companies and 38 plastic companies out of 50 each answered "Shortage of opportunity to know and meet foreign companies" as the most significant challenge in creating and promoting the linkage. For export promotion, as discussed earlier, the overseas market accounts for 20% of the total market for the plastic industry and BPGMEA supports its member companies in creating opportunities to know and meet potential foreign customers by organizing the international exhibition every year.

[24] SMEF supports SMEs' marketing activities especially by helping their participation in exhibitions. The public support that is not sufficient here involves the support for business partnering between foreign companies and local SMEs in specific industries.

[25] Although the policy-related documents introduced in IV.2.3 and the current situation of BDS organizations analyzed in IV.2.4 also constituted the materials for formulation of the Roadmap/Action Plan, the results of this Survey are the largest element in them.

IV.2.3 Survey on Policies for Industrial Development and Related Projects of Other Donors

From the inception of the project, the JICA Project Team continuously surveyed development plans/policies of the government and projects of other donor agencies related to Component 3. This section, as the result of the survey, summarizes the contents of each plan/policy and projects that are closely relevant to this component.

IV.2.3.1 7th Five-Year Plan[26]

The 7th Five-Year Plan, which stipulates the overall development plan to be implemented from FY2016 to FY2020, sets promotion of industrialization as one of its development goals. Specifically, the plan calls for strengthening the manufacturing sector and expanding its exports. Based on the experience in the partnership between a South Korean company and a local company that led to development of the ready-made garment industry, the plan emphasizes attraction of investment from foreign companies and absorption of their technologies as imperative to join the global supply chain. Therefore, it requires the government to formulate the policies to encourage inward direct investment and to enhance the basic technologies of domestic companies that are required for such technological cooperation. The plan also states that the government will reinforce functions of SMEF, expand measures including support for industrial cluster development, improve labor productivity by providing training that meets needs of SMEs, and develop a management-level workforce that can play a supervisory role with a high level of knowledge and skills.

IV.2.3.2 8th Five-Year Plan[27]

The 8th Five-Year Plan, which lays out the overall development plan to be implemented from FY2021 to FY2025, was issued in December 2020. The plan states that strengthening the foundation of the manufacturing sector is one of the most important challenges, and that increased private investment by both local and foreign companies is essential to address those challenges. The plan identifies LE, food processing, leather and footwear, and pharmaceutical as the high-priority industries. Further, it predicts that the contribution rate of the industrial sector to GDP will grow from 35% in FY2020 to 41% in FY2025. In terms of support for micro, small and medium enterprises, the plan follows the direction of the seventh plan to strengthen functions of SMEF. In particular, SMEF, in this plan, is expected to cooperate closely with the Bangladesh Bank in the area of financing and to be developed to serve as a one-stop service center for SME support measures.

IV.2.3.3 National Industrial Policy 2016

The National Industrial Policy 2016 sets the following three goals: a) to improve socio-economic condition of the people of Bangladesh through concerted efforts of public-private initiative for rapid industrialization and employment generation; b) to raise the contribution rate of the industry sector to GDP from 29% to 35% by 2021 as a part of implementation of the 7th Five-Year Plan above; and c) to ensure accomplishment of inclusive growth by increasing quality employment generation through industrialization. To achieve these goals, the policy lays out ten objectives for its effective implementation as shown in Table 2.3.1. Further, it identifies the LE industry as one of the seven "High Priority Sectors" and the plastic industry as one of the 24 "Priority Sectors."

MoI is currently inviting the public comments on a draft of the succeeding industrial policy, or the National Industrial Policy 2022, on its website and the policy is expected to be approved by the end of June 2022.

[26] The official title is the "7th Five Year Plan FY 2016 - FY 2020: Accelerating Growth, Empowering Citizens."

[27] The official title is the "8th Five Year Plan FY 2020 - FY 2025: Promoting Prosperity and Fostering Inclusiveness."

Table 2.3.1 Objectives of National Industrial Policy 2016

	Objectives
1	To improve industrial productivity by creating dynamic and powerful private sector through government facilitation and monitoring
2	To create entrepreneurship through protection of interest, and developing and flourishing domestic industries
3	To make a favorable environment to develop the small, medium and cottage industry as the driving force of the industrialization
4	To establish the diversified export-oriented industry
5	To assist and encourage ascertaining sustainable environment-friendly industrial development
6	To develop specialized industrial sectors through maximum utilization of area-based resources such as agriculture, forest, animal, natural, sea, etc.
7	To increase industrial productivity, quality and marketing capacity of the products
8	To make the local industrial sector competitive in the global arena by regional integration through extending the use of ICT
9	To create more participation of woman entrepreneurs in industrial sectors
10	To facilitate necessary infrastructural and legal support to encourage and attract the foreign investment along with domestic investment

Source: National Industrial Policy 2016

IV.2.3.4 Motorcycle Industry Development Policy 2018

The Motorcycle Industry Development Policy 2018 was drafted by the Motorcycle Policy Formulation Committee[28] set up in MoI and the final version was approved by the cabinet on 10 September 2018. A fundamental vision of this policy is to ensure establishment of a sustainable motorcycle production mechanism by enhancing capability of motorcycle parts production, thereby accelerating expansion of motorcycle production in the country. In order to realize this vision, the policy hierarchically lists its objectives, goals and strategies of policy implementation as presented in Table 2.3.2.

Table 2.3.2 Objectives, Goals and Strategies of Motorcycle Industry Development Policy 2018

	Objectives
1	To promote low-cost transportation by motorcycles and its safe driving
2	To create work opportunities, economic development and poverty reduction by development of the industry
3	To develop the industry as an industrial hub that supply the parts to local/foreign motorcycle companies
4	To activate the industry by introducing technologies and management methods for improving productivity
	Goals
1	To raise motorcycle production up to at least 500,000 units by 2021 and 1 million units by 2027
2	To supply quality motorcycles to domestic and international markets at competitive prices
3	To raise the contribution rate of the industry to GDP from 0.5% to 2.5% in 2025
4	To raise the local procurement rate of motorcycles and their parts from the current 10% to 50% by 2027
5	To increase direct and indirect employment in the industry from the current 500,000 to 1.5 million by 2027
	Strategies of Policy Implementation
1	To improve efficiency of technology and human resources in the industry
2	To achieve economic indicators and reduce production costs of the industry
3	To remove structural barriers hindering business activities of the industry
4	To expand domestic demand, exports and trade of motorcycles
5	To promote motorcycle parts production and assembly in the country

Source: Motorcycle Industry Development Policy 2018

This policy states that large-scale production of motorcycle parts by potential suppliers such as LE and plastic companies would not be successful by conventional vertical integration strategies within a single company group. Therefore, the policy recommends the horizontal division of labor or horizontal specialization among the potential parts suppliers. Further, it accentuates importance of the backward linkage formation in the country

[28] The secretariat was set up in MoI and ten members participated in the meeting; six to seven of whom were from the private sector.

with the highest priority given to promotion of production of dies/molds, motorcycle parts and their spare parts. In addition, recognizing necessity to realize large-scale production of motorcycle parts to establish cooperation with foreign companies, the policy underlines that development of infrastructure including land, industrial parks specialized in production of automobile/motorcycle parts, and multiple industrial clusters are crucial.

The policy also states that training will be provided to relevant engineers by all the public training institutions including BITAC to improve productivity, inventory control, and production technology concerning motorcycle parts production.

IV.2.3.5 SME Policy 2019

The SME Policy 2019 was approved by the cabinet on 7 September 2019. In order to realize its vision of "creating a vibrant SME sector," the policy sets out the goals, objectives, and implementation strategies as shown in Table 2.3.3. The policy comes with an action plan with 60 actions classified into each implementation strategy. Each action in the action plan is stated with the implementation period of either short-term (one year), mid-term (two to three years) or long-term (four to five years), implementing agencies, and supporting agencies. The implementation period of the policy is for five years from 2019 to 2024.

Table 2.3.3 Target/Goal, Objectives and Implementation Strategies of SME Policy 2019

Target/Goal	
"The contribution of SME sector in the GDP to be increased from 25 % to 32% in order to implement the development projections of the government."	
Objectives	
1	*"Identify the role of important sectors related to the development of a sustainable environment-friendly SME sector and implementation strategies for SME related policies."*
2	*"Create necessary infrastructure and cluster development, women entrepreneurship development and support policies for financial and non-financial services for the development and expansion of SME sector."*
3	*"Improve SME-friendly environment by increasing the scope of institutional funding in SME sector, adoption of ICT based technology, development of productivity strategy, marketing of products, linking SMEs with large industries and strengthening of legal and institutional structures."*
4	*"Establish public-private partnership (PPP) and create new SME initiative (start-up) for SME sector development; upgrade government policies and rules/regulations those create hindrance for smooth running of business and its development."*
5	*"Increase and strengthen R & D activities to increase SME competitiveness and innovative capability."*
6	*"Make effective coordinated arrangements to bring all the ministries, government organisations, trade bodies under a single platform and strengthen core institutions to solve existing and emerging problems in the SME sector."*
Implementation Strategies	
1	*"Improving business environment and institutional framework"*
2	*"Increasing scope of the SME sector to receive institutional funding facility"*
3	*"Support to increase competitiveness capability and access to SME products market"*
4	*"Support short-term, low cost SME business support services to the start-ups"*
5	*"Develop and expand SME Cluster-based Business Network"*
6	*"Increase use of ICT and other technologies ICT"*
7	*"Expansion of skill developing education and training programs for entrepreneurs"*
8	*"Expanding women entrepreneurship development programs and providing specialized services"*
9	*"Establishing SME as a backward and forward linkage enterprises to the large industries and ensure protection of SME products"*
10	*"Establish environment-friendly SME industries and develop better capacity for waste management"*
11	*"Institutionalize SME statistics and conduct research and development activities"*

Note: All the statements in the table are quoted from the SME Policy 2019 (in English) as they are stated.
Source: SME Policy 2019

IV.2.3.6 National Plastic Industry Development Policy 2020

MoI and BPGMEA prepared the draft on this policy in 2019. As of March 2022, the approval process for the final draft is underway and the process is expected to be completed by December 2022.

According to the final draft, the fundamental vision of this policy is to ensure sustainable development of the plastic industry in Bangladesh to secure its position in the global and regional value chains. Table 2.3.4 presents the aims, objectives and strategies of the policy implementation. The draft proposes the total 26 action plans in line with each strategy.

Table 2.3.4 Aims, Objectives, and Strategies of National Plastic Industry Development Policy 2020 (Final Draft)

Aims	
1	To ensure continuous 15% growth of the plastic sector each year
2	To fully overcome difficulties and constraints faced by the industry start-ups before 2022
3	To expand plastics/packaging industries into 10 billion USD market by 2026 and 20 billion USD by 2030
4	To provide 10,000 demand driven training programs to create skilled manpower by 2026
5	To create new 500,000 employment opportunities in the industries by 2026
6	To raise the plastics sector's contribution in total GDP at least 2% by 2026
7	To reach zero waste nation for plastic and packaging consumption by 2030
Policy Objectives	
1	To promote value-added export goods and import substitutes for expansion of market share for local products in Bangladesh
2	To encourage opportunities for joint ventures with global value chain players to produce internationally recognized and affordable local brands
3	To expand local production to promote import substitution and increase exports to the EU, Middle East, North America and Asia under preferential trade facility
4	To create a skilled workmanship eco-system and to build a foundation for job creation in the plastic sector over the next decade
5	To enhance local design and engineering capability in order to provide supportive environment for innovation and R&D including development of disruptive technologies
6	To introduce and promote the latest digital technology that is related to Industry 4.0
7	To strengthen knowledge sharing and business networks among local industries, between SMEs and local large companies, and between local and foreign companies
8	To ensure sustainable growth that contributes to realization of the Bangladesh Vision 2041, Sustainable Development Goals 2030, etc.
Strategies	
1	Provision of incentives on the development of mold production bases and industrial parks for domestic companies dealing with high value-added products and R&D
2	Improvement in reputation of the plastics industry
3	Development of the value chain of the plastic industry to ensure active participation in the global value chain of domestic plastic companies
4	Enhancement of access to global market
5	Development of technical human resources and reinforcement of training
6	Establishment of Centres of Excellence as a hub of education and research
7	Provision of access to finance and tax incentives
8	Enhancement of institutional framework for business development services including simplification of registration and related documentation process
9	Practice of environmental management system
10	Promotion of technology development and innovative production

Source: Final draft of the National Plastic Industry Development Policy 2020

IV.2.3.7 LE Industry Development Policy

MoI and BEIOA started to formulate the draft on this policy in late August 2019. The draft was finalized in July 2021 during the surge of COVID-19 infection in the country and is currently subject to review by the relevant stakeholders. The policy is expected to be approved by the end of June 2022. According to MoI, the "Strategic Goals" of the draft include formation of backward and forward linkage between the LE industry and the assembly-type industries such as the automobile and motorcycle industries, development of new industrial estates and clusters for LE companies, and introduction of the latest technology, among others.

IV.2.3.8 Activities of Other Donor Agencies

This section summarizes projects of other donor agencies related to industrial development that are closely relevant to this component in terms of target industries and C/P organizations. These projects include those implemented by the following two agencies.

(1) World Bank

The World Bank has been implementing the "Export Competitiveness for Jobs Project" (Scheme: Loan) with the Ministry of Commerce since June 2017 for six years until June 2023. The project aims to strengthen the competitiveness of leather, shoe, plastic and LE industries as a potential export industry, and to support creation of 90,000 jobs outside the garment industry. Further, this project assists establishment of four Common Facility Centers (CFCs) to enable the shared use of large and expensive facilities that are difficult for private companies to purchase. The CFCs include that for footwear and electronics industries in Bangabandhu High Tech Park in Gazipur and that for LE industries including automobiles and dies/molds in the Mirsarai Economic Zone near Chattogram (Chittagong).[29] At the same time, the project promotes technical training in collaboration with various industry associations. For example, it organized TOT related to 5S in September 2021 jointly with BPGMEA in which those who had been involved in Plan 1 and Plan 6 of the Action Plan described later attended as a part of the trainees.

In addition, the World Bank, in collaboration with the Canadian International Development Agency (CIDA) and the Ministry of Education, implemented the "Skills and Training Enhancement Project (STEP)" (Scheme: Loan) as vocational training mainly for young people and women from June 2010 to June 2019. BITAC participated in this project as one of the implementing agencies.

(2) Asian Development Bank

The Asian Development Bank (ADB) has been implementing the "Skills for Employment Investment Program (SEIP)" (Scheme: Loan) in collaboration with the Swiss Agency for Development and Cooperation (SDC) and the Ministry of Finance. This program provides vocational training for young people in the following industries: garment, construction, IT, LE, leather/footwear, shipbuilding, tourism, food processing, road transport, and nursing/care. SEIP has been proceeding since April 2015 and the third phase will continue until 2024. BEIOA operates the BEIOA-Light Engineering Training Institute, a vocational training institute for young people established through SEIP, in three locations in Dhaka City. The institute offers training programs for four to six months including those related to CNC machines and CAD/CAM technologies. BITAC has also been conducting a three-month training program on welding and machining under SEIP.

[29] The sites for the remaining two CFCs have not yet been identified.

IV.2.4 Survey on Current Situation of BDS Organizations

From the start of the project to December 2017, the JICA Project Team performed a survey on ten BDS organizations, including SMEF and BITAC, to clarify their organizational profiles including organization structure, activities, and facilities. Further, the team considered the possibility of collaboration under this component with eight organizations excluding SMEF and BITAC. The team thereafter continued to follow up on the status of BITAC and SMEF throughout the project period. The following is a summary of the survey results.

Profiles of the organizations at the time of the survey are summarized in Appendix 1 at the end of the current report. In addition to these ten BDS organizations, there are: the Small & Cottage Industries Training Institute (SCITI), a subsidiary of MoI that provides support to micro and small enterprises; the Institute of Appropriate Technology and the Department of Materials & Metallurgical Engineering of the Bangladesh University of Engineering and Technology (BUET); and the Business Training Institute under the Dhaka Chamber of Commerce & Industry (DCCI), among others, which provide BDS related to activities of Component 3.

IV.2.4.1 BITAC: Current Situation and Challenges

(1) Current Situation

BITAC's main activities are technical training, research and development (R&D)[30], and production of import substitutes (spare parts production). Moreover, BITAC functions as a test center that provides low-cost testing services to private companies. BITAC's training programs include its own courses, including the Self-Employment and Poverty Alleviation (SEPA)[31], as well as those conducted as a part of SEIP and STEP mentioned above, with a capacity of 3,000 trainees per year. Instructors of the training programs are basically regular employees of BITAC while, for SEPA, BITAC sometimes hires temporary staff as the instructors.[32] BITAC has regional centers in Chattogram, Chandpur, Khulna, and Bogra in addition to the headquarters-cum-center in Dhaka and each center renders the training programs. Table 2.4.1 presents an overview of the major training programs offered by BITAC.

BITAC established the Tool & Technology Institute (TTI) in 2019 with the latest machines and equipment especially for die/mold design and production being installed.[33] It started to offer training courses on topics including CAD/CAM and CNC operation in TTI even during the construction period when the building was only partially available. TTI also possesses the rental office space for start-up companies and the dormitory facility for trainees. Five BITAC personnel are exclusively assigned for TTI, therein providing technical instruction for the trainees and the start-up companies. Further, the institute functions as a CFC for micro, small and medium companies which can use the up-to-date machines and equipment including a 5-axis CNC machining center and a CMM by paying the monthly fees from Tk. 2,500. In addition, TTI and BEIOA made an agreement to have mutual technical cooperation.

[30] An example of R&D of BITAC is identifying materials and processing methods from the samples provided by customer enterprises. BITAC Bogra does not conduct R&D.

[31] It has been implemented since 2009 and is a three-to-four-month training program aimed at supporting young people and women to start their own businesses and find employment. The Dhaka center provides training mainly for women, while the other regional centers provide training mainly for men.

[32] Each center recruits about three instructors from outside through the newspaper advertisement, document screening, written examination and interview.

[33] Construction of a TTI building has been completed, and equipment in TTI is about to start full-scale operation. Further, a new training center (an 11-story building) is under construction within the framework of SEIP. The construction period is for two years from January 2021.

Table 2.4.1 Overview of Major Training Programs of BITAC

Type	Topic (Example of Training Course)		Regional Center that Provides Training Course	Duration and Fees
Regular Technical Training Program	Machine Shop, Electrical Maintenance, Welding		Dhaka, Chattogram, Chandpur, Khulna, Bogra	Duration: 3 months Fee: Tk. 5,000 - 8,000
	Machine Maintenance		Dhaka, Chattogram	
	Automobile & Auto-electricity, Foundry & Pattern Making		Dhaka	
SEPA	Machine Shop, Machine Maintenance, Household Appliance Maintenance, Handicraft		Dhaka	Duration: 3 - 4 months Fee: Free
	Welding		Dhaka, Chattogram, Chandpur, Khulna, Bogra	
	Electrical Maintenance		Dhaka, Chandpur, Khulna, Bogra	
	Refrigeration & Air Conditioning		Dhaka, Chattogram	
SEIP	Machine Shop, Electrical Maintenance, Welding		Dhaka, Chattogram, Chandpur, Khulna, Bogra	Duration: 3 months Fee: Free
TTI	Master Trainer Training	CAD/CAM, Mechatronics, Hydraulics	Dhaka	Duration: 9 months Fee: Tk. 15,000
	Employment Training	CNC Lathe, CNC Milling, Mechatronics		Duration: 6 months Fee: Tk. 10,000
	Short Course	CAD/CAM, Mechatronics, Hydraulics, 3D Printing, Heat Treatment		Duration: 1 week Fee: Tk. 5,000

Note: Training in the areas of plating, heat treatment, air conditioning & refrigeration, plastic molding, and Auto CAD is provided upon request and not designated as a permanent regular training program in FY 2021-2022. In addition to the above, BITAC offers various customized short term training programs in response to the request from companies.

Source: Prepared by JICA Project Team based on information from the site visit and the BITAC Training Calendar 2021-2022

(2) Challenges

BITAC's strength lies in its state-of-the-art facilities at TTI and knowledge and practical experience of its staff, especially in the cutting section. On the other hand, most of its machines and equipment outside TTI are old; they were obtained from the 1960's to 1980's with a few exceptions. Maintenance of these machines is generally inadequate, and there are many pieces of equipment that are out of order, or that are in operation but cannot ensure machining accuracy.[34] As for the competence of the staff, they are skillful in operating the machines and equipment while having large room for improvement in knowledge and practice especially in production and quality control.

In order to be able to provide effective training and technical support to the private sector, it is essential for BITAC to learn the theory of elemental technologies such as mold making and plastic molding, and to deepen the acquired knowledge through practical exercises. As for the guidance to private companies that need to maintain stable production while meeting customer's strict quality requirements, BITAC needs to acquire skills in how to grind down cutting tools to keep them in a good condition and the basics of the quality management including measurement, inspection, maintenance, and KAIZEN. Further, BITAC is expected to practice these in their own workshops, thereby becoming a role model for companies. From the perspective of promoting the linkage with foreign manufacturers, the quality and quantity of facilities and instructors in the pressing section are insufficient compared to those in the cutting and casting sections, and thus, further expansion of the pressing section is desirable.

[34] For example, at the time of the survey, only the direct blow molding machine ran with no problem among the four plastic molding machines. As for the CNC machines that BITAC had acquired prior to the establishment of TTI, only two out of five machines which were a CNC lathe and a CNC machining center, were readily available; the other three were a CNC milling machine and two CNC wire-electrical discharge machines. The extent of misalignment of some general-purpose machines in the machine shop was large enough to be recognizable at a quick glance. Spatters remained unremoved from welding machines, which were making proper welding impossible.

As mentioned in IV.2.2, LE companies in Bangladesh have difficulties in procurement of high-quality steel as raw materials for their production. In response to this, TTI has recently started a steel warehouse service to support SMEs for procurement of high-quality steel. The warehouse stores 24 types of steel as of April 2022. Needs of the private companies for BITAC's services are expected to increase if BITAC develops itself as a supporting organization offering the services not only for production technologies, but also for comprehensive factors required in the entire manufacturing processes from raw material procurement to quality control.

IV.2.4.2 SMEF: Current Situation and Challenges

(1) Current Situation

SMEF, a semi-public SME promotion organization, conducts training and workshops, provides loan via partner financial institutions, promotes KAIZEN by training and onsite technical guidance, organizes trade fairs and exhibitions, and gives advice and relevant information to SMEs while making policy proposals and conducting the relevant research at the same time. SMEF currently focuses on support for would-be entrepreneurs and development of industrial clusters, providing them with the above-mentioned services in combination. Recognizing itself as a BDS facilitator while providing some services as well, SMEF has more networks with BDS organizations and trade organizations, and also has more information about industrial sectors and individual enterprises than other organizations do. In September 2021, SMEF opened the Training Institute of SMEF[35] in a different building from its headquarters and began providing training on e-commerce and other topics. The same floor in the same building is also developed as the SMEF Incubation Center, with plans to further strengthen its entrepreneurial support functions in the future.[36] Table 2.4.2 summarizes the areas covered in SMEF's training courses.

Table 2.4.2 Areas of SMEF's Training Courses

Target	Area (Examples)	Wing in Charge
Individuals	Laws and regulations (VAT, BSTI, export procedures)	Training
	Business management (start-up, business management, accounting, marketing)	Training/Women entrepreneurship
	Skills and technologies 1 (jute products, leather products, handicrafts, entrepreneurship, natural dyeing, accessories, beauty care)	
	Skills and technologies 2 (fashion design, green sand molding (casting), CAD/CAM)	Technology Development
	Management system (food hygiene, environment, occupational health and safety)	
	TOT (gender sensitization for bank officials)	
	ICT (e-marketing, e-commerce, electric transactions)	ICT
	Management system 2 (information security)	
	Skills and technologies 3 (food carving, food preservation, day care center management)	Women entrepreneurship
Trade organizations	Topics vary from one to another based on their requests	Training
Target industrial clusters	Business management, leadership, marketing, export procedures, accounting, 5S, etc. (topics vary from cluster to cluster.)	Research

Source: Summarized by JICA Project Team based on information in the Action Plans and the Annual Reports of SMEF

As for the training period, short ones are for one day whereas longer ones continue for almost one month. Instructors are invited from outside in most cases. Although SMEF staff with expertise in training topics sometimes serves as an instructor, its primary role is to identify service needs, and then organize and evaluate its

[35] There are seven SMEF staff members (out of the total 50) on duty and three training rooms that can accommodate about 30 people in the Training Institute of SMEF.

[36] The SMEF Incubation Center is a collaborative office space with a desktop computer installed for the maximum 15 entrepreneurs who have passed the screening process. The monthly fee is Tk. 3,000. As of March 2022, 11 entrepreneurs operate in the center.

service programs. The training courses are conducted by multiple departments (wings) and are offered for individuals, trade organizations or specific industrial clusters.

Its loan program, which is funded with investment profits of its capital fund, has offered financing with single-digit interest rates (9%)[37] via partner financial institutions.

SMEF started a KAIZEN extension program as a new BDS menu. The foundation began offering classroom training in 2013-2014 by its staff who got certified as an APO-Productivity Practitioner (Basic) from the Asia Productivity Organization (APO). It then commenced onsite KAIZEN guidance for companies from 2017-2018, extending KAIZEN to a total of nine companies in 2017-2018 and 2018-2019.[38]

The advisory and information provision service is a peripheral activity with no budget allocation; it provides and distributes SME support related documents/information prepared or obtained through other activities. The target number of visitors is as low as 400 per year.[39]

(2) Challenges

Given that SMEF has limited resources in terms of both budgets and human resources without branch offices thereby making its outreach finite, it makes sense that SMEF tries to promote SME development not as a BDS provider but as a BDS facilitator, one of whose roles is to develop and vitalize the BDS market. As such, the foundation needs to further strengthen cooperation with BDS organizations (both individual ones and organizations), including search and training for them. For example, outreach only by SMEF staff is insufficient to promote KAIZEN as a BDS in Bangladesh; SMEF needs to facilitate the training for KAIZEN experts and promote further utilization of the experts from other organizations.[40] SMEF then has to upgrade and/or expand its service menus in addition to training and marketing support (i.e. support related to exhibitions) that are its main services at present, while creating demands for such services at the same time. Further, strengthening of the information provision function is also needed both for the public and private BDS organizations and for BDS users. Moreover, it is desirable that SMEF also strengthen the services for middle-sized companies aspiring further growth by setting specific focus and goals, in addition to the current main target of would-be entrepreneurs and micro and small companies.

IV.2.4.3 Collaboration with Other BDS Organizations

Among the BDS organizations surveyed, NPO, a productivity improvement organization under MoI, the Bangladesh Institute of Management (BIM), a management training institute under MoI, and the Pilot Plant and Process Development Center (PP& PDC) of the Bangladesh Council of Scientific and Industrial Research (BCSIR), a testing and R&D organization under the Ministry of Science and Technology, were identified as candidates for collaboration in this component. PP & PDC has CAD, CNC machines, and testing equipment for

[37] Since 2009, 1,200 loans had reached BDT 600 million (BDT 500,000 /loan on average) by 2017.

[38] 47 companies if the participants in the classroom training conducted before 2017-2018 are included. The COVID-19 pandemic has been preventing implementation of the KAIZEN extension program since 2019-2020.

[39] For example as a comparison, in Japan, the number of visitors in the year 2016 to the one-stop advisory center in Yamanashi prefecture, which attracted the fewest visitors among 47 administrative territories, was 736 (the population of the prefecture is 856,000). In the same year, one-stop advisory centers across the country attracted 98,176 visitors in total.

[40] The number of SMEF staff who can lead the KAIZEN extension program is limited to five; one existing before the start of this project and four trained by this project (Refer to IV.2.6.3 for more details). In the SMEF's KAIZEN extension program, these five people serve as an instructor, while resource persons are also dispatched from the National Productivity Organisation (NPO). However, NPO also faces limitation in human resources who can provide KAIZEN training/consultation, and the shortage of KAIZEN instructors poses a challenge for KAIZEN extension in Bangladesh.

analyzing composition of plastics, steel, and processed product. The center also produces dies/molds for the pressing and plastic products and conducts a training course on CNC operation. NPO is promoting quality and productivity improvement, and BIM has knowledge about and experience in teaching TQM, ISO9001, leaderships, business management, etc.

These organizations later constituted a target for capacity development through Plan 4 (Program for Introduction and Extension of KAIZEN) and Plan 6 (Program for Enhancement of Injection Molding Technologies) of the Action Plan described later. The aforementioned SCITI, which had not been selected as a candidate in this survey, also became a target organization in the training in Plan 4.

IV.2.5 Formulation of Roadmap/Action Plan for Development of Target Industries

Based on the current situation surveys reported above, the JICA Project Team supported the C/P organizations in formulating a draft of the Roadmap/Action Plan for development of the target industries.[41] PIC-3 members discussed this draft in the third meeting while the JICA Project Team had individual meetings with implementing agencies of the Action Plan, other stakeholders, and related companies for finalization of the draft. The finalization work was completed in the end of April 2018, after which the JICA Project Team presented the final draft at the second PCC meeting (Refer to Attachment 3 for the final draft).

The Roadmap sets six strategies for overall development of the industries, in addition to introducing the background and framework of the Action Plan, criteria to be selected as the target beneficiary companies, and the pilot customer industry,[42] among others. These six strategies involve a) promotion of local supply chain development in the industry sector, b) promotion of change in mind-set of human resources and production site through KAIZEN, c) strengthening of function of BDS organizations, d) development of the supporting industry especially the die/mold industry, e) formulation of development policies/measures including the supporting industry development measures, and f) promotion of technical collaboration and investment. The Action Plan was then formulated by considering the concrete actions to implement these strategies and designing the implementation plan with details of activities, implementing agencies, target beneficiaries, and key performance indicators (KPIs). IV.2.5.1 below outlines contents of the Action Plan.

IV.2.5.1 Overview of Action Plan

Table 2.5.1 shows overview of the whole Action Plan. The Action Plan went through several modifications according to results of discussion in the PIC-3 meetings, changing conditions identified as the implementation had advanced, influence of COVID-19, etc. The table below accommodates the latest modification.

The Action Plan comprises i) support in linkage-case creation by Plan 1, ii) capacity development programs for the supporting industry by Plans 2 to 6, iii) support concerning supporting industry development policies/measures by Plans 7 and 8, and iv) activities to support the matching between the local supporting industry and foreign manufacturers by Plan 9. Plan 9, however, coincided with specific activities to support the matching under i) to iii) above, as the foreign companies located in the Economic Zones had been only a few throughout the implementation period.

[41] The Roadmap/Action Plan is meant for development of the target industries especially by strengthening the linkage with the motorcycle industry.

[42] The pilot customer industry is the motorcycle industry. In other words, the Roadmap emphasizes the LE and plastic industries as the potential supporting industry for the motorcycle industry which would purchase parts, components, die/molds, jugs, fixtures, etc. from the former.

Table 2.5.1 Overview of Whole Action Plan

Objective	To increase LE/plastic companies that can produce and supply industrial parts meeting requirements of foreign manufacturers.	
Period	From July 2018 to February 2022 (including preparation period)	
Remarks	Plan 1 involves support to create cases of linkage between a local LE/plastic company and a foreign motorcycle manufacturer. Plans 2 to 6 are capacity development programs for the supporting industry while Plans 7 and 8 constitute support concerning supporting industry development policies/measures. Plan 9 comprises activities to support the matching.	
Plan	Title	Implementing Agency
Plan 1	Support in Prototype Making of Motorcycle Parts	PT*, Model companies**
Plan 2	Program for Enhancement of Basic Skills for LE Sector (Incorporated into Plan 5)	BITAC
Plan 3	Program for Enhancement of Capacity of Business Managers	SMEF
Plan 4	Program for Introduction and Extension of KAIZEN	SMEF
Plan 5	Program for Enhancement of Die/Mold Technologies	BITAC
Plan 6	Program for Enhancement of Injection Molding Technologies	BIPET
Plan 7	Support in Formulation of Supporting Industry Development Plan	MoI
Plan 8	Recommendation for Financial Measures for Modernization of Supporting Industry	MoI
Plan 9	Support in Matching with Foreign Companies in Economic Zones	PT, MoI, SMEF, BEZA, etc.

Note: * "PT" here denotes the JICA Project Team
** "Model companies" are the LE and plastic companies that the JICA Project Team assessed as potential to become a supplier to foreign manufacturers in future.
Source: Prepared by JICA Project Team

As for the implementation schedule, the Action Plan was designed to start with i) and ii), followed by iii) which maximizes the lessons from the former. More precisely, it was designed that: i) would proceed continuously over the whole implementation period; ii) would set the implementation (training) batches sporadically throughout the implementation period according to the activity schedule of the JICA Project Team and the implementing agencies; and then iii) would begin from October 2019 by when the lessons from i) and ii) were supposed to become available. The implementation of the Action Plan had initially been planned until the end of December 2021; however, it continued until the end of February 2022[43] to accommodate the delay in implementation due to the COVID-19 pandemic.

(2) Overview of Each Plan and its Modification

The JICA Project Team and the model companies primarily undertook implementation of i) above (Plan 1: Support in Prototype Making of Motorcycle Parts) from the perspective that the plan aimed for early creation of cases of the forward linkage from local suppliers to foreign manufactures.

The capacity development programs for the supporting industry (Plans 2 to 6) are broadly divided into three types of training: a) TOT provided by the JICA Project Team for BDS organizations and potential trainers; b) training for companies provided by the JICA Project Team and BDS organizations together or provided within the framework of TOT; and c) training provided by the JICA Project Team directly to companies.[44] Meanwhile, Plan 2 (Program for Enhancement of Basic Skills for LE Sector) was integrated into Plan 5 (Program for Enhancement of Die/Mold Technologies) in response to BITAC's request that the training should not take up only the single particular topic in a short-term or in a sporadic manner, but be long-term with the packaged curriculum covering many related fields. Thus, Plan 5 came to cover main topics that had originally been planned for Plan 2.

[43] Yet, some activities continued until the beginning of March 2022.
[44] Priority of a) was highest and that of c) was lowest.

The sixth PIC-3 meeting arrived at the conclusion that a financial measure in Plan 8 (Recommendation for Financial Measures for Modernization of Supporting Industry) should be recommended as one of the measures stated in the supporting industry development plan in Plan 7 (Support in Formulation of Supporting Industry Development Plan). As mentioned above, Plan 9 (Support in Matching with Foreign Companies in Economic Zones) was implemented as specific matching activities in other plans, including the matching between local LE/plastic companies and foreign motorcycle manufacturers in Plan 1, seminars to disseminate Plan 1's experience and lessons in Plan 3 (Program for Enhancement of Capacity of Business Managers), and visit to foreign companies in the training in the third country in Plan 7.

Appendix 2 at the end of the current report presents more details of each plan.

IV.2.6 Implementation of Action Plan

This section reports on implementation results of the Action Plan. First, Table 2.6.1 summarizes the achievement status compared to KPIs in each plan.

Table 2.6.1 Achievement Status in Each Plan

Plan	KPI	Achievement Status
Plan 1	a. 15 or more prototypes of motorcycle parts will pass incoming inspection of the motorcycle manufacturers. b. Score of quality/production management system check sheet of model companies will reach 80/100 or over.	a. No prototype parts passed the inspection. b. One model company out of three companies scored 88/100.
Plan 3	60 or more business managers from LE/plastic companies will attend the training to enhance knowledge and know-how required for transaction with foreign manufacturers.	A total of 106 managers attended the training.
Plan 4	a. 20 or more trainees will be assessed as qualified to be a KAIZEN Extension Officer. b. 2/3 (67%) or more of the companies receiving the trainees will improve rejection rates or productivity.	a. The total 28 trainees were assessed as qualified. b. Nine out of 12 companies (75%) made the improvement.
Plan 5	30 or more trainees will be assessed as qualified to be the die/mold instructor.	A total of 25 trainees were assessed as qualified.
Plan 6	a. 180 potential trainers and technicians will be trained. b. Five or more trainees will be assessed as qualified to be the trainer in this field.	a. A total of 674 people were trained. b. Five trainees were assessed as qualified.
Plan 7	A supporting industry development plan will be formulated by June 2021.	A draft of the plan was submitted to MoI in the end of July 2020.
Plan 9	At least 3 matching activities (meetings, seminars/workshops, mutual factory visit, etc.) between LE/plastic companies and foreign manufacturers will be conducted by the end of December 2021.	Nine meetings and seven (mutual) factory visits between LE/plastic companies and foreign motorcycle manufacturers were organized. Visit to eight motorcycle-parts suppliers was arranged.

Source: Prepared by JICA Project Team

The following sections delineate the activities conducted in the Action Plan as well as the background and factors behind the achievement status in each plan

IV.2.6.1 Plan 1: Support in Prototype Making of Motorcycle Parts

(1) Activities Conducted

Plan 1 aims to have the prototype motorcycle-parts of the model companies accepted in the quality evaluation of the motorcycle manufacturers by supporting capacity enhancement of the former in the process of prototype-making. The plan also expects the impact on the future expansion of the supporting industry in

Bangladesh by creating a success case of the parts-supply as a starting point of the supporting industry in the country.

Table 2.6.2 shows basic steps taken in implementing Plan 1. Activities in this plan proceeded along these steps while modified according to different situations. As the plan does not intervene in the commercial mass production contract, the final goal is acceptance in the quality evaluation in Step 10.2. The plan had progressed in cooperation with three motorcycle manufacturers; however, no prototype parts passed their quality evaluation. Implementation of this plan ended in Step 10.1.

Table 2.6.2 Steps in Plan 1

Step		Activities
1	Selection of target model companies	Select target model companies from the whole model companies.
2	Selection of partner motorcycle manufacturers	Confirm interests of motorcycle manufacturers in participating in this plan.
3	Matching between the two above	Arrange opportunities for both sides to meet and discuss to agree on collaborative activities.
4	Evaluation of the model companies	Analyze capacity/challenges in QCD aspects of the model companies.
5	Identification of target parts	Identified by the partner motorcycle manufacturer.
6	3-party meeting	Discuss among the model company, the partner motorcycle manufacturer and the JICA Project Team on details*.
7	Arrangement of drawings, specification sheet and/or samples	Arranged by the partner motorcycle manufacturer.
8	Formulation of a support plan	Plan on capacity development activities in each of QCD aspects.
9	Arrangement of raw materials and dies/molds	Arranged based on results of the 3-party meeting (dies/molds to be modified if necessary).
10	Implementation of the support plan (capacity development activities through prototype-making)	
10.1	Set-up of a model line	Establish an exclusive production line (model line) for making prototypes of motorcycle parts
10.2	Making of sample prototype to meet evaluation criteria and acceptance in the evaluation	Perform trial, inspection, and improvement according to the drawings and product specifications.
10.3	Mass production trial and mass production contract	Continue trial, inspection, and improvement according to mass production specifications.

Note: * On raw materials, how to arrange the raw materials and dies/molds, how to treat the secondary process including painting, cost-sharing, inspection procedure (including the number of samples), dimensional tolerance (where to measure), evaluation criteria (quality standards), quantity/delivery period for mass production trial, quantity for actual mass production, etc.
Source: Prepared by JICA Project Team

The following sections report on the activities performed in each step.

1) Step 1-3 (Selection of Model Companies, Selection of Partner Motorcycle Manufacturers, and Matching between the Two)

The JICA Project Team arranged matching opportunities between seven model companies and four partner motorcycle manufacturers.[45] Table 2.6.3 presents overview of each model company and the result of the matching.

[45] Two joint ventures between a foreign company and a local company and two local original equipment manufacturers (OEMs) of foreign brands.

Table 2.6.3 Overview of Model Companies and Result of Matching

Model Companies						Partner Motorcycle Manufacturer	Matching Result
Companies		Est. Year	No. of Staff	Main Products	Remarks		
1	LE Company-a	2009	600	- Motorcycle - Motorcycle metal parts	A local motorcycle assembler interested in supplying metal parts to other assemblers	Manufacturer-Z	Not Made
2	LE Company-b	2016	15	- Plastic mold	A mold-making company with many CNC machines under a mid-sized business group		
3	LE Company-c	2001	22	- Plastic mold	A small mold-making company with many CNC machines		
4	PL* Company-d	1982	38,000	- Household goods	A plastic company of a large business group which is one of the most advanced	Manufacturer-Y	Made in October 2018
5	PL Company-e	1969	1,200	- Household goods	A plastic company of a large business group; tackling this plan group-wide	Manufacturer-X	Made with Company-e in July 2019
6	PL Company-f	2003	600	- Package - Cap	2 plastic companies of a mid-sized business group; tackling this plan group-wide		
7	PL Company-g	2003	500	- Household goods	A plastic company of a large business group.	Manufacturer-W	Made in September 2019

Note: * "PL" here denotes plastic. LE and PL companies are expressed as "model companies" in the subsequent description.
Source: Prepared by JICA Project Team

Since the matching was not made with Manufacturer-Z which had sought possibility of procurement of metal parts, the plan focused on the cases with Manufacturer-W, X and Y from September 2019.

2) Step 4 (Evaluation of Model Companies)

The JICA Project Team conducted evaluation of the current QCD capacity of all the three model companies (baseline evaluation); for model company-d in October 2018 and for e and g in September 2019.[46] The score for model company-d was 41 out of 100; those for e and g were 26 and 28 respectively. The team performed the re-evaluation for model company-d in the end of September 2019. The score was 88 out of 100, indicating that the company satisfied one of the two KPIs which was that "Score of quality/production management system check sheet of model companies will reach 80/100 or over." On the other hand, e and g were not able to attain the target score, as the re-evaluation conducted in February 2022 for them yielded the score of 63 and 50 respectively.

Further, the evaluation also identified the challenges that the companies need to solve to become a supplier for renowned foreign manufacturers. Overall, the challenges in Table 2.6.4 were observed.

[46] Evaluation by the JICA Project Team by using the quality/production management system check sheet (A format of the summary table is shown in Appendix 3 at the end of the current report).

Table 2.6.4 Result of Evaluation (Challenges that Need to be Addressed)

Category	Challenges
1) Overall	Insufficient experience of producing engineering goods
2) Purchase Management	Unclear acceptance-rejection criteria in incoming inspection
	Inadequate record on inspection results from each raw material supplier
3) Machine and Facility Management	Use of hot air resin-dryers, not dehumidification resin-dryers
	Inadequate use of mold temperature controllers
	Unclear standard parameters set for each molding machine
	Inadequacy of implementation and records of regular checking and pre-operation checking of molding machines and other equipment
	Insufficient measuring instruments, especially coordinate measuring machines
	Inadequacy of calibration management
4) Molding Process	Inappropriate storage of raw materials, work in-process and products
	Weak identification control (good-defect products, before-after operation) and its display
	Subtle scars found on many products (issues in mold hardness and surface roughness)
	Insufficient space surrounding molding machines causing difficulty to do inspection and packing of products nearby the machines
	Inadequate preparation of operation standards and inspection standards and little display of them at production site
	Little display of tables for standard molding conditions and planned production volume
	Little display of data of raw materials (type, color, grade, etc.) used in molding machines
5) Quality Assurance	Only sample inspection by QC section with loose criteria after 100% inspection by workers
	Unclear acceptance-rejection criteria on appearance checking with no limit samples
	Inadequate recurrence prevention measures against defects based on root-cause analysis
	Inadequacy of dimensional measurement (non-use of drawings and lack of recognition of dimensional tolerance)
	Inadequate first-article inspection before mass production
6) Others	Excessive inventory (especially that of raw materials)
	Inadequate cost management aiming for achieving target costs

Source: Prepared by JICA Project Team

3) Step 5-7 (Identification of Target Parts, 3-party Meeting, and Arrangement of Drawings, Specification Sheet and/or Samples)

In the initial plan, a partner motorcycle manufacturer was expected to identify the target parts for prototype-making in Step 5. Notwithstanding, none of the three cases proceeded in such a way that capacity development of the model company was promoted through prototype-making for the target parts. This is because all the partner motorcycle manufacturers were yet to consider starting local procurement of the motorcycle parts, and thus, they were not able to identify the target parts for prototype-making. In response, all the cases focused on capacity development of quality/production management of the model companies without undertaking prototype-making of the motorcycle parts. In other words, they aimed to make the model company ready as a qualified supplier for the partner motorcycle manufacturer by the time that the latter actually start the local procurement.

The partner motorcycle manufacturers, however, extended advice that the target parts were likely to be non-painted plastic parts, especially battery cases and rear fenders. In the case with Manufacturer-Y, it was principally agreed that the target parts for prototype-making would start with battery cases.

Step 6 (3-party meeting) and Step 7 (arrangement of drawings, specification sheet and/or samples) were not taken except partial arrangement of parts samples because completion of Step 5 was a prerequisite for these steps.

4) Step 8-9 (Formulation of Support Plan, and Arrangement of Raw Materials and Dies/molds)

The JICA Project Team formulated a support plan for each model company before commencing the support. The support plans for the three model companies were virtually the same with difference in the timing of goal achievement arising from the variation of starting time of the support. Table 2.6.5 outlines the support plan.

Table 2.6.5 Outlines of Support Plan

i) Direction	To obtain capability to become a motorcycle-parts supplier by taking various measures to solve the challenges in a model line meant exclusively for production of motorcycle parts. All the processes from material management to shipping should be completed in the model line even if they are on a small scale in order for the model companies to enhance capability of the process management.
Remarks	In the model line, a model company first selects its existing products as the model products and then establishes the management system and the molding process which can meet requirements of the partner motorcycle manufacturer. After the latter accept the model line and the model products as satisfactory, the model company starts production of prototypes of motorcycle parts.
ii) Objective	To obtain capacity and establish the system that meet requirements in quality inspection and factory audit conducted by globally-renowned motorcycle manufacturers.
iii) Performance Indicators*	- Two prototypes of the parts will be accepted in quality evaluation of the partner motorcycle manufacturer. - Score of the quality/production management check sheet will exceed 80.
iv) Activities (Main Category)	- Establishment of and trial production at the model line - Enhancement of the quality management system and quality improvement activities - Improvement of machines/equipment and their management - Improvement of molding conditions and mold maintenance - Assurance of timely delivery

Note: * The timing of achievement in iii) was set for the end of June 2020 for model company-d; the end of October 2020 for e and the end of December 2020 for g.
Source: Prepared by JICA Project Team

Step 9 (arrangement of raw materials and dies/molds) was not taken in any of the three cases because raw materials and molds for the model products were being used in the ordinary operation of the model companies. Yet, Manufacture-Y started the coordination to arrange a second-hand mold for the battery cases from abroad for d's prototype-making.

Production activities of the three model companies including Step 10.1 below had stopped or stagnated since the end of March 2020 due to the spread of COVID-19. It took about a half year for these companies to return back to the normal operation. Thus, the target timing of achieving the performance indicators of iii) in the table above came to require the revision. After all, as the JICA Project Team had not been able to restart its travel to Bangladesh until the end of September 2021, the timing for all the three model companies was set for the end of February 2022 which was the end of the Action Plan period.

5) Step 10.1 (Set-up of Model Line)

Each model company worked with the JICA Project Team to develop the model line in Step 10.1 according to the support plan. Model company-d and -e had completed this step, while g was still taking it when the Action Plan ended. The spread of COVID-19 had caused all the three model companies to stop most production activities including Step 10.1 until the end of June 2020. Their production activities had got back to normal gradually and the support from the JICA Project Team resumed online from July 2020 and onsite from the middle of November 2021.

As model company-d completed Step 10.1, the company has now been waiting for coordination of Manufacturer-Y for quality evaluation and prototype-making.[47] As mentioned earlier, the manufacturer is coordinating transfer of a secondhand mold from abroad for d's prototype-making of battery cases. Model company-d has been continuing activities to maintain and improve quality of the model line in preparation for the quality evaluation and prototype-making. Further, the company has been extending concepts and various management methods used in the model line to other production lines, production floors, and factories since 2020.

Model company-e had started establishment of a model line since September 2019, after which it decided to conduct drastic restructuring of the model line including expansion of it in February 2020. The restructuring, however, required the duration until the end of September 2020 because COVID-19 began to spread a month after the company had started it. Nonetheless, it had completed Step 10.1 by February 2022 and Manufacturer-X visited and evaluated the model line in the end of that month, thereby commencing discussion and coordination for the prototype-making.

Establishment of a model line of model company-g commenced in February 2020. Due to the spread of COVID-19, however, it took time until the end of October 2020 to install the machines and complete the groundwork as per the layout. The company, based on the advice from the JICA Project Team and experience and lessons from the visit to a factory of Manufacturer-W in November 2021, recognized the large room for improvement in their model line and decided to restructure it. The company had almost completed the restructuring of the model line, including removal of unnecessary items, coating of the floor, installation of a quality inspection room, etc., by the end of February 2022.

Table 2.2.6 summarizes the final results in three cases from the perspectives of the linkage creation.

Table 2.6.6 Final Results from Linkage Creation Perspectives

Case		Final Results of Linkage Creation
1	Model company-d and Manufacturer-Y	- Achieved target score in quality/production management system check sheet - Received model line assessment by Manufacturer-Y - Started coordination for mold-transfer from abroad for prototype-making
2	Model company-e and Manufacturer-X	- Received model line assessment by Manufacturer-X - Started discussion and coordination for prototype-making
3	Model company-g and Manufacturer-W	- Almost completed restructuring of the model line

Source: Prepared by JICA Project Team

(2) Background/Factors of Achievement Status

Plan 1 did not achieve its KPIs except the case where the score of model company-d in the quality/production management system check sheet exceeded 80 out of 100. The following analyze the background and factors of the achievement status of Plan 1.

1) Local Procurement Policy and Decision-Making of Motorcycle Manufacturers

At present, motorcycle manufacturers in Bangladesh import almost all the parts. They strongly recognize necessity to increase procurement of the parts from local suppliers in future while currently focusing on

[47] In February 2020, Y tentatively decided to conduct its official quality evaluation on the model company-d. Yet, there had been no progress for about six months since then due to the spread of COVID-19 over the world. Discussion on coordination for start of the quality evaluation and prototype-making resumed in October 2020.

strengthening self-production of the "important parts" as a Manufacturer.[48] Their basic policy is to consider local parts-procurement after establishing adequate capacity for self-production of the important parts. Hence, their priority of identification of potential local suppliers and technical assistance to these suppliers was relatively low throughout the project period.

Further, foreign motorcycle manufacturers in Bangladesh do not usually possess right to decide the local procurement policy, selection of the parts to purchase locally, and selection of local suppliers. This is because their global or regional headquarters with the decision-making power are located abroad. In other words, many activities in Plan 1 entailed approval or coordination by entities abroad, thus generating adversity in performing speedy and timely activities.

Under these circumstances, Plan 1 took a long-term approach where the JICA Project Team supported the model companies in capacity development even without motorcycle manufacturers' request for the prototype-making. In other words, it aimed to make the model companies ready as a qualified supplier for these manufactures by the time that the latter actually start the local procurement.

2) Procurement of Molds

The prerequisite to start the prototype-making is that the model companies can obtain the molds. A motorcycle manufacturer, if considering the mold arrangement, needs to go through a) coordination with overseas headquarters or current foreign suppliers to obtain their permission to change the parts-procurement sources, b) negotiation, in case of a commissioned manufacturer, to convince the brand owner with the local procurement, c) long time required for mold import (usually 1.5 to two months), and d) payment of various import-related fees, among others. In addition, if the mold is for prototype-making, the motorcycle manufacturer and their potential suppliers would need to discuss and agree on various conditions including, i) whether they arrange a new mold to be used for both prototype-making and mass production, ii) whether a potential supplier purchases a secondhand mold used specifically for prototype-making, iii) whether, in this case, both sides exchange some type of an agreement on prototype purchase; iv) whether a motorcycle manufacturer lends the mold to a potential supplier, etc. For example, there was plenty of discussion, in one of the cases in this plan, as to whether secondhand molds for prototype-making should be purchased by the model company or lent by the motorcycle manufacturer.

The period until the model company obtains a mold for the prototype-making is the critical path to accomplish the goal in Plan 1 whereas the mold procurement is a part of the B-to-B negotiation in which the JICA Project Team cannot directly intervene. Due to the complicated issues discussed above together with the weak appeal from the model companies to the partner motorcycle manufacturers for the mold arrangement, no model company had been able to obtain a mold within the time to achieve KPIs, although coordination of the mold transfer from abroad started in one case.

3) Period of Onsite Technical Guidance

Activities of Plan 1 virtually stopped from the mid-March to the end-June 2020 due to the COVID-19 pandemic. Although support to the model companies resumed from July 2020 on an online basis, effectiveness and efficiency of the online support were not as high as those of the onsite support. This is because support activities

[48] A motorcycle company needs to produce chassis and one of the parts that the government defines as important, namely, a swing arm, wheel, fuel tank, handlebar, or muffler, in order to be registered as a "Manufacturer" which is entitled to the reduced import duty for other parts. Except a few local Manufacturers, motorcycle companies, whether it is a Manufacturer or a non-Manufacturer, import almost all the parts at present.

in this plan involved technical guidance at production sites, including the guidance on operation and maintenance of machines/equipment, various management activities at production sites, and methods of quality inspection, among many others. Especially, in the early stage of Step 10.1 to support establishment of the model line, onsite technical assistance is effective as evidenced by the fact that a score of model company-d in the quality/production management system check sheet doubled in less than a year. However, almost all the support for model company-e and -g could not help but to proceed online. Although the JICA Project Team resumed the onsite technical guidance from the middle of November 2021 whereby the improvement speed in two model lines got faster, it was still too late to achieve the goal within the timing set in KPIs.

On the other hand, online support for improvement of the drawing techniques, enhancement of knowledge and awareness of quality/production management, enrichment of knowledge about injection molding technologies, cause-result analysis on defects, development/improvement of standard documents, feedback to status of the production site analyzed from pictures and video, etc. brought about a certain degree of positive results.

IV.2.6.2 Plan 3: Program for Enhancement of Capacity of Business Managers

(1) Activities Conducted

Plan 3 aims to enhance knowledge and know-hows of the business managers, the mid-level managers and the factory managers required for business with foreign manufacturers. Unlike other plans of the capacity development programs for the supporting industry, Plan 3 does not involve TOT; it was designed to share and disseminate knowledge and experience to many companies by organizing seminar-style training with a wide range of the targets.

SMEF in cooperation with the JICA Project Team completed seven batches of the training in this plan. The trainees of all the batches were the business managers, the mid-level managers and the factory managers of the LE and plastic companies which had strong interests in becoming a parts-supplier for the foreign manufacturers in future. SMEF recruited these trainees via the industry associations such as BEIOA and BPGMEA. Further, the trainees were made different from one batch to another in order to widely share essential elements as a supplier for the foreign manufacturers and experience/lessons from Plan 1 (Support in Prototype Making of Motorcycle Parts) in the LE and plastic industries. Table 2.6.7 shows outlines of each training batch and Attachment 4 presents the main teaching materials used in the training.

The first batch dealt with relatively general topics as the business management training. The second batch onward, on the other hand, aimed to benefit the trainees (companies) who would conduct activities similar to those which were underway in Plan 1. From the second batch to the seventh batch, the training took up the topics including utilization of drawings, 5S/KAIZEN, operation standardization, visualization of the production, costing and quotation in dealing with foreign manufacturers, quality control through elimination of variation, etc. as the essential factors for establishment of the model line undertaken in Plan 1. Among these six batches, the sixth and seventh batches provided opportunity for the trainees to visit the model line of model company-e in Plan 1 and to listen to the presentation on experience of the model line work which was performed by a person who was actually involved in the model line establishment.

From the third batch to the fifth batch which were conducted online, the teaching materials were video-recorded and shared on the website so that the trainees would be able to refer to them anytime. The teaching materials on concepts of the model line, step to establish it, and how to make/use QC Process Charts/operation standard sheets, which were widely applicable to Bangladeshi companies, were translated into Bengali in order for the trainees to later share them with their employees who cannot read English.

Table 2.6.7 Record of Training in Plan 3

Item	1st Batch	2nd Batch
No. of Training Days (Dates)	Five days (11-12 October, 11, 18-19 November 2018)	Five days (1-2, 5, 8-9 September 2019)
No. of Trainees / Venue	13 / SMEF's conference room	12 / SMEF's conference room
Themes	- Corporate philosophy / strategies, requirements as a parts-supplier - Supply chain management - Production management (TOYOTA Production System) - Financial management - Exercise on business plan making	- World-class factory (learning from HONDA) - Corporate philosophy and roles of top management - Customer-oriented management - Elimination of *MUDA* through 5S - Human resource development (TWI,* OJT, QC Circles)
Lecturers	An expert of JICA Project Team, a local financial expert	Two experts of JICA Project Team
Training style	Face-to-face (lecture, exercise, test)	Face-to-face (sharing of experience and lessons, lecture)
Item	3rd Batch	4th Batch
No. of Training Days (Dates)	Two days (24, 31 August 2020)	Four days (21-22, 28-29 January 2021)
No. of Trainees / Venue	16 / Where each participant has internet connection	20 / Where each participant has internet connection
Themes	- Concept of world-class model production line - Quality management based on drawings - Costing in dealing with foreign manufacturers - Operation standardization	- How to make QC Process Chart - How to make operation standard sheet - Practical use of QC Process Chart - Practical use of operation standard sheet
Lecturer	An expert of JICA Project Team	An expert of JICA Project Team
Training style	Online (sharing of experience and lessons, lecture, exercise)	Online (lecture, exercise)
Item	5th Batch	6th Batch /7th Batch
No. of Training Days (Dates)	Three days (23-25 August 2021)	6th Batch: Two days (13-14 December 2021) 7th Batch: Two days (27-28 February 2022)
No. of Trainees / Venue	20 / Where each participant has internet connection	12 in 6th Batch and 13 in 7th Batch / SMEF's conference room, model company-e
Themes	- Step to establish model line and experience in it - KAIZEN (Elimination of *MUDA*) - How to make QC Process Chart and operation standard sheet - QC Circle and vibrant workplace	- Actual conditions of model line (visit to the actual model line) - Experience in establishing model line (presentation from the model line member) - Application of model line to SMEs - Quality control through elimination of variation
Lecturers	Two experts of JICA Project Team, a local project assistant	Two experts of JICA Project Team, a local project assistant, a general manager of model company-e
Training style	Online (sharing of experience and lessons, lecture)	Face-to-face (sharing of experience and lessons, lecture, factory visit)

Note: * "TWI" stands for Training Within Industry.
Source: Prepared by JICA Project Team

The model companies in Plan 1 are large enterprises which export their products to many countries. On the other hand, the companies that participate in this plan are, although wishing to become a supplier to foreign manufacturers, are different from the model companies in many aspects including company scale, amount of capital investment, target markets, and approach and practice in business management, among others. Thus, some of the trainees, in the evaluation questionnaire, had requested adjustment of the training contents to the

current situation and capability of ordinary Bangladeshi companies. SMEF and the JICA Project Team, in response, provided a lecture on application of the model line to SMEs in the sixth and seventh batches.

(2) Background/Factors of Achievement Status

Plan 3 achieved its KPI.[49] This plan sets the KPI by the number of the participants in the training because it intends to widely share the knowledge and experience to many companies, rather than to enhance capacity of a specific group in a specific period; this is the largest factor of the achievement. The training in Plan 3 does not entail onsite practice and exercise using machines and equipment. Therefore, it was relatively easy to adjust the training to online implementation during the COVID-19 pandemic. Further, the nature of the online training where the trainees do not need to physically move to the venue also caused the number of attendances to increase. The results of the evaluation questionnaire in each training batch and comments from the trainees also indicated that their interest in the model line establishment was large, thereby motivating them to continue attending every day from the third batch onward.

IV.2.6.3 Plan 4: Program for Introduction and Extension of KAIZEN

(1) Activities Conducted

1) Training Overview and Results

Plan 4 trains personnel who are expected to promote KAIZEN extension. The training is composed of the Classroom Training (CRT) or lectures and the In-Company Training (ICT) or onsite training at selected companies. The plan also aims to achieve KAIZEN results at these companies. In ICT, the trainees experience KAIZEN guidance on three themes, namely, 5S, quality improvement, and productivity improvement, under supervision of an expert of the JICA Project Team to become able to address multiple KAIZEN issues. Table 2.6.8 shows outlines of the training in this plan and Attachment 5 presents the teaching materials used in it.

Table 2.6.8 Outlines of Training in Plan 4

CRT	Period	Five to eight days
	Topic	Orientation, pre-test, KAIZEN, 6S (5S and safety), Total Quality Management (TQM), ISO9001, QC story, quality control, seven wastes, industrial engineering, accounting, costing, and comprehension test
	Requirements	Attendance rate of 80% or over, and 70 points or over in comprehension test
ICT	Period	1.5 to two months in actual terms
	Contents	- Each team composed of two to five trainees visits a company for five times for technical guidance on 5S and quality/productivity improvement once in a week or two. - Trainees prepare a report at the end of the whole training, which is evaluated based on the three elements: i) clearness, ii) logicality, and iii) use of appropriate methods (two points per item, six points in total)
	Requirements	Attendance rate of 70% or over, and four points (out of six) or over for reports

Source: Prepared by JICA Project Team

SMEF in cooperation with the JICA Project Team completed three training batches. Table 2.6.9 summarizes the record of each training batch.

[49] As mentioned earlier, a total of 106 people attended the training compared to 60 set in its KPI.

Table 2.6.9 Record of Training in Plan 4

Item	1st Batch	2nd Batch	3rd Batch
Period	October 2018 to May 2019	July to September 2019	October 2021 to February 2022
Target*	Staff of SMEF / NPO / BIM, those nominated by BEIOA / BPGMEA	Staff of SMEF / BITAC / NPO / SCITI, those nominated by BEIOA / BPGMEA	Staff of SCITI
No. of Trainees (Breakdown)	9 (SMEF: 2, NPO: 2, BIM: 3, BEIOA: 1, BPGMEA: 1)	11 (SMEF: 2, BITAC: 2, NPO: 2, SCITI: 2, BEIOA: 2, BPGMEA: 1)	16 (SCITI only)
Dates of CRT	15-18 October, 10-13 December 2018	3-4, 7-8, 10 July 2019	28-29, 31 October, 1-2 November 2021
No. of trainees who passed CRT	8 (SMEF: 2, NPO: 2, BIM: 3, BEIOA: 1)	8 (SMEF: 2, BITAC: 2, NPO: 2, SCITI: 2)	15
No. of trainees who passed ICT	7 (SMEF: 2, NPO: 2, BIM: 3)	8 (SMEF: 2, BITAC: 2, NPO: 2, SCITI: 2)	13

Note: * NPO plays a role in extending KAIZEN consultation to companies and nationwide KAIZEN dissemination; the role of BEIOA and BPGMEA is in KAIZEN dissemination in each industry and that of BIM and SCITI is in KAIZEN education in their own training courses. SMEF, in addition to these, undertakes the role as a facilitator. Those target organizations were selected to strengthen the role of each organization and mutual collaboration beyond the role after the project.
Source: Prepared by JICA Project Team

Those who had completed the first batch with excellent results joined the second batch as an assistant trainer so that they could gain more practical experience and enhance capabilities. Two trainees in the first batch belonging to SMEF participated in CRT one day each and each lectured one session in the second batch. Likewise, of the completed trainees in the first batch, one from NPO attended ICT three times, and one from SMEF did once.[50]

2) Achievement at Companies

Table 2.6.10 presents KAIZEN themes and results at companies that received the trainees for ICT. Nine companies out of twelve accomplished at least one of the goals set in the training.

Table 2.6.10 (1) KAIZEN Themes and Results at Companies (First Batch)

Company*	KAIZEN Theme (Pilot Area, Equipment or Item)	Result
Company A (P)	5S: Increase utility space by 10 % (production area)	Unachieved
Company B (P)	5S: Introduce/implement fixed location storage control (i. mold storage, ii production area)	Reduction of mold-search time by 25% Increase of utility space by 10%
Company C (P)	5S: Introduce/implement a new inventory control system (warehouse)	Separation and fixed location storage of raw materials, work-in-progress, and unnecessary items, periodical disposal of unnecessary items, etc.
Company D (P)	Quality improvement: Reduce dot dirt defects (%)	Before: 4.5% After: 1.5% (KAIZEN rate: 66.7%)
	Productivity improvement: Improve utilization rate; reduce mold change time (molding machine B1)	Before: 90 minutes for a mold change After: 55 minutes (KAIZEN rate: 38.9%)
Company E (P)	Quality improvement: Reduce dust dirt defects (%) (DTP offset printing machine)	Before:7.8% After: 5.17% (KAIZEN rate: 33.7%)
	Productivity: Improve overall equipment effectiveness; reduce mold change time (molding machine No.19)	Before: 210 minutes for a mold change After: 180 minutes (KAIZEN rate: 14.3%)
Company F (LE)	Quality improvement: Improve quality of kickstands; standardization and training (welding section)	Unachieved; draft SOPs were prepared.
	Productivity improvement: Eliminate *Muda* (cutting section)	Unachieved

Note: * (LE): LE company, (P): Plastic company. The same is applied to the tables for the second and third batches below.
Source: Prepared by JICA Project Team

[50] In the third batch, those who had completed the second batch with excellent record were not assigned as an assistant instructor mainly because the interval between the two batches had become too long due to the COVID-19 pandemic.

Table 2.6.10 (2) KAIZEN Themes and Results at Companies (Second Batch)

Company	KAIZEN Theme (Pilot Area, Equipment or Item)	Result
Company G (LE)	5S: Reduce mold-search time	Before: 28 seconds After: 16 seconds (KAIZEN rate: 2.9%)
	Quality improvement: Reduce defects (furnace section)	Unachieved (Root causes unidentified)
	Productivity improvement: Improve productivity; reduce cycle time (furnace section)	Unachieved (No change between before and after activity; 35 seconds)
Company H (P)	5S: Establish the 5th S (Sustain) as a routine	Unachieved
	Quality improvement: Reduce defects (%) (cabinets)	Unachieved
	Productivity improvement: Improve productivity (tricycles)	Before: 48 minutes/unit After: 38 minutes/unit (KAIZEN rate: 20.8%)
Company I (P)	5S: Establish the 5th S (Sustain) as a routine	Check sheets prepared and in place
	Quality improvement: Reduce defects (%) (26 cm vegetable washing baskets)	Unachieved (3.1% before KAIZEN; root causes unidentified)
	Productivity improvement: Improve productivity (rate of actual/planned production) (production area)	Before: 73% After: 90% (KAIZEN rate: 18.9%)

Source: Prepared by JICA Project Team

Table 2.6.10 (3) KAIZEN Themes and Results at Companies (Third Batch)

Company	KAIZEN Theme (Pilot Area, Equipment or Item)	Result
Company J (P)	Quality improvement: Reduce defect rate (biscuit trays)	Before: 4.03% After: Unachieved (proposed only)
Company K (P)	5S: Implement 5S widely (evaluated with score by an expert of the JICA Project Team and the trainees)	Before: Score of 6 After: Score of 12 (KAIZEN rate: 100%)
	Quality improvement: Reduce defect rate (printing process)	Before: 6.7% After: 4.5% (KAIZEN rate: 33%)
	Productivity improvement: Enhance ratio of actual production to production target	Before: 64.7% After: 82.2% (KAIZEN rate: 28%)
Company L (LE)	Productivity improvement 1: Enhance productivity (droppers)	Before: 15 pieces/minute After: 22 pieces/minute (KAIZEN rate: 47%)
	Productivity improvement 2: Enhance productivity (oil square cans)	Before: 22 pieces/minute After: 28 pieces/minute (KAIZEN rate: 27%)
	Productivity improvement: Enhance productivity (reduce operators as an input to produce oil round cans)	Before: 6 operators After: 3 operators (KAIZEN rate: 50%)

Note: Companies J and L focused on one theme of KAIZEN as per strong request from the managements.
Source: Prepared by JICA Project Team

(2) Background/Factors of Achievement Status

Plan 4 had originally aimed to nurture at least 20 KAIZEN Extension Officers by four training batches. SMEF and the JICA Project Team, however, reduced the training batches to three due to the COVID-19 pandemic. Training in this plan entails a number of exercises in CRT as well as the onsite activities in ICT, thus making it virtually impossible to conduct online. Further, an expert of the JICA Project Team in charge of this plan had not been able to resume its travel to Bangladesh until October 2021.

On the other hand, 28 trainees were eventually assessed as qualified to be a KAIZEN Extension Officer in three batches. Success in achieving the target in this plan is attributed to the training approach that focused only on physical training; not adjusting to online implementation impetuously at the expense of training effectiveness.

IV.2.6.4 Plan 5: Program for Enhancement of Die/Mold Technologies

(1) Activities Conducted

Plan 5 was conducted as TOT that aimed to nurture die/mold related training instructors in BITAC and private companies. The plan consists of two training batches. The first batch mainly covered plastic injection mold

technologies with partially involving those of pressing dies. The second batch focused on technologies concerning pressing and its dies. Table 2.6.11 presents training composition of Plan 5.

Table 2.6.11 Training Composition of Plan 5

Items	First Batch	Second Batch
Period	September 2019 - December 2021	December 2021 - March 2022
Topic	Basics / structure / product drawings of injection molds, mold design / processing practice, CAD / CAM, resin flow analysis, basics of pressing dies	Basics of pressing dies, types of pressing techniques, structure of pressing dies, die design exercises, practice as a trainer
No. of Trainees (Breakdown)	29 (BITAC: 15, metalworking / mold companies: 6, plastic companies: 8)	26 (BITAC: 17, metalworking and tool / die companies: 8, motorcycle company: 1)
Instructor	Two experts in JICA Project Team (specialized in injection molding and metalworking)	An expert in JICA Project Team (specialized in metalworking)
Venue	BITAC, Online	BITAC

Source: Prepared by JICA Project Team

Table 2.6.12 summarizes activity record of the first and second batches and the teaching materials used for the training is presented as Attachment 6.

Table 2.6.12 Activity Record of Plan 5

Step (Period)	Type of Die/Mod	Theme	Topic
First Batch			
Step 1 (Sep. 2019)	Injection mold	Product drawings	Basic knowledge of product drawings, exercise of measurement and product drawing-making
Step 2 (Dec. 2019)	Injection mold	Mold structure	Basic knowledge of mold structure, observation of mold structure by using a transparent mold, exercise of depicting assembly and parts drawings
Step 3 (Jan. 2019)	Injection mold, Pressing die	Mold design	Exercise of mold design, properties of steel materials, basic knowledge of heat treatment technology
Step 4 (Feb. – Mar. 2020)	Injection mold, Pressing die	CAD/CAM, resin flow analysis, mold design/processing, etc.	Implementation as training in Japan (Refer to Table 2.6.14 for training outlines)
Step 5 (Aug. – Oct. 2020)	Injection mold, Pressing die	Heat treatment, mold maintenance, basics of injection molding and pressing, basics of pressing dies, quality control, etc.	Classroom training for themes which can be provided on an online basis (including review of Steps1 to 4)
Step 6 (Dec. 2021)	Injection mold, Pressing die	Cause analysis on mold defects, actual conditions of molding operation	Analysis by fishbone diagrams, review of mold structure and design exercises, factory visit to observe actual molding operations
Second Batch			
Step 1 (Nov. – Dec. 2021)	Pressing die	Basics of pressing, die structure, die design	Overview of pressing machines, pressing dies, and steels to be processed, basics of shearing/bending/drawing methods, compound (blanking dies) design exercise, factory visit to observe actual pressing operations
Step 2 (Feb. – Mar. 2022)	Pressing die	Troubleshooting related to dies	Trouble shooting for typical problems in die companies, TOT exercise on technical consultation for companies

Source: Prepared by JICA Project Team

1) Activities Conducted in First Batch

a. Activity Record

BITAC in association with the JICA Project Team conducted the first batch training according to the schedule shown in Table 2.6.13.

2.6.13 Activity Record of First Batch Training in Plan 5

Step	Date	No. of Participants	Topic
Step 1	8-9 Sep. 2019	19	Basics of product drawing, exercises related to product measurement and product drawing
Step 2	8-10 Dec. 2019	22	Basic knowledge of mold structure, observation of mold structure by using a transparent mold, exercise of depicting assembly and parts drawings
Step 3	26-29 Jan. 2020	18	Exercise of mold design, properties of steel materials, basic knowledge of heat treatment technology
Step 4	24 Feb.-7 Mar. 2020	15	Training in Japan (Refer to Table 2.6.14 for training outlines)
Step 5 (Online Training)	21-22 Aug. 2020	13	Review of basic knowledge of injection molds, review of heat treatment technology
	4 Sep. 2020	11	Basic knowledge of pressing dies, materials of pressing
	17 Sep. 2020	12	Quality control for pressing sector
	30 Sep. 2020	12	
	1 Oct. 2020	9	Quality control for injection molding sector
	8 Oct. 2020	12	
	15 Oct. 2020	9	Overview and types of pressing machines
	22 Oct. 2020	9	Quality control for injection molding sector, mold maintenance
	29 Oct. 2020	11	Structure and types of pressing dies
Step 6	4 Dec. 2021	17	Cause analysis of mold defects
	5 Dec. 2021	16	Review of injection mold technology, exercise of injection mold drawing
	6 Dec. 2021	15	
	7 Dec. 2021	9	Observation of actual molding operations

Source: Prepared by JICA Project Team

b. Implementation of Step 1 to Step 3

The training started with 20 participants comprised of six from BITAC, six from LE companies including mold companies, and eight from plastic companies. Meanwhile, at the request from BTAC to add their promising staff members as new trainees, nine including those who belonged to BITAC Chittagong and BITAC Bogra were allowed to join the first batch from Step 2. Thus, a total of 29 trainees participated in the first batch. As for the actual attendees, however, the number of the trainees from BITAC increased while those from private companies gradually declined due largely to the business matters in their companies.

c. Implementation of Step 4 (Training in Japan)

The JICA Project Team organized the training in Japan as Step 4 from February to March 2020. Table 2.6.14 presents the training outlines and the organizations visited in the training.

A total of 15 trainees participated in the training, consisting of eight trainees selected by BITAC, three selected by BEIOA and four selected by BPGMEA.[51] All the participants completed the training without any health issues although there were concerns about the spread of COVID-19 over Japan during the training period.

Table 2.6.14 Outlines of and Organizations Visited in Training in Japan

Theme	Organization	Training Outlines
Technical Assistance	Japan Die & Mold Industry Association	- Overview of Japanese and world's die/mold industries and their development history - Overview of die/mold technology including the latest dies/molds and AI dies/molds - Roles of a die/mold supporting organization, collaboration with die/mold supporting organizations in other countries
	Tokyo Metropolitan Vocational Skills Development Center	- Training function/system/equipment for fostering technicians of die/mold design - Function and actual situation of job placement
	Tokyo Metropolitan Industrial Technology Research Institute	- Public SME support and collaboration with private companies including facility rental, testing, joint product development prototyping, etc.
	Advanced Polytechnic Center	- Overview and practice of CAD/CAM - Overview and practice of resin flow analysis - Practice of mold processing and plastic molding, overview of polishing
Plastic Injection Mold	Nissei Plastic Industrial Co., Ltd./Nissei School	- Overview of mold design and resin flow analysis - Practice of plastic molding - Overview and training function of Nissei school as an educational institution
	Nissei ASB Machine Co., Ltd.	- Overview of one-step stretch-blow molding and its molds, which integrates injection molding and blow molding together
	Koganei Mold Corporation Ikegami Mold Engineering Co., Ltd.	- Design and production of injection molds for industrial products and parts, actual situation of mass production of molding products
Pressing	Showa Precision Tools Co., Ltd.	- Design and production of pressing dies for industrial products and parts
	Masuda Manufacturing Co., Ltd.	- Actual situation of mass production of automobile parts (including their assembly) using pressing dies - Utilization of large pressing machines and robotics
Quality/ Production Control*	Nissei ASB Machine Co., Ltd.	- Case study of trouble shooting and machine maintenance in the factory
	Taguchi Pattern Works Co., Ltd.	- Utilization of a coordinate measuring machine - Quality improvement by resin flow analysis
	Ikegami Mold Engineering Co., Ltd.	- Actual situation of visual control - Application of 5S throughout workplace
	Masuda Manufacturing Co., Ltd.	- Utilization of operation standard documents

Note: *Although "Quality/Production Control" was the topic covered by each visit, the learning points in the four companies are described here as they are noteworthy.
Source: Prepared by JICA Project Team

The training covered the topics helpful for staffs of a technical support organization and die/mold technicians to deepen and improve their knowledge and practical skills, including systems and function of technical training, public support for SMEs, mold design and resin flow analysis using CAD/CAM/CAE, prototype molding, and

[51] Since the mold technology is a highly important topic for Plan 6 (Program for Enhancement of Injection Molding Technologies) which is implemented in collaboration with BPGMEA, TOT trainees in the plan also joined as trainees of the training in Japan.

quality control practice. On the last day of the training, the trainees were divided into two groups, one constituted by participants from BITAC and the other by those from the private sector, and each group gave presentation on their learning as well as future application of the learning back in Bangladesh.

The participants from BITAC performed presentations on activities in Japan to its top management on 24 November 2020 as well. In addition, some participants from BPGMEA and BEIOA shared their respective learning as part of Step 5 of TOT in Plan 6 described later.

d. Implementation of Step 5 (Online Training)

BITAC and the JICA Project Team implemented online training from August to October 2020 in response to the spread of COVID-19. Unlike the in-person training previously provided as the full-day training, the online training proceeded for two to three hours per day, in total ten days. The online training partially introduced video materials for visualization of die/mold composition and movement of the machines. The trainees who lived in remote area or outside Dhaka actively participated as they were able to be connected from their workplace. On the other hand, only three trainees from private companies attended the online training, and thus, the trainees from BITAC came to constitute the majority of the participants from Step 5.

e. Implementation of Step 6

BITAC in cooperation with the JICA Project Team conducted the four-day in-person training in December 2021 as the team had been able to resume physical visit to Bangladesh. Lectures and exercises in this step focused on methods of analyzing causes of mold defects by using fishbone diagrams, and on the design of injection molds. On the last day, the trainees visited a factory of model company-e of Plan 1 to learn practically about the use of molds, machine movements, and mold maintenance in the factory.

2) Activities Conducted in Second Batch

a. Activity Record

BITAC and the JICA Project Team conducted the second batch training according to the schedule shown in Table 2.6.15.

Table 2.6.15 Activity Record of Second Batch Training in Plan 5

Step	Date	No. of Participants	Topic
Step 1	23-25 Nov. 2021	21	Overview of pressing machines, raw materials and dies, basics of shearing
	28 Nov. 2021	21	Basics of bending and drawing
	29 Nov. 2021	19	Factory visit to observe actual pressing operations
	30 Nov. 2021	21	Basics of die design, function and structure of dies
	1-2 Dec. 2021	20	Compound (blanking dies) design exercise, use of CAD
Step 2	23 Feb. 2022	9	TOT exercises for technical consultation for companies (visit to factories to grasp the challenges to be solved). Four groups of the trainees visited four factories in two days.
	24 Feb. 2022	10	
	27 Feb. 2022	14	Lecture on presentation-making, group-preparation of the presentation on technical assistance to solve the challenges
	28 Feb. 2022	16	Continuation of the group-preparation of the presentation, mutual check of the presentations
	1 Mar. 2022	16	Presentation to companies, evaluation exam, other evaluations

Source: Prepared by JICA Project Team

Initially, the classroom training had been planned to start online due to the COVID-19 pandemic; however, in response to the request from BITAC, it was decided that all topics would be taken up by face-to-face training after an expert of the JICA Project Team in charge of the second batch resumes his physical visit to Bangladesh.

b. Implementation of Step 1

Step 1 was taken for a total of eight days from November to December 2021, during which lectures and exercises were conducted by using BITAC's pressing machines and dies, as well as samples of pressing products to deepen knowledge of the processing methods. On 29 November 2021, the trainees visited a factory of a major electrical equipment manufacturer and engaged in practical learning about the manufacturing process using pressing dies, die maintenance and the actual operation of various pressing methods. The trainees also took part in design exercises using CAD and 3D data in a BITAC's practical training room. A total of 23 of the 26 participants recorded an attendance rate of 80% or higher in Step 1.

c. Implementation of Step 2

BITAC and the JICA Project Team conducted Step 2 of the second batch for five days from the end of February to the beginning of March 2022. The trainees were divided into four groups; each of which visited two pressing or pressing die companies to analyze the challenges at the production site. Then, each group summarized the measures to solve these challenges and performed presentation on them to the companies. Step 2 thus intended to offer the trainees practical exercise on technical consultation as an instructor in this field.

On the last day, the trainees took an exam that evaluated their technical knowledge level. Finally, the expert of the JICA Project Team assessed qualification of the trainees as an instructor by five criteria, namely, a) score of the exam, b) results of self-evaluation by the trainees about their technical knowledge level, c) quality of the presentation evaluated by the company, d) quality of the presentation evaluated by the expert, and e) abilities to apply the acquired knowledge.[52] As a result, 15 trainees satisfied the evaluation criteria to be a qualified instructor in this field.

(2) Background/Factors of Achievement Status

Plan 5 aimed to have more than 30 trainees evaluated as qualified to be an instructor for die/mold technologies. Yet, the number of the trainees who satisfied the evaluation criteria in two batches turned out to be 25, not reaching the target after all.

Plan 5 was originally planned and launched as a long-term training program that included hands-on training and onsite practice using machines and equipment installed in TTI. However, due to the spread of COVID-19, the first batch training had to advance online from August 2020. In addition, since the travel to Bangladesh by experts of the JICA Project Team in charge of this plan had not been able to resume until November 2021, the practical training for die/mold prototyping that was scheduled as the onsite training needed to be cancelled, thereby making it impossible to perform the scheduled examination of the trainees. These constraints caused the difficulty in ensuring the systematic evaluation of the first batch trainees. The experts, nonetheless, concluded that the trainees, who had participated continuously, including the online training period, and completed the extensive curriculum including the training in Japan with an attendance rate of 80% or higher, should be qualified to become a mold technology instructor. The drastic decline in the number of the trainees during the online session in the first batch may have constituted the largest factor that prevented target achievement of this

[52] The perfect score for each evaluation criteria is four; thus, the total score is 20. Evaluation criteria was set at 12 (60%) or over of the total score.

plan. On the other hand, the second batch schedule was finalized on the assumption that training would be held after the expert resumed his travel to Bangladesh. Therefore, BITAC and the JICA Project Team were able to conduct all the training sessions physically in a short term and in a focused way, thereby yielding better results than those of the first batch.

IV.2.6.5 Plan 6: Program for Enhancement of Injection Molding Technologies

Plan 6 consists of a) "training for technicians" hosted by BIPET for BPGMEA's member companies, b) "training for individual companies/BDS organizations" provided by visiting each company/organization, and c) "TOT" which aims to foster trainers for both BIPET's training programs and in-house training of the member companies. Of these, a) and b) were performed based on the standard curriculum shown in Table 2.6.16 with modifications according to the request of BIPET and each company/organization. On the other hand, TOT covered each topic in the curriculum in more detail, while the trainees also received OJT at their companies as well as the practical training in which they played a role of an instructor.

Table 2.6.16 Standard Curriculum of Plan 6

Time	Contents
Day 1 (Lecture and Initial Exam)	
AM	Outline of Training, Orientation
	Written Examination (Confirmation of Level of Understanding Before Training)
	Lecture: Basic Knowledge of Plastic Raw Materials and Injection Molding
PM	Lecture: In-mold Flow of Resin
Day 2 (Lecture)	
AM	Lecture: Types of Gates and Mold Structure
PM	Lecture: Types and Structures of Injection Molding Machines, Calculation of Clamping Force
	Lecture: Countermeasure for Mold Defects, Quality Control by Measuring Mold Internal Pressure
Day 3 (On-site Training and Final Exam)	
AM	Onsite Training (Learn about the quality control method by mold internal pressure measurement in actual injection molding machines.)
PM	Written Examination (Confirmation of Level of Understanding After Training) and its Answer Check
	Presentation regarding Group Work Outcome by Participants
	Wrap-up of Training, Questions and Answers

Source: Prepared by JICA Project Team

(1) Activities Conducted

The following is a summary of the activities conducted in Plan 6. The teaching materials used for the training are presented in Attachment 7.

1) Training for Technicians

BIPET in collaboration with the JICA Project Team conducted the in-person group training for technicians from October 2018 to April 2019. The training was held online after COVID-19 had started to spread over the world. The online training also served as a venue for TOT trainees to practice their role as an instructor within the framework of TOT as described below. Table 2.6.17 shows the activity record of the training for technicians.

Table 2.6.17 Activity Record of Training for Technicians

Date	Classroom / Onsite Training Venue	No. of Participants	Remarks
In-person Training			
21-23 Oct. 2018	BIPET, PL Company h	12	4 participants from the model company of Plan 1.
9-11 Dec. 2018	BIPET	12	9 participants from the model company of Plan 1.
7-9 Apr.2019	BIPET	13	7 participants from the model company of Plan 1.
Online Training			
14-15 Jan. 2021	Online	31	Conducted online as TOT (Step 6: Practical Training in Role of Instructor) described below.
17-18 Feb. 2021		25	
24-25 May 2021		23	
20-21 Jun. 2021		24	
23-24 Aug. 2021		28	
15-16 Sep. 2021		35	
22-23 Sep. 2021		34	
2-3 Nov. 2021		38	
16-17 Nov. 2021		56	
14-15 Dec. 2021		45	

Note: "PL" denotes plastic here.
Source: Prepared by JICA Project Team

2) Training for Individual Companies/BDS Organizations

Table 2.6.18 summarizes the activity record of this training.

Table 2.6.18 Activity Record of Training for Individual Companies/BDS Organizations

Date	Venue	No. of Participants	Remarks
30-31 Oct. 2018	PL Company i	11	A total of 31 persons participated if those who attended only one day are included.
1-3 Dec. 2018	PL Company e	22	A total of 25 persons participated if those who attended only one day are included.
24 Nov. 2019	PL Company i	9	Classroom training and practice were conducted.
29-30 Jan. and 7 Feb. 2019	PP & PDC	10	Classroom training and practice were conducted.
13 and 15 Apr. 2019	PL Company j	16	Classroom training and practice were conducted.
16 and 18 Apr. 2019	PL Company d	32	Classroom training and practice were conducted.
23 Nov. 2021	PL Company i	25	OJT for quality improvement was provided.
1 Dec. 2021	PL Company e	36	Training was offered for a model company in Plan 1.
4 Dec. 2021	PL Company f	9	OJT for quality improvement was provided.
9 Dec. 2021	PL Company g	16	Training was offered for a model company in Plan 1.
11 Dec. 2021	PL Company l	30	OJT for quality improvement was provided.
2 Mar. 2022		21	
6 Mar. 2022	PL Company d	29	Training was offered for model companies in Plan 1.
8. Mar. 2022	PL Company e	23	

Note: "PL" demotes plastic here. Companies "d" to "g" are the same companies as those targeted for matching in Plan 1 shown in Table 2.6.3
Source: Prepared by JICA Project Team

From October 2018 to March 2022, BIPET together with the JICA Project Team provided training on measures to prevent defects in injection molding machines and molds for companies and a BDS organization. An expert of the JICA Project Team rendered lectures and practical training on a) molding conditions such as filling and holding pressures and holding time, b) mold structure by showing an acrylic mold, and c) purpose and operation method of outer/inner slides and angular pin which constitute the structure inside a mold.

3) TOT

a. Training Contents

Table 2.6.19 outlines the implementation plan of TOT.

Table 2.6.19 Overview of Implementation Plan of TOT in Plan 6

Period (No. of Days)	From June 2019 to December 2021 (Approximately 15 days of classroom training including company visit, required days of OJT in a company to which a trainee belongs, three days of practical exercise each (two times) as a trainer).		
Trainees (satisfying all criteria)	- Record of participation in the training for technicians - Work experience related to plastic injection molding with basic PC skills - Intention to work as a trainer of the BIPET training program or in-company training after TOT		
No. of Trainees	13		
Training Composition	Trainees learn necessary knowledge and skills to be a trainer of plastic injection molding.		
	Step (Period)	Theme	Topic
	Step 1 (June 2019)	Quality/productivity Improvement, Basic Knowledge of Drawing	- Classroom training (2 days): Countermeasures of molding defects, exercise of drawing - Company visit (1 day): Actual situation of workplace, analysis of factory layout
	Step 2 (August 2019)	Basic Knowledge of Mold Structure, Injection Molding and Blow Molding, OJT for Quality/Productivity Improvement	- Classroom training (2 days): Exercise of product drawing and mold drawing - Company visit (1 day): Actual situation of workplace, analysis of factory layout - OJT*: Consideration and implementation of countermeasures for molding defects in each company of participants (Progress will be observed continuously)
	Step 3 (November 2019)	Theory and Practice on Molds, OJT for Quality/Productivity Improvement	- Classroom training (3 days): Theory and practical exercise on molds by using a transparent mold - OJT: The same as above
	Step 4 (January 2019)	Countermeasures for Molding Defects	- Classroom training (3 days): Reports of OJT results in each company
	Step 5 (August – December 2020)	Quality/Productivity Improvement, Countermeasures for Molding Defects	- Classroom training (6 days): Review of previous learning through online training - Knowledge sharing among trainees of measures against molding defects, countermeasures and examples of quality and productivity improvement - Sharing of learning from training in Japan
	Step 6 (January – December 2021)	Practical Training in Role of Instructor	- Online training in role of instructor: Trainees take charge of an instructor for the training for technicians (two training sessions (3 days) per trainee)
Instructors	An expert of JICA Project Team		
Venue	BIPET, Each Company, Online		

Note: * OJT was conducted at each company to which trainees belong, and only trainees who belong to each company participate.
Source: Prepared by JICA Project Team

TOT consisted of classroom training including exercises and visits to companies, OJT in which an expert of the JICA Project Team provided technical guidance by visiting trainees at their companies, and practical training where trainees practiced the roles of an instructor. BIPET and the JICA Project Team completed TOT in December 2021 whereby five trainees were assessed as qualified to be an instructor.

b. Activities Conducted

Table 2.6.20 summarizes the record of TOT activities conducted from June 2019 to December 2021.

Table 2.6.20 Activity Record of TOT in Plan 6

Date	Venue	No. of Participants	Remarks
23-25 Jun. 2019	BIPET, PL Company e	13	Step 1: Quality/productivity improvement, basic knowledge of drawing
27 Jun. and 5 Sep. 2019	PL Company f	1	OJT at trainee's workplace
3 Jul. 2019 and 25 Aug. 2019	PL Company e	1	
26-28 Aug. 2019	BIPET, PL Company j	5	Step 2: Basic knowledge of mold structure, injection molding and blow molding, quality/productivity improvement[53]
1-2 Sep. 2019	PL Company l	1	OJT at trainee's workplace
26-28 Nov. 2019	BIPET	10	Step 3: Theory and practice on molds, quality/productivity improvement[54]
14 Dec. 2019	PL Company j	1	OJT at trainee's workplace
21-23 Jan. 2020	BIPET	7	Step 4: Countermeasures for molding defects[55]
30 Jan. 2020	PL Company j	1	OJT at trainee's workplace
2-3 Feb. 2020	PL Company k	1	
12 Aug. 2020	Online	7	Step 5: Online classroom training[56]
26 Aug. 2020		7	
23 Sept. 2020		5	
21 Oct. 2020		6	
18 Nov. 2020		6	
9 Dec. 2020		6	
14 Jan.-15 Dec. 2021	Online	5	Step 6: Practical training that trainees act as an instructor in the training for technicians (each trainee is responsible for two sessions for three days)[57]
18 Nov. 2021	PL Company h	1	OJT at trainee's workplace
20 Nov. 2021	PL Company j	1	
24-25 Nov. 2021	PL Company k	1	
4 Dec. 2021	PL Company f	1	
12 Dec. 2021	PL Company h	1	
(5 Mar. 2022)	(PL Company f)	1	(Complementary training: OJT at trainee's workplace)
(8 Mar. 2022)	(PL Company h)	1	

Note: "PL" denotes plastic here. Companies "e" to "h" are the same as those shown in Table 2.6.18and Table 2.6.19.
Source: Prepared by JICA Project Team

(2) Background/Factors of Achievement Status

Plan 6 aimed for a) training participation of more than 180 injection molding technicians, and b) nurturing of more than five instructors in the field of injection molding. Eventually, a) 674 people participated in the training and b) five people were evaluated as qualified to be an instructor. Therefore, the plan achieved its objective. In particular, the indicator a) for the number of participants in the training widely exceeded the target.

[53] On 27 August 2019, the trainees visited a factory to observe the actual situation of the molding process and to discuss the factory layout.

[54] An expert of the JICA Project Team offered lectures on the basics of the structure of injection molds by using acrylic molds. The training also included exercises on how to improve quality and productivity through troubleshooting such as setting and modifying molding conditions.

[55] The trainees gave presentations on troubleshooting cases that they had conducted during their OJT at their companies.

[56] The training sessions were for two hours per day and consisted of a review of the previous training content and lectures to strengthen the trainees' understanding of quality and productivity improvement. Before each training session, the trainees were requested to submit their assignments, and the contents submitted by the trainees were explained in the lecture.

[57] The trainees served as a lecturer who gave two lectures in three days. Refer to the "Activity Record of Training for Technicians" shown in Table 2.6.17 for details of the dates and the number of participants.

BIPET and the JICA Project Team continuously conducted TOT online even during the COVID-19 pandemic. Further, an expert of the JICA Project Team in charge of Plan 6, while staying in Bangladesh, visited a variety of companies including the model companies of Plan 1, thereby providing training to a considerable number of technicians including operators working in each factory. This continuous and proactive training provision was one of the factors that led to the successful achievement in this plan. Moreover, BIPET, as a training organization under the plastic industry association, had a very strong sense of ownership for development of the plastics industry, while Plan 6 met its needs for training of young instructors and development of the training curriculum for sustainable growth of the industry. These factors together heightened and maintained the initiative of BIPET, as the implementing agency, in proactively and continuously coordinating and organizing the training, thereby bringing in the results that far exceeded KPIs set in this plan.

IV.2.6.6 Plan 7: Support in Formulation of Supporting Industry Development Plan and Plan 8: Recommendation for Financial Measure for Modernization of Supporting Industry

(1) Activities Conducted

Activities in Plan 7 and Plan 8 fully started from October 2019.[58] The following three sections report on the three activities conducted within the framework of this plan, namely, the training in the third country (Thailand), preparation and submission of the draft of a supporting industry development plan, and submission of comments on the drafts of the "National Plastic Industry Development Policy 2020."

1) Training in Third Country (Thailand)

The JICA Project Team organized the training in Thailand from 13 to 22 March 2019 where 20 participants from MoI, BITAC, SMEF, BEIOA, BPGMEA, BMAMA, and MMEAB visited 17 companies/organizations shown in Table 2.6.21.

Table 2.6.21 Companies/Organizations Visited in Training in Third Country (Thailand)

	Public Organizations
1	Department of Industrial Promotion (DIP), Ministry of Industry of Thailand (MOI Thai)
2	Division of Innovation and Industrial Technology Development (DIIT), DIP, MOI Thai
3	Office of Industrial Economics, MOI Thai
4	Office of SMEs Promotion (OSMEP)
5	Small and Medium Enterprise Development Bank of Thailand (SME Bank)
6	Thailand Automotive Institute (TAI) including Testing center
7	Thai Auto-Parts Manufacturers Association (TAPMA)
8	Thai-German Institute including Mold & Die Technology Human Resource Development Center
9	Plastic Institute of Thailand
	Motorcycle-parts Suppliers
10	Company A (Various painted/non-painted plastic parts)
11	Company B (Various painted/non-painted plastic parts)
12	Company C (Various pressing parts, seats)
13	Company D (Swing arms, stands, pedals, mufflers)
14	Company E (Fenders, mirrors, lamps)
15	Company F (Frames)
16	Company G (Various pressing and machining (cutting) parts)
17	Company H (Seats)

Note: Items in a round bracket indicate main products of each company.
Source: Prepared by JICA Project Team

[58] As mentioned earlier, the sixth PIC-3 meeting concluded that Plan 8 would prepare recommendation for a long-term financial scheme as a part of the measures stated in a supporting industry development plan to be formulated in Plan 7.

On the final day, the participants conducted group discussion to review the training outcome and to come up with ideas to apply the outcome in Bangladesh, after which the two groups made presentations. In July 2019 after returning to Bangladesh, they gathered in MoI and discussed necessity to formulate a plan for development of the supporting industry of the motorcycle sector, which led eventually to the activity 2) below. In addition, the participants together reported the training results to the Secretary of MoI in September 2019.

2) Preparation and Submission of Supporting Industry Development Plan

MoI and the JICA Project Team, through a series of discussion conducted from November to December 2019, decided that Plan 7 would formulate the "Supporting Industries Development Plan for Motorcycle Sector in Bangladesh (SIDP)" which focuses mainly on development of local LE/plastic industries as the supporting industry. In addition, they agreed that SIDP would extend its scope into development of the supporting industries for assembly-type industries other than the motorcycle industry in future. The JICA Project Team undertook a role to support MoI in making the first draft of SIDP, whereas MoI would actually formulate the plan based on the draft.

For this draft-making, the JICA Project Team performed interview surveys with various stakeholders including BITAC, SMEF, other BDS organizations, motorcycle companies, and LE/plastic companies from November 2019 to March 2020. The surveys were designed to analyze the existing needs of various stakeholders and consistency between the team's recognition and their recognition regarding the issues that should be addressed for development of the supporting industry. As COVID-19 started to spread over the world, the JICA Project Team continued the draft-making while conducting online interview surveys with other stakeholders including automotive and motorcycle parts suppliers in Japan. Finally, the team submitted the first draft to MoI on 30 July 2020. According to MoI, SIDP is expected to be approved by the Minister of Industries by December 2022.

The draft puts forward six policy measures, namely, expansion of motorcycle parts market, promotion of parts localization, improvement in production technologies and quality management, development of die/mold industries, introduction of long-term finance schemes, and promotion of investment of foreign parts manufacturers, together with seven action plans under these measures. Table 2.6.22 shows the outlines of the first draft of SIDP and Attachment 8 presents the main body of the draft. The recommendation made in 3.7 in the table is equivalent to Plan 8.

Table 2.6.22 Outlines of First Draft of SIDP

Chapter/Section	Headlines
1	**Introduction**
1.1	Background
1.2	Objective and Positioning of Supporting Industries Development Plan (SIDP) for Motorcycle Sector
1.3	Concept of Supporting Industries Development
2	**Current Situation and Issues**
2.1	Motorcycle Sector in Bangladesh
2.2	Technologies and Quality of Motorcycle Parts Industry
2.3	Die and Mold Industries
2.4	Financial Access
2.5	Foreign Direct Investment
3	**Policy Measures and Action Plans**
3.1	Vision and Mission
3.2	Measures for Development of Supporting Industries
3.3	Expansion of Motorcycle Parts Market
3.4	Promotion of Parts Localization
(AP 1)	*(Implementation of Parts Localization Program)*
3.5	Support for Production Technologies and Quality Management
(AP 2)	*(Program for Strengthening of the Competitiveness of Local LE and Plastic Industries)*
(AP 3)	*(Program for KAIZEN (Quality and Productivity Improvement))*
(AP 4)	*(Enhancement of Functions of Testing and Certification Center(s))*
3.6	Support for Die and Mold Industries
(AP 5)	*(Program for Nurturing Die/Mold Making Technicians and Engineers)*
3.7	Introduction of Long-Term Finance Schemes
(AP 6)	*(Support in Establishing Two-step Loan for SMEs)*
3.8	Promotion of Investment of Foreign Parts Manufacturers
(AP 7)	*(Strategic Investment Promotion Activities Targeting Foreign Supporting Industries)*
4	**Implementation System**
4.1	Establishment of Motorcycle Supporting Industry Development Committee
4.2	Implementation of SIDP
4.3	Future Scope of Supporting Industries Development

Note: "AP" indicates Action Plan.
Source: Prepared by JICA Project Team.

3) Submission of Comments on Drafts of National Plastic Industry Development Policy 2020

Another main activity conducted in this plan corresponded to activity "(8) Reflection of outputs/lessons to the next industrial policies" specified in the Inception Report of this project. In this connection, the JICA Project Team provided MoI with feedbacks on drafts of the "National Plastic Industry Development Policy 2020" whose framework is summarized in IV.2.3.6; the feedbacks on the 2019-draft were provided in December 2019, and those on the 2020-draft in June 2020.

The feedbacks included sharing of the current situation and issues of the supply chain that had been analyzed in this component, importance to transfer from mass production of fast-moving consumer goods to manufacturing of industrial parts, necessity to promote technological enhancement of the die/mold industry, possibility of QCD improvement through KAIZEN, new market development through the QCD improvement, etc. In addition, the team provided an example of an action for the policy's strategy 5, namely, "Enhance Skill Development and Training," by applying the training program conducted in Plan 6 (Program for Enhancement of Injection Molding Technologies).

(2) Background/Factors of Achievement Status

As explained earlier, the role that the JICA Project Team plays in this plan is to support MoI in preparing the first draft of SIDP, indicating that the activities in this plan had been completed by the end of July 2020. On the other hand, KPI set in this plan is that "A supporting industry development plan will be formulated by June 2021," implying that, in order to achieve the objective, the final draft needs to be formulated by MoI for going through the approval process. Although the achievement timing has already passed due largely to the constraints caused by the COVID-19 pandemic, the ministry is currently working on the finalization of SIDP to make it an official development plan. Yet, the staff in charge of the policy formulation in MoI, though having considerable experience and knowledge in policy-related work and excellent administrative capabilities, is limited practically to only one person who needs to take care of drafting work and approval procedure of other policies proceeding in parallel. This fact may constitute the factor that is hindering timely finalization of SIDP.

IV.2.6.7 Plan 9: Support in Matching with Foreign Companies in Economic Zones

(1) Activities Conducted

Activities in Plan 9 coincided with those in other plans including matching efforts in Plan 1, sharing of Plan 1's experience and lessons in Plan 3, and visit to parts suppliers in Thailand arranged in Plan 7. In Plan 1, three matching cases were realized between local plastic companies and foreign motorcycle manufacturers although not reaching the mass-production contract stage. In the process of this matching, the JICA Project Team supported these companies in having meetings for nine times and paying (mutual) factory visit for seven times. In the training in Thailand, as mentioned earlier, the team arranged the visit to eight motorcycle-parts suppliers in the country. By these, Plan 9 satisfied its KPI.[59]

(2) Background/Factors of Achievement Status

The fact that only a few foreign manufacturers had invested in the Economic Zones (EZs) encouraged PIC-3, in its sixth meeting in October 2019, to agree to consider the matching with foreign companies outside EZs as well. Foreign manufacturers operating outside EZs were, however, not many either. Further, it was difficult to envisage many foreign manufacturers to invest in Bangladesh within the project period. Hence, the matching activities were considered to be more realistic if conducted individually between a few selected companies to gradually deepen their relationship through continuous meetings, mutual factory visit, etc. as done in Plan 1.

Additional training in the third country and Japan would have contributed to dealing with the situation where foreign manufacturers are still a few in Bangladesh. Yet, the long-lasting spread of COVID-19 made it nearly impossible to conduct the training abroad.

IV.3 Lessons Learned and Recommendations

This chapter summarizes the lessons learned from the activities conducted in Component 3 and sets forth recommendations based on these lessons.

The draft of SIDP formulated in Plan 7 consists largely of the recommendations of the JICA Project Team for the measures and actions to promote further development of the supporting industry in Bangladesh. Such recommendations in SIDP accommodate the challenges and lessons identified from the component activities, especially implementation of the current situation surveys and the Action Plan.

[59] As mentioned earlier, KPI is set as conducting three or more matching activities.

On the other hand, the lessons and recommendations in this chapter, though overlapping partially with contents of the SIDP draft, involve the measures and actions that need to be taken after the project by applying and further expanding the activities and outputs of Component 3.

IV.3.1 Lessons Learned

(1) Linkage Creation Depends Predominantly on Market Demand

In Plan 1, the model companies accomplished a certain level of capacity enhancement although not being able to achieve the passing of quality evaluation of the prototype-parts and mass production contracts. As mentioned in IV.2.6.2, its largest factor was that the motorcycle manufacturers in Bangladesh did not possess urgent needs for local parts procurement although having potential needs for the future localization. Creation of the linkage between the local supporting industry and the foreign manufacturers is exactly the same as other business transactions, in that both emerge only if the purchaser exists in the market. The business opportunity never occurs without the purchaser, no matter how high the quality and how low the price of goods/services a potential supplier may provide. Creation of the linkage is a market development activity which requires generation and widening of purchase-willingness of the potential customers in the first place.

In this connection, the partner motorcycle manufacturers that cooperated with Plan 1 suggested that some form of incentives be necessary to start local purchase of the motorcycle parts so that the import substitution incurred by this would not lead to their demerit. Further, policy facilitation for promotion of the parts localization, as stated in the draft SIDP, is also a point that should encourage constructive discussion. These measures would also become the convincing evidence for the foreign headquarters or the brand principals of the motorcycle manufacturers to start to consider changing the source of parts procurement to Bangladesh.

In any case, existence of the apparent and tangible needs for the local procurement of the parts is the precondition for the linkage creation.

(2) Identifying Technologies Truly Required by Customer and Enhancing Them are Indispensable

Plastic parts for a motorcycle can bear the certain degree of conforming quality if produced with a mold and raw materials designated by a customer and a molding machine that can accommodate the mold. The partner motorcycle manufacturers in Plan 1 often suggested that they did not have concern about the molding techniques of the model companies; however, they were definitely concerned whether the model companies could continuously ensure the stable conforming quality at any time and deliver the product by the specified time in the mass production stage. Further, they perceived maintenance of the high-level 3S as the prerequisite to assure such the mass production quality and the delivery time.

A substantial part of the support by the JICA Project Team in Plan 1 was meant for the model companies to become able to a) use and manage drawings, b) prepare operation standards as per the drawings and always follow the standards, c) inspect the products by using proper measuring instruments, d) analyze the inspection results and eliminate quality variation by applying the analysis results, and e) improve the order and shipping management system that assures the specified delivery time. The team also underscored significant importance of maintaining 3S as the precondition of the above. It is these management technologies and 3S implementation that the motorcycle manufacturers truly require their suppliers to possess and improve.

On the other hand, neither the model companies in Plan 1 nor the participating companies in Plan 3 that disseminated the experience of Plan 1 was not aware and had little understanding of significance of these

management technologies and 3S implementation. Enhancement of those management technologies and thorough implementation of 3S are indispensable to nurture the parts industry in Bangladesh.

(3) Expanding Pressing Sector and Enhancing its Technologies are Essential

Localization of motorcycle parts usually starts with versatile ones, including tires and batteries, and plastic and pressing parts that the necessary techniques are relatively simple and are suited for mass production by using the molds/dies. There are large companies producing tires, batteries and plastic products in Bangladesh. On the other hand, the number of companies that apply pressing technologies on a large scale is very limited. Moreover, as mentioned in IV.2.2.2.1, facilities and function of the technical assistance agencies in the pressing field is inadequate in comparison with other processing technologies.

Manufacturer-Z, one of the partner motorcycle manufacturers in Plan 1, which had expressed interest in cooperation in the very first stage, was not able to find a prospective model company because Z wished to work with a company applying or having capacity to apply the pressing lines. In addition, other motorcycle manufacturers often opined that they preferred to procure the pressing parts to the plastic parts as the former possess higher value-added than the latter do.

Among the metal parts, the pressing parts are generally localized first and thus the role of the pressing sector in the start of the supporting industry development is crucial. Therefore, measures to develop scale and technologies in the pressing sector will be essential in Bangladesh.

(4) Initiative by Private Sector is a Must for Strengthening Capacity of Supporting Industry

The supporting industry development involves development of businesses between companies at the upper tier and the lower tier on a skirt of the related industries. It is basically a B-to-B activity whose main actors are private companies. Initiative of the private sector is, therefore, indispensable for capacity development of the supporting industry.

An implementing agency of Plan 6 was a training institute under a plastic industry association. The agency maintained a very high level of the ownership and responsibility throughout the Action Plan period because they knew that the activities in the plan would contribute directly to development of the plastic industry. They always took initiative in conducting the activities and kept proactive stance, thereby bringing in the largest outcome among all plans in the Action Plan. Further, all the trainees in TOT in Plan 6 belonged to a private company. In the training programs where they practiced roles of a trainer, a very active exchange of practical knowledge/experience between the trainer and the participants was observed, indicating the effectiveness of capacity building by the private sector itself.

In addition, implementation of Plan 1 offered the lesson that the management technologies mentioned in (2) above could be guided only by those who had practical experience in using such technologies in the production activities meant for the customers with strict requirements. The proactive involvement of the private sector is thus essential for these management technologies to prevail widely in the supporting industry. The maximum use of the institutional and human resources of the private sector in capacity development of the supporting industry is highly imperative.

(5) Observing and Understanding Better Situation Leads to Growth

One of the basic concepts of the model line established in Plan 1 is to enhance capabilities of the model companies by setting and trying to meet requirements at the higher level than the current customer imposes. The

model companies, however, had not been able to get out of the range of thinking where they had perceived everything based on requirements of the current market, especially in the early stage of the activities. They believed that their model line was of adequate quality which was better than almost all the production lines existing in the country. Yet, their perspective certainly changed upon they visited and actually observed factories of the partner motorcycle manufacturers as they keenly felt the considerable gap between their model line and production line of the manufacturers. The model companies learned many improvement points from this experience and quicky implemented these points thereafter. Furthermore, model company-d and -e had received the evaluation by the respective partner motorcycle manufacturers on their model line and they took prompt action to accommodate the comments offered by the manufacturers.

Mind-set and behavioral changes are considerably important in the model line activities which promote the growth by setting and trying to achieve the stretch goal. The (mutual) factory visit turned out to be a very effective way to promote such changes in a profound manner.

IV.3.2 Recommendations

(1) To Implement SIDP as Soon as Possible and Consider Introducing Incentives on Local Production and Transaction of Motorcycle Parts

The draft of SIDP incorporates knowledge and lessons obtained from the activities performed in this component and accommodates the challenges and needs of the stakeholders grasped by the various surveys, thereby recommending the action plan for development of the supporting industry in Bangladesh. It covers the critical measures to develop the supporting industry, including enhancement of die/mold technologies, dissemination of KAIZEN, establishment of the testing and certification institution, introduction of long-term finance, etc. which involve solutions for the challenges raised in IV.2.2.2 and continuation of the Action Plan. Under the changing internal and external environment of the supporting industry, it is strongly recommended to expedite the finalization of SIDP and implement its measures as soon as possible. At the same time, however, as mentioned in IV.2.6.6, there is only one staff in charge of the policy formulation in MoI, which is likely to be causing difficulty in the timely finalization of SIDP at this point. Considering the tremendous importance of policies and measures in the ministry, it is worth considering expansion of the staff who takes cares of the policy-related work within the ministry.

The draft of SIDP also provides for a localization program of motorcycle parts. As indicated in IV.3.1, creation of the linkage between the local supporting industry and the motorcycle industry first entails creation of the customer demands. In order for the localization program to be convincing and acceptable for the motorcycle industry as the customer, the program should ensure that the import substitution incurred by this would not generate the demerits for the motorcycle manufacturers as much as possible. The import taxes imposed on the motorcycle parts in Bangladesh had gradually lessened largely because of the accumulated efforts made by the motorcycle industry for a long time. The customer demands for the local parts would not emerge unless the localization program leads to price competitiveness of the local parts against the current import parts. Provision of the incentives to local production and transaction of the motorcycle parts stated in IV.3.1 is one of the measures to promote the parts localization without heightening the import taxes of them.

There is no such incentive in Bangladesh at present. In this connection. the JICA Project Team, in September 2019, had a meeting with the three relevant industry associations, namely, BEIOA, BPGMEA and BMAMA,

which put forward the following recommendation for the measures that need to be taken to accelerate the parts localization.

- Incentives for local production and transaction of about ten selected motorcycle parts should be provided as follows:
  - To provide subsidized interest rate of 1% for import of dies/molds/jigs to produce these parts.
  - To reduce customs duty to 1% on materials for these parts.
  - To exempt VAT in local transaction of these parts between a supplier and a motorcycle manufacturer.
  - To reduce corporate income tax for suppliers producing these parts and the manufacturers procuring them from the suppliers.

In addition, although the approach is a little different, introduction of a measure to promote technical assistance from a motorcycle manufacture to a supplier or its candidate as implemented in several Southeast Asian countries is worthy of attention. For example, such a measure may render some financial incentive to the motorcycle manufacturer that has provided technical assistance to the potential supplier for a certain period. This kind of the measure would also contribute to those recommended in (2) and (3) below.

Although the measures mentioned above are only the unofficial recommendation and reference in other countries, they represent the needs from both the supporting industry and the motorcycle manufacturers. It is therefore recommended that the public organizations especially MoI and the National Board of Revenue closely discuss with the private stakeholders to consider what sort of the incentives on local production and transaction of motorcycle parts would lead to realistic and reasonable import substitution of them.

(2) To Understand Management Technologies Required by Customers and Guide Dissemination of their Basic Knowledge and Practice

As discussed in IV.3.1, the most important technologies that the foreign motorcycle manufacturers require the suppliers to possess are the quality and process management technologies in the mass production stage. They are the technologies that ensure continuity in production of the specified volume of the motorcycle parts in the stable conforming quality at any time and delivery of them by the specified time, in addition to thorough implementation of 3S as a prerequisite to control such the technologies. More precisely, the management activities below are required to be undertaken.

- To manage the workplace where 3S is always and thoroughly implemented and maintained.
- To manage all the parts based on drawings.
- To control quality variation to fall within the tolerance range.
- To prepare and completely follow operation standards according to the drawings and improve the standards when the problem happens even if the standards are complied.
- To inspect the parts by proper measuring instruments which are accurately calibrated and always record the inspection results.
- To digitize the inspection results, continuously analyze the quality variation by the digital data, and improve the variation based upon the analysis results.
- To establish the ordering, shipping and traceability system to ensure delivery of the parts within the specified time and countermeasures taken quickly upon receiving complaints from the customers.

Yet, the requirement level for these management activities is different from one customer to another while the customers may require the supplier to exactly introduce the same management methods used by the former or extend direct technical guidance on them to the latter. Under these varied circumstances, it is more important to

deeply recognize these management technologies as indispensable to become a parts-supplier and to implement them in the daily production activities in order to accumulate the basic experience.

In doing so, it is recommended that the private industry associations play the main role in arranging and coordinating the activities such as knowledge-sharing as conducted in Plan 3, technical guidance as performed in Plan 1, factory visit as discussed in IV.3.1, etc. This is because the management technologies above can only be guided by those who have their practical experience and, in Bangladesh at present, such human resources are limited to those who are working or have worked for the production/quality management in the foreign manufacturers and to the main members that have materialized the model lines in Plan 1.

It would be unrealistic for individual companies to arrange and coordinate such the knowledge-sharing and technical guidance by themselves. A more realistic way would be that the associations of the supporting industries or chambers of commerce and industry take initiative to collaborate with the motorcycle industry association to coordinate and arrange these activities. In the meantime, SMEF would also be able to play important roles in sharing necessity of these management technologies and experience of Plan 1 widely with SMEs. In that case, the foundation could collaborate with the chambers, the industry associations and the model companies in Plan 1 to continue and expand the training that had been organized in Plan 3.

(3) To Encourage Initiative of Private Sector

The main actor in the supporting industry development is the private sector. The party directly concerned in development of a certain industry is the private companies in that industry and they seriously undertake the activities to develop the industry as they do feel a sense of ownership. Moreover, the entity that understands most the challenges and needs in an industry is also the private companies in that industry. Factors including the underlying technology, production/quality management, business management, marketing, human resource development, etc. carry the common elements to all the industry; however, they also have many elements unique to each industry. Therefore, the public measures to encourage the initiatives of private stakeholders of each industry or those in collaboration between the government and the industry association need to be further strengthened in the supporting industry development in Bangladesh.

For instance, these measures may include the ones to reinforce involvement and initiatives of the industry association in planning and implementing the action plan under a certain policy, to strengthen a training institute under an industry association, to have an industry association design a part of the training curriculum of the public technical assistance agencies, to mediate the collaboration between the associations related to the supporting industry and that of the customer industry, etc. Further, it would be effective to take the public-private collaborative approach in human resource development whereby, for example, BITAC may provide training on widely applicable cutting and welding techniques while the BEIOA-Light Engineering Training Institute may render technical guidance for pressing techniques required for processing a metal frame of a particular product.

The government plays a certain role especially in policymaking, human resources development, and marketing for capacity development of the supporting industry; however, its more important role is to formulate and implement the measures to encourage the initiative of the private sector for the same purpose.

(4) To Strengthen Scale and Technologies of Pressing Sector

As discussed in IV.3.1, capabilities to supply the pressing parts are crucial for the start of the supporting industry development. Without them, Bangladesh would miss a huge opportunity in its industrial growth. Of course, the

casting and forging parts are also important; however, it is unlikely for the foreign manufacturers to outsource production of these parts to Bangladeshi companies, at least, in the near future. It is thus strongly recommended to take measures to scale up the pressing sector and enhance the technologies required for it on a priority basis.

One of the important measures would be to strengthen the training function, facilities and technologies of the pressing section in BITAC. BITAC possesses adequate facilities in the cutting section with excellent human resources. Yet, those in the pressing section is still insufficient compared to other machining sections. It is hence highly desirable to develop the human resources in the pressing section by utilizing those who had been nurtured in Plan 5 and to expand the facilities by installing, at least, a few small bending, drawing, and shearing machines (for both training and production activities). At the same time, the BEIOA-Light Engineering Training Institute is also commended to reinforce the same facilities and resources and to take serious action to disseminate and enhance the pressing technologies in collaboration with BITAC. By these, Bangladesh would be able to establish the effective and efficient technology extension system for the pressing sector.

On the other hand, some large bicycle makers and electronics makers in Bangladesh export their products to the international markets and they apply many pressing techniques in their production. They are, however, not used to working with the customers as a parts supplier. Therefore, it is worth considering the measure to equip these companies with the management technologies recommended in (2) above to develop them into a qualified parts supplier.

Experience in other countries suggests that supply of the pressing parts can fully be undertaken by the domestic supporting industry. If Bangladesh were not to have the companies able to supply the pressing parts by the time that the demand for localization of the metal parts arises, the country would miss a tremendous opportunity and foreign companies would instead take it. In order to avoid such opportunity-missing, it is highly recommended to start implementing the measures to scale up the pressing sector and enhance its technologies as soon as possible.

(5) To Design and Implement Measures/Technical Assistance to Build Foundation of Supporting Industry Development from Long Term Perspective

Component 3 attempted to create the linkage case between the foreign motorcycle manufacturers and the large local plastic companies in Plan 1; the latter could be positioned at the first tier of the supporting industry. If they are to be equipped fully with the management technologies stated in (2) above and even one of these companies is to succeed in starting the parts-supply, then the complete localization of the plastic parts in Bangladesh would happen very quickly considering uniformity of molding and management processes of the plastic parts.

On the other hand, Plans 4 to 6 intended to build the foundation for the future development of the supporting industry in the country, not to bring about the short-term outcome. Creating the situation, where: a) the companies implementing KAIZEN are rather ordinary than special; b) local dies/molds with high and reliable quality are readily available; and c) adequate knowledge and practical skills in the injection molding technologies are spread widely to the technicians in the plastic industry, is a significant factor to establish the firm base of the supporting industry which is competitive against that of other countries.

The approach in Plan 1 to expect the impact on expansion of the supporting industry through creating the tangible cases may be effective. Notwithstanding, the supporting industry is the industry to support other industries in nature, and hence, it is essential to develop it as the firm industry foundation from the long-term perspective. To encourage such foundation-building, the public and private sectors together need to tackle the institutional and human resource capacity building as undertaken in Plans 4 to 6 in the Action Plan. In doing so,

it is recommended to maximize use of the KAIZEN Extension Officers nurtured in Plan 4, mold/die instructors trained in Plan 5, instructors of injection molding technologies qualified in Plan 6, and teaching materials and curriculum developed in these plans. The more they are used, the higher level of the support they can offer. Further, the long-term and hands-on physical technical guidance and training would be effective for this sort of capacity building considering the experience in implementation of the Action Plan, especially Plan 1, Plan 4 and Plan 6 where such technical guidance and training had yielded favorable results.

As for the challenges that Bangladesh cannot address by itself in the foundation-building for its supporting industry development, the international donor agencies including JICA are recommended to consider technical assistance. Such technical assistance would be more effective if designed to have direction to promote direct involvement of the private industry associations as much as possible, as recommended in (3) above.

Appendix (IV. Strengthening the Support System for Industry Development)

1. Profile of BDS Organizations
2. Summary of Each Plan
3. Format of Quality/Production Management System Check Sheet (Summary Table)

Appendix 1 (1) Profile of BDS Organizations under MoI

Name/role			Number of Staff	Major Activities Related to Project Scope	Note
1	SME Foundation (SMEF)	SME promotion organization	56	➢ Training ➢ Wholesale loan via partner financial institutions ➢ Provision of business information ➢ Support for running a booth at trade fairs	➢ Recognize themselves as a BDS facilitator ➢ Hire external experts as training instructors ➢ Target micro and small enterprises in the loan program ➢ Have an incubation center
2	Bangladesh Industrial and Technical Assistance Center (BITAC)	Training and R & D organization	Total: 550 In Dhaka: *350**	➢ Training ➢ R&D ➢ Production of import substitute articles (spare parts) ➢ Provision of Common Facility Center ➢ Incubation support	➢ Have regional branches in Chittagong, Chandpur, Khulna and Bogra ➢ Serve as a training institution of Skills for Employment Investment Program (SEIP) which is implemented by ADB, SDC, and the Ministry of Finance, and Skills and Training Enhancement Project (STEP) by the World Bank in addition to conducting their own training courses ➢ Have a Tool & Technology Institute with the latest equipment.
3	National Productivity Organisation (NPO)	Productivity organization	Total: 52 # of staff capable to give KAIZEN guidance: *14*	➢ Promotion of quality/productivity improvement activities: ・On-site training ・Awareness raising (seminars, workshops, distribution of posters and brochures) ➢ Running of the National Productivity and Quality Excellence Award	➢ # of enterprises to advise: 3-4/year ➢ Training period: 4-5 months/enterprise ➢ Plan to start providing online KAIZEN guidance ➢ Give KAIZEN guidance following the technical transfer made in the JICA's "Study on Potential Subsector Growth for Export Diversification" conducted from 2007 to 2009, but their understanding on why to conduct KAIZEN and their steps are not good enough. ➢ Have limited activity budget
4	Bangladesh Institute of Management (BIM)	Education and training organization	Total: 100 Instructors: *24*	➢ Provision of training on business: ・Post-graduate diploma courses and diploma courses ・Online office management course ・Short term training ➢ Consulting (job screening for public servants, various research)）	➢ Have campuses in Chittagong and Khulna ➢ Run a diploma course on social compliance with support of GIZ ➢ Run a diploma course on quality/productivity improvement tailored for the ready-made garment sector ➢ Students are mainly from large enterprises ➢ Internal staff serves as instructors with some exception
5	Bangladesh Standards and Testing Institution (BSTI)	Standardization and certification organization	Unconfirmed	➢ Formulation and certification of quality standards ➢ Calibration of measurement equipment ➢ ISO certification (ISO9001, 14000, 22000)	➢ Have 24 testing laboratories across the country ➢ Not have much testing equipment serving for metal processing/light engineering enterprises

Note: * involves information obtained in an interview with the BITAC management (c.f. 668 staff according to the presentation materials prepared by BITAC)

Source: Summarized by JICA Project Team based on the information obtained from interviews with the organizations, documents obtained from them, and their websites

Appendix 1 (2) Profile of BDS Organizations outside MoI Umbrella

Name/role			Number of Staff	Major Activities Related to Project Scope	Note
1	Pilot Plant Process Development Center (PP & PDC) - Bangladesh Council of Scientific and Industrial Research (BCSIR)	Testing and R&D organization under the Ministry of Science and Technology	1,400 Engineers: 80 In Dhaka: 1,100	➢ Activities related to the metal and plastic sectors: • Material test • New material development • Workability test • Process development • Calibration of measurement equipment ➢ Training	➢ Have research centers in Chittagong and Rajshahi as well ➢ Produce molds for plastic products and metal stamping products (CAD design, CAD lathing and electric discharge machining) ➢ Run a night-time training course on factory automation (three times/week for three months) ➢ Have more CAD, CNC, and testing equipment than BITAC before the opening of the Tool & Technology Institute
2	Bangladesh Institute of Plastic Engineering and Technology (BIPET)	Training organization under the Bangladesh Plastic Goods Manufacturers and Exporter Association (BPGMEA)	11 (including the principal)	➢ Short training (three days to one month)	➢ Have no facilities available other than classrooms in the building where the BPGMEA is located; implement practical work at member companies ➢ Established a new campus in 2021 ➢ Training areas: Operation and maintenance of injection molding machines/Operation and maintenance of plastic extrusion and blow molding machines/ plastic bags production (including woven bags)/ sales/ export marketing/ production management/entrepreneurship ➢ Plan to open diploma and bachelor programs in a new campus ➢ Lecturers for molding technology consist of engineers of the member companies and associate organizations, and those for other fields are hired from external resources.
3	BEIOA-Light Engineering Training Institute	Training organization under the BEIOA	7 (standing committee member)	➢ Training (as a training organization of SEIP)	➢ Training topics: lathe/ CAD-CAM/ accounting/ business management/ cooling and air-conditioning/ electric/ welding/ craftsmanship/ CNC operation ➢ Currently conducted under support of SEIP and paying the trainees per diem. Needs to be self-sufficient in 2024 ➢ Hire external experts as training instructors
4	Metropolitan Chamber of Commerce and Industry (MCCI)	Chamber for large enterprises	About 70	➢ Business-related training ➢ Provision of business information ➢ On-site training	➢ Target: management executives and managers of member companies ➢ Training topics: labor law/occupational safety and health/HR/trade promotion, etc. ➢ Hire external experts as training instructors ➢ Trained 16 master trainers under ILO's Sustaining Competitive and Responsible Enterprises (SCORE) and send them to enterprises for on-site training
5	Light Engineering Product Business Promotion Council (LEPBPC)	Organization promoting the light engineering sector under the Ministry of Commerce	17 (council members including chairperson)	➢ Sector analysis/ training/seminars/ exhibitions/ mission dispatch to abroad	➢ Have a Business Promotion Council for the promotion of the plastics industry, which provides support similar to the LEPBPC

Source: Summarized by JICA Project Team based on the information obtained from interviews with the organizations, documents obtained from them, and their website.

Appendix 2 (1) Summary of Each Plan (Plans 1, 3 and 4)

Plan	Plan 1: Supporting Prototype Making of Motorcycle Parts	Plan 3: Enhancement of Capacity of Business Managers	Plan 4: Introduction and Extension of KAIZEN
Objective	To enhance capacity of LE/plastic companies to supply metal/plastic parts to foreign motorcycle manufacturers (including OEMs of foreign brands).	To enhance knowledge and know-how of business managers of LE/plastic companies required for business with foreign manufacturers.	To nurture and increase instructors who can introduce and extend KAIZEN ("KAIZEN Extension Officers").
Key Performance Indicator (KPI)	a. 15 or more prototypes of motorcycle parts will pass incoming inspection of the motorcycle manufacturers. b. Score of quality/production management system check sheet of model companies will reach 80/100 or over (Scored by JICA Project Team).	60 or more business managers from LE/plastic companies will attend the training to enhance knowledge and know-how required for transaction with foreign manufacturers. Efforts should be made to exceed the indicator above as far as possible.	c. 20 or more trainees will be assessed as qualified to be a KAIZEN Extension Officer. d. 2/3 (67%) or more of the companies will improve rejection rates or productivity. Efforts should be made to exceed the indicators above as far as possible.
Implementing Agency	JICA Project Team Model Companies	SMEF	SMEF
Targets	3-4 model companies	- Business manager of LE/plastic companies - Officers of BDS organizations including SMEF	- Officers of BDS organizations including SMEF, BEIOA, BPGMEA, BIPET, etc. - LE/plastic companies
Outline	- The JICA Project Team supports the model companies in making the prototypes aiming to pass the incoming inspection, but do not intervene in commercial contract/production. - The team asks the motorcycle manufacturers for specifications, drawings, dies/molds, and evaluation of the prototypes. - The support period depends on needs of the motorcycle manufacturers and situation of each model company, but generally lasts a year.	- Total 7 to 8 batches are planned. - Different themes are covered in each batch, but all the themes focus on what are needed to become a parts-supplier of foreign manufacturers.	- The training provides a classroom session and practice at companies (4 batches in total). a. Classroom session: 5-8 days ➢ Outline and philosophy of KAIZEN ➢ 6S, 7 wastes, Industrial Engineering (IE) ➢ Quality management, QC story, Total Quality Management (TQM), ISO9001 ➢ Financial analysis, costing b. Practice at companies: 2-5.5 months (total) ➢ 5S, quality/productivity improvement
Remarks	- The plan expects cases of motorcycle-parts supply to foreign motorcycle manufacturers to motivate others to venture into motorcycle parts production, eventually leading to expansion of the supporting industry of Bangladesh.	- Experience and lessons obtained from Plan 1 are to be largely utilized in the training in this plan.	- Trainees in the past batch partially undertake trainer's tasks in the subsequent batches. - The plan also intends to strengthen the SMEF's current KAIZEN program and sustainability of it through interlinked implementation of the two.

Appendix 2 (2) Summary of Each Plan (Plans 5, 6 and 7)

Plan	Plan 5: Enhancement of Die/Mold Technologies (Plan 2: Enhancement of Basic Skills for LE Sector)	Plan 6: Enhancement of Injection Molding Technologies	Plan 7: Support in Formulation of Supporting Industry Development Plan
Objective	To nurture instructors on die/mold designing and processing technologies.	To enhance injection molding technologies for plastic companies to become a parts-supplier to foreign manufacturers.	To formulate a supporting industry development plan (*Plan**) for development of a comprehensive industrial supply chain in Bangladesh.
Key Performance Indicator (KPI)	30 or more trainees will be assessed as qualified to be the instructor. Efforts should be made to exceed the indicator above as far as possible.	a. 180 potential trainers and technicians will be trained. b. 5 or more trainees will be assessed as qualified to be the trainer in this field. Efforts should be made to exceed the indicator above as far as possible.	The *Plan* will be formulated by June 2021.
Implementing Agency	BITAC	BIPET	MoI
Targets	- Officers of BITAC and other BDS organizations - Technicians from die/mold/plastic companies	- Officers of PP&PDC, BIPET, etc. - Technicians from plastic companies	MoI
Outline	- The training provides classroom and practical sessions focusing on plastic injection molds press dies (36 days per batch). ➢ Summary of injection molding/press-working ➢ Understanding and making of various drawings ➢ Selection of appropriate steel ➢ Die/mold designing and making technologies ➢ Understanding of heat/surface treatment - Two batches are planed; the 1st batch on plastic injection mold and the 2nd on press die.	- The plan consists of i) training for technicians, ii) training for individual companies/BDS organizations, and iii) TOT, with classroom and on-site practical sessions (16 batches in total) a. Classroom sessions: 2-3 days ➢ Resins, molds, molding, molding machines b. On-site practical sessions: 1-2 day(s) ➢ Measurement of in-mold pressure and quality management based on it - TOT covers 5 classroom sessions (15 days) and 2 trainer sessions (3 days each) with wider coverage until December 2021.	- The *Plan* corresponds to measures for supporting industry development stated in related policies for motorcycle, automobile and plastic industries as well as SMEs. - Review will be made on the related policies. - Study tours to Southeast Asian countries will be organized for the relevant learning. - Lessons obtained from Plans 1 to 6 will be analyzed to excerpt input into the Plan.
Remarks	- The plan involves TOT both to nurture BITAC trainers and those for in-company trainers. - Additional batches for individual company training are to be considered.	- The plan involves both TOT for potential trainers on injection molding technologies who will act as a trainer in the BIPET training programs and the training for company technicians who will train others in-house.	- The *Plan* will be one of the final outputs from Component 3.

Note: * To differentiate the same word ("plan") used in "Plan 7" and the "supporting industry development plan," the latter is expressed in *Italic* here.

Appendix 2 (3) Summary of Each Plan (Plans 8 and 9)

Plan	Plan 8: Recommendation for Financial Measure for Modernization of Supporting Industry	Plan 9: Support in Matching with Foreign Companies in Economic Zones
Objective	To recommend the long-term financial measure to promote investment in modernization of facilities of the supporting industry.	To promote linkage between local manufacturers and foreign manufacturers in EZs.
Key Performance Indicator (KPI)	A financial measure will be recommended and stated as one of the measures in the supporting industry development plan of Plan 7.	At least 3 matching activities (meetings, seminars/workshops, mutual factory visit, etc.) between LE/plastic companies and foreign manufacturers will be conducted by the end of December 2021.
Implementing Agency	MoI	JICA Project Team, MoI, SMEF, BEZA, etc. (Depending on what kind of activities is conducted).
Targets	Manufacturers, especially LE/plastic companies, producing industrial parts or dies/molds for them	- Manufacturers, especially LE/plastic companies, producing industrial parts or dies/molds for them - Mainly foreign manufacturers inside and outside EZs.
Outline	- The plan intends to recommend the financial measure for capital investment in mass production or quality improvement of industrial parts or dies/molds for them.	- Individual matching meetings, seminars to share experience, outcome and lessons from Plan 1, seminars inviting representatives from foreign manufacturers, mutual factory visit between LE/plastic companies and foreign manufacturers, participation in investment promotion seminars, etc. can be organized.
Remarks		- The plan, despite its title, targets foreign manufacturers outside EZs as well because there are only a few foreign manufacturers inside EZs at present. - Implementation of this plan largely involves collaboration with other plans in the Action Plan as well as other components of the project.

Source: Prepared by JICA Project Team

Appendix 3 Format of Quality/Production Management System Check Sheet (Summary Table)

Score:	**0.0%**

Section	Process	Items Checked	Score	
			Actual	Full
1. Management	1.1 Management Policy	Is a mission clear and shared among all employees?		4
		Are vision and mid/long-term plans of clear and shared among all employees?		3
		Is regular management review conducted, and is proper instruction rendered based on the review?		3
	1.2 Quality Policy	Is a quality policy clear and shared among all employees?		4
2. Design	2.1 Product Design	Are customer's requirements clear?		4
		Are other requirements clear?		4
		Is the procedure to accommodate the requirements in a drawing clear?		4
		Is the setting of required accuracy (tolerance) clear?		4
		Is consideration of durability sufficient?		4
	2.2 Design Review (DR)	Is DR implemented after function designing?		4
		Is DR implemented after detailed designing?		4
		Are marketing, production and quality departments involved in design? the design		4
		Is result of DR further reviewed and reflected in modification?		4
	2.3 Verification	Is trial (prototyping) implemented?		4
		Is verification done for all the requirements?		4
		Is verification on durability performed?		4
	2.4 Drawing Management	Is revision control performed for drawings?		4
		Is there any concern about the mixing with the old drawings?		4
3. Procurement	2.1 Selection of Supplier	Is evaluation on quality, production capacity, etc. of suppliers properly conducted?		3
		Is selection of suppliers fair?		3
	2.2 Quality Management	Is procurement specification clearly communicated to suppliers?		4
		Is procedure for incoming inspection clear and shared among persons-in-charge?		4
		Are measures and procedure clear and properly taken for the cases where defective goods are found in incoming inspection?		3
		Is quality of each supplier properly and clearly recorded and controlled?		3
		Are regular audit and training on suppliers conducted?		3
	2.3 Delivery Management	Is delivery-time requirement communicated clearly to suppliers?		3
		Is progress of delivery from suppliers regularly and adequately monitored?		3
		Are measures and procedure clear and properly taken for the cases where delivery from suppliers is delayed?		3
	2.4 Price Setting	Is procedure for price-setting clear?		3
		Is there no purchase order with unreasonably cheap price?		3
4. Production	4.1 5S and Safety	Is there no waste unattended at any place in the factory?		4
		Are places for materials, work in-process, products, tools, etc. clearly defined, and are they stored properly?		4
		Is regular cleaning conducted?		4
		Is 3S firmly maintained?		3
		Is there an established framework for 5S patrol (regular monitoring on site), KAIZEN tournaments, etc., and is it brought into practice?		3
		Is protective equipment properly and always used?		4
		Are workers not doing dangerous work?		4
	4.2 Drawing Management	Is there no risk of old (unused) drawings mixed up with the currently used ones?		4
		Is there no risk of drawings for one product mixed up with those of other products?		4
	4.3 Unit Control	Is separation and identification between pre-processed goods and post-processed goods adequate and visually recognizable?		4
		Is separation and identification between good products and defective products adequate and visually recognizable?		4

4. Production (Continued)	4.4 Production Planning	Is sales demand prediction made?		3
		Are production plans (yearly/monthly/daily) prepared?		3
		Is variance between production plans and actual production monitored?		3
		Are countermeasures for production delay properly defined and taken?		4
	4.5 Workers' Management	Is the number of workers sufficient for workload of a day?		4
		Is qualification of a worker for a particular job adequate and specified?		4
		Do workers have sufficient time for rest?		3
		Do workers make suggestion for improvement?		3
		Is there any award or commendation for excellent workers?		3
	4.6 Equipment Management	Is calibration properly conducted?		4
		Is pre-operation checking on machines and equipment regularly and properly conducted?		4
		Is regular checking on machines and equipment properly conducted?		4
		Are measures and procedure clear and properly taken for the cases where defects are found in calibration and checking?		4
		Is it clear what machines should receive operation-status control?		4
		Are measures and procedure clear and properly taken for abnormality-occurrence in machines?		4
	4.7 Inventory Management	Is there no too-long inventory of raw materials?		3
		Is FIFO adequately applied for raw materials storage?		3
		Are raw materials properly stored (temperature, humidity, etc.)?		4
		Is there no too-long inventory of products?		3
		Are products properly stored?		4
		Is stocktaking regularly and properly conducted?		3
5. Inspection	5.1 In-process Inspection	Is in-process inspection properly conducted?		3
		Is defective rate in in-process inspection properly recorded and monitored?		3
		Are measures and procedure clear and properly taken for the cases where defects are found in in-process inspection?		3
		Are recurrence prevention measures are adequately taken for significant defects found in in-process inspection?		3
	5.2 Final Inspection	Is final inspection properly conducted?		4
		Is defective rate in final inspection properly recorded and monitored?		4
		Are measures and procedure clear and properly taken for the cases where defects are found in final inspection?		4
		Are recurrence prevention measures are adequately taken for significant defects found in final inspection?		4
6. Quality Assurance	6.1 Pre-shipping Inspection	Is verification on satisfaction with all the requirements properly conducted?		4
		Is verification on satisfaction with durability requirements properly conducted?		4
		Is 100% pre-shipping inspection conducted in mass-production operation?		4
		Are measures and procedure clear and properly taken for the cases where defects are found in pre-shipping inspection?		4
	6.2 Internal Audit	Is status of compliance with rules and procedure for quality assurance regularly and properly monitored?		4
		Is review on the audit results made and are results of the review feedbacked?		4
	6.3 Response to post-shipping defects	Is report/communication route clear for the cases where post-shipping defects (defects in markets) occur?		3
		Are measures and procedure clear and properly taken for the cases where post-shipping defects are informed?		4
		Total	0	283

Source: Prepared by JICA Project Team