

**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
Attachment (Component 1)**

May 2022

Japan International Cooperation Agency (JICA)

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

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

Final Report
Attachment (Component 1)

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II. Component 1

1. Materials related to PIC-1

Meeting Minutes of PIC-1

Minutes of the Second Project Implementation Committee (PIC) Component-1

The Second Project Implementation Committee (PIC) of the Component-1 of the Project for Enhancing Investment Promotion and Industrial Competitiveness in Bangladesh (the Project) is opened by the remarks of Mr. Nabhash Chandra Mandal, Executive Member, BIDA and followed by Mr. Hitoshi Ara, Senior Representative of the JICA Bangladesh Office. The PIC is held for the purpose of explaining the proposed actions and plan of activity of the following particulars to the members of the PIC and BIDA officers:

- Draft Action Plan for Strengthening the Functions of BIDA
- Support Activity for Investment/ Business Climate Improvement
- Support Activity for Policy Coordination between investment promotion and industrial development

The above topics are presented by the JICA Project Team, and commented or advised by the participants of PIC as follows:

Mr. Moinul Islam, Secretary, Executive Member, BIDA

- Although not performed in a structured manner, post-investment functions and policy advocacy have been commenced by BIDA. Accordingly, he advised to rephrase the statement that these functions are to be newly introduced.
- Admitted a necessity of improving the website, since it is not rich in contents. BIDA has been working for improving the website. In this area, JICA may provide assistance.
- Concerning data management in relation to investment monitoring, he advises to utilize the existing system/ database rather than creating new software system, to avoid the complication.
- Concerning investment promotion, the issue of branding Bangladesh should be considered factoring its decade long growth and development in socio-economic indicators. If possible, JICA could work for this matter.
- Concerning the linkage facilitation with local industries, BIDA can utilize existing database in cooperation with JICA Team to identify local industries on sectorial basis and bring foreign investors and these companies together.
- Concerning investment climate improvement, a list of issues can be identified for improvement which impact investors.
- Concerning a necessity of inter-ministerial committee (for handling the issues authorized by other ministries/ agencies), BIDA may consider how effective mechanism of cooperation with PSDPCC can be developed and how the reform proposals will be routed through PSDPCC.

Mr. Ariful Haque, Director for Registration & Incentives - Commercial, BIDA

We will look into the proposed Action Plan in detail and feedback to the Project Team, but we would like to address the support of sectoral study in the Action Plan, a necessity of professional staff who can deal with investment facilitation and the customer relation management (CRM). We recognize that there has no service of consultation in BIDA at present. We would like to ask for the capacity building of policy advocacy, standardization of investment monitoring, and Investment Treaty negotiation if possible. We also would like to update and share the recent developments of regulatory changes.

Mr. Md. Altap Hossen, Federation of Bangladesh Chambers of Commerce & Industry

Most of the important points have been well covered, and the JICA Team pointed out good points on the investment climate, for instance, foreign exchange, trade related policy, customs, skills of labour, other necessary services, and cargo terminal operation. Taking into account the issues raised, we should invite members from Bangladesh Bank, the Ministry of Commerce, Ministry of Labour & Employment in this committee.

Mr. Md. Aminur Rahman, the Ministry of Industries

He thanks the Project Team for preparing analytical draft plans. He advises that the Bilateral Investment Treaties were made entered for 32 countries currently, not 29 ones as stated in the review report. Further, he explains his views on the investment treaties of Bangladesh, global trend of such investment treaties, and BIDA's emphasis on pre-investment facilitation. He also inquired when we start regulatory reform work, whether after this Project or during the Project. He proposed to request concerned ministries to reform these policies by entering agreement.

Mr. Md. Mosiur Rahman, NBR

NBR is always supportive to BIDA to promote foreign investment. Concerning the support activity for investment climate improvement, he would like to provide opinions on the presentation in written form to BIDA and the JICA Project Team in a few days. He also updates the information on the issues related to NBR, including his personal opinions:

- Current VAT Act requires any companies selling their products to domestic market have to register their prices before selling them in the market. This issue has been addressed in the new VAT Act, that is to be due for another two years for enactment. However, this issue may be addressed in the 2018-2019 Reforms.
- Tax refund is to be adjusted to the relevant companies by their respective VAT commissioners.
- NBR has not addressed bonded warehouse facilities (*sic*), but NBR wants to give bonded warehouse license to all sectors. According to the SRO of 2018, if the investor applies with their full documents, NBR commissioner will issue bonded license within 15-30 days from the date of receiving of application.
- Bangladeshi government decided to develop Economic Zones, and has been working seriously. NBR has issued a regulation to relax the condition applicable to domestic market-oriented industries in BEZA. Any investors investing in BEZA are able to obtain the bonded license easily and sell their products both for export and to domestic market. Such investors selling to the local market can also enjoy duty-free (*sic*).

Mr. A H M Moniruzzaman, Dhaka Chamber of Commerce & Industry

Some resources referred to in the overall review report are not up to date, that may give wrong message to the investors. Data should be updated with the recent data, referring to the information of cash incentive to exporters (recently revised to the range of 2 to 20% not 5 to 20%).

Mr. Shams al- Mujahid, Director for Registration & Incentives - Foreign Industry, BIDA

He informs that there are opportunities of in-service training/ workshop where BIDA officials are trained both in BIDA and other ministries. He further shares that BIDA has prepared the SOP (description of routine jobs and allocation of duties by each wing in BIDA) in response to an instruction of the chairperson of BIDA that stipulates the allocation of duties. This will make BIDA deliver more efficient services to promote the investors. The SOP will be finalised soon at the end of this month, with the approval of the chairperson.

He adds information that the new officers (referred to as “master trainer”) have been recruited and appointed officially soon. They will be provided with necessary training and placed to the headquarters or divisional offices.

Mr. Md. Tahmid Zami, Senior Researcher, BUILD

PSDPCC could be a very important vehicle for policy and regulatory reform, and has been successfully achieving many reforms. Some proposals of regulatory improvement have been in process currently. BIDA has been also involved in a few of the working committees under the PSDPCC. Accordingly, it is welcome to discuss and consult how BIDA and JICA Project Team utilize the mechanism of PSDPCC for regulatory reform.

Ms. Naureen Ahsan, Director for Image Building External Communication, BIDA

She supplements that BIDA has already formulated the plan of promotion events for this year, including the one under preparation (to Netherlands in April). Others will take place in turn.

Taro Tsubogo, JICA Project Team

He thanks for all positive advices, comments and supplementary information beneficial to the Action Plan for Strengthening the Functions of BIDA and the plan of support activity for investment climate improvement. We will do the best to accommodate them as much as possible to refine the plans. He also responds to some selected comments or advices as follows:

- As for website, the Project Team is at stance to enrich the contents and suggest to make visitor easily accessible to their wanted information.
- As for data management/ information system, the Project Team is at stance to suggest the utilization or functional expansion of the existing data/ information system, not to plan the new system. In relation to this, as for CRM that is proposed for addition to the Action Plan, we can consider how the existing data system of registered investors can be functional-expanded to accommodate the

inquiries during the pre-investment stage and monitoring data during the post-investment stage.

- As for the support of sector analysis, the Project Team does not forget your needs, but considers how we can address your problems that lead to the needs of sector analysis, and propose our thought in the draft Action Plan. We would like to continue to discuss how we accommodate your needs best, and consider various options. It is noted that JICA seems also interested in whether BIDA can internally place sector specialist or not.
- As for capacity building of bilateral treaty negotiation, it is beyond the scope of the Project.
- As for support activity for policy coordination, we consider to invite the Ministry of Industries.
- The Project Team would like to be updated with the recent developments in BIDA including regulatory changes, SOP, training opportunities, newly recruited officials, website improvement, etc., and we will come to the desks to hear about these.

Mr. Hitoshi Shoji, JICA Project Team

We are glad to find the messages of JICA Project team has been passed explain our plans of activities to the members of PIC and BIDA officials, and hope to find that the explanation makes the members satisfied with the progress of the component activities. He said the PIC has achieved its objective.

Mr. Nabhash Chandra Mandal, Executive Member, BIDA

He states that the discussion is very much fruitful and participants are very active. Then, he refers to BIDA's website, acknowledging that the website is a mirror of the organization and that BIDA's website is not up to the mark (required standard). He updates that a group of officials have been currently working for developing the website, and that BIDA is going to engage a third party for the website improvement. Further, he shares that BIDA has also been preparing the Corporate Plan, and is aware that the Project Team is willing to contribute to the realization of the plan, through the Action Plan.

He further updates the regulation concerning the ratio of expatriate worker against local employee, a revision of the ratio since 2011, citing that this ratio was relaxed to be lower during the start-up stage. BIDA can relax the ratio if the registered investors need more number of foreign employee. There are already such cases, for example, where HUAWEI was given permit to employ 140 foreign workers for product assembling in its Bangladesh factory.

He also shares that a committee, named Policy Advocacy Committee has existed since the period of the former BoI. This committee has not been dissolved yet, however not active currently. This committee could be revitalized to activate policy reform work and connected to PSDPCC.

He closes the PIC with a request that the Action Plan for the Strengthening Functions of BIDA be refined based on the comments from the PIC and finalized through discussion with the team of PIU, possibly by 19 March 2018.

End

Outline and Agenda

The Second Project Implementation Committee (PIC) for the Component-1

Date/ Time	From 10:30 to 13:30, 14 March 2018 (Wed)
Venue	Board room of BIDA
Organizers	BIDA
Participants	<i>See the attachment</i>
Agenda	<ol style="list-style-type: none">1) Opening Remark by BIDA (Executive Member, Mr. Nabhash Chandra Mandal) and JICA Bangladesh Office (Senior Representative, Hitoshi Ara)2) Draft Action Plan for the Strengthening Functions of BIDA3) Support for Investment/ Business Climate Improvement4) Support for Policy Coordination5) Discussion6) Closing Remark by JICA Project Team (Deputy Project Leader, Hitoshi Shoji) and BIDA (Mr. Nabhash Chandra Mandal)
Presenters	<ol style="list-style-type: none">2) Ryota Sai, JICA Project Team3) Hironobu Adegawa/ Taro Tsubogo, JICA Project Team4) Taro Tsubogo, JICA Project Team
Distribution materials	<ul style="list-style-type: none">- Explanation slide on the proposed actions for the component-1 activities- Matrix of the Action Plan for Strengthening the Functions of BIDA- Overall Review of Investment/ Business Climate in Bangladesh

Attachment: List of participants:

No.	Name	Organization	Position
1	Mr. Nabhash Chandra Mandal	BIDA	Executive Member (Chair of PIC)
2	Mr. Moinul Islam	BIDA	Executive Member, Secretary
3	Mr. Shams al Mujahid	BIDA	Director (Reg.& Inc. - Foreign Industry)
4	Mr. Md. Ariful Haque	BIDA	Director (Reg.& Inc. - Commercial)
5	Ms. Naureen Ahsan	BIDA	Director (IBEC)
6	Mr. Md. Mosiur Rahman	NBR	First Secretary
7	Mr. Aminur Rahman	Ministry of Industries	Deputy Secretary
8	Ms. Hosne Ara Akhter	BIDA	Dep. Director (Programming)
9	Ms. Mosammat Momotaz Begum	BIDA	Dep. Director (Reg.& Inc. - Commercial)
10	Ms. Wahida Hamid	BIDA	Dep. Director (Administration)
11	Mr. Md. Khalid Hossain	BIDA	Dep. Director (Reg.& Inc. - Local Industry)
12	Mr. Mohammad Mehedi-ul-shahid	BIDA	Dep. Director (Reg.& Inc. - Foreign Industry)
13	Mr. Md. Shah Alam	BIDA	Personal Secretary to Executive Chairman
14	Mr. Md. Altap Hossen	FB-CCI	Assistant Secretary
15	Mr. A H M Moniruzzaman	Dhaka-CCI	Deputy Secretary (Research)
16	Mr. M Abdur Rahman	Metropolitan-CCI	Deputy Chief
17	Mr. Md. Tahmid Zami	BUILD	Senior Researcher
18	Mr. Hitoshi Ara	JICA Bangladesh	Senior Representative
19	Ms. Seiko Yamabe	JICA Bangladesh	Representative
20	Ms. Syeda Sadia Hasan	JICA Bangladesh	Deputy Program Manager
21	Consultants including: Hitoshi Shoji Taro Tsubogo Hironobu Adegawa Ryota Sai Takashi Shimada Sabbir Hussain Dilruba Hussain	JICA Project Team	

Meeting Minutes of the Third PIC Meeting

Meeting Memo

Place: BIDA		
Date: 4th July 2018 (Wed.), 2:00 - 4:00 PM		
Subject: Meeting with the Chairman to explain the activities and proposal of the component-1		
Organization	Name	Position
BIDA	Mr. Kazi Aminul Islam	Executive Chairman
	Mr. Nabhash Chandra Mandal	Executive Member
	Mr. Moinul Islam	Executive Member/ Secretary
	Mr. Shams Al Mujahid	Director-R&I Foreign Industry
	Mr. Tauhidur Rahman Khan	Director-R&I Local Industry
	Mr. Ariful Hoque	Director-Commercial
	Mr. Md. Hamid Al Mahbub	Director-Investment Monitoring
	Ms. Hosne ara Akhtar	Deputy Director
	Ms. Momtaz	Deputy Director
	Mr. Khalid Hossain	Deputy Director
	Mr. Mehedi	Deputy Director
	Mr. Salim	IT Specialist
	Mr. Osawa	Representative
	Mr. Hidekazu Tanaka	Project Leader
JICA Bangladesh Office	Mr. Taro Tsubogo	Component Leader
JICA Component Team	Mr. Ryota Sai	Institutional/ Capacity Dev.
	Mr. Hironobu Adewaga	Investment Climate
	Mr. Takashi Shimada	Linkage Development
	Ms. Dilruba	National Consultant
Materials: 1) Presentation slide of the component activity and proposal, 2) Proposed workshop-1 for policy coordination		

This meeting was arranged by BIDA to provide an opportunity for JICA Project Team to explain progress, outputs and further cooperation of the component-1 (BIDA), covering the three activity agendas of i) Support for Policy Coordination, ii) Action Plan for Strengthening of BIDA's Functions, iii) Support for Investment/ Business Climate Improvement. Explanations was made in detail by the JICA Project Team for the following particulars as below:

- i) Support for Policy Coordination for considering policy measures for FDI and linkage industry development
 - Purpose and contents of the workshops and possibility to use the meeting room in BIDA as venue
 - First Workshop (Sep. 2018) on the Japanese assembling-type manufacturers' investments and linkage development in selected ASEAN countries (by the Project Leader)
 - Second Workshop (Oct. 2018) on industry cluster and supply chain development models (by Prof. Sonobe)

After the explanation, the chairperson gave the floor to other participants of executive members and directors for their comments and feedbacks, and stated his comments and feedbacks, as below:

Mr. Tauhidur Rahman Khan: appreciated the way the JICA Team worked in depth on the Action Plan and is looking forward to seeing a lot of improvement in BIDA through JICA's involvement.

Mr. Ariful Hoque: supported the focus on our light engineering sector, and their supply chain/ linkage development between FDI and local industries, and also supported that first focus would be assembly-manufacturing industries and then linkage with local industries. He also shared an importance of learning from Thailand case.

Meeting Minutes of the Third PIC Meeting

Mr. Moinul Islam: Emphasized on the importance of cluster development. He pointed out that development of economic cluster is taking place in Bangladesh, and it will be interesting in knowing how similar development took place in other countries, learning from them and implement the good practices in Bangladesh. We will be able to formulate useful policy measures in line with these good practices. There is a wing in BIDA focusing supply chain or linkage development. The proposed workshops will be useful in this context also.

Mr. Kazi Aminul Islam: FDIs have been flowing here before the independence but they operated like islands. They didn't have much to do with local industries. That's why it is important to facilitate linkage development and develop the capacity of local industries. He said he will be looking forward to seeing and building connections build between private and public sectors and working with FDI for this purpose.

RMG sector is the second largest in the World, but in terms of supply-chain, we are not yet optimal. Accordingly, we need to improve the supply-chain. Konabari and Ashulia are the clusters for RMG, but we need to expand more clusters in other places as well.

The Chairman stated that we can learn the cases from other countries, but we need to derive the lessons learnt from these countries, and examine what it takes for Bangladesh and how to use the lessons for our industry sectors. He further added that there must be something missing in BIDA's way of supporting the investors and local industries, and requested JICA Team to cooperate in filling their gaps. He suggested to focus on attracting Japanese assembly-manufacturing to Bangladesh and make necessary policies for the overall development of such investments. Private, public sectors, and other relevant stakeholder's feedback should be involved.

Mr. Tsubogo made presentation on the progress and proposed activities, as follows:

ii) Action Plan for Strengthening of BIDA's Functions

- Capacity (gap) assessment for BIDA and Summary of assessed gaps
- Referenceable practices from other IPAs
- Proposed Action Plan for each function of BIDA and some actions in progress
- Request of indication of key actions/ measure and focal points for key actions/ measures

iii) Support for Investment/ Business Climate

- Standpoints, method and outputs of the review
- Key findings from the review
- Workflow of support
- Request for indication of a few key issues (among those are authorised by BIDA) which BIDA finds necessary to deal with

After the presentation, the chairperson gave the floor to other participants of executive members and directors for their comments and feedbacks, and stated his comments and feedbacks, as recorded as below:

Mr. Nabhash Chandra Mandal: found that proposed actions are good and can be taken positively. BIDA will be enriched if we make the JICA Project work. They shared the Action Plan with us before and I suggested them to place it at the meeting with the Chairman once all the BIDA members agree to the proposed plan. BIDA shall implement this program with JICA Team.

Mr. Moinul Islam: informed the Executive Chairman that the Investment Climate Review picked-up almost 40 issues. Some may be directly addressed by BIDA itself and some should jointly be dealt with other agencies. Some of them may be selected for the further work. As for the Action Plan, the JICA Team needs a formal assignment of the person-in-charge (focal point) for each action/ measure (those considered as priority). We have already identified the directors in charge (focal points) for a few wings (i.e. functions) but focal points for some others (promotion event, information provision, etc.) need to be selected for the Team to activate their activities.

Mr. Kazi Aminul Islam: appreciated and surprised with the in-depth study and the outputs prepared in such a short-term. An organization is as good as its people are. BIDA is just formed and carries legacy of many things that we should not follow but do in a different way. Our mind-sets have to be changed accordingly but this is not easy and may take long-time. He will learn more and get back to the Team

Meeting Minutes of the Third PIC Meeting

with feedbacks.

The Chairman lastly instructed the following points to the executive members and PIU:

1. Firstly, study more whatever the Team has given us, and bring fruitful feedbacks to the Action Plan at the next session for finalization of the Plan and indication of the priority actions. We have to go very fast, because we have to go far within the very short-term. Our aim should be to make BIDA as the world-class IPA.
2. Secondly, have those decided focal persons to work with the JICA Project Team so that JICA Team could start to work for the Action Plan on a focused manner, and the focal persons would be decided by the next session.

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

**Minutes of Meeting of
Project Implementation Committee (PIC) for Component-1**

Place: BIDA Conference Room		
Date: 16 April 2019 (Tue.), 11:30 - 1:00 PM		
Subject: The Fourth Project Implementation Committee (PIC) Meeting, Component -1		
Organization	Name	Position
BIDA	Mr. Kazi Aminul Islam	Executive Chairman (short attendance)
	Mr. Nabhash Chandra Mandal	Executive Member (chair of PIC)
	Mr. Moinul Islam	Executive Member
	Mr. Shams Al Mujahid	Director General, Foreign Investment
	Mr. Susanta Kumar Sarker	Director, OSS & Regulatory Reform
	Mr. Shah Alam	Director, Policy Advocacy & Planning
	Ms. Wahida Hamid	Director, Investment Aftercare
	Ms. Sharke Chaman Khan	Director, Marketing & Communication
	Mr. Mohammad Khalid Hossain	Director, R&I Local Industry
	Mr. Sumon Chowdhury	Deputy Director
	Mr. Atik Sarkar	Assistant Director
	Mr. Faizur Rabbee	Assistant Director
	Ms. Ifteara Ferdosi	Assistant Director
BEZA	Mr. Khakon Kanti Saha	Manager (Administration)
MCCI	Mr. Abdur Rahman	Deputy Chief
DCCI	Mr. Khandoker Anwar Kamal	Joint Secretary
BUILD	Mr. Mohammad Nazimuddin	Research Associates
FBCCI	Mr. Md. Mahmud Ur Rahman	-
JICA Team	Mr. Hidekazu Tanaka	Project Leader
	Mr. Taro Tsubogo	Component Leader
	Mr. Takashi Shimada	Linkage Development
	Ms. Dilruba	National Consultant
	Mr. Sabbir Hussain	National Consultant
Materials: Slide for the presentation of the component-1 activities		
Matrix for proposed policy measures & industrial linkage formation (as of 11 April 2019)		

Opening remark:

Mr. Nabhash as the chair of PIC initiated the forth PIC meeting by welcoming all participants. He informed that BIDA has been taking a number of reform initiatives. OSS Act is already implemented in pilot basis and investors are receiving OSS services since 24 March 2019. The JICA Project is working for investment promotion and also working with other ministries and agencies for investment climate improvement and policy development support. In light of the upcoming PCC scheduled on 25 April 2019, the participants need to discuss the progress and issues of Component-1 activities implemented in cooperation with JICA Team.

Mr. Shams Al Mujahid thanked the JICA Team for FAQs compilation. FAQs compiled by the Team were verified by various BIDA officers and approved by the Executive Chairman.

Mr. Tanaka reminded the overall Project target, investment and industrial linkage development, to the participants, and stated that there are still many issues to be overcome to realize more manufacturing investments to Bangladesh. He added that JICA Team has been bringing issues one by one with realistic measures while learning from cases in ASEAN countries, i.e. how ASEAN

Meeting Minutes of the Fourth PIC Meeting

countries reacted to their development needs and FDI trend, and adjusted their policies. Each country has different strength and weakness, and we should discuss how we can attract FDI by putting the strength of Bangladesh forward while minimising the weakness.

Presentation by JICA Team:

At the beginning, Mr. Tsubogo reminded the following needs of assistance presented by BIDA at the beginning phase of the Project (the first PCC in September 2017), and stated the ongoing Component activities were designed and have been proceeded accordingly.

- ✓ Effective promotion measures to attract FDI that leads to backward linkage development (analysis and recommendation of policy)
- ✓ GAP analysis to build BIDA as the world class IPA
- ✓ Building organizational strength to deliver quality services/ consultations to potential and current investors
- ✓ Sectoral studies to identify and promote Chinese-sunset and other prospective industries
- ✓ Devise strategies to develop backward linkage for Japanese brands

Then, he started the presentation along with the slide.

Remarks by Executive Chairman (after presentation):

Executive chairperson, who attended the PIC for short-time, gave his remarks as below;

- Participants from BIDA should seek for new and relevant information to perform your functions more effectively.
- As per investment promotion activities and incentives, BIDA can learn from the experiences of other countries, that were shared by JICA Team.
- Investment monitoring (IM) is expected to reveal any information necessary to help investors smoothly implement their businesses. A new approach taken for IM would bring the results and subsequent initiatives as JICA Team mentioned. If investors' demand and difficulty are understood, I hope that aftercare can also work better.

Discussion:

Mr. Mujahid stated that since proposed contact management for potential investors would have direct linkage to other functions, data to be collected and managed through questionnaires shall be shared with other departments of BIDA. This may help related departments to upgrade their work. In this regard, he would like to be shared with the concept together with the questionnaires to event participants under drafting. He also asked JICA Team to share the latest FAQs with IFC consultant, Ms. Samin working for BIDA, so that FAQs be uploaded to BIDA's website by 21 April.

Mr. Sumon Chowdhury, in relation to investment promotion event, informed the event scheduled in the next month in Sydney, to be postponed, primarily due to the Commerce Minister's unavailability during the proposed event. He added, the questionnaire for the event participants was designed and drafted in consultation with JICA Team, in preparation for this scheduled event.

Mr. Abdul Rahman (Deputy Chief of MCCI) requested BIDA to have more sectoral insight through sector profile activity, and to make use of the lessons learnt from the study tour to Thai-BOI to see the growth of FDI.

Mr. Khakon Kanti Saha (Manager Administration of BEZA) stated that BEZA has succeeded in accommodating HONDA in Abdul Monem EZ and it already commenced production of three types of motorcycle. However, it is a matter of our concern if this manufacturer proceeds with sourcing locally for supply-chain development. In this regard, capacity of potential suppliers needs to be matched with demand. He then asked if there are any data which indicates the demand for local sourcing, and stated that such data will help BEZA to work for facilitating backward linkage of motorcycle industry. He further mentioned that a study is needed to know whether it is feasible to provide such facilities as rental factory in EZs. It is important for BEZA to grasp demand of manufacturers for SME suppliers. If the scale of economy is deemed insufficient for backward linkage creation, other options can be sought.

Mr. Tanaka replied to BEZA's comment that provision of such facilities as rental factory in EZs

seems to be one of measures to attract overseas parts and components suppliers, that have been experienced in ASEAN countries and industrial estates developed by Japanese developers in Viet Nam and Thailand. But we need to examine how BEZA could ensure the delivery of such facilities by the developer or its own accord. Therefore, we would proceed with necessary study and discuss what options could be adopted to facilitate delivery of such facilities in the context of EZs in Bangladesh.

Mr. Nabhash, regarding security clearance that MOHA is mandated to complete within one month after issuance of work permit, stated that MOHA seldom maintains the timeline. As for the revised guidelines for work permit, the inter-ministerial committee will take the decision but it may take time.

Mr. Moinul Islam referred to the slide 8-9 and asked if revised guidelines for the issues under working suffice improvement of investment climate, in other word, if the revised guidelines are adequate. He wanted to know any points if JICA Team is not satisfied. He also enquired if the incentive regime currently proposed by BIDA is satisfactory from the perspective of foreign investors. He asked if it could be clarified before the PCC as this may be asked. Additionally, Mr. Islam informed that he also provided feedback to the two sector profiles drafted by JICA Team. He wanted to know the current status of the sector profiles.

Mr. Tsubogo replied that if we are to support BIDA which also represents Bangladeshi government's concerns, we may be able to understand both revised guidelines for repatriation of technical assistance-related fees and expatriate work permit policies, but if we are standing at foreign investor's point of view, we may not be satisfied with them. It is because although the guidelines for repatriation sets the ceiling for remit-able amount via automatic route, this still needs BIDA's prior acknowledgement of agreement or contract for royalty/ technical license/ know-how/ assistance provision that is basis for the fee payment. Further, the revised guidelines for work permit policies has not clearly documented BIDA's actual procedure in practice in case for non-conduct of security clearance by MOHA. This would still make foreign investors less confident upon the extension of work permit/ VISA. In this regard, we would like to insist that BIDA extend the stakeholders meetings to receive foreign chambers' feedback to the revised guidelines by distributing the guidelines at these occasions.

As for incentive regime proposed by BIDA, JICA Team's utmost concern is whether or not, the new regime adequately covers key assembling-type manufacturing such as motorcycle, shipbuilding, etc., and their related parts/ components industries as the subject of income tax exemption/ holiday. Because we consider it most imperative for your government to align the subject sectors with your five-years development plan, national and sectoral industrial policies. The incentive regime should be your government message for which sectors you want to attract and represent your industry-related policies. We would like to ask if BIDA ensures that such linkage-prone manufacturing and their related parts industries be reflected as the subject of the revised regime.

Mr. Susanta Kumar Sarker informed that during his position as the Director of Linkage and Supplier Development Division, he had preliminary discussions with JICA Team concerning the action plan formulation for my division. Since he is now assigned as the director of other department, he proposed that newly assigned director to be co-opted for this matter and to the Linkage Formation Platform (LFP). Mr. Islam also notified new Director of Linkage & Supplier Development Division to be included in LFP.

Closing Remarks:

Mr. Nabhash mentioned that the revised guidelines for repatriation of royalties, technical assistance-related fees would be finalised as soon as possible while ensuring the stakeholders' meeting to receive feedback from business communities. There could still be a possibility of more options or changes to the revised guidelines through the inter-ministerial committee's review. It is however noted that these guidelines shall also reflect the perspectives of Bangladesh.

End.

Meeting Minutes of the Fifth PIC Meeting

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

Minutes of Meeting of the 5th PIC for Component-1

Place: BIDA's Board Room		
Date: 13 October 2019 (Sun.) 11:30~13:00		
Subject: The Fifth PIC Meeting for Component-1		
Organization	Name	Position
BIDA	Mr. Nabhash Chandra Mandal	Executive Member-3 (chair of PIC)
	Mr. Moinul Islam	Executive Member-1 (but absent)
	Mr. Ariful Hoque	Director, R&I (Commercial)
	Mr. Mohammad Khalid Hossain	Director, R&I (Local Industry)
	Mr. Sunil Kumar Adhikary	Director, Aftercare
	Mr. Faizur Rabbee	Assistant Director, Policy Advocacy
PMO	Ms. Wahida Nusrat Anita	Director-2
MOI	Mr. Mostafa Zaman	
MOF-ERD	Mr. Md Khaledur Rahman	Deputy Secretary
FBCCI	Mr. Md. Mahmud Ur Rahman	Sr. Assistant Secretary
MCCI	Mr. Abdur Rahman	Deputy Secretary
DCCI	Mr. Khandoker Anwar Kamal	Joint Secretary
BUILD	Mr. Nazim Uddin	Research Associate
JICA Team	Mr. Hitoshi Shoji	Deputy Project Leader
	Mr. Taro Tsubogo	Component Leader
	Mr. Takashi Shimada	Consultant
	Ms. Dilruba Hussain	National Consultant
	Mr. Sabbir Hussain	National Consultant
Materials: Presentation slide of the Component-1 activities		
Matrix for proposed policy measures for industrial linkage formation (as of 4 Oct. 2019)		
Remaining Schedule & Process of Investment Climate Improvement Support (as of 30 Sep. 2019)		

The Fifth PIC for the Component-1 of the Project for Enhancing Investment Promotion and Industrial Competitiveness in Bangladesh (the Project) was opened by the Chair, Mr. Nabhash Chandra Mandal, Executive Member-3, BIDA with welcoming remark. The Chair briefly updated the activities conducted in the Component-1, and further specified that the PIC is organized for the upcoming fifth PCC meeting which is scheduled later this month. After introducing the participants, the Chair then asked the JICA Team to proceed along with the agenda.

Mr. Tsubogo, on behalf of JICA Team, explained about proposed goals, mid-term progress and achievement, and the plan of activity forward for each sub-component activity, and updated development of the policy development support for industrial linkage facilitation, where the scope of policy development support would focus on the proposal inputs (possible measures) to formulation of the automobile industry policy and implementation of the motorcycle industry policy.

The Chair then opened the floor for comments and feedbacks from the participants;

Ms. Wahida Nusrat Anita, Director-2, PMO enquired about the three (revised) guidelines if they are drafted, since they are to be approved by Principal Secretary of PMO. She also stated that the goals of each activity with timeline is of most importance to Principal Secretary upon the next PCC. She also asked Mr. Mostafa Zaman (from MOI) for the updates of the Automotive Industry Policy formulation, and asked MOI to share the draft with PMO if it is ready.

The Chair replied that the drafts are already made and at the finalization stage. A meeting with BIDA's Chairman (Executive Committee meeting) would be held later today (afternoon 13 October 2019) to finalize the guidelines within BIDA by reflecting feedbacks from its senior officials. However, a study visit to Vietnam/ Singapore remains scheduled to fine-tune these guidelines, schedule of which is yet to be confirmed. Relevant points will then be reflected afterwards, and the guidelines would be posted at BIDA's website for stakeholders' comments.

Mr. Mostafa Zaman, MOI replied to her enquiry that the first draft is almost ready and would be sent to PMO once ready. However, since it is the initial draft and at the beginning stage, more information and data is needed to be accommodated. Mr. Tsubogo appreciated Mr. Zaman if MOI accommodates that the inputs derived from the LFP in the formulation of the Automotive Industrial Policy. Mr. Zaman replied that he would share this with the concerned officials in MOI.

The Chair admitted that the goals, plan of activities with timeline, as explained earlier, is most important to Principal Secretary of PMO. He complemented that that as reported, the first draft of Automobile Industrial Policy is almost ready, thus MOI could place this during the next PCC along with the plan towards the finalization. BIDA would update about the revised guidelines of the three issues and capacity building development with the goals to be achieved. In relation to investment climate improvement, BIDA has been working for the Ease of Doing-business improvement along with work plan. All reform initiatives are estimated to be finalized within 2020.

Mr. Shoji also replied that the next PCC held at halfway of the Project would emphasize what has been achieved and what to be attained, and asked PICs to report what is the most realistic thing to attain.

Ms. Wahida informed that there might be common agenda among the components, which shall be addressed during the next PCC, and that Principal Secretary appreciated the coordinated approach among the three components and expected that there might be more developments through such a Project approach. Mr. Shoji, Deputy Project Leader replied that the Project recognizes the Linkage Formation Platform as an approach to bring about the developments through the coordination among the components.

Mr. Abdur Rahman, Deputy Secretary, MCCI stated that the delegates from Japan has met the Ministry of Commerce a few days ago and shared a number of recommendations on investment climate of Bangladesh, citing from those indicated by the Japanese Chamber of Commerce and Industry. He enquired if these recommendations are going to be considered by the Project. Mr. Tsubogo replied with explanation of the background of why these three issues have been dealt with.

Mr. Ariful Hoque, Director, BIDA appreciated the initiative through the contact management system and this concept including the check points and database management, and agreed that BIDA could track those contacted potential investors, identify their issues, and provide assistance when needed.

Mr. Tsubogo stated from the discussions in this PIC the goals mentioned in the slide face no objection and shall be attained during the remaining period. The Chair confirmed these goals, although admitting that it needs discussion in BIDA to set the specific figure of the number of successful facilitation cases under the activities of investment promotion and monitoring/ aftercare.

At the end, the Chair stated that the matters raised in this PIC were already shared and discussed with the Executive Chairman by the Project Team through the separate meeting. If the JICA Team raise additional matters at the next PCC, they may share and discuss them with me or the Executive Chairman beforehand. He closed the meeting by thanking everyone for their participations.

End

Meeting Minutes of Progress-sharing meeting

Component-1 BIPIC (October 27th, 2020)

Meeting Memo

Place: Online meeting by the Google Meet		
Date: 27 October 2020 (Wed.) 11:00 AM ~ 1:00 PM		
Subject: Progress sharing of the Component-1 activities		
Organization	Name	Position
BIDA	Mr. Md. Sirazul Islam	Executive Chairman
	Mr. Avijit Chowdhury	Executive Member-1
	Ms. Mohsina Yasmin	Executive Member-4
	Mr. Md. Muzib-Ul-Ferdous	Project Director (PIU)
	Mr. Md. Ariful Haque	Director (Commercial Wing)
	Mr. Shah Md. Mahboob	Director (R&I Foreign Industry)
	Mr. Md Saiful Islam Bhuiyan	Director (R&I Local Industry)
	Mr. Md. Khaled-Ur-Rahman	Director (Marketing & Communication)
	Dr. Monzur Haque	Director (Monitoring & Evaluation Compliance)
	Mr. Sunil Kumar Adhikary	Director (Strategic Investment/ Aftercare)
	Mr. Md. Atik Sarker	Assistant Director
	Mr. Faizul Rabbee	Assistant Director (PIU)
JICA Team	Mr. Hidekazu Tanaka	
	Mr. Taro Tsubogo	
	Mr. Ryota Sai	
	Mr. Sabbir Hussain	
	Ms. Dilruba Hussain	
	Ms. Sharmin Hossain	
Materials: Explanation slide on the progress and further activities of the component activities		

After the presentation on the progress and further activities of the component-1 along with the explanation slide by the JICA Project Team, the meeting participants entered the discussion including requests for the component activities. Key points of the discussion are summarized as below:

- As for promotion activity, JICA Team informed that the proposed webinar for Japanese investors are to be scheduled during January next year in close cooperation with BEZA for EZ promotion, in close coordination with JETRO, and to be conducted live and recorded for the subsequent distribution. BIDA has no objection on this.
- As for promotional video which was requested to JICA Team, Executive Chairman (EC) of BIDA asked JICA Team to expedite a preparation even in the shorter format (5 min.) temporarily in time for the Roadshow event to be held on 13 November where BIDA is allocated for promotional presentation. JICA Team replied that the team try to meet this request.
- EC also reminded JICA Team of the sector profile development for 14 sectors, and stated BIDA wants to distribute to the stakeholders including foreign missions. JICA Team replied that the Team is now working step by step and deliver the drafts as already discussed with Project Director (PD) of PIU.
- EC asked Executive Member-1 (EM-1, responsible for aftercare affair) to organize at least one webinar for aftercare purpose as proposed by the JICA Team, calling for the list of the existing investors who face the problems in materializing their investments and those concerned with BIDA' s authority. The Aftercare Wing is expected to do so accordingly with JICA Team's support.
- Executive Member-4 (EM-4 responsible for suppliers' development affair) asked the JICA Team to state the possible actions for industrial linkage development in the functional strengthening plan. EC also decided to appoint Executive Member-1 (EM-1 responsible for strategic investment affair, etc.) and EM-4 as replaced members from BIDA for the Linkage Formation Platform (LFP) and regards the policy development for FDI attraction and linkage development as important agenda.

Meeting Minutes of Progress-sharing meeting

- EC updated the current status of the revised guidelines for priority issues, i) overseas remittance of royalty/ technical-assistance related fees, and ii) expatriate work permit policies/ project office registration system. The guidelines for royalty remittance is on the desk of Bangladesh Bank for final review, as the BIDA's Board Meeting suggested. Those for work permit/ project office is to be finalized through the next inter-ministerial meeting soon and placed for PMO for final approval. JICA Team also repeated the presentation slide that the climate issues raised at the fourth Public-Private Economic Dialogue (PPED) will be the next agenda for improvement as most strong signal for foreign potential investors to recognize the improvement in Bangladesh. We would like to continue to discuss how BIDA facilitates the relevant authorities to address these issues.
- Mr. Ariful Haque addressed the baseline survey of local companies that is mentioned in JICA fund portion in TAPP and asked JICA Team to consider to undertake the survey for finding potential investors in the selected sectors in the country (Bangladesh). He further added that the conventional promotion measures may not work as expected under the post-Covid-19, and that the survey would propose new measures for promotion in preparation for post-Covid-19. JICA Team replied that such a survey is not budgeted in the contract with JICA but will try to find a point to meet the needs through discussion with Mr. Ariful. He also shared that a comparative study of FDI policies of the neighboring countries is to be conducted by BIDA, and this data could be also used by JICA Team for this purpose. EC also asked PD and Mr. Ariful to look into this matter including a possibility to compromise a bit on other activities if needed.
- PD wants to compile all the documents related to the Project activities, asking the support of JICA Team on this matter, and asked the Project synchronized with TAPP. EC stated that the Project has not to always follow the TAPP, however, whatever deviations from TAPP arise to run the Project, this shall be informed to the government.
- PD mentioned that the Project Implementation Committee (PIC)-1 needs to be reconstructed as per TAPP. EC recognized this and would consider before the next PIC scheduled tentatively on this December.

End.

উন্নয়ন সহযোগী সংস্থা সংশ্লিষ্ট থাকায় কার্যবিবরণীটি ইংরেজিতে লিখিত হয়েছে

Government of the People's Republic of Bangladesh
Bangladesh Investment Development Authority
Prime Minister's office
PIEIC Project

Plot# E-6/B, Agargaon, Sher-E-Bangla Nagar, Dhaka-1207

Website : www.bida.gov.bd

**Meeting minutes on seminar regarding 'Update on Activities of
Project for Promoting Investment and Enhancing Industrial Competitiveness
(PIEIC Project, Component-1) (BIDA Part)'**

Chaired by : Md. Sirazul Islam, Executive Chairman, Bangladesh Investment Development Authority (BIDA)
Date : 24th March, 2021 (Wednesday)
Time : 09:30AM -04:30PM
Venue : Conference Room, Bangladesh Investment Development Authority (BIDA)

List of member presented: Appendix "A"

The chairperson started the seminar by welcoming all the participants and JICA Consultants of the project who joined the meeting through zoom online from Japan. He initiated his speech by thanking JICA for the support and technical guidance provided so far for BIDA.

2. By taking consent of the chairperson, Project Director (PD), Mr. Muzib-Ul-Ferdous (Deputy Secretary) started the first part of presentation. He stated that the Record of Discussions (R/D) for initiating the project was signed between GoB and JICA on January 31, 2017. In the Record of Discussions both parties had agreed that the project for Promoting Investment and Enhancing Industrial Competitiveness would have three components- (1) BIDA Part, (2) BEZA Part & (3) MOI Part. Regarding TAPP of BIDA part, duration of the project was revised from January 2019-March 2022 instead of April 2017-March 2022 as per observation of Special Project Evaluation Committee (SPEC) of Planning Commission. He mentioned that the cost of the project is Tk. 3197.54 lakh where Tk. 135.51 lakh is borne by Government of Bangladesh and rest of Tk. 3062.03 lakh is funded by JICA as Project Aid (PA). He focussed on the TAPP approval, formation of PIU and PCC, objectives of the project and budget allocation.

3. JICA consultants from Japan then delivered their presentation on Post COVID-19 updates and future plans for the project. The JICA local consultants then presented the activities that they had accomplished till then in that project. Project Director discussed and highlighted about the major activities of the project. Later, the floor was opened for discussion.



4. Executive Member (Local Investment Promotion) Mr. Shaifullah Mokbul Murshed (Additional Secretary) wanted to know if there was any feedback or updates from the Japan webinar held in February 2021. In reply local consultant, Ms. Dilruba Hussain told that they had followed up with all the Japanese investors who attended the webinar. She also informed that some of the investors had shown interest in investment and placed some queries too. She expressed that JICA consultants would follow up providing further guidance (if required) to them so that they could make their investment decisions.
5. Executive Member (International Investment Promotion) Ms. Mohsina Yasmin specifically wanted to know about the activities of the project regarding "Supplier and Linkage Development". In reply local consultant, Mr. Sabbir Hussain told that the idea of Linkage Formation Platform (LFP) was also initiated by PMO and two meetings were held already. Due to COVID-19 pandemic no further advancement to that activities took place but JICA project was fully committed to start their activities as soon as possible.
6. Director (Policy Advocacy and Planning) of BIDA Mr. Md. Shah Alam (Deputy Secretary) inquired if there was any linkage between investment promotion and industrial policy, and whether JICA team planned to prepare a more thorough industrial policy. Due to technical problem in video conferencing project director requested him to write an email to JICA project team to address those issues.
7. Executive Member (Investment Environment Services) Md. Billal Hossain (Additional Secretary) requested to arrange an online training by the project to highlight about services of OSS platform of BIDA.
8. Mr. Anisur Rahman, Director (Deputy Secretary), Prime Minister's Office (PMO) conveyed that so far only TAPP of component -1 (BIDA Part) had been approved. He told that after approval of all the components (Component-2 & 3 of BEZA & MOI part), the project would actually gain clear coordination and could properly execute activities. He also shared his view about inadequate coordination of the JICA consultant of the project with officials of BIDA including project director. He proposed to hold a meeting at PMO with the full JICA team along with PD to apprise the PMO about the project and to discuss further development.
9. Executive Member Ms. Mohsina Yasmin expressed her opinion that JICA Project could contribute to the International Investment Summit that would be arranged by BIDA. Project director requested her to write a formal proposal mentioning in which area BIDA wants to take assistance from JICA project.
10. Chairperson urged the concerned officials of BIDA to expedite the preparation of scheduled webinars by taking full assistance from JICA team since the promotion activity is one of the main tasks of BIDA. He inquired about Contact Management System's current status and instructed all the local consultants of JICA to handover CMS record to BIDA. He addressed that previously several issues were targeted from Investment Climate Review of JICA. Among them, activities had been conducted on 2/3 issues. He told to take necessary measures for other issues. Chairperson instructed to the JICA team to confer the update of activities done on COVID-19 with specific proposal.



11. Chairperson directed JICA Project team to prepare a comprehensive Frequently Asked Question (FAQ) which would cover all kinds of queries both on industrial sectors as well as their sub-sectors. He also directed them to do the activities of project by coordinating with the project director and concerned Executive Members of BIDA.

Decisions:

Sl.	Decision	Implementation
1.	Feedback or updates from the Japan webinar held in February 2021 have to be collected.	PIEIC Project Team with the consultation of Executive members. Concerned Executive members and officers of BIDA will provide necessary supports.
2.	Linkage development activities should be continued with alignment of BIDA's activities	
3.	E-mail has to be sent to the JICA consultants of Japan for clarifying linkage between investment promotion and industrial policy. Any other clarification about the project can be inquired of through e-mail	
4.	An online training will be arranged by JICA highlighting OSS platform of BIDA.	
5.	Coordination has to be improved regarding various activities by the consultants of JICA with BIDA officials including project director.	
6.	A meeting will be arranged at Prime Minister's Office regarding present status and further development of the project.	
7.	A formal proposal needs to be sent regarding assistance of JICA team of the project in arranging International Investment Summit.	
8.	Contact Management System (CMS) record should be handover to the concerned of section of BIDA.	
9.	Activities have to be conducted on the issues that were targeted from Investment Climate Review of JICA.	
10.	With specific proposal the update of activities done on COVID-19 should be submitted to the project director.	
11.	A comprehensive Frequently Asked Question (FAQ) covering all kinds of queries on industrial sectors as well as sub-sectors will be prepared.	
12.	Activities of PIEIC Project are to be conducted by coordinating with the project director as well as concerned Executive Members of BIDA.	
13.	Study needs to be continued on potential investment sectors including Medical equipment	

The Chairperson then ended the seminar by thanking all for their active participation as there was no discussion left.

-Signed-
Md. Sirazul Islam,
Executive Chairman, BIDA

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

**Minutes of Meeting of
Project Implementation Committee (PIC) for Component-1**

Place: BIDA Conference Room		
Date: 9 December, 2021 (Thu.), 10:30 AM- 1:00 PM		
Subject: The Fifth Project Implementation Committee (PIC) Meeting, Component -1		
Organization	Name	Position
BIDA		
Economic Relations Division	Ms. Fatema Begum	Deputy Secretary
Finance Division	Ms. Fowzia Rahman	Deputy Secretary
IMED	Mr Moshir Rahman	
JICA Project Team	Mr. Taro Tsubogo	Component Leader
	Mr. Takashi Shimada	Linkage Development
	Mr. Sabbir Hussain	National Consultant
	Ms. Dilruba	National Consultant
	Mr. Sabbir Hussain	National Consultant
	Ms. Sharmin Hossain	National Consultant
	Mr. Ahmed Fariaz	National Consultant
	Mr. Ryshad Rashed	Project Officer
Materials: Slide for the presentation of the component-1 activities Working Paper of the meeting Annexure 1 - Detail Annual Phasing of Costs (year 1, 2, 3 and 4) Annexure 2 - Summary of Activities/Sub-activities		

It was the first Project Implementation Committee meeting conducted after approval of the TAPP of this project. The committee members were restructured from the past PIC members by the Prime Minister's Office and are as per the above participant list. The meeting was chaired by the Executive Chairman of the Bangladesh Investment Development Authority. The agenda of the meeting was to discuss:

- ➔ overall activities of the project
- ➔ the rate of honorarium of the members of the Project Steering Committee (PSC) and Project Implementation Committee (PIC) of this project
- ➔ the Revised Annual Development Program (RADP) of 2021-22
- ➔ Miscellaneous.

Mr. Sirzul Islam, Executive Chairman of BIDA and Chair of the PIC committee, initiated the meeting by welcoming everyone. He announced that it was the first meeting after approval of TAPP although the project is almost at the end of its duration. He requested the participants to introduce themselves and advised the Project Director, Mr Muzib-Ul-Ferdaus, to present the agendas.

Meeting Minutes of the sixth PIC meeting

Mr. Muzib-Ul Ferdaus presented the agendas, and Mr Taro Tsubogo (Project Team Leader) introduced the overall activities of the project conducted and those in the pipeline. The Chair then opened the floor for discussion.

Regarding Agenda-1, Discussion on the overall activities of the project.

Ms Fatema Begum, Deputy Secretary of Economic Relations Division (ERD), enquired about the cumulative progress of this project, and if it is possible to finish all the activities within the project duration and if there is any requirement for project time extension for achieving the activities in the pipeline.

- Mr Asif Hasan, Program Officer, JICA Bangladesh, answered by explaining that the JICA Head Quarters does not intend to extend the project and the remaining activities to be completed by March 2022.

Ms Fowzia Rahman, Deputy Secretary of Finance Division, Ministry of Finance, wanted to learn about the functions of the Japan Desk and enquired if this is a function of BIDA. She also sought information regarding the Contact Management System (CMS) procedures. Additionally, she enquired about the outcomes of this project.

- Mr. Taro Tsubogo answered her queries and informed her about the outcomes of the project including the finalisation of revised guidelines of repatriation of royalties/ technical assistance-related fees, expatriate work permit policies and project office registration system (to be finalised soon); and providing support for facilitating policy coordination through technical inputs for policies, in-depth industry research and formulation of the 'Post-COVID Investment Promotion Strategy'. Significant outcomes of the project include capacity building of BIDA through the institutionalisation of the Contact Management System (CMS) to properly manage potential investors, 'Investment Monitoring' for identifying frequently faced issues, and 'Aftercare' to provide trouble-shooting for projects and provide further support to investors.

Mr Moshir Rahman (designation tbc), IMED referred to the time-bound action plan of this project and enquired if the project is lagging behind. He also enquired about the sustainability of the project and its long term plan and if the project was proceeding on the right track.

- Mr. Taro Tsubogo responded by mentioning that some activities were delayed due to COVID and capacity building activities were lagging behind. He also mentioned the importance of BIDA's corporate Mid to long-term plan

Regarding Agenda-2, rate of honorarium of the members of PSC and PIC for the project, the Chair suggested that the project needs to follow the government rates if the honorarium is for the GoB side. He advised the PD to follow the government circular related to the honorarium.

Regarding Agenda-3, the Revised Annual Development Program (RADP) of 2021-22, the EC stated that it is supposed to be reconsidered in February 2022, but the project ends in March. He added that even if the RADP is approved with additional funds from the Planning Commission, there is insufficient time to spend it. However, if additional funds are available, it can be utilised for printing and publication purposes and any additional research activities will not be possible due to insufficient time.

To the Project Director's proposal to conduct another research within the project's remaining duration, the Chair asked the PD to seek suggestions from the Prime Minister's office if the project can be extended at 'no cost' basis until June 2022 and spend the allotted money. He also sought advice from the committee member regarding the matter.

Meeting Minutes of the sixth PIC meeting

Ms. Fowzia wanted to know if any research could be conducted after the project period without the addition of any further cost by the DPA side. The Chair enquired the same and concluded that the DPA part could not be extended alone after the end of the project.

Mr. Tsubogo added that it takes 4-6 months to conduct any research-based study, and it is possible for the team to spend 3 months conducting another sector-specific research for BIDA. He also informed the members about the possibility of outsourcing the research activity to a third-party research organisation.

The Chair suggested a research activity on Bilateral Treaties signed between Bangladesh and other countries to the project team. He stated that since Bangladesh will graduate from LDC within a few years, these treaties need to be reviewed, and further negotiations can be done with countries to place new treaties. BIDA needs to know where Bangladesh stands at this juncture and propose to the other party to renew and amend existing treaties. A dispute in treaties at this point can put Bangladesh in a difficult position. The project team can undertake this research or assist by choosing someone it deems suitable.

The Chair stated that BIDA wants this project to be extended to 30 June, 2022. He advised Mr Asif Hasan, JICA representative, to contact JICA Head Quarters and see if it was possible. He advised the Project Director to prepare for the Project Steering Committee (PSC) Meeting soon. He also advised the PD to inform PMO about the progress of the other two components of this project.

The Chair informed that there are various wings of BIDA that are working and are related to this project. He requested the PD to arrange an internal meeting with the Foreign Investment, Strategic Investment and Marketing and Communication wing of BIDA to find out how to utilise the outputs of this project more effectively.

In his closing remark, the EC said that if there was no COVID, this project would have brought a more effective outcome; however, he also said that the true outcome of any project is usually not visible immediately after the project completion. The primary outcome of this project is to enhance the capacity of BIDA in facilitating investments, and he believes that there will be more collaboration between the various IPAs in Bangladesh at some point in the near future. There are already various outputs derived from this project, such as 13 sector profiles, Contact Management System (CMS) and various other activities. The EC suggested the project team to hurry in implementing the CMS as BIDA needs this instrument. He also expressed his disappointment of the unavailability of feedbacks from participants during the International Investment Summit 2021. However, he expects to use the feedback form during the upcoming seminar in Dubai. He hopes to derive information from that form to know the contact details of the potential investors and follow up to know their interest in investing in Bangladesh. He believes CMS can play a very crucial role in this purpose.

He closed the meeting by thanking everyone.

The End

2. Materials related to Investment/ Business Climate Support

Overall Review Report of Investment Climate Issues in Bangladesh

OVERALL REVIEW OF THE INVESTMENT/ BUSINESS CLIMATE IN BANGLADESH

February 2018

**Component-1 Team (BIDA)
The Project for Promoting Investment and
Enhancing Industrial Competitiveness
in People's Republic Bangladesh**

Overall Review of the Investment/ Business Climate in Bangladesh

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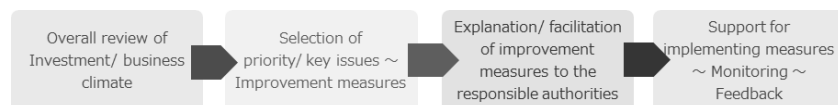
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Attachment: List of industries for tax holiday and Sector Category in the National Industrial Policy

1. Introduction

1.1 Overall Review of the Investment/ Business Climate

The Project for Promoting Investment and Enhancing Industrial Competitiveness in Bangladesh (hereinafter “Project”) aims to promote foreign direct investment (FDI) linked with domestic industry development, focusing mainly on the manufacturing sector. Bangladesh Investment Development Authority (BIDA), as the Bangladesh government agency responsible for FDI promotion, has the key function to advocate policy to improve investment/ business climate (business ecosystem). The Project will assist BIDA in strengthening its policy advocacy function by identifying issues faced by foreign investors, with special reference to Japanese investors, and assist BIDA in discussions on policy measures to realize improved investment/ business climate in Bangladesh in line with industrial development. The Project activity to support the above task is shown below.



The overall review is the starting point of the policy advocacy activities in identifying issues to be addressed and selected for further action for investment/ business climate improvement. It should be noted that some of the issues are under jurisdiction of other government authorities, and efforts will be needed to present them with convincing facts and logic to obtain their cooperation.

1.2 Standpoint of the Review

The Seventh Five-year Development Plan, as one of higher level policies of Bangladesh, highlights “investment promotion of assembly-type industries and development of export-oriented component industries”. This suggests focus on manufacturing sector in investment promotion, in particular, “assembly-type” industry to be invited from foreign sources and developing parts and component manufacturers to be developed as supporting industry.

Japanese companies among the foreign investors have shown a relatively long-history of investing in many sectors of manufacturing and creating employment through technical transfer in Southeast Asian countries, such as Thailand, Malaysia, Indonesia and Vietnam. Japanese manufacturing investment place high importance on sound government policy and regulatory environment. They view as constraints in low availability of infrastructure as well as supporting industries, resources and services available locally. Manufacturing investment, in general, requires long-term stability in business climate, commercial viability and predictability of business climate during the operation in addition to smooth path of investment at entry. Given those precedents, this review underlines the issues and constraints observed by the Japanese investors in dealing with relevant policies/ regulations, supporting resources and services, as well as infrastructure.

1.3 Subjects and Method of the Review

The reports, documents and information sources listed below were thoroughly reviewed in order to learn what has been studied and discussed prior to this Overall Review. In addition, the Project Team conducted interviews with foreign companies operating in Bangladesh, in particular with Japanese companies, which have identified on-going cases. The Project Team also participated in Bangladesh-Japan Public-Private Joint-Economic Dialogue Meeting that took place on 31 October 2017. These activities provided beneficial insights on background, detailed contents and impact of the issues/ constraints which those companies are actually facing.

- UNCTAD, Investment Policy Review Bangladesh (2013)
- The World Bank, A Strategic Trade Diagnostic Survey (2016)
- Relevant Acts, regulations, guidelines, handbooks, circulars/ Statutory Regulatory Orders (SROs) of 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)

1.4 Structure of the Review

The structure of this review consists of three categories of investment/ business climate as listed below, which are further composed of several sub-categories.

Category	Sub-category
FDI and Other Investment-related Policy and Regulation	<ul style="list-style-type: none">- Entry of FDI- Treatment and Protection of FDI- Foreign Exchange Management- Taxation- Labor Management and Foreigner Employment- Land Title and Registration- Incentives on FDI- Trade-related Regulation and Customs- Trade Finance- Non-tariff Measures and Product Standards- Company Registration and Management- Environmental Clearance- Intellectual Property- Arbitration/ Mediation System
Services and Resources Necessary for Investment	<ul style="list-style-type: none">- Ready-to-Use Land- Skilled Workers- Public Utilities (electricity and gas)- Domestic Banking- Logistics Service- Local Suppliers
Logistics-related Infrastructure	<ul style="list-style-type: none">- Dhaka-Chittagong Corridor<ul style="list-style-type: none">- Road and Highway, Railway, Port (Chittagong), Inland Container Depot/ Container Freight Station- Airport Cargo Terminal- Land Border Station

For each sub-category listed above, issues and constraints are identified and compiled after outlining: 1) the contents of the relevant policies/ regulations, 2) current conditions of the supporting services and resources and 3) logistics-related infrastructure. Actual cases of issue and constraint identified through interviewing companies in operation, are introduced as case materials.

2. FDI and Other Investment-related Policy and Regulation

2.1 Entry of FDI

2.1.1 Framework and Feature of Policy/ Regulation

Entry of FDI: The Foreign Private Investment Promotion and Protection Act (FPIPPA) was enacted in 1980 as a core policy concerning FDI to Bangladesh. While FPIPPA contains several articles covering mostly treatment, protection, expropriation and nationalization, and repatriation of FDI, this stipulates the sanction (i.e. approval for entry) of FDI rather generally¹. Concerning the entry of FDI, the National Industrial Policy (NIP) 2016-2020 defines 22 “controlled sectors” in which a proposed FDI requires approval (or no-objection certificate: NOC) of the relevant ministry before registering with investment

¹ The FPIPPA states that the government may sanction establishment with foreign capital of any industrial undertaking- a) which does not exist in Bangladesh and the establishment whereof, in the opinion of the government, is desirable; b) which is not being carried on in Bangladesh on an adequate scale; or c) which is likely to contribute to i) development of capital, technical, managerial resources, ii) discovery, mobilization, better utilization of natural resources, iii) strengthening of the balance of payment, iv) increasing employment, or v) economic development in any other manner.

authorities such as BIDA, BEPZA, BEZA and Hi-tech Park Authority, and four “reserved sectors” in which private investors are not allowed to enter due to national security reason.

For the controlled sectors, such “policies with a quasi-regulatory nature” as the maximum shares of foreign ownership or non-equity conditions may exist; however, these in general are indecisive in nature or even undocumented (UNCTAD 2013). Controlled sectors include “backbone industries” such as power, energy (oil, gas, coal, minerals and their refinery/ processing), chemical/ fertilizer, telecommunication, large-scale infrastructure, sea port, logistic service and financial sector which are indispensable for active manufacturing FDIs.

Investment registration: The BIDA Act (2016) defines the functions of BIDA and puts in place regulatory requirements and mechanisms for registration and approval of both national and foreign investments, stipulating that all “industrial undertakings in private sector” be registered with BIDA and those registered industries shall be assigned to all facilities (i.e. incentives, privileges) under the governing law. This makes registration with BIDA indispensable for investors to benefit from such incentives and facilitation support by BIDA. It is noted that “industrial undertakings” cover the service sectors that are enumerated as service industries” in the NIP.

In addition to BIDA, BEPZA, BEZA and High-tech Park Authority deal with registration and approval of investments to the premises held by each authority according to their governing laws. BEPZA, by the Export Processing Zone (EPZ) Act (1980), registers the investments by export-oriented and its associated industries. BEZA, by the Economic Zones (EZ) Act (2010), registers the investments by any sectors unless stipulated as reserved industries in the NIP. Hi-tech Park Authority, by the Hi-tech Park Authority Act (2010), does the investments by any ICT and its associated industries.

2.1.2 Issues and Constraints

As far as most manufacturing sectors are concerned, no particular issues and constraints are observed concerning the entry conditions and procedures of FDI, although the sectoral policies of FDI entry for the controlled sectors shall be clarified so that foreign investors comprehend the policies of the relevant ministries on FDI entry to these controlled sectors. The Working Group of Improvement of Investment Climate² (the WG-Investment Climate) under the Joint-economic Dialogue asked BIDA to compile such entry regulations and conditions for such sectors and document them.

2.2 Treatment and Protection of FDIs

2.2.1 Framework and Feature of Policy/ Regulation

Bangladesh is committed to provide non-discriminatory treatment to foreign investors. Article 4 of the FPIPPA explicitly stipulates “fair and equitable treatment to foreign private investment which shall enjoy full protection and security”. Various generations of NIP also keep this stance. The right to acquire, hold or dispose of private property is duly protected. FPIPPA also stipulates that foreign private investment shall not be expropriated or nationalized or be subject to any such measures except for a public purpose against adequate compensation which shall be paid expeditiously and be freely transferable. The Acquisition and Requisition of Immovable Property Ordinance (1982) further defines the conditions where private property may be expropriated. The ordinance fixes the compensation at market value of the asset and take into account losses to be incurred. Access to courts and treatment in legal proceedings are also provided on a non-discriminatory basis.

Bangladesh ratified the International Center for Settlement of Investment Disputes (ICSID) Convention in 1980. Bangladesh has concluded Bilateral Investment Treaties (BITs) with 31 countries (including Japan). All BITs signed by GoB offer protection against expropriation and typically include non-discrimination, prompt, adequate and effective compensation. The principles of most-favored nation (MFN) and national treatment (for post-establishment, not for entry) are also granted.

2.2.2 Issues and Constraints

² Three Working Groups for i) Investment Promotion, ii) Taxation and Foreign Exchange, iii) Industry Diversification were formed between Japanese side and Bangladesh side (from the relevant ministries/ agencies) under the Joint-Economic Dialogue.

Issues concerned with the treatment of FDI are discussed in detail as separate sections of foreign exchange management, taxation, and arbitration system.

2.3 Foreign Exchange Management

2.3.1 Framework and Feature of Policy/ Regulation

The Foreign Exchange Regulation Act (1947) and the Guidelines for Foreign Exchange Transactions (2009, revised in 2012) of Bangladesh Bank (BB) including its series of circulars that frame the foreign exchange management and control policies in Bangladesh. These act and guideline were formulated in the time of scarce foreign exchange reserve and reflected by BB's stringency to manage the balance of payments. All foreign/ joint-venture (JV) companies have to submit FDI report on a quarterly basis to BB via their Authorized Dealers (ADs, commercial banks) to report if the invested/ borrowed funds from overseas are properly managed.

Overseas remittance: Although FPIPPA and BITs secures the right of foreign investors to transfer earnings, current and capital accounts, BB exerts a relatively stringent control over overseas remittance of some respects including payment of royalty/ technical-related fees, liquidated capital, import settlement (referred to at the later section), etc. As for profits and dividends, foreign companies are entitled to free remittance without prior authorization of BB. In practice; however, ADs ask the applicant companies to submit a number of detailed documents (in view of confirming whether they have accumulated appropriate amount of funds for remittance), and examine their compliance with the rules and procedures of BB's guideline. UNCTAD (2013) argues that such a compliance assessment by ADs (as official dealers assigned for foreign exchange transaction) becomes a *de-facto* authorization in practice. Accordingly, the average time in general required to make a payment abroad is longer than in any other country in South Asia.

Borrowing abroad: The BB by its guidelines requires any companies to obtain approval for the borrowing of term loans from abroad. A plan of borrowing term loan from abroad needs to be presented through BIDA (this necessitates investment registration with BIDA) for prior authorization by monthly joint-scrutiny committee with BB, or for BEPZA' NOC and the subsequent BB's approval (in case of EPZ tenant). Concerning the interest rate, BIDA assumes that financing cost of borrowing abroad be adequately comparable with the term in the international financial market. Interest and principal payments on foreign loans are automatically approved, as far as the initial loan was authorized by BIDA.

Against working capital needs, BB has relaxed its rule in 2014, where foreign companies (only manufactures) can borrow interest-free loans within one year from their parent companies without prior authorization of BB, but confining the source to free of interest loan from the parent companies. As for EPZ tenant, both fully foreign-owned companies and joint-ventures (JVs) are able to borrow the short-term loans from offshore banks without BB's authorization. On the other hand, branches are not able to remit overseas for trade settlement, profit transfer, payments of royalty/ fees, etc. BIDA stipulates in the permit to establish the branch that all the operating expenses be financed by fund transfer from overseas (i.e. suspense payment from the head office).

Retention of foreign currency: Bangladesh restricts exporters use of foreign exchange earned from their exports. All foreign exchange earnings must be withheld as advanced income tax (AIT) before receipt and being converted to the local currency. Exporters (export-oriented industries) are nevertheless allowed to retain up to 60% of the Free on Board (FOB) value of their exports in a specific type of foreign exchange accounts (known as “Exporter's Retention Quota Account”). This ratio is reduced to 15% for goods with high import content (such as garment relying on imported fabrics) and 5% for most services (with an exception of software and data entry/ processing services that benefit from a retention rate of 60%).

As for EPZ tenants, a special regime applies. Fully foreign-owned companies are allowed to retain 100% of their export earnings in local foreign exchange accounts. JVs and fully nationally-owned ones are allowed to retain 80% and 75% of their earnings respectively, while the remaining needs to be surrendered to taka at the prevailing rate. After the surrender, the balance in such foreign exchange accounts can be freely utilized without prior approval of BB for the settlements of imports (i.e. allowing

settlement by telegraphic transfer), foreign expenses/ debts payable, and local expenditures/ obligations in taka such as rent, wage, fee/ charge, tax.

2.3.2 Issues and Constraints

Remittance of royalties, technical-related fees

Explanation:	BB's guidelines state that all companies, which remit royalties and technical-related fees overseas, need prior approval by BIDA (BEPZA in case of EPZ tenants) before authorization by BB, if the amount exceeds the threshold (6%) relative to the cost of imported machineries or total sales in the previous fiscal year. In other words, all companies do not need BIDA's approval or BB's authorization for remitting such expenses unless the amount exceeds the threshold. On the other hand, BIDA's handbook states that a prior approval by BIDA is necessitated for "remitting any technical fees". In practice, this is to confirm if the amount is within the threshold, BIDA requests any companies intending to remit royalty or technical-related fees to submit "remittance application" with relevant documents. Further, according to the interviews to foreign investors, it seems difficult to obtain approval of BIDA except some special cases, if the amount exceeds the threshold.
Sources:	- Issues listed by JCIAD/ JMCTI - Interview to Japanese and other foreign investors in Bangladesh

Cases of issue/ constraint faced:

An interviewed company has taken some years to obtain approval of remitting technical fees to the head office, that were incurred during the factory establishment. This company spent a long time in reaching a consensus on the eligible items of technical fees. During the course, the company repeatedly explained about the subject expenses and amended the invoices from the head office.

Repatriation of capital and capital gain

Explanation:	In repatriating a liquidated capital investment, the amount that can be repatriated may not exceed the net asset value of the companies at the time of liquidation, virtually restricting repatriation of divestment proceeds. This is applicable to all capital repatriation except for publicly-listed companies on the stock exchange. The calculation of net asset value is conducted by BB based on the submitted documents in the absence of an established valuator. If the actual sale value exceeds the net asset value, the excess amount is not eligible for repatriation. In relation to this, JCIAD requests BIDA to clarify the procedure of liquidation, too.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD

Approval and usage of foreign term loan

Explanation:	Borrowing abroad for the term loan is limited to the purpose of capital investment (imports of machinery/ equipment) by those registered with BIDA/ BEPZA, and needs approval of joint-appraisal committee held by BIDA (or BB after BEPZA's NOC in case of EPZ tenants). The application involves a number of supporting documents including those for demonstrating the project commercial viability, loan repayability, and investor's credibility, all of which are to be assessed beforehand by the lender. The guideline to this matter is available, which stipulates the eligibility, procedure, conditions and documents to be submitted, but does not clearly spell-out the criterion for approval. Further, the BB has limited the usage of such term loans to capital investment on the ground that foreign companies are readily accessible to the competitive
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	offshore loans for working capital purpose. Interviews to foreign companies also reveal that a certain number of company are not aware of a necessity of this approval and thus remain unregistered with BIDA until the foreign loan arrives, causing trouble cases including the loan refund.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

Japanese companies through interview and JCIAD manifest their demands of the term-loan even for working capital needs, considering the turnover period of their products. They prefer to borrow from head office most, but the regulation does not allow external borrowing of term-loan for working capital purpose. They also find that criteria for approval are not clearly stated or disclosed, and propose to relax the existing procedures/ conditions in view of accelerating the large-scale investment projects.

Sources of foreign working capital loans

Explanation:	Against working capital needs, foreign companies (only manufactures) can borrow interest-free loans within one year due from their parent companies without prior authorization of BB. However, an interest-free loan for working capital from the parent companies is recognized unrealistic to foreign affiliates/ subsidiaries in terms of transfer price taxation.
Sources:	- Issues listed by JCIAD - Interview to Japanese investors in Bangladesh

Access of JV tenants in EPZ to offshore working capital loans

Explanation:	As for EPZ tenants, both fully foreign-owned companies and JVs are able to borrow the short-term loans from offshore banks without BB's authorization. However, those in JVs are not allowed to mortgage their assets/ materials. Instead, ADs may issue guarantee to the offshore banks, but this needs prior authorization of BB.
Sources:	- Issues listed by JCIAD

Foreign currency account for the companies producing for local market

Explanation:	The companies producing for local market (i.e. non-export oriented industries outside EPZs, and service industries except ICT sector) have relative difficulty in holding foreign currency account for business usage (Non-resident Foreign Currency Account). Accordingly, they have to exchange (from taka) for trade settlement and non-trade remittances, causing burdensome accounting practice. Access to foreign currency account depends on the bank's "interpretation" of BB's guideline ³ . Some banks can open foreign exchange account for those companies outside EPZs if reported duly on the usage and necessity.
Sources:	- Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

³ The guidelines state that foreigners, companies registered or established abroad, banks, other financial institutions including institutional investors, and foreign owned companies in EPZs can open Non-resident Foreign Currency Account.

2.4 Taxation

2.4.1 Framework and Feature of Policy/ Regulation

This section covers two major tax regimes which may largely affect behavior of investors in Bangladesh: corporate income tax (CIT) and value-added tax (VAT) regimes (note: customs duties are addressed in the separate section). Increasing tax revenues has been one of the key agendas for GoB. Accordingly, the National Board of Revenue (NBR) as a tax authority in the Ministry of Finance (MoF), has been under pressure to deepen and widen the national tax basis and achieve tax collection target according to the annually enacted Finance Act (budget plan). However, a reasonable but attractive business tax regime and administration shall be put in place. Further, transfer price taxation, becoming one of the critical tax issues for foreign companies, was introduced during the tax reform in 2012, and enacted since July 2014.

CIT regime: CIT regime has been governed by the Income Tax Ordinance/ Rule (1984, amended according to annually enacted Finance Act) and a number of the Statutory Regulatory Orders (SROs) by NBR. GoB has progressively lowered general CIT rate (currently, 35% for unlisted company except some specific sectors) over the past decades (up to 40% and 60% in the early 1990s)⁴. However, foreign investors still consider that this still remain higher, compared to ASEAN countries⁵. Capital gains are taxed separately at a general rate of 15%. UNCTAD (2013) states that CIT regime is considered as standard based on a usual determination of taxable income and deductible expenses, but shows difference from other countries in the extensive application of: i) differentiated tax rates (whether limited liability company or proprietorship business, publicly-listed or not, and depending on sector) and ii) advance/ presumptive payments.

Bangladesh applies a presumptive taxation to certain types of incomes. Proceeds of goods export is subject to a withholding rate (currently 0.7%) of FOB value that is to be collected at source. Proceeds from services are subject to a withholding rate of 10% in general. Withholding practices also apply to payments of goods import, royalty/ technical fee, dividend, interest for loan and other fees. These withheld taxes are advanced payment in nature, accordingly become credited against final tax assessment as far as taxpayers file the payment slips (challan) to tax office.

Many foreign investors admit that CIT assessment in practice has been characterized by arbitrariness and unpredictability, partly due to the lack of understanding of corporate tax accounting and tax regime among the field officers. A survey report on tax perception and compliance (2013) by IFC also support this observation. Tax officers unexceptionally tend to claim more taxable profits than reported. Time required for tax filing also matters. Bangladesh ranked 152th in the World Bank's Paying Taxes indicator (Doing Business 2018) in terms of time to comply with payments.

VAT regime: The existing VAT regime has been framed by the VAT Act/ Rules (1991) which sets a general rate of 15%, while setting zero for exports. Although the coverage of VAT has been expanded, VAT revenues relatively remain low and below potential. The existing regime assumes a standard practice of VAT netting. However, confronted with technical difficulties to enforce VAT netting on all businesses, Bangladesh makes an extensive use of truncated base tax assessment, where the smaller businesses (with annual sales below 8 million taka) must pay a turnover tax of 4% in lieu of VAT.

A new VAT and Supplementary Duty Act was approved by the parliament in 2012 but still awaits to be effective (deferred two years more as of 2017). If enacted effectively, the new law is expected to substantially increase tax revenue and reduce non-compliance. The general rate will remain at 15%, with no truncated valuation and the wider coverage.

The rules regulating VAT refunds are defined more precisely in the new act. Excess payments of input VAT over output VAT will be carried forward for the subsequent six tax periods. If the excess payment cannot be exhausted over the periods, taxpayer is eligible for a refund, to be paid within three months of application. Accounting and valuation rules are also defined more accurately, while the management of VAT system will be reshaped to introduce automated processing within NBR for reducing direct

⁴ Tax of 0.5% of gross receipts is levied on all companies, irrespective of taxable income and potential loss, constituting a non-refundable minimum obligation.

⁵ For example, Thai (20%), Malaysia (24%), Indonesia (25%), Philippines (30%), Viet Nam (20%), Myanmar (25%), Cambodia (20%), and India (41.20%-43.26%), Pakistan (30%).

interactions with taxpayers, and to abolish prior registration of selling price.

2.4.2 Issues and Constraints

Prior registration of selling price for goods to be sold in domestic market

Explanation:	NBR requires prior registration of selling price for goods to be sold in domestic market, inhibiting flexible price adjustment and various terms of transaction in response to the needs of market and wholesaler/ distributors, and resulting in critical business obstacles. With this practice, VAT is to be calculated based on the registered price instead of actual price at sale. In the new act, NBR has decided to calculate the VAT based on the actual price as reported by the payers, but the new act needs another two years for enactment.
Sources:	- Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

Companies selling for domestic market do not recognize a necessity of prior registration of selling price, and share the opinion that it is actually an obstacle to flexible business management according to the market. This system creates complication or inhibits modes of marketing, like "selling a dozen with one free" to wholesalers. Such additions of one-free item need to be treated as marketing cost.

Ways of prior registration of selling price for goods to be sold in domestic market

Explanation:	<u>For those companies with both trading and manufacturing functions</u> NBR does not accept VAT registration both as manufacture and as trader (i.e. selling import goods) at a single company's address. Therefore, the companies which have both functions must register in different locations. NBR has favorably responded to the request of remedy on this matter from JCIAD, and allows only Japanese companies to be registered at a single address on the condition that goods for manufacturing and for trading are separately stored but journalized in the same premise. However, this still leaves vagueness when new companies with the similar situation comes. <u>For those companies with plural sales points nationwide</u> The registration in a lump is not allowed even if the companies have plural sales points nationwide. This implies that such companies must register their sales points separately at each relevant tax office. For the registration in a lump, those companies must obtain NOC from each tax office, that is reported as cumbersome.
Sources:	- Issues listed by JCIAD - Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

A Japanese company initially begun with import-sales, having registered the selling price for VAT as a trader. When the same company adds price registration as a manufacture in preparation for local manufacturing, the local tax office replied that it could not accept the dual registration both as trader and manufacture at the same premise, although not legally bounded. This is why the company approached to NBR directly to lift such undocumented rule.

Tax refunds

Explanation:	Both CIT and VAT are subject to refund, as respective rule stipulates, however, JCIAD has not found the case where Japanese companies have been refunded. A survey report (2013) by IFC pointed out that more than half of the surveyed companies raised complexity and time-consuming as a reason of never applying refunds. JCIAD requests the NBR to remedy this matter through streamlining the
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	procedures in practice.
Sources:	<ul style="list-style-type: none"> - IFC, Survey Report on Tax Perception and Compliance (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

2.5 Labor Management and Foreigner Employment

2.5.1 Framework and Feature of Policy/ Regulation

This section deals with two topics in particular which may affect behavior of foreign investors to Bangladesh, namely, employment of local worker and expatriate worker.

Employment of local worker: The Labor Act (2006, revised in 2013) and the Labor Rule (2015) establish a coherent regulatory framework on labor employment, with an exception for labor in EPZ (stipulated by the three guidelines/ instruction and the EPZ Workers Welfare Association and Industrial Relations Act).

Standard working day is capped at eight hours, with a possibility to add two hours of overtime at most and at double the normal wage. In turn, the working week is capped at 48 hours, also subject to a possibility of overtime. The Labor Act requires employers to present employment contract which describes the working rules, wage/ allowances, tasks, and maintain a "service book" for all employees. The service book consigns not only employment history of worker, but also wages, leave taken, etc.

Wages are set freely on a contractual basis, but are subject to minimum wage requirements. Regulatory framework provides a high degree of flexibility in hiring and firing. Employers are allowed to make workers redundant without prior approval of a third party and upon a notification to the labor inspector and trade union in the company. The Constitution guarantees the right to form associations or trade unions. In turn, the Labor Act (and EPZ Workers Welfare Association and Industrial Relations Act in case of EPZs) defines a strict framework under which trade unions may be formed.

Labor disputes are regulated in a similarly strict manner. A number of steps must be followed from the time a dispute is raised, through initial attempt for reaching an agreement between parties, to conciliation or conclusion either in arbitration or court (if conciliation fails). Strikes or lock-outs can be legally called only within a period of 15 days after a certificate of failure in conciliation. Fully or partially foreign-owned industrial establishments are legally sheltered against strikes for a period of three years from the commencement of production.

While the Labor Act is restrictive to protecting worker's right to form unions and strike (these rights are regulated more strictly in EPZs), it includes progressive provisions that require companies to offer participation in profits to their employees. The companies with fixed asset value of over 20 million taka must make a tax-deductible contribution of 4% of net profits to the participation fund/ worker's fund with an additional 1% contribution to a welfare fund (partly to Labor Welfare Foundation Fund operated by the Ministry of Labor and Employment: MoLE).

Employment of expatriate worker: BIDA by the BIDA Act (and BEPZA by the EPZ Act and BEZA by the EZ Act) defines the conditions for employment of expatriate workers, and are authorized to issue the work permit for expatriate workers. Foreigners can only be employed as far as they are issued the work permits by these authorities. Further, the BIDA's guidebook states that the ratio of expatriate to national employees in any company, branch and liaison office is capped at 1 to 20 (5%) in industrial undertakings (manufactures), or 1 to 5 (20%) in commercial offices, including top management in both cases.

Once the foreign employees obtain the work permit, they are regarded as Bangladesh residents, and then have to obtain Tax Identification Number (TIN) for paying the personal income tax (PIT). This process is to be followed by the personal inquiries by National Security Intelligence (NSI) and Special Branch (SB) of the Bangladesh Police. The result of these personal inquiries is then reported to the Ministry of Home Affairs (MoHA), which then issues Security Clearance, that becomes one of the requirement for renewal of work permit.

2.5.2 Issues and Constraints

Advertise-posting for expatriate positions

Explanation:	Expatriate work permit can be only granted for the posts that require skills / expertise that is not available locally. In this regard, employers need to demonstrate their inability to find required skilled workers among the nationals by advertising the prospective post. JCIAD requests BIDA to partly relax such a requirement on the ground that the stage of company/ branch establishment in particular needs more number of expatriate workers. According to the discussion between BIDA and JCIAD, however, the representative post of foreign companies (post for foreigners in nature) is not a subject of such an advertising requirement.
Sources:	<ul style="list-style-type: none"> - UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD

Associated processes for completing work permit (visa and security clearance)

Explanation:	Taking into account the associated processes for the work permit, the whole process of completing this permit is deemed rather lengthy. During the application of work permit to BIDA, employment or private investor visa must be obtained. An application of this visa still takes a long time, even with an issuance of BIDA's recommendation letter. Upon an application of the visa, the applicants must stay out of Bangladesh, thus incurring associated costs of travelling. Further, personal inquiries by NSI and SB prolong the process for completing the work permit, since these inquiries are not scheduled in nature. Unless this is done in due period, work permit may become uncompleted and unrenovable. Since renewal of work permit needs an early application (two months before), personal inquiries need to be completed in timely manner.
Sources:	<ul style="list-style-type: none"> - UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh - WG-Investment Climate under the Joint-economic Dialogue (April 2017)

Renewal of work permit

Explanation:	Basically, work permit is issued for one year first upon the initial application, and can be renewed every two years afterwards during the maximum five years of permit period. This frequency of issuance is not explicitly addressed in BIDA's guidebook, and there reported to be cases permitting the shorter validity period particularly when renewal, according to the interview to foreign investors. Further, over the five years, the new permit needs to be obtained after a certain interval by repeating the same procedure followed at the initial application. By contrast, some South Asian countries allow unrestricted extension of work permit. In addition, BIDA has a certain degree of discretion over the mode of payment for expatriate salary, concerning whether payable abroad or locally, and seems at a stance to enhance the local portion of their salary. This is perceived as a condition in practice for issuance and renewal of work permit.
Sources:	<ul style="list-style-type: none"> - UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD and JMCTI, Interview to other foreign countries investors

Ratio of expatriate to national employees

Explanation:	The BIDA's guidebook specifies that the ratio of expatriate to national employees in any company is capped at 1 to 20 (5%) in industrial undertakings (manufactures), or 1 to 5 (20%) in commercial offices, including top management in both cases. This ratio of expatriate to national workers adversely impact business activities
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	particularly during the start-up phase. JCIAD also requests to revise the ratio in favor of expatriate worker. According to BIDA, the ratio can be relaxed by the decision of executive member (for industrial undertakings) or the inter-ministerial committee held by BIDA (for branches/ liaison offices), in case the highly specialized skills are employed, although this is deemed as special cases that are not prescribed in document.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:
A few interviewed companies support this view on the ground that these ratios are too tight since the stage of business start-up needs expatriate workers more intensively. They explain that if two foreigners engage in preparing or starting-up for branch office for example, 10 local employees must be hired from the beginning, that is rather unrealistic.

2.6 Land Title and Registration

2.6.1 Framework and Feature of Policy/ Regulation

Land title and registration are regulated by a number of laws and regulations, some of them dating back more than a century. The main regulations are Transfer of Property Act (1882), Registration Act (1908), Land Reform Act (1984), and Acquisition and Requisition of Immovable Property Ordinance (1982). There are other laws and regulations also govern land acquisition and management. In Bangladesh, titles to land can take various forms, including full private ownership and lease. These forms of ownership are open to foreigners.

As often observed in other developing countries, land issue in Bangladesh has been affected by poor record of land titles as a result of incomplete cadaster. Land titling are administered by the Registration Department of the Ministry of Law, Justice and Parliamentary Affairs (MoLJPA) and Capital Development Authority (RAJUK) for city areas, while overall land policy is formulated by the Ministry of Land (MoL). GoB has been in an effort to improve this issue through developing land database.

2.6.2 Issues and Constraints

Processes of title clearance and registration

Explanation:	Foreign companies share a common view of complex and lengthy processes of dealing with land titling including clarification of ownership and land use. A mixture of various acts and regulations creates a difficulty for foreign investors to apprehend and follow the standard procedure in place. The incomplete cadaster and uncertain titles further worsen the situation, since poor records bring a significant uncertainty about legitimacy of land titles. In terms of length in dealing with land identification and property titling, Bangladesh ranks 185th in Doing Business 2018, which reports that it takes 244 days (425 days, particularly in Dhaka) to register property, as opposed to 53 days in India, 28 days in Indonesia, 57 days in Vietnam, and only 7 days in Thailand.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:
One of interviewed companies has experience in taking a long time to clear the land title for its factory establishment. The company found that the land was for agricultural use after acquisition, then spent almost two years for RAJUK to approve the alternation of the land use.

2.7 Incentives on FDI

2.7.1 Framework and Feature of Policy/ Regulation

Bangladesh has established a rather complex regime of incentives⁶, largely categorized to those for EPZ tenants and those for others (referred to as general investors in this report), and varied by area and sector. Major tools of incentive include tax holidays, exemptions on import duties, export subsidies, accelerated depreciation. Majority of incentives requires prior registration with BIDA (or BEPZA in case of EPZ tenants). Incentives are stated in the NIP but subject to revision upon annually enacted Finance Act and individual SROs. Export-oriented industries (exporting more than 80% of their goods/ services) regardless their locations (i.e. within or outside EPZ) can benefit from additional privileges and facilities.

Incentive regime for general investors: A tax holiday shall be granted to the following categories, i.e. newly established investment projects during FY2012~FY2019 in 21 sectors (industrial undertakings)⁷, private independent power producers (IPPs), Public Private Partnership (PPP) project, ICT/ software industries. The incentive is available to newly established companies, but not for reinvestments or extensions to the existing projects.

Tax-based incentives are summarized as follows:

Category		Contents of incentive
Tax holiday	21 designated sectors (starting operation during FY2012~FY2019)	- Phased Corporate Income Tax (CIT) exemption for 5 years to factories in Dhaka/ Chittagong (except some districts), 100% for initial 2 years, 50% for the next 2 years, 25% for the last one year. - Phased CIT exemption for 7 years to factories in Rajshahi, Khulna, Sylhet, Barisal, Rangpur Divisions (except city corp. area), 100% for initial 3 years, 50% for the next 3 years, 25% for the last one year.
	Private IPPs (which construct powerhouse after June 2016)	Phased CIT exemption for 10 years since the commencement of powerhouse construction, 100% for initial 5 years, 50% for the next 3 years, 25% for the last 2 years.
	PPP projects	Full CIT/ capital gain tax exemption for 10 years for certain types.
	ICT/ software industry	Full CIT exemption until June 2019.
Tax rebate	Manufacturing industry	- 20% CIT rebate for 10 years to factories located outside Dhaka City which commenced operation between FY2015~FY2019. - 20% CIT rebate for 10 years to factories which move outside Dhaka City between FY2015~FY2019. - 10% CIT rebate until June 2019 to factories which have already operated outside Dhaka.
	Import duty exemption	- 1% on capital machinery/ spares for export-oriented industries, and allowed to import spare parts free of duty for up to 10% of the machinery value every two years. - 3% on capital machinery/ spares for other industries. - VAT is not payable for imported capital machinery/ spares.
Other tax exemptions		- on interest payable on foreign loans (under certain conditions). - on royalty/ technical fees obtained from foreign companies/ experts. - on personal income tax up to 3 years for foreign technicians employed in industries specified in the Income Tax Ordinance. - on capital gain from the transfer of shares of public companies listed with a stock exchange.

Those investors to enjoy tax holiday shall i) register their investment project with BIDA, ii) submit application to NBR and iii) receive a certificate from NBR (within 90 days of application).

Non-tax incentives are summarized as follows:

⁶ Incentives for EZ tenants are deemed similar to EPZ but with a few exceptions of granting the longer CIT holiday, allowing sales of materials/ components to the outside of zones, and relaxing expatriate work permit policy, and may be subject to further revision or adjustment in accordance to the development progress and entry by diversified types of industry.

⁷ It is noted that this 21 sectors subject to incentives for general investors are different from those sectors prioritized in the NIP.

Type of incentive	Contents of incentive
Accelerated depreciation	<ul style="list-style-type: none"> - Possible for newly established industrial undertakings in lieu of tax holiday on their factory, machinery/ plant, 50% for the 1st year, 30% for the 2nd, and 20% for the 3rd. - Initial depreciation allowance is also available on machinery/ plant.
Privilege and facilities for export-oriented industries	<ul style="list-style-type: none"> - Accessible to bonded warehouse (BWH) and duty drawback systems. - Eligible to open back-to-back letter of credit (B-to-B L/C), and receive loans up to 90% of the value against irrevocable/ confirmed L/C sales contract. - Eligible to receive export retention quota (ERQ) which can be utilized for marketing, overseas office establishment, trade fair participation, etc. - Accessible for export credit guarantee scheme to facilitate access to foreign exchange finance for material/ input procurement. - Eligible to claim advance income tax rebate on export earnings, and exempt taxes on a specified quantity of samples for manufacturing export goods. - Accessible to import of banned/ restricted goods if they are deemed essential material/ input for manufacturing export goods. - Eligible to sell up to 20% of their goods domestically, as far as such trading is settled by L/C in foreign currency and related taxes are duly paid. - Accessible to support for facilitating linkage with “deemed exporters”. <p>* Domestic industries which settle with L/C in foreign currency and suppliers of domestic goods to the certain types of project are treated as “deemed exporter” that is able to enjoy the same privileges/ facilities as export-oriented industries.</p>

Certain sectors of exporter enjoy additional benefits in the form of a subsidy or cash incentive (RMG sector as dominant user, others include frozen shrimp, leather/ leather goods, agricultural/ agro-processed goods, bicycle, jute, light engineering goods, *halal* meat, ship, etc.), which range from 2 to 20% of FOB value and are granted upon various conditions (such as local content requirement).

Regime for EPZ tenants: Companies located in EPZs benefit from standard exemptions of import duties and VAT on capital goods/ inputs. The investors established before 2012 benefited from a full tax holiday for the first ten years of operation. Starting in 2012, however, EEP regime grants a full exemption to CIT for the first 2-3 years only. Dividend payments to non-residents are not taxed during the full duration of tax holiday period.

Tax holidays	<p>Those established before January 2012:</p> <ul style="list-style-type: none"> - CIT exemption for 10 years <p>Those established after January 2012:</p> <ul style="list-style-type: none"> - Phased CIT exemption for 7 years, 100% for initial 3 years, 50% for the next 3 years, 25% for the last one year. - Phased CIT exemption for 7 years, 100% for initial 2 years, 50% for the next 2 years, 25% for the last one year.
at Mongla, Ishwardi, Uttara EPZs	
at Chittagong, Dhaka, Comilla, Adamjee, and Karnaphuli EPZs	

EPZ ensures access to land more readily and easier connection to key utilities, and offers fully serviced plots as well as on-site customs clearance. Aside from this, EPZ tenants are entitled to enjoy tax exemptions and non-tax incentives as export-oriented industries. EPZ tenants are also allowed to sell up to 10% of their goods to local market (domestic tariff area: DTA), as far as such trading is settled by L/C in foreign currency and related taxes are duly paid. They are also able to buy materials and inputs from, and enter subcontracts with the outside EPZs (mostly export-oriented industries or “deemed exporters” with bonded status).

2.7.2 Issues and Constraints

Conditions of tax holidays to general investors

Explanation:	Additional conditions are attached in practice for “investors in 23 designated sectors” to enjoy tax holiday. To be eligible for this benefit, investors need to reinvest a minimum 30% of exempted income during tax holiday period, and use additional 10% of exempted income to buy shares of companies listed at the stock exchange. Income to be exempted is taxed at the standard rate if failed.
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	Compliance with such conditions within a certain period is deemed restrictive.
Sources:	- Team’s observation

UNCTAD (2013), although admitting that tax-based incentives are tool for compensating the lack of attractiveness of the general tax regime, argues that extensive use of this may generate low level of revenues, leaving rooms for some extents of discretionary tax assessment by the authority to investors.

2.8 Trade-related Regulation and Customs

2.8.1 Framework and Feature of Policy/ Regulation

Trade policies in Bangladesh have been framed under the Export (2015-18) and the Import Policy Orders (2015-18) of the Ministry of Commerce (MoC). Tariffs, anti-dumping procedures and market access are the main tools of trade policies used by GoB, while non-tariff measures are less widely used.

Licenses and permits for trading: Importers need to obtain trade license (for business operating in general) from the relevant local government, and register themselves in the chamber or the association of their relevant sector, and obtain import registration certificate (IRC) from the Chief Controller of Imports and Exports (CCI&E). IRC has two types for commercial and industry purposes. Foreign companies registered with BIDA can be entitled with ad-hoc IRC (effective one year) without prior authorization by MoC. Following IRC, importers have to obtain import permit from CCI&E upon each importation. Likewise, exporters also need registered with the chamber or the relevant association, licensed by CCI&E for export registration certificate (ERC) and permitted upon each exportation.

Tariff regime: Bangladesh has sharply reduced tariffs (customs duties). According to the Diagnostic Trade Integration Study by the World Bank (2016), overall Most-favored Nation (MFN) tariff has declined from 70.6% in 1992 to 13.2% in 2014. This is the largest tariff reduction made in South or Southeast Asia during the last 20 years. Key feature of tariff reform was the shift toward uniformity: from about 20 tariff slabs, tariff structure is now divided into 4 slabs of 2/5/10/25%. The system presents low tariffs of 2 to 5% for basic raw materials/ capital goods, 10% for intermediate goods, and the top rate of 25% for final goods (mostly on products that are produced domestically).

Salient use of other duties (so called “para-tariffs”, including supplemental duty, regulatory duty, infrastructure development surcharge, etc.) has emerged as a set of trade taxes and increased the average tariff rates. Combination of tariff with para-tariffs gives an average nominal protection rate of 26.9% in 2015, up from 20.1% in 2009 (the World Bank, 2016). Supplementary duty (SD) is intended to discourage import of luxury or socially undesirable goods, however in practice, SD has been used to levy additional tariffs on a range of goods including raw materials and intermediate goods. Tariff and para-tariff policy has been influenced by considerations of annual tax revenue target, and accordingly tends to be revised ad hoc without background consultation with the relevant stakeholders.

Privilege and facility for exporters: By contrast, exports receive no protection measures, where inputs imported by export-oriented industries are duty-exempt via duty drawback facility⁸, or exempt from duty and other import taxes altogether through the bonded warehouse (BWH) facility⁹. Alternatively, exporters may receive cashback (of 10-15% of FOB value) as a method of offsetting input tariffs, if they use neither duty drawback nor BWH facility.

To expedite customs procedures and release of import-export consignment, NBR has launched the Authorized Economic Operators (AEO) regime, where trade-related players (manufacturers, traders, forwarders, etc.) who can demonstrate good track-record of compliance, satisfactory management system of supply-chain security and commercial records would be entitled with simplified/ prompt clearance. This is a mandatory measure to be introduced under the Trade Facilitation Agreement of the WTO. NBR starts with this regime on a pilot basis from the end of December 2017 by selecting two

⁸ Duty drawback refunds duties/ taxes paid on imported inputs (used in the export process) to exporters. Eligible exporters (manufacturers exporting over 80% of their production, located within and outside EPZs) can claim drawback by filing their cases to the Duty Exemption and Drawback Office under NBR.

⁹ BWH is licensed by NBR for deposit and storage of imported goods/ inputs but with renewal in every two years. Eligible exporters (same as duty drawback facility) can import required materials and process them without paying import duty/ VAT.

model exporting manufacturers.

Preferential market access: As a least-developed country (LDC), Bangladesh benefits from preferential market access to many developed economies. EU provides duty-free access for virtually all goods through “Everything but Arms” program, subject to rules of origin. Japan also provide preferential market access under the generalized system of preference (GSP), but the United States has suspended GSP since June 2013 because of concerns for the rights of Bangladesh laborer.

2.8.2 Issues and Constraints

Tariff escalation for consumer goods

Explanation:	Under the existing tariff/ para-tariff structure, tariff rates escalate as the category of imported item reaches the later stage of processing, thus offering higher effective rate of protection (ERPs) to the domestic industries, primarily engaged in consumer goods production. These have created a difficulty for those foreign manufacturing industries which want to demonstrate the local market first with their products and decide whether to locally manufacture the products or not. This is because the higher tariffs for consumer goods may cause a constraint in importing them for local market with competitive condition (compounded by under-invoiced import or smuggling).
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Interview to Japanese and other foreign investors in Bangladesh

Cases of issue/ constraint faced:

Several interviewed companies share a view that the high import tariff/ para-tariff together with the prevailing “under-invoice” prevents them from importing consumer products to domestic market in a competitive manner. Accordingly, they have a difficulty in demonstrating the marketability of their products, and pursuing a likely process from import-sales to investment in local manufacturing.

Bonded warehouse facility

Explanation:	BWH has been almost exclusively extended to RMG (mostly limited to the members of the relevant associations) and leather industries in practice, although others like bicycles and pharmaceuticals have been selectively given this facility on a piecemeal basis. BWH has been hardly extended to new or smaller exporters, and traders/ forwarders, as NBR considers that it is prone to abuse if extended generously. Hence, BWH has not become very popular, except among EPZ tenants (that are logically entitled with BWH) and suppliers (i.e. deemed exporters) to EPZ tenants. This facility could bring about benefit to manufacturers through import by smaller lot and inventory reduction, if provided to traders or forwarders. Japanese companies also regard the frequency of license renewal (every two years) as high, and demand less frequency for those exporters with the better compliance record and automatic licensing to EPZ tenants on the ground EPZ itself is bonded.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

An export-oriented company outside EPZ has been spending three years in applying for BWH license (bonded status) to NBR. The license has not been issued, since: i) the officer in charge in NBR has been replaced annually, causing application from the scratch upon each replacement, ii) NBR does not credit the company since the scale of business is small, iii) NBR suddenly brought in its anxiety against safety of its tenanted building (12-story) as a reason of rejection, although all necessary licenses/ permits (fire safety/ building/ environment) have been in place. This company

belongs to the priority industries in the NIP, but has been unable to benefit from duty exemption for its material import. The company admits more difficulty faced as being located outside EPZ.

Customs valuation

Explanation:	Customs tends to use dutiable prices set internally, or claim import duties based on the highest value recorded in the past. This practice is contradictory to the WTO rule which assumes the invoice-based valuation. It is largely because the Customs is concerned with under-invoice. This causes an unpredictability and uncertainty for duty valuation, and difficulty to importers in managing goods delivery as presumed. Costs involved in dealing with customs also matter to importers. Bangladesh is rather comparable to the South Asian neighbors (India, Pakistan) in terms of time/ cost to trade if looking at Trading Across Borders indicator (ranked 173th in Doing Business 2018), but lags behind export-oriented economies in East and Southeastern Asian countries.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

An interviewed company stated its experience of customs valuation, where NBR has long referred to the highest declared import price in the past even though the import price could be lowered according to variables of production inputs. The company becomes recently allowed to clear the import based on the invoiced value, owing to frequent approach to NBR. However, the problem of under-invoice by the competitors has remained.

ATA CARNET Treaty

Explanation:	Bangladesh has not joined ATA CARNET Treaty, which exempts the goods for temporal use (such as tools for factory supervision/ machinery check-up and sample products for marketing/ exhibition) from customs duties. Accordingly, these goods need to be reported as non-draft shipment, necessitating customs duty payment. To be exempted from the duties, importers need to present a guarantee letter to customs and follow the lengthy clearance procedure. To join this treaty will be beneficial to such manufacturing investors as entails the above-mentioned needs.
Sources:	- Issues listed by JMCTI

2.9 Trade Finance

2.9.1 Framework and Feature of Policy/ Regulation

Trade finance is governed by the act and guideline prepared by BB (with a series of its circular issued intermittently), and the Import Policy Order. Regulations concerning trade finance have been featured mainly with a heavy dependence on import settlement by letter of credit (L/C) through local banks (ADs).

The Import Policy Order limits that import transactions be settled by L/C except specific cases. If the L/C value exceeds a certain amount, ADs need to obtain a credibility report of the foreign suppliers prepared by international credit agencies. L/C usage is granted for imports of industrial materials (up to 180 days) and capital machinery (up to 360 days), not for imports of finished products for commercial purpose that require only at-site settlement.

2.9.2 Issues and Constraints

Mode of import (trade) settlement

Explanation:	The mode of trade settlement is confined to L/C in most cases, except foreign EPZ tenants that are allowed to settle by telegraphic transfer (T/T) with foreign currency account and a few specific cases of small value transaction. The BB applies L/C settlement even for transactions with parent/ group companies, and sales (buying) made by EPZ tenants to (from) the outside zones. The companies outside EPZs (both export- and domestic market-oriented) have expressed a desire for open-account trading including T/T at least in case of import from parent/ group companies and small value transaction to ease and expedite trade transactions.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:
An interviewed company has been importing materials from one of group companies and exporting products to the parent company, and settling such trades by adjusting suspend payments (i.e. interest-free loans) from the head office. This company, being an affiliated company, admits that it may not be likely to continue to depend on suspend payments for trade settlement, but hesitates to settle its trade by L/C since it foresees administrative burden as a result of L/C settlement.

Scope of L/C usance

Explanation:	L/C usance is granted for imports of industrial materials and capital machinery, not for imports of finished products for commercial purpose, that require only at-site settlement, causing a difficulty in cash-flow management. Coverage of usance can be extended for commercial purpose in view of easing cash-flow management and enhancing the market competitiveness of imported products.
Sources:	- Issues listed by JCIAD - Interview to Japanese investors in Bangladesh

Back-to-back L/C facility

Explanation:	Back-to-back (BTB) L/C scheme has brought a great success in enabling RMG exporters to let their suppliers (e.g. accessories suppliers) import/ procure their input materials without posting collateral. However, BTB scheme can only be used together with BWH facility that almost exclusively extended to RMG and leather industries in practice. GoB is expected to make this facility widely available to facilitate the development of potential export sectors.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Interview to Japanese investors in Bangladesh

2.10 Non-tariff Measures and Technical Barriers

2.10.1 Framework and Feature of Policy/ Regulation

The World Bank (2016) estimates that non-tariff measures (NTMs) in Bangladesh cover about 50% of imported products defined at the harmonized system (HS) 6-digit level, indicating that Bangladesh stands at relatively moderate stance for non-tariff barrier (NTB). Pre-shipment inspection (PSI), which used to be one of the major NTMs in Bangladesh, was abolished in June 2013. In practice, technical barriers to trade (TBT, including mandatory standards on a range of products) and sanitary/ phytosanitary (SPS, food safety/ plant health regulations) measures influence the imports of products for local consumers.

Mandatory product standards (known as the Mandatory Certification Marks Scheme: MCMS) concern with not only imported products but also domestically manufactured products for local market. The MCMS, covering a rather limited list of 153 products, has been managed by the Bangladesh Standards

and Testing Institution (BSTI) or Bangladesh Council of Scientific and Industrial Research (BCSIR). The products subject to MCMS fall within five broad categories: food/ agriculture (64 items), chemicals (39), jute/ textile (11), electronics/ electrical (25), and engineering (14). Standards for these products are typically built on international standards.

Food inspection involves multiple ministries/ agencies. Overall coordination body for food safety/ control is the National Food Safety Advisory Council (NFSAC). In case of imported foods, shipping documents must include radioactivity test report and certificate declaring "fit for human consumption", "not mixed with harmful substances" and country of origin.

2.10.2 Issues and Constraints

Legitimacy of product standards

Explanation:	Product standards set by BSTI, depending on the type of product, addresses the respects that are not necessarily concerned with legitimate regulatory objectives such as safety, health, environment. For example, among food products, some standards even mention packaging size saleable to consumers. Such an irrelevant stipulation may cause producers with unreasonable or unnecessary adjustments and costs, that is considered as a barrier.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Interview to Japanese investors in Bangladesh

2.11 Company Registration and Management

2.11.1 Framework and Feature of Policy/ Regulation

Start-up procedures and forms of corporation are regulated under the Companies Act (1994). The procedure to establish a company is rather standard, involving name clearance, filling of company documents (name clearance certificate, memorandum/ articles of association, and etc.) for registration with Registrar of Joint Stock Companies and Firms (RJSCF), registration with NBR for corporate taxation (tax identification number) and VAT (VAT code), and permit by BB. During these courses, paid-up capital of the company to be established must be remitted to a local bank, and an encashment letter has to be issued.

In addition, companies need to secure a trade license from a local authority to commence business, and need to renew annually. If the companies are to deal with international trading, they are required to apply to CCI&E to obtain an E/IRC (also requiring annual renewal). When the companies intend manufacturing business, additional certificates are necessary including electricity safety/ fire safety/ environmental clearances, building (occupancy) permit, and factory plan.

Some of the above licensing have been currently processed via online, resulting in significant time reduction for issuance. In order to further expedite the processes of the company establishment (start-up), GoB has enacted the One-Stop Service Act (2018) and four responsible agencies including BIDA have commenced the development of OSS facility, where all necessary licensing for investment start-up are to be further streamlined, and processed via one-line.

The Companies Act is concerned with issues of company administration and management, including general meetings and proceedings, and with issues related to duties and obligations of directors. Bangladesh is positioned relatively well at the rank of 76th on Protecting Minority Investors indicator in Doing Business 2018. According to the World Bank, such a ranking may reflect a high degree of legally mandated disclosure and a high level of accountability for directors.

2.11.2 Issues and Constraints

Investment start-up processes

Explanation:	The length and costs involved in start-up procedure, despite the recent introductions of online application, positions Bangladesh still at the rank of 131th on
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	Starting a Business indicator in Doing Business 2018. Other indicator related to start-up is equally ranked, where the country is at 130th on Dealing with Construction Permits. Foreign investors have still pointed out un-clarity of procedure and lengthy process of some licensing. Among the licenses for start-up, foreign companies often find it lengthy to obtain trade license from a local government, E/IRC from CCIE (in case of non-EPZ tenants). Time for licensing entailing site inspections tends to be longer, having been affected by the shortage of inspecting officers.
Sources:	- Issues listed by JCIAD - Interview to Japanese investors in Bangladesh

Requirement upon capital increase

Explanation:	UNCTAD (2013) states that the contents of the Companies Act are regarded as generally acceptable to a wide range of stakeholders, but puts rather stringent request to describe how to structure and manage the company in its memorandum/ articles of association. The act also leaves a room for improvement concerning capital increase and voluntary liquidation. Although Bangladesh Securities Exchange Commission (BSEC) issued a notification (in June 2015) to exempt foreign/ JV companies from going public or being listed at the stock exchange (according to the value of paid-in capital), BSEC still requires private companies with over 400 million taka of capital amount to obtain its prior approval upon each capital increase.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JCIAD, Interview to Japanese investors in Bangladesh

2.12 Environmental Clearance

2.12.1 Framework and Feature of Policy/ Regulation

GoB adopted the Environment Conservation Act (1995) and established the Department of Environment (DoE). This act specifies that all industrial projects must obtain an environmental clearance certificate (ECC) issued by DoE. Environment Conservation Rules (1997) further defines the procedure that industrial investors have to follow in obtaining their ECC, and specific standards that must be complied with in terms of gaseous and particle emissions, waste water and others.

Industrial projects are categorized into 4 groups: green, orange-A and -B, and red, in rising order of potential environmental risks. All projects are required to obtain an ECC. The certificates are valid for three years for projects categorized as "green" and for only one year for other categories. All projects, regardless of their size and nature, must obtain a certificate of NOC from the local authority prior to applying for ECC with DoE.

Further, all projects must obtain a location clearance certificate from DoE prior to ECC. Requirements to obtain ECC increase with potential environmental risks. While projects in orange-A category face relatively smaller requirements, those in orange-B must provide an initial environmental examination (IEE) and an environmental management plan (EMP). Those in red must additionally provide an environmental impact assessment (EIA) based on terms of reference agreed by DoE and the EMP. Although ECC has a validity of one or three years, the procedure for their renewal is not specified in the rule. It is therefore unclear to what extent the requirements and obligations differ from the first issuance.

2.12.2 Issues and Constraints

Processes and renewal of ECC

Explanation:	Procedure itself for obtaining ECC by DoE for any risk groups is deemed acceptable if compared to the practices of other countries in the region. However, there are following respects which delay or inhibit ECC process:
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	<ul style="list-style-type: none"> Necessity to obtain a NOC from the local authority, and a location clearance certificate from DoE both prior to ECC. High frequency of ECC renewal in case of the project under the high risk groups, and requirements upon renewal.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Team's observation

2.13 Intellectual Property

2.13.1 Framework and Feature of Policy/ Regulation

Bangladesh establishes a legal framework for protection of intellectual property rights (IPR), comprising of the Trademarks Act (2009)/ Rules (2015), the Patent and Design Act (1911)/ Rules (1933), the Copyright Act (2000, amended in 2005)/ Rules (2006). The Department of Patents, Designs & Trademarks (DPDT) under the MoI is to deal with applications of patents/ designs and trademarks, while the Copyright Office in the Ministry of Cultural Affairs (MoCA) deals with copyright. Both are responsible for protecting these rights from infringement. GoB has drafted the new Patent & Designs Act (in 2014 but not enacted yet), and preparing the digital-related act in response to a growing usage of internet.

As a LDC, Bangladesh is exempted until July 2021 (general) and 2033 (pharmaceutical products) from the WTO trade-related aspects of intellectual property rights (TRIPS) obligations, and has proposed to extend the exempted period, and the right to export patented drugs to other LDCs.

The number of registration of patents, trademarks and industrial designs is increasing in Bangladesh in accordance to the economic growth. The applications by foreign companies (including non-residents) have been also on the rise owing to the globalization of Bangladesh economy. Among the applications, patents on production-related technology (such as biotechnology, food chemistry, organic fine chemistry, textile/ paper machinery) accounts for more than half of total applications during 2012-2016.

2.13.2 Issues and Constraints

Protection of IPRs

Explanation:	IPR is not protected well in practice, because of weak management of registered marks/ patents/ designs and a lack of DPDT's capacity for receiving and handling the cases of infringements.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - The World Bank, A Diagnostic Trade Integration Study (2016)

2.14 Arbitration/ Mediation System

2.14.1 Framework and Feature of Policy/ Regulation

Although the court system, structure and procedure in Bangladesh is framed by the Civil Courts Act (amended in 2001), the rule of law needs further improvement. The World Justice Project announces in its Rule of Law Index¹⁰ 2016 that Bangladesh is ranked at 103th among 113 countries. Weaknesses in public governance and judicial independence have led to a lack of confidence in solving commercial disputes through its court system.

Accordingly, Alternative Dispute Resolution (ADR) mechanism for commercial disputes was created with an establishment of the Bangladesh International Arbitration Centre (BIAC). BIAC, established by the three leading chambers, aims to facilitate settlement of commercial disputes and to help reduce a number of backlogged cases in formal litigation. In addition, NBR has launched its ADR service to settle disputes over CIT, VAT and customs duties in view of solving cases of tax appeal before such cases are

¹⁰ The WJP refers to eight factors for assessment, including constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice.

filed to Tax Appellate Tribunal. Four revenue collection centers in Dhaka and Chittagong have been providing ADR service on a pilot basis. Recently, ADR becomes popular in Bangladesh, on tax appeals and licensing matters in particular.

2.14.2 Issues and Constraints

ADR services

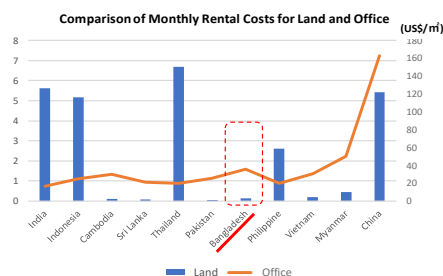
Explanation:	A few interviewed companies admit that they have experienced and been experiencing the ADR through the local chamber and NBR on tax appeals. Despite the recent popularity gained by the local tax payers to ADR service, those companies confessed little satisfaction with their services including selection of arbitrator. To improve the performance of the BIAC, the World Bank has conducted assessment study and recommended the actions for the better service.
Sources:	- Interview to Japanese investors in Bangladesh

3. Services and Resources Necessary for Investment

3.1 Ready-to-Use Land

3.1.1 Current Conditions

Industrial land around main production centers, including Dhaka and Chittagong, is mostly owned and managed by Rajdhani Unnayan Kartripakkha (in Dhaka) and Chittagong Development Authority (CDA in Chittagong) respectively. Other government agencies also hold several industrial estates suitable for foreign investors, including BEPZA. Bangladesh Economic Zones Authority (BEZA) has been developing several economic zones (EZs)¹¹. The cost of land in Bangladesh (in terms of rental cost) is far more competitive than India, China, Thailand but comparable to other competitors of RMG industry such as Viet Nam and Cambodia.



Access to ready-to-use industrial land has so far been provided by industrial estates under RAJUK/ CDA and EPZs, but their available lots in Dhaka and Chittagong areas are now scarce. BIDA also renders services to registered investors to facilitate their access to publicly-owned industrial estates, but securing land through this remains difficult. Outside of the public channel, access to privately-held lands is deemed difficult by the poor quality of cadastral survey and complex registration process, unless local business partners have already secured the lands registered for industrial use. The incomplete records bring significant uncertainty about legitimacy of land titles and frictions in the land market.

The land access has been worse over time. In 2002, 29.2% of surveyed firms considered it a major problem, which had risen to 41.7% by 2007, according to Investing Across Borders Survey 2012 by the World Bank. Unavailability of serviced land is a prominent investment hurdle, in particular for manufacturing investors.

3.1.2 Issues and Constraints

Development of EZs

¹¹ Two donor funded projects assists BEZA to developing EZs through support infrastructure development, namely, the Private Sector Development Support Project II (funded by the World Bank) and FDI Promotion Project (funded by JICA).

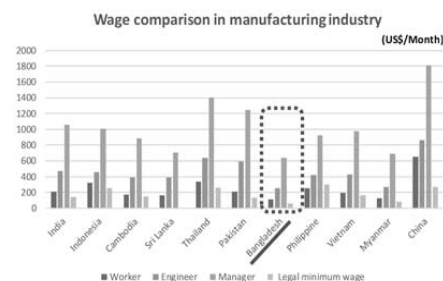
Explanation:	Access to land for investors is a challenging issue as a result of two main factors; i) a scarcity of ready-to-use industrial lands particularly around Dhaka and Chittagong areas, and ii) difficulty of land titling caused by poor cadaster and regulatory complexity. While the regulatory frame for land titling needs to be improved in light of simplified practices, the reform is likely to be lengthy. Under such conditions, a possible measure is to expedite the development of new industrial estates at the best available locations. In this regard, it is reasonable to say that many investors await development of scheduled EZs by the private developers with assured access to land or in partnership with public authorities who own the land to be used for industrial purpose.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Interview to Japanese investors in Bangladesh

3.2 Skilled Workers

3.2.1 Current Conditions

According to the Bangladesh Statistics Bureau (BSB), the population in 2015-2016 amounts to approximately 158.5 million with a working age population of 106.1 million (between 15 and 64 years old), accounting for 67% of total. This working age ratio has been on the rise, making Bangladesh entering demographic bonus period, that is forecasted to continue until 2040.

Further, Bangladesh labor force are highly competitive. Foreign companies recognize Bangladesh as one of the cheapest in terms of wages of managers/ engineers and for low-or unskilled labor. GoB admits however that such highly competitive labor force has been benefiting a rather limited sectors such as RMG, thus the current demographic bonus has not been optimally utilized for its policy objectives of export and industry diversification.



Despite the expanding working ages and their cost competitiveness, a small share of the population that has obtained a secondary or a higher education may lead to a scarcity of skilled workers. According to UNCTAD (2013), only around two percent of the population has a tertiary degree (roughly 400,000 students enrolled in universities). Low level of literacy and short years of schooling make skill acquisition difficult. According to UNESCO, an adult literacy rate stands at 72.8% in 2016 with 5.2 years of schooling on average as of 2012.

Technical and vocational education and training (TVET) system in Bangladesh comprise of both formal and informal ones. By way of the formal system (at secondary level), students are able to join the diploma level. UNCTAD (2013) also cited a fact that the share of the students enrolled in formal TVET has been small, where only a small fraction of students who complete their secondary school with the higher achievement have access to the diploma level.

3.2.2 Issues and Constraints

Availability of skilled workers and their productivity

Explanation:	Bangladesh's comparative advantage in labor force can partially be offset by lower productivity due to lack of skilled workers. The labor productivity has been improved for the last 10 years, but still remains lower level that ranks 151th among 188 countries (International Labor Organization 2015). The recent survey of Japanese companies with local subsidiaries (JETRO 2016) also cited inadequate
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	worker qualifications and local staff abilities ranked as fifth among the most frequent business problems, where over 60% of total respondents raised this issue.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Interview to Japanese investors in Bangladesh, JETRO Survey (2016)

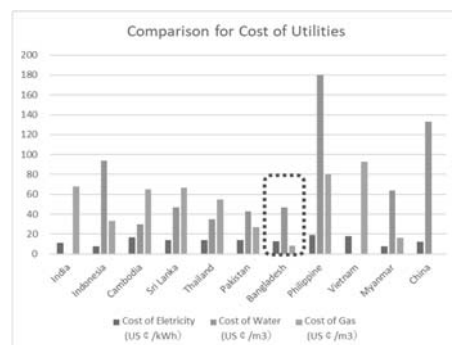
Quality assurance of technical/ vocational education

Explanation:	Majority of TVET students are educated in informal schools (mostly privately-run), that are not subject to quality accreditation by the Bangladesh Technical Education Board (BTEB) under the Ministry of Education (MoE). This has raised concerns about quality of their curriculum which many students receive. Raising the level of skills and technical knowledge of labor requires to assure the certain level of training curriculum among TVET schools, and offer the quality vocational training courses that are readily available to the on-working labors.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013)

3.3 Public Utilities (electricity/ gas in particular)

3.3.1 Current Conditions

Chronically inadequate supply of electricity and gas has been the largest inhibiting factors to manufacturing investment and operation in Bangladesh. A Getting Electricity indicator ranked 187th out of 190 countries, which looks at reliability of electricity supply as well as required steps and time for utility connection. A survey of Japanese companies (JETRO 2016) revealed that almost 65.6% of respondents cite the shortage or interruption of power supply, ranked as the second among the most frequent business problems in Bangladesh. On the other hand, the utility costs including electricity and gas in Bangladesh has been rather competitive compared to the neighboring countries.



GoB recognizes power and gas development as top agendas for its economic development. The Ministry of Power, Energy and Mineral Resource (MoPEMR) has updated the **Power System Master Plan (2016)**, which prescribes the measures/ projects in a scheduled manner to ease chronic shortage or interruption of power supply. In accordance to the plan, Bangladesh Power Development Board (BPDB) has been working with the multilateral/ bilateral donors (including Matarbari coal-fired power plant by Japan), and intending to utilize Independent Power Producer (IPP), Public-Private Partnership (PPP) or rental power plant (RPP) schemes. In 2016, Singaporean company started investment of 414 MW power plant, that is the first PPP involving foreign investor based on power purchase agreement.

The power supply has been constrained by the limited fuel supply, LNG in particular. Due to stagnated gas-field development, gas supply has been continuously limited. In September 2015, gas price for industrial use (except for power/ fertilizer) was doubled. GoB decided to halt new gas connection to industrial sector in December 2015 (but decided to add 2,000 new gas connection for industrial use recently), and further hiked the price for industrial use by 50% at the beginning of 2016. GoB, through Bangladesh Petroleum Corporation (BPC), recently signed a 15-year purchase agreement of LNG from Qatar starting in 2018.

3.3.2 Issues and Constraints

Gas supply and power grid connection

Explanation:	The current situation, where newly gas connection is being halted, has been adversely affecting the business plan of new investors, and compelling them to presume uncontrollable and long-queuing power grid connection. Their business plan which assumes power grid connection has been negatively assessed by the financial institutions.
Sources:	- UNCTAD, Investment Policy Review Bangladesh (2013) - Issues listed by JMCTI

Cases of issue/ constraint faced:

According to Japan Machinery Center for Trade & Investment (JMCTI), stoppage of newly gas connection has brought about the cases where new Japanese investors (textile, leather, etc.) are compelled to receive power from grid instead of using gas boiler to heat water. However, such business plans as presuming power grid connection faces a difficulty in obtaining the loan, since the banks are concerned about availability and reliability of power supply. JMCTI reported that this has led to even slowdown of machinery exports to Bangladesh.

3.4 Domestic Banking

3.4.1 Current Conditions

Foreign Exchange Regulation Act used to require foreign companies to obtain approval to borrow domestically. With the BB circular issued in 2014, foreign manufactures and service sector companies, having run their business more than three years in Bangladesh, are able to freely borrow local term loans for both capital and working expenditures, regardless of the ownership ratio. Previously the usage of such term loan was limited to capital investment by manufactures, and ratio of the loan amount against the total outstanding loan could not exceed equity ratio held by the local partners (meaning fully foreign-owned companies could not access to local term loans).

Credit Information Bureau (CIB) of the BB has been undertaking the reform of domestic banking sector with a launch of new online credit information system. This system allows any banks or financial institutions to readily obtain credit information of banks and their lending via the online. Further, the BB has been developing a collateral information system incorporating data on immovable and movable properties. The BB plans to start this collateral information system in early 2018, with a view of reducing the cost of borrowing and time for credit approvals.

3.4.2 Issues and Constraints

Cost of domestic borrowing

Explanation:	An access to local borrowing by foreign companies is assured in general, with the recent deregulation effort and use of stand-by L/C (issued by the parent company in favor of local bank, even in case of a difficulty in providing fixed asset collateral). Nevertheless, domestic borrowing has not become attractive option yet for foreigner due to the relatively high interest rate compared to off-shore borrowing rate. Getting Credit indicator ranked Bangladesh a 157th among 190 countries in Doing Business 2018.
Sources:	- Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

Many interviewed Japanese companies share a view that the prevailing interest of domestic borrowing in local currency is deemed still high, even though the rate has been on the declining trend and the accessibility has been improved. They have regarded it less viable option to source funds from local banks. Therefore, they prefer to borrow from abroad, but this requires them to follow rather stringent conditions stipulated by the BB's guidelines. Consequently, Japanese companies (located

in outside EPZs in particular) tend to opt for receiving additional capital infusion from their parent companies for financing their working capital.

3.5 Logistics Service

3.5.1 Current Conditions

Clearing and forwarding service: Bangladesh's logistics industry concentrates mostly on clearing and forwarding services. According to NBR as of 2016, there are approximately 880 clearing and forwarding agents in Bangladesh, out of which 30 companies are either fully foreign-owned or partly foreign invested. This industry has been regulated by the Freight Forwarders (Licensing & Operations) Rules 2008 and Customs SRO by NBR, which limits the foreign ownership of freight forwarders in favor of domestic agents. The World Bank (2016) also argues that partly owing to restricted access to foreign exchange for overseas network development, local forwarders remain to handle cargo forwarding only to/ from the ports or airports within Bangladesh.

Truck transportation service: There are largely two groups of truck operators in Bangladesh: the modern and the informal. The modern operators are largely dealing with RMG sector, which has encouraged an emergence of modern truck transportation. They tend to be expensive, but offer a predetermined quality of service with premium charges. The informal truck operators are characterized with relatively lower price and reliability in general with a high level of vehicle overloading. Many such operators use old fleets. In an effort to mitigate competition, these operators typically have to go through transport brokers to obtain cargos.

3.5.2 Issues and Constraints

Foreign participation in logistics service

Explanation:	According to the latest regulation (Customs SRO No. 206, July 2015), full foreign ownership is barred from obtaining forwarder's license. For JVs, the maximum share for foreign companies is reduced to 40% (from previous 49%), although the existing foreign owned companies is exempted from this rule.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016)

Forwarders' access to bonded warehouse facility (container freight station)

Explanation:	Although GoB allows private sector to operate container freight station (CFS, also referred as inland container depot in Bangladesh), it still restricts the involvement of clearing/ forwarding agents in establishment of CFS with bonded status, which has been liberalized in other countries. Forwarders (and trading firms) in Bangladesh have been long interested in investing in such facilities.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Interview to Japanese investors in Bangladesh

3.6 Local Suppliers

3.6.1 Current Conditions

A survey of Japanese companies (JETRO 2016) found that as high as 81.3% of respondents cite difficulty in local procurement, being the most frequent business problem in Bangladesh. Japanese companies operating in ASEAN including Cambodia, Myanmar, Vietnam, Laos also share the same constraint, but not to the high level of Bangladesh. Vast majority of Bangladesh companies are not developed to enter international/ regional supply chains. Lack of a sizeable base of quality local suppliers (supporting industries) is a crucial hurdle to FDIs in manufacturing sector.

GoB admits that EPZs have brought about a success in growing its export-oriented industries through granting a range of privilege and special facility, but has not achieved an optimal result in terms of developing local industries (except manufactures of garment accessories/ associated items) or

establishing the linkage with them. The interviews to a few Japanese EPZ tenants share the same view, where their local procurement is limited to those items from bond-licensed exporters outside EPZs.

Some manufacturers (for motorbikes) also cite that the government has delivered inconsistent signals concerning its policy for local procurement of components, according to interviews. The government policy for tariffs for the materials and components, that is altered on rather ad-hoc basis, has influenced their behavior and development of the supporting industries accordingly.

3.6.2 Issues and Constraints

Information of potential local suppliers

Explanation:	One of the constraints for local procurement, cited by both foreign and local manufacturers/ assemblers other than lack of technical capability and quality management skills in local SMEs, is their unfamiliarity of potential sources of local supplies. There has not a mechanism of coordination and cooperation for filling such an information gap.
Sources:	- Interview to other foreign investors in Bangladesh (the component-3 team)

Goods procurement from domestic tariff area

Explanation:	Pursuant to the Import Policy Order, BEPZA requests that EPZ tenants need the permit and NBR's NOC to procure goods from non-bonded companies outside the EPZs (i.e. domestic tariff area: DTA), as a part of customs management. Procurable goods from DTA in local currency are scoped to the needs of RMG/ leather sectors that are dominant tenants of EPZs, covering office equipment, printing material, fuel, building material, packing material, dyeing/ chemical material, accessories. If BEZA adopts the similar approach of specifying the positive list of procurable goods from DTA and requiring permit/ NOC, this may give a difficult implication to business transaction between EZ tenants and suppliers outside zones. EZs unlike EPZs enclaved in nature, holds a mission to facilitate linkage between FDIs and more versatile local industries. Accordingly, listing of procurable goods is deemed difficult, and such a customs' manner of controlling procurement from DTA may rather inhibit local procurement efforts by EZ tenants.
Sources:	- Team's observation

Tariff policy for local procurement of components

Explanation:	In case of motorbike industry, NBR has been changing import tariff and para-tariff applicable to motorbike materials/ components without consistent policy, so that the manufacturers have been not able to take their concrete steps into sourcing local components and bringing up local suppliers actively.
Sources:	- Interview to other foreign investors in Bangladesh (the component-3 team)

Issues and constraints of technical aspect of local suppliers are reported comprehensively by the component-3 team of the Project.

4. Logistics-related Infrastructure

4.1 Dhaka-Chittagong Corridor (DCC)

4.1.1 Current Conditions

Dhaka-Chittagong Corridor: The growth in trade activity in Bangladesh is illustrated by the rapid growth in cargo traffic at almost 10% per annum through Chittagong Port, a virtually single gateway from/ to

Bangladesh. The World Bank (2016) reveals that the port handles more than 90% of Bangladesh's foreign trade. From Chittagong, a substantial proportion of the trade traffic landed at the port moves through Dhaka-Chittagong Corridor (DCC). The corridor is the most important trade link in the country, accounting for around 66% of the country's import and export flows. DCC has multimodal transporting means as it comprises of road, rail, and inland waterway. The World Bank (2016) also stated that along the corridor, road transport handles just over 50% of the traffic, followed by inland waters with 43% and rail with just over 6%.

FDI promotion has been constrained by inefficient operation of logistic-related infrastructures along the corridor, that now increases costs and delay of delivery, and causes logistical instability and thus operational difficulty in running factories on schedule. The congestion in and around Dhaka has also worsen the situation. The DCC has not fully utilized its multimodal transport potential, where rail transport has not been a viable option at present. The Chittagong Port has adequate facilities but is far from achieving a handling efficiency comparable to other international ports in Asia. A survey of Japanese companies (JETRO 2016) also reveals that inadequate supply of logistic infrastructure is one of top five barriers to business in Bangladesh.

Road and Highway: Most trunk roads have been paved; however, pavement condition is deemed so unreliable that forwarders and truck operators still hesitate to transport sensitive goods by road. Almost all highways are single carriageways and traverse the centers of regional cities and rivers. Thus, traffic is slow especially in busy corridors, Dhaka-Chittagong highway. In Dhaka metropolitan, congestion surely ranks among the worst in the world. The road capacity is already a constraint for growth as addressed in the current five-year plan. Yet, truck usage is projected to grow 2.5~4 times and car traffic 4~7 times over the next 20 years.

Railway: This can be alternatively important mode for inland container movement between the Chittagong Port and Dhaka. Its potential is much greater than its current level of utilization. In 2012, Bangladesh Railway (BR) operated train units of 76~80 TEUs (20-foot equivalent units) twice a day between the Chittagong Port and Dhaka ICD. The published freight rate for this inbound movement is lower than for road freight transport. The World Bank (2016) also stressed that railway freight can offer other advantages, including less risk of damage to cargo and better customs service.

Port (Chittagong): Chittagong has been virtually only choice of international sea transportation because of poor situation of other ports. In 2016, Chittagong handled around 2.35 million TEUs of container cargo against design capacity of 1.70 million TEUs. The Chittagong Port, as a river port, cannot accommodate large vessels, and this port faces inefficient handling and insufficient facilities. Container ships are not able to reach the port timely (4~5 days of waiting at coast on average) because of limited availability of installed gantry crane (only four) despite the existence of 15 berths. Accordingly, a chronic delay of shipment is observed.

In response to such a congested operation and long dwelling time of cargos, GoB commenced the development of new deep-sea port in Matarbari, 100 km south of Chittagong, utilizing JICA finance. GoB has also been developing another new port at Payra (100 km west of Chittagong), which started partial operation since August 2016. But further development of this port is deemed commercially unviable since this entails waterway dredging of 60 km length. The CPA has undertaken additional initiatives to improve the port capacity such as establishment of bay terminal, inland container terminal.

Inland Container Depot (ICD)/ Container Freight Station (CFS): GoB encourages establishment of ICDs or CFSs to ease congestion at the Chittagong Port. ICDs/ CFSs in Bangladesh have been run by both public agency (such as CPA) and private operators. The eligible private operators are allowed to handle import containers of selected lower risk items and all export containers, and conduct customs formalities, upon operator permit from NBR and other relevant agencies. Each ICD/ CFS needs to have a certain area of land fenced by boundary wall within 20 km of the port, well-secured warehouse, and a customs office. In Dhaka, there are two ICDs linked to railway from Chittagong Port (operated by the CPA) and to waterway (operated by Bangladesh Inland Water Transport Authority (BIWTA) and CPA).

These ICDs have been congested in general, taking lengthy handling and clearance process, due to the heavier flow of loads. Accordingly, the Chittagong Port Authority (CPA) plans a new container terminal at Karnaphuli near the port. Even if this terminal is established on schedule, its capacity is projected to be saturated by 2023. There is another plan of railway-linked ICD at Tongi industrial area

and inland water-linked ICD at Khanpur both in Dhaka. Foreign forwarders with a connection of major shipping lines are interested in establishment/ operation of ICD, but the license seems not open to foreign companies.

4.1.2 Issues and Constraints

Container transport and cargo traffic along the DCC

Explanation:	Despite a rapid growth of container flow to Bangladesh and Chittagong Port, containers are not used much in domestic cargo movement. Bangladesh has not fully exploited benefits of containerization. Although approximately 50% of the cargos entering the Chittagong Port is containerized, less than 15% of entering containers moves inland, and the rest are stripped either at the port or in privately operated ICDs within the port's vicinity. The containers that move inland are transported mostly by rail, and by road (to EPZs) to the lesser extent. Customs regulation restricts the mode/ destination of container transport to railway (to the IDC in Dhaka)/ to bonded factories in EPZs. One of the consequences is a high demand for non-container trucks. Further, unloading of a large volume of containerized cargo in the port has led to a high uptake of its storage space, and importantly long dwelling time for cargo at the port (16 days in 2012 on average, still longer than 3-4 days at other efficient ports of the South Asia nations). Stripping of containers adds to handling costs as the cargos are loaded into a number of truck (instead of using more efficient way of container transportation with container-trailers). As a result, many trucks move cargo along the DCC, and Dhaka-Chittagong highway is congested by the heavy traffic volume. The congestion increases transit times that can take almost 12 hours between Chittagong and Dhaka (less than 4 hours with free-flowing traffic). The long transporting time by road further discourage shipping companies from forwarding cargos by container to Dhaka, since they need empty containers to be promptly returned to the port for consolidation or transfer to other ports.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016) - Interview to Japanese investors in Bangladesh

Utilization of railway freight

Explanation:	Railway freight has not optimally been utilized due to limited service frequency and short train length caused by track configuration. Despite a potentially high demand, BR has not increased the service frequency. Reasons for inability to enhance the freight service include the following: - Existing wagon braking system limiting maximum speed to only 29 km/h, - Limited handling capacity of the existing railway-linked ICD in Dhaka, - Heavy demand on particular sections with single track that serve many passengers, that is compounded by a shortage of wagons and locomotives, - Government policy favoring passenger over freight service, where most capacity/ resources is dedicated to passenger service.
Sources:	- The World Bank, A Diagnostic Trade Integration Study (2016)

Cases of issue/ constraint faced:
The interviewed forwarders reveal that they only use trucks for cargo transport between the Chittagong Port and Dhaka, and never tried railway transport to/ from Dhaka since it takes about ten days with limited frequency.

4.2 Airport Cargo Terminal

4.2.1 Current Conditions

Airfreight volume to/ from Bangladesh has been growing steadily. The main air gateway is Hazrat Shahjalal International Airport in Dhaka. The airfreight has been used mostly by RMG sector, usually at the buyer's demand. According to the interviews to forwarders and exporters, they have not experienced any problem with airfreight itself. Issues are observed on the ground, in particular, management of air cargo terminal. Civil Aviation Authority (CAA) has commenced a detailed design for expansion of the existing Dhaka airport, covering an improvement of cargo terminal and its handling capacity. Technical cooperation by JICA may follow for capacity building of the terminal operation.

4.2.2 Issues and Constraints

Airfreight handling and terminal operation

Explanation:	The ground handling and terminal management at Dhaka Airport are performed by a subsidiary of Biman Airlines. The clearing/ forwarding agents report two challenges with the current operation of airfreight handling and terminal. First, terminal area is often congested, partly because of increasing cargo volumes, but also poor handling and slow clearance. Second, even though agents pay Biman for all the necessary charges, they often have to hire their own workers for the same purpose. The facility improvement is necessary at the terminal to increase capacity and space. For example, three scanners in use by the terminal appear to be designed for standard ocean pallet, not suitable for airfreight pallet. Accordingly, all shipments must be broken down prior to scanning, causing lengthy clearing. Further, limited storage has led to an exposure of cargos to bare ground.
Sources:	<ul style="list-style-type: none">- The World Bank, A Diagnostic Trade Integration Study (2016)- Issues identified by JCIAD, Interview to Japanese investors in Bangladesh

Cases of issue/ constraint faced:

An interviewed forwarder using airfreight service receives claims frequently from the clients on the package (e.g. for machinery parts) condition upon delivery, and so carries photos of the cargo yard to explain a poor handling practice to the clients.

Clearance of small airfreight consignments

Explanation:	The congestion at the cargo terminal has been caused partly by the necessity of clearance even for small consignments. Although NBR simplified the related procedure and the Customs Act provides for non-levy of duties/ taxes on such small shipments, the limit of 1,000 taka per consignment is deemed very low. Most shipments of samples/ fabrics for RMG and machinery parts for replacement exceed this threshold value, and are then treated the same as all other shipments. This has resulted in clearance time that take one to five days even for a small lot, instead of a few hours in most of other countries in the region.
Sources:	<ul style="list-style-type: none">- The World Bank, A Diagnostic Trade Integration Study (2016)

4.3 Land Border Stations

4.3.1 Current Conditions

Bangladesh has an extensive network of land border stations. Most dominant one is at Benapole, that is main trading route with India. Clearance time is typically 2 to 3 days at the smaller stations and within 5~6 days at Benapole. At Benapole, almost 80% of declarations are assessed within a day, whereas it takes up to 5 days to clear most goods for release after declaration.

4.3.2 Issues and Constraints

Clearance at land border customs and their handling capacity

Explanation:	Clearance time at the land customs stations is affected by several factors. The main factor is a necessity of trans-loading cargos between trucks registered in Bangladesh and India, that has been also affected by the limited space/ equipment for reloading. The difference in axle load limits of trucks is cited as a reason for denying India's transit right to Bangladesh. Axle load limit in Bangladesh is consistently lower than India for the same class of truck. Other issues found at land borders with India in particular are summarized as below; <ul style="list-style-type: none">- The roads to borders are generally narrow without sufficient space for parking on the roadside, causing congestion, which result in high truck demurrage charge.- The difference in border opening hours in Bangladesh and India reduces the average work day to 6~7 hours. Further, there is difference in holiday each week, further reducing the commercial work days by two days.- The customs clears goods only if the complete consignment arrives. Further, the interviewed companies observe that there is only one border station (Benapole) that is deemed sufficient for regular use.
Sources:	<ul style="list-style-type: none">- The World Bank, A Diagnostic Trade Integration Study (2016)- Interview to Japanese investors in Bangladesh

5. Recommendations for the Investment/ Business Climate Improvement

In response to the issues and constraints identified on each aspect of i) FDI and other investment-related policies and regulations, ii) services and resources for investment, and iii) logistics-related infrastructure, the subsequent tables recommend possible measures for improvement. Each recommendation is noted with the authority concerned, and estimated term necessary for improvement action (short, mid or long terms).

5.1 Recommendations for Improvement of FDI/ Other Investment-related Policy and Regulation

Issues/ constraints	Recommendation		Authority concerned	Term for action
Entry of FDIs				
Entry conditions of FDIs to some sectors	To clarify entry regulations (conditions for approval/ NOC against foreign participation = prior-registration, and specific establishment procedure = post-registration) over the controlled sectors in the NIP and key manufacturing sectors (if any), and document them in BIDA's handbook or sector profiles.		BIDA	Short-term
Foreign Exchange Management				
To clarify and explicitly spell-out the following particulars in relation to the Guidelines for Foreign Exchange Transactions of BB and/ or the handbooks/ guidelines of BIDA/ BEPZA in view of assuring more foreseeable and transparent setting for handling foreign exchange:				
Unrestricted items of overseas remittance	- Fully unrestricted items of overseas remittance requiring no prior authorization of BB and other authorities (for branch status as well).		BB, BIDA	Short-term
Remittance of royalties, technical-related fees	<ul style="list-style-type: none">- Conditions for approval of overseas remittance of royalty/ technical-related fees in case the amount exceeds the threshold (6%), after examining a possibility of lifting the threshold itself.- Free or eased overseas remittance of royalty/ technical-related fees in case not exceeding the threshold, for example, through assigning ADs to check the remittance application.- Items in detail of technical-related fees that can be remitted while ensuring a certain flexibility to cover a good range of items.		BB, BIDA, BEPZA	Short-term
Approval of foreign term loan	<ul style="list-style-type: none">- Criteria for approval of foreign term loans by the appraisal committee held by BIDA/ BB, after examining a possibility of lessening requirement of supporting documents for demonstrating the project viability, loan re-payability, and investor's credibility, all of which are to be assessed beforehand by the lender.- Possible measures to timely accommodate the needs for borrowing foreign term loans by the unregistered investors with BIDA.		BB, BIDA, BEPZA	Short-term
Foreign currency account for the companies producing for local market	- Conditions of holding foreign exchange accounts for business usage by those companies producing for local market (and service industries) which have relative difficulty in doing so.		BB	Mid-term
Repatriation of capital and capital gain	To reconsider and modify the conditions that currently apply to repatriation of capital/ capital gain so that investors can repatriate all divestment proceeds freely.		BB	Mid-term
Usage of foreign term loan	To extend the usage of foreign term loans to the working capital purpose, and diversify the sources of foreign working capital loans (confined to interest-free parent loan), in response to needs from foreign investors.		BB	Mid-term
Access of JV tenants in EPZ to offshore working capital loans	To examine the possibility of letting ADs to freely issue their bank guarantee without BB's authorization or allowing JV tenants to mortgage their assets/ materials against the short-term foreign borrowing.		BB, BEPZA	Mid-term

Taxation				
Prior registration of selling price for goods to be sold in domestic market	To enact new VAT Act earlier, which will abolish prior registration of selling price in domestic market, otherwise abolish this regime before official enactment of the new VAT Act. For the time being before ending this regime, NBR shall officially allow VAT registration both as manufacture and as trader at a single company's address (that is being applicable to only Japanese companies). NBR shall also allow those companies having plural sales points nationwide to register in a lump at single VAT office without obtaining NOC from each VAT office where their sales points are located.		NBR	Short-term
Tax refunds	To examine the possibility of streamlining the procedure in practice for both CIT and VAT refunds that are being assessed as complex by the tax payers.		NBR	Mid-term
Labor Regulation and Foreigner Employment				
Associated processes for completing work permit (visa and security clearance) Advertise-posting for expatriate positions	To ensure that total period required for completing work permit be forecastable by revising or facilitating associated processes to the work permit more favorably to investors through the following measures: <ul style="list-style-type: none">- Lifting or easing the requirement of ad-posting process- Facilitating visa authority to expedite issuance and accept application while the applicants are staying in Bangladesh (without embarking from Bangladesh)- Facilitating NSI and SB to conduct personal inquiries in timely and systematic manner. To consider the following measures in view of easing the regulations concerned and improving access to foreign skilled workers for technical transfer: <ul style="list-style-type: none">- Provision of an automatic entitlement of work permit to a certain number of key managerial position to each foreign company to establish its affiliate. The number of key position to be entitled can vary according to the size of investment or the number of local employee.- Provision of specific entitlement of work permit to a certain type of skills/ occupations that are in critically short supply in Bangladesh. Such specific skills/ occupations can be annually determined/ reviewed through consultations among the relevant stakeholders.		BIDA, MoHA, NSI, SB	Short-term
Renewal of work permit	To clarify and document the conditions of renewing the work permit, particularly on frequency of renewal, while allowing the least renewal frequency (preferably two times only in total five years' period) and investors' decision on the mode of salary payment for expatriate workers. To consider the possibility of work permit extension (after five years) with certain conditions, and to document such conditions and procedure necessary for extending the permit.		BIDA	Short-term
Ratio of expatriate to national employees	To examine the possibility of relaxing the current ratio of expatriate to national employees in favor of foreign investors, particularly during the start-up phase, and to clarify/ document the conditions for the special cases where the ratio can be relaxed to accommodate the expatriates with highly-specialized skills.		BIDA	Short-term

Incentives on FDI			
Conditions of tax holidays to general investors	<p>To examine the possibility of relaxing the current conditions for "investors in 23 designated sectors" to enjoy tax holiday, since it is deemed less straightforward to comply with the conditions within the specified period.</p> <p>To review and redesign the current incentive regime, so that:</p> <ul style="list-style-type: none"> - Tax holiday period adequately matches the likely financial performance of investment projects, where operational profit is not likely to happen at the initial stage particularly for manufacturing investment, - Tax holiday provision is conditioned to realization of clearly measurable and verifiable outcomes that contribute to priority agendas of industrial development policy or five-year development plan (performance of employment, export, linkage with/ contribution to local supporting industries, etc.), - Those privileges and facilities that are exclusively provided for export-oriented industries (RMG/ leather mostly) are extended to more variety of exporting industries, and made available also for domestic market-oriented manufacturers (including those to be tenanted in economic zones). 	BIDA, MoF, NBR	Mid-term
Trade-related Regulation and Customs			
Tariff escalation for consumer goods	<p>In view of attracting the foreign manufacturing (assembly-type) industries, and facilitating their linkage with the local supporting industries, GoB shall consider:</p> <ul style="list-style-type: none"> - To introduce the tariff policy that signals an explicit expectation to target sectors, but that takes into account the current development stage of the target sectors (e.g. whether import-sales, complete build-up, knock-downs, initial or growing stages of local procurement). Such a tariff policy as specifically designed for target sector shall be stated in the relevant policy, not be altered ad-hoc. <p>In parallel, GoB shall consider the following in view of creating a level-playing field in the consumer product markets through removing excessive disadvantages to imported consumer products:</p> <ul style="list-style-type: none"> - To gradually eliminate excessively high para-tariffs or lower their rates, that are to be applicable to luxurious consumer products in nature, - To further enhance customs control to prevent under-invoiced import or smuggling of consumer products. 	MoF, NBR, MoC or MoI	Short-term
Bonded warehouse facility	<p>To make BWH facility (together with Back-to-back L/C) more transparent in terms of entitlement criteria and extendable among a range of export-oriented industries, in view of further developing non-traditional exporters, to extend its eligibility to non-manufacturing players such as traders/ forwarders in view of contributing to manufacturers in Bangladesh through delivery of more efficient and needs-oriented trading/ logistic services,</p> <p>To consider the possibility of lessening the frequency of license renewal in particular to the exporters with the better compliance record, and automatic licensing to EPZ tenants on the ground EPZ itself is bonded area.</p> <p>To continue and enhance the on-going customs reform measures including the enforcement of customs valuation based on invoice according to the WTO rule, and standardization of clearance practices among the customs officers, in view of ensuring a predictability and certainty for duty valuation/ clearance.</p>	NBR	Short-term
Customs valuation		NBR	Mid-term

ATA CARNET Treaty	To consider joining ATA CARNET treaty, or prepare a simple procedure to clear the goods for temporal use.	NBR	Short-term
Trade Finance			
Mode of import (trade) settlement	<p>To allow non-EPZ tenants/ companies producing for local market with a variety of trade finance/ settlement mode other than L/C (T/T, document collection, etc.) in view of easing and expediting trade transaction, especially for the cases of transactions with parent/ group companies and for small value (less than USD10,000 = proposed by JCIAD).</p> <p>To completely liberalize the mode of trade finance/ settlement by EPZ tenants, including for the case of sales to local market, that currently requires L/C. This matter has an important implication for the future EZ tenants with local market orientation.</p>	MoC, BB	Mid-term
Scope of L/C usage	To examine the possibility of extending the scope of L/C usage to imports of finished products for commercial purpose, that currently require only at-site settlement, in view of enhancing market competitiveness of imported products. This matter has an important implication for the manufacturers which begin with import-sales operation before making decision to manufacture locally.	MoC, BB	Mid-term
Back-to-back L/C facility	To make BTB L/C (together with BWH) facility more transparent in terms of entitlement criteria and extendable among a range of export-oriented industries, in view of further developing non-traditional exporters, as GoB commits to extending this facility to shipbuilding and leather industries in the seventh five-year plan.	NBR	Short-term
Non-tariff Measures and Product Standards			
Legitimacy of product standards	<p>To review mandatory standard lists to examine whether they focus on the legitimate regulatory objectives (such as safety, health, environment), in view of minimizing or deleting apparently irrelevant stipulations (e.g. saleable size of packaging) that may cause producers with unreasonable adjustments and costs.</p> <p>To improve the testing/ inspecting function of BSTI in view of trade facilitation, through the following:</p> <ul style="list-style-type: none"> - Introduction of international good practices on border inspection upon sample consignment, risk profiling in view of lessening burden and time of conformity assessment. 	Mol-BSTI	Short-term
Company Registration and Management		Mol-BSTI	Mid-term
Investment start-up processes	<p>To proceed a development of one-stop-service facility while streamlining all the licensing procedures necessary for start-up of investment, and to revise the existing handbook/ guidebook of BIDA to document the streamlined procedures (through the assistance of Bangladesh Investment Climate Fund-2).</p> <p>In parallel to the above, to facilitate the relevant authorities to ensuring the forecastable issuance of the following licenses in particular (that are found lengthy by foreign investors):</p> <ul style="list-style-type: none"> - Import Registration Certificate (IRC, in case of non-EPZ tenants) by CCI&E-MoC, - Trade License by the relevant local government authority. 	BIDA	Mid-term
Requirement upon capital increase	To examine the possibility of raising the threshold at which the private companies need to obtain prior approval upon each capital increase (from the current 400 million to 1-10 billion = proposed by JCIAD).	BIDA, MoC-CCI&E, Local Gov.	Short-term
		BSEC	Short-term

Environmental Clearance			
Processes and renewal of ECC	<p>To examine the possibility of further expediting the process of ECC, through the following measures:</p> <ul style="list-style-type: none"> - To eliminate associated requirements of NOC (from local government) and location clearance (from DoE), particularly in case of EPZ and economic zone tenants, - To minimize requirements for renewing ECC while lessening its frequency for the project under lower risk category, or replace the renewal process with periodic reporting with a possibility of nullification if breached. 	MoEF-DoE	Short-term
Intellectual Property			
Protection of IPRs	To enhance the capacity of appraising IPR applications, receiving and handling the cases of infringements, and improve its registration system for the applications through expediting the on-going effort of online system, in view of ensuring the efficacy of registered marks/ patents/ designs.	Mol-DPDT	Long-term
Arbitration/ Mediation System			
Strengthening of ADR services	To enhance the existing ADR capacity of handling and conciliating the cases of dispute/ appeal (particularly on taxes) according to the standard tax accounting, and develop the network of arbitrators (in accordance to the actions recommended by the World Bank's assessment study).	BIAC, NBR (ADR)	Mid-term

5.2 Recommendations for Improvement of Services and Resources Necessary for Investment

Issues/ constraints	Recommendation	Authority concerned	Term for action
Ready-to-Use Land			
Scheduled development of EZs	To proceed the on-going economic zone development according to the schedule, most importantly by ensuring the availability of utilities and access roads in close coordination with the relevant authorities, while securing public land for industrial use, possibly through an establishment of public land database that lists all plots available for industrial use.	BEZA	Mid-term
Skilled Workers			
Availability of skilled workers and their productivity	<p>To make TVET sector more responsive to the needs of industry players, manufacturing sector in particular and able to provide more skillful workers, possibly through the following approach:</p> <ul style="list-style-type: none"> - Utilization of foreign investors' resources: Some countries such as Singapore, Malaysia have shown good practices for promoting capacity building of the local workforce by leveraging the resources of foreign investors, where the government imposes a small levy on payroll of expatriate workers to fund public/ private TVET programs or foreign investors' own training programs for local employees and potential vendors. Bangladesh could learn from such experiences. In the context of Bangladesh, the Labor Welfare Foundation Fund (contributed by the companies as stipulated by the Labor Act), can be strategically utilized for funding the TVET programs and subsidizing the training programs that are proposed by the foreign companies for 	MoLE, MoE-TVET Committee	Mid-term

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Quality assurance of technical/ vocational education	<p>their local employees and potential vendors.</p> <p>To extend the coverage of national quality assurance system for TVET established under the ILO's TVET Reform Project, so that as many as TVEs deliver vocational training curriculums which are meeting the standards and the needs of labor market, and are readily applicable at the work places.</p> <p>To promote FDIs to TVET sector, so that credible foreign institutions contribute to the higher technical and vocational education, possibly by allowing the collaborative programs in selected disciplines (e.g. business management) with local institutions.</p>	MoE-TVET Committee	Mid-term
Public Utilities (electricity and gas in particular)			
Gas supply and power grid connection	<p>To examine the possibility of further rationalizing (raising) gas tariffs, and take more active stance to promote foreign participation in gas field development. These initiatives shall be backed-up by a coherent single policy on energy development and distribution.</p> <p>To proceed the scheduled measures/ projects in accordance to the Power System Master Plan to ease a chronic shortage or interruption of power supply, and to formulate or revise IPP/ PPP package to further attract FDIs on power sector and ensure their smooth establishment and operation.</p>	MoPEMR, BPDB	Long-term
Logistics Service			
Foreign participation in logistics service	To examine the possibility of relaxing the current restriction on full-foreign ownership of forwarder's license (the maximum share for foreign companies is limited to 40%) in view of contributing to manufacturing in Bangladesh through delivery of more efficient and needs-oriented logistic services.	NBR	Mid-term
Forwarders' access to bonded warehouse facility (container freight station)	To examine the possibility of extending the bonded license to credible logistics operators so that clearing and forwarding agents establish and operate CFS/ ICD facilities with bonded status, possibly through developing the regime of authorized operators.	NBR	Mid-term
Local Suppliers			
Information of potential local suppliers	To collect and compile the local supplier's profiles in cooperation with Mol and distribute them to the investors to manufacturing sector in view of filling the information gap between sourcing and supplying sides. This shall begin with compilation of the profile data of most relevant sectors including light-engineering (metal-working, molding & dyeing) and plastic processing.	Mol, BIDA	Short-term
Goods procurement from domestic tariff area	To examine the possibility of adopting a negative (prohibited and restricted) list approach for goods procurement by economic zone tenants from suppliers outside zones, instead of positive list approach (scoping the procurable goods) that is currently exercised by EPZ, in view of ensuring flexible customs management and assuring smooth transaction with a variety of local suppliers.	BEZA, NBR	Short-term
Tariff policy for local procurement of components (a case of motorbike)	To clarify the stance and expectation for local procurement by manufacturers/ assemblers, i.e. development of the supporting industries through linkage, and translate them into tariff policy on the pertinent components/ parts and support programs to facilitate such manufacturers to bringing-up potential suppliers.	MoF, NBR, Mol	Short-term

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5.3 Recommendations for Improvement of Logistics-related Infrastructure

Issues/ constraints	Recommendation	Authority concerned	Term for action
Dhaka-Chittagong Corridor			
Container transport and cargo traffic along the DCC	To improve cargo handling efficiency and reduce container dwell time at the Chittagong Port, partially through procedural reform, but largely through enhancement of connectivity to the hinterland logistics facilities such as ICD/ CFS by entitling private operators to their establishment and operation with bonded status. To enhance container-based transport for inland movement along the DCC, by relaxing the customs' regulation that currently restricts mode/ destination of container transport to railway and to bonded factories in EPZs. This also leads to the lesser uptake of storage space and reduction of dwell time for cargo at the port. In preparation for this, however, it is necessary for trucking operators to increase the number of container trailers, possibly through providing concessional loans for this purpose.	CPA	Mid-term
Utilization of railway freight	To formulate the strategy to enhance railway freight service that would propose non-physical actions (including introduction of commercially-oriented management and freight fare, and optimization of freight service schedule, etc.) and physical actions. Among the physical actions, those not required for sizable civil works (such as improvement of wagon braking system, increase of wagon/ locomotive) shall be preceded.	NBR	Short-term
Airport Cargo Terminal			
Airfreight handling and terminal operation	To ease congestion of cargo terminal by improving ground handling service and expediting cargo clearance, and enhance the capacity of cargo handling (through procuring the relevant equipment including inspection device) and storage space.	CAA, Biman, NBR	Mid-term
Clearance of small airfreight consignments	To examine the possibility of raising a threshold value of consignment (1,000 taka per consignment) which exempt duties/ taxes on shipments in view of expediting customs clearance of many small consignments (mostly samples/ fabrics, machinery parts) that are specific to airfreight service.	NBR	Short-term
Land Border Station			
Clearance at land border customs and their handling capacity	To introduce pre-arrival document processing to expedite clearance while allowing processing for split consignments, and improve the condition of access roads to the border together while preparing enough space for trucks to park, and synchronize the opening hours/ even days of the stations with Indian side. To reach early mutual agreement with India concerning cross border movement of trucks without transshipment, where Bangladesh needs acceptance by Indian side on the axle load limit for Indian trucks that is favorable to the pavement condition of Bangladesh.	NBR, MoRTB	Short-term

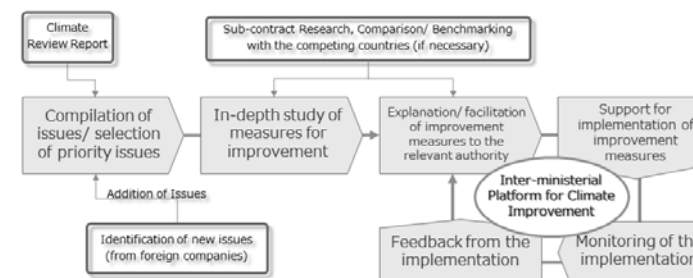
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5.4 Role of BIDA for the Investment/ Business Climate Improvement

5.4.1 Role of BIDA and Flow of Climate Improvement Activity

Many interviewed investors expect BIDA to address issues and constraints of investment/ business climate, with focus on those experienced during the operational stage of investment, not only at the start-up stage. They also expect BIDA to play the role of "advocator or facilitator" to other relevant authorities, since foreign investors face a wide range of issues and constraints covering taxes, foreign exchange, trade settlement, customs clearance during the operational stage. Investment climate improvement needs understanding and cooperation among the concerned ministries/ agencies which authorize the relevant regulations, administer the services/ resources for investment and infrastructure operation.

In the draft Corporate Plan, BIDA is supposed to introduce the function of "Advocacy for a better business ecosystem" as one of its objectives. Through the support activity for investment/ business climate improvement, JICA Technical Cooperation Project will assist BIDA for introducing and operating this function. To adequately exert the function of advocacy and facilitation for investment/ business climate improvement, BIDA shall proceed with the following processes of advocacy and facilitation, that are proposed in line with the assumed actions for Advocate for a better business ecosystem in the Corporate Plan.



Process of investment/ business climate improvement under JICA Technical Cooperation

BIDA shall first identify and compile the issues/ constraints impacting investors, then screen and prioritize key ones that adversely affect investor behavior in the country's high priority sectors, and further study the priority issues in depth for highlighting the most important improvement measures. BIDA then shall explain the necessity of such improvement measures to the relevant authorities and facilitate them to committing to materializing the proposed measures. This process of explanation and facilitation of proposed improvement measures to the relevant authorities may need to involve an "inter-ministerial meeting (platform) for climate improvement"¹² comprising high-ranked officers of the relevant ministries/ agencies.

Further, BIDA will continue to support the implementation of improvement measures, that are to be committed by the responsible authorities as a result of facilitation made through the said inter-ministerial meeting. This shall be further followed by periodic monitoring. All findings of outcomes or issues as a result of implementing the committed measures, either identified from the monitoring or communication with investors, shall be feedback to the relevant authorities.

5.4.2 Responsible Division and Unit in BIDA (according to the draft Corporate Plan)

According the draft Corporate Plan, BIDA is planning to establish a new organizational structure as shown below, in which the following two directors are assumed to engage in the tasks related to "Advocacy for a better business ecosystem".

¹² JICA Project Team assumes to utilize the existing inter-ministerial committees established for the same mission of investment/ business climate improvement such as PSDPCC.



Proposed new organizational structure of BIDA

Director for OSS Services & Regulatory Reform in Investment Environment Service Dept. This director is to advocate "regulatory reform" and deal with regulatory improvements through identifying regulatory barriers to investment, devising regulatory reform plan, organizing consultations with public and private stakeholders, and to coordinate regulatory reform program such as Doing-business Reform Program as a secretariat.

Director for Policy Advocacy in Ecosystem Dept. This director on the other hand is to deal with "non-regulatory constraints" (assuming to deal with issues of resources for investment such as skilled labor, local suppliers and, infrastructure, etc.), to examine possible policy measures for easing such constraints. This department is also supposed to run economic research/ monitoring to support advocacy proposals.

To run this activity for investment/ business climate improvement in partnership with BIDA, JICA Project Team would have the Project Implementation Unit (PIU) act as a secretariat for the overall coordination and facilitation. In this regard, JICA Project Team presumes the officers/ staffs who would belong to these two units be additionally assigned to the PIU for this purpose, once the staffing plan for new organizational structure is confirmed.

ATTACHMENTS:

List of industrial undertakings entitled for tax holiday (general investors registered with BIDA)

1. Active pharmaceutical ingredients (API) and radio-pharmaceuticals
2. Automobile manufacturing
3. Barrier contraceptive and rubber latex
4. Basic chemicals or dyes, and chemicals
5. Basic ingredients of electronic industry, (e.g. resistance, capacitor, transistor, integrator circuit)
6. Bicycle manufacturing
7. Bio-fertilizer
8. Biotechnology
9. Boilers
10. Brick made of automatic hybrid Hoffmann kiln or tunnel kiln technology
11. Compressors
12. Computer hardware
13. Energy efficient appliances
14. Insecticide and pesticide
15. Petro-chemicals
16. Pharmaceuticals
17. Processing of locally produced fruits and vegetables
18. Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, and disinfecting medicinal equipment)
19. Textile machinery
20. Tissue grafting
21. Tire manufacturing
22. Any other category of industrial undertaking which the Government may specify by notification

Sector Category in the current National Industrial Policy (2015-2019)

High priority sector	<ol style="list-style-type: none"> 1. Agriculture, food processing (segmentalized to 41 products) and agricultural tool 2. Ready-made garment 3. ICT/ software 4. Pharmaceuticals 5. Leather and leather product 6. Light engineering 7. Jute and jute product
Priority sector	<ol style="list-style-type: none"> 1. Plastic 2. Overseas employment (manpower export) 3. Shipbuilding 4. Environment-friendly ship recycling 5. Tourism 6. Frozen fish 7. Home textiles 8. Renewable energy (solar power, windmill) 9. Active pharmaceutical ingredients (API) and radio pharmaceuticals 10. Herbal medicine 11. Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, disinfecting medicinal equipment) 12. Polymer product 13. Hospital and clinic 14. Automobile manufacturing and servicing 15. Handicraft and cottage industries 16. Energy efficient appliances, electronic goods, electronic materials 17. Tea 18. Seeds 19. Jewelry 20. Toys 21. Cosmetics and toiletries 22. Agar 23. Furniture 24. Cement

Service industry	<ol style="list-style-type: none"> 1. IT-based activities (e.g. system analysis, design, solution, information system, business process outsourcing) 2. Agro-based activities (e.g. fishing, fish preservation and marketing) 3. Construction and housing 4. Manpower export 5. Entertainment 6. Ginning and baling 7. Hospitals and clinics 8. Nuclear and analytical service (e.g. nuclear treatment) 9. Tourism and related services (segmentalized to 23 products and services) 10. Human resource development, knowledge service with high quality/ efficiency 11. Testing laboratory 12. Photography 13. Telecommunication 14. Transport and communication 15. Warehouse and container service 16. Engineering consultancy 17. Filling stations (petrol pump, CNG station, conversion center) 18. Private inland container depot (ICD) and container freight station (CFS) 19. Tank terminal 20. Chain super market/ shopping mall 21. Aviation 22. Inspection and testing 23. Regional feeder vessel and coastal ship transportation 24. Dry docking and ship service 25. Modernized cleaning for high-rise apartment, commercial buildings 26. Automobile service 27. Technical vocational institute 28. Advertisement and model agency (e.g. printing, TV commercial, catwalk, fashion) 29. Research and development for quality seeds 30. Outsourcing and security (private security force/ manpower supply) 31. Sea-ship movement trading 32. Film 33. Newspaper
Controlled industry	<ol style="list-style-type: none"> 1. Deep sea fishing 2. Bank/ finance 3. Insurance 4. Generation, supply and distribution of power 5. Exploration, extraction and supply of natural gas/ oil 6. Exploration, extraction and supply of coal 7. Exploration, extraction and supply of other mineral resources 8. Large-scale infrastructure (e.g. flyover, expressway, monorail, economic zone, ICD/ CFS) 9. Crude oil refinery (recycling/ refining of lube oil as fuel) 10. Medium and large industries using natural gas/ condensate and other minerals as raw material 11. Telecommunication (mobile/ cellular and land phone) 12. Satellite channel 13. Cargo/ passenger aviation 14. Sea bound ship transport 15. Sea-port/ deep sea-port 16. VOIP/ IP telephony 17. Industries using heavy minerals accumulated from sea beach 18. Explosive production 19. Acid production 20. Chemicals 21. All kinds of sludge and fertilizer made from sludge 22. Stone crushing
Reserved industry	<ol style="list-style-type: none"> 1. Arms, ammunitions and other military equipment/ machinery 2. Nuclear power 3. Security printing and minting 4. Forestation and mechanized extraction within the reserved forest

Proposal Report on IRC Issues

Problems related to Licensing of Import Registration Certificate & Expatriate Work Permit
~ from the result of investment monitoring for foreign investments (FY2018/19) ~

BIDA-Project Implementation Unit/ JICA Project Team
27 January 2020

1. Background

JICA Project Team assisted BIDA with conducting investment monitoring for the registered investments (FY2018/19). The monitoring reports thus collected reveals several constraints confronted by the registered investors in establishing and operating their investment projects. They include, namely, import registration certificate (IRC), expatriate work permit (WP), trade license (TL), environmental clearance certificate (ECC), bonded warehouse (BWH) license, access to utilities, etc.

Among the registered investors which have submitted the investment monitoring report to BIDA, the Project Team identified 40 investors (out of 280 respondents in total) which have confronted problems and constraints with either IRC, WP or both of them. IRC and WP are taken as case work for further analysis of the problem behind these licensing and examination of proposed measures for improvement, because they were frequently indicated by the registered investors as constraint in proceeding with their investments.

No. of registered investors (investments) who raised either IRC or WP as constraints	40
No. of registered investors (investments) who raised IRC as constraints	23
No. of registered investors (investments) who raised WP as constraints	26

Telephonic interviews were then conducted to explore the problems behind these licensing. Interviews revealed a various kind of problem in relation to these licensing, some of which significantly affected establishment and operation of the registered investments. This report is prepared by grouping such revealed problems into some categories (and sub-categories) as below.

2. Import Registration Certificate (IRC)

In total 23 investors raised IRC as constraint, citing a range of problem or constraint as reasons. It is noted that BIDA deals with "IRC for industrial purpose" (known as industrial IRC), which consists of ad-hoc (first/ second/ third) and regular ones. Problems or constraints stated by the interviewed investors are explained below:

1) Delay in IRC issuance or lengthy processed time of IRC application (from 10 investors)

Ten (10) interviewed investors indicated delay in IRC issuance or lengthy processed time of IRC application. According to the responsible official of BIDA that the application process, from a submission of required documents to an issuance of ad-hoc IRC, takes almost 14 days in average. According to a few investors, the duration of delay was beyond their presumption. This problem is then further rooted in the following factors:

Delay or lengthy processing at the Office of Chief Controller of Import & Export (CCI&E)

Several investors report unusual delay or length in issuance of both ad-hoc and regular IRCs by CCI&E (and BIDA), which attributed to the following factors;

- Lengthy verification and assessment processes (CCI&E)
- Technical problem with the online application (CCI&E)

- * CCI&E recently launched the online portal for i) issuance of commercial IRC and ii) renewal of all types of IRC. Interviewed investors report a constant inability in submitting documents online due to technical errors.
- Delay in undertaking site (factory) clearance (BIDA)
- * It is noted that only a limited number of officials are handling IRC recommendation and associated site clearance, and that they are overburden.

Delay or lengthy processing at the Dept. of Environment (DOE)

Environment clearance certificate (ECC) is one of the documents required for application of industrial IRC. Because processing of ECC application by Dept. of Environment (DOE) has been often lengthy, several interviewed investors report that they could not submit the application of industrial IRC in time. In response to such a frequently arisen problem, BIDA allows the registered investors to submit a copy of ECC application instead upon the application of ad-hoc IRC. It was further informed, however, that an issuance of ECC in many cases has taken much longer than presumed, which has hampered the application of even regular IRC (a submission of ECC is mandatory for regularization of IRC).

Unawareness of investors about application procedure

A few investors were not familiar with the necessity of ECC submission upon the application of regular IRC, since there are no written guidelines for industrial IRC readily available for investors. Even Import Policy Order (2015-2018) does not explicitly specify the application procedure for industrial IRC. Such information is not addressed in BIDA's website, or in any of its publications. Accordingly, it seems that investors have no means to confirm the application procedure except for visiting to the officials in charge of industrial IRC in BIDA. It is noted that the online OSS of BIDA does not deal with industrial IRC yet, although BIDA's OSS plans to service this at later stage.

2) Cumbersome documentation requirement (from 5 investors)

Multiple investors indicate that a hefty number of document is required for the application of industrial IRC, and further mention the requirement of submitting similar documents repetitively during the renewal and regularization of ad-hoc IRC. The following documents are required for the application of industrial IRC (ad-hoc and regular), according to the responsible officials of BIDA:

Ad-hoc (initial/ second/ third): * BIDA is to issue a recommendation letter after site clearance and deliver the application files to CCI&E (with the recommendation letter).	<ol style="list-style-type: none"> 1. A forwarding letter to R&I Div. BIDA from the chairman/ managing director of the company 2. Investment registration certificate with BIDA 3. Prescribed application form 4. Certificate of incorporation 5. Tax Identification Number (TIN) certificate 6. List of importable raw material for production (expressed in per unit) 7. Trade license 8. Fire license 9. ECC/ No-objection Certificate (NOC) 10. Membership of concerned associations 11. List of local and imported machinery 12. Treasury challan (in favor of CCI&E)
Regular IRC: * BIDA is to issue a recommendation letter after site clearance and deliver the application files to CCI&E (with the recommendation letter).	<ol style="list-style-type: none"> 1. A forwarding letter to R&I Div. BIDA from the chairman/ managing director of the company 2. Investment registration certificate with BIDA 3. Import statement of raw materials and spare parts from lien bank 4. Statement of sales and export 5. Trade license 6. Fire license 7. ECC/ NOC 8. Membership of concerned associations 9. List of local and imported machinery

Note: In case of changes (additions) of types or volume of imported materials and goods, the importers shall notify such additions to CCI&E through BIDA to reflect them in their IRC, and thus obtain amended IRC.

- 3) Simultaneous entitlement of IRC (commercial and industrial) to a single company (from 2 investors)
Two interviewed investors admitted constraints confronted in conducting both i) import-sales of final goods and ii) processing of imported materials/ parts/ semi-finished goods for manufacturing of final goods in parallel, i.e. in obtaining both commercial and industrial IRCs simultaneously. Since BIDA and CCI&E have not been facilitating investors in favor of simultaneous entitlement and usage of both types of IRC, a special permission is to be obtained from CCI&E. BIDA could only assist such investors as interested in entitlement with both IRCs through an issuance of recommendation letter.
- 4) Entitlement of industrial IRC to the company without factory (from 2 investors)
Two interviewed investors were not issued the recommendation letter for industrial IRC, since industrial IRC is basically issued to the companies that have established factory or production unit. In case of these two interviewees, they did not have any of such establishments. However, BIDA could still issue the recommendation to the companies without production unit, as far as BIDA judges the relevance (i.e. justify the requirement) of industrial IRC after its site clearance.
- 5) Usage of one IRC for plural factories owned by one company (from 1 investor)
One interviewed investor shared a difficulty in managing imported material distribution among its plural factories, since industrial IRC is to be availed by one of the factories. The investor considered to request BIDA to enable its industrial IRC to be availed for other factories. An official of BIDA (Registration & Incentives Division) stated that one industrial IRC could be availed for multiple factories under the existing rule, but this shall be requested to CCI&E through BIDA and specified in the IRC with the details of these factories.
- 6) Type conversion of IRC (from 1 investors)
One interviewed investor shares a problem confronted in converting commercial IRC to industrial one. Since there is no written rule on type conversion of IRC, the investor was not sure of how to proceed with the conversion. According to an official of BIDA (Registration & Incentives Division), even in the case of conversion, the investors shall follow the same procedure as in the case of fresh application of ad-hoc industrial IRC, where BIDA conducts site clearance.
- 7) Renewal of IRC (from 2 investors)
According to two interviewed investors, CCI&E informed them that since they had not imported any goods for the past three years, their ad-hoc industrial IRC would be voided unless they start importing the materials within the specified period. It is noted that the Import Policy Order (2015-2018) does not stipulate that IRC shall be voided unless used for a certain period.

3. Expatriate Work Permit

In total 26 investors raised the expatriate WP as constraint. Problems pointed out by the interviewed investors are centered on the delay of “security clearance” (15 investors), which have seriously affected the timely and subsequent extension of WP (and Employment Visa: E-Visa) among the foreign investors.

Other problems raised by the interviewed investors include; namely, complicated and lengthy Visa procedure (8 investors), short validity period of Visa causing frequent applications and expatriates’ in/out (3 investors), speed money for security clearance (2 investors).

4. Recommendations for the Possible Improvement

Recommendations for improvement of IRC licensing

Issue	Recommended actions
Delay in IRC issuance or lengthy processed time of IRC application, including unawareness of investors about application procedure (10 investors)	<u>BIDA is advised to promptly service industrial IRC licensing (not only the recommendation letter by BIDA) via online OSS, and prepare the guidelines of industrial IRC which address how to handle the following cases (in cooperation with CCI&E);</u> <ul style="list-style-type: none"> - Applicants cannot submit ECC in time for the application of ad-hoc industrial IRC, - Applicants want to be entitled with both industrial and commercial IRCs simultaneously, - Applicants without production unit want to be entitled with industrial IRC, - Applicants with multiple factories want to use one industrial IRC.
Cumbersome doc. requirement (5 investors)	<u>CCI&E (and BIDA) are advised to reduce the kinds and number of required documents for the application of industrial IRC, if deemed possible.</u>
Simultaneous entitlement of IRC (commercial and industrial) to a single company (2 investors)	<u>CCI&E (and BIDA) are advised to openly state possible conditions of “special permission” where the investors can avail two types of IRC simultaneously.</u> This is because foreign manufacturing investors tend to operate import-sales of final goods for the purpose of marketing and expanding the market, in parallel to manufacturing of final goods (processing of imported materials/ parts/ semi-finished goods), at the initial stage in particular.
Entitlement of industrial IRC to the company without factory (2 investors)	<u>CCI&E (and BIDA) are advised to openly state possible conditions where the investors without production unit are allowed to obtain BIDA’s recommendation for industrial IRC, with addressing possible types of industries</u> (such as hotel, software/ IT-enabled service, construction, which may import goods or materials for the delivery of their services).

Recommendation for improvement of expatriate WP licensing

Issue	Recommended actions
Delay in security clearance (15 investors)	A delay in security clearance causes expatriate workers with the difficulty in extending their WP/ E-Visa. In dealing with such a problem, BIDA allows the extension in practice by notifying the Ministry of Home Affairs (MOHA) that unless security clearance is undertaken within a due period (i.e. unless an objection against the applicants is reported), the applicants are recognized as positive. <u>BIDA is advised to address such a handling practice in the guidelines in view of minimizing the investors who are muddled by the delay of security clearance, since this is not addressed in the existing guidelines.</u>

Follow-up Issues PPED
- Comparisons, Problems, Proposals -

Proposals for Improving the Issues raised at Japan-Bangladesh Public-Private Economic Dialogue (PPED)

1. Rules/ Regulations for Foreign Exchange Control/ Transaction

Issue	Explanation of issue	Proposal for improving issue	Impact	Authorized organizations
Overseas remittance of current expenditure (accrued from trade/ non-trade transactions)	<u>Repatriation of royalty/ technical assistance-related fees</u> : The existing rule/ regulation of Bangladesh is deemed relatively stringent, compared to those of the peer ASEAN countries, which impose no particular restriction on such overseas remittances (although a few cases require prior or parallel registration of the contract/ agreement evidential for such payments).	- To increase the threshold value that does not require prior-approval, or to abolish the threshold value (in this case, the authority may require prior or parallel registration of the contract/ agreement evidential for the fee remittance) → Finalization of the revised guidelines by BIDA	Large	BIDA, Bangladesh Bank (BB)
	<u>Mode of trade (import) settlement</u> : Only Bangladesh (and Pakistan) restricts the trade settlement to the opening of Letter of Credit (L/C), while the peer ASEAN countries do not restrict so. This practice adversely affects the regional supply-chain development and operation across Asia.	- To allow the settlement by telegraphic transfer (T/T) on the following transactions: i) Importation from the parent/ affiliate companies by domestic market-oriented industries (producing for local market) which are registered with BIDA and approved by BEZA, ii) Importation up to a certain (small) value, iii) Transaction by EPZ/ EZ tenant companies with those located outside EPZ/ EZ (with allowing cash settlement on the transactions with the small-/ micro-scale producers and vendors.	Large	BB, Ministry of Commerce (MOC)
	<u>Usance for import settlement</u> : Although the moratorium (usance) up to 360 days and 180 days is given on payment for the importation of machinery/ equipment and material/ parts/ semi-finished goods respectively, payment at-sight is required for finished goods for consumers' usage, adversely affecting the competitiveness of imported goods.	- To allow the moratorium (usance) up to a certain period on payment for the importation of finished goods for consumers' usage.	Medium	BB, MOC
	<u>Overseas remittance by branch</u> : Provisions in the certificate of branch establishment issued by BIDA causes branch offices ambiguity their overseas remittance. * The certificate provides "All operational, functional and establishment costs including salaries of the expatriates and local employees in your office will be met on receipt of remittance from abroad" (Article 7) and "No outward remittance of any kind from Bangladesh sources will be allowed" (Article 8).	- To request BIDA to indicate the procedure and application document necessary for "deletion of the Articles concerning overseas remittance, as discussed in March 2015 between BIDA and Japanese Commerce & Industry Association in Dhaka (JCIAD). Background: BB responded "BB would allow even branch offices to remit overseas in case they could present document proving that they adequately accumulate fund for remittance (Mar 2014)", while BIDA responded "BIDA could exempt the Articles in case tax certificate and financial statements are presented, and would indicate the procedure and application document for this purpose. (Mar 2015)".	Small	BIDA
Overseas remittance of current expenditure (dividend/ profit arisen from business operation)	There are two types among the peer ASEAN countries, those requiring prior-approval and imposing no restriction other than reporting duty. In Bangladesh, even though BB does not require prior-approval, authorized dealers (ADs) in practice may additionally request document to verify if the applicants accumulate sufficient fund.	- To stop ADs requesting additional document submission (de facto prior appraisal by the authority).	Small	BB

Foreign currency borrowing (for the term-loan including parent/ inter-company sources)	The peer ASEAN countries mandate prior-approval or registration, or impose stringent rule of foreign exchange inflow management. The rule of Bangladesh is deemed as distinguishing in the respect that the authority requires the applicants to submit the proving documents for the aspects that are appraised beforehand by the financial institution or the parent company to provide the term-loan. This requirement of document submission is deemed as relatively stringent for the case of parent/ affiliate (inter-company) loans in particular. Further the usage of foreign term-loan is restricted to the capital investment for industrial purposes, not allowed to be directed to working capital.	<ul style="list-style-type: none"> - To reduce the documents to be attached with the borrowing plan at least in case of foreign term-loan from parent/ affiliate company, namely, the proving documents for the aspects that are to be appraised beforehand by the lender's responsibility (repay-ability and feasibility of proposed investment, relevance of estimated cost of machinery/ equipment/ materials to be procured, credibility of borrower, etc.). - To extend the usage of foreign term-loan to the initial working capital required for the proposed investment. 	Large	BB, BIDA
			Medium	
Parent (group cross-border) loan for working capital)	The rule that limits the source of foreign short-term loan to the interest-free loan from parent/ affiliate company was relaxed (Aug 2019). However, this facility (the short-term loan by parent/ affiliate company is still available only for manufacturing not for service sector.	<ul style="list-style-type: none"> - To entitle the service sector (at least those addressed in the National Industry Policy) with the short-term loan by parent/ affiliate company. 	Medium	BB
Simplification/ speed-up of L/C settlement	Delay of L/C settlement is not recognized as problem in ASEAN/ South Asia countries (according to Japan Machinery Center for Trade & Investment, Aug 2019).	<p>In addition to the proposal on relaxation of trade settlement mode (above):</p> <ul style="list-style-type: none"> - To establish a special desk in BB which takes care of L/C issue (or foreign investors in particular), - To lessen and simplify the documents to be submitted for opening L/C. 	Small	BB
			Medium	

2. Initiatives for Improving Taxation and Customs Clearance

Issue	Explanation of issue	Proposal for improving issue	Impact	Authorized organizations
Transparent and reasonable revision of taxes/ duties	It was difficult to access to sufficient information from the peer ASEAN countries, for revealing the relative issues of Bangladesh. However, Bangladesh is expected to take the right-mentioned initiative.	- To ensure to conduct the hearing to the related ministries/ agencies, chambers and trade bodies, or public comment, upon the revisions of taxation.	Medium	National Board of Revenue (NBR)
Governance and services of customs clearance	Referring to the measures by the peer ASEAN countries, Bangladesh has not yet commenced or fully extended the following measures: - Customs valuation based on transaction value along with the WTO Customs Valuation Agreement, - Authorized Economic Operator (AEO) system, which awards the preferential treatments upon customs clearance to the traders/ related service providers with a good track of customs clearance (started pilot operation with three local pharmaceutical producers, since Dec 2017).	- To adopt the customs valuation based on transaction value, or formulate the roadmap towards the adoption,	Large	Customs-NBR
		- To further promote the AEO system and extend the beneficiaries (covering foreign manufacturers), * In addition, it is advisable for Bangladesh to check the operational status of "the existing priority lane system" in customs clearance.	Medium	ditto ditto
		- To early materialize the electrification/ computerization of customs clearance through the extended development and operation of ASYCUDA system and single-window system.	Medium	ditto
Bonded-warehouse licensing	Every bonded-warehouse (BWH) licensees including even those in EPZ (which should be bonded area by nature) are mandated to renew the license every two years, causing them to spend certain cost, time and effort.	- To revise the rule/ regulation of BWH system (lessening of frequency of license renewal, elimination of licensing obligation for EPZ tenants).	Large	NBR

3. Others

Issue	Explanation of issue	Proposal for improving issue	Impact	Authorized organizations
Speed-up of immigration clearance	It was difficult to access to sufficient information from the peer ASEAN countries, for revealing the relative issues of Bangladesh. However, Japanese Commerce & Industry Association in Dhaka (JCIAD) proposed the right-mentioned initiative (Nov 2016).	- To establish the priority immigration lane for the holders of work permit and investment visa.	Small	Ministry of Home Affairs (MOHA)
Securement of competitive wage (unskilled labor)	Increase of minimum wage for unskilled labor and difficulty in predicting the increase are recognized as problem in every ASEAN country. On the other hand, this is not recognized as primary issue in Bangladesh since its wage level is still relatively lower. In Bangladesh, a mandate of annual wage increase for the workers employed by EPZ tenants is recognized as major issue.	- To abolish a mandate of annual wage increase for the workers employed by EPZ tenants or revise the mandate (e.g. limiting the increase in the range of the appreciation rate of the consumers' price index).	Large	Ministry of Labor (MOL)
Protection of intellectual property right (trademark and counterfeit goods in particular)	Compared to the peer ASEAN countries, Bangladesh is at the initial stage of the initiatives for protection of intellectual property right (IPR), therefore, Bangladesh is expected to deal with the following issues: <ul style="list-style-type: none"> - Lack of collaboration among the authorities concerned for initiatives of IPR protection, - Unavailability of customs registration system for trademarks, - Delay in processing trademark registration, and disclosure of pending trademark profiles. 	<ul style="list-style-type: none"> - To conduct awareness-raising for collaboration among the authorities concerned for IPR protection - To simplify and speed-up the trademark registration procedure, and manage and disclose the pending trademark profiles, - To adopt the customs registration system for trademarks (for strengthening the border control), - To extend (increase frequency of) unannounced investigation by the police and Dept. of Patent, Design & Trademark (DPDT) in the Ministry of Industries (MOI). 	Small Medium Medium Medium	MOI-DPDT MOI-DPDT Customs-NBR National Police, MOI-DPDT

Note: Impact indicates the degree of positive effects to business operation of (Japanese) investors which ranges from small, through medium, to large.

Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at Japan-Bangladesh Public-Private Economic Dialogue (PPED)**1. Rules/ Regulations for Foreign Exchange Control/ Transaction**

Issue	Vietnam	Myanmar	Cambodia	Malaysia	Bangladesh
Rules/ regulations concerning overseas remittance of current expenditure (accrued from trade/ non-trade transactions)	Both trade and non-trade transactions are not particularly restricted, but subject to reporting and restriction in access to foreign currency.	Overseas remittance of current transaction by foreign company is not subject to any restriction including reporting to the central bank, while the capital transaction is subject to approval by/ reporting to the central bank.	The Foreign Exchange Law (Sep 1997) provides for no restriction for any foreign exchange transactions through authorized dealers (ADs) (Article 5 in the same law), but ADs need to report the overseas remittance case with more than USD 10,000 to the central bank (Article 17).	The gov. enacted new Financial Service Act 2013 in Jun 2013 to respond to the new era of financial services, and then announced Foreign Exchange Administration (FEA) Rules in Dec 2016 reflecting the previous notices on foreign exchange.	The central bank places relatively stringent control over the overseas remittance of the following in particular (see the supplement below this chart): <ul style="list-style-type: none"> - Royalty/ technical assistance-related fees - Trade (import) settlement - Gaining upon company liquidation
Trade transaction	Plural means including L/C, draft/ bill of exchange, remittance instruction (i.e. telegraphic transfer: T/T are availed for trade settlement without particular restriction. * Ministry of Commerce in Mar 2011 decided non-recommended goods for importation, and placed the restrictions so that importers of such goods have a difficulty in accessing to foreign exchange. At the same time, the central bank in Apr 2010 instructed the authorized dealers (ADs) to restrict the foreign currency lending provided for settlement of such goods import, together with establishment of supervisory group for this purpose. The central bank further decided not to allow the lending for import settlement in Jan 2019.	Allows irrevocable L/C or T/T settlement (since Jun 2012). In case of remittance by T/T, advance payment is required for Myanmar's exportation, while deferred payment is required for importation. * In the previous rule, any intending importers needed to accumulate the foreign currency of export earning equivalent to the bill of import, but this rule is already abolished.	Allows free foreign exchange transaction in principle, setting no particular restriction for trade transaction including means of settlement (Foreign Exchange Law, Article 5 Section 1).	Allows free foreign exchange transaction in principle, setting no particular restriction for trade transaction including means of settlement. * It is mandated to surrender 75% of export earnings to local currency (or exchange contract) within the date of receipt (FEA Rules in Dec 2016). Further, full amount of export earnings is to be repatriated within 6 months from the date of export. In case of exceeding 6 months or settlement by netting, exporters need to obtain prior-approval of the central bank. If annual export earnings exceed RM 50 million, exporters need to report quarterly to the central bank.	* Branches are not able to remit overseas for trade settlement, profit transfer, royalty/ technical assistance-related fee payment. Provisions in the certificate of branch establishment issued by BIDA stipulate "all the operating expenses are to be covered by the fund transfer from overseas (i.e. suspend payment from the headquarter".
Non-trade transaction	Applies no particular restrictions, but requires to present the document evidential for payment to foreign entity (e.g. transaction contract, invoice, customs	Revised Investment Law allows foreign company to remit the following particulars (expenses related to investment) overseas without restriction:	Applies no particular restrictions for overseas remittance of interest/ principal repayment, dividend/ profit, service fees such as freight/ insurance charge,	Allows free foreign exchange transaction inc. payment of interest and any fees such as rents, royalties, premiums, etc.	

Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at PPED

	<p>clearance certificate for actual demand conformation) in case of purchasing foreign currency, as the central bank advises.</p> <p>The above is also the case of overseas remittance of royalty/ technical assistance-related fees, and requires presentation of the document evidential for the payment such as technical assistance agreement, which can be registered at the Ministry of Science & Technology (IPR registration) to ease and fasten the remittance processing.</p>	<ul style="list-style-type: none"> - Profit, capital gain, dividend, royalty/ copyright/ license/ technical assistance/ management fee, other current earning from stock/ investment, - Loan payment based on agreement (only interest payment in case loan agreement is made, while principal payment of term-loan is subject to prior-approval by the central bank), - Salary/ remuneration of adequately hired expatriates, - Payment as a result of dispute reconciliation on investment, - A whole or part of sale gains of assets owned in relation to investment. 	<p>royalty fee (Foreign Exchange Law, Article 5 Section 1, and revised Investment Law, Article 11)</p>	<p>* Royalty/ technical assistance-related fees could be repatriated freely, as far as the contract or agreement that is basis for such remittances was approved in prior by the Ministry of International Trade & Industry. However, this regulation was abolished before 2002.</p>	
<p>Rules/ regulations concerning overseas remittance of dividend/ profit arisen from business operation)</p>	<p>Allows to remit dividends overseas only if the accumulated deficit is dissolved, from the direct investment capital account opened upon the capital transfer. Applicant is to present the following to tax office seven working days prior to remittance:</p> <ul style="list-style-type: none"> - Audited financial statement, - Resolution of general meeting on dividend, - Corporate income tax return/ tax payment certificate, - Notice of proposed dividend. 	<p>Since the dividend payment (and principal repayment of term-loan) is recognized as a part of capital transactions, their remittance overseas requires prior-approval upon each financial closing by Myanmar Investment Commission (not by the central bank) with presentation of tax payment certificate. This prior-approval is mandated to monitor the fund operation of foreign companies</p>	<p>Places no particular restriction on overseas remittance of dividend/ profit.</p>	<p>Allows free foreign exchange transaction including remittance of dividend/ profit.</p>	<p>Foreign companies are entitled to free remittance without prior authorization of the central bank, but authorized dealers (ADs) in practice may additionally request document to verify if the applicants accumulate sufficient amount of fund for remittance. Such a check by ADs becomes a de facto prior appraisal by the authority.</p>
<p>Rules/ regulations concerning foreign currency borrowing (for the term-loan including parent/ inter-company sources)</p>	<p><u>Approval: Required for term-loans from commercial lenders</u></p> <p>Any companies intending to borrow in foreign currency need to have income receipts in foreign currency.</p> <p>Term-loan: Borrowing of term-loan inc. parent/ affiliate loan (more than one-year) requires</p>	<p><u>Approval: Required for all term-loan</u></p> <p>Any companies intending to borrow in foreign currency (inc. parent/ affiliate loan) need to obtain prior-approval by the central bank, and satisfy the following conditions:</p>	<p><u>Approval: Not required</u></p> <p>Places no particular restriction for borrowing abroad (either long- or short-term) inc. parent/ affiliate loan (Foreign Exchange Law, Article 16 and Investment Law, Article 11).</p>	<p><u>Approval: Not required</u></p> <p>Basically allows free borrowing from abroad (either long- or short-term) inc. parent/ affiliate loan (Financial Service Act 2013).</p> <p>* Locally established company can freely borrow in foreign currency from direct shareholder, group company, local banks</p>	<p><u>Approval: Required for term-loan</u></p> <p>Term-loan: Any companies intending to borrow foreign term-loan (inc. parent/ affiliate loan) needs prior-approval from the central bank. A plan of borrowing abroad shall be submitted to BIDA to obtain prior-approval by the joint-scrutiny committee</p>

Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at PPED

	<p>prior-registration with the central bank. The usage is to be also registered at this occasion by presenting evidential documents. Financing cost (interest rate, charge and other) shall follow the ceiling which the central bank governor may set. Ceiling amount of loan is set as the balance between total registered investment value (project cost) and capital amount.</p> <p>Short-term loan: Borrowing of the short-term (less than one-year) inc. parent/ affiliate loan is freely accessible without the ceiling amount, although it is necessary to report the case after the event, but its usage is limited for working capital purpose (as stated in the investment license).</p>	<ul style="list-style-type: none"> - More than USD 500,000 for the investment capital, - Recurrently generating earnings in foreign currency, - More than 80% of capital approved by the investment authority has been paid-in. - Debt-to-equity ratio ranging from 3:1 to 4:1, - Loan period, terms/ conditions and agreement and like are accurately and appropriately determined and prepared, - Loan tenure is mid- or long-term and repayment plan is stated in the loan agreement. <p>Once approved in prior, the remittance of principal/ interest is to be automatically permitted, requiring no approval by the central bank.</p>		<p>without ceiling, and non-resident financial institution or non-resident entities which are not part of the company group but up to a prudential limit of RM 100 million (equivalent in aggregate on a company group basis).</p> <p>* Upon repayment of foreign borrowing, the above-mentioned rule of surrender of export earnings to local currency matters. In this regard, the central bank issued additional notice (in Aug 2018) that exporter can retain the earnings in foreign currency even exceeding the restricted threshold, up to the amount equivalent to total debt payable for 6 months to come.</p>	<p>formed by BIDA and the central bank (EPZ tenants need prior-approval by the central bank after obtaining no-objection certificate from BEPZA).</p> <p>The borrowing plan requires to be attached with a number of document to demonstrate the project feasibility/ repay-ability and borrowers' credibility. The guidelines are available, which specify the eligibility, procedure, conditions and documents to be submitted, but does not clearly spell-out the criteria for approval. The guidelines also state that the borrowing cost shall be comparable to the term in the international financial market. Once approved in prior, the remittance of principal/ interest is to be automatically permitted.</p> <p>Usage of the term-loan is limited to the capital investment for industrial purposes, not to working capital purposes.</p> <p>Short-term loan:</p> <p>The central bank relaxed the regulation on the borrowing abroad for working capital purposes in 2014 so that foreign companies (only manufacturers) could borrow one-year-due parent loan (but with interest-free loan) without prior-approval by the central bank.</p> <p>On the other hand, EPZ foreign tenants (inc. JV) can borrow from offshore banks without approval by the central bank (JV is not allowed to place a mortgage on its assets or materials. Instead,</p>
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Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at PPED

					ADs can issue a guarantee against the offshore bank, but the guarantee needs prior-approval by the central bank.
Rules/ regulations concerning parent (group cross-border) loan for working capital	Refer to the above section (rules/ regulations concerning foreign currency borrowing. The short-term loan from parent/ affiliate company can be converted to the term-loan, but then subject to the ceiling rule (specified above section).	Refer to the above section (rules/ regulations concerning foreign currency borrowing.	Refer to the above section (rules/ regulations concerning foreign currency borrowing.	Refer to the above section (rules/ regulations concerning foreign currency borrowing.	The central bank limited the source of borrowing abroad for working capital purpose to one-year-due interest-free loan from parent company, but relaxed the restriction in Aug 2019 and now allows the interest-bearing loan for three years (extendable for another three years) since the operational commencement.
Initiatives for simplification and speed-up of L/C settlement	L/C settlement is not recognized as problem (according to Japan Machinery Center for Trade & Investment, Aug 2019).	Same as left.	Same as left.	Same as left.	ADs tend to open the L/C without checking the balance of the requesting importers' account, frequently causing arrear of payment by ADs. Further, if L/C value exceeds a certain amount, ADs need to obtain a credibility report on the foreign supplier (exporter) from international fiduciary institution. In Mar 2014, BB prescribed the penalty for delay in L/C settlement, which imposes the fine from 10,000 to 100,000 Taka per arrear case. If the arrear case is continuous, additional fine from 500 to 5,000 Taka per day is to be imposed. However, the number of arrear case has been on the increase, and the period of arrear becomes longer.

2. Initiatives for Improving Taxation and Customs Clearance

Issue	Vietnam	Myanmar	Cambodia	Malaysia	Bangladesh
Initiatives or rules for ensuring transparent and reasonable	Formulation of the long-term taxation strategy: The gov.	Internal Revenue Dept. upon every revision of taxation forms		Private sector requests the gov. to provide the opportunity for prior	

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revision of taxes/ duties (e.g. expert panel like the Tax Commission, public hearing system)	approved the long-term tax reform strategy (2011-20), and has indicated such specific reform actions and targets as corporate income tax reduction based on a suitable roadmap; and modernization of tax management methods and administrative procedures in line with international standards.	the committee (inviting members from relevant ministries/ agencies and stakeholders) and provides opportunities of public hearing to the relevant industrial associations, upon every revision.		explanation/ dialogue and sufficient preparatory period before adoption of new taxes and tax reforms in view of ensuring the accountability and transparency (according to Japan Machinery Center for Trade & Investment, Aug 2019).	
Initiatives for improving governance and services of customs clearance (e.g. customs valuation based on transaction value, automated cargo clearance system, authorized economic operator program, whistle-blowing system)	Customs valuation: Import tariffs are to be assessed based on CIF value (price including insurance/ freight charges up to the port of importation), while export tariffs are based on FOB value (free on board price at the port of embarkation excluding insurance/ freight charges).	Customs valuation: Although previously determined by the customs, the gov. revised the Customs Law in Mar 2015 to adopt the self-duty assessment in accordance to the WTO customs valuation agreement, where the customs valuation is to be regulated by the decree of the Ministry of Planning & Finance, and the decree to introduce self-duty assessment (i.e. customs valuation based on transaction value) is being prepared.	Customs valuation: Adopting customs valuation based on transaction value (CIF value for import, FOB value for export). Unless the transaction value is deemed as duty assessment basis, that of the same or similar cargo is applicable. If still unable to assess the tariff with the above, valuation may apply local selling price or production cost.	Customs valuation: Import tariff is to be assessed based on CIF value.	Customs valuation: Customs tends to use the prices set internally, or claim duties based on the highest value recorded in the past, because the customs are concerned with under-invoice. This is contradictory to the WTO agreement that presumes invoice-based valuation (price actually paid or payable by importer), and causes an unpredictability and uncertainty of duty valuation.
	Authorized Economic Operator (AEO) program: The gov. announced the exemption of customs inspection (scoping 10% of imported material value) entitled to the companies complying with customs rules, following the new Customs Law in Jun 2001. Then the Ministry of Finance in May 2015 established the detailed rules on the company subject to privileges of customs clearance (currently around 40 companies are acknowledged).	AEO program: The gov. has been preparing for adopting the program since 2018, but no companies are acknowledged yet. Neither priority lane is not established yet.	Best Trader program: Adopted in 2013 where the companies satisfying the criteria of customs are acknowledged as best traders, and benefit from privileges of simplified procedure and inspection upon customs clearance. As of Aug 2018, 17 companies are acknowledged as best trader.	AEO program: Available since 2010. Malaysia also commenced the mutual authentication of AEO with Japan in Mar 2015 (followed by Singapore), where the cargos of AEO authorized by one side are to be dealt preferentially and promptly at the customs clearance at other side. Further, the cargos of non-AEO can be also handled preferentially if the receiver of the cargo is AEO authorized by the destined country of the cargo.	AEO program: To expedite customs clearance procedure, NBR launched AEO program, where trade-related players who demonstrate the better record of compliance are to be entitled with simplified/ prompt clearance. Being a mandatory measure to be introduced under the WTO Trade Facilitation Agreement, NBR adopted the program on a pilot basis from Dec 2017 by selecting three model exporting manufacturers.
	Automated cargo clearance system: General Dept. of Customs (GDC) of the Ministry of	Automated cargo clearance system: Myanmar has automated cargo clearance system		National Single Window: The gov. developed myTRADELINK in 1997 (operated by the third	Automated cargo clearance system: NBR has been taking initiatives to automate customs

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	<p>Finance (MOF) announced to adopt the automated cargo clearance system (VNACCS) in Hanoi and Hai Phong from Apr 2014, and commenced the official operation since Sep 2015.</p>	<p>(MACCS) in Nov 2016 based on Japanese automated clearance system (NACCS). With this system, customs valuation method is shifting on a staged manner from official duty to self-duty assessment based on the transaction value).</p>		<p>private party), a trade facilitation portal that enables electronic document exchange among the trade communities including the customs, through which all the regulatory documents can be prepared, submitted and approved online for import, export and customs clearance in a streamlined manner. This e-portal covers the following services; customs declaration, duty payment, vessel/ cargo manifest, application and issuance of permits/ certificates/ registrations.</p>	<p>clearance process by introducing Automated System for Customs Data (ASYCUDA) since 2013 in view of interconnecting every customs station so that declarations can be lodged from anywhere. NBR is also working to adopt the Single Window System, where ship agents can file vessel manifests online.</p> <p>However, hard copies still have to be presented at the stations for both systems, informal payments are still common to clear the goods as a result.</p>
	<p>Others: The Ministry of Industry & Trade in Dec 2018 issued the circular to ensure automatic import licensing for a broad range of consumer goods covering automobile, motorbike, computer, camera, video, audio/ visual device, household appliance, cosmetic product, furniture.</p> <p>New Anti-corruption Law took effect on Jul 2019, and GDC internally instructed to accord with the law and deal with issues of corruption by planning training courses, reviewing/ amending/ standard operating procedure.</p>				<p>Others: The gov. has taken initiatives for modernizing (for automation transparency) the customs clearance since 2014 with the technical assistance by the World Bank Group, along with the Customs Modernization Strategic Action Plan (2019-22, currently in the second phase).</p>

3. Others

Issue	Vietnam	Myanmar	Cambodia	Malaysia	Bangladesh
Initiatives for expediting immigration clearance (e.g. priority lane for foreign tax payers like work permit holders	Immigration is not recognized as problem (according to Japan Machinery Center for Trade & Investment, Aug 2019).	Same as left.	Same as left.	Same as left.	A proposal to establish a priority lane for Work Permit holders has been raised by the Japanese chamber through the WG for Investment Climate Improvement.

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Rules/ regulations which affect wage competitiveness of unskilled labor (e.g. mandatory revision of wage other than minimum wage)	<p>Statutory minimum wage has been revised annually in the recent years. The wage level is determined in accordance to the region (from 1 to 4, i.e. from urban to remote area), and see an increase at 5.3% on average of all regions in 2019.</p> <p>The Employment Law mandates the employer to guarantee an increase rate of minimum 5% upon every salary raise of employee.</p>	<p>The gov. enacted the first Minimum Wage Law in 2013. Since the minimum wage was set at 3,600 Kyat per day (around USD 2.6) for all sectors in Sep 2015, the wage level has been raised and been continuing to increase.</p> <p>Compared to FY2010 at the end of the military regime where unskilled worker was entitled with USD 41, engineer with USD 95, manager with USD 238, the wage level has grown almost three times in FY 2016, raised to USD 124, USD 272 and USD 694 respectively.</p> <p>Many companies have tended to curb basic salary while increasing the fringe benefits. However, with the increase of basic salary, they become concerned about the rise of total wage caused by the increased unit value (basic salary) for calculating fringe benefits.</p>	<p>The Ministry of Labor & Vocational Training issued the decree in Sep 2016, which raised statutory minimum wages of unskilled workers engaged in garment/ shoe sectors from USD 140 to USD 153 per month (increase rate of 9.3%) effective from 2017. Industry sector has been concerned about the following response by other sectors.</p> <p>Statutory minimum wage has seen the rapid growth in the recent years, from USD 80 in 2013 (increase rate of 31.1% compared to the previous year), USD 100 in 2014 (25.0%), USD 128 in 2015 (28.0%), up to USD 140 in 2016 (9.4%).</p> <p>JETRO survey reveals that the ratio of labor cost against total production costs of Japanese companies in Cambodia accounts for 29.5 on average, which is among the highest in ASEAN countries, thus, the wage rise significantly affects their management. Almost 63% of Japanese companies recognize the quality of workers as managerial issue they face, and many admits no productivity improvement to the value of wage increase.</p>	<p>The gov. decided to raise minimum wage in Jan 2019 to RM 1,100 per month (Peninsular Malaysia) from the previous level of RM 1,000 for both local and foreign workers, and also intends to raise to RM 1,500 per month by 2023, that was a campaign agenda of the present administration.</p> <p>The gov. states the half of raised wage would be borne by the gov. itself, but has not rationalized this. In this regard, private sector requests the gov. to propose the wage increase commensurate with the productivity and clarify the criteria for determination (including minimum wage setting by sector and region).</p>	<p>Bangladesh labor force are deemed as highly competitive. Foreign companies recognize that Bangladesh is one of the cheapest for the wage of manager/ engineer and unskilled labor. The Labor Act (revised in 2013) and the Labor Rule (2015) assure that wages can be freely set on a contractual basis, but are subject to minimum wage requirement.</p> <p>* BEPZA separately sets the minimum wage for the labor hired by EPZ tenants. Aside from this, BEPZA mandates its tenants to increase the wage of their employees by 10% per annum.</p> <p>The regulation of severance payment (derived by multiplying monthly basic salary with working years) motivates workers to work as long as possible, since the regulation guarantees more severance benefit for the workers working longer (if employed more than 10 years, 1.5-month basic salary becomes the basis for severance calculation).</p> <p>JETRO survey reveals that the ratio of Japanese companies viewing the high attrition rate as risk accounts for 13.2%, lower than 29.3% on average of total surveyed countries. Working longer also brings employers difficulty in curbing the wage of their employees.</p>
Initiatives for ensuring the protection of intellectual property right (trademark and counterfeit goods in particular) including	National Office of Intellectual Property: Authorized to assess applications for patent, trademark and industrial design. The	Although having not developed the regulations concerning IPR, a series of law on IPR (including design, trademark, patent,	Dept. of Intellectual Property Right of the Ministry of Commerce (MOC): Responsible for receiving filing application of	Intellectual Property Corp. (MyIPO) in the Ministry of Domestic Trade & Consumers Affairs (MDTCA): Responsible for	Dept. of Patents, Designs & Trademarks is (DPDT) of the Ministry of Industries (MOI): Responsible for IPR registration

Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at PPED

<p>institutional set-up and authorities over surveillance/ crackdown power of supervision</p>	<p>challenges are coordination with customs/ other offices, database development/ risk management of intellectual property right (IPR). Customs: Responsible for surveillance, preventing goods infringing IPR from entering, and border investigation of counterfeit goods. The challenges are data management of IPR/ counterfeit goods. Customs is to provide information on alleged infringing goods, but which used to be limited to the trader's name, etc. Unless claiming for suspension of customs procedure with cash collateral, one could not identify the alleged infringing goods, thus border control is not sufficiently functional. Currently, the image data becomes provided when informing the alleged infringing goods, thus enabling authenticity appraisal.</p> <p>Dept. of Market Control in the Ministry of Trade & Industry: Directs and carries out inspection activities on trading of counterfeit goods and IPR infringement, and is given authority over IPR infringement except patents.</p> <p>On Jun 2019, The gov. amended the Intellectual Property Law which assures compensation against IPR infringement and abuse of IPR protection, and oblige information provision on alleged infringing goods to the rights holder.</p> <p>However, protecting and enforcing IPR remain a challenge. Enforcement system</p>	<p>copyright) was formulated from Jan to May 2019 and to be enacted taking into account the timing of establishment of IPR agency, while the detailed rules are being drafted.</p> <p>Currently available measure is limited to the announcement via newspapers of patent/ design/ trademark registered at the registry office in accordance to the Registration Law. In case of infringement, a certain protection not a right is provided. As for trademark, the Criminal Law stipulates the penalty for infringers.</p> <p>Customs: Responsible for inspection and surveillance of trading goods, crackdown of the related criminals.</p> <p>National Police: No division exists specializing in criminal cases on IPR, police offices in general are to receive the claims of such cases as counterfeit goods, and investigate the claimed cases.</p>	<p>patent, trademark, design, their registration/ data management (using Intellectual Property Automation System: IPAS of the World Intellectual Property Org.: WIPO), and survey of trademark if deemed necessary. Processing of filing application remains delayed due to complex procedure and lack of human resources/ equipment.</p> <p>Customs: Conducts the surveillance of infringing goods upon the customs clearance, although tasks related to IPR protection are not stipulated.</p> <p>National Police: Conducts crackdown/ investigation of IPR infringement cases based on the allegations by the customs, etc.</p> <p>A National Commission of IPR is formed, MOC plays a role of secretariat.</p>	<p>appraisal and registration of patent, design and trademark, advisory service on IPR, and PR activity for general consumers. MyIPO also has Intellectual Property Training Center (ITPC) which provides HRD activities on IPR affairs.</p> <p>Enforcement Div. of MDTCA: Responsible for crackdown activity against bootleg and counterfeit goods along with Copyright Act 1987 and Trade Descriptions Act 2011, and also conducts confiscation of counterfeit goods at the border in cooperation with customs. From 2011, MDTCA commenced to operate the database called Basket of Brand (BOB). If trademarks are registered with BOB, Enforcement Div. would voluntarily investigate infringing cases for the registered marks.</p> <p>Since the penalty given after detection is not disclosed, however, repeat offenses are predominant. There are also cases where penalty is not decided after years of detection.</p> <p>Enforcement Div. of Customs Dept.): Conducts official crackdown and attachment of alleged infringing goods along with Trademark Act 1976. When suspending customs clearance of infringing/ counterfeit goods, customs collaborates with the national police. Suspension can be officially done based on the application by the rights holder (via assessment by the registry officer of MyIPO), which needs to</p>	<p>and data provision, policy advocacy and coordination with related organizations.</p> <p>The number of registration of patent, trademark and design is increasing along with economic growth. Filing application by foreign companies (trademark in particular) are also on the rise, but processing of trademark registration is delayed due to a lack of DPDT's capacity.</p> <p>Most of infringement cases arise from trademark copy, but are not adequately responded due to a lack of human resources in DPDT and police. If the infringement case is identified, it is usual to a warning statement to infringer. Unless responded by infringer, one can choose either detection by policy (raid), criminal or civil actions. Raid is deemed as most popular option, since this can expect the result within the short-period and PR impact to public. Once detected, sentence is to be issued by Magistrates (regional civil prosecutor) or Mobile Court.</p> <p>Customs: Scopes crackdown of imported goods with the risk of trademark/ design/ copyright infringements. Not like other countries, no customs registration for trademark is available. Therefore, the rights holder relies on whistle-blowing of infringing imported goods from those concerned or authorized investigation by customs houses, thus border control is not sufficiently functional.</p>
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Rules/ Regulations and Initiatives of the Peer Countries concerning the Issues raised at PPED

	is highly complex, causing rights holders cumbersome actions against IPR infringement cases.			<p>mention the concrete information such as clearance port/ date of the alleged goods, container number, thus making it very difficult to apply for suspension. Therefore, voluntary investigation and confiscation at the border by the customs are not expected.</p> <p>Commercial Crime Div. of Royal Malaysia Police: Conducts crackdown activity with authority to enforce Copyright Act and Customs Act. More than a certain ranked police officers are given the power equal to officers of Enforcement Div. of MDTCA and customs.</p> <p>The gov. formulated the National Intellectual Property Policy (NIPP) in 2007, and establishes the Intellectual Property Court for strengthening IPR protection and exercise of the right.</p>	
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Supplement: Rules/ regulations of Bangladesh concerning overseas remittance of current expenditures

Royalty and technical assistance-related fees: The existing guidelines stipulate that any companies, intending to remit these fees overseas, need prior-approval by BIDA (BEPZA/ BEZA in case of EPZ/ EZ tenants) before authorization by the central bank, if the amount exceeds the threshold (6%) relative to the cost of imported machineries or total sales in the previous fiscal year. In other word, if the amount to be remitted does not exceed the threshold, approval by BIDA and the central bank is not required. However, BIDA's another handbook states that a prior-approval by BIDA is necessary for remitting "any technical fees". In practice, even if the amount is within the threshold, BIDA requests the companies to submit "remittance application" with relevant documents. It is also reported that it takes relatively longer time to judge if the particular of fee remittance is of relevance or not. Further, those cases where the amount to be remitted exceeds the threshold value may be treated as special cases in practice, thus subject to relatively stringent appraisal by BIDA's executive committee.

Trade (Import) settlement: This requires L/C opening for every importation except those by the foreign export-oriented industries in EPZ or bond-licensee, which are allowed to settle by telegraphic transfer (T/T) with foreign currency account and a few specific cases of small value transaction. The central bank applies L/C settlement even for transactions with parent/ affiliate companies, and trades made by EPZ tenants to/ from local businesses outside zones. The companies outside EPZs (including local market-oriented) aspire for open-account trading including T/T at least in case of trading with parent/ affiliate companies and small value transaction.

Proceeds upon company liquidation (liquidated capital): In repatriating a liquidated capital, the amount that can be repatriated may not exceed the net asset value of the company at the time of liquidation, virtually restricting repatriation of divestment proceeds. This is applicable to all capital repatriation except for publicly-listed companies on the stock exchange. The calculation of net asset value is conducted by the central bank based on the submitted documents in the absence of an established valuator. If the actual sale value exceeds the net asset value, the excess amount is not eligible for repatriation. In relation, the liquidation procedure is to be clarified also.

**Proposal Relaxation of Long-term External Borrowing &
Trade Settlement**

**Proposal for Relaxing and Simplifying the Rule/ Regulation
of
the Long-term External Borrowing (inc. parent/ intra-company sources) in Bangladesh**

JICA Project Team
November 2021

Existing rule/ regulation concerning the long-term borrowing from abroad

In Bangladesh, any companies intending to borrow foreign term-loan (commercial loan, buyer's and supplier's credit, etc., including the loans from parent/ affiliate companies, to import capital goods for new project, replacement or expansion of production facilities) needs prior-approval from the authority. A plan of borrowing from abroad shall be submitted to BIDA to obtain prior-approval by the Scrutiny Committee formed by BIDA and Bangladesh Bank (BB)¹. The borrowing plan needs to be attached with a number of document to demonstrate the project feasibility/ commercial viability/ repay-ability and borrowers' creditworthiness, and quality/ price/ economic life of procured capital machinery and equipment.

The guidelines are available, which specify the eligibility, procedure, conditions and documents to be submitted. The guidelines state that the borrowing cost shall be comparable to the prevailing government treasury bond rate in the country concerned or the term in international financial market, and that borrowing company shall keep debt-equity ratio at 70:30. Further, usage of the term-loan is limited to capital investment for industrial purpose, not to working capital purpose.

However, foreign investors in Bangladesh observe difficulty in access to foreign term-loans (they usually seek for capital increase instead), since they observe relatively stringent requirement (on documentation for obtaining prior-approval of borrowing from abroad, particularly in case of foreign loans from parent/ affiliate companies (i.e., intra-company loans). Issue in relation to the existing rule/ regulation for approval procedure of the long-term borrowing in foreign currency has been addressed by the following occasions:

- i) BIDA's proposal to the Ministry of Finance (MoF) to ease negative impacts from the Covid pandemic on business activities (Jun. 2020)
 - : Where BIDA proposed to simplify foreign term-loan approval procedure by shifting to notification from existing prior-approval for all sectors or at least priority sectors.
- ii) The Covid impact survey by BIDA (Nov. 2020)
 - : Where BIDA proposed to simplify foreign term-loan approval procedure for priority sectors or for the projects up to a certain limit, or shift to post-fact reporting from existing prior-approval.
- iii) Bangladesh-Japan Public-Private Economic Dialogue (PPED) (Feb. 2020)
 - : Where JICA Project Team was asked to recommend the measures to relax or simplify existing rule/ regulation for foreign term-loan approval procedure in Bangladesh.

Comparison with the peer countries (neighboring ASEANs)

The peer ASEANs, except Myanmar, do not require prior-approval for the access to the term-loan in foreign currency, although a few countries necessitate either prior-reporting or -registration. Bangladesh is deemed as unique among the region in the respect that the authority requires the applicants to obtain prior-approval and submit the proving documents for the aspects that are appraised beforehand by the lending entities of the term-loan. This requirement of document submission is deemed as relatively stringent for the case of parent/ affiliate (i.e., intra-company) loans in particular. Further the usage of foreign term-loan is limited to capital investment for industrial purpose, not allowed to be directed to working capital.

¹ Foreign-owned (100%) investment projects located in Export Processing Zones (EPZs) may access to foreign term-loans from financial institutions or entities abroad without prior-approval of BB. Joint-venture (JV) and local investments in EPZs however need prior-approval after obtaining No-objection Certificate (NOC) from BEPZA.

Country	Approval	Explanation
Malaysia	Not required	Malaysia basically allows free borrowing from abroad (either long- or short-term) including parent/ affiliate loan (Financial Service Act 2013). * Locally established company can freely borrow in foreign currency from direct shareholder, group company, local banks without ceiling, and non-resident financial institution or entities which are not part of the company group but up to a prudential limit (RM 100 million).
Thailand	Not required	No restriction or condition exist for borrowing from abroad (either long- or short- term).
Indonesia	Not required, but for prior-reporting	Borrowing from abroad inc. parent/ affiliate loan (both long- and short-term) needs to be reported in prior to the central bank. Any private companies intending to borrow the long-term foreign currency loan within one year to come shall report their borrowing plan beforehand to the central bank. The borrowers then shall submit the financial report twice a year. The central bank requests the borrowers of foreign currency loans to take exchange risk hedge measures, i.e., to maintain a certain ratio of currency hedge and liquidity, and to obtain external credit rating.
Philippines	Not required	Borrowing from abroad inc. parent/ affiliate loan (both long- and short-term) needs to be registered with the central bank on a post-fact basis (so that the borrowers can convert funds for repayment to foreign currency. The borrowers shall register the short-term loan within 30 days after the receipt and the long-term one within 6 months. The central bank will then issue a registry certificate.
Vietnam	Not required, but for prior-registration	Any companies intending to borrow in foreign currency need to have income receipts in foreign currency. Borrowing of term-loan including parent/ affiliate loan (more than one-year) requires prior-registration with the central bank. The usage is to be also registered at this occasion by presenting evidential documents. Financing cost (interest rate, charge and other) shall follow the ceiling which the central bank governor may set. Ceiling amount of loan is set as the balance between total registered investment value (project cost) and capital amount.
Cambodia	Not required	Cambodia places no particular restriction for borrowing abroad (either long- or short-term) including parent/ affiliate loan (Foreign Exchange Law, Article 16 and Investment Law, Article 11).
Myanmar	Required for all term-loan	Any companies intending to borrow in foreign currency (inc. parent/ affiliate loan) need to obtain prior-approval by the central bank, and satisfy the following conditions: <ul style="list-style-type: none"> - More than USD 500,000 for the investment capital, - Recurrently generating earnings in foreign currency, - More than 80% of capital approved by the investment authority is to be paid-in. - Debt-to-equity ratio ranging from 3:1 to 4:1, - Loan period, terms/ conditions and agreement and like are accurately and appropriately determined, - Loan tenure and repayment plan are duly stated in the loan agreement. Once approved in prior, the remittance of principal/ interest is to be automatically permitted, requiring no approval by the central bank.

Recommended measures for relaxation or simplification

Accordingly, BIDA in consultation with BB shall consider relaxation or simplification of existing regulation on the long-term borrowing in foreign currency from commercial lender or their parent/ affiliate company, through proposing either one of the following options to further activate investment by foreign investors:

- i) To shift from current prior-approval of proposed foreign borrowing to post-fact reporting or registration only, or,

* This shall be considered for the priority sectors stated in the National Industry Policy at minimum. However, the borrowing company needs to submit the utilization report of foreign loan to BIDA/ BB on semi-annual basis.

- ii) To omit some required documents, namely, proving documents for the aspects that are appraised

beforehand by lender's responsibility (i.e., feasibility/ commercial viability of proposed investment, creditworthiness/ track record of borrowing company) and that are beyond the scope of lender's appraisal (i.e., credential of sponsors/ directors, environmental clearance).

* This shall be considered at least in case of foreign term-loan from parent/ affiliate company.

Proposed omission of submitted documents upon application:

No.	Submitted document	
1.	Certificate of Incorporation and Certificate of Commencements from RJSC	
2.	Memorandum & Articles of Association (certified copy)	
3.	Form-X, Form-XII and Form-XV from RJSC as a proof of authorized capital, paid-up capital, shareholding structure, etc.	
4.	Project Registration Certificate (including all previous ones) from BIDA/ Department of Textiles (DOT)	
5.	Signed term-sheet/ loan agreement/ supply agreement between the parties	
6.	Board's Resolution related to the proposed loan/ deferred payment	
7.	Detailed feasibility report of the investment project	Can be omitted, but the project outline instead.
8.	Detailed financial analysis indicating IRR, break-even point, payback period, DSCR, debt-equity ratio, for base and sensitivity cases	Can be omitted.
9.	Latest audited balance sheet of the borrowing company, which demonstrates that existing debt-equity ratio (taking into account the proposed loan amount) is at least 70:30	
10.	Up-to-date credit rating report of the borrowing company	Can be omitted.
11.	No-objection Certificate (NOC) from the commercial bank concerning its willingness to act as a nominated bank	
12.	Utilization certificate by the nominated bank indicating the justification of estimated price/ quotation of capital machinery, spare-parts, etc. (with the summary of capital machinery to be procured) in comparison to the latest market price (with supporting documents, e.g., copies of Proforma Invoice, Bill of Lading, Letter of Credit)	
13.	Track record of the past foreign loans/ deferred payments (if any) with the approval letter and bank certificate of all transactions, utilizations, outstanding	Can be omitted.
14.	CIB certificate of the borrowing company and its sponsors/ directors from the nominated bank, which specifies the recent date of CIB online search and the status in general (i.e., bank certificate on indebtedness or creditworthiness of the borrowing company and its sponsors based on the latest CIB report)	
15.	Relevant CIB enquiry forms (Form-1 & 2) and undertaking from sponsors/ directors duly filled-in for collection of the CIB report by BB	
16.	Credential of sponsors/ directors	Can be omitted.
17.	Environmental Clearance Certificate/ NOC from Department of Environment	Can be omitted.
18.	Agreement/s with Bangladeshi government associated with the project implementation (if any)	
Following additional documents are needed in case of the power sector:		
1.	Letter of Intent	
2.	Implementation Agreement	
3.	Power Purchase Agreement	

In addition to the above recommendations, BIDA in consultation with BB shall consider the following revision concerning the usage of foreign term loans:

iii) To allow the usage of foreign term-loan to initial working capital required for proposed investment.

Proposal for Relaxing the Application of Telegraphic Transfer (T/T) **for** **Trade (Import) Settlement in Bangladesh**

JICA Project Team
November 2021

Existing rule/ regulation concerning overseas remittance of current expenditure (accrued from trade transaction)

Bangladesh places relatively a stringent control over overseas remittance of current expenditure accrued from trade (import) settlement. Trade (import) settlement in Bangladesh requires the Letter of Credit (L/C) opening for every importation except those by foreign export-oriented industries in Export Processing Zones (EPZs) or bond-licensees, which are allowed to settle by telegraphic transfer (T/T) with foreign currency account, and except a few specific cases of small value transaction.

The country applies L/C settlement even for trade transactions with parent/ affiliate companies, and trades between EPZ tenants and local businesses outside the zones. The industries outside EPZs (including local market-oriented) have been longing for open-account trading including T/T at least in case of trading with parent/ affiliate companies¹.

As of the end of Nov. 2021, the Ministry of Commerce (MoC) has drafted the Import Policy Order 2021-24 which proposes to partially relax the regulation of trade (import) settlement method. The following import would be allowed without L/C opening if the order is approved:

- Import of raw material, capital machinery, fire-door up to USD one million per annum for manufacturing purpose by the registered industrial importers.
- * The draft order states however that the authority can approve the T/T settlement regardless the amount on a case by case basis if the needs to expedite import arises.

Comparison with the peer countries (neighboring ASEANs)

Only Bangladesh (and Pakistan) in the region restricts the trade (import) settlement method to L/C, while the peer ASEANs do not restrict so. Such a restriction adversely inhibit Bangladesh from involving in regional supply-chain development and operation across Asia.

Country	Conditions applied	
Malaysia	For trade	Allows free foreign exchange transaction in principle, setting no particular restriction for trade transaction including means of settlement.
	For non-trade	Allows free foreign exchange transaction inc. payment of interest and any fees such as rents, royalties, premiums, etc.
Vietnam	In general	Both trade and non-trade transactions are not particularly restricted, but subject to reporting and restriction in access to foreign currency.
	For trade	Plural means inc. L/C, draft/ bill of exchange, remittance instruction (i.e., telegraphic transfer) are availed for trade settlement without particular restriction.
	For non-trade	Applies no particular restrictions, but requires presentation of the evidential documents for payment to foreign entity (e.g., transaction contract, invoice, customs clearance certificate) in case of purchasing foreign currency.
Cambodia	In general	Foreign Exchange Law provides for no restriction for any foreign exchange transactions through authorized dealers (ADs).
	For trade	Allows free foreign exchange transaction in principle, setting no particular restriction for trade transaction including means of settlement.

¹ Branches are not able to remit overseas for trade settlement, profit transfer, royalty/ technical assistance-related fees payment. Provisions in the certificate of branch registration issued by BIDA stipulate "all the operating expenses are to be covered by the fund transfer from overseas (i.e., suspend payment from the headquarter)".

	For non-trade	Applies no particular restrictions for overseas remittance of interest/ principal repayment, service fees such as freight/ insurance charge, royalty fee.
Myanmar	In general	Overseas remittance of current transaction by foreign company is not subject to any restriction including reporting to the central bank.
	For trade	Allows irrevocable L/C or T/T settlement (since Jun. 2012). In case of remittance by T/T, advance payment is required for Myanmar's exportation, while deferred payment is required for importation.
	For non-trade	Revised Investment Law allows foreign company to remit the following particulars (expenses related to investment) overseas without restriction: <ul style="list-style-type: none"> - Royalty/ copyright/ license/ technical assistance/ management fee, other current earning from stock/ investment, - Repayment based on loan agreement (except principal payment of term-loan), - Salary/ remuneration of adequately hired expatriates, - Payment as a result of dispute reconciliation on investment, - A whole or part of sale gains of assets owned in relation to investment.

Recommended measures for relaxation or simplification

Accordingly, BIDA in consultation with MoC (responsible for the Import Policy Order) and Bangladesh Bank (for foreign exchange management) shall consider the following in view of trade facilitation of growing industries, enhancement of economic ties and supply-chain among the regional economies:

- i) To allow the T/T settlement thoroughly for any trade (import) transactions, instead of largely restricting the method of trade (import) settlement to L/C, otherwise,
- ii) To allow the T/T settlement at least on the following transactions:
 - Import by the parent/ affiliate companies by domestic market-oriented industries (producing for local market) which are registered with BIDA/ operational in BEZA, and by JV export-oriented industries in EPZ/ bond-licensees,
 - Transactions by EPZ/ EZ tenant companies with those located outside EPZ/ EZ.

**Revised Guidelines of Repatriation of Royalties &
Technical Assistance Related Fees
with Endorsement Procedure**



Bangladesh Investment
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✓
MOI/BEF 14-63-21
Received on.....
Action Taken.....



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Prime Minister's Office

No.03.08.2680.224.165.1479.2017/ 59

Date: 03 March, 2021

Circular

Subject: Guidelines for Outward Remittance Repatriation for Payment of Royalty, Technical Knowledge/Technical know-how Fee(s), Technical Assistance Fee(s), and Franchise Fee(s) - 2020.

This Guidelines is issued in pursuance of Section 18 of the 'Bangladesh Investment Development Authority Act 2016'; 'Foreign Exchange Regulation Act 1947' amended in 2015; and related instructions described in the 'Guidelines for Foreign Exchange Transactions 2018' (read with subsequent amendments) of Bangladesh Bank along with Foreign Exchange (FE) Circular No. 42 Dated November 29, 2017 of Bangladesh Bank in order to serve the purpose of clarifying processes and procedures for outward remittance repatriation for payment of royalty, technical knowledge/ technical know-how fee(s), technical assistance fee(s), and franchise fee(s) by private industrial enterprises registered in Bangladesh (with 'Registrar of Joint Stock Companies and Firms' as well as with BIDA) and as defined in Section 15(3) of the Bangladesh Investment Development Authority Act 2016.

The industrial enterprises, so described, shall follow the processes and procedures described in this Guidelines for payment of royalty, fee(s) for technical knowledge/technical know-how or technical assistance, and franchise fee(s) to foreign collaborator/organization/company in accordance with the definitions and manners as follows.

1.0 Definitions

a. Authorized Dealer (AD) Bank

An Authorized Dealer bank is the branch(es) of scheduled bank in Bangladesh that has received authorization from the Bangladesh Bank to act as a dealer involved in trading of foreign currencies for specified purposes.

b. Advance Fee(s)

Advance fee(s), for this Guidelines, may mean the amount of money paid in advance (in part or in full against the appropriate invoices) against the agreed services expected to be delivered in the manner of technical assistance, technical knowledge/know-how, royalty and/or franchisee fee(s) in favor of a collaborator company outside Bangladesh during the implementation stage of a business where commercial operation has not started yet or no capital machinery have so far been imported.



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c. **Affidavit (for adjustment of Advance Payment)**

An Affidavit, in connection with this Guidelines, will be a statement of facts and promise made by an applicant company under oath (certified by a notary public), meaning to make a formal promise to be used in a court or by another official institution (such as a bank) that confirms that the approval of advance outward remittance payment is received from BIDA for the purpose of the concerned business setup processes only and the amount remitted as advance fee(s) will be brought back from the concerned foreign collaborator or will be deposited with foreign currency equivalent BDT in their bank account from where the fund was initially parked by the applicant company and within the time decided by BIDA in case the facts stated appears to be false and/or the business does not start its commercial operation as committed.

d. **Arm's Length Transaction**

The arm's length transaction, also known as the Arm's Length Principle (ALP) indicates a transaction between two completely independent and willing parties in which both parties are acting in their own self-interest. Such transaction is based exclusively on fair market value.

e. **Bank Guarantee**

A bank guarantee is a promissory note from a bank or other lending institution confirming that if a particular company being a party to agreement defaults on a commitment, the bank will make good of that commitment. In this case a letter of credit might not be accepted as a bank guarantee.

f. **Beneficiary Organization**

A legally competent party and company registered outside Bangladesh who has signed an agreement with a company registered in Bangladesh for the purpose of providing to the later various services of technical nature in exchange of agreed amount of fee(s), or providing permission to allow their brand names to be used by the later in exchange of a once-only franchisee fee(s) and/or a royalty fee(s) for approved period, wherever if applicable.

g. **BIDA**

BIDA means the Bangladesh Investment Development Authority formed by the Bangladesh Investment Development Authority Act 2016.

h. **Brand name**

Brand name is a name given by the producer company and/or the maker to a product or range of products, especially a trademark for the purpose of uniquely identifying the product in the market. The name shall be recognized by the appropriate law of the country.



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i. **C&F Value**

Cost and Freight (C&F) is a term of sale/trade signifying that the price invoiced or quoted by a seller for a shipment does not include insurance charges, but includes all expenses up to a consented port of destination.

j. **Collaborator**

Same as Beneficiary Organization.

k. **Contract**

For the purpose of this Guidelines, contract will mean a negotiated and legally enforceable (in a court of law) understanding and/or agreement between two or more legally competent parties (e.g., between a company registered in Bangladesh and a company registered outside of Bangladesh in this case) for the payment of various fee(s) (in accordance with the section 18 of BIDA Act 2016 and associated orders) to be remitted by the company registered in Bangladesh in favor of the later. The agreement must be signed and vetted properly by the legal representatives of the parties of the agreement in due place, initialed in every page of the agreement by the signatories, and observing due requirements of the law of the country. Any page of the agreement without the signature of both the parties may not be considered as a legal part of the agreement. The agreement must include, but not limited to, (i) the purpose of payment of fee(s), (ii) the scopes and justification of the fees for the benefit of the recipient organization, (iii) conditions of the fee(s) becoming payable, (iv) amount and/or calculation basis of the fee(s), (v) payment schedule of the fee(s), (vi) the validity period of the agreement as well as (vii) the activities to be undertaken with delivery schedule and acknowledgement procedure of the agreed services.

l. **Copyright**

Copyright is a legal term used to describe the rights that creators have over their literary and artistic works that provides exclusive publication, distribution, and usage rights for the creators. Works covered by copyright range from books, music, paintings, sculpture, and films, to computer programs, databases, advertisements, maps, and technical drawings.

m. **Design**

Means only the features of shape, configuration, pattern or ornament applied to any article by any value creation process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in section 478, or property mark as defined in section 479 of the Penal Code.

n. **Contractor**



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A person or firm that undertakes a contract to provide materials or labor or to perform a service or do a job which may include Engineering, Procurement, and Construction (EPC) or any other activities of similar nature. The activities may also include design, procurement, construction, to commissioning and handover of the project to the End-User or Owner or any other party pertinent.

o. Fee(s)

Fee(s), for the purpose of this Guidelines, will mean the technical assistance fee(s), technical knowledge/technical knowhow fee(s), franchisee fee(s), royalty fee(s), and outlet opening fee(s), and to be paid/remitted by the applicant company to the collaborator company outside Bangladesh.

p. Foreign Principal

Same as Beneficiary Organization or Collaborator.

q. Franchise

A franchise is a type of license that a party (franchisee) acquires to allow them to have access to a business's (franchisor) proprietary knowledge, processes, anything intangible asset in nature, and trademarks in order to allow the party to sell a product or provide a service under the business's name.

r. Franchisee

An individual or company that holds a franchise for the sale of goods or the operation of a service from the franchiser.

s. Franchiser

A company that provides franchise rights to those who want to own a franchise.

t. Franchise Fee(s)

Franchise fee(s) is any fee(s) or charge that a franchisee or sub-franchisor is required to pay or agrees to pay for the right to enter into a business or to continue a business under a franchising agreement. It is an initial fee(s) required to pay by a party(franchisee) to a business's (the franchiser) for having access to it's his brand name/proprietary knowledge, processes and trademarks or anything intangible asset in nature in order to sell a product or provide a service under that business's name.

u. Guidelines

Guidelines means the "Guidelines for Outward Remittance Repatriation for Payment of Royalty, Technical Knowledge/Technical Know-how Fee(s), Technical Assistance Fee(s), and Franchise Fee(s), 2020" as approved and circulated by BIDA.

v. Industrial Enterprise



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Any private industrial enterprise in Bangladesh as registered by BIDA and defined in Section 15(3) of the Bangladesh Investment Development Authority Act 2016.

w. Intellectual Property

Intellectual Property (IP) refers to creations of the mind, such as inventions; literary and artistic works, designs, symbols, names and images used in commerce. It might include, but not limited to, copyright, patents, trademarks, industrial designs, geographical indications, and trade secrets which should have economic value.

x. Operation and Maintenance (O&M) Fee(s)

The O&M Fee(s) is a type of payment paid to a collaborator for the operation and maintenance (O&M) services, which is technical in nature and associated with operating and maintaining of a particular process of the industrial endeavor.

y. Outlet Opening Fee(s)

Fee(s) charged by a franchisor to open a distinguishable unit branch/outlet of the franchise by the franchisee.

z. Outward Remittance

Outward remittance means a remittance by a remitting bank, entrusted by the remitter being an enterprise, remit foreign currency funds to a nominated bank selected by the collaborator in performing any assigned activities to beneficiaries of the certain instrument and instruct them to pay the certain amount to the nominated payee.

aa. Parent Company

A parent company is a company that owns enough voting stock in another firm to control management and operation by influencing or electing its board of directors. Companies that operate under this management are deemed subsidiaries or associates of the parent company.

bb. Patent

A patent is an exclusive right granted for an invention, which is a product or a process that provides, a new way of doing something, or offers a new technical solution to a problem. The technical information about the invention must be disclosed to the public in a patent application and must be registered with the related agency of the country concerned.

cc. Private Firms

Private firm means any industrial enterprises as defined in Section 15(3) of the Bangladesh Investment Development Authority Act, 2016.



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dd. Professional Valuation Agency

A person or company, who provides valuations of the property and service (including franchisee and related fee(s)) to support taxation and other purposes.

ee. Royalty fee(s)

Royalty is a fee(s) paid by a local industrial company to the foreign collaborator in consideration of license to use the foreign manufacturers' patent/brand name/franchise for marketing and or producing the product(s). Royalties are payments of various types to owners of property for use of that property which usually deals with payments for the right to use intellectual property, like copyrights, patents, and trademarks the fee(s) payable to the royalty will comply with the related provisions of the Patents and Designs Act 1911 and Trade Mark Act 2009 of Bangladesh.

ff. Sales Revenue

Sales revenue is the income received by a company from its sales of goods or the provision of services.

gg. Technical Assistance

A specific non-generic assistance which requires definite skill to complete a defined task contracted to the industries and/or companies by local or international specialists. It can take the form of sharing information and expertise, instruction, skill training, transmission of working knowledge, facilitating for creating specific task and consulting services. Technical assistance fee(s) may include fee(s) for Engineering, Procurement and Construction (EPC), Operation and Maintenance (O&M) fee(s) and any fee(s) associated in the nature of technical assistance for requiring project for which the payment of these fee(s) are necessary to successfully completion of these projects.

hh. Technical knowledge/Technical know-how

A service rendered by a foreign collaborator/parent/group to a business entity duly registered with BIDA in consideration of specialized services including engineering and technical service, assistance on manufacturing process, testing and quality control, assistance or any other technical support required for running the projects by way of making available patented processes and/or know-how and right to avail of the technical/confidential, non-public, proprietary and an exclusive information resulting from continuous technical research and development etc. The technical knowledge/ technical knowhow will not be applicable for purchase/ hiring of technical assistance.

ii. Third Party Assessment



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Third-party assessments, for the purpose of this Guidelines, are independent evaluations performed by a specialist firm, chartered accounting firm or agency on the amount of franchisee fee(s) settled between the franchise and the franchisor in connection to operating a franchise business in Bangladesh.

jj. Third Party Assessor

A specialist firm, chartered accounting firm or agency that carries out the third-party assessment.

kk. Trade Mark

"Trademark" means the trade mark defined in the Section 2(8) of the Trade Mark Act 2009 of Bangladesh, which is as under:

'(a) in relation to Chapter X of Trade Mark Act 2009, other than section 77–

(i) a registered trademark or a mark used in relation to goods for the purpose of indicating a connection in the course of trade between the goods and the person having the right as proprietor to use the mark;

(ii) a mark used in relation to a service so that it may be indicated that the person has the right as proprietor to use the mark in the course of trade;

(b) in relation to the other provisions of this Act, a mark used or proposed to be used in relation to any service or goods indicating a connection in the course of trade between the goods and the person having the right, either as proprietor or as registered user, to use the mark;

(c) certification trademark

II. Transfer Pricing

Transfer pricing is the setting of the price for goods and services sold between controlled (or related) legal entities within an enterprise. Transfer pricing is a pricing mechanism among willing partners in an arm's length transaction which is defined as per the applicable sections of CHAPTER XIA of the Income Tax Ordinance, 1984 of Bangladesh as well as globally accepted best practices. Transfer pricing involves the assignment of costs to transactions for goods and services between related parties. For example, if a subsidiary company sells goods to a parent company, the cost of those goods paid by the parent to the subsidiary is the transfer price.

2.0 Types of Permissible Fee(s)

Permission will be given to any private industrial enterprise as registered by BIDA and defined in Section 15(3) of the Bangladesh Investment Development Authority Act, 2016 for outward remittance on account of payment of royalty, technical knowledge/ technical know-how fee(s), technical assistance fee(s), and franchisee fee(s), as mentioned in this Guidelines. The permission will also be granted for outward remittance for paying fee(s) in the nature of operation and maintenance (O&M) services, payable to foreign Engineering,

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Procurement and Construction (EPC) firms or contractors or companies associated with any public or private project implemented in Bangladesh.

3.0 General Conditions

The permission for outward remittance repatriation will be allowed under the following conditions:

- Private industrial enterprises as registered by BIDA and defined in Section 15(3) of the Bangladesh Investment Development Authority Act, 2016 will be considered for such permission.
- All proposals for outward remittance will be considered based on the value addition of the transaction. Transaction of no or minimum value addition, transaction made without following arm's length principle and/or transaction of rudimentary nature will be discouraged.
- Fee(s) will be allowed to remit by the local companies to their foreign collaborator usually on a yearly basis. This condition of remittance may be relaxed in case of a genuine contractual obligation for any transaction.

4.0 Procedures of Remitting Fee(s)

4.1 *Payment of royalty, technical knowledge/technical knowhow, technical assistance and franchise Fee(s)*

4.1.1 As a general principle, an industrial enterprise (registered with BIDA) will be allowed to remit permissible amount of fee(s) (as specified in **Schedule 1**) for the purpose of paying royalty, technical knowledge/technical know-how, technical assistance and franchise to the foreign collaborators directly through Authorized Dealer (AD) Banks in Bangladesh without prior approval from BIDA while complying with the provisions (scope of services, payment amount, payment schedule and other applicable conditionalities) as stated in the concerned contract between the parties which has been pre-endorsed by BIDA beforehand, subject to the following conditions:

- This provision will be applicable only for post-service cases and against a service completion certificate from the beneficiaries.
- The industrial enterprise(s) have to apply to BIDA in prescribed format for endorsing the contracts immediately after signing and before any remittance takes place.
- Designated official of BIDA, after ensuring approval from appropriate authorities, will endorse the contract with his/her signature and seal in each and every page(s) of the contract. The endorsement letter such issued shall clearly state the titles/names, respective limits, timeframes, conditionality and schedules of payments of fees. BIDA may require the applicant to revise the contract to comply with the provisions of this Guidelines before the endorsement is provided.
- One contract will require endorsement from BIDA only for once and can afterwards be used for multiple remittance transactions as long as these remains within the



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purview/limit of the endorsed payment schedule of the endorsed contract. However, re-endorsement(s) of the contracts will be required if any change/update/improvement of the contract takes place later.

- (e) During repatriation of the remittance(s), the concerned industrial enterprise will ensure that the purpose of the remittances complies with the provisions (scope of services, payment amount, payment schedule and other applicable conditionality) of the contract/agreement endorsed by BIDA.
- (f) BIDA will suggest an application format and a list of required documentation to be complied with by the industrial enterprises as well as to be followed/ checked by the AD Banks in processing the remittance repatriation applications. Copy of the contract endorsed by BIDA should be considered as a mandatory document when an application for remittance is made by the industrial enterprise(s) to the AD Banks.
- (g) AD Banks will further ensure that the provisions of the relevant guidelines of BIDA and the Bank is fully complied with.
- (h) After the remittance repatriation is completed, AD Banks will forward all relevant documents to BIDA for information and post facto verification. BIDA may carry out post facto verification of all or some of the transactions so happened and may take appropriate pecuniary measures against the concerned industrial enterprise if any deviation and discrepancies are found. BIDA will keep the Bangladesh Bank informed about any such incident(s), if so happen.
- (i) Concerned AD Banks will appropriately follow all the relevant banking and reporting rules and regulations while carrying out the remittance repatriation as are described in this Guidelines. Bangladesh Bank will have the authority take appropriate actions against any such banks if any deviation and discrepancies of existing rules and regulations are observed.

4.1.2 In cases the amount of remittance for the purpose of paying royalty, technical knowledge/ technical know-how, technical assistance and franchise to the foreign collaborators exceeds the limit mentioned in Schedule 1, prior approval from BIDA will be required before remitting the same through the AD Banks.

4.2 *Payment of Fee(s) in Advance*

Advance payment of remittances will be allowed, only with prior approval from BIDA on each and every case of repatriation, on following conditions:

- i) Technical knowledge/ technical knowhow or technical assistance fee(s) up to US\$ 10,000 per agreement will be allowed to remit once a year. This advance payment must be adjusted with the accumulated C&F value of import of machineries or with the sales revenue of the company after going into operation.
- ii) Advance payment beyond the limit stated in Para 4.2 (i) will be allowed only on the terms and conditions mentioned in the contract (verified/endorsed by BIDA) signed between the local company and the foreign company.



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- iii) Any kind of advance payment as stipulated in this Guidelines must be adjusted with the 6% of the C&F value of all imported machineries or with the 6% of the revenue/ sales within two (02) years of starting commercial operation. BIDA may consider any request to extend the duration of adjustment in cases of unforeseeable situation.
- iv) Applications for allowing advance payment as stipulated in this Guidelines must be accompanied with bank guarantee, affidavit or any other appropriate guarantee.

4.3 Payment of Fee(s) to Contractor(s) in a project

- (a) Contractor(s) from foreign countries and operating in Bangladesh with any public or private project will be allowed to remit fee(s), only with prior approval from BIDA on each and every case of repatriation. The payment of such fee(s) may be allowed on quarterly, semi-annually and annual basis as stipulated in the agreement.
- (b) If any local company made an agreement with an international service provider for delivering any service produced locally or imported from overseas, the local company can apply for permission to remit fee(s) earned from that service. BIDA will examine issues related to such transaction while granting any permission for such outward remittance.

5.0 Fee(s) beyond permissible amounts

Proposal for outward remittance exceeding 6% (for the cases of royalty/technical knowledge/ technical know-how/ technical assistance) will need prior approval from BIDA, even if the concerned contract/agreement contains endorsement from BIDA. BIDA may consider such proposals that generate significant continuing impact on the economy and have substantial linkage/value creation, generate significant number of employment, transfer advanced technology, enhance skill of local force, and/or diversify agricultural, manufacturing and service sector of the country.

6.0 Transfer Pricing Issues

If the proposed remittance is being paid/remitted to a sister concern or parent or subsidiary of the applicant company, a third-party assessment should be submitted explaining whether the Arm's Length Principle has been followed in the said transaction in accordance with the rules stipulated in the Income Tax Ordinance 1984 (and as amended).

7.0 Matters to be dealt by Bangladesh Bank

Bangladesh Bank may look into the issues of remittances that are beyond the scope of BIDA and of this Guidelines. Bangladesh Bank may issue operational instructions time to time to the Authorized Dealer Banks with regards to remittances of foreign exchanges in the mentioned areas based on requests by BIDA.

8.0 Application Procedure



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Both manual and Online Applications for contract/ agreement endorsements and remittance repatriation (as applicable according to the provisions of Paragraph 4.0) will be accepted in BIDA. Applications can be made together with relevant documents according to prescribed application format. Online applications can be submitted through BIDA website at www.bida.gov.bd or www.bidaquickserv.org.

BIDA, wherever applicable, will examine necessary documents related with the projects, all types of contractual documents, financial agreements, as well as other essential/associated documents as deemed necessary to assess the proposed transaction. Applications will be considered based on the merits of the proposals such as: technology transfer, linkage/value creation, employment generation, local skill enhancement, diversification of new manufacturing and service sectors.

9.0 Authenticity of the Submitted Information

The applicant must have to submit an undertaking to BIDA mentioning that all records, documents, information and statements submitted and/or furnished are authentic and true. BIDA reserves all rights to take appropriate legal action and impose pecuniary penalty if any false or fabricated document and information have been submitted or furnished. BIDA also reserves the right to take legal action and/or file criminal case(s) against the applicant if it is found or detected in future that false information and/or false or fabricated document(s) were given or submitted with any proposal for remittance.

10.0 Amendments of the Guidelines

BIDA will have the authority to amend and replace any part and/or the whole of the Guidelines as and when required.

11.0 Repealing of all previous Guidelines

All previous guidelines, circulars, orders, rules and/or acts issued by erstwhile Board of Investment and/or BIDA on issues related to outward remittances are repealed henceforth. Nevertheless, decisions made on repealed guidelines, circulars, orders, rules and/or acts will be deemed to be valid under this Guidelines, while only the pending decisions will be finalized based on previous guidelines, circulars, orders, rules and/or acts.

Signed/
03.03.2021
(Mohsina Yasmin)
Executive Member 3
(Additional Secretary)



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Schedule 1

Permissible amount of fee(s) to be remitted without BIDA's approval (pursuant to the provisions of Paragraph 4.1)

1.0 Royalty, technical knowledge/technical know-how, technical assistance fee(s)

- (a) For projects under implementation, not exceeding 6% of the total accumulated C&F value of imported machineries of the concurrent year(s) before going into commercial operation.;
- (b) For projects under commercial operation, not exceeding 6% of the previous years' sales (excluding Value Added Tax) as declared in the income tax returns.

2.0 Franchise fee(s)

Fee(s) more than US\$ 0.1 million USD will be allowed to be remitted in installments. The 50% of the approved claim will be allowed to remit in the 1st year, 30% in the 2nd year, and the rest of the 20% in the 3rd year.

3.0 Advance fee(s)

All advance payments, if allowed before generating revenue must be adjusted within one year of going into commercial operation by the entity.

4.0 Fee(s) payable to Contractor(s) in a project

In case of recurring payments required by any obligatory agreement, maximum 6% of sales revenue (excluding Value Added Tax) as declared in the previous year's income tax return or VAT return (VAT returns will be considered only for the first year in case of new project) may be allowed. The payment of such fee(s) may be allowed on quarterly, semi-annually and annual basis as stipulated in the agreement.



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No.03.08.2680.224.165.1479.2017/ ৫৭(৩২)

Date: 03 March, 2021

Distribution (not according to seniority):

1. Governor, Bangladesh Bank, Motijheel C/A, Dhaka.
2. Cabinet Secretary, Cabinet Division, Bangladesh Secretariat, Dhaka.
3. Principal Secretary to the Honorable Prime Minister, Prime Minister's Office, Tejgaon, Dhaka.
4. Chairman, National Board of Revenue, Segunbagicha, Dhaka.
5. Finance Secretary, Finance Division, Bangladesh Secretariat, Dhaka.
6. Foreign Secretary, Ministry of Foreign Affairs, Segunbagicha, Dhaka.
7. Secretary, Prime Minister's Office, Tejgaon, Dhaka.
8. Executive Chairman, Bangladesh Economic Zones Authority (BEZA), Level-11, Monem Business District, 111 Bir Uttam C.R Datta Road, Dhaka.
9. Secretary, Financial Institution Division, Bangladesh Secretariat Dhaka.
10. Secretary, Economic Relations Division (ERD), Agargaon, Dhaka.
11. Secretary, Ministry of Industry, Industry Bhaban, Dilkusha C/A, Dhaka.
12. Secretary, Ministry of Commerce, Bangladesh Secretariat, Dhaka.
13. Managing Director, Bangladesh High Tech Park Authority, ICT Tower (9th Floor), E-14/X, Agargaon, Dhaka-1207.
14. Chief Executive Officer, Bangladesh Public Private Partnership Authority, Plot E-13/B, Agargaon, Shere Bangla Nagar, Dhaka.
15. Executive Chairman, Bangladesh Export Processing Zones Authority (BEPZA), BEPZA Complex, House 19/D, Road-6, Dhanmondi R/A, Dhaka.
16. Secretary, Bangladesh Investment Development Authority, Agargaon, Dhaka.
17. Registrar, Department of Patents, Designs & Trademarks, Ministry of Industries, 91, Motijheel C/A, Dhaka-1000.
18. Director General, Bangladesh Financial Intelligence Unit, Bangladesh Bank, Dhaka.
19. Deputy Director, Bangladesh Government Press, Tejgaon, Dhaka (With a request to print the circular in the next edition of Bangladesh Gazette and provide 50 copies of the publication to BIDA for official use).
20. Head of Delegation, European Union to Bangladesh, House-7, Road-84, Gulshan-2, Dhaka.
21. Chief Representative, JICA Bangladesh, 3rd Floor, Bay's Galleria, 57 Gulshan Avenue (CWS-A19), Gulshan-1, Dhaka-1212, Bangladesh.
22. Country Representative, JETRO, I-K Tower 3rd Floor, Plot No. CEN(A)-2, North Avenue, Gulshan-2, Dhaka-1212.
23. Chairman, Association of Banks, Jabbar Tower (16th Floor), 42 Gulshan Avenue, Road-135, Dhaka-1212.
24. President, FBCCI, 60, Motijheel C/A, Dhaka.



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25. President, BGMEA, BGMEA Complex, House # 7/7A, Sector # 17, Block # H-1, Uttara, Dhaka - 1230.
- ✓ 26. President, MCCI, 65-66 Motijheel C/A, Dhaka.
27. President, DCCI, 65-66 Motijheel C/A, Dhaka.
28. President, FICCI, "Shama Homes", Apt. # C-3, House # 59, Road # 1, Block # I, Banani, Dhaka-1213.
29. President, BWCCI, Plot: 2, Floor: 2nd (Front Road of Gulshan-1 Post Office), Road: 23/ C, Gulshan-1, Dhaka 1212, Bangladesh.
30. President, CCCI, WTC Building, 102-103, Agrabad, C/A, Chittagong, Bangladesh
31. All Private Commercial Banks (Managing Director, _____
Bank, _____)
32. All Bilateral Chambers (President/CEO, _____)


(Shah Mohammad Mahboob)
Director (Joint Secretary)
Phone: 01715911132

No.03.08.2680.224.165.1479.2017/ 59

Date: 03 March, 2021

Copy for kind information

1. Executive Chairman, Bangladesh Investment Development Authority, Agargaon, Shere Bangla Nagar, Dhaka.
2. Executive Member-3, Bangladesh Investment Development Authority, Agargaon, Shere Bangla Nagar, Dhaka.
3. PS to the Honorable Adviser to the HPM on Private Sector and Investment, Bangladesh Investment Development Authority, Agargaon, Shere Bangla Nagar, Dhaka.
4. Office copy
5. Master file

(Shah Mohammad Mahboob)
Director (Joint Secretary)
Phone: 01715911132

Date: 23 May 2021

Circular

Subject: Under the "Guidelines for outward remittance for payment of royalty, technical knowledge technical know-how fee(s), technical assistance fee(s) and franchise fee(s) -2020", the procedure of approval from BIDA for the original agreement executed between the service recipient and the service provider for repatriation of various types of fees and any modification/ addition/ renewal, etc. are prescribed as below:

1.0 Introduction

- 1.1 For the purpose of business facilitation in Bangladesh, the Bangladesh Investment Development Authority (BIDA) with the approval of the appropriate authorities on the "Guidelines for outward remittance repatriation for payment of royalty, technical knowledge technical know-how fee(s), technical assistance fee(s) and franchise fee(s) - 2020 (03 March 2021)" has been issued in the form of a circular.
- 1.2 An organization, which has started commercial production in accordance with paragraph 4 and its sub-paragraphs and Appendix-A of the issued guidelines shall not exceed 6% of the sale revenue of the previous year mentioned in its income tax return and up to a cumulative C&F value of the imported equipment in the case of projects. Technical Knowledge Fee, Technical Know-How Fee, Technical Assistance Fee, and Franchise Fee be able to repatriate directly through nominated banks without approval of BIDA. As a result, in all these cases, there is no need to seek approval from the BIDA. However, there are conditions in this case that the existing and new original contract executed between the service recipient and the service provider must be approved and signed by BIDA. Additionally, BIDA's approval and signature will be required for the renewal of existing contracts, any corrections, modifications, additions and changes. Repatriation of fees above 6% will require approval of the contract, signature and permission from BIDA on each repatriation. Additionally, advance repatriation of royalty, technical know-how fee, technical assistance fee and franchise fee repatriation will require the approval/ signing of the contract and permission from BIDA on each repatriation.
- 1.3 In addition to the aforementioned provisions, for the purpose of approving and re-signing the contract for any amount of fee, the procedure for approval/ signing of the contract for repatriation of fees related to royalty, franchises, technical know-how or technical assistance is formulated. This will be referred to as the "Procedure" in the following paragraphs.
- 1.4 Following the decision of the 84th meeting of the Executive Council of BIDA, this system will be effective from 01 June 2021.

2.0 Procedure for approval and signature

- 2.1 The following documents must be submitted with BIDA for application for the approval of the original contract, which is valid and existing between both the service recipient and the service provider, and for the amendment, modification, change, and renewal of the original contract:
 - (a) Application to the Director General (International Investment Promotion) of BIDA through the letterhead pad of the organization;
 - (b) Completed scheduled table (Appendix A);
 - (c) All the matters referred to in paragraph 3.0 of this "Procedure" are covered by the Agreement in the country in which the Recipient or Provider of Service is registered, two original copies of the notarized contract by the notary public of that country;
 - (d) If the agreement is not made in Bengali or English, two notarized original copies of the agreement translated into Bengali or English by a recognized translation agency;
 - (e) Attested copy of the company's registration letter, Certificate of Incorporation, Memorandum of Articles and Articles of Association certified by the appropriate authority;
 - (f) In case of any technical knowledge, technical know-how, technical assistance taking from abroad that can be provided by a local or foreign organization in Bangladesh, its reasons and rationale must be provided in writing by the receiving organization;

- (g) A letter of commitment to the effect that the decision-making body shall be bound to accept the decision taken by the appropriate authority, except in the case of acquiring technical knowledge, technical know-how, technical assistance, related services from the foreign organization concerned;
- (h) Approval of the Board of Directors of the receiving organization regarding the approval of the contract;
- (i) All industrial project registration papers (as applicable) with amendments and issued by BIDA (the former Board of Investment);
- (j) Certificate of updated income tax council issued by the institution;
- (k) Copy of updated trade license;
- (l) Up-to-date trademark/ patent certificate (where applicable);
- (m) Information including the name and address of the nominee bank nominated by the institution; and,
- (n) Fees fixed by the BIDA (payable in respect of the application form issued prior to the approval and signing of the contract).

3.0 Significant points in the agreement submitted for approval/ signing (included but not limited)

Sl no.	Subject	Verifiable subject
3.1	General matters	(a) There must be a contract and it must be clearly reflected in the title of the contract. "Memorandum of Understanding" or any other statement will not be accepted. (b) Name/ type of the service for which the fee repatriation contract has been prepared must be mentioned in the title of the contract.
3.2	Compliance with Guidelines	"Guidelines for outward remittance repatriation for payment of royalty, technical knowledge/ technical know-how fee(s), technical assistance fee(s) and franchise fee(s), 2020" - the repatriation agreement must be executed in accordance with all of the above.
3.3	Language of the contract	If the agreement is not made in Bengali or English, the original agreement and the duly notarized copy of the translated agreement must be translated into English or Bengali by a recognized translation agency.
3.4	Attestation	The contract must be duly notarized by the notary public and submitted.
3.5	Contract executor	(a) Names and addresses, phone numbers, emails of the parties to the contract must be clearly mentioned in the contract. Names, addresses, phone numbers, emails and contact information of the parties executing the contract cannot be changed in any way without the prior permission of the BIDA. (b) The contract must clearly mention the full signature, date, name, address, phone number, e-mail, including the date of the signatory. (c) Each page of the agreement must have the signature of all the signatories. (d) Bangladeshi institutions receiving services must be registered in Bangladesh by RJSC and BIDA. (e) Foreign service provider must be registered with the appropriate authority of the country and must be mentioned in the contract. (f) Foreign organization providing the service must have a website which must be clearly mentioned in the contract. The contracted service must be directly related to the issues described on the website. If the organization does not have a website or are not affiliated with the service, it will need to submit a separate written statement with evidence and reasons. (g) The contract must contain all the information (name, surname, full address, email, phone number, etc.) required to communicate with both parties to the contract.

3.6	Date of contract execution	The contract execution date (day / month / year) must be specified in the contract.
3.7	Agreement effective date	The contract date (day/ month/ year) must be clearly mentioned.
3.8	Date of contract expiration	(a) The expiration date of the contract, days, months and years must be clearly mentioned in the contract; (b) If the term of the contract can be extended automatically or conditionally, and the period (day / month / year) for which the extension must be clearly stated in the contract.
3.9	Must provide details of the services for which the contract is being executed.	(a) It is necessary to specify in detail what technical knowledge, technical know-how, technical support services will be provided under the agreement; (b) In case of taking from abroad any technical knowledge, technical know-how, technical assistance which may be provided by a local or foreign organization, its reasons and rationale including proof must be given in writing to the service recipient; (c) All issues related to royalty and franchise shall be specified.
3.10	Fees payable/ prescribed for receiving royalty, franchise or technical knowledge or technical assistance	(a) A clear description of the amount of royalty and how this royalty is determined; (b) A clear description of the amount of the franchise fee and how this fee is determined; (c) A clear description of the amount of technical knowledge or assistance fees and how these fees are determined; (d) The fees mentioned above shall be mentioned along with the proof that it is fixed by bargaining or according to the standard; (e) The agreement shall clearly mention whether the arm's length principle and transfer pricing policy are followed in accepting technical knowledge, technical know-how or technical assistance services from the interested organization. Except for the arm's length principle and transfer pricing policy, there must be a letter of commitment to the effect that the service provider will be bound to accept the decision taken by the appropriate authority.
3.11	Fee payment schedule	The terms and conditions of all types of royalty fees must be clearly mentioned in the contract along with schedule of payments.
3.12	Fee transaction through that bank	The contract must contain the full details of the bank from which the service recipient will remit from Bangladesh and the details of the bank abroad where the service provider will be remitted.
3.13	Others	BIDA may, if deemed necessary, direct the client to include additional issues to the above-mentioned matters in the contract.

4.0 Process of approving the contract by BIDA:

- Upon the receipt of the application along with the information described in paragraph 3.0, and those given in paragraph 2.0 along with the prescribed documents and prescribed schedule (Appendix-A), Registration & Incentive Division for Foreign Industry/ Commercial Office will process the application. If the application is incomplete, the information is incorrect, or the required documents are not attached, it will not be processed.
- If any deficiency/ ambiguity is observed in the examination, the applicant institution will be informed to submit explanation/ documents in that regard (Appendix-B).
- After receiving the application, the agreement will be reviewed as per "Guidelines for outward remittance repatriation for payment of royalty, technical knowledge/ technical know-how fee(s), technical assistance fee(s), and franchise fee(s) -2020", the checklist described in paragraph 2.0 and the issues described in paragraph 3.0. It should be noted that the scope of check is not limited to the checklist described in paragraph 2.0 and the items described in paragraph 3.0. Any other subject may be brought under this examination if the authorities think it necessary or applicable.
- Following all the above steps, if the agreement appears to be approved and signed, it will be finalized with the approval of the Executive Chairman.

- After approval the application will be informed of the information and will be requested to pay the required fee.
- After receiving the pay order for the required fee, the approval letter will be issued in the prescribed schedule (Appendix-C). An approved contract signed by the concerned Director/ Deputy Director/ Assistant Director on each page along with the letter of approval will be provided as an appendix.
- Initially paper based/ manual application will be accepted and approved. However, as soon as possible, the application process will be taken online through BIDA's online OSS platform.

5.0 Fees applicable for contract approval / signature and fee refund from BIDA

- 5.1 The following fees will be charged for approval/ signing of franchise/ royalty/ technical assistance/ technical knowledge agreements.

Subject	Amount of applicable fee
(a) First time contract approval/ signature	A fee of taka 50,000/ - per year (or its fraction) will be charged against the term of the contract. Example: If the term of a contract is 2.5 years or 3 years, the applicable fee will be Taka 50,000/ times 3 = Taka 150,000.
(b) Subsequent contract amendment/ addition/ extension/ change	If the term is extended, a fee of Tk. 50,000/ - per year (or its fraction) will be payable against the increased term. A fee of Tk. 50,000/ - will be charged for any other subject/ correction/ addition/ modification/ change.

- 5.2 VAT charged by the Bangladeshi government is to be paid on the fee referred to paragraph 5.1.
- 5.3 No fee has to be paid to BIDA for each repatriation through the bank after approval/ signing of the said agreement. However, the repatriating banks will be able to accept the applicable fees as per their rules and regulations.
- 5.4 If the amount of fee mentioned in the franchise fee agreement exceeds Tk.100,00,000 (one crore), the following rate will be paid in addition to the agreement approval/ signature fee mentioned in paragraph 5 (a) above.

Amount of franchise fees	Amount of fees payable at BIDA
From Taka 1,00,00,001 up to Taka 5,00,00,000	Taka 1,00,000
From Taka 5,00,00,001 up to Taka 10,00,00,000	Taka 2,00,000
From Taka 10,00,00,000 - extra	Taka 5,00,000

- 5.5 VAT charged by the Bangladeshi government is to be paid on the fee referred to paragraph 5.4.
- 5.6 To repatriate the advance fee, the contract has to be approved/ signed by paying the appropriate fee first and then every time the remittance of advance-fee will require the approval of BIDA and in this case the fee prescribed by Appendix-D (which can be changed by BIDA). VAT charged by the Bangladeshi government will be applicable along with the said fee.
- 5.7 If necessary, BIDA will be able to make necessary amendment/ addition/ change/ modification/ addition to this system.
- 5.8 This method will create an English version. If there is a conflict between the Bangla text and the English text, the Bangla part will prevail.

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C.C.
Omitted the list of distribution.

ロイヤルティ、技術ノウハウ・ライセンス・指導料、フランチャイズ料などの海外送金に係る改訂ガイドライン（新旧対比と解説）

バングラデシュ投資促進・産業競争力強化プロジェクト コンポーネント 1 チーム（2021 年 5 月）

事項	従前ガイドライン	改訂ガイドライン	解説（含む、チームによる提案ポイント）
送金の対象種別	ロイヤルティ料、技術ノウハウ・支援料とざっくりとした表記に留まり、送金対象の定義なく、細かく明記されていなかった。	ロイヤルティ料、技術ノウハウ・ライセンス（パテント・デザイン・商標）料、技術支援料、フランチャイズ料、運営維持支援料など送金対象を細分の上明記。	従前は、送金額以前に送金対象の認否で揉める事例が散見されていた。チームより送金対象を細分の上明記するよう提案。改訂ガイドラインにより、送金対象の是非に由来する問題は解消・軽減されうる。
送金の条件	送金対象に関わらず前年度売上高（または前年度に輸入した資本財価額の総額）の 6%（閾値）を上限に BIDA の事前承認を不要としていたが、 <u>実際は送金額に関わらず送金の都度、事前承認を求めている</u> 。 6%を超える場合は事前承認を要する（承認を得るのは容易ではない旨、BIDA 自身が認めていた）。	前年度売上高（または前年度に輸入した資本財価額の総額）の 6%（閾値）の設定は継続された。しかし、送金対象の報酬の根拠となる契約・協定書について BIDA のエンドースを予め受けておくことで、年間送金額が閾値の範囲内であれば、送金都度の事前承認を必要とせず、契約・協定書が定める報酬料、支払い方法に沿って送金を複数回に亘り行うことが可能。 閾値を超える場合は、報酬料の根拠となる契約・協定書についてエンドースを予め受けておくことに加え、送金都度の事前承認を引き続き要する。	周辺国との類似制度の比較分析から、インド・ベトナムを除きかかる報酬料の海外送金自体を規制する国は既になことが判明していた。しかし、バ側は付加価値やメリットの獲得に結びつかない用途での外貨送金さらに一部外資企業による利益移転操作を懸念、大幅な規制緩和に消極的であった。 バ側の立場を踏まえ、外資企業が求める閾値（前年度売上高の 6%）を撤廃したうえでベトナムやマレーシア（過去）に倣い報酬料支払いの根拠となる契約・協定書の事前承認又は登録義務を以て送金用途を予め確認の上担保できる仕組みを提案（契約・協定書の承認・登録後は上限を設けず制限なく都度送金を可能とする）。チームにてマレーシア（過去）の技術関連報酬契約の事前承認制度について調査。 改訂ガイドラインでは契約・協定書の事前承認・登録の仕組みは採用されたものの、6%の閾値を超える送金については引き続き事前承認を要するとされた。 なお、BIDA は 2019 年 2 月に改訂ガイドラインをドラフトした際、送金上限の閾値をパーセンテージではなく年当たり 25,000 ドルと絶対額での設定を予定していたが、最終的にこれは取りやめている。→JETRO 事務所は 25,000 ドルでは上限額が低すぎるものと懸念していた。
前払い送金	明記なし。	技術ノウハウ・ライセンス料、技術支援料については年間 1 万ドル（一度のみ）まで可能となった（契約・協定書で 1 万ドルを超える前払いを定める場合も）可能。但し、BIDA の事前承認が必要。	契約書・協定書によっては前払いを必要とするが、従前は事実上不可能だった。
フランチャイズ料	明記なし。	性格の違いから他報酬料とは別の取り扱いにて整理。三年間を範囲に亘り分割払いが認められる（10 万ドルを超える場合）。	チームより送金対象を細分する必要を提案。
コントラクターによる送金	明記なし。	新たに公共・民間工事に従事するコントラクターによる報酬料の送金について明記された。送金の都度 BIDA の事前承認を必要とするものの、根拠となる契約・協定書の内容に沿って送金が可能とされた（但し、繰り返し支払う性格の報酬料は前年度収入の 6%が送金可能な上限）。	

3. Materials related to the Action Plan for Strengthening of the BIDA's Functions

BIDA's Capacity Assessment Report

Capacity Assessment Report

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

February 2018

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Attachment-1 : Report of Investor’s Perception Survey

Attachment-2 : Summary of Questionnaire Survey in Divisional Offices

Attachment-3 : Capacity Assessment Matrix

1. Background and Objectives

As one of outcomes within Component 1 for “the Project for Promoting Investment and Enhancing Industrial Competitiveness in the People’s Republic of Bangladesh”, the Project Team prepares the capacity building program in order for BIDA to deliver more investors-oriented services according to the desirable functions as an Investment Promotion Agency (IPA).

Since the design of capacity building programs (Action Plan) requires balanced and realistic assessment of its current capacity, the JICA Team has spent the first several months of project duration on that activities. This report aims to present the results.

Through the capacity assessment, the JICA Team collected comprehensive data and information to understand the current situation of BIDA in terms of human resources, budget, facilities, organizational structure, mandated responsibilities etc. Nevertheless, as this report intends to be a document that will be referred by BIDA during the project duration, this does not contain much of those information about the current situation, which BIDA officials are aware of, and rather focus more on the results of assessment; i.e. challenges and proposed measures for achieving desirable performance.

2. Methodology

There are various functions and services which an IPA is generally supposed to offer to investors. These are mainly categorized into three classifications;

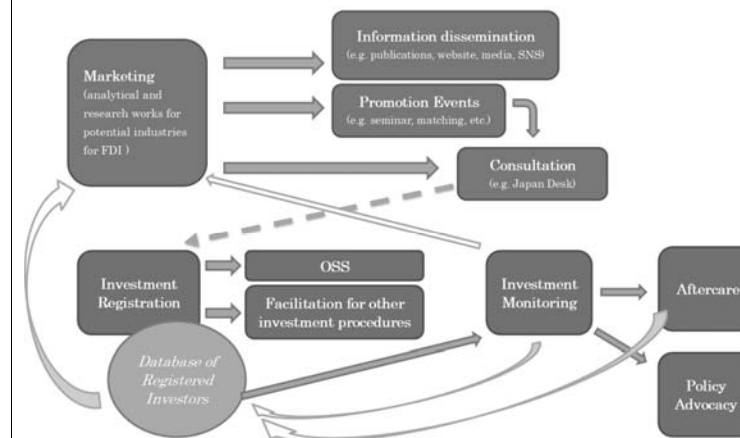
- i) Investment Promotion (Marketing, Information Dissemination, Investment Promotion Events, etc.),
- ii) Investment Facilitation, (Investment Registration/Approval, OSS and other facilitation for investment procedures, Investment Monitoring, and Aftercare), and,
- iii) Policy Advocacy.

Although these classifications could vary depending on IPA’s authority and organizational structure, in this JICA Project, the assessment work adopts the classifications as mentioned above and takes the following two steps:

- ✓ Data collection: to know current situation of BIDA through interviews with officials of BIDA HQs (Questionnaire Survey to BIDA Divisional Offices as well), and interviews with foreign investors registered with BIDA for the last 5 years.
- ✓ Comparative analysis: in comparison: to measure the gaps in BIDA’s current capacity, comparing to the expected IPA’s performance.

Furthermore, based on gaps measured through comparative analysis, the JICA team will propose challenges for each function and service in order for BIDA to upgrade the capacity as IPA.

- ✧ Considering the challenges, one of main focus was that each expected function of IPA should be correlated with each other. The picture below describes how each function could work interactively.



For example, “Investment Monitoring”, which is the activity for analysing the status of each registered project implementation, could collect information to be used for “Marketing”, in addition to “Aftercare” and “Policy Advocacy”, in a way that information about existing investors who are seeking business partners would be valuable to potential investors in the same industry. Thus, internal information sharing should be one of key factors for BIDA’s capacity building.

3. Results

This part discusses the result of Capacity Assessment. The following sentences focuses on *Ideal Performance* for each IPA function and propose several *challenges (bullet points)* that aim to upgrade BIDA’s capability as IPA. Furthermore, each challenge is elaborated with reasoning, such as current situation of BIDA, expectation from investor, and good practice of other countries. The summary of the result is provided by the matrix (Attachment-3).

3.1 Marketing and Information Provision

Ideal Performance

IPA is expected to carry out analytical research about domestic industries continuously for;

- 1) identifying potential countries to be promoted to new investment, and
- 2) preparing statistical dataset to be provided to potential investors.

The focus of such research work should be on key sectors which the governments designate as main drivers of economic growth.

Information required by potential and existing investors need to be regularly updated and always

ready to provide through available publication. Website should be well-organized as a main information tool; by posting the latest news such as coming events and related laws and regulations which should be supplied in foreign languages as well, at least English.

Review national policies in related fields to identify key sectors

Identifying target sectors to be researched could begin by referring concerned national policies which should reflect governments' intentions. In Bangladesh, Vision 2021, The Seventh Five Year Plan and the National Industrial Policy should be carefully reviewed (studied) to understand which sectors and how the government is aiming to develop them. The consistency with the national policies about investment promotion should be maintained in BIDA's activities.

Collect sector information, arrange and store

The most common opinion among registered investors interviewed by the JICA team was that BIDA could provide sector information, especially BIDA'S ICT sector. The respondents raised some examples of necessary information; kinds of raw material and equipment indispensable for production that can be procured within the local market; knowing about main players in respective sectors; to find out what kinds of infrastructure are locally available; and how big is domestic demand for particular products; and in which areas are some industrial clusters formed.

On the other hand, there is a constant demand among some of BIDA officials for human resource development with respect to research and analytical skills. In this regard, although it should take time to equip officials with such skills, it should be possible in short term to have them regularly collect sector information from related ministries or industrial associations. Furthermore, these individually collected information need to be stored and shared with other officials who may be later asked to provide the same types of information by investors..

Update existing publications at the right time

Since BIDA was established, some of the main publications have been updated or newly created. There should be a department in BIDA responsible for regular updates of existing publications and planning new ones.

Make use of the publications, sharing with stakeholders and distributing at promotional events

Once the new version of publication is updated or created, they need to be shared immediately and continuously with important stakeholders, such as embassies in major investing countries and IPAs of foreign countries, in order for the latest information to reach as many potential investors as possible. It should be theoretically possible to make all publications available online. It would be also desirable that some feedback system is established to collect opinions of the readers on these publications so that BIDA could reflect "customers' view" on the next updates.

3.2 Investment Promotion Event

Ideal Performance

Investment promotion events should be planned annually based on allocated budget for this purpose, in line with national policies and IPA's own research results.

Feedback from participants should be collected for better performance in following events. Most of the promotion events could be a good chance for building relationships with unknown potential investors, and their information need to be collected and stored in a database in house.

Formulate annual plans of promotional events (domestic and international), and disseminate event information through right channels

In order to keep consistency with national and regional strategy for investment promotion, BIDA would need to make activity plans, at least annually, rather than only responding to foreign stakeholders' requests of organizing any events.

Also, it is found through interviews that there seems to be many potential and existing investors who are eager to have a chance to attend events, and then, annual plans of promotional events enable IPA to disseminate event information early enough for potential investors to notice and decide to attend. Most of the interviewed investors stated that any investment promotional events would be very crucial for their decisions (decision-making) for investments in Bangladesh.

Moreover, IPA could make use of various kinds of channels/media (such as social networking, newspapers, web-based promotions, newspaper promotions, etc.) so that information could reach as many investors/stakeholders as possible. While having interviews with registered investors, a lot of ideas about possible information channels were shared, such as website, mailing list, newspaper, embassies in foreign countries, mass text messages, etc.

Design and organize promotional events focusing on particular sectors

It was found over the interviews with investors that there is a great demand for investment promotion event focusing on particular sectors. Actually, such kind of events have been rarely organized by BIDA (for leather sector and light engineering in 2015¹) although the events covering general aspects of the country and inward/outward delegations have frequently taken place every year. One of the most common opinions from interviewed foreign investors is that participants to such events tend to secure basic information of investment destination before these events and so expect IPA to provide more specific information for their decision-makings.

Coordinate with embassies in foreign countries

There is no doubt that Bangladesh embassies in foreign countries could play a vital role in helping plan and organize investment promotion events there. For example, Rwanda Development Board (RDB), IPA of Rwanda, closely coordinate with embassies in some countries to identify private companies which are likely to consider new investments. Sharing concepts of new events, RDB requests the embassies to invite those potential investors.

3.3 Consultation

Ideal Performance

¹ BOI Annual Plan

Consultation service should be proactive, not ad-hoc or at a request basis, by discovering and approaching potential investors. Potential investors include foreign companies who seek related information or ask for any queries to IPA. Also, foreign investors attending the past investment promotion events can be regarded as potential investors.

The database of IPA should contain their information; company profiles and contents of inquiry they made.

Also, consultation services should be quick actions; information that foreign companies seek is apt to be urgently necessary for their investment decisions, and so IPA is required to respond to them as soon as possible. As a possible and general measure, several common queries can be organized into information package (Frequent Asked Questions) to be supplied through website or in person. It ensures information consistency among staff in charge, and reduction of administrative cost.

Manage profile of foreign companies which raise enquiries or participated in the past events

Although BIDA (BOI) has organized many investment promotion events in the past years, there is internally no information about the participants. It would be effective to store such information as the lists of foreign investors who have attended any past events, and basic information about companies and individuals which have made contacts to BIDA (BOI) for seeking information.

Follow up with potential investors, with the cooperation of embassies in foreign countries

Based on potential customer information stored in house, BIDA could consider approach and develop new investments, and in this sense, consultation is the most pivotal function among all. BIDA officers could keep in contact with foreign investors who have shown their interests in investing in the country somehow. It is not enough to provide information as much as customers request, and rather, with the purpose of having them make investment decisions, it is necessary to fill the gaps between their understating and reality through continuous communication. In doing so, BIDA needs to secure sustained and committed support from embassies in foreign countries, which should have geographical advantages in accessing enterprises located there.

Establish reception or helpdesk for navigating visitors to right departments

Most of registered investors interviewed by the JICA team stressed that it is not known nor clear what kinds of services BIDA currently offers to foreign investors. Furthermore, as they encountered difficulties in reaching departments of BIDA in charge of their issues, contact information of department as per functions and services could be provided through helpdesk which helps them reach the right persons in BIDA smoothly.

3.4 Investment Registration

Ideal Performance

Procedures of investment registration are transparent and not complicated for ease of doing business. Requirements for application (list of documents to be submitted) are easy to understand and obtain for applicants. The procedures can be completed within a reasonable time and it would

be appropriate if the progress of application can be monitored. The expected duration of process is accurately committed and informed to applicants at the time of submission of application documents. Application and Issuance of investment registration is available on-line.

As long as the JICA Team interviewed with registered investors, the procedure of BIDA's investment registration seems overall satisfactory although some of them stated that there is still room for improvement.

Offer on-line service for concerned procedure, and establish database of registered investors

Although the application for investment registration with BIDA is currently handled manually, it can't be denied that any investment procedure including investment registration should be available online to applicants. Consequently it enables BIDA to establish the database of registered companies, connecting with online application system. The database of registered investors under construction will be established in BIDA very soon, which is supposed to be linked with online application system as well. Once this preparation is made, it is assumed that the investors database can be updated automatically with newly registered information.

The online application system should enable any applicants to monitor the progress of their application. One of the general problems faced by investors is that if any delay occurs in procedures, they have no source to know about the status of applications.

Strengthen consultation services for application procedures

Some of interviewed investors raised several issues for improvements in this regard; it is commonly said that initial guidance about the procedure should be more precise and consistent. A registered investor introduced his experience that a different checklist of required documents was given when he submitted a set of documents according to the initial instruction. Another case which is more frequently answered by interviewees is that the duration of procedure took longer than they were initially informed. In order to avoid such confusion among applicants, all BIDA officials in charge would need to share the same guidance for investors, for instance.

Another demand for human resource development in this regard is that BIDA officials in charge of investment registration need to learn business knowledge in particular sectors, for instance common raw material and equipments to be imported. In other words, they do not have knowledge and enough experience to make proper classifications. This actually leads to the issue that items declared for import can not be exempted from import duty despite its entitlement.

As a common case, investors contract consulting companies or law firms to deal with BIDA procedures. However, it seems that those third party could be factors causing any confusions or delays on the procedures, according to the investors interviewed by the JICA Team. Enhancing the accuracy and consistency of guidance supplied by BIDA staff, investors would not need to rely on such third parties.

3.5 One-stop-service (OSS) and other facilitation services

Ideal Performance

OSS set up to cover as many permits/licenses as possible which are indispensable for starting businesses. IPAs are fully authorized to approve the issuance of those permits/licenses, or be the single point of receipt for all types of applications. Application and issuance of certificates can be done by on-line.

Investors should be supported in obtaining necessary permits/licenses which are not covered by OSS.

Expand OSS services to cover all investment procedures and make them available online

Many of registered investors interviewed claimed that investment procedures in Bangladesh are very complicated and time-consuming, and it would be quite helpful if BIDA could be an integrated point to accept application documents for all kinds of licenses and permits for starting business in the country. BIDA is currently developing the new OSS which is supposed to end up covering all necessary procedures for starting business in Bangladesh from a single window/point. Hence, the first priority is to execute this initiative as scheduled.

Shorten the required duration, coordinating with related ministries and other institutions

Apart from connecting online application systems with ministries and other authorizing institutions, BIDA seems to be expected by interviewees to negotiate with those governmental bodies to reduce the time for the completion of each procedure.

Furthermore, besides establishing online system, BIDA officials in charge need to be capable of facilitating the individual applications in case of any delay. Some of registered investors pointed out in the interviews that other government institutions generally do not take BIDA's recommendations or facilitation letters seriously. In other words, as long as other institutions hold their decision authorities, BIDA would still need to take/play an important role in facilitating application procedures even if application takes place online.

3.6 Investment Monitoring

Ideal Performance

The status of individual project implementation is regularly monitored and analyzed. The first purpose is to check their economic activities comply with related laws and regulations (inspection).

The second is to find out the realized amount of investment to be publicized as one of key indicators for FDI. Trends on project realization in terms of sector and other aspects could be valuable for potential and existing investors.

Lastly, investment monitoring aims to identify registered investors who encounter any constraints and difficulties on their implementing investment. There are generally a certain portion of registered investors who give up their project implementation due to some reasons and leave the country. In case that investors with any problem are found, following activities (Aftercare or Policy Advocacy) are conducted.

Although investors registered with BIDA has had the obligation of periodical report about project implementation, none of them has complied with it. Then, Investment Monitoring activity has commenced in July 2017 and the achievement at that time was merely 10% of contacted investors by letter provided by BIDA with required information.

Meanwhile, through the interviews with 30 investors (as of December 2017), it proved that there are 2 registered foreign companies which have closed their business due to some constraints.

Establish robust monitoring system (human resources and work flow)

BIDA has the department mandated to conduct investment monitoring and yet the department is encountering the shortage of manpower; there are roughly 750 foreign and 6,500 local projects in case that monitoring department targets investment projects registered in the last 5 years (2013-2017). It is obviously unrealistic that only a few officers handle such huge numbers of projects. It is the high-priority issue to secure enough human resource personnel for this activity.

Besides, for efficient and systematic operation, the SOP (Standard Operating Procedure) is indispensable for BIDA officials in charge to share the same understanding and operational guideline on conducting activities. SOP is supposed to define, for example, target years of registration and the frequency of monitoring activity.

Share internally and update information of registered investors

Investment monitoring activity requires basic information concerning registered investors to be monitored. Especially their available contact information is absolutely necessary. In BIDA, information sharing between the departments of investment monitoring and investment registration has partially started in the middle of last year. As the next step, information sharing needs to become the daily activity, which means that the concerned department needs to be shared with the latest information about registered investors.

In the meantime, developing the database of registered investors is underway. Once established, the database should be assessable by the department of investment monitoring, and new department in charge within new BIDA structure.

Oblige registered investors to make periodical report (notification at the issuance of investment registration)

Firstly, it is necessary to make sure that BIDA officials in charge of investment registration fully explain registered investors the conditions including their responsibility of periodical report. It was found through interviews that most of investors are not aware of even their responsibility of submitting periodical report.

Even if all registered investors are well informed, there should be certain number of investors who do not comply with it. In some other countries, investment laws and regulations oblige investors to submit progress report periodically. In addition, there are some nations in Southeast Asia where foreign

investors who fail to meet the condition would face some punitive actions, such as cancellation of investment approval or payment of a fine.

Analyze and utilize collected information for investment promotion

Collected data through investment monitoring could be good reference for designing investment promotion activities as mentioned above. For example, information about existing investors seeking further business partners could be worth sharing with potential investors in the same industry, through consultations and any of BIDA's events. Hence, giving feedback from the department of investment monitoring to that of investment promotion should be generalized.

Enhance the capability of Divisional Offices

Due to its geographical proximity, Divisional Offices of BIDA are required to play a vital role in contacting registered foreign companies located within their jurisdictions. Interestingly, some of Divisional Offices have been regularly communicating with domestic and foreign investors which were registered by the Divisional Offices. Besides, as for investors registered by BIDA HQs, it is necessary to establish the coordination mechanism between central and local stations in which investors' information are mutually shared and Divisional Offices could carry out monitoring activities on behalf of HQs.

3.7 Aftercare

Ideal Performance

Aftercare is defined as any service and assistance offered to investors registered by IPA. Aftercare should be offered systematically and strategically, in order to;

- 1) Convert approved investors to implementation stage (retain existing investors in the country);
- 2) Promote their reinvestment in the country;
- 3) Foster linkage with local industry; and
- 4) Satisfy them to diffuse positive image of the country.

Presently, BIDA's organization is not designed to provide aftercare services systematically although there might be some cases that officials personally help registered investors solve some problems if accepting any of their requests. The following part discuss under the assumption that the new BIDA structure includes Aftercare Division.

Design and provide effective and workable aftercare according to project status

Aftercare could vary depending on the status of each registered project. In case of projects that are still going through application process of any license or permit, aftercare should be more like facilitating institutional process through the coordination with relevant ministries or other government bodies. On the other hand, registered projects which already became operational are more like to require BIDA's support for expanding their businesses. Some of investors interviewed by the JICA Team stated that such approach needs to be adopted.

In designing such different types of aftercares, investment monitoring needs to be carried out

comprehensively and accurately as much as possible. In this regard, the development of information management system is also a crucial matter.

Facilitate the linkage with domestic industries

Fostering linkage with domestic industries is generally one of the objectives of aftercare. One of the common scenario is that, as a consequence that aftercare goes on for operational projects which are struggling to secure local suppliers of particular items, BIDA might have some ideas of matching some local SMEs with great potentiality to meet the specification. However, it depends on the managerial decision of BIDA whether linkage with local industries should be included into its mandates.

Establish continuous follow-up system

Basically, aftercare should be continued until the target problems clear up although it might be an option to give up some problems due to time and financial constraints on BIDA's activities. The progress after having taken any action need to be checked. It is significant to monitor the latest situation and update the recorded information within the database in house, in order to share with other officials and management.

Draw ideas for policy advocacy

As BIDA proceeds this activity continuously, there will be some issues which is beyond the scope of BIDA, for instance, the issues requiring amendment of laws. Any issues impossible for BIDA to solve are stored and shared in house, and will be discussed with related ministries or brought into any high-level discussions in the government (as the following part describes).

3.8 Policy Advocacy

Ideal Performance

IPAs need to organize regular dialogues with established and potential investors, to reflect their voices within government policy making.

IPAs meet with other government institutions to discuss proposed regulatory changes and business issues. IPAs should lead the coordination among related stakeholders.

In terms of improvement in business environment, BIDA is currently involved in some platform at the national level, such as BUILD and Public-Private Economic Dialogue between Bangladesh and Japan. In the meantime, as a result of investor interviews, it was found that most of them expect BIDA more for carrying out policy advocacy on behalf of private sector. Actually, as of the end of December, the JICA Team faced 4 investors out of 30 who have raised their voices somehow to BIDA (BOI) on special matters although it is not clear if they have received any feedbacks since then.

IPA is generally capable of playing a leading role in improving business climate because of its distinctive position connected with both public and private sector; BIDA as an authority directly supervised by Prime Minister's Office could be more influential in institutional arrangement for better investment climate. In addition, BIDA could take advantage of its own channel with a number of investors who are supposed to encounter a wide range of business issues on a daily basis. Any

recommendation for policy making to be made by BIDA should be designed based on their inputs.

Establish any platform for collecting investors opinions for improvement of business environment

In order to collect investor's opinions more constantly and systematically, it is a possible option to form some regular events. Besides investment monitoring which could be the system to collect investors' voice individually as stated above, some kind of regular event, such as business meeting and conference for existing investors, which can involve multiple investors at once is also effective for gaining important ideas for policy advocacy.

Enhance the internal coordination of BIDA for collecting information

As various departments will be formulated in the new structure of BIDA according to different types of services for investors, each department have chances to receive requests and recommendations from investors on a daily basis. Ideally, any valuable information should be shared among all focal persons concerning policy advocacy in BIDA.

Hold regular dialogues with other government entities, for both information collection and policy advocacy

After collected ideas from investors are transformed to formal proposals, coordinations with other stakeholders should occur. The success of any policy advocacy depends on the continuous involvements and firm commitments of ministries and other governmental entities. Although there are already some cooperative initiatives among different governmental institutions, such as BUILD and Japan-Bangladesh Private Public Dialogue, it is additionally necessary for BIDA to bilaterally coordinate with each related ministry or government institution for detail discussions. Through this activity, BIDA officials can obtain sector information.

Follow up the progress on issues discussed in Japan-Bangladesh Economic Dialogues

The Dialogue, which formulates working groups for three different kinds of topics, is one of the important public-private platform in Bangladesh for improvement of investment climate. BIDA currently take the role of secretariat at the Bangladesh side, and is also assigned to tackle several key issues. In this sense, while BIDA is required to make progress on its own assigned issues, the development of its administrative capacity for smooth and effective operation of the Dialogue seems vital.

3.9 Overall

Securing enough manpower

The shortage of manpower (number of staff) is obviously one of the most serious and urgent issues at BIDA HQs as well as Divisional Offices in order to fulfill its organizational objectives. Therefore, a minimal precondition for achieving IPA's functions and services illustrated above is the resolution of

this problem.

In the meantime, BIDA Corporate Plan which will be officially approved soon mentions the total number of positions and staffing plan. Hence, the implementation of the Plan is quite crucial.

Incompleted office environment

Since its inception in 1989, Board of Investment of Bangladesh, later forming to be Bangladesh Investment Development Authority in 2016, was located at a rental office in Motijheel, Dhaka. With a broad aspect to cover in developing the investment scenario of Bangladesh to achieve the goal of vision 2021, BIDA moved to its own office that is designed to cater to the required facilities in August, 2017. The new premises is a 12 storied building located at a prime location with easy access to Prime Minister's Head Office and related ministries in close proximity. However, with three floors being able to provide BIDA's operational functions to its staff, the remaining, including its very entrance, is still under construction.

Achievements of some challenges discussed as above may depend to some extent on physical working environment. However, the building construction seems to take a few more years. Hence, some of the challenges could be addressed by just temporary measures.

For instance, the deployment of help desk and reception which aim to navigate visitors (new and existing investors and other stakeholders) to departments in charge of information they seek or any other issues can be accomplished tentatively in a way that establishment of a temporary reception and help desk at the complex along with clear signboards defining/directing the location of the supporting departments of the organization, for ease of navigation of the visitors.

Strengthen the Capacity of Divisional Offices

As 5 Divisional Offices are supposed to carry out the same kinds of activities as BIDA HQs does, their capacity substantially varies from office to office, in terms of manpower, facility, and experience and knowledge of staff. While most of offices focus on local investors, Chittagong Office deal with foreign investors as well.

As international practice, regarding investment promotion activities (e.g. seminar and conference), local branches of IPA are supposed to take care of mostly domestic investors. On the other hand, investment facilitation (e.g. facilitation of necessary institutional procedures, investment monitoring and aftercare) need to cover foreign investors as well, at least for those who are located within their own jurisdiction.

One of the main challenges is the coordination between HQs and each Divisional Offices, in terms of human resource development and information management. Although some sorts of training programs for officials have been organized in BIDA HQs, staff stationed in Divisional Offices should be invited. Moreover, BIDA HQs is required to help Divisional Offices recruit additional personnel as some of the office representatives expect. As for information management, in order to strengthen information

sharing between the central and local level, necessary measures need to be taken. Another important aspect is the development of their capability for conducting investment monitoring activities in a proper way, as argued above.

4. Argument for Action Plan

4.1 Points to be taken into consideration

BIDA's available human and financial resources

Although it is predicted that staffing procedure will be accelerated in order to secure enough manpower once the BIDA Corporate Plan is officially approved, BIDA needs to conduct its mandates with current human resources for the time being. Also, the JICA Project given a defined time frame is required to commence project activities immediately after Action Plan will be launched in March 2018. In this situation, designing Action Plan may need to reflect current human resources in the short term as well as increased manpower proposed by the Corporate Plan in the long term.

In this sense, not only does it focus on development of individual human resources, Action Plan will include some activities which aim to prepare and strengthen its operation system where even officials to be appointed could fulfill their assigned tasks immediately.

Consistency with BIDA Corporate Plan

As BIDA Corporate Plan will be the guideline for being a world-class IPA, Action Plan of the JICA Project needs to maintain the consistency with it. In other words, the Action Plan will consist of a wide range of activities for achieving goals that BIDA Corporate Plan set forth. Therefore, in-depth review of the Corporate Plan is crucial in considering and designing the Action Plan.

In addition, the Corporate Plan is supposed to introduce new organogram of BIDA which has been designed to carry out desirable activities of IPA. Then, each activity to be proposed by Action Plan will involve a concerned department or unit in implementation; e.g. activities for improvement of Investment Monitoring should be mainly undertaken by the unit responsible for that service under the new organization. In this sense, the successful implementation of Action Plan is contingent on the new structure of organization.

Overall objectives of the JICA Project

Besides Capacity Building of BIDA, there are other pillars within this Component of the JICA Project. Furthermore, other two Components also have several pillars. For synergic effects within the JICA Project, the design of this Action Plan needs to take into account all other pillars. For example, Component 1 of the JICA Project, whose objective and activities have been mutually agreed with BIDA, has another pillar; Business Climate Improvement. In this regard, Action Plan could include some actions related to Policy Advocacy which is one of IPA functions. Upgrading the function of Policy Advocacy would create positive impact on leading the Japan-Bangla Public and Private Economic Dialogue.

Meanwhile, the overall goal of the JICA Project is to foster business linkages between foreign investors and domestic industries, for which Investment Monitoring and Aftercare of BIDA could make some contributions.

Other external assistance

Except for JICA, there are some external organizations which have been providing technical assistance to BIDA for upgrading its functions and services. It is necessary to avoid unnecessary confusion and overlapping over the technical assistance activities to be provided by those stakeholders.

In doing so, once being proposed and approved by BIDA, Action Plan need to be shared with other stakeholders involved in BIDA's capacity building.

Report of Interviews to Foreign Investors Registered with BIDA

1. Outline and Objective

Duration: from end of October 2017 to mid of January 2018

Interviewees: Foreign investors registered with BIDA from 2013 to 2017

Objectives of the interview survey are as follow:

- To know about experiences of registered investors with BIDA,
- To gain the perspective of registered investors for BIDA's Capacity.

2. Methodology

In line with functions and services that Investment Promotion Agency (IPA) is expected to carry out, JICA Component Team prepared a series of common questions with the same structure as used for the interview survey to BIDA officers conducted during July to August 2017.

Since this survey aims to gain customers' viewpoints with regard to BIDA's current capacity as IPA, especially for assisting foreign investors, the Team approached only to foreign companies which have been registered with BIDA in the last 5 years from 2013 to 2017, while there should be a certain number of private firms incorporated by multinational enterprises but not registered with BIDA.

Regarding the selection of possible interviewees, the JICA Team focused on those who are based in Dhaka city due to the time constraints on this activity. In addition, the team has chosen interviewees evenly from different sectors although some sectors have very few investors.

3. Interviews

JICA Component Team conducted interviews to 30 foreign investors in total (excluding Japanese investors). The table below shows the sectoral composition of interviewed investors.

The number of interviewed investors by sector

	Number of interviewed companies
Agriculture and fishery	2
Construction	2
Education	1
Energy	2
Garment	3
ICT	5
Manufacturing	10
Services	2
Tourism	3
Total	30

Interviews began with introducing this JICA Technical Cooperation Project and the purpose of the survey, and took around two hours to finish on average.

Most of interviewees showed their interest in the JICA Project which attempts to upgrade BIDA's functions and services because they seem to believe that it could result in the smooth implementation and expansion of their businesses in Bangladesh.

Overall, it is not fully easily perceived by foreign investors (at least among interviewees) on what types of functions and services BIDA currently offers. According to interviewee, BIDA is usually regarded as an organization which just provides investment registration to domestic and foreign investors, and very few investors realizes that BIDA is mandated to conduct various activities for attracting new investment and facilitating registered investment projects.

In the meantime, it was also the case that many interviewees expressed their expectations for BIDA's role in assisting the development of their businesses in Bangladesh.

4. Findings

The following part introduce some common and remarkable answers from interviewees according to functions and services that BIDA is expected to offer. In other words, these are their expectations towards BIDA and the technical assistance to be provided by the JICA Project.

1) Marketing & information provision

- The most common remark from interviewees is that BIDA should be more capable of collecting information about several key sectors in Bangladesh as they actually experienced difficulties in obtaining such information when they asked BIDA so.
- According to the respondents, it includes; raw material and equipment that are normally available for production in Bangladesh; main players in respective sectors; infrastructure that are locally available; domestic demand for particular products; areas where some industrial clusters are formed.
- Some interviewees advised that concerned ministries and industrial associations could act as good information sources to BIDA on this matter.

2) Promotion event

- One of the most common opinions from interviewees is that BIDA should inform potential and existing investors of such event information through right channels, such as website, e-mail, newspaper, and Bangladesh embassies in foreign countries. As example, a respondent shared that Dhaka Chamber of Commerce regularly circulates information of any events through the mailing list of member enterprises.
- The respondent implied that they would like to attend if they are informed because such promotion event could play a significant role when foreign companies make decisions on new investment.
- Among investors who have joined some events, there were some important opinions; firstly, such promotion events should focus on particular sectors because potential investors normally have general information about Bangladesh, like country profile, prior to attending investment

promotion events.

- Another notable comment is that the involvement of existing investors into the events would be effective, which means that they could provide good testimony to potentiality of the country as investment destination. Also, they could be in events introduced as potential business partners for event participants (Business Matching).
- There were very few interviewees who have utilized information disseminated through BIDA's publications and website.
- The most valuable information which BIDA could provide seems to be about sector profile, such as potentiality of domestic market, locations of suppliers, competitors, etc. The respondents who have tried BIDA's publication or website of BIDA stated that they expected to gain such kind of information.

3) Consultation

- As for this service, many investors said that consultation service needs to be more strategic, by concentrating on large multinational corporations.
- Some investors seemed to be dissatisfied with BIDA's late reply to the inquiries that they made.

4) Investment registration

- It was found that there are many investors whose registration with BIDA occurred after years have elapsed since the establishment of entity. This is why most of interviewed companies are now already operational despite their recent registration. It is different from other countries where registration or approval by IPA is the entry stage to the whole investment procedure.
- It is also owing to the misleading information given by consulting firms which investors contracted to handle necessary procedures for starting businesses in Bangladesh. It might be the case that many foreign investors did not know BIDA itself and its services at the time when they come to the country and consulting firms are the only source from which investors gain vital information.
- Unfortunately, some of investors experienced working with irresponsible officers; some BIDA officer made them wait for a couple of hours even after appointment time. The respondent meant that investing in certain countries requires quick action otherwise investors would miss business opportunities.
- In terms of procedure of investment registration, various expectations were shared by interviewees; checklist of requirements should correspond with reality (a few respondents said that a different one was given after initial submission of application documents); and the number of documents to be submitted need to be reduced.
- With regard to the duration of procedure, several interviewees stated that it took longer than what they had been informed before entering the procedure.
- Some investors from ICT sector claimed that BIDA officers need to be more familiar with the

sector in terms of typical facility and equipment to be imported and different types of ICT services.

- On the other hand, there are some investors who stated that procedure of investment registration was quickly done without any problem.

5) One-stop-service

- As for BIDA's current OSS, all foreign companies interviewed applied for necessary procedures directly to concerned authorities, and none of them make use of BIDA's on-line applications.
- However, within BIDA's OSS, Import Registration Certificate (IRC) seems to be the most difficult one to obtain.
- The most common opinion is that all procedures should be integrated into one place, which means BIDA's OSS needs to cover all licenses and permits, not only current ones. In addition, investors seem to expect BIDA to shorten the duration of procedures and help applicants track the progress of procedure.
- One of the common comments is that other authorities generally do not take BIDA's facilitation (request letter) seriously. Even if they bring the BIDA's letter to settle some issues, they need to solve issues by themselves.
- Their expectation is that BIDA need to be more influential to other authorities by coordinating with them more closely.

6) Investment monitoring

- More than 80% of interviewees answered that they have never submitted the periodical report about project implementation although the letter of investment registration mentions that it is one of the conditions to be fulfilled by investors. While some respondents in the interviews justified it by saying that they did not know what to report and when to report, most of them did not realize that it is one of their responsibilities.
- JICA Component Team confirmed with interviewees their progress of registered project, and the following summarizes the result; i.e. the number of registered project being in each classification (see footnote 1 to 3).

Progress of project	Year of registration				
	2013	2014	2015	2016	2017
To be implemented ²	0	0	0	0	0
Implemented ³	0	0	1	3	3
Operational ⁴	1	4	11	6	1

It seems that all registered projects have been realized, and furthermore, most of them already

² To be implemented: the investment has been registered, but other procedures for establishment are underway.

³ Implemented: the investment is being established (e.g. factory construction) but not operational yet.

⁴ Operational: the investment is established and has commenced the operation.

became operational. In other words, there is no project (at least among interviewed projects) that is still in any investment procedures. One of the reasons for this is that interviewed investors obtain BIDA's investment registration some years after the company formation and completion of investment-related procedures (e.g. land acquisition and construction license); i.e. registration with BIDA is not an entry point for the interviewed investors in Bangladesh at the moment.

- In order to oblige their regular report about project implementation, firstly BIDA would need to make sure that applicants for investment registration are fully informed of all obligations after the registration, including periodical progress report. In this respect, the format of monitoring should be attached to the letter of registration.
- Besides, some workable monitoring system needs to be established within BIDA as there are some investors who do not seriously take this instruction.
- Most of the interviewees are willing to accept BIDA's visit to their sites to maintain the close communication.

7) Aftercare

- Although IPA is expected to offer continuous support to investors after registration whenever they face any issue, none of the respondent received such supports or contacts from BIDA.
- Aftercare cannot be provided without frequent and careful monitoring activity. An investor pointed out that the contents of aftercare should be different depending on the progress of project implementation.
- Some investors recommended that BIDA establish regular communication mechanism between registered investors and BIDA officers in charge. One option would be that BIDA regularly distributes newsletters, so that BIDA keeps registered investors informed about the latest news such as amended laws related to investment, and scheduled events.

8) Policy advocacy

- Although most of investors do not know before the interviews that policy advocacy would be one of BIDA's functions, they expect that BIDA be more capable and authorized to take this role.
- As various industrial associations are playing an important role in policy advocacy in a way that they gather voices from member companies concerning business climate improvement, and raise some recommendations to the government.
- Since some industrial associations tend to act in favor of domestic industries, foreign companies depending on sector are not allowed to have the membership. Further, their representatives rarely submit recommendations in favor of foreign investors.
- One of key recommendations from respondents is that BIDA organizes regular dialogue (which can focus on the particular sectors), in which registered investors gather to share and discuss the constraints and difficulties faced during the course of their business operation. Such dialogues would be valuable inputs for BIDA to formulate the policy reform proposals.

Summary of Questionnaire Survey Result for BIDA's Divisional Offices

1. General Information

		Chittagong	Khulna	Barisal	Rajshahi	Sylhet
1	Year of Establishment	1989	1989	1994	1989	N/A
2	Number of Staff (total)	5	4	4	1	N/A
	Official	2	2	1	1	
	non-official	3	2	3	0	

2. IPA Services in practice (○=in service, x= not in service)

		Chittagong	Khulna	Barisal	Rajshahi	Sylhet
1	Marketing	x	x	x	x	N/A
2	Promotion Events	○	○	○	○	N/A
	# of events 2014-2016	2	3	2	1	
3	Consultation	○	○	○	○	N/A
4	Information Dissemination	○	x	○	○	N/A
	Use of BIDA's publication	○	x	○	x	
5	Investment registration	○	○	○	○	N/A
	# of projects 2014-16 (local)	545	113	11	101	
	# of projects 2014-16 (foreign)	88	0	0	0	
6	OSS	x	x	x	x	N/A
7	Investment monitoring	x	x	x	x	N/A
8	aftercare	○	○	x	x	N/A

3. Constraints on overall operation (○= applicable, x=not applicable)

		Chittagong	Khulna	Barisal	Rajshahi	Sylhet
1	Budget allocation	○	○	○	x	N/A
2	Lack of manpower	○	○	○	○	N/A
3	Insufficient IT infrastructure	○	○	○	○	N/A
4	Lack of skilled officer (lack of trainings)	○	○	○	○	N/A
5	Poor knowledge retention	x	○	○	x	N/A
6	Lack of coordination with HQs	○	○	○	○	N/A

Capacity Assessment Matrix

I. IPA's functions

Functions and services	Expected outcomes		Current Capacity	Gap (Challenges)
	international practices	Investor's expectation		
Investment Promotion				
1. <u>Marketing/Information Provision</u> : any research and analytical works for strategic sectors	<ul style="list-style-type: none">Analytical research about domestic industries could be carried out continuously for: 1) identifying potential countries to be approached 2) preparing statistical dataset to be provided to potential investors	<ul style="list-style-type: none">Collection of relevant information from both public and private sectorsProvision of more information about particular sectorsProvision of more information about investment procedures (e.g. guidebook)Reception desk offerSmoothen guidance for visitors	<ul style="list-style-type: none">No research work on sector and country profile, but outsourcing the tasks to conduct research and produce publicationsBICF is supposed to develop capacity in this regard, during Phase1.BIDA has two types of publication: handbook for foreign investors (produced by BIDA in 2017/9), and sector profiles.Website has been just renovatediGuide (UNCTAD) is underway.	<ul style="list-style-type: none">Review national policies in related fields to identify key sectorsCollect sector information, arrange and storeUpdate existing publications at the right timeMake use of the publications, sharing with stakeholders and distributing at promotional events
2. <u>Investment promotional event</u> : to plan and organize international and domestic events (seminar, conference,	<ul style="list-style-type: none">Annual plan of promotion events could be prepared, in line with national policies and its own research results.Feedback from participants should be collected for better performance in following events.	<ul style="list-style-type: none">Proper dissemination of event information through right channels (e.g. website, mailing list, media, embassies, and associations)Organizing promotional events focusing on particular sectors, and	<ul style="list-style-type: none">Annual plan which is 1st as BIDA will be made soon.Many of promotion events (BIDA Annual Report) have been organized as results of request by external organizations.No feedback collected and no follow-up actions towards participantsDesign of events is not linked to	<ul style="list-style-type: none">Formulate annual plans of promotional events (domestic and international), and disseminate event information through right channelsDesign and organize promotional events focusing on particular sectorsCoordinate with embassies in

1

Functions and services	Expected outcomes		Current Capacity	Gap (Challenges)
	international practices	Investor's expectation		
delegations, etc.)		business matching	analysis of trend on sectors and countries.	foreign countries
3. <u>Consultation service</u> : to provide consultation to potential investors	<ul style="list-style-type: none"> Consultation service should be proactive, by identifying potential investors from its end. Information on investors who have raised enquiries or have attended the past promotional events should be stored. Information package aggregating common queries could be prepared, for information consistency and quick response. 	<ul style="list-style-type: none"> Quicker responses to investors' enquiries 	<ul style="list-style-type: none"> Ad-hoc and passive actions: main activity is to provide information to investors who request Japan-Desk is not specified to Japanese: it is not served in Japanese BIDA officials are not capable of providing sufficient information (regulations, particular industry, etc.) 	<ul style="list-style-type: none"> Manage profile of foreign companies which raise enquiries or participated in the past events Follow up with potential investors, with the cooperation of embassies in foreign countries Establish reception or helpdesk for navigating visitors to right departments
Investment Facilitation				
4. <u>Investment registration</u> : to deal with investors which apply for investment registration to BIDA	<ul style="list-style-type: none"> Requirements and procedures are transparent and not complicated. Requirements for application are preparable. The expected duration of process is informed. Application could be done by on-line. 	<ul style="list-style-type: none"> More detailed guidance on preparation of requirements (e.g. check list, flow chart) BIDA officials understand more about business (e.g. sector classification, market competitiveness, machineries and raw materials generally) 	<ul style="list-style-type: none"> Duration has been drastically reduced through digitalization and authorization of approval. Registration of commercial statuses takes longer due to the authority of inter-ministerial committee. Divisional offices can receive and register proposed projects (except for commercial status). Project analysis (screening) is not 	<ul style="list-style-type: none"> Offer on-line service for concerned procedure, and establish database of registered investors. Strengthen consultation services for application procedures

2

Functions and services	Expected outcomes		Current Capacity	Gap (Challenges)
	international practices	Investor's expectation		
		<ul style="list-style-type: none"> imported, etc.) Procedures will be more streamlined (application documents, and duration). 	<p>made for approval, and approval process is usually done within a day.</p> <ul style="list-style-type: none"> Registered investors are entitled to fiscal and non-fiscal incentives Profile of companies and projects are managed manually but database is being established. Registration fee can be part of a BIDA's income source Issuance of work permit is part of BIDA authority 	
5. <u>One Stop Service and other facilitation service</u>	<ul style="list-style-type: none"> OSS set up to cover as many permit/licenses as possible IPAs are fully authorized to approve the issuance, or single point for application. Application could be done by on-line 	<ul style="list-style-type: none"> It needs to be possible to track the progress of submitted application. It needs to strengthen BIDA's facilitation for other authorities' procedures. Shorter duration of other authorities' procedures 	<ul style="list-style-type: none"> BIDA OSS currently covers eight types of permit/ license, except for BIDA investment registration. Most investors apply for the procedures directly to related authorities, bypassing BIDA. Will make 14 types, including additional five, online service by March 2018 (Phase-1). 5 out of 14 are within BIDA's jurisdiction, and the rest is covered by 4 authorities. By December 2018, all 34 types will be online (Phase-2). BIDA officials are not able to answer investors' queries due to lack of 	<ul style="list-style-type: none"> Expand OSS services to cover all investment procedures and make them available online Shorten the required duration, coordinating with related ministries and other institutions

Functions and services	Expected outcomes		Current Capacity	Gap (Challenges)
	international practices	Investor's expectation		
			<p>knowledge about other procedures</p> <ul style="list-style-type: none"> Besides OSS, BIDA does not support investors in obtaining other permit/licenses. All procedures will be served on-line. There is the department of investment monitoring but the new structure does not set forth it. Proactive monitoring activity has just started, only for foreign investors. Ratio of reply is around 10%. Collecting information is made by letter and project visit. Divisional offices are also involved. Obligation of investors for periodical report is established and informed investors through registration letters, but no one comply. Then, insufficient information about the project realization. Data management and analysis have not been done yet. Internal committee has been formed to discuss about better operations. 	
6. <u>Monitoring</u> to monitor investment projects registered with BIDA	<ul style="list-style-type: none"> The status of individual project is regularly monitored for identifying projects which confront difficulties on implementation. The amount of realization is regularly updated and publicized. Direct and regular communication with registered investors is established. 	<ul style="list-style-type: none"> Most registered investors are not aware of this function. More detailed guidance on how and what to report to BIDA after registration. 	<ul style="list-style-type: none"> Establish robust monitoring system (human resources and work flow) Share internally and update information of registered investors Oblige registered investors to make periodical report (notification at the issuance of investment registration) Analyze and utilize collected information for investment promotion Enhance the capability of Divisional Offices 	

Functions and services	Expected outcomes		Current Capacity	Gap (Challenges)
	international practices	Investor's expectation		
7. Aftercare: to provide any support to investors registered with BIDA after they commence investment activities	<ul style="list-style-type: none"> Aftercare should be offered systematically and strategically, in order to; <ul style="list-style-type: none"> ➢ Convert approved investors to implementation stage; ➢ Promote their reinvestment; ➢ Foster linkage with local industry; and ➢ Satisfy them to diffuse positive image of countries 	<ul style="list-style-type: none"> Most registered investors are not aware of this function. Many registered investors have different needs for aftercare in implementing and expanding investment activities (e.g. obtaining bond license and construction license). 	<ul style="list-style-type: none"> No practice so far regarding aftercare. In case existing investors apply for expansion of investment, OSS service could take care of them. Department of Aftercare will be set up in new organization. 	<ul style="list-style-type: none"> Design and provide effective and workable aftercare according to project status Facilitate the linkage with domestic industries Establish continuous follow-up system Draw ideas for policy advocacy
Advocacy				
8. Policy advocacy: any tasks for advocating policy changes regarding investment climate	<ul style="list-style-type: none"> Some IPAs organize regular dialogue with established and potential investors, to reflect their voices within government policy making. Some IPAs meet with other government institutions to discuss proposed regulatory changes and business issues. Some IPAs lead the coordination among related stakeholders. 	<ul style="list-style-type: none"> Many investors have different needs for policy advocacy (e.g. infrastructure development, diversification of payment term, proper classification of HS code, etc.) Regular dialogues with registered investors 	<ul style="list-style-type: none"> Being involved in several initiatives; BUILD and "Public-Private Economic Dialogue between Bangladesh and Japan" No internal system to reflect investors' opinion regarding business climate improvement. The new organogram will have departments or units in charge of policy advocacy. 	<ul style="list-style-type: none"> Establish any platform for collecting investors opinions for improvement of business environment Enhance the internal coordination of BIDA for collecting information Hold regular dialogues with other government entities, for both information collection and policy advocacy Follow up the progress on issues discussed in Japan-Bangladesh Economic Dialogues

II. Organization Management

	Expected outcomes	Current Capacity	Gap (Challenge)
1. Organization Structure	<ul style="list-style-type: none"> Organizational structure is designed according to services offered to investors. There are local offices across the country. 	<ul style="list-style-type: none"> The organization structure is designed by services and functions. There are 5 Divisional Offices and will be 3 more offices under the new organogram. Divisional Offices are delegated to conduct almost the same duties and tasks. 	<ul style="list-style-type: none"> There are various constraints on operations of Divisional Offices.
2. Human Resource	<ul style="list-style-type: none"> A sufficient number of staff are deployed at each station depending on the workload. Annual HRD plan is set to develop individual skills and knowledge. 	<ul style="list-style-type: none"> Chronic shortage of manpower at both HQs and Divisional Offices; taking time to fill vacant positions. A small number of permanent staff (most officers tend to be transferred in 2-3 years.) Besides official staff, there are many non-official staff who are employed by BIDA Individual performance is assessed annually. HRD trainings have been conducted every year. 	<ul style="list-style-type: none"> Need to secure more officials at permanent status. Frequent transfer of BCS officers hampers knowledge and experience retention within the organization. Annual HRD plan is needed. Lower staff could take more roles and responsibilities (Decentralization of Authority).
3. Financial Resource	<ul style="list-style-type: none"> Annual budget is adequately secured for conducting mandated activities. 	<ul style="list-style-type: none"> Besides annual budget allocation from the government, BIDA has another revenue source which is collected administration fee from investment registration. 	<ul style="list-style-type: none"> Divisional Offices need to be provided necessary office supplies and equipment.

Action Plan for Strengthening of BIDA's Function

Action Plan for Strengthening of BIDA's Functions

- Ver. 1 -

April 2018

Bangladesh Investment Development Authority

Japan International Cooperation Agency

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1. Introduction

The Action plan set forth necessary activities, for upgrading various functions of Investment Promotion Agency (IPA), which BIDA will implement with the assistance of the JICA Project Team. In other words, this is not the document that only list the technical assistances activities to be provided by JICA Project Team but the one that describe all necessary actions the departments and personnel of BIDA will carry out , in order to upgrade functions and services as IPA. Therefore, each action will be discussed and determined with BIDA officers who oversee concerned duties and responsibilities.

The Action Plan also includes some activities that have been already handled by BIDA themselves at the time when the Action Plan was formulated; For example, reception desk for visitors has been established at the ground floor during the formulation of the Action Plan. Likewise, planning promotion events has started although this was recommended by the Action Plan. The reason why those activities also remain in the Action Plan is that all of those are vital parts for attaining the ultimate goals that the Action Plan aims. In other words, the Action Plan sets forth the long-term objectives and all necessary actions or measures regardless of whether they are conducted or not.

Necessary actions or measures are proposed along each general function fulfilled by IPA, covering:

Table 1-1: Classification of IPA functions

<i>Pre-investment function</i>	1	Marketing/ Information dissemination
	2	Investment promotion event
	3	Consultation service
	4	Investment registration
	5	One stop service (licensing facilitation)
<i>Post-investment function</i>	6	Investment monitoring
	7	Aftercare
	8	Policy advocacy

Depending on the process of investment activities taken by (foreign) investors, IPA functions are classified into two main categories. One is *pre-investment function* that IPA offers before investors make decisions for investment. Another is *post-investment function* that are carried out for establishment of investment. BIDA is expected to carry out ultimately all the functions listed in the above table.

2. Current Situation

Comparing with some other countries' IPAs and perceptions held by the investors (registered with BIDA), various capacity gaps that BIDA needs to address were observed. The table below summarizes BIDA's current situation and challenges (or investors' expectations) by each function of IPA.

Table 2-1: Summary of challenges of BIDA

Challenges	Current operations and investors' expectations
Enrich and improve the contents of disseminated information	<ul style="list-style-type: none"> ➤ BIDA publicizes 17 sector leaflets. ➤ Investors seek more practical information and data about key sectors: size of markets, major suppliers, availability of raw material and semi-products, location of related industrial clusters, investment procedures.
Self-planned/ organized promotion events with effective tools	<ul style="list-style-type: none"> ➤ BIDA organizes international events, responding to the request made by external bodies. ➤ Investors expect BIDA to organize promotion events focusing on particular sectors.
Visitor guidance and efficient/ standardized consultation	<ul style="list-style-type: none"> ➤ Ad-hoc consultation and no record about inquiries. ➤ Needs to be more proactive identifying and approaching to potential investors.
Licensing/ other facilitations to other authorities	<ul style="list-style-type: none"> ➤ BIDA offers One-stop Service (OSS) and will upgrade it to cover more services. ➤ Investors expect BIDA to influence more on investment procedures authorized by other institutions.
Facilitation support/ monitoring to materialize registered investments	<ul style="list-style-type: none"> ➤ Investment monitoring (IM) has commenced in 2017. ➤ Needs to establish the operation systems to conduct the activity more systematically and comprehensively.
Policy advocacy (facilitation of regulatory reform)	<ul style="list-style-type: none"> ➤ BIDA has been involved in some high-level policy coordination. ➤ Investors expect BIDA to play a leading role.
Knowledge management and information sharing	<ul style="list-style-type: none"> ➤ Frequent transfer of officers hampers knowledge retention. ➤ Need to utilize officers directly employed by BIDA, by developing their capacity and enlarge their scope of work.
Interaction and cooperation among functions (divisions)	<ul style="list-style-type: none"> ➤ Each function currently runs independently. ➤ Need to be more interactive.
Utilization of Divisional Offices	<ul style="list-style-type: none"> ➤ Divisional offices take care of the same tasks as BIDA's headquarters. ➤ Need to secure more human resources.

The current situation is described in more detail by “*Capacity Assessment Report*” that was formulated before the Action Plan was drafted. Based on the above-described situation, the actions and measures are proposed and compiled into this Action Plan.

Also, the situation described above is the baseline against which the achievement (degree of improvement) will be measured at the end of the JICA Project (March 2022).

3. Direction of the Action Plan

The Action Plan aims to upgrade BIDA's capacity to be an excellent and world-class customer-oriented IPA. The following explains the directions to which BIDA shall be oriented by proceeding the Action Plan:

3-1. Key Orientations

➤ Towards the functions of promotion and facilitation (beyond regulatory/ licensing functions)

Investment registration and other investment-related licensing are being well serviced but occupies relatively larger resources available to BIDA. In this situation, the Action Plan aims to direct BIDA to enhance its functions of investment promotion and facilitation to be more proactive and strategic.

➤ Towards the materialization of investments (beyond investment registration)

Investment registration (or related licensing) is a milestone in sequenced promotion and facilitation activities, and not the end of scope that IPA shall cover. Instead, this shall be the beginning of the follow-up services and the long-term relationship with investors. Since follow-up functions for registered investors are not being optimally organized, the Action Plan also focuses on institutional and capacity development for *post-investment functions*.

➤ Towards investment policy advocate leader (beyond one of the investment authorities)

Policy advocacy for investment climate (regulatory) reform is deemed one of core functions that BIDA is supposed to seek for. BIDA is expected to play a leading role by representing all other government and investment authorities (including BEPZA, BEZA, BHTA) for investment policy and regulatory reform in favor of investors.

3-2. Contribution to the Corporate Plan of BIDA

The Corporate Plan (2017-21) of BIDA was formulated as its long-term strategic plan for aiming to be the world-class IPA. Then it defines five (5) strategic objectives listed below.

- i) Attract private sector investment to create jobs and encourage economic diversification,
- ii) Support established investors with expansion potential in key sectors,
- iii) Advocate for a better business ecosystem in key sectors,
- iv) Provide effective and efficient OSS services for new and existing investors,
- v) Create divisional structures that will become effective investment promotion (IP) partners.

As far as the Corporate Plan is the long-term commitment of BIDA to the Government of Bangladesh (GoB), the Action Plan shall be designed to contribute to its realization. The following table illustrates how the five strategic objectives correspond with the functions to be enhanced by

the Action plan, where proposed actions and measures for each function are expected to contribute to the accomplishment of the respective objectives of the Corporate Plan.

Table 3-1: Objectives of the Corporate Plan and functions to be enhanced by the Action Plan

	Strategic objectives of the BIDA Corporate Plan	Functions to be enhanced by the Action Plan
i)	Attract private sector investment to create jobs and encourage economic diversification	<i>Marketing/ Information dissemination</i>
		<i>Investment promotion event</i>
		<i>Consultation service</i>
		<i>Investment registration</i>
ii)	Support established investors with expansion potential in key sectors	<i>Investment monitoring</i>
		<i>Aftercare</i>
iii)	Advocate for a better business ecosystem in key sectors	<i>Policy advocacy</i>
iv)	Provide effective and efficient OSS services for new and existing investors	<i>One stop service (licensing facilitation)</i>
v)	Create Divisional structures that will become effective IP partners	

While the Corporate Plan is positioned as the policy document shared with the GoB, the Action Plan indicates the detailed actions and measures for BIDA to enhance its functions, which also addresses the flow of such actions/ measures and timeline of implementation.

3-3. Interaction and Sequences among the Functions

The Action Plan proposes the actions and measures that presume the internal cooperation and interaction among departments (functions) of BIDA for realizing the expected outcomes.

Along the general process of investors' activity, IPA is first supposed to disseminate necessary information for investors' decisions through different kinds of tools (Marketing/Information Dissemination), such as website or publications, or through direct communication with investors (Promotional Event), such as international roadshow or seminar. Also, foreign investors who become interested in investment and contact IPA are provided further information and advices for their making decisions (Consultation).

After investors enter the actual process of investment (Investment Registration), IPA would support the registered investors for complying with the necessary investment procedures controlled by other authorities through the OSS or separate coordination with authorities (Facilitation). At the same time, IPA monitors the implementation progress of registered projects (Investment Monitoring), and in case any project falling behind schedule due to some difficulties or constraints, IPA provides necessary assistance (Aftercare). Regarding the issues outside the scope of IPA, the high-level coordination needs to occur within the government or with private sector (Policy Advocate), since it is the desirable sequence of each function, through which one's outcomes affect the performance of the next.

These are the forward direction of IPA functions from *pre-investment functions* to *post-investment functions*, along general investment activity of private companies, as Figure 3-1 also illustrates.

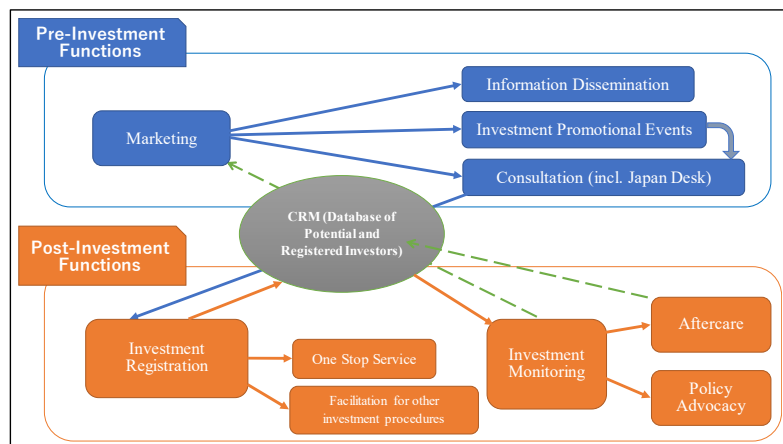


Figure 3-1: Interactive relationship among IPA functions

On the other hand, the reverse direction (from *post-investment functions* to *pre-investment function*) should occur for IPA's better performance; Investment Monitoring and Aftercare provide outcomes which are indispensable for some of pre-investment functions. For example, the department in charge of information dissemination need statistical data about investment realization which is valuable to potential investors and should be publicized through right channels (e.g. website). Another example is, the department responsible for investment promotion events would be able to plan more effective events by utilizing the information of existing investors who run businesses in key sectors that BIDA focuses on for investment promotion.

Furthermore, as Figure 3-1 highlights, the comprehensive database needs to exist in order to maximize the interaction within each function. Thereby, each service unit updates and accesses the latest information about investment projects and concerned enterprises.

4. Conditions for Sustainable Implementation

To achieve the outcomes expected by the Action Plan, BIDA is expected to establish adequate internal conditions, mostly comprising of the four main factors; Human Resources, Information Management, Budget, and Organizational Structure. Although some of these conditions may not be intervened by the JICA Project Team since they are deemed internal affair of BIDA, the Team proposes the recommendations as follows:

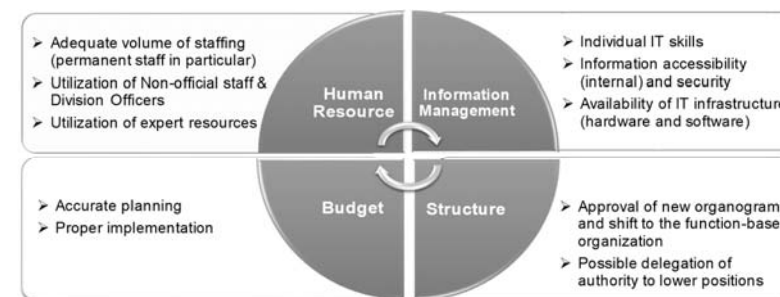


Figure 4-1: Internal conditions for successful implementation of the Action Plan

Human Resources

BIDA needs more number of Bangladesh Civil Service (BCS) officers, who are allowed to work permanently, to ensure knowledge management (accumulation) within the organization. Besides, it is also effective to utilize those officers recruited directly by BIDA who have worked for a long time and are likely to remain in the organization. Moreover, the utilization of officers at the lower level may require job enlargement as well as knowledge/ skills acquisition.

Information Management

Implementation of some proposed actions and measures requires the skills/ knowledge of IT as well as IT infrastructure, especially for introducing the databases in practice. Although the provision of IT hardware is outside the scope of the JICA's assistance, the JICA Project Team will assist BIDA to enhance individual skills/ knowledge of IT and establish the system for knowledge management/ information sharing (including the procedure to access particular information/ data).

Budget

Adequate financial resource is prerequisite for successful implementation of the Action Plan. The JICA Project Team covers some expenses necessary for conducting the proposed actions and measures, such as expenses for organizing trainings/ hiring external resources and during the pilot (demonstration) stage, that are deemed valid enough. However, the JICA Team also expects BIDA to secure the budget for expenses that may not be covered by the JICA and that may incur after the pilot (demonstration).

Organizational Structure

In parallel to the approval of the Corporate Plan, the new organogram of BIDA will be officially approved and the organizational structure will be transformed accordingly. Once the new structure is put in place, assignment of departments responsible for proceeding each proposed action/ measure shall be confirmed. Departments responsible for each action/ measure are assumed in the subsequent chapter.

5. Method of Capacity Building

This section describes approach/ means of capacity building to be considered by the JICA Project Team in proceeding the Action Plan.

Capacity building of individual officers/ staffs

The JICA Project Team will largely employ the following means of assistance for individual officers/ staffs of BIDA to carry out the proposed actions and measures.

➤ Off-the-job training (training, workshop, study tours, etc.)

Identifying some important subjects of which BIDA staff are required to learn skills and knowledge, the JICA Project Team will organize training programs and workshop. Followingly, BIDA staff will have chances to join study tours in Japan or third countries in ASEAN, in which participants are required to learn from other IPAs about good practices of particular functions and services. In order to maximize the effect of training programs, the selection of participant needs to be carefully done with the relevance between their tasks in workplaces and subjects of trainings.

➤ On-the-job trainings (guidance, hands-on advice at work)

The JICA Project Team will provide individual officers/ staffs of BIDA with necessary guidance and hands-on advice during the course of conducting the tasks concerned with the proposed actions/ measures in the Action Plan. For instance, During the course of investment monitoring (IM) activity, the JICA Project Team guides the method of monitoring data management/ analysis for the officers/ staffs in charge to establish the practices of proper data management and statistical analysis.

Institutional capacity building

➤ Advice/ guidance for establishing (institutionalizing) the work system/ flow

Especially for post-investment functions that are not optimally performed in BIDA at the moment, the JICA Project Team will advise and guide the responsible departments to establish the work system/ flow through which the officers/ staffs in charge are able to conduct the tasks assigned in a standardized manner and as prescribed.

➤ Review of SOPs and preparation of complementary manual/ guideline

BIDA has prepared the standard operation procedure (SOP) for each task assigned. Since it is important tool for ensuring the consistency and quality of the outputs of tasks/ services, the JICA Project Team will review these SOPs concerned with the actions/ measures in the Action Plan, and prepare the complementary manual/ guideline if deemed necessary.

6. Summary of the Action Plan

6-1 Definition of IPA Functions

The Action Plan is formulated in accordance to each general function of IPAs. Firstly, the following section provides concise definition of each function that the Action Plan accommodates:

1) Marketing/ information dissemination

Prior to investment promotion activity, it is necessary to exercise marketing for the purpose of identifying sectors to be focused or markets (origins of FDI) to be targeted. While IPA can undertake this task with their own resource, or outsource to the third party.

Information dissemination means that IPA is required to disseminate various kinds of information useful for decision-making by investors via a variety of communication media/ channel, such as website, publication, media, and SNS, to reach as many potential investors as possible.

2) Investment promotion event

IPAs organize several types of promotion events, aiming to provide valuable information to potential investors in person, and build up relationship with potential investors. For example, international roadshow and investment seminar are typically held by IPA with the cooperation of embassies (and overseas office of IPA) in the host countries to advertise the country as an attractive investment destination. One of advantages of this type of event is that IPA can explain many potential investors at once about investment opportunities and climate in their country. Roadshow and seminar can focus on particular sectors, as long as IPA has set the sectoral subjects, and is able to invite target private investors belonging to the subject sectors and provide sector-specific information.

There are other types of promotion events, such as outward business mission, workshop, exhibition (trade fair). Outward business mission (or B-to-B matching) can be organized as part of roadshow/ seminar as a side event, where IPA brings domestic companies seeking foreign business partners, and allocates time for business exchange session.

3) Consultation

Consultation can be serviced depending on investors' needs. One of the possible approaches is "ad-hoc" consultation that aims to provide the relevant information/ data to those investors requesting; for instance, information on licensing requirements of investment, and statistical data of particular sectors. IPAs are required to establish this function to render the services on a daily basis. Country desk which assigns particular officers to take care of investors from the particular promising counties is an option for servicing this function in a focused manner.

Another is "proactive" consultation that aims to identify new and established investors with potential of development of key sectors, and provide hands-on advice/ support to guide their decisions of investment. Unlike ad-hoc one, this activity begins with preparations for specifying

target investors (and this requires comprehensive database of potential investors).

4) Investment registration

BIDA is authorized to offer investment incentives (fiscal and non-fiscal) to those investors who complete the reregistration with BIDA. As the registration with IPA is an entry point for the investors, IPAs generally analyze and screen submitted projects to be approved according to the related laws/ regulations and criteria, and screen out any investors who may not benefit the country and are likely to bring negative economic or social impacts.

In case of BIDA, any applications for investment registration can be registered as far as necessary information and documents are duly submitted. Further, although investors are not requested to register with BIDA in Bangladesh, many investors spontaneously apply for registration with BIDA since BIDA is authorized to provide registered investors with incentives and associated licensing that are indispensable for investors (foreign in particular) to operate their investments, such as work permit for expatriate, overseas remittance, authorization for borrowing from abroad.

5) One-stop Service (OSS)

For streamlining the licensing procedure for investment, OSS facility has been introduced in many countries. By integrating different licensing procedures at a single point, investors are able to apply for multiple licensing at once and track the progress of licensing applications.

Concerning the authority over the approval of licensing, there are roughly two types: one is that IPAs are given full authorities from original authorized agencies, up to the authority to approve the applications. Another type is that IPAs play a limited role of receiving applications (and screening in prior), and forward received (and screened) applications to the authorized agencies for their final approval. Some IPAs adapt modified type of the latter by having authorized agencies deploy their representative at the IPA's premise for at-site handling/ consultation.

6) Investment monitoring (IM)

Post-investment functions begin with investment monitoring (IM). IPAs are required to monitor whether registered investors actually materialize their investments as registered by checking the progress and performance of investment (in terms of the amount invested and employment created for example). Monitored data, that demonstrate the degree of investment realization, is deemed persuasive for the potential investors as well as IPA itself, and therefore, shall be open to public.

Another objective of IM is to grasp the difficulties and constraints confronted by the registered investors in proceeding their investment establishment and operation. IPAs can further analyze monitored information/ data to identify and understand the most commonly observed issues among the investors, that should be tackled through aftercare service (post-investment facilitation) or policy advocate for regulatory reform.

7) Aftercare

Aftercare is defined as any services and assistances to investors with the aims of i) converting

registered investment to implementation; ii) retaining their presence in the country or promoting their reinvestment in the country; iii) fostering linkage with local supporting industries; and iv) satisfying them to diffuse positive image of the country.

Based on monitored information/ data with analysis, IPAs shall identify those investors in need of assistance, and examine and deliver effective measures of care. Aftercare varies depending on the issues that registered investors face and their requests. As for those having difficulty in obtaining the particular licensing, IPAs can provide the support through facilitation to the relevant authorities. In case that registered investors seek for business partners, IPAs can render organize business matching event, for example.

Moreover, established investors in operation not only potential investors need to be timely updated with any amendments of investment-related laws/ regulations. For this purpose, IPAs can organize the seminar or consultative session that are specific to the theme in view of explaining such amendments.

8) Policy advocacy

Policy advocacy is deemed one of the important functions that IPAs are expected to perform, in view of proposing the investment policies and facilitating regulatory reforms in favor of investors. IPAs, among any government institutions, shall lead this role of policy advocacy, not only attending policy dialogue between public and private sectors, because of IPA's distinctive position connected with both sectors of stakeholders.

In this respect, IPAs can organize regular dialogue with investors to listen to their opinions and demands concerning the government policies and regulations related to investment. Subsequently, IPAs can identify those commonly observed issues and propose the policies/ measures to address such issues, and then propose the policies/ measures to the relevant authorities for policy/ regulatory reform.

6-2 Structure of the Action Plan

The Action Plan is attached with the detail plans of each IPA function. The detail plans prepared by function describe the steps of implementation of agreed actions/ measures and expected outcomes with the necessary inputs and timeline (for the short-term perspective). The detail plans are prepared through the in-depth discussions with departments assigned by BIDA to each agreed action/ measure.

6-3 Operation of the Action Plan

Each responsible department will implement their own detail plans, with the technical assistance of the JICA Project Team, as illustrated below:

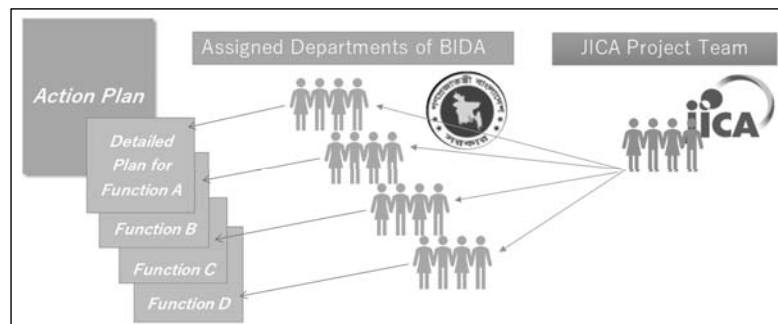


Figure 6-1: Operation of the Action Plan

Although all actions/ measures in the Action Plan are assigned with particular departments based on the existing division of work in BIDA, but will be re-assigned once the new organogram is in practice. The schedule of proceeding the Action Plan is also tentatively prepared for the entire four years (2018-2021), but more realistic timeline of operation for each agreed action/ measure will be confirmed at the time of formulation of each detail plan.

The Action Plan shall be revised or updated based on the periodic monitoring and review, and through the consensus between BIDA and the JICA Project Team, possibly before the beginning of every fiscal year in Bangladesh.

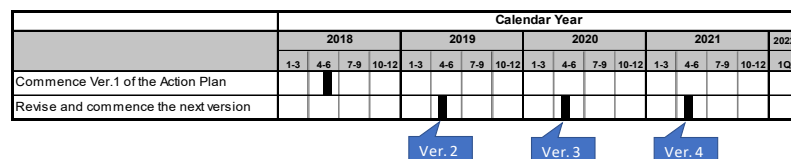


Figure 6-2: Tentative schedule for revising/ updating the Action Plan

6-4 Actions and Measures

This section explains some major actions and measures as per each function. As mentioned earlier, each detail plan attached will give full descriptions.

1) Marketing/ information dissemination

To enhance the function of marketing/ information dissemination, the Action Plan aims the enrichment of i) general promotion material (to all types of investor), ii) sector profile (through sectoral study), iii) guidebook/ handbook which explains investment-related licensing and their procedure, and iv) website. Since they are already available but with rather limited means, the JICA Project Team will assist BIDA to enrich their contents (while ensuring their accuracy) and diversify the means of dissemination.

In this regard, the JICA Project Team finds it important that BIDA could access to the relevant

sources of information/ data (the contents) regularly. Concerning the sector profile, for example, sectoral researches/ studies have been undertaken for promising sectors in Bangladesh by the third parties, and therefore BIDA is expected to find and utilize such relevant researches/ studies for enriching or updating the sector profile (at least at the beginning). It is noted that such a utilization of the existing research/ study still requires the capacity building of the officers/ staffs in charge. Once the information materials are improved, they are to be uploaded on the BIDA's website. The figure below illustrates the workflow of the action/ measure for improving the information for dissemination.

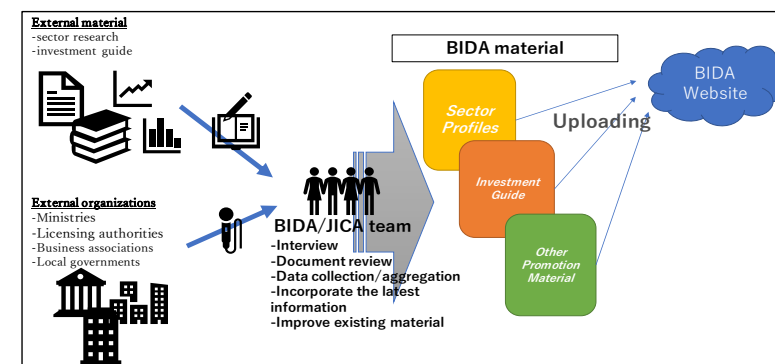


Figure 6-3: Workflow of the action/ measure for improving information for dissemination

2) Investment promotion event

The actions/ measures for improving this function are to create the model events covering the whole stage of promotion event from planning, through event preparation and implementation up to the follow-up support after the event. Concerning the planning capability, JICA Project Team considers assisting BIDA to formulate (or improve) the annual plan of promotion events in accordance to the national policies, priority sectors and target countries.

At the beginning, the JICA Project Team will guide how to organize the investment promotion event in an adequate manner (covering planning (including side-event like consultation session), preparation, implementation, reporting, follow-up and how to work with stakeholders in destination country), and/or organize the study tour to selected ASEAN country where BIDA officers could learn good practices of event planning and implementation. Subsequently, the responsible department will select one of those annually scheduled promotion events, and start detail planning of the selected event by using what is guided and learnt. In case of promotion events arranged by the stakeholders in the host countries, the JICA Project Team will assist BIDA for preparation of explanation/ presentation slides and introduction of resource persons who are able to make effective PR.

It is very important to conduct follow-up communication with the event participants (post-event

action), since they are considered as potential investors to Bangladesh. Those highly potential investors could be identified more effectively if the consultation session (only for those event participants interested) is organized after the presentation seminar. The list of participants to the event shall be databased in a timely manner for effective follow-up communication. The figure below illustrates the workflow of the action/ measure for improving investment promotion event.

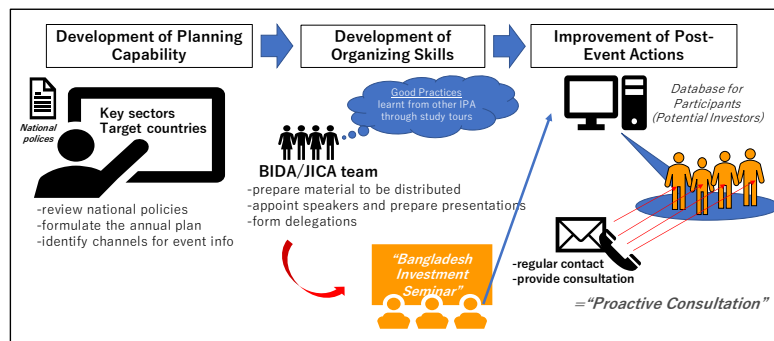


Figure 6-4: Workflow of the action/ measure for improving investment promotion event

3) Consultation

As earlier stated, there are two types of consultation to be taken by IPA, one is "ad-hoc" consultation, and the other is "proactive" consultation.

Concerning the ad-hoc consultation, the responsible department is required to prepare and compile the necessary package of information/ data in prior manner, which enables officers in charge to provide the relevant information/ data to the inquiries from investors efficiently. Action/ measure in this regard is to identify and compile Frequently-asked Questions (FAQs) and set of reference documents for such FAQs including the rules/ regulations concerned with investment-related licensing and their procedure, sector profiles (enriched)/ their background researches/ studies, list of relevant contacts (of licensing authorities, industrial associations, reliable third party such as consultants/ lawyer, etc.). Moreover, visitors to the BIDA facility are unlikely to be familiar with the organization, and therefore, the JICA Project Team will assist BIDA establish the reception or help desk at the entrance. It is expected to provide general guidance about the organization so that visitors could reach the department in charge of their matters.

In addition to the actions/ measures for ad-hoc consultation, proactive consultation requires additional preparatory actions/ measures. In this case, following any investment promotion events attended, the responsible department shall identify potential investors with the greater possibility to invest, and proactively communicate them to update the investment facility and climate in Bangladesh and advice for their investment decision, while keeping grasping their latest attitude for business operation or investment in Bangladesh. All the communication made with such potential investors shall be recorded in the database of the promotion event participants, as the

above figure (shown in the promotion event section) indicates.

4) Investment registration

For this function, possible action/ measure is to standardize the way and manner of guidance on registration application to the potential investors, taking into account the opinions from interviewed investors that every officer to deal with application of registration shall provide consistent and accurate information on investment registration. The JICA Project Team will assist the responsible department (for foreign industry/ commercial wing in particular) to prepare the standard manual of registration application, that is to be shared with "investment officers" in the department concerned.

Further, the data of registered investors/ investments are currently recorded and managed by paper (i.e. application form with attachments and registration letters). The responsible departments, with the technical assistance by the JICA Project Team, shall create the database (at least in excel format) to record the information/ data of registered investors/ investments, and enable the data-sharing among BIDA's departments concerned (such as investment monitoring). Operational rule shall be prepared for this registration data recording and management, including frequency of data input and accessibility to data.

5) One-stop service (OSS)

Necessary assistance for introducing this function (establishment of OSS facility) has been rendered under the Bangladesh Investment Climate Facility Phase-II by the World Bank Group, no intervention by the JICA Project Team is to be assumed, although the plan of activity will be updated and shared through BIDA.

6) Investment monitoring (IM)

To enhance this function, actions/measures can be categorized mainly into "data collection" and "data management/ analysis".

"Data collection" needs to be implemented systematically and comprehensively. BIDA is mandated to target all status of the projects including local and foreign investments, and commercial (branches/ liaison offices) which amount to quite a large number (if the past three years are targeted, the number of registered project would be more than 4,000. Taking into account BIDA's human and financial resources, it may be unrealistic to contact all of them periodically to collect information. Therefore, "data collection" needs a realistic strategy to select the registered projects to be monitored according to certain criteria, such as key sectors or countries, and scale of amount invested. The JICA Project Team will assist the responsible department (of IM) to conduct monitoring data collection on a pilot basis for the time being.

"Data management" requires a certain level of individual IT skills (and database handling). The JICA Project Team will organize training of IT skills where the relevant officers to be engaged in data management could learn about necessary skills. In the meantime, the database establishment will begin with entering the monitoring data collected with the monitoring format (to be revised,

if agreed by BIDA) on a pilot case. With the collected data, the responsible department shall analyze the trend of investment progress/ materialization by aspects including sector, origin, location, scale of investment, etc., and identify commonly observed issues (difficulties and constraints) faced by the monitored investors for preparation of the subsequent action/ measure (aftercare). The figure below illustrates the workflow of the action/ measure for enhancing IM and the subsequent aftercare.

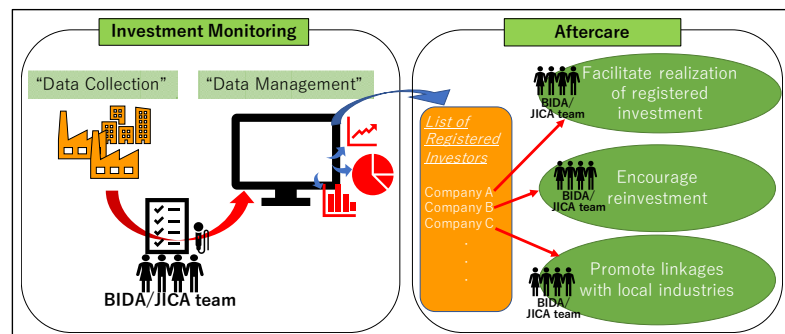


Figure 6-5: Workflow of the action/ measure for enhancing IM/ aftercare

7) Aftercare

The actions/ measures for this function are to meet its objectives; i) facilitating materialization of registered investments, ii) encouraging reinvestments, iii) promoting linkage with local supporting industries.

To facilitate materialization of the registered investments, the responsible department shall identify those registered investments delayed in implementation and investigate the reasons. In case the reasons are concerned with BIDA's responsibility or authority, the responsible department shall examine and provide possible measures. Aftercare service to the subject investors shall basically be continued until the issue is solved. The department accordingly needs to continue the monitoring over the subject investors. In this regard, IM can be performed also by the department to deal with aftercare.

To encourage reinvestment, the responsible department shall list those registered investors with the larger potential of making further investment in key sectors, and examine necessary conditions on which they could make decision of reinvestment. Likewise, to promote linkage with local supporting industries (if such needs of registered investors for finding local suppliers observed), the responsible department can identify and recommend the local companies seeking for advanced technologies among the list of registered investors (for domestic) or through the request for reference to the Ministry of Industries.

As the figure above (shown in the IM section) indicates, aftercare service is only possible when the monitoring data are sufficiently accumulated from the investors in operation. Therefore, the

detail plan of the action/ measure for aftercare can be prepared after IM becomes well functional.

8) Policy advocacy

The JICA Project Team will assist BIDA to enhance this function, through the support activity for investment/ business climate improvement, that is treated as separate agenda.

6-5 Matrix of the Action Plan

The aforementioned actions and measures for each function are aggregated in the matrix form on the next page. The following provides definitions of parts of the matrix.

Responsible Department (Director)

This indicates the departments and the directors as focal point, which are responsible for conducting each agreed action/ measure. Responsible department (or personnel) for each action/ measure is still subject to the approval of the new organization structure and the subsequent plan of personnel placement (but shall be assigned according to the existing division of work in BIDA for the time being).

Implementation Schedule

This indicates the timeline of implementation of each agreed action/ measure. Departments in charge are expected to proceed their assigned actions/ measures according to the schedule. The JICA Project Team will monitor the progress.

Expected Outcome

This indicate the achievement that are expected to be realized as a result of implementing the actions/ measures during the timeframe.

Contribution to the Corporate Plan

As mentioned earlier, the Action Plan intends to contribute to realization of the Corporate Plan of BIDA. Therefore, this indicates which strategic objectives set in the Corporate Plan would be addressed by the agreed actions/ measures.

Matrix of the Action Plan: actions and measures for each function

Functions to be Strengthened/ Actions and Measures Proposed	Responsible Director in BDA (Current)	2018												2019				2020				2021				2022				Expected Outcomes	Contribution to Corporate Plan		
Marketing/ Information Dissemination		4	5	6	7	8	9	10	11	12	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
1 Improve statistical data presentation Learn Excel skills for data processing/ analysis Apply the skills learnt to improve the information below:	Director of Registration & Incentive (R&I)	■																															
2 Improve brochure/ materials for general promotion Review the existing general brochure/ materials (including comparison with those of other IPAs) Identify the necessity of revision (design, info./ data) Collect the necessary info./ data from the relevant sources Improve general brochure/ materials and publicize via possible means	Director of R&I																																
3 Improve sector profiles (pamphlet) Review the existing sector profiles (including comparison with those of other IPAs) Identify the necessity of addition and revision of info./ data in the profile Collect the info./ data from the relevant sources/ existing researches Improve the sector profiles and publicize via possible means	Director of R&I																																
4 Improve information on investment-related licensing/ procedures Identify the target handbook/ guideline by reviewing the existing documents Update licensing procedures and clarify licensing operation in practice Improve the target handbook/ guideline and publicize via possible means	Director of R&I																																
5 Improve BIDA website Review of the whole website frame/ structure/ contents Examine and propose the improvement of frame/ structure/ contents Incorporate information/ data prepared or improved through the above actions Set up the internal procedure for periodic update	Director of R&I/ Director of IT & Program																																
Investment Promotional Events																																	
1 Enhance planning capability Learn how promotion events are planned Identify and collect necessary information/ data for planning promotional events Formulate the plan of promotion events (for the next fiscal year) Examine the channels to disseminate event information																																	
2 Enhance event organizing skills Identify the model promotion event for demonstration (from the above plan) Formulate the plan of organizing the event and confirm the resources to be mobilized Develop materials for distribution and presentation Prepare for organizing the event according to the plan Conduct the event according to the plan	Director of IT & Program/ Director of Investment Promotion																																
3 Improve the post-event actions Establish database for the promotion event participants Approach to selected participants of the event																																	

Objective 1:
Attracting
Private
Sector
Investment

Various kinds of information
sought by investors are
regularly collected or
updated, and publicized
through right channels.

Objective 1:
Attracting
Private
Sector
Investment

1) Image building activities
are strategically and
effectively made through
the different types of
promotional events or
approaches.
2) Participants to events are
provided with follow-up
consultation.

Consultation Service																
1 Develop/ improve information management for consultation service Review and compile frequently-asked inquiries from potential investors Prepare database for inquired investors and their inquiries Prepare inquiries handling procedures Identify/ compile the referential materials (pamphlet, guideline, etc.) for consultation use	Director of R&I (f original/ commercial) Director of IT & Program															
2 Enhance the consultation service Design the reception/ consultation desk for investors guidance Learn consultation skills Learn how to operate and respond to consultation requests/ measures (on a pilot basis) Institutionalize the reception/ consultation desk for investors Design and conduct outreach activity Monitor and review the operation of consultation service	Director of R&I (f original/ commercial)															
3 Utilize the information/ data accumulated through consultation Analyze the information/ data for the following purposes: - Information dissemination - Investment promotion (key sector identification) - Policy advocacy	Director of R&I (f original/ commercial)															
4 Facilitate the investment establishment after consultation Identify target potential investors for facilitation of investment establishment Examine the facilitative actions/ measures through consultation with target investors Provide facilitative actions/ measures to target investors Monitor investment establishment process by the investors	Director of R&I (f original/ commercial)															
Investment Registration																
1 Enhance and standardize the guidance to applicants Develop (improve) the materials for the guidance on investment registration Prepare SOP for standardizing the guidance of investment registration	Director of R&I (f original/ commercial)															
2 Improvement of the online application system Improve the functions and integration (other system such as investment monitoring system)																
One-stop Service																
1 Mapping of the relevant licensing for business start-up																
2 IT capacity assessment/ study on streamlining the licensing procedure																
3 System design of OSS portal (national portal/ safe light system of BIDA)	Director of OSS															
4 System development of OSS portal																
5 Service operation of OSS facility - On-line application system development for each license authorized by BIDA																

Objective 1:
Attracting
Private
Sector
Investment

1) Investor inquiries are
quickly responded to with
adequate and precise
information.
2) Consultations are
proactively provided to
potential investors.

Objective 2:
Support
Existing
Investors
with
Expansion
potential

1) Requirements and
procedures are transparent
and not complicated.
2) Application could be done
by on-line.

Objective 4:
Efficient OSS
Service

1) OSS set up to be a single
point for applications of all
necessary permit/ licenses
2) On-line application is
available

Necessary assistance for introducing this function is being rendered by BICF-2, the plan of
activity will be updated and shared through BIDA.

Investment Monitoring															Objective 2: Support Existing Investors with Expansion potential
1 Learning of good practices and SOP preparation	2 Establish the data collecting system	Director of Investment Monitoring (IM)													
In-depth analysis of the current performance	Examine (review) the information/ data to be monitored (questionnaire)														1) The degree of realization of registered investment projects are regularly surveyed and updated.
Formulate (and review) the workflow	Monitoring of registered investors (prioritizing foreign investors)														
3 Establish the data management system	Establish the database of monitored investors														2) Constraints and difficulties confronted by registered investors are regularly and accurately realized.
Store monitored information/ data into the database	Analyze information/ data to figure out investment realization and investors' needs														
4 Utilize monitored information/ data to other functions	- information dissemination - investment promotion event - aftercare - policy advocacy														3) Collected data and information are utilized for other IPA functions.
5 Build the monitoring capability of Divisional Offices	Design the workshop (guidance on investment monitoring) for Divisional Offices Organize the workshop (guidance on investment monitoring) for Divisional Offices Conduct monitoring of registered investors (in regions)														
Aftercare															
1 Learning of good practices and SOP preparation	2 Facilitate the realization of registered projects														Strategic and systematic undertaking of Aftercare for projects to implementation stage, and
Identify registered investments delayed in implementation	Identify common issues/ constraints in delayed investments														
Examine/ provide facilitative actions/ measures for common issues/ constraints	Monitor the implementation process by selected investors in delay														ii) Foster the linkage between foreign enterprises and national industries
3 Facilitate reinvestment of registered investors	Identify target investors for facilitation by analyzing the monitoring data														
Examine facilitative actions/ measures through consultation with target investors	Provide facilitative actions/ measures to target investors														
Monitor reinvestment process by the investors	4 Facilitate linkage with local industry														1) Investors' opinions about investment climate are regularly collected and internally shared.
Identify target investors for facilitation by analyzing the monitoring data	Examine facilitative actions/ measures through consultation with target investors														
Provide facilitative actions/ measures to target investors	Monitor the matching/ linkage process by the investors														2) Regulatory changes are raised and discussed through bilateral relation with other government institutions or among related
Policy Advocacy	1 Overall review of investment/ business climate														
2 Selection of key/ priority issues	3 In-depth study of measures for improvement														
4 Explanation/ facilitation of improvement measures to the responsible authorities	5 Support for implementing measures														
6 Monitoring and feedback															

Appendix

Detail Plan as per function

1. Marketing/ Information Dissemination (to be drafted)
2. Investment Promotion Events (to be drafted)
3. Consultation Services (to be drafted)
4. Investment Registration (finalized as Ver.1)
5. Investment Monitoring (finalized as Ver.1)
6. Aftercare (to be drafted)
7. Policy Advocacy (to be drafted)

Action Plan for Strengthening of BIDA's Functions

- Ver. 2-

July 2019

Bangladesh Investment Development Authority

Japan International Cooperation Agency

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1. Introduction

The Action plan sets forth necessary activities, for upgrading various functions of Investment Promotion Agency (IPA), which BIDA will implement with the assistance of the JICA Project Team. In other words, this is not the document that only list the technical assistances activities to be provided by JICA Project Team but the one that describe all necessary actions the departments and personnel of BIDA will carry out, in order to upgrade functions and services as IPA. Therefore, each action to be described has been discussed and determined with BIDA officers who oversee concerned duties and responsibilities.

Necessary actions or measures are set along each general function fulfilled by IPA, covering:

Table 1-1: Classification of IPA functions

<i>Pre-investment function</i>	1	Marketing/ Information dissemination
	2	Investment promotion event
	3	Consultation service
	4	Investment registration
<i>Post-investment function</i>	5	Investment monitoring
	6	Aftercare
	7	Policy advocacy
	8	Linkage Development

Depending on the process of investment activities taken by (foreign) investors, IPA functions are classified into two main categories. One is *pre-investment function* that IPA offers before investors make decisions for investment. Another is *post-investment function* that are carried out for establishment of investment. BIDA is expected to carry out ultimately all the functions listed in Table 1-1.

Definition of IPA Functions

The following section provides concise definition of each function.

1) Marketing/ information dissemination

Prior to investment promotion activity, it is necessary to exercise marketing for the purpose of identifying sectors to be focused or markets (origins of FDI) to be targeted. While IPA can undertake this task with their own resource, or outsource to the third party.

Information dissemination means that IPA is required to disseminate various kinds of information useful for decision-making by investors via a variety of communication media/ channel, such as website, publication, media, and SNS, to reach as many potential investors as possible.

2) Investment promotion event

IPAs organize several types of promotion events, aiming to provide valuable information to potential investors in person, and build up relationship with potential investors. For example, international roadshow and investment seminar are typically held by IPA with the cooperation of

embassies (and overseas office of IPA) in the host countries to advertise the country as an attractive investment destination. One of advantages of this type of event is that IPA can explain many potential investors at once about investment opportunities and climate in their country. Roadshow and seminar can focus on particular sectors, as long as IPA has set the sectoral subjects, and is able to invite target private investors belonging to the subject sectors and provide sector-specific information.

There are other types of promotion events, such as outward business mission, workshop, exhibition (trade fair). Outward business mission (or B-to-B matching) can be organized as part of roadshow/ seminar as a side event, where IPA brings domestic companies seeking foreign business partners, and allocates time for business exchange session.

3) Consultation

Consultation can be serviced depending on investors' needs. One of the possible approaches is "ad-hoc" consultation that aims to provide the relevant information/ data to those investors requesting; for instance, information on licensing requirements of investment, and statistical data of particular sectors. IPAs are required to establish this function to render the services on a daily basis. Country desk which assigns particular officers to take care of investors from the particular promising countries is an option for servicing this function in a focused manner.

Another is "proactive" consultation that aims to identify new and established investors with potential of development of key sectors, and provide hands-on advice/ support to guide their decisions of investment. Unlike ad-hoc one, this activity begins with preparations for specifying target investors (and this requires comprehensive database of potential investors).

4) Investment registration

BIDA is authorized to offer investment incentives (fiscal and non-fiscal) to those investors who complete the reregistration with BIDA. As the registration with IPA is an entry point for the investors, IPAs generally analyze and screen submitted projects to be approved according to the related laws/ regulations and criteria, and screen out any investors who may not benefit the country and are likely to bring negative economic or social impacts.

In case of BIDA, any applications for investment registration can be registered as far as necessary information and documents are duly submitted. Further, although investors are not requested to register with BIDA in Bangladesh, many investors spontaneously apply for registration with BIDA since BIDA is authorized to provide registered investors with incentives and associated licensing that are indispensable for investors (foreign in particular) to operate their investments, such as work permit for expatriate, overseas remittance, authorization for borrowing from abroad.

5) Investment monitoring

Post-investment functions begin with investment monitoring (IM). IPAs are required to monitor whether registered investors actually materialize their investments as registered by checking the progress and performance of investment (in terms of the amount invested and employment created

for example). Monitored data, that demonstrate the degree of investment realization, is deemed persuasive for the potential investors as well as IPA itself, and therefore, shall be open to public.

Another objective of IM is to grasp the difficulties and constraints confronted by the registered investors in proceeding their investment establishment and operation. IPAs can further analyze monitored information/ data to identify and understand the most commonly observed issues among the investors, that should be tackled through aftercare service (post-investment facilitation) or policy advocate for regulatory reform.

6) Aftercare

Aftercare is defined as any services and assistances to investors with the aims of i) converting registered investment to implementation; ii) retaining their presence in the country or promoting their reinvestment in the country; iii) fostering linkage with local supporting industries; and iv) satisfying them to diffuse positive image of the country.

Based on monitored information/ data with analysis, IPAs shall identify those investors in need of assistance, and examine and deliver effective measures of care. Aftercare varies depending on the issues that registered investors face and their requests. As for those having difficulty in obtaining the particular licensing, IPAs can provide the support through facilitation to the relevant authorities. In case that registered investors seek for business partners, IPAs can render organize business matching event, for example.

Moreover, established investors in operation not only potential investors need to be timely updated with any amendments of investment-related laws/ regulations. For this purpose, IPAs can organize the seminar or consultative session that are specific to the theme in view of explaining such amendments.

7) Policy advocacy

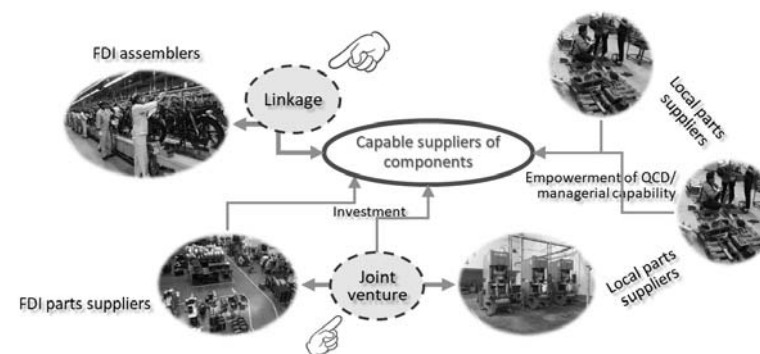
Policy advocacy is deemed one of the important functions that IPAs are expected to perform, in view of proposing the investment policies and facilitating regulatory reforms in favor of investors. IPAs, among any government institutions, shall lead this role of policy advocacy, not only attending policy dialogue between public and private sectors, because of IPA's distinctive position connected with both sectors of stakeholders.

In this respect, IPAs can organize regular dialogue with investors to listen to their opinions and demands concerning the government policies and regulations related to investment. Subsequently, IPAs can identify those commonly observed issues and propose the policies/ measures to address such issues, and then propose the policies/ measures to the relevant authorities for policy/ regulatory reform.

8) Linkage Development

Although linkage development is deemed one of the non-core functions for IPAs, a few Asian IPAs have emphasized this function in view of FDI-leveraged local industry development, i.e. well materializing the positive spill-over effects of FDI to the manufacturing sector in particular.

Figure 1-2: Industrial linkage/ technology transfer to be facilitated by IPA



In the context of BIDA which is expected to contribute to industrial diversification through FDI promotion, this function is meant to facilitate industrial linkage (matching) of foreign manufacturers (assembly-type)/ parts and components suppliers with local potential parts suppliers (e.g. plastic, metalworking industries), technology transfer from foreign manufacturers to local suppliers, and thus more participation of local suppliers into global or regional supply-chain of the foreign manufacturers.

2. Direction of the Action Plan

The Action Plan aims to upgrade BIDA's capacity to be an excellent and world-class customer-oriented IPA. The following explains the directions to which BIDA shall be oriented by proceeding the Action Plan:

2-1. Key Orientations

➤ Towards the functions of promotion and facilitation (beyond regulatory/ licensing functions)

Investment registration and other investment-related licensing are being well serviced but occupies relatively larger resources available to BIDA. In this situation, the Action Plan aims to direct BIDA to enhance its functions of investment promotion and facilitation to be more proactive and strategic.

➤ Towards the materialization of investments (beyond investment registration)

Investment registration (or related licensing) is a milestone in sequenced promotion and facilitation activities, and not the end of scope that IPA shall cover. Instead, this shall be the beginning of the follow-up services and the long-term relationship with investors. Since follow-up functions for registered investors are not being optimally organized, the Action Plan also focuses on institutional and capacity development for *post-investment functions*.

➤ Towards investment policy advocate leader (beyond one of the investment authorities)

Policy advocacy for investment climate (regulatory) reform is deemed one of core functions that BIDA is supposed to seek for. BIDA is expected to play a leading role by representing all other government and investment authorities (including BEPZA, BEZA, BHTA) for investment policy and regulatory reform in favor of investors.

2-2. Contribution to the Corporate Plan of BIDA

Currently, BIDA is developing its own strategic plan, namely Corporate Plan (2017-21), for aiming to be the world-class IPA. Then it defines five (5) strategic objectives listed below.

- Attract private sector investment to create jobs and encourage economic diversification,
- Support established investors with expansion potential in key sectors,
- Advocate for a better business ecosystem in key sectors,
- Provide effective and efficient OSS services for new and existing investors,
- Create divisional structures that will become effective investment promotion (IP) partners.

As far as the Corporate Plan is the long-term commitment of BIDA to the Government of Bangladesh (GoB), the Action Plan introduced by the JICA Project shall be designed to contribute to its realization. Table 2-1 illustrates how the five strategic objectives correspond with the functions to be enhanced by the Action plan, where proposed actions and measures for each function are expected to contribute to the accomplishment of the respective objectives of the Corporate Plan.

Table 2-1: Objectives of the Corporate Plan and functions to be enhanced by the Action Plan

	Strategic objectives of the BIDA Corporate Plan	Functions to be enhanced by the Action Plan
i)	Attract private sector investment to create jobs and encourage economic diversification	Marketing/ Information dissemination
		Investment promotion event
		Consultation service
		Investment registration
ii)	Support established investors with expansion potential in key sectors	Investment monitoring
		Aftercare
iii)	Advocate for a better business ecosystem in key sectors	Policy advocacy
iv)	Provide effective and efficient OSS services for new and existing investors	N/A
v)	Create Divisional structures that will become effective IP partners	Investment monitoring and Aftercare

While the Corporate Plan is positioned as the policy document shared with the GoB, the Action Plan indicates the detailed actions and measures for BIDA to enhance its functions, which also addresses the flow of such actions/ measures and timeline of implementation.

2-3. Interaction and Sequences among the Functions

The Action Plan set forth actions and measures that presume the internal cooperation and interaction among departments (functions) of BIDA for realizing the expected outcomes.

Along the general process of investors' activity, IPA is first supposed to disseminate necessary information for investors' decisions through different kinds of tools (*Marketing/Information Dissemination*), such as website or publications, or through direct communication with investors (*Promotional Event*), such as international roadshow or seminar. Also, foreign investors who become interested in investment and contact IPA are provided further information and advices for their making decisions (*Consultation*).

After investors enter the actual process of investment (*Investment Registration*), IPA would support the registered investors for complying with the necessary investment procedures controlled by other authorities through the *One Stop Service*. At the same time, IPA monitors the implementation progress of registered projects (*Investment Monitoring*), and in case any project falling behind schedule due to some difficulties or constraints, IPA provides necessary assistance (*Aftercare*). Regarding the issues outside the scope of IPA, the high-level coordination needs to occur within the government or with private sector (*Policy Advocate*). Furthermore, IPA seeks opportunities and potential players among existing foreign investors for promoting linkage with local industries (*Linkage Development*). Since it is the desirable sequence of each function, through which one's outcomes affect the performance of the next.

These are the forward direction of IPA functions from *pre-investment functions* to *post-investment functions*, along general investment activity of private companies, as Figure 2-1 also illustrates.

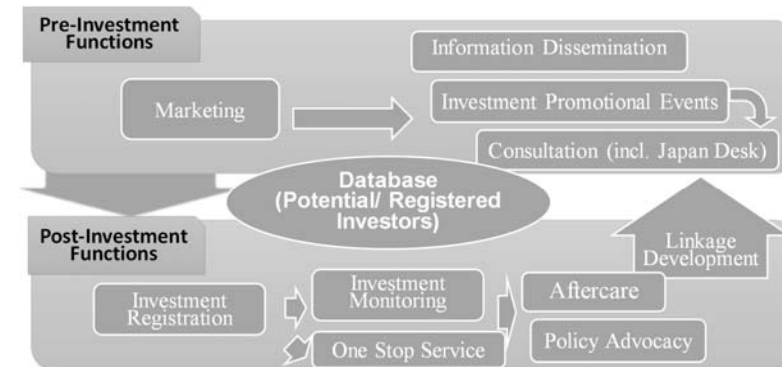


Figure 2-1: Interactive relationship among IPA functions

On the other hand, the reverse direction (from *post-investment functions* to *pre-investment*

function) should occur for IPA's better performance; Investment Monitoring and Aftercare provide outcomes which are indispensable for some of pre-investment functions. For example, the department in charge of information dissemination need statistical data about investment realization which is valuable to potential investors and should be publicized through right channels (e.g. website). Another example is, the department responsible for investment promotion events would be able to plan more effective events by utilizing the information of existing investors who run businesses in key sectors that BIDA focuses on for investment promotion. In this sense, post-investment functions enable IPA to understand local industries' demands for linkage development and technology transfer, and therefore, design effective approaches to new investors. That is a reverse flow that could accrue from *Linkage Development*.

Furthermore, as Figure 2-1 highlights, the comprehensive database needs to exist in order to maximize the interaction within each function. Thereby, each service unit updates and accesses the latest information about investment projects and concerned enterprises.

2-4. Conditions for Sustainable Implementation

To achieve the outcomes expected by the Action Plan, BIDA is required to establish adequate internal conditions, mostly comprising of the four main factors; Human Resources, Information Management, Budget, and Organizational Structure. Although some of these conditions may not be intervened by the JICA Project Team since they are deemed internal affair of BIDA, the Team proposes the recommendations as follows:

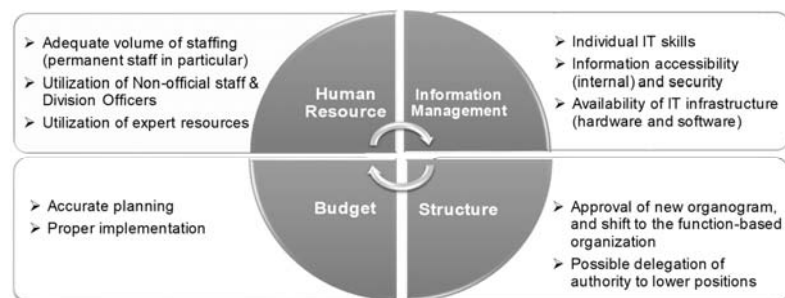


Figure 2-2: Internal conditions for successful implementation of the Action Plan

Human Resources

BIDA needs a greater number of BIDA recruited staff, who are allowed to work permanently, to ensure knowledge management (accumulation) within the organization. Besides, it is also effective to utilize those officers recruited directly by BIDA who have worked for a long time and are likely to remain in the organization. Moreover, the utilization of officers at the lower level may require job enlargement as well as knowledge/ skills acquisition.

Information Management

Implementation of some proposed actions and measures requires the skills/ knowledge of IT as well as IT infrastructure, especially for introducing the databases in practice. Although the provision of IT hardware is outside the scope of the JICA's assistance, the JICA Project Team will assist BIDA to enhance individual skills/ knowledge of IT and establish the system for knowledge management/ information sharing (including the procedure to access particular information/ data).

Budget

Adequate financial resource is prerequisite for successful implementation of the Action Plan. The JICA Project Team covers some expenses necessary for conducting the proposed actions and measures, such as expenses for organizing trainings/ hiring external resources and during the pilot (demonstration) stage, that are deemed valid enough. However, the JICA Project Team also expects BIDA to secure the budget for expenses that may not be covered by the JICA and that may incur after the pilot (demonstration).

Organizational Structure

In parallel to the approval of the Corporate Plan, the new organogram of BIDA will be officially approved. Ahead of that, the organizational structure is been transformed and staffing changes are occurring accordingly. However, in order to proceed recruiting new staff, the organogram needs to be officially approved because it proposes increasing in the number of staff.

3. Method of Capacity Building

This section describes approach/ means of capacity building to be considered by the JICA Project Team in proceeding the Action Plan.

Capacity building of individual officers/ staffs

The JICA Project Team will largely employ the following means of assistance for individual officers/ staffs of BIDA to carry out the proposed actions and measures.

➤ Off-the-job training (training, workshop, study tours, etc.)

Identifying some important subjects of which BIDA staff are required to learn skills and knowledge, the JICA Project Team will organize training programs and workshop. Followingly, BIDA staff will have chances to join study tours in Japan or third countries in ASEAN, in which participants are required to learn from other IPAs about good practices of particular functions and services. In order to maximize the effect of training programs, the selection of participant needs to be carefully done with the relevance between their tasks in workplaces and subjects of trainings.

➤ On-the-job trainings (guidance, hands-on advice at work)

The JICA Project Team will provide individual officers/ staffs of BIDA with necessary guidance and hands-on advice during the course of conducting the tasks concerned with the proposed actions/ measures in the Action Plan. For instance, During the course of investment

monitoring (IM) activity, the JICA Project Team guides the method of monitoring data management/ analysis for the officers/ staffs in charge to establish the practices of proper data management and statistical analysis.

Institutional capacity building

- Advice/ guidance for establishing (institutionalizing) the work system/ flow

Especially for post-investment functions that are not optimally performed in BIDA at the moment, the JICA Project Team will advise and guide the responsible departments to establish the work system/ flow through which the officers/ staffs in charge are able to conduct the tasks assigned in a standardized manner and as prescribed.

- Review of SOPs and preparation of complementary manual/ guideline

BIDA has prepared the standard operation procedure (SOP) for each task assigned. Since it is important tool for ensuring the consistency and quality of the outputs of tasks/ services, the JICA Project Team will review these SOPs concerned with the actions/ measures in the Action Plan, and prepare the complementary manual/ guideline if deemed necessary.

4. Baseline

Before drafting Action Plan Ver.1 in March 2018, JICA project team conducted capacity assessment of BIDA as baseline survey. As a consequence of comparing with some other countries' IPAs and perceptions held by the investors (registered with BIDA), JICA Project Team has identified various capacity gaps that BIDA needs to address. Table 4-1 summarizes the result to clarify what were the challenges to be addressed and where was the initial position of BIDA at that time. At the end of the JICA Project, the improvement of BIDA's capacity will be measured by comparing the initial status.

In addition, in the right-hand side of Table 4-1, it describes the progress which are improvement or achievements observed at the time of renewing the Action Plan. As Action Plan is supposed to be renewed at the beginning of fiscal year, the description will be continuously revised.

Table 4-1: Summary of challenges of BIDA

Challenges	Initial Position as of 2017	Progress as of 2019
Enrich and improve the contents of disseminated information	➤ BIDA initially publicizes 17 sector leaflets which needs be further enriched.	➤ JICA Project Team has prepared sector profiles for 4 industries.
Self-planned/ organized promotion events with effective tools	➤ After BIDA establishment, no international events yet to be held with BIDA's initiatives. Corporate profiles of event participants have never been managed.	➤ BIDA developed the annual calendar of international events through analytical approach.

Visitor guidance and efficient/ proactive consultation	<ul style="list-style-type: none"> ➤ Ad-hoc consultation and no record about inquiries. ➤ No proactive approach to potential investors. 	<ul style="list-style-type: none"> ➤ FAQ has been prepared and uploaded on the website. ➤ BIDA management agreed upon the idea of "Contact Management System".
Proper monitoring to registered projects	<ul style="list-style-type: none"> ➤ Many foreign projects are not reached yet for data collection (only 40 foreign projects provided data and information). ➤ BIDA staff are not capable of data management 	<ul style="list-style-type: none"> ➤ Introduced the systematic and effective methodology.
Systematic Aftercare to provide facilitative actions	<ul style="list-style-type: none"> ➤ No mandated services related to Aftercare. 	<ul style="list-style-type: none"> ➤ Investment After care Unit was established and is developing Strategy Paper
Policy advocacy (facilitation of regulatory reform)	<ul style="list-style-type: none"> ➤ BIDA has been involved in some high-level policy coordination. ➤ Investors expect BIDA to play a leading role. 	
Linkage Development	N/A	The unit for linkage development was established.

5. Operation of the Action Plan

The Action Plan is attached with the detail plans of each IPA function. The detail plans prepared by function describe the steps of implementation of agreed actions/ measures and expected outcomes with the necessary inputs and timeline (for the short-term perspective). The detail plans are prepared through the in-depth discussions with departments assigned by BIDA to each agreed action/ measure.

Each responsible department of BIDA will implement their own detail plans, with the technical assistance of the JICA Project Team, as illustrated below.

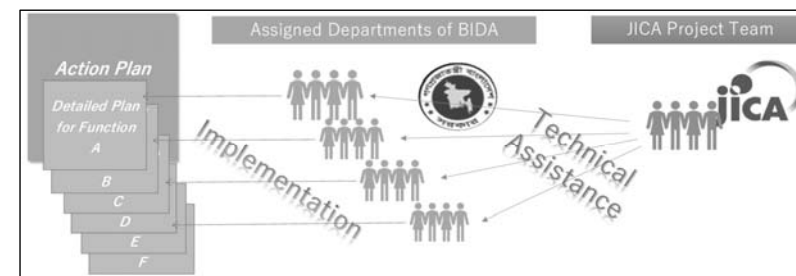


Figure 5-1: Operation of the Action Plan

Although all actions/ measures in the Action Plan are assigned with particular departments based on the existing division of work in BIDA. The schedule of proceeding the Action Plan is also tentatively prepared for the entire four years (2018-2021), but more realistic timeline of operation for each agreed action/ measure will be confirmed at the time of formulation of each detail plan.

The Action Plan shall be revised or updated based on the periodic monitoring and review, and through the consensus between BIDA and the JICA Project Team, possibly before the beginning of every fiscal year in Bangladesh.

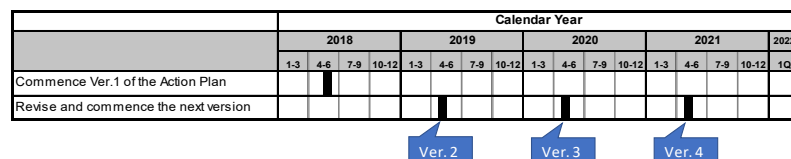


Figure 5-2: Tentative schedule for revising/ updating the Action Plan

6. Summary of Actions and Measures

This section explains some major actions and measures as per each function. As mentioned earlier, each detail plan attached will give full descriptions.

1) Marketing/ information dissemination

The perception survey to existing investors revealed that they seek more practical information and data about key sectors: size of markets, major suppliers, availability of raw material and semi-products, location of related industrial clusters, investment procedures etc.

Responding to the investors' expectation, the Action Plan aims the enrichment of BIDA's existing publications; i) general promotion material (to all types of investor), ii) sector profile (through sectoral study), iii) guidebook/ handbook which explains investment-related licensing and their procedure, and iv) website. Since they are already available but with rather limited means, the JICA Project Team will assist BIDA to enrich their contents (while ensuring their accuracy) and diversify the means of dissemination.

Concerning sector profiles, in the previous term (FY2018-19), JICA Project Team initiated drafting documents for four industries; motorcycle & parts, construction materials (cement and steel), IT, and shipbuilding. During the present term (FY2019-20), JICA Project Team will consider how BIDA officials could be involved in working on other sectors. Once the information materials are improved, they are to be uploaded on the BIDA's website. Figure 6-1 illustrates the workflow of the action/ measure for improving the information for dissemination.

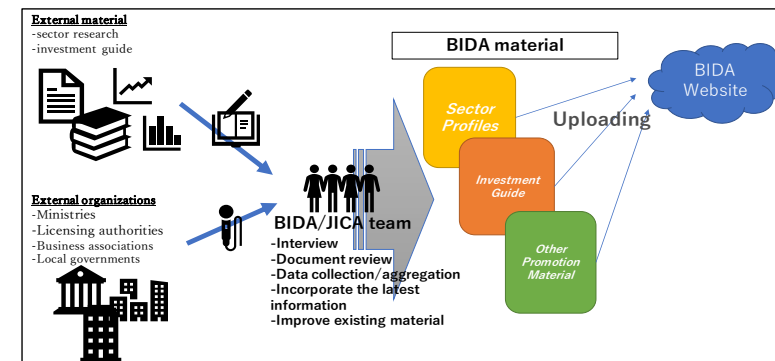


Figure 6-1: Workflow of the action/ measure for improving information for dissemination

2) Investment promotion event

The actions/ measures for improving this function are to create the model events covering the whole stage of promotion event from planning, through event preparation and implementation up to the follow-up support after the event.

Throughout the previous term, the concerned department (Marketing & Communication) has completed activities concerning the planning capability development. JICA Team assisted BIDA to formulate the annual plan of promotion events through analytical approach. For reflecting investors' expectation, the annual plan includes some promotion events focusing on particular sectors.

Since the brief event schedule has been completed, the actions/measures over this period aim to develop BIDA's capacity of organizing events and post-event actions. At the beginning, the JICA Project Team will guide how to organize the investment promotion event in an adequate manner (covering planning (including side-event like consultation session), preparation, implementation, reporting, follow-up and how to work with stakeholders in destination country). Subsequently, the responsible department will start detail planning of the model events selected within the calendar by using learnt know-how.

More importantly, BIDA shall conduct follow-up communication with the event participants (post-event action), since they are considered as potential investors to Bangladesh. For this purpose, JICA Project Team will assist BIDA in introducing "Contact Management System". Figure 6-2 illustrates how it works.

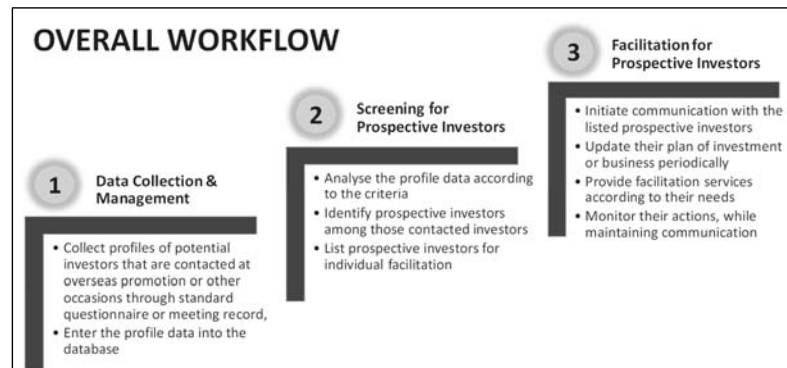


Figure 6-2: Workflow of "Contact Management System"

3) Consultation

As earlier stated, there are two types of consultation to be taken by IPA, one is "ad-hoc" consultation, and the other is "proactive" consultation.

Concerning the ad-hoc consultation, the responsible department is required to prepare and compile the necessary package of information/ data in prior manner, which enables officers in charge to provide the relevant information/ data to investors more efficiently.

For that purpose, JICA Project Team identified and compiled inquires frequently asked by foreign investors and completed FAQs. It has been officially launched and further uploaded on BIDA website where anyone can obtain investment-related information commonly required.

In addition to the actions/ measures for ad-hoc consultation, proactive consultation requires additional preparatory actions/ measures. Following to any investment promotion events, the responsible department shall identify potential investors with the greater possibility to invest, and proactively communicate them to update the investment facility and climate in Bangladesh and advice for their investment decision, while keeping grasping their latest attitude for business operation or investment in Bangladesh. Yet, this action would be viable after datasets of potential investors are accumulated sufficiently.

4) Investment registration

For this function, possible action/ measure is to standardize the way and manner of guidance on registration application to the potential investors, taking into account the opinions from interviewed investors that every officer to deal with application of registration shall provide consistent and accurate information on investment registration. JICA Project Team will assist the responsible department (for foreign industry/ commercial wing in particular) to prepare the standard manual of registration application, that is to be shared with BIDA staff belonging to the department concerned.

In the meantime, information management has been improved to some extent as a consequence of implementation of Action Plan Ver.1. JICA Project Team created the database and completed data entry for nearly 800 foreign projects registered in 2013-2018. While OSS system has been introduced and enabled to store registration data automatically, there are still some portions of applications are submitted manually and therefore, the database created by JICA Project Team will be in use continuously.

5) Investment monitoring

To enhance this function, actions/measures are categorized mainly into "data collection" and "data management/ analysis".

"Data collection" needs to be implemented systematically and efficiently. Throughout the previous term, with the assistance of JICA Project Team, the responsible department of BIDA introduced a proposed methodology and made a remarkable achievement in terms of the number of responding foreign investors. To be specific, while data collection was previously made through face-to-face interview, the department and JICA Project Team intended to verify other means, such as email and phone call, to increase the number of respondents. The result showed that it increased from 45 to 315 projects. Meanwhile, as some challenges were found, actions/measures have been designed for this term accordingly. One is to secure decent contact information of those which the previous data collection did not work well.

"Data management" requires a certain level of individual IT skills (and database handling). Although it would be the ideal situation that BIDA's own human resources will be in charge of data entry and analysis, JICA Project Team fully handled management of collected data and information, including creation of database, over the previous term. Actions/measures for this term will focus on technical transfer to BIDA staff for such tasks.

With the collected data, the responsible department shall analyze the trend of investment progress/ materialization by aspects including sector, origin, location, scale of investment, etc., and identify commonly observed issues (difficulties and constraints) faced by the monitored investors for preparation of the subsequent action/ measure (aftercare). Figure 6-3 illustrates the workflow of the action/ measure for enhancing IM and the subsequent aftercare.

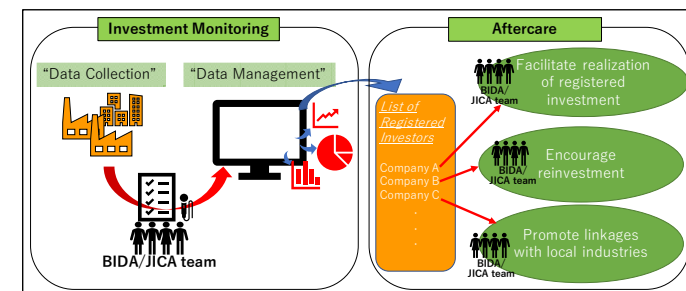


Figure 6-3: Workflow of the action/ measure for enhancing IM/ aftercare

6) Aftercare

The actions/ measures for this function are to meet its objectives; i) retaining existing (registered) investors in Bangladesh, ii) encouraging reinvestments, iii) promoting linkage with local supporting industries. To fulfill those objectives, BIDA has established a unit dedicated to Aftercare. Since this is the first time for BIDA to introduce this function in practice, the Unit is developing the strategy paper which describes their duties and responsibilities.

As Figure 6-3 indicates, aftercare service could be possible only when the monitoring data are sufficiently accumulated from the investors in operation. Since investment monitoring became functional to some extent through the previous term, Action Plan Ver.2 will extend its intended area.

For the first objective, BIDA needs to make existing investors satisfied with investment climate in Bangladesh. In doing so, the responsible department shall identify registered projects delayed in implementation and investigate the reasons. As the previous investment monitoring identified target projects, actions/measures for this term will focus on solving their issues. In this regards, Registration & Incentive Division will be a key player, rather than Aftercare Unit.

Moreover, to achieve the second one (encouraging reinvestment), the responsible department shall list those registered investors with the larger potential of making further investment in key sectors, and examine necessary conditions on which they could make decision of reinvestment. Likewise, to promote linkage with local supporting industries (if such needs of registered investors for finding local suppliers observed), the responsible department can identify and recommend the local companies seeking for advanced technologies among the list of registered investors (for domestic) or through the request for reference to the Ministry of Industries.

7) Policy advocacy

The JICA Project Team will assist BIDA to enhance this function, through the support activity for investment/ business climate improvement, that is treated as separate agenda.

8) Linkage Development

BIDA has established a specific division responsible for this function. However, this is still new initiative to BIDA, accordingly the relevant tasks or actions have not been assigned yet to this division. Given the definition of linkage development in the policy context which BIDA is facing, BIDA could set the following mission, and consider the following measures (actions or interventions) in this function:

Mission: To assist foreign manufacturers (assembly-type)/ parts and components suppliers with local sourcing and matching with local partners for joint-venture (JV), in view of facilitating industrial (backward) linkage and technology transfer to local supporting industries.

Sectors in focus: Linkage-prone industries, such as transport equipment, electric and

electronics, general machinery in particular, and their parts and components

Measures (proposed actions or interventions):

- Matching support to foreign manufacturers for local sourcing and JV formation
- Dialogue with selected linkage type industries
- Proposal of fiscal facilities (tax incentive and duty exemptions)
- Direct facilitation to selected assemblers for local sourcing

The above measures with the mission statement are being elaborated by the responsible Director General and Director for this function and would be proposed as the Action Plan for Linkage and Supplier Development Division of BIDA, in cooperation with the JICA Project Team.

Action Plan
for Strengthening of BIDA's Functions
- Ver. 3-

2020-21

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1. Introduction

For upgrading various functions of BIDA as Investment Promotion Agency (IPA), the Action plan sets forth necessary activities which BIDA will implement with the assistance of the JICA Project Team. In other words, this is not the document that only list the technical assistances activities to be provided by JICA Project Team but the one that describes all necessary actions the departments and personnel of BIDA will carry out, in order to upgrade functions and services as IPA. Therefore, each action to be described has been discussed and determined with BIDA officers who oversee concerned duties and responsibilities.

Necessary actions or measures are set along each general function fulfilled by IPA, covering:

Table 1-1: Classification of IPA functions

<i>Pre-investment function</i>	1	Research and targeting
	2	Information dissemination (Promotion events)
	3	Consultation service
	4	Investment registration
<i>Post-investment function</i>	5	Investment monitoring
	6	Aftercare
	7	Policy advocacy
	8	Linkage Development

Depending on the process of investment activities taken by (foreign) investors, IPA functions are classified into two main categories. One is *pre-investment function* that IPA offers before investors make decisions for investment. Another is *post-investment function* that are carried out for establishment of investment. BIDA is expected to carry out ultimately all the functions listed in Table 1-1.

Under the two categories, there are various IPA functions independently, and the following section clarifies definition of each.

1) Research and targeting

Prior to investment promotion activity, it is necessary to exercise marketing for the purpose of identifying sectors to be focused or markets (origins of FDI) to be targeted. Governments normally have national policies for industrialization and FDI promotion accordingly, which tend to discuss sectors/business activities to be promoted. IPAs actions are supposed to correspond with the policy direction.

In addition to policy directions, IPAs should take into account other elements, such as human resource availability and allocated budget.

2) Information dissemination

Information dissemination means that IPA is required to disseminate various kinds of information

useful for decision-making by investors via a variety of communication media/ channel, such as website, publications, promotion events, media and SNS, to reach as many potential investors as possible.

Promotion events are an important opportunities of information dissemination. IPAs organize several types of promotion events, not only for aiming to provide valuable information to potential investors in person, but also build up relationship with potential investors. For example, international roadshow and investment seminar are typically held by IPA with the cooperation of embassies (and overseas office of IPA) in the host countries to advertise the country as an attractive investment destination. One of advantages of promotion events is that IPA can explain many potential investors at once about investment opportunities and climate in their country. Roadshow and seminar can focus on particular sectors, as long as IPA has set the sectoral subjects, and is able to invite target private investors belonging to the subject sectors and provide sector-specific information.

3) Consultation

Consultation can be serviced depending on investors' needs. One of the possible approaches is "ad-hoc" consultation that aims to provide the relevant information/ data to those investors requesting; for instance, information on licensing requirements of investment, and statistical data of particular sectors. IPAs are required to establish this function to render the services on a daily basis. Country desk which assigns particular officers to take care of investors from the particular promising counties is an option for servicing this function in a focused manner.

Another is "proactive" consultation that aims to identify new and established investors with potential of development of key sectors, and provide hands-on advice/ support to guide their decisions of investment. Unlike ad-hoc one, this activity begins with specifying target investors as mentioned earlier "Research and Targeting".

4) Investment registration

BIDA is authorized to offer investment incentives (fiscal and non-fiscal) to those investors who complete the reregistration with BIDA. As the registration with IPA is an entry point for the investors, IPAs generally analyze and screen submitted projects to be approved according to the related laws/ regulations and criteria, and screen out any investors who may not benefit the country and are likely to bring negative economic or social impacts.

In case of BIDA, any applications for investment registration can be registered as far as necessary information and documents are duly submitted. Further, although investors are not requested to register with BIDA in Bangladesh, many investors spontaneously apply for registration with BIDA since BIDA is authorized to provide registered investors with incentives and associated licensing that are indispensable for investors (foreign in particular) to operate their investments, such as work permit for expatriate, overseas remittance, authorization for borrowing from abroad.

5) Investment monitoring

Post-investment functions begin with investment monitoring (IM). IPAs are required to monitor whether registered investors actually materialize their investments as registered, by checking the progress and performance of investment projects (in terms of the amount invested and employment created for example). Monitored data, that demonstrate the degree of investment realization, is deemed persuasive for the potential investors as well as IPA itself, and therefore, shall be open to public.

Another objective of IM is to grasp the difficulties and constraints confronted by the registered investors in proceeding their investment establishment and operation. IPAs can further analyze monitored information/ data to identify and understand the most commonly observed issues among the investors, that should be tackled through aftercare service (post-investment facilitation) or policy advocate for regulatory reform.

6) Aftercare

Aftercare is defined as any services and assistances to investors with the aims of i) converting registered investment to implementation; ii) retaining their presence in the country or promoting their reinvestment in the country; iii) fostering linkage with local supporting industries; and iv) satisfying them to diffuse positive image of the country.

Based on monitored information/ data with analysis, IPAs shall identify those investors in need of assistance, and examine and deliver effective measures of care. Aftercare varies depending on the issues that registered investors face and their requests. As for those having difficulty in obtaining the particular licensing, IPAs can provide the support through facilitation to the relevant authorities. In case that registered investors seek for business partners, IPAs can render organize business matching event, for example.

7) Policy advocacy

Policy advocacy is deemed one of the important functions that IPAs are expected to perform, in view of proposing the investment policies and facilitating regulatory reforms in favor of investors. IPAs, among any government institutions, shall lead this role of policy advocacy, not only attending policy dialogue between public and private sectors, because of IPA's distinctive position connected with both sectors of stakeholders.

In this respect, IPAs can organize regular dialogue with investors to listen to their opinions and demands concerning the government policies and regulations related to investment. Subsequently, IPAs can identify those commonly observed issues and propose the policies/ measures to address such issues, and then propose the policies/ measures to the relevant authorities for policy/ regulatory reform.

8) Linkage Development

Although linkage development is deemed one of the non-core functions for IPAs, a few Asian IPAs have emphasized this function in view of FDI-leveraged local industry development, i.e. well materializing the positive spill-over effects of FDI to the manufacturing sector in particular.

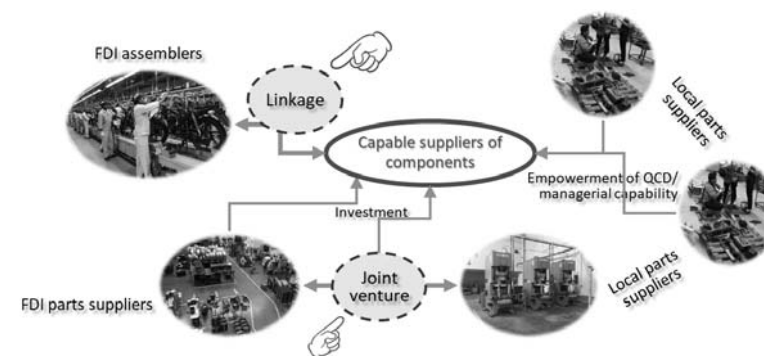


Figure 1-1: Industrial linkage/ technology transfer to be facilitated by IPA

In the context of BIDA which is expected to contribute to industrial diversification through FDI promotion, this function is meant to facilitate industrial linkage (matching) of foreign manufacturers (assembly-type)/ parts and components suppliers with local potential parts suppliers (e.g. plastic, metalworking industries), technology transfer from foreign manufacturers to local suppliers, and thus more participation of local suppliers into global or regional supply-chain of the foreign manufacturers.

2. Direction of the Action Plan

The Action Plan aims to upgrade BIDA's capacity to be an excellent and world-class customer-oriented IPA. The following explains the directions to which BIDA shall be oriented by proceeding the Action Plan:

2-1. Key Orientations

- Towards the functions of promotion and facilitation (beyond regulatory/ licensing functions)

Investment registration and other investment-related licensing are being well serviced but occupies relatively larger resources available to BIDA. In this situation, the Action Plan aims to direct BIDA to enhance its functions of investment promotion and facilitation to be more proactive and strategic.

- Towards the materialization of investments (beyond investment registration)

Investment registration (or related licensing) is a milestone in sequenced promotion and facilitation activities, and not the end of scope that IPA shall cover. Instead, this shall be the beginning of the follow-up services and the long-term relationship with investors. Since follow-up functions for registered investors are not being optimally organized, the Action Plan also focuses on institutional and capacity development for *post-investment functions*.

- Towards investment policy advocate leader (beyond one of the investment authorities)

Policy advocacy for investment climate (regulatory) reform is deemed one of core functions that BIDA is supposed to seek for. BIDA is expected to play a leading role by representing all other government and investment authorities (including BEPZA, BEZA, BHTA) for investment policy and regulatory reform in favor of investors.

2-2. Contribution to the Strategic Roadmap of BIDA

Currently, BIDA is developing its own strategic plan, namely Strategic Roadmap (2020-24), for aiming to be the world-class IPA. Then it defines five (5) strategic objectives listed below.

- i) Support established investors with expansion potential,
- ii) Attract private sector investment to economic diversification,
- iii) Advocate for a better business ecosystem,
- iv) Provide efficient OSS services, and
- v) Create effective divisional structure

As far as the Strategic Roadmap is the long-term commitment of BIDA to the Government of Bangladesh (GoB), the Action Plan introduced by the JICA Project shall be designed to contribute to its realization. Table 2-1 illustrates how the five strategic objectives correspond with the functions to be enhanced by the Action plan, where proposed actions and measures for each function are expected to contribute to the accomplishment of the respective objectives of the Strategic Roadmap.

Table 2-1: Objectives of the Roadmap with functions to be enhanced by the Action Plan Ver.3

	Objectives of the BIDA Strategic Roadmap	Functions to be enhanced by the Action Plan Ver.3
i)	Support established investors with expansion potential in key sectors	<i>Investment monitoring</i> <i>Aftercare</i>
ii)	Attract private sector investment to create jobs and encourage economic diversification	<i>Marketing and Communication</i>
iii)	Advocate for a better business ecosystem	N/A
iv)	Provide effective and efficient OSS services for new and existing investors	N/A
v)	Create Divisional structures that will become effective IP partners	N/A

While the Strategic Roadmap is positioned as the policy document shared with the GoB, the Action Plan indicates the detailed actions and measures for BIDA to enhance its functions, which also addresses the flow of such actions/ measures and timeline of implementation.

2-3. Interaction and Sequences among the Functions

The Action Plan sets forth actions and measures that presume the internal cooperation and interaction among departments (functions) of BIDA for realizing the expected outcomes.

Along the process of general investment activity of private companies, IPA's functions are placed

in one sequence from *pre-investment functions* to *post-investment*, as Figure 2-1 also illustrates.

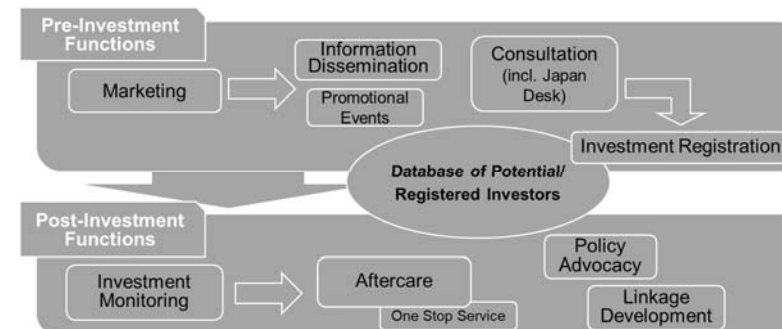


Figure 2-1: Interactive relationship among IPA functions

IPA is first supposed to disseminate necessary information for investors' decisions through different kinds of tools (*Marketing/Information Dissemination*), such as website or publications, or through direct communication with investors (*Promotional Event*), such as international roadshow or seminar. Also, foreign investors who become interested in investment and contact IPA are provided further information and advices for their making decisions (*Consultation*).

After investors enter the actual process of investment (*Investment Registration*), IPA would support the registered investors for complying with the necessary investment procedures controlled by other authorities through the *One Stop Service*. At the same time, IPA monitors the implementation progress of registered projects (*Investment Monitoring*), and in case any project falling behind schedule due to some difficulties or constraints, IPA provides necessary assistance (*Aftercare*). Regarding the issues outside the scope of IPA, the high-level coordination needs to occur within the government or with private sector (*Policy Advocate*). Furthermore, IPA seeks opportunities and potential players among existing foreign investors for promoting linkage with local industries (*Linkage Development*). Since it is the desirable sequence of each function, through which one's outcomes affect the performance of the next.

On the other hand, the reverse direction (from *post-investment functions* to *pre-investment function*) should occur for IPA's better performance; e.g. Investment Monitoring and Aftercare provide outcomes which are indispensable for some of pre-investment functions. For example, the department in charge of information dissemination need statistical data about investment realization which is valuable to potential investors and should be publicized through right channels (e.g. website). Another example is, the department responsible for investment promotion events would be able to plan more effective events by utilizing the information of existing investors who run businesses in key sectors that BIDA focuses on for investment promotion. In this sense, post-investment functions enable IPA to understand local industries' demands for linkage development and technology transfer, and therefore, design effective approaches to new

investors. That is a reverse flow that could accrue from *Linkage Development*.

Furthermore, as Figure 2-1 highlights, the comprehensive database needs to exist in order to maximize the interaction within each function. Thereby, each service unit updates and accesses the latest information about investment projects and concerned enterprises.

2-4. Conditions for Sustainable Implementation

To achieve the outcomes expected by the Action Plan, BIDA is required to establish adequate internal conditions, mostly comprising of the four main factors; Human Resources, Information Management, Budget, and Organizational Structure. Although some of these conditions may not be intervened by the JICA Project Team since they are deemed internal affair of BIDA, the Team proposes the recommendations as follows:

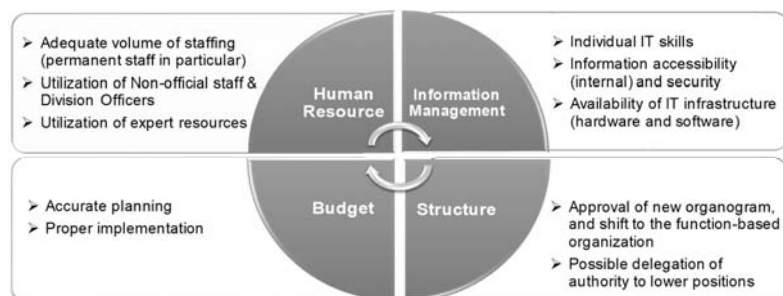


Figure 2-2: Internal conditions for successful implementation of the Action Plan

Human Resources

BIDA needs a greater number of BIDA recruited staff, who are allowed to work permanently, to ensure knowledge accumulation (institutional memory) within the organization. Besides, it is also effective to utilize those officers recruited directly by BIDA who have worked for a long time and are likely to remain in the organization. Moreover, the utilization of officers at the lower level may require job enlargement as well as knowledge/ skills acquisition.

Information Management

Implementation of some proposed actions and measures requires the skills/ knowledge of IT as well as IT infrastructure, especially for introducing the databases in practice. Although the provision of IT hardware is outside the scope of the JICA's assistance, the JICA Project Team will assist BIDA to enhance individual skills/ knowledge of IT and establish the system for knowledge management/ information sharing (including the procedure to access particular information/ data).

Budget

Adequate financial resource is prerequisite for successful implementation of the Action Plan. The JICA Project Team covers some expenses necessary for conducting the proposed actions and measures, such as expenses for organizing trainings/ hiring external resources and during the pilot

(demonstration) stage, that are deemed valid enough. However, the JICA Project Team also expects BIDA to secure the budget for expenses that may not be covered by the JICA and that may incur after the pilot (demonstration).

Organizational Structure

In parallel to the approval of the Strategic Roadmap, the new organogram of BIDA will be officially approved. Ahead of that, the organizational structure is been transformed and staffing changes are occurring accordingly. However, in order to proceed recruiting new staff, the organogram needs to be officially approved because it proposes increasing in the number of staff.

3. Method of Capacity Building

This section describes approach/ means of capacity building to be considered by the JICA Project Team in proceeding the Action Plan.

Capacity building of individual officers/ staffs

The JICA Project Team will largely employ the following means of assistance for individual officers/ staffs of BIDA to carry out the proposed actions and measures.

- Off-the-job training (training, workshop, study tours, etc.)

Identifying some important subjects of which BIDA staff are required to learn skills and knowledge, the JICA Project Team will organize training programs and workshop. Followingly, BIDA staff will have chances to join study tours in Japan or third countries in ASEAN, in which participants are required to learn from other IPAs about good practices of particular functions and services. In order to maximize the effect of training programs, the selection of participant needs to be carefully done with the relevance between their tasks in workplaces and subjects of trainings.

- On-the-job trainings (guidance, hands-on advice at work)

The JICA Project Team will provide individual officers/ staffs of BIDA with necessary guidance and hands-on advice during the course of conducting the tasks concerned with the proposed actions/ measures in the Action Plan. For instance, During the course of investment monitoring (IM) activity, the JICA Project Team guides the method of monitoring data management/ analysis for the officers/ staffs in charge to establish the practices of proper data management and statistical analysis.

Institutional capacity building

- Advice/ guidance for establishing (institutionalizing) the work system/ flow

Especially for post-investment functions that are not optimally performed in BIDA at the moment, the JICA Project Team will advise and guide the responsible departments to establish the work system/ flow through which the officers/ staffs in charge are able to conduct the tasks assigned in a standardized manner and as prescribed.

➤ Review of SOPs and preparation of complementary manual/ guideline

BIDA has prepared the standard operation procedure (SOP) for each task assigned. Since it is important tool for ensuring the consistency and quality of the outputs of tasks/ services, the JICA Project Team will review these SOPs concerned with the actions/ measures in the Action Plan, and prepare the complementary manual/ guideline if deemed necessary.

4. Baseline

Before drafting Action Plan Ver.1 in March 2018, JICA project team conducted capacity assessment of BIDA as baseline survey. Reviewing other IPAs' practices and investigating the perceptions held by the investors (registered with BIDA), JICA Project Team has identified various capacity gaps that BIDA needs to address. Table 4-1 summarizes the result to clarify what were the challenges to be addressed and where was the initial position of BIDA at that time. At the end of the JICA Project, the improvement of BIDA's capacity will be measured by comparing the initial status.

In addition, in the right-hand side of Table 4-1, it describes the progress which are improvement or achievements observed at the time of renewing the Action Plan. As Action Plan is supposed to be renewed at the beginning of fiscal year, the description will be continuously revised.

Table 4-1: Summary of challenges of BIDA

Challenges	Initial Position as of 2017	Progress as of 2020
Enrich and improve the contents of disseminated information	➤ BIDA initially publicizes 17 sector leaflets which needs be further enriched.	➤ Sector profiles were prepared for 4 industries. ➤ BIDA Investment Handbook has been updated.
Self-planned/ organized promotion events with effective tools	➤ After BIDA establishment, no international events yet to be held with BIDA's initiatives. Corporate profiles of event participants have never been managed.	➤ BIDA developed the annual calendar of international events through analytical approach. ➤ Preparation for scheduled events started.
Visitor guidance and efficient/ proactive consultation	➤ Ad-hoc consultation and no record about inquiries. ➤ No proactive approach to potential investors.	➤ FAQ has been prepared and uploaded on the website. ➤ Contact Management System is being introduced.
Proper monitoring to registered projects	➤ Many foreign projects are not reached yet for data collection (only 40 foreign projects provided data and information). ➤ BIDA staff are not capable of	➤ Introduced the systematic and effective methodology. ➤ The response rate reached 56%.

	data management	
Systematic Aftercare to provide facilitative actions	➤ No mandated services related to Aftercare.	➤ Investment After care Unit was established and the scope of work is fixed. ➤ The Unit started to communicate with investors in need for assistance.
Policy advocacy (facilitation of regulatory reform)	➤ BIDA has been involved in some high-level policy coordination. ➤ Investors expect BIDA to play a leading role.	

5. Operation of the Action Plan

The Action Plan is attached with the detail plans of each IPA function. The detail plans prepared by function describe the steps of implementation of agreed actions/ measures and expected outcomes with the necessary inputs and timeline (for the short-term perspective). The detail plans are prepared through the in-depth discussions with departments assigned by BIDA to each agreed action/ measure.

Each responsible department of BIDA will implement their own detail plans, with the technical assistance of the JICA Project Team, as illustrated below.

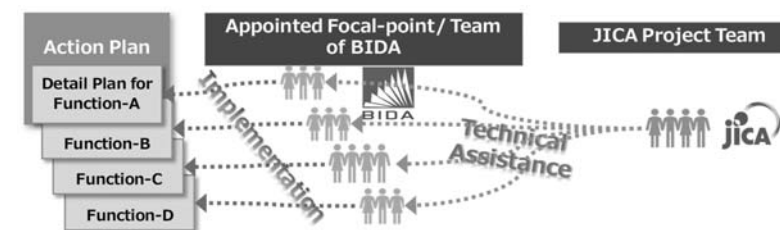


Figure 5-1: Operation of the Action Plan

Although all actions/ measures in the Action Plan are assigned with particular departments based on the existing division of work in BIDA. The schedule of proceeding the Action Plan is also tentatively prepared for the entire four years (2018-2021), but more realistic timeline of operation for each agreed action/ measure will be confirmed at the time of formulation of each detail plan.

The Action Plan shall be revised or updated based on the periodic monitoring and review, and through the consensus between BIDA and the JICA Project Team, possibly before the beginning of every fiscal year in Bangladesh.

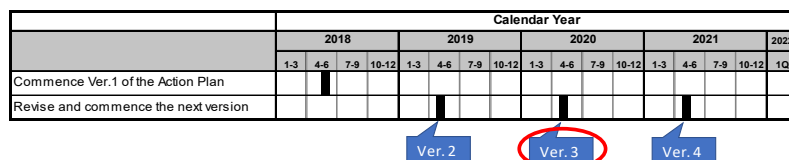


Figure 5-2: Schedule for revising/ updating the Action Plan

6. Summary of Actions and Measures

The Action Plan Ver.3 focuses more on promotion activities. Throughout the 1st half of five-year project period, BIDA has strengthened the functions regarding research and planning, positioned in the front of the whole sequence as Figure 6-1 illustrates. This means that BIDA is ready to work on the following functions which are more about promotion activities targeting both new investment and reinvestment by existing investors.

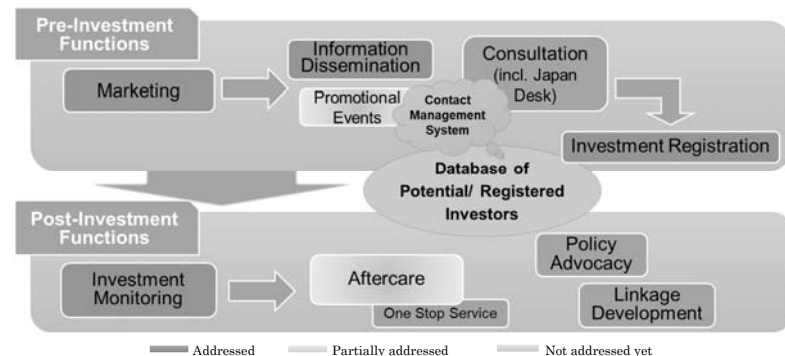


Figure 6-1: Progress on Strengthening BIDA's functions

This section explains some major actions and measures as per each function. As mentioned earlier, each detail plan attached will give full descriptions.

1) Marketing and Communication; includes information dissemination and promotion events

Information Dissemination

The perception survey to existing investors revealed that they seek more practical information and data about key sectors: size of markets, major suppliers, availability of raw material and semi-products, location of related industrial clusters, investment procedures etc.

Responding to the investors' expectation, the Action Plan aims the enrichment of BIDA's existing publications; i) general promotion material (to all types of investor), ii) sector profile (through sectoral study), iii) guidebook/ handbook which explains investment-related licensing and their

procedure, and iv) website. It is to be decided which tools will be enriched.

Promotion Events

BIDA is planning to initiate its own promotion events abroad, which is one of the greatest challenges because there has not been any chances although BIDA's personnel sometimes invited to give presentations in similar events organized by third parties.

Owing to Covid-19 pandemic, BIDA has decided to hold webinars towards potential investors in foreign countries. As there is a plan about which countries webinars will be held, the Action Plan aims to implement the plan in an effective manner. As of September 2020, the preparation for each planned webinar are underway, as Table 6-1 indicates the progress.

Table 6-1: Progress on Preparation of Planned Webinars

Country	Time	Progress on preparation
China	January 2021	Communication with the embassy is on-going
US	To be decided	Seeking cooperation from the embassy
Canada	To be decided	Seeking cooperation from the embassy

Marketing function (Contact Management System)

In order to initiate investment promotion activities in an effective manner, IPAs should identify prospective investors who meet certain selection criteria. For that purpose, BIDA has introduced "Contact Management System", based on the proposal raised by JICA Project team. Figure 6-2 illustrates how it works.

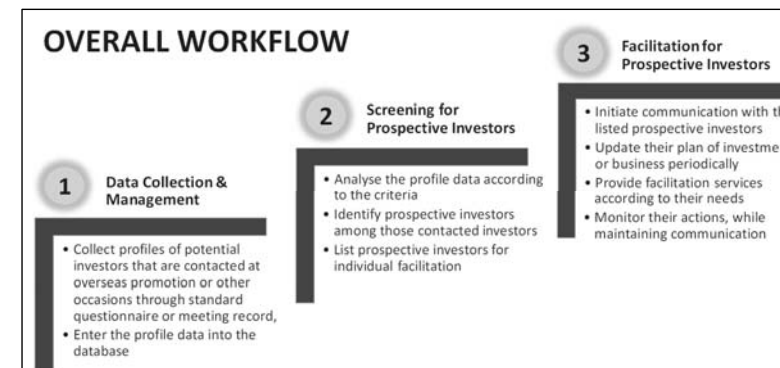


Figure 6-2: Workflow of Contact Management System

2) Aftercare

This function is quite important, especially under the Covid-19 pandemic. Traveling across borders are not allowed as previous and foreign companies are not able to consider new

investment. Under such circumstance, BIDA does not expect FDI adequately from foreign enterprises which have never invested in Bangladesh, whereas existing investors in Bangladesh can be regarded as the great source of FDI (i.e. reinvestment).

Another motivation of addressing existing investors is because they must face unexpected issues caused by Covid-19 outbreaks. In this situation, the need for Aftercare should be the highest in the recent years.

As the foundation on which Aftercare can be designed and implemented, the Action Plan Ver.1 and 2 achieved to strengthen the function of investment monitoring. As a consequence, BIDA became capable of capturing the situation of registered investors; the response rate improved from 15% in 2017 to 56% in 2020. Making use of the data and information, the concerned department of BIDA will design the related activities.

One of the main activities during the time of Action Plan Ver.3 is to conduct webinars to registered investors who are facing particular issues related to their project implementation. Since it is possible to identify beneficiaries thanks to investment monitoring, BIDA officers will first select the issues as agenda of webinars, and create the list of participants accordingly.

In doing so, BIDA officers will classify the issues into four categories as Table 6-2 indicates.

Table 6-2: Category of issues

	Category of issues	Examples
i)	Issues attributing to BIDA's authority	IRC and work permit of expats
ii)	Issues attributing to other institutions authorities	Trade License and Environment certificate
iii)	Issues beyond BIDA's authority	lack of funds and labor skills
iv)	Issues out of the control of the government	Market condition and Insufficient Infrastructure

Taking into account the ease of tackling the issues, BIDA will try the first category of issues; issues attributing to BIDA's authority. After confirming the efficacy of the webinar as an Aftercare activity, BIDA will organize webinars whose agendas are those from the second category; issues attributing to other institutions authorities.

The detail plans (refer to Appendix) offer the full explanation about the actions to be implemented by BIDA's concerned division. According to the aims of the Action Plan Ver.3, the detail plans are developed for two functions; Marketing and Communication, and Aftercare.

Detail Plan for Investment Promotion Activity

**Action Plan
for Strengthening of BIDA's Functions**

Detail Plan

**Investment Promotion Activity
(Ver. 1)**

1. Department in charge:

Image Building, and Programming

2. Definition

Investment promotion event which IPA organizes can be defined with the following two categories.

- International events held in foreign countries to attract new investment
- Domestic events to retain established companies and promote their business expansion and reinvestment

Then, the Action Plan and related actions to be implemented focus on the former 'International Event' as activity for attracting new foreign investment.

In general, investment promotion events intend to achieve the following outcomes.

- 1) To provide potential investors with information on investment climate and business opportunities in specific sectors across the entire country
- 2) To build up relationships with potential investors and intermediaries

In accordance with those objectives, there are several types of international events; roadshow, seminar, business mission, forum, exhibition, and conferences, and some of which will be selected or combined to hold depending on event objectives

3. Expected Outcomes

- 1) Image building activities are strategically and effectively made through the different types of or combination of promotional events or approaches.
- 2) Participants to events are provided with follow-up consultation.

4. Contribution to the realization of the Corporate Plan of BIDA

The actions focusing on this function are expected to help achieve the Objective 1 of BIDA Corporate Plan: Objective 1: Attracting Private Sector Investment.

5. Actions to be implemented by BIDA

In general, there are two approaches to planning investment promotion events as illustrated below.

- 1) Self-planning (proactive): according to the own strategies, plan events to be held within a fiscal year.
- 2) Not self-planning (ad-hoc): responding the request from external agencies (e.g. Bangladesh diplomatic, trade missions, foreign missions in Bangladesh, and donors) and providing required resources (speakers, materials, etc.)

The former is more effective for maintaining the consistency in promotion activities of BIDA, and yet the two approaches can be utilized to maximize the promotion activities for Image Building.

Actions related to this function are designed according to the general process of organizing investment promotion events as Figure 1 illustrates. Then, the activities to be implemented are i) enhancement of planning capability, ii) enhancement of event organizing skills, and iii) improvement of the post-event actions.

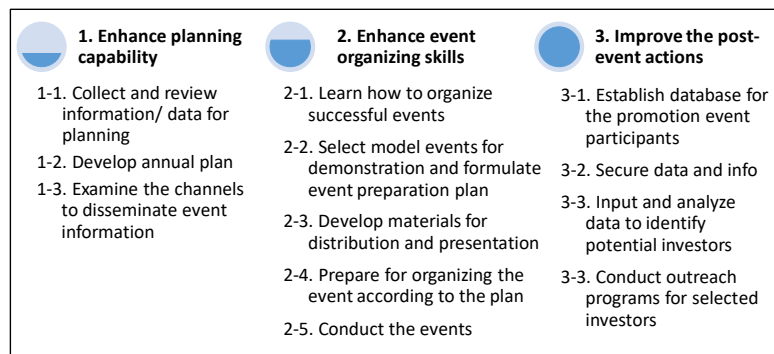


Figure 1: Summary of actions regarding the function of investment promotion events

Over the entire period of the JICA Project which ends in March 2022, the Department or a team formed by assigned officials will conduct planned actions belonging to each activity, as the following sections elaborate.

1. Enhancement of Planning Capability

First of all, BIDA needs to develop their capability of planning effective promotion events, in order to make investment promotion events organized by BIDA more

effective and consistent with any clear strategy. One of relevant tasks is to develop the annual event calendar which describes at least tentative event date and venue (host countries). The following part elaborates actions to be implemented.

1-1. Collect and review information/data for planning

The Department or the team needs to collect information and data necessary for the development of the strategy and planning promotion events accordingly. Firstly, related national policies can provide us some basic idea about which sectors should be particularly developed for national development. Therefore, concerned documents to be collected and reviewed are “7th Five Year Plan (2016-2020)”, ‘National Industry Policy’, and related research papers, especially studying specific sectors.

After that, statistical data regarding foreign investment inflow into Bangladesh needs to be collected. BIDA is an authority which registers foreign investment, and thus holds valuable dataset of foreign investment which makes it possible to figure out trends of each sector and investing country in recent years. Moreover, FDI inflow into the entire country and the global trend of FDI can be obtained from the Bank of Bangladesh and international organizations respectively.

Also, BIDA sometimes receives visits of delegations and missions from other countries which are enthusiastic about investing in Bangladesh. Since those countries can be regarded as ones which are willing to organize events for promoting foreign investment, it is worth listing and reviewing those countries.

Besides, BIDA should consult with domestic concerned stakeholders. For instance, it is necessary to understand what respective ministries and other government agencies are planning to develop their concerned sectors and the linkages with foreign companies. Furthermore, BIDA may need to pay attention to some local companies, especially potential vendors for large foreign manufactures. If many local companies seeking foreign partners are observed, their industries can be the sectors which investment promotion events should focus on. In this regard, consultation needs to be held with business associations.

Table 1 summarizes information and data which are necessary to be collected and analyzed in targeting key countries and sectors for investment promotion events.

Table 1: Proposed List of Information/Data

	Information/Data	Source
1	National policies related	<ul style="list-style-type: none"> • 7th Five Year Plan • National Industry Policy

		♦ BIDA Corporate Plan
2	Statistical Data; FDI inflow and international trade in Bangladesh as well as globally	♦ JICA team ♦ Central Bank
3	Recent inward missions; countries more actively seeking investment opportunities in Bangladesh	♦ BIDA
4	Sector strategy for investment promotion	♦ Concerned ministries ♦ Business associations

1-2. Develop the annual plan

For CY 2018, the annual event calendar has been created by BIDA, and promotion events have been organized accordingly although some of them have been cancelled or postponed. The Action Plan, with the support of JICA team, will aim to draw up an annual plan for next fiscal year (FY2019-2020) which will start from July 2019.

The cost of organizing events is one of the key factors, and therefore, this action will entail part of budget planning and necessary arrangement within BIDA. Some planned events may be forced to redesign or be cancelled if budget will not be allocated adequately. Thus, the officials in charge need to estimate cost of planned events and take internal procedures properly to incorporate the estimated expenditures into BIDA's annual budget planning for the coming fiscal year. The Department or the team of BIDA and JICA team will start sector targeting and budget planning as soon as possible, in order to internally propose investment promotion events with estimated costs for entire budget planning for FY2019-20.

Besides, another crucial factor for planning international events is whether or not embassies and IPA in host countries could provide adequate cooperation on the events that BIDA plans. Therefore, once the event calendar is finalized, BIDA officials had better contact those external institutions formally or informally to check their availabilities in scheduled timing.

After identifying target sectors/potential sources of foreign investment (country) and completing internal arrangement and external coordination, the Department with the assistance of JICA team will draw up the annual plan (calendar) of investment promotion events.

1-3. Examine the channels to disseminate event information

Once BIDA decides to organize any event domestically or internationally, event information should be disseminated through right channels. One of the most viable means is to upload it on BIDA website. Apart from that, BIDA needs to make sure that all possible channels are examined. In the past, prior to the events abroad, BIDA made

correspondence with chambers of countries which hosted BIDA's events, and delegate them to contact and invite potential participants.

Figure 2 summarizes the steps to be taken for enhancing planning capability, as described in this section.

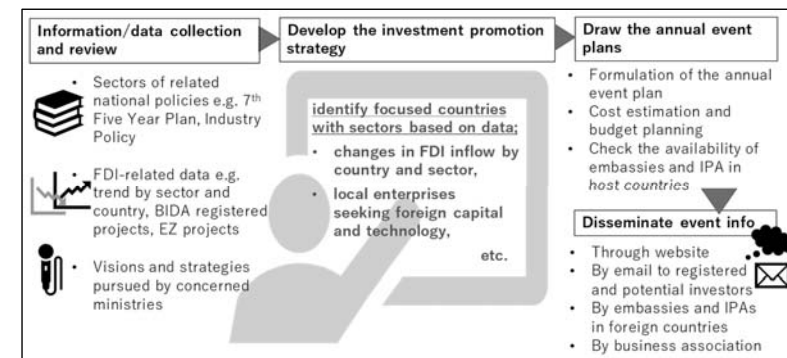


Figure 2: the process of the activity for the enhancement of planning capability

2. Enhancement of Event Organizing & Management Skills

Following the activity for planning events, this section explains about the activity for enhancing event organizing skills.

BIDA usually coordinates with embassies, IPAs/other institutions and private service providers in host countries to organize international events. If BIDA get more involved in event organization and management, BIDA officials concerned require organizing skills. In order to develop necessary skills, this activity will be implemented through two main phases; i) BIDA officials will learn effective ways of organizing investment promotion events, and ii) BIDA officials will demonstrate learned skills at any actual events.

2-1. Learn how to organize successful events

One of the options is that JICA project team will organize in-house guidance sessions where JICA team presents lectures by referring other IPAs' practices. The second is the study tour to be organized by JICA team in Japan or ASEAN countries, in which BIDA officials will gain some related skills through peer learning with other IPA staff.

2-2. Select model promotion events for demonstration and formulate the event preparation plan

As mentioned earlier, BIDA has developed the annual event calendar. Among events already planned, BIDA officials and JICA team will discuss and select a model event where BIDA officials can demonstrate the learned skills.

Then, BIDA officials and JICA team will work on the formulation of the event preparation plan for the model events while the event calendar only describe event date and venue (country). Table 2 shows the tentative contents of the preparation plan (items to be determined).

Table 2: tentative contents of the preparation plans

Topic	Items
Outline of event	• Date, objectives, types of events, agenda and contents
Preparation Schedule	• Overall period for preparation and deadline of each preparatory action
Participants	• Foreign enterprises to be invited
What BIDA will bring from Bangladesh	• Speakers/presenters (internal and external resources) • Handouts • Presentation slides
Logistics arrangement	• Necessary arrangement (liaising agencies at host-country side) • Invitation to potential participants • For the delegation from Bangladesh
Staff assignment	• Assignment of BIDA officials to each task
Budget allocated	• Cost estimation and securing adequate budget

In preparing event, one of the most significant matters is to decide what kind of event will be held (type of event). According to event objectives and agendas, BIDA and JICA team will discuss and determine the styles of events from multiple options, such as roadshows, investment forum, outward mission, business matching, individual consultation, etc. As a proposal from the JICA team, BIDA could organize an international event where the main program includes key note speeches and presentations regarding investment-related legislation and opportunities, and also, individual consultations by BIDA officials will follow the program.

2-3. Develop materials for distribution and presentation

Preparing handouts is also an important preparation for successful events. After listing materials to be distributed at the event, BIDA officials and JICA team will check about existing materials currently available at BIDA. In case that there is a need to create some materials from scratch or improve existing ones, BIDA has to secure enough time prior to the events. Table 3 is the tentative list of promotion materials to be distributed.

Table 3: Information materials to be distributed

	Title/ Contents	Remarks
1)	General profile	To be prepared based on existing materials
2)	FAQ	Prepared by JICA team
3)	Sector profile (relevant ones to the events)	BIDA has 17 sector profiles with potential for improvement
4)	BIDA registration application form, attached list of requirements	
5)	Questionnaire about the events	To be improved based on the existing one

Besides, PowerPoint slides for presentation have to be prepared. Although BIDA has a few versions of presentation material used for the past events, investment promotion events are supposed to take place at various countries having different contexts, and therefore, the contents of presentation should be developed by taking into account those specific situations at host countries and the aim of each event (e.g. focused sectors). Thus, based on the existing format of presentation, BIDA is expected to develop specific ones for each planned event.

More importantly, in order to follow up with participating companies after events, BIDA needs to collect necessary information by asking them to fill in questionnaire. Questionnaire also provides valuable feedback from participants in terms of BIDA's performance during the events. Reflecting them, BIDA officials need to improve the way of planning and organizing future events. As this practice had been implemented until several years ago, JICA team could review the used format and assist BIDA officials improve it.

2-4. Prepare for organizing the event according to the plan

In accordance with the event preparation plan of the event, BIDA officials and JICA team will start necessary preparation several months before the day of event.

One of the most significant actions done by BIDA is formulation of delegation. If any resource persons outside of BIDA are expected to attend the events, BIDA officials need to do some research to identify and invite right persons. In addition, Bangladesh companies who seek foreign business partners could be invited if the event entails side events for business matching. All of those event participants from Bangladesh will be invited to form the delegation. In this regard, BIDA has to do necessary logistic arrangements for them, coordinating with agencies in host countries

2-5. Conduct the events

Prior to the day of event, it is expected to prepare the list of tasks to be fulfilled during the day of event, and names of assigned officials. It could make clear what tasks each

official pays the most attention to and also could avoid any confusion and duplication among officials in completing each task.

There should be much to do during the day of the event. Through those actual occasions, BIDA officials need to see if their planning and preparation are working properly as they expected. Therefore, whenever officials find any difficulties and unexpected problems throughout the event, they should take notes of them, and thus will share with other officials afterwards and discuss about possible improvement for future events.

Organizing international events are also good opportunities for BIDA officials to meet embassies of Bangladesh and IPAs in foreign countries. BIDA officials are expected to build up relationships with those which could help advertise Bangladesh in their countries.

As for this section, Figure 3 summarizes the process of the activity.

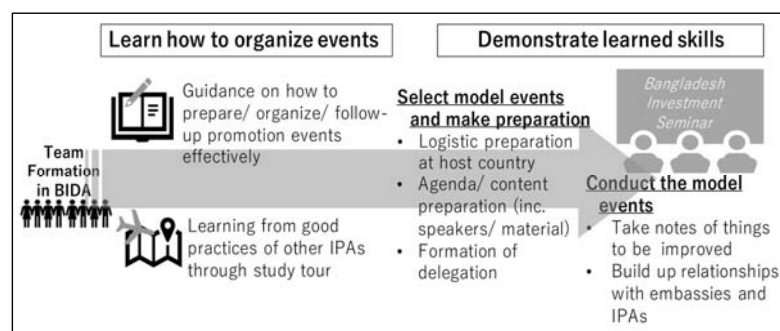


Figure 3: the process of the activity to enhance event organizing skills

3. Improvement of post-event actions

As the final phase of investment promotion events, this section explains about the activity related to improving post-event actions.

After organizing any type of investment promotion events, BIDA should conduct post-event actions. Those events are thought to be great opportunities where BIDA could meet many potential investors at the same place. Since all of foreign companies which have attended the events have certain interest in investing in Bangladesh, they need to be followed up with and supported for their future investment decisions. According to the steps mentioned by the following sub-sections, BIDA officials, with the assistance of JICA team, will improve their post-event actions.

Prior to the post-event activities elaborated below, there are several tasks BIDA needs to do right after the events: 1) send out thank you emails to participants, 2) upload event information and photos on the website, and 3) answer to immediate inquiries.

3-1. Establish database for the promotion event participants

Firstly, it is necessary to establish information management system in which all relevant information is able to be incorporated and updated. BIDA plans to create Investor Relationship Management System (IRMS) according to BIDA Corporate Plan. Yet, during the period without the system, it is possible to manage investors' information within an Excel data file. JICA team could assist BIDA prepare it for temporary use but possible to be incorporated into IRMS once it is established.

3-2. Secure data and information

At any international event where foreign companies attend, BIDA will collect their information through questionnaire. The main information to be sought is company profile of participants. Furthermore, in order to analyze collected information and identify potential investors efficiently, BIDA officials with the assistance of JICA team will need to make the questionnaire effective, with critical questions to examine respondents' seriousness about investment in Bangladesh.

As Table 4 describes, some international events are planned to take place before the next fiscal year begins. Apart from activities related to Planning and Organizing Events mentioned in preceding sections, gathering information from participants can be implemented as soon as questionnaire form is prepared.

Table 4: International Events Planned for 2018

	Country/City	Target Sectors	Date (tentative)
1	Sudan	Agriculture	February, 2019
2	Tunisia	N/A (Investment Forum)	March, 2019
3	Australia, Sydney	RMG, Pharmaceutical, Leather & Footwear, Agriculture Commodity, Frozen and Sea Foods, Power & Energy, Minerals & Metals	April, 2019

3-3. Input and analyze participants' data to identify potential investors

After every event, BIDA official in charge will transfer all information relevant to post-event actions, into the database. Then, looking into collected information and data carefully, BIDA officials with the support of JICA team will narrow down the list of participants to have only companies with great potentiality of investment in Bangladesh.

3-4. Conduct outreach programs for selected investors

This function can be established once BIDA recruits enough human resources and deploy certain number of staff at the department concerning this function.

BIDA officials and JICA team will consider possible outreach programs to encourage potential investors to make decisions to invest in Bangladesh. As several types of programs can be conducted, one option is that several officials in BIDA will be designated as country desk, like 'Japan Desk', and they keep in contact with identified potential investors and continuously provide necessary support. In communicating with those investors, one of the most effective action is to pinpoint the decisive factors that foreign companies need to overcome before investment decision. Another option about outreach programs is to organize business matching events, which should have great impact especially on foreign companies which seek local partners to run businesses in Bangladesh.

In order to continuously reach potential investors based in foreign countries, the coordination with embassies of Bangladesh in foreign countries is quite vital. In targeted countries, BIDA needs to build up special relationship with the embassies and continuously share relevant information and develop viable outreach programs.

To sum up this section, Figure 4 shows the process of the implementation of this activity.

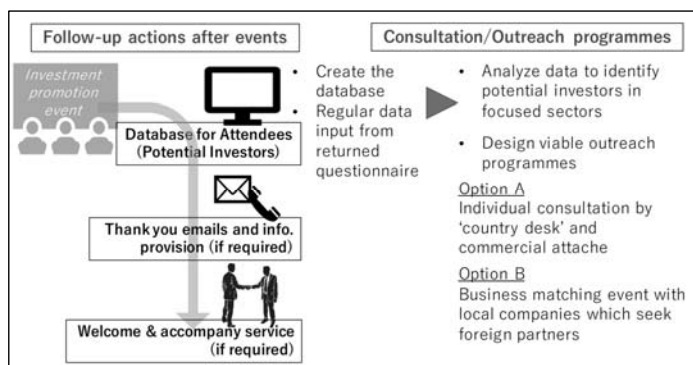


Figure 4: the process of implementation of improving post-event action

Table 5 provides the schedule that the Department or the team will follow to implement each action, with the cooperation of the JICA Project Team.

Table 5: Implementation Schedule for 1st Year

Functions to be Strengthened/ Actions and Measures Proposed		Detail Plan	2018	2019												
			12	1	2	3	4	5	6	7	8	9	10	11	1	
1 Enhance planning capability																
1-1 Collect and review information/data for planning	Collect/review national policies															
	Collect/review statistical data															
	Collect/review list of inward missions recently held															
1-2 Develop annual plan	Identify targetd sectors and countries															
	Budget planning and internal arrangement															
	Draw up the annual plan															
1-3 Examine the channels to disseminate event information	Upload event information on BIDA website															
	Dissminate through other channels															
2 Enhance event organizing skills																
2-1 Learn how to organize successful events	Guidance sessions for assinged BIDA officials															
	Study tour for assigned BiDA officials															
2-2 Select model event and formulate event preparation plan	Discuss to select model events															
	Make event preparation plans															
2-3 'Develop materials for distribution and presentation	Determine information materials to be distributed															
	Develop information materials if necessary															
	Develop presentation materials															
2-4 Prepare for organizing the event according to the plan	Organize delegations if necessary															
	Work on other preparations															
2-5 Conduct the model events	Prepare lists of tasks during the day of event															
	Conduct events															
	Wrap up conducted events															
3 Improve the post-event actions																
3-1 Establish database for event participants	Create the data file for event participants															
	Prepare the questionnaire															
3-2 Secure data and information	Collect data/information from participants															
3-3 Input and analyze data to identify potential investors	Insert collected data/info into the database															
	Analyze datasets to identify potential investors															
3-4 Conduct outreach programs for selected investors																
	Discuss viable programs															

**Action Plan
for Strengthening of BIDA's Functions**

Detail Plan

**Investment Promotion Activity
(Ver. 2)**

1. Department in charge:

Marketing & Communication (called "the Department" hereafter)

2. Definition

Investment promotion event which IPA organizes can be defined with the following two categories.

- International events held in foreign countries to attract new investment
- Domestic events to retain established companies and promote their business expansion and reinvestment

Then, the Action Plan and related actions to be implemented focus on the former 'International Event' as activity for attracting new foreign investment.

In general, investment promotion events intend to achieve the following outcomes.

- 1) To provide potential investors with information on investment climate and business opportunities in specific sectors across the entire country
- 2) To build up relationships with potential investors and intermediaries

In accordance with those objectives, there are several types of international events; roadshow, seminar, business mission, forum, exhibition, and conferences, and some of which will be selected or combined to hold depending on event objectives

3. Expected Outcomes

- 1) Image building activities are strategically and effectively made through the different types of or combination of promotional events or approaches.
- 2) Participants to events are provided with follow-up consultation.

4. Contribution to the realization of the Corporate Plan of BIDA

The actions focusing on this function are expected to help achieve the Objective 1 of BIDA Corporate Plan: Objective 1: Attracting Private Sector Investment.

5. Actions to be implemented by BIDA

In general, there are two approaches to planning investment promotion events as illustrated below.

- 1) Self-planning (proactive): according to the own strategies, plan events to be held within a fiscal year.
- 2) Not self-planning (ad-hoc): responding the request from external agencies (e.g. Bangladesh diplomatic, trade missions, foreign missions in Bangladesh, and donors) and providing required resources (speakers, materials, etc.)

The former is more effective for maintaining the consistency in promotion activities of BIDA, and yet the two approaches can be utilized to maximize the promotion activities for Image Building.

Actions related to this function are designed according to the general process of organizing investment promotion events as Figure 1 illustrates. Then, the activities to be implemented are i) enhancement of planning capability, ii) enhancement of event organizing skills, and iii) improvement of the post-event actions.



Figure 1: Summary of actions regarding the function of investment promotion events

Over the entire period of the JICA Project which ends in March 2022, the Department will conduct planned actions belonging to each activity, as the following sections elaborate.

1. Enhance Planning Capability

First of all, BIDA needs to develop their capability of planning effective promotion events, in order to make investment promotion events organized by BIDA more

effective and consistent with any clear strategy. In this regard, the following part elaborates actions to be implemented.

1-1. Undertake analytical research on priority sectors

- Continue analytical research

Throughout the previous team (FY2018-19), the Department, with the assistance of JICA Project Team, has developed the annual calendar of investment promotion events to be held abroad. In doing so, the Department took an analytical approach to select priority sectors to be focused and identified countries which have great potential of the selected sectors. Table 1 presents the calendar completed through such process.

Table 1: Calendar for Road-show in abroad for year 2019-20

No	Region	County	Tentative Time	Place/venue
1)	Asia	India/ China/ Hong Kong	May, 2019	Mumbai/ Shenzhen/ Hong Kong
		Japan	June, 2019	Tokyo/ Osaka
2)	Europe	Germany/ Netherlands	July, 2019	Berlin/ Amsterdam
		UK/ Sweden	September, 2019	London/ Stockholm
		Italy/ France	November, 2019	Milan/ Paris
3)	Arab	UAE/ Qatar	January, 2020	Dubai/ Doha
		Saudi Arabia/ Kuwait	February, 2020	Jeddah/ Kuwait City
4)	North America	USA/ Canada	April, 2020	Los Angeles/ Toronto
5)	Africa	Sudan/ Uganda/ Mauritius	May, 2020	Khartoum/ Kampala/ Port Louis

Although the calendar has been completed, the Department is expected to continue to undertake such analytical works for further development or necessary revision of the calendar. In fact, as of July 2019, any of those planned events have not been implemented and even not planned in detail. Under such circumstance, the calendar is likely to be revised in terms of schedule.

- Conduct stakeholder meetings

The next step is detail planning of each event, especially for those which are supposed to focus on particular sectors. Among the calendar, the Department concluded that it is worth organizing sector-specific promotions in the selected countries in Europe, such as Netherlands and Germany.

Then, for considering events which aim to promote FDI into key sectors in Bangladesh, BIDA should consult with concerned stakeholders. For instance, it is necessary to understand what respective ministries and other government agencies are planning to develop their concerned sectors and the linkages with foreign companies. Furthermore, BIDA may need to pay attention to some local companies, especially potential vendors for large foreign manufactures. If many local companies seeking foreign partners are observed, their industries can be the sectors which investment promotion events should focus on. In this regard, consultation needs to be held with business associations as well.

1-2. Examine the channels to disseminate event information

Once BIDA decides to organize any event domestically or internationally, event information should be disseminated through right channels. One of the most viable means is to upload it on BIDA website. Apart from that, BIDA needs to make sure that all possible channels are examined. In the past, prior to the events abroad, BIDA made correspondence with chambers of countries which hosted BIDA's events, and delegate them to contact and invite potential participants.

2. Enhancement of Event Organizing Skills

Following the activity for planning events, this section explains about the activity for enhancing event organizing skills.

BIDA usually coordinates with embassies, IPAs/other institutions and private service providers in host countries to organize international events. If BIDA gets more involved in event organization and management, BIDA officials concerned require organizing skills. In order to develop necessary skills, this activity will be implemented through two main phases: i) to learn effective ways of organizing events, and ii) to demonstrate learned skills at any actual events. The process is presented by Figure 2.

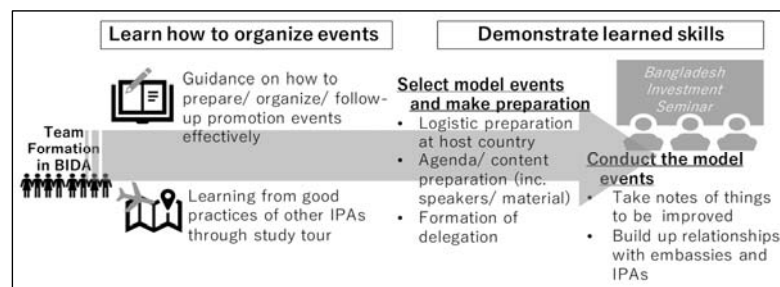


Figure 2: the process of the activity to enhance event organizing skills

2-1. Learn how to organize successful events

One of the options is that JICA project team will organize in-house guidance sessions where JICA Project Team presents lectures by referring other IPAs' practices. The second is the study tour to be organized by JICA Project Team in Japan or ASEAN countries, in which BIDA officials will gain practical skills through peer learning with other IPA staff.

- Guidance sessions for assigned BIDA Officials

Referring to standard practices of advanced IPAs, JICA Project Team will provide lectures to BIDA officials on the way of organizing international events. According to the present protocol in BIDA, it seems that different officials will be appointed to join the delegation to each event. Since skills and know-how for organizing such events should be provided to those who will be actually involved in preparation and operation, guidance will take place only after nomination

- Study tour for assigned BIDA officials

As of July 2019, the next study tour is not planned yet. However, when JICA Project Team will embark on the preparation, investment promotion event will be included as main agendas.

2-2. Select model events and formulate the event preparation plan

- Discuss to select model events

Once obtaining the consent of BIDA management, BIDA officials and JICA Project Team will discuss and select a few model events where BIDA officials can demonstrate the learned skills.

As one of selection criteria, in order to maintain the consistency with the preceding activities of Action Plan, it would be advised to select the sector-focused events that JICA Project Team has intensively assisted in the consideration, whereas the calendar includes ordinary events which do not have such specifications.

Besides this criterion, model events will include any events to be held in Japan.

- Make event preparation plan

Then, BIDA officials and JICA team will work on the formulation of the event preparation plan for the model events. Since a few months before, assigned officials are supposed to start preparations. Table 2 shows the tentative contents of the preparation plan (items to be determined).

Table 2: tentative contents of the preparation plans

Topic	Items
Outline of event	<ul style="list-style-type: none">• Date, objectives, types of events, agenda and contents
Preparation Schedule	<ul style="list-style-type: none">• Overall period for preparation and deadline of each preparatory action
Participants	<ul style="list-style-type: none">• Foreign enterprises to be invited
What BIDA will bring from Bangladesh	<ul style="list-style-type: none">• Speakers/presenters (internal and external resources)• Handouts• Presentation slides
Logistics arrangement	<ul style="list-style-type: none">• Necessary arrangement (liaising agencies at host-country side)• Invitation to potential participants• For the delegation from Bangladesh
Cosponsors	<ul style="list-style-type: none">• Public or private entities• Demarcation of preparatory actions
Staff assignment	<ul style="list-style-type: none">• Assignment of BIDA officials to each task
Budget allocated	<ul style="list-style-type: none">• Cost estimation and securing adequate budget

In preparing event, one of the most significant things to be determined is what kind of event will be held (type of event). According to event objectives and agendas, BIDA and JICA team will discuss and determine the styles of events from many options, such as roadshows, investment forum, outward mission, business matching, individual consultation, etc. As a proposal from the JICA Project Team, BIDA could organize an international event where the main program includes key note speeches and presentations regarding investment-related legislation and opportunities, and also, individual consultations by BIDA officials will follow the program.

2-3. Prepare for organizing events according to preparation plans

In accordance with the event preparation plan of the event, BIDA officials and JICA team will start necessary preparation several months before the day of event.

- Consider programmes of selected events

The first step of preparation is to develop the programme of event. However, since the programme tends to change according to many elements of events, the assigned officials can make it as first draft.

Initial drafts of programme are supposed to cover the following, in case of sector-specific events.

- ✓ Date and Time (*tentative*)
- ✓ Venue
- ✓ The number of invitees (participants)

- ✓ Member of Bangladesh delegation
- ✓ Event Contents: information of key note speech, presenters and other resource persons

The first draft completed by BIDA itself should incorporate the inputs from domestic stakeholders, such as related ministries and business associations. Sharing the draft in advance, the BIDA officials will organize stakeholder meetings and seek their consultation.

Furthermore, in case that the programme is planned to include any session which requires contribution of host country side, BIDA officials have to consult with embassies of Bangladesh and IPAs.

- Develop information materials

Preparing handouts is also an important preparation for successful events. After listing materials to be distributed at the event, BIDA officials and JICA team will check about existing materials currently available at BIDA. In case that there is a need to create some materials from scratch or improve existing ones, BIDA has to secure enough time prior to the events. Table 3 is the tentative list of promotion materials to be distributed.

Table 3: Information materials to be distributed

	Title/ Contents	Remarks
1)	General profile	To be prepared based on existing materials
2)	FAQ	Prepared by JICA team
3)	Sector profile (relevant ones to the events)	BIDA has 17 sector profiles with potential for improvement
4)	BIDA registration application form, attached list of requirements	
5)	Questionnaire about the events	To be improved based on the existing one

- Develop presentation materials

Besides, PowerPoint slides for presentation have to be prepared. Although BIDA has a few versions of presentation material used for the past events, investment promotion events are supposed to take place at various countries having different contexts, and therefore, the contents of presentation should be developed by taking into account those specific situations at host countries and the aim of each event (e.g. focused sectors). Thus, based on the existing format of presentation, BIDA is expected to develop specific ones for each planned event.

- Form delegations from Bangladesh

One of the most significant actions done by BIDA is formulation of delegation. If any resource persons outside of BIDA are expected to attend the events, BIDA officials need to do some research to identify and invite right persons. In addition, Bangladesh companies who seek foreign business partners could be invited if the event entails side events for business matching. All of those event participants from Bangladesh will be invited to form the delegation. In this regard, BIDA has to do necessary logistic arrangements for them, coordinating with agencies in host countries.

- Work on other preparations

Apart from some major steps for preparation mentioned above, there should be various things to be done at both side; Bangladesh and host countries. BIDA officials should make sure that even preparation plan cover all necessary points.

2-4. Conduct the model events

- List tasks to be undertaken during the day of event

Prior to the day of event, it is expected to prepare the list of tasks to be fulfilled during the day of event, and names of assigned officials. It could make clear what tasks each official pays the most attention to and also could avoid any confusion and duplication among officials in completing each task.

- Conduct events

There should be much to do during the day of the event. Through those actual occasions, BIDA officials need to see if their planning and preparation are working properly as they expected. Therefore, whenever officials find any difficulties and unexpected problems throughout the event, they should take notes of them, and thus will share with other officials afterwards and discuss about possible improvement for future events.

Organizing international events are also good opportunities for BIDA officials to meet embassies of Bangladesh and IPAs in foreign countries. BIDA officials are expected to build up relationships with those which could help advertise Bangladesh in their countries.

As for this section, Figure 2 summarizes the process of the activity.

- Wrap up the events

As a normal practice, BIDA officials who attended promotion events are supposed to submit the report about the events to the management.

Besides this official mandate, the officials and JICA Project Team will have wrap-up meetings to discuss what should have been done during the events.

These feedbacks raised by the officials would be good reference to other officials who will be in charge of events to be held afterwards. By utilizing lessons learned, the way of organizing promotion events would be even better.

3. Introduce the system for post-event actions (*Contact Management System*)

As the final phase of investment promotion events, this section explains about the activity related to improving post-event actions.

After organizing any type of investment promotion events, BIDA should conduct post-event actions. Those events are thought to be great opportunities where BIDA could meet many potential investors at the same place. Since all of foreign companies which have attended the events have certain interest in investing in Bangladesh, they need to be followed up with and supported for their future investment decisions. According to the steps mentioned by the following sub-sections, BIDA officials, with the assistance of JICA team, will improve their post-event actions.

Considering post-event actions, JICA Project Team would introduce the concept “Contact Management System”. Although this is the system applicable to any kinds of occasions where BIDA gets to know potential investors, promotion events are the one that this system should be adopted more urgently. Figure 3 presents how the system works.

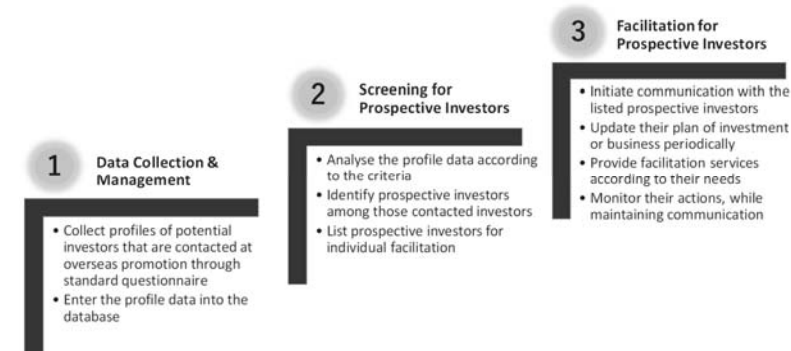


Figure 3: Concept of Contact Management System

This idea includes activities beyond the scope of investment promotion events: i.e. outreach programs for potential investors. From the perspective of promotion events, the

Department only have to take care of the 1st step described by Figure 3. Having said that, the following sections explain the entire process, whereas the activities to be undertaken by the Department is 3-1 and 3-2, Table 3 as shows.

Table 3: Task demarcation through the steps of

	Work Stage	Task	Division/ Officer in Charge	Note
3-1	Data Collection & Management	Collect profiles of potential (contacted) investors, thru: - attended overseas promotion events - visited to BIDA for appointed meeting - made inquiries Enter the profile data into the database	Officers accompanying the event Officers attending the meeting <i>Inquiry service can be centralized</i> Marketing & Comm. Div.	Under the supervision of Marketing & Com. Div. Inter. Invest. Prom. Div. <i>via website.</i>
3-2	Screening for Prospective Investors	Analyze the profile data in accordance to the criteria Identify and list prospective investors	Marketing & Comm. Div. and International Invest. Prom. Div.	
3-3	Facilitation for Prospective Investors	Facilitate prospective investors along with proposed flow and provide services according to their needs	International Invest. Prom. Div., otherwise, this task can be assigned to each country officer	<i>Needs cooperation of economic counselors at each overseas mission</i>

3-1. Prepare for introduce "Contact Management System"

- Create the data file for event participants

Firstly, it is necessary to establish a database in which all relevant information is able to be incorporated and updated. BIDA plans to create Investor Relationship Management System (IRMS) according to BIDA Corporate Plan. Yet, during the period without the system, it is possible to manage potential investors' information within an Excel data file. JICA team could assist BIDA prepare it for temporary use but possible to be incorporated into IRMS once it is established.

- Prepare the questionnaire

As a tool of data collection, any standard form (questionnaire) needs to be prepared. JICA Project Team will assist the Department prepare the questionnaire. The main information to be sought is company profile of participants. Furthermore, in order to analyse collected information and identify potential investors efficiently, BIDA officials with the assistance of JICA team will need to make the questionnaire effective, with critical questions to examine respondents' seriousness about investment in Bangladesh.

Questionnaire also provides valuable feedback from participants in terms of BIDA's performance during the events. Reflecting them, BIDA officials need to improve the way of planning and organizing future events.

- Obtain the approval of BIDA management on the questionnaire

Since this questionnaire will be repeatedly used for various occasions, it seems necessary to obtain the consent of BIDA management.

3-2. Data collection and management

- Collect data/information from participants

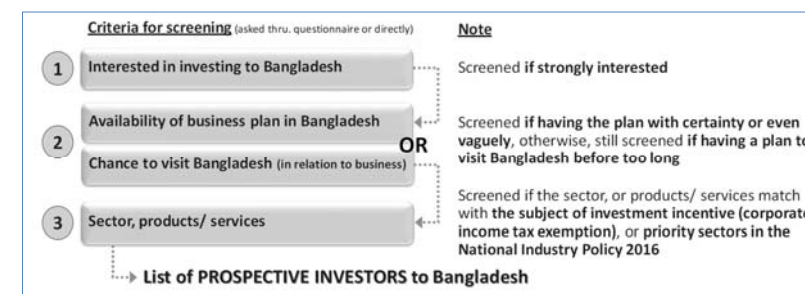
It is assumed that representatives of foreign companies attending promotion event will be asked to fill in the delivered questionnaire at the end of events. BIDA officials have to make sure that all participants return the questionnaire.

- Enter the profile data into the database

After every event, BIDA official in charge will transfer all information into the database.

3-3. Screening for prospective investors

- Analyse the profile data according to the criteria
- Identify prospective investors
- List prospective investors for individual facilitation



3-4. Facilitation for prospective investors

- Initiate communication with selected investors

In order to continuously reach potential investors based in foreign countries, the coordination with embassies of Bangladesh in foreign countries is quite vital. In targeted countries, BIDA needs to build up special relationship with the embassies and continuously share relevant information and develop viable outreach programs.

- Update their plan of investment or business periodically
- Provide facilitation services according to their needs

BIDA officials and JICA team will consider possible outreach programs to encourage potential investors to make decisions to invest in Bangladesh. As several types of programs can be conducted, one option is that several officials in BIDA will be designated as country desk, like 'Japan Desk', and they keep in contact with identified potential investors and continuously provide necessary support. In communicating with those investors, one of the most effective action is to pinpoint the decisive factors that foreign companies need to overcome before investment decision. Another option about outreach programs is to organize business matching events, which should have great impact especially on foreign companies which seek local partners to run businesses in Bangladesh.

- Monitor their actions, while maintaining communication

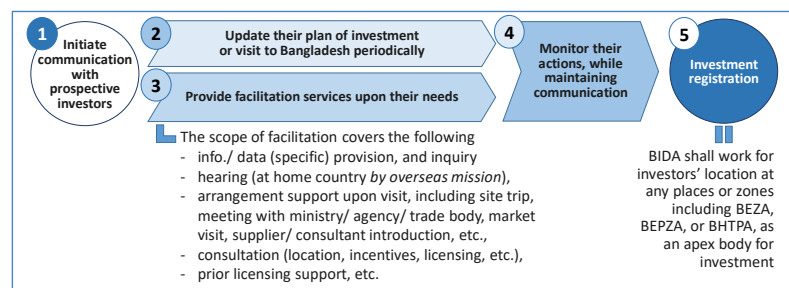


Table 4 provides the schedule that the Department or the team will follow to implement each action, with the cooperation of the JICA Project Team.

Table 4: Implementation Schedule for 2nd Year

Functions to be Strengthened/ Actions and Measures Proposed	Detail Plan	2019						2020					
		7	8	9	10	11	12	1	2	3	4	5	
1 Enhance planning capability													
1-1 Develop the programs of planned events	Undertake analytical research on priority sectors												
	Conduct stakeholder meetings												
	Examine the channels												
	1-2 to disseminate event information	Upload event information on BIDA website											
	Disseminate through other channels												
2 Enhance event organizing skills													
2-1 Learn how to organize successful events	Guidance sessions for assigned BIDA officials												
	Study tour for assigned BIDA officials												
2-2 Select model event and formulate event preparation plan	Discuss to select model events												
	Make event preparation plans												
2-3 Prepare for organizing the event according to the plan	Consider the programmes of selected												
	Develop information materials												
	Develop presentation materials												
	Organize delegations												
2-4 Conduct the model events	Work on other preparations												
	Prepare lists of tasks during the day of event												
	Conduct events												
	Wrap up conducted events												
3 Introduce the system for post-event actions (Contact Management System)													
3-1 "Contact Management System"	Create the data file for event participants												
	Prepare the questionnaire												
	Obtain the approval of BIDA management on the questionnaire												
3-2 Data collection and management	Collect data/information from participants												
	Enter the profile data into the database												

Manual of Preparation of Investment Promotion Events

Manual for Preparation of Investment Promotion Events (In-person Seminars)

As for investment promotion events that BIDA initiates to organize in foreign countries, the following process is applicable to event preparation.

Steps for Preparing for the Event

1. Identify co-organizers in host countries and agree on cooperation

- Consult with embassies of Bangladesh in host countries to identify co-organizers. Most probably, IPAs could be the one. In addition, they might seek other co-organizers from public or private sectors.
- Check with the identified co-organizer by direct or indirect contact through the embassy, and make official request for their cooperation.

2. Decide the date for the event

- Reflecting opinions of co-organizers in host countries, decide on the date of the event.

3. Draft event program

In accordance with event objectives, the following shall be determined. Refer to Attachment-2 as sample program.

- ✓ Objective & types of event (sector specific or general)

Ultimate objective shall be to provide potential domestic and foreign investors, as well as intermediaries, with information on investment opportunities and the investment and business climate in Bangladesh; establish contact with potential investors and the most important intermediaries.

Then, in order to maximize the outcome of event, need to consider if event will focus on particular sectors or provide general agendas benefiting all investors. It depends on advantages and potential of host countries and thus need to do brief analysis and consultations with stakeholders in Bangladesh beforehand.

Analysis for Sector-focused events

- i. Look into statistics on FDI inflow to Bangladesh by respective sectors.
- ii. Look into statistics on FDI outflow of host countries by sectors, especially strategic sectors set forth by Bangladesh national policies (e.g. National Industry Policy 2016).
- iii. Review national policies or strategies of host countries for promoting outward FDI.
- iv. Identify strategic sectors that host countries have great potential or aim to promote to invest abroad.

- v. Consult with related stakeholders in Bangladesh, e.g. business association, chambers of commerce, ministries, and IPAs (e.g. High-tech Park Authority in case of ICT-focused event).

- ✓ Participant

Primary audience must be potential domestic investors (companies and entrepreneurs) in host countries. In addition, intermediaries could be invited, such as consultants (international and national), representatives of chambers of commerce and similar bodies, and journalists from economic/business media.

- ✓ Program

According to the event objective, consider the agendas of presentations. Besides presentations, some specific sessions could be included in the program. For instance, to address individual inquiries from participants, better organize an individual consultation session where several BIDA officers provide consultation to participants at separated booths.

- ✓ Presentation contents:

According to the event objective, contents shall be considered first and then speakers could be identified followingly.

- ✓ Participants from Organizers

Bangladesh) BIDA, BEZA, ministries, business associations, Bangladesh companies

Host countries) IPA, embassies, business associations, and others

4. Select and book the event venue

- Informing the outline of the event (e.g. number of participants and event type), request the co-organizer/the Embassy to make booking of venue.

5. Budget estimation

- Estimate the whole budget for organizing the event as soon as major expenditures items are fixed, such as venue arrangement. The following provides budget Lines to consider.
 - ✓ Rent for the venue and presentation equipment (unless provided free of charge by the owner)
 - ✓ Coffee break, refreshment, and lunch
 - ✓ Interpreting and equipment (headphones)
 - ✓ Transport (flight, accommodation, etc.) for; BIDA representatives and officers,
 - ✓ Transportation and accommodation of speakers from Bangladesh
 - ✓ Databases of companies
 - ✓ Telephone follow-up
 - ✓ Design and printing of program, invitation letters and reply form
 - ✓ Postage (domestic and international)

- ✓ Printing of handouts and name tags

- Once the total cost estimation is done, proceed with internal arrangements (e.g. reporting to the Financial Division of BIDA)

6. Identify all speakers

- Based on event objectives and agendas, identify speakers from various sources. Possible speakers are; representative of BIDA, representatives of other IPAs in Bangladesh, embassy of Bangladesh (ambassador), regional office representatives, donors, president of chamber of commerce, representatives of IPA in host countries, and successful investors.
- Successful investors who have been running businesses in Bangladesh could be identified from BIDA database
- Contact identified speakers and confirm their participation and content of their presentation

7. Finalize event program

- Reflecting the results of the steps above, finalize the event program.

8. Build the database of contacts (list of potential investors to be invited)

- Request co-organizer in host countries (IPA) to prepare the list/database of the potential audience, informing specific criteria if any.
- IPAs normally manage the data on their member (registered) companies. If their member companies are not sufficient as participants to the event, request the co-organizers to secure other sources of corporate information.
- If necessary, share with the co-organizer the list of BIDA registered investors which can be extracted from BIDA database.

9. Prepare and send invitations to participants in host countries

- Request the co-organizer to prepare invitation materials (e.g. cover letter and reply form) and send out to participants. Mostly, IPAs has their channels through which event invitations can be sent to their member companies through mailing lists.
- For confirmation of their participants, the easiest way is set up online event registration form within the website of the co-organizers, which is normally possible for advanced IPAs.

10. Prepare and send invitations to Bangladesh contacts

- Besides speakers at the event, in case that the delegation from Bangladesh will be formed with private companies and government entities, invitation will be prepared and sent out.
- Invitation shall be attached with final program, cover letter and reply form

11. Prepare and print informational materials

- Based on event objectives and agenda, choose information materials from BIDA's existing materials.
- Coordinate with co-organizers in host countries and stakeholders in Bangladesh to check if there are any other materials which should be distributed at the event.
- Refer to Attachment-3 for tentative materials.

12. Advertise the event

- Upload event news on BIDA websites and advertise it in economic/business media.
- In order to convey a professional image, there are options like preparing name tags, plastic folders, bags and other promotional materials.

13. Follow-up with participants

- At host country sides: it is up to the co-organizer. Request the co-organizer to check and report periodically the number of entities which registered online or replied with confirmation. If the registered participants do not seem to reach the expected number, it might be necessary to consider alternative sources or channels to invite participants.

14. Prepare all presentations

- Decide on which materials will be brought from Bangladesh or printed in host countries. For convenience, some paper materials (e.g. event program and questionnaire) shall be delegated to the co-organizer in host countries.
- Prepare and send printed materials to the co-organizer in host country.

Attachment-1 provides sample timeline for event preparation.

Attachment-1

Preparation Timeline

Task		Responsibility		Timeline (week)												
		BIDA	Host country	12	11	10	9	8	7	6	5	4	3	2	1	0
1	Identify co-organizers in host countries	✓														
2	Decide the date for the event	✓	✓													
3	Draft event program	✓														
4	Select and book the event venue		✓													
5	Budget estimation	✓														
6	Identify all speakers	✓	✓													
7	Finalize program	✓														
8	Build the database of contacts		✓													
9	Prepare and send invitations		✓													
10	Prepare and send invitations (Bangladesh)	✓														
11	Prepare and print informational materials	✓	✓													
12	Advertise the event	✓	✓													
13	Follow-up with participants		✓													
14	Prepare all presentations	✓	✓													
		Event														

In order to complete all steps to prepare events in a smooth manner, it should be noted that;

- 1) the tasks in bold normally take more time than other task; i.e. draft event program, identify all speakers, build database of contacts, and prepare and print informational materials; and
- 2) regarding the tasks to be delegated to the host country side, the time required for completion depends on their capacity and cooperation. BIDA must not overestimate their capacity and need to keep in close touch and monitor the progress of delegated tasks.

Attachment-2

Sample event program (One Day)

	Agenda	Speaker	Time
1)	Welcome speech	Embassy of Bangladesh	5min
2)	Welcome speech	Representative of co-organizer	5 min
3)	Investment and business climate in Bangladesh	BIDA (Executive Chairman)	20 min
4)	Investment-related procedure and BIDA OSS	BIDA (Executive Member-x)	30 min
5)	Question and Answer session	All participants	20 min
	Coffee break		15 min
6)	Economic Zone Development	BEZA	15 min
7)	Investment opportunities (sector X)	Representative of Ministry of X	20 min
8)	Investment opportunities (sector Y)	Representative of Authority of Y	20 min
9)	Question and Answer session	All participants	20 min
	Lunch		
10)	Success case of investment in Bangladesh	Existing investor-1	20 min
11)	Success case of investment in Bangladesh	Existing investor-2	20 min
12)	Support services by IPA of host country	IPA of host country	15 min
13)	Question and Answer session	All participants	20 min
14)	Individual consultation	BIDA officers	30 min

List of Information Materials

Material	Remark
a) Brochure of BIDA	Check the latest version.
b) Bangladesh investment guide	Check the latest version.
c) Sector profiles	According to event objectives, appropriate ones are selected from existing materials. No need to create new profiles due to time constraints.
d) Profiles of Bangladesh companies that are looking for joint-venture partners	In case that the delegation will take Bangladesh companies for business matching, list of participating companies with their brief information will be prepared.
e) Leaflet on EZ (BEZA)	
f) IPA brochure(s) in host countries	If any
g) Handouts of presentations	as per program
h) Event program	
i) Questionnaire	

SOP (Manual) of Organizing Webinar

Standard Operating Procedure of Webinars for Overseas Investment Promotion

May 2021

Bangladesh Investment Development Authority

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

Background and Objectives

Investment promotion events such as seminars and roadshows requiring relatively large gathering have been restricted due to spread of COVID-19, and the situation is expected to be continued. Alternatively, IPAs are now conducting overseas promotion activities online through websites without direct physical contacts, thanks to advanced digital technology. However, effective use of such online tools needs to be equipped with ability of design/ implementation/ follow-up for delivering increasingly sophisticated and outcome-oriented events by employing the state of art digital technologies.

In February 2020 BIDA decided to change the format of promotion events for the time being from physical to online in response to the global outbreak of the COVID-19 pandemic and has undertaken a series of webinar since then as a means to outreach potential investors in various countries. So far, those webinars participated by BIDA have been prepared and implemented with technical assistance by foreign donors or technically hosted by the counterpart organization in the host countries. The capacity of BIDA to conduct webinars needs to be enhanced, by BIDA officials to further gain knowledge of online meeting tools together with a standard set of tasks for promotion events, and increasingly equipped with skills of operating such digital tools.

Accordingly, this document has been prepared as the Standard Operating Procedure (SOP) for organizing webinars, which compiles information about use of digital tools and associated skills, and standard tasks required for organizing webinar ranging from stages of design, preparation, implementation till follow-up.

This SOP has been prepared with technical assistance through Project for Promoting Investment and Enhancing Industrial Competitiveness in the Republic of Bangladesh, by Japan International Cooperation Agency (JICA).



Japan Webinar, February 2021 (presentation & closing remark by BIDA)

Operating Procedure

To organize a webinar for foreign investors who are based in their countries, the following section describes the procedure throughout the whole process of organizing webinars, from the stages of *Preparation, Implementation, up to Follow-up*.

Stage of Preparation

Prior to the date of the webinar, the following step will be taken to make necessary preparation.

1. Arrange implementation set-up
2. Develop webinar program
3. Arrange webinar platform
4. Send out invitation
5. Advertise webinar
6. Prepare information material and post-event survey
7. Conduct test run

The following elaborate each step of the process.

1. Arrange implementation set-up

As the first step for preparation, BIDA needs to establish the implementation system internally as well as externally, taking the following actions.

Internal

While the Marketing & Communication Wing supervises investment promotion activities as a whole, the organizing committees are temporarily formed to be responsible for the preparation of each webinar.

- Appoint members of organizing committee and lead officer for each webinar.

External

In order to organize international events including webinars, the cooperation from other organizations is vital. The table below lists organizations and their expected roles to play.

Category	Organization	Role
Co-organizers in Bangladesh	IPA: e.g., BEZA, BEPZA	<ul style="list-style-type: none"> • Sponsorship • Planning webinar • Master of Ceremony (MC) • Presenting in webinar (as speaker or panelist)
	Chamber of commerce	<ul style="list-style-type: none"> • Access to attendees (investors)
Co-organizers in host countries	IPA: e.g., JETRO	<ul style="list-style-type: none"> • Advertising webinar • Presenting in webinar (as speaker or panelist)
	Embassy of Bangladesh	<ul style="list-style-type: none"> • MC (optional) • Follow up after webinar
Stakeholders	Business association: e.g., BASIS (ICT sector)	<ul style="list-style-type: none"> • Presenting in webinar (as speaker or panelist)
	Government body: e.g., PMO, and ministries	<ul style="list-style-type: none"> • Presenting in webinar • Report to the government

Accordingly, BIDA will seek their cooperation.

- Send a request letter to the embassy of Bangladesh in the host country and express the intention of organizing webinars and seek their cooperation. In case that it is difficult to gain their cooperation through direct communication, rely on the Foreign Ministry to facilitate.

One of requirements for the co-organizers is to have the network with potential investors in host countries, i.e. Chinese companies who located in China and are interested in investing abroad. In most foreign countries, chambers of commerce are the most relevant.

- Contact (initially with request letters) the proposed co-organizers and seek their cooperation, especially for sharing information of potential investors in host country. According to the agenda which will be set by the following step, contact stakeholders and seek their cooperation.

2. Develop webinar program

2-1. Consider webinar subjects

The ultimate objective shall be to provide potential domestic and foreign investors, as well as intermediaries, with information on investment opportunities and the investment and business climate in Bangladesh.

In order to achieve the objective,

- Consult with co-organizers to decide the subject of the webinar.

There are several options about subjects: sector-wise (general) promotion of foreign investment, sector-specific promotion, zone/ area-specific promotion (such as Economic Zones) or new policies announcement. It can be decided, depending on timing, needs from related organizations, and potential business sectors of host countries.

For instance, the sector-specific promotion can provide detail information by focusing on particular sectors of which the host countries have potential. Also, when new policies in favor of foreign investment is formulated, promotion event can be good opportunities to announce them to foreign investors.

Process for sector analysis

In case of sector-specific promotion, analytical work shall be conducted for validation of promoted sectors along with the following process.

- i. Look into statistics on FDI inflow to Bangladesh by respective sectors.
- ii. Look into statistics on FDI outflow of host countries by sectors, especially strategic sectors set forth by Bangladesh national policies (e.g. National Industry Policy 2016).
- iii. Review national policies or strategies of host countries for promoting outward FDI.
- iv. Identify strategic sectors that host countries have great potential or aim to promote to invest abroad.
- v. Consult with related stakeholders in Bangladesh, e.g. business association, chambers of commerce, ministries, and IPAs (e.g. High-tech Park Authority in case of ICT-focused event).

2-2. Consider webinar format

- Along with the objective of the webinar, consider how the webinar is to be designed and organized, in particular for the following.
 - ✧ Composition and number of guests and speakers
 - ✧ Needs for panel type discussion (any specific agenda to discuss?)
 - ✧ Means of implementation (live or demand?)

On-demand webinar is a webinar that is pre-recorded and can be viewed at any time.

Pros and Cons of on-demand webinar

On-Demand	Pros	Cons
For organizers	<ul style="list-style-type: none"> • Can be edited • No worry about technical problems • No need to arrange attendance of multiple speakers/ panelists 	<ul style="list-style-type: none"> • No opportunity for any interaction with attendees
For attendees	<ul style="list-style-type: none"> • Possible to access anytime • Possible to skip irrelevant sectors and move to more interested parts 	<ul style="list-style-type: none"> • Not interactive and no opportunities to ask questions

Some studies indicated that audience stayed longer during live webinars than on-demand ones.

→ One of the effective ways for time management is to combine the two types, i.e., upload recorded presentations after the live webinar ends. Furthermore, live webinars can contain pre-recorded parts which can be used for other countries' webinar.

2-3. Determine the date for the event

- Consider the suitable date by reflecting opinions from the embassy and taking into account the time required for the preparation, normally a few months.

The duration required for preparation is indicated by Attachment-1.

The time required for the preparation can be shortened by some ways; simplify the agenda to have presentations about only general matters.

- set the suitable time taking into account time difference with target country by consulting with the embassy in the target country. Also, set the duration which should not be too long, maximum two hours.

2-4. Draft webinar outline

- Using the general template, draft the outline of the webinar in accordance to the objective.

The following items shall be considered, when drafting the outline. Refer to Attachment-2 as sample.

Participant

Primary audience must be potential investors (companies and entrepreneurs) in host countries. In addition, intermediaries could be invited, such as consultants (international and national), representatives of chambers of commerce and similar bodies, and journalists from economic/business media. The maximum number of participants depends on the conditions of the webinar software.

At this point, BIDA needs to identify the co-organizers (e.g. chambers of commerce in the host countries) that can have a good network of target potential investors and thus call for their participation into the event.

Agenda

According to the subject of the webinar, consider the agendas of presentations. Regardless of the subject, there are the common agenda which should be offered to any foreign investors, such as macroeconomic situation, FDI performance, and related laws and regulations.

Presentation contents

Once the objective and the agendas set as above, contents will be considered accordingly and then speakers could be identified.

Question and answer (Q&A)

It is advisable to include the question & answer (Q&A) session in any webinars. This SOP suggests three means to collect questions; i) question upon registration, ii) preparation of Q&A session and iii) question through chat-box. This SOP presumes to make it mandatory to ask question upon participants' registration, and suggest choosing either means of Q&A session or chat-box, taking into the details described below.

Means	How to collect/ handle questions	Feature
Question upon registration	Participants are asked to raise questions (if any) upon registration and the organizing committee ask speakers to accommodate answers in their presentation.	Webinar can become needs-accommodated since the questions can enrich presentation by speakers.
Preparation of Q&A session	Audiences with "hand-raised" are appointed to speak question during the session and MC facilitates speakers to reply for the questions on a first-come first serve basis.	This does not necessitate selection of question, but the number of received questions can be limited and tool operation can be complex (repeating muting/ unmuting for questioners).
Question through chat-box	Any audiences can raise question through chat-box during the allocated duration in the webinar, and organizing committee screens questions and MC facilitates speakers to reply for those picked questions.	This can collect a number of questions but necessitates screen of collected questions with certain criteria (e.g., frequency and relevance to the webinar subject), and close communication behind the event among the webinar host staffs.

Languages

One of the crucial elements for success of international events (including webinar) is language spoken there. For some countries, events to be offered in their native languages would make more foreign investors make up their minds to participate in. Therefore, it is recommendable to deploy simultaneous interpreter.

Participants of Organizers' Side

Bangladeshi side: BIDA, BEZA, foreign chamber of commerce (of target/ host countries), foreign investors (from target/ host countries) operational in Bangladesh, concerned ministries/ agencies, local chamber of commerce (if necessary)

Host countries: major chamber of commerce or IPA (if any) in host countries, Bangladeshi embassy, companies/ organizations with strong tie with Bangladesh

After identifying organizations, it is necessary to select VIPs to be invited as chief guests.

Side event

Besides the main session, side event can be planned, considering target investors and expected outcomes. For those who seek specific information or clarification of investment policies/ licensing procedure/ business climate and opportunities, (individual) consultation session can be arranged. Besides, for promoting partnership building between foreign investors and local enterprises, business matching can be the option.

Attachment-3 gives a brief explanation about preparation steps and event flow about (individual) consultation session.

2-5. Identify speakers

- In accordance with the draft of webinar agendas, identify speakers from various sources. Possible speakers are;
 - Representative of BIDA and other IPAs in Bangladesh (e.g. BEPZA, BEZA and High-tech Park Authority);
 - Embassy of Bangladesh (ambassador);
 - Donors, president of chamber of commerce;
 - Representatives of IPA or relevant counterpart organization in host countries; and,
 - Successful investors in Bangladesh.

Successful investors who have been running businesses in Bangladesh could be identified from the database of BIDA (investment monitoring data) or recommendations from other IPAs (BEPZA, BEZA, High-tech Park Authority) in Bangladesh.

- Contact identified speakers for their participation and ask their presentation.

BIDA shall share the following information with the speakers for their better understanding of the event and preparation of presentation.

- Objective and program outline of webinar

- Participants to be invited
- Requested agenda for each speaker to present or explain
- Obtain prior consent from speakers for publicizing their presentation slide materials and video of the webinar.

2-6. Webinar host and Master of Ceremony (MC)

When webinars are organized for foreign investors, hosting (and operating) webinar software is the role assigned to the organizing committee formulated in BIDA for each webinar (also assisted by the third-party technical service provider).

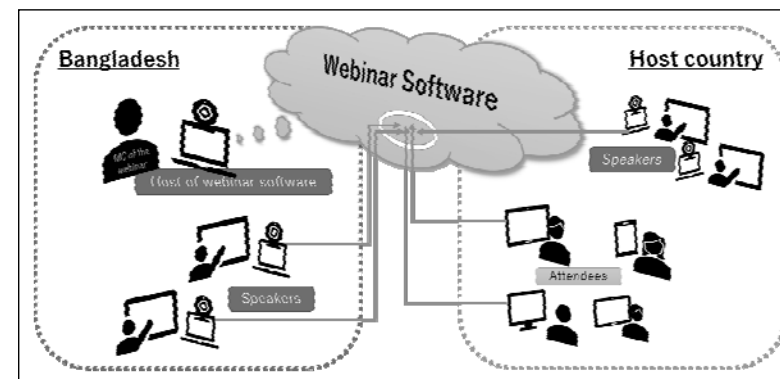
The Master of Ceremony (MC) plays major role in managing the webinar as planned and is supposed to be involved from the preparatory stage and stay close to the organizing committee throughout the webinar. Usually MC is to be assigned from among the organizing committee members of BIDA. Otherwise, MC can be assigned from the co-organizer institution in target countries, such as Bangladeshi embassies.

2-7. Finalize event program

- Reflecting the results of the steps above, finalize the event program.

3. Arrange webinar platform

In case that BIDA is to host (operate) the webinar software, the webinar will work as the figure below illustrates. Since operating webinar software requires technical skills, especially in webinars across borders, BIDA shall outsource its set-up and operation to third party (local agent).



3-1. Select webinar service provider

- Find the local agents in Bangladesh which can provide technical services for webinar organization and have experience of organizing webinars for foreign countries.

- Based on the outline of the webinar, obtain quotations to check the costs and technical services to be offered.

3-2. Prepare webinar platform

- Consult with the agent to decide the software. While there is various webinar software, *Zoom Webinar* (not *Zoom Meeting*¹) can be selected if the contracted agent has a license because it is equipped with all necessary functions. That is why that software is usually chosen for investment promotion events.
- Create (schedule) a new webinar within the software and choose webinar setting. One of the significant setting is language. Webinars will be held in two countries and English is always a more viable option.

3-3. Determine tasks to be outsourced

Operating webinar software also includes tasks which does not require special skills and knowledge and can be managed by BIDA. It is necessary to clarify which tasks will be outsourced to the agent.

- Discuss with the agent to define their scope of work.
- Check the availability of BIDA's own facilities and equipment which can be used for organizing webinars and clarify what else the agent needs to provide.

4. Send out invitations

4-1. Design registration form

One of the objectives of promotion event is to obtain information of potential investors. Webinar software makes it possible to customize the registration form by selecting items from given options or by creating our own custom questions.

Basically, each webinar should get the same profile information from participants at every occasion.

- Based on the sample (Attachment-4), make necessary revisions according to the context of each host country and finalize the registration form.

As the Attachment indicates, questions to speakers can be collected in advance (at the time of registration), and answers need to be accommodated in their explanation or presentation slide accordingly.

¹ Zoom Webinar is the different platform than Zoom Meeting. The former is designed for webinar and equipped with distinctive features: e.g. only host and panelist can operate their audio and attendee join in listen-only mode.

- Prepare the privacy policy for registrants' data based on the template (see Attachment-5), and place a direct link to this privacy policy from the registration form so that registrants can read the policy before the entry with their personal data (personally identifiable data and information specific to person or company) and accept the privacy policy.

This SOP holds the privacy policy that registrants' data (including questionnaire after the event) shall be properly managed and used only by/ among the (host) organizers for post-event promotion activities only if the prior consent is obtained from registrants, and not be shared with other parties (co-organizers or speakers) except for the list of the registrants and questionnaire in an aggregate manner (excluding personal data).

4-2. Send out invitations

- Request co-organizer in host countries (i.e. chamber of commerce, or IPA) to prepare the list/database of the potential audience. In case of sector-specific promotion, BIDA shall inform the co-organizers of target sectors with specific criteria (if any), by which the co-organizers will identify invitees.
- After the list/database of invitees (co-organizer) and the link of registration form (the host of webinar) are ready, make sure that the co-organizer will send out the invitations to the invitees (potential investors).

4-3. Follow-up with participants

- Coordinating with the agent, keep monitoring the number of registered participants.
- Consider alternative sources or channels to invite participants, if the number of registered participants does not reach the expected figures.
- If necessary, share the list of registered participants among organizers (subject to privacy policy of BIDA).
- Share the registration link to any organizing institutions in Bangladesh (incl. BIDA officials) and the host country.
- Respond to queries from registrants if any.

5. Advertise webinar

In order to have as many participants as possible, advertisement is crucial. BIDA has to consider all possible channels and tools to circulate the information of the webinar.

- Create a separate page within the BIDA website and put the following webinar information.
 - Brief description (title of webinar, date/time, co-organizers, etc.)
 - Webinar program

➤ Webinar registration link

* This special page of the website will be used for follow-up activities as well in a way of attaching the link of survey questions and uploading presentation materials.

- Use the channels of co-organizers in host countries.

BIDA might have managed the information of potential investors in the host country if BIDA has held any promotion events in the same country.

- Send out the event information accordingly. This can be a part of outreaching activities towards potential investors.

6. Prepare information material and post-event survey

6-1. Prepare BIDA's presentation materials

While there is the common information which should be disseminated to all investors, presentation contents need to be set in the context of webinar host countries.

- Update the common information toward all investors, including macroeconomic indicators, FDI performance, FDI/industrial policies and the situation of the Covid-19.
- Do research on economic relationship between Bangladesh and the host country and put any remarkable information in the presentation.
- Also, for the slides about promoted sectors, highlight the ones on which host country have great potential for FDI.

BIDA does not need to provide much information about the promoted sectors if there are other speakers (organizations) in the webinar which are more relevant, such as business association of the sectors.

6-2. Prepare presentation materials of other speakers

- Coordinate with other speakers and make sure that they provide presentation materials prior to the date of the webinar.
- If necessary, share the BIDA's presentation with other speakers in order to avoid duplications with other presentations.
- Share the information about the audiences, such as the name list of participant companies, the number of participants, and sector breakdown of the participants, with speakers.
- Forward questions (if collected upon registration beforehand) to relevant speakers and request the speakers to accommodate answers in their explanation or presentation slide.

6-3. Prepare video materials

- As BIDA already has its promotion video for showing at promotion events, share it with the agent in the available formats.
- In case that other speakers want to use video as part of their presentation, ask them to provide the video data in advance.

When it comes to time management, opening and closing remarks tend to exceed allocated time if speakers do not prepare speech script. A possible measure to prevent this is to shoot videos of their opening/ closing remarks prior to the webinar.

6-4. Prepare post-event survey

One of the advantages of webinar is to utilize online questionnaire which enables participants to fill in and submit easily and makes it possible for organizers to aggregate and analyze the result immediately.

- Draft the questionnaire, referring to the sample (Attachment-6).
- Create the online questionnaire accordingly.

Google Form is one of the best options as tool for online questionnaire. With a Google account, a form can be created easily. A Google account can be secured in either way of using a BIDA official's account or generating another account, which should be possible if BIDA has corporate contract for G Suite.

- Place a direct link of the privacy policy within the questionnaire. By doing so, participants will know what purposes their information will be used for.
- Once the questionnaire is ready, provide the link to the agent so that the agent will share the link to participants at the end of the webinar.

7. Conduct test run

Prior to the day of the webinar, it is necessary to do a test run for testing connection and equipment and also familiarizing MC and speakers with major features of the webinar software.

For the success of webinar, technical problems during the webinar should be prevented. To identify any potential problems, a test run needs to be held at the same conditions, with equipment and internet connection which BIDA and speakers are supposed to use in the webinar.

- Coordinate with the agent to set up a test run.
- Inform all the speakers and MC of holding the test webinar, sending another link if necessary.

- On the test run, explain to all speakers at the beginning about the basic functions of the software which are related to their presentations. Unless speakers have problem, presentation materials will be displayed by speakers themselves.
- Check if the webinar can be organized without any technical problems for the followings.
 - ✓ Internet connection (especially during intervals between one presentation and another)
 - ✓ Screen sharing, e.g. presentation materials and video
 - ✓ Muting panelists during others' presentations

Even if test run does not detect any problems, some unpredictable happenings could occur during the webinar as follows.

- Internet disconnection (at speaker's side)
- Audio trouble or freezing (including inability of slide-handling)
- Delay of start or lagging of program
- Hacking

Assuming the above troubles could occur, the BIDA's organizing committee shall discuss and prepare possible measures or alternative actions with the service provider of webinar handling for better troubleshooting.

Although guests and speakers are allowed to attend a webinar from their places, all speakers from Bangladesh better gather in one place (e.g., BIDA's office) in order to make the webinar go on smoothly. Otherwise, BIDA's organizing committee shall have contact information (e.g., mobile phone) to each guest and speaker.

As for delay of start or lagging of program, it is advisable to decide priority sessions among the entire program so that less or least priority session(s) can be canceled to make the entire program covered in time.

As a result of the test-run, speakers may find something to be revised on their presentation material. For securing time enough for them to finalize the materials, the final test can be done at least a week earlier.

To summarize the stage of *Preparation*, Attachment-1 shows the tasks within the timeline.

Stage of Implementation

On the date of the webinar, once the webinar begins, BIDA officials (the organizing committee) in charge will monitor the MC and software system works as expected but prepared for the unexpected event. However, it would vary depending on the webinar program. If any side event is organized following the main session, tasks would be various.

The following shows the common tasks during the webinar, assuming that BIDA outsources webinar tool operation to technical service provider (local agent) and no need to be involved in technical issues of the webinar.

	Task	Responsibility			Remark
		Lead officer	Assistant	MC	
Before the webinar (final check)	Confirm attendance of speakers	✓	✓		Make calls, if necessary.
	Check out equipment, interpreter, etc.		✓		
	Initial guidance to speakers			✓	Remind muting mic when others speak.
During the webinar	Initial guidance to audiences			✓	
	Time management		✓	✓	
	Q&A management (during the event)	✓	✓	✓	
	Take screen-shot as photo session		✓		Better to take before the event begins.
	Closing guidance including			✓	Make request for questionnaire cooperation
After the webinar	Side events (if arranged) along with the schedule	✓	✓		

Initial guidance to audiences

The MC shall explain about the following at least before the event starts:

- Objective and expectation of the webinar
- Introduction of organizer and co-organizers
- Webinar program and schedule
- Access to copies of presentation materials
- Q&A during the event and way to raise question (i.e., Q&A session or chat-box usage)

- About event recording to be available online (if planned)
- Cooperation for questionnaire (after the event)

Time management

Time management is the most crucial matter for organizing webinars; in order to finish a webinar as scheduled, BIDA needs to make sure that each speaker finish their part within their allocated time. For that, BIDA shall remind each speaker of their allocated times before they start speech or presentation, or inform the remaining time in case the time may exceed largely.

Q&A management during the event

The organizing committee through the MC would deal with Q&A management and facilitate relevant speakers to reply for the questions raised (and screened), as indicated in the previous section (2-4).

In case of adopting Q&A session during the event, MC shall announce that audiences with “hand-raised” are appointed to speak question during the session and MC facilitates speakers to reply for the questions on a first-come first serve basis. This case requires the organizing committee to carefully deal with webinar tool operation since this involves repeating muting/ unmuting for questioners.

In case of adopting chat-box function during the event, MC shall announce that any audiences can raise question through chat-box during the allocated duration in the webinar, and MC facilitates speakers to reply for those picked questions after the questions are screened as time allows. This case necessitates screen of collected questions with certain criteria (e.g. frequency and relevance to the webinar subject), and close communication between the organizing committee and MC behind the event.

After the event, the organizing committee shall check any remaining questions to be answered and prepare the answers for the later distribution, while MC announces that the remaining questions would be answered by e-mail and through the website after the webinar.

Request for questionnaire cooperation (upon closing guidance)

It is advisable to design and ensure the link to questionnaire so that the audiences can be automatically guided to the online questionnaire form upon their exit from the event. Service provider for webinar handling can usually help design and install this link.

Stage of Follow-up

After the webinar ends, there are still some tasks to be done in a professional matter.

1. Issuance of Acknowledgement Letter

- Draft the Letter of Acknowledgement by referring to the sample (Attachment-7). With the signature of the representative, send it out to the hosting institutions, stakeholders, guests and speakers.

2. Answer the remaining questions

- Check questions remaining to be answered during the event and reply with answer.
- Reply to the questions/ requests made during the side event audiences.

3. Aggregation and analysis on audiences' data

- Obtain the attendee report and grasp the actual number of audiences.
- Obtain and analyze the questionnaires collected from audiences (in case of Google Form, a brief summary can be automatically produced).
- Transfer the profile data of registered companies to the Contact Management System (for the purpose of screening prospective investors and lead generation).

4. Publicize webinar materials

- Release a press news concerning the event, addressing quotes from key guests and speakers, and the outcomes, through public or social media (e.g. Facebook).
- Upload presentation slides at BIDA's website and through co-organizers' channel and make announcement to the participants by e-mail if possible.
- Upload the video of webinar at available channels (BIDA's YouTube channel) as on-demand webinar.

5. Webinar review and implementation reporting

- Hold internal meeting among BIDA's organizing committee members; share the results including questionnaire, and discuss improvement for the future events.
- Prepare and submit an event report to the Executive Chairman and Member in charge.

1. Preparation Timeline
2. Sample Event Program
3. Example of Side Event (Individual Consultation Session)
4. Standard Registration Form
5. Privacy Policy Template
6. Questionnaire (Post-webinar)
7. Letter of Acknowledgement (Sample)
8. Administration of SOP

Attachement-1

Preparation Timeline

Actions		Timeline							
		8 Weeks Prior	7 Weeks Prior	6 Weeks Prior	5 Weeks Prior	4 Weeks Prior	3 Weeks Prior	2 Weeks Prior	1 Week Prior
1. Arrange implementation set-up	2-1 Arrange implementation set-up								
	2-1 Consider webinar subjects								
	2-2 Consider webinar format								
	2-3 Determine the date and time								
	2-4 Draft webinar outline								
	2-5 Identify speakers								
	2-6 Webinar host and MC								
2. Program	2-7 Finalize event program								
	3-1 Select webinar service provider								
	3-2 Prepare webinar platform								
	3-3 Determine tasks to be outsourced								
	4-1 Design registration form								
	4-2 Send out invitations								
	4-3 Follow-up with participants								
5. Advertise the webinar	6-1 Slide deck (BIDA)								
	6-2 Slide deck (other speakers)								
	6-3 Video materials								
	6-4 Post-event survey								
7. Conduct test run									

Sample Event Program (Webinar for Japanese Investors)

1. Objective

"Building an image of Bangladesh as an interesting destination of investment"

2. Format

- Live and on-demand Webinar; conduct a webinar once, record it and make it available on-line for certain period after the date of Webinar.
- Webinar is composed of two parts: presentation and participant's individual discussion session with the Bangladeshi officials.

3. Date of Webinar (Tentative)

26th January 2021, 10:00-13:00

4. Organizer

Government of Bangladesh (BIDA, BEZA, Embassy of Bangladesh in Tokyo)

Co-organizer: JICA and JETRO

5. Participants: Japanese investors (max. 500 persons)

6. Program

Time	Presenter	Agenda
5min	Embassy of Bangladesh	Opening remark
20min	BIDA	Presentation 1: Economic overview, attractiveness / potential, investment environment, incentives, promising sectors, other IPA introductions, contact information (Japan Desk)
20min	BEZA	Presentation 2: Characteristics and incentives for special economic zones, introduction of BEZA-OSSC, progress of EZ development
10min	-	Q&A
20min	Japanese investors	Presentation 3: Business content, background of investment decisions, attractiveness as an investment destination, issues in the business environment
15min	JETRO	Presentation 4: Business Conditions of Japanese Companies in Bangladesh, and the current Covid-19 situation
5min	JICA HQ	Closing remark
60min	Individual discussion session	Using online meeting tools, individual meetings will be arranged between requesting Japanese investors and officials from BIDA/ BEZA/ JETRO.

7. Remarks

This webinar differentiates itself from other webinars for Japanese companies, as organized by the GOB and provides opportunity to directly discuss with the officials from BIDA and BEZA.

Example of Side Event (Individual Consultation Session)

Following main sessions of webinars, side events can be organized to take different roles. After main sessions which are expected to provide information as one-way communication, any type of interactive session is worth being organized.

For instance, consultation session between investors and related institutions can be organized as opportunities where investors can obtain information more relevant to their own business plan and build network with government institutions of Bangladesh.

Preparation steps for "consultation session"

- 1) **Look for participants:** upon the webinar registration, explain through the registration form the outline and benefit of the side event and invite registrants to join the side event as well. At that time, collect basic information of the registrants and their queries.
- 2) **Arrange for institutions that deal with investors:** besides BIDA and BEZA, consult with other co-organizers and stakeholders to confirm if they could join.
- 3) **Assign responding institutions:** inform the requesting investors about which the institutions will be assigned and check if it fits their expectation.
- 4) **Develop the timetable:** based on the number of participating investors/responding institutions, decide the number of rooms and the allocated time.
- 5) **Share basic information:** forward the basic information of participating investors and their queries, to responding institutions. Also, forward the additional information (materials) to the institutions if any.
- 6) **Test run:** do a test run for participating institutions for familiarizing them to the features of the online tool.
- 7) **Guidance to participants:** send the link of the side event to the participating investors and brief guidance on how it works. It is not possible to deploy interpreters and so make sure that investors can communicate in the same languages as respondents.

Event Flow

In case that Zoom Meeting (Breakout Rooms) is used,

- 1) Once the main session ends, participating investors and representative of institutions will click another link for the side event to enter the main room.
- 2) Once confirming of attendance of all the participants (at least the ones for the first batch) in the main room, the agent operates the software to take participants to each room, according to the timetable.
- 3) Before allocated time is over, the agent makes announcement about the remaining time (e.g. 5 min).
- 4) Once the allocated time is over, all the participants will be taken back to the main room automatically.
- 5) For the second batch, the agent makes the same arrangement as 1st batch, and repeat it up to the final batch.

Standard Registration Form

- Name* (first name and last name)
- Company name*
- Address*
- Department
- Job title
- Email address*
- Phone number*
- Sector*
 - 1) Food and beverage 2) Fiber / woven 3) Apparel 4) Wood / wood products 5) Furniture / building materials 6) Paper / pulp 7) Chemistry 8) Medical products / cosmetics 9) Oil / coal products 10) Plastic 11) Rubber 12) Ceramics / earth and stone 13) Steel 14) Non-ferrous iron 15) Metal products 16) General machinery 17) Electrical machinery 18) Information and communication equipment 19) Electronic devices 20) Automobiles 21) Auto parts 22) other transport machinery 23) Precision machinery 24) Trading company 25) Retail 26) Mining 27) Construction 28) Electricity / Gas / Water 29) Transportation 30) Finance / Insurance 31) Agriculture, Forestry and Fisheries 32) Printing / Publishing 33) Telecommunication 34) Real Estate 35) ICT 36) Restaurant and accommodation 37) Medical / welfare 38) Professional Services 39) Travel / entertainment
- Status of investment in Bangladesh* (already invested / not yet)
- Availability of investment plan* (yes/no) (in case answered “Not yet” for the preceding question)
- Expectation to the webinar (What kind of Information do you seek?)
- Questions to speaker/presenter (to be answered during the Q & A session.)
- Agreement to the Privacy Policy*

All fields marked with a star (*) shall be mandatory.

Privacy Policy Template

Thank you for joining *title of the webinar* (“the webinar”). We, Bangladesh Investment Development Authority (BIDA), respect your privacy and would like you to understand how we use and share your personal data (personally identifiable data and information specific to person or company). This Privacy Policy covers our data collection practices and describes our use of your personal data in a restrictive manner.

What Data We Collect:

This policy applies to all information collected or submitted through your participation to the webinar event. When your register for the webinar and respond to survey, we request several types of information as below.

- Name of participant
- Company name/ address/ phone number
- Email address
- Sector
- Current status of investment or future business plan
- Feedback to the webinar

What We use Your Data For:

We use your personal data for informing the access to the materials including presentation slide and movie of the event. Your feedback to the event will be used for improving our future events as well.

We use the data to conduct post-event promotion activities, such as for:

- Announcement of the future events for investment promotion to our country
- Provision of publications, news and topics in relation to investment to our country
- Follow-up communication including updating status of investment or business plan
- Facilitation support serving for materialization of investment or business plan

Who We Share Your Data With:

We share all your personal data among the host organizers of the webinar along with the above purposes.

We may also share the list of the event audiences and questionnaire in an aggregate manner (excluding personal data) with co-organizers and speakers involved in the webinar, upon their requests.

We will share data in any ways if it is aggregated or de-identified, as long as we obtain your consent. Without obtaining your consent or legal reason, we will not share any of your personal and company data with other parties, except if required by the law.

Data Security

To prevent unauthorized access, we put all your personal data in appropriate physical, electronic, and managerial procedures to safeguard and secure the information we collect online.

How To Contact Us

Should you have other questions or concerns about this privacy policy, please e-mail to xxxxx.

Questionnaire (Post-webinar)
"Bangladesh business seminar"

Thank you for participating in the event.

We would appreciate if you could answer the following questions as a reference for future webinars and for investment promotion activities of BIDA and BEZA. Your opinions are invaluable to the Government of Bangladesh. The information you respond to will be handled appropriately based on the "Privacy Policy" shared in the webinar remind mail and will not be used for any purpose other than BIDA and BEZA's investment promotion activities.

1. About the webinar

- (1) Was this webinar useful as a whole? (5 scale; 1=Not at all/5=Very useful)
- (2) Were the contents and materials of each lecture useful?
- (3) How was the operation and viewing environment of the webinar?

2. About your interest

- (1) If you don't mind, please tell us about your current status of consideration for expanding into Bangladesh.
- (2) Please select the type of industry you are interested in Bangladesh from the following (multiple answers allowed) and let us know.
- (3) Do you have any plans to visit Bangladesh in connection with your investment plan?
- (4) Are you considering expanding into a special economic zone (EZ)? Also, if you are planning to invest in an EZ, please tell us the name of that EZ.
- (5) Please let us know if you have any information that you are interested in when considering investing into Bangladesh.

3. Contact information

- Name
- Company
- Email address

Thank you for your cooperation. The answers to the questionnaire and the personal information provided will be managed properly based on the privacy policy.



Date: xxxx

Subject: Acknowledgement for Your Participation in the Webinar XXXXXX

Dear Sirs/ Madams,

Bangladesh Investment Development Authority (BIDA) and Bangladesh Economic Zone Authority (BEZA) would like to personally thank you for all the hard work and diligent effort that you have put in completing the *webinar title* successfully on *Date of Event*. We are grateful to have you as one of the co-organizers of this successful event.

In coming days, we wish to co-organize many more Webinar and events with you to explore and take advantage of our unbounded opportunities, high corporate profitability, business-friendly policies, lucrative incentives, massive domestic market, and strategic access to key international markets.

Thank you very much once again for your engagement and participation to the Webinar.

Regards

(signature)

Yours Sincerely

Name

Position, Division, BIDA

Phone:

Email:

Administration of SOP

1. Purpose

To give unambiguous instruction for proper management and administration of Standard Operating Procedures as they are used in BIDA

2. Principle

The SOP is an essential part of a quality system. In order to guarantee that the correct version of the instruction is used, copying Standard Operating Procedures is not allowed.

3. Procedure

1) Administration

The administration of the SOP for Division of XXX, can be done by the Director of the Division.

2) Distribution of SOPs

When the SOP complies with all the necessary requirements, it is printed. The author hands over the manuscript to the SOP administrator who is charge of the printing. The number of copies is determined by him/her and the author.

For each version of SOP, a list of holders needs to be prepared and requires their signatures for receipt of copies. The list is properly stored with the extra copies.

Copying SOPs is not allowed. Extra copies can be created by the SOP administrator.

Users are liable for keeping of the SOPs in a proper way.

3) Revision of SOP

The valid SOP is evaluated per year by the SOP administrator and assigned staff. If any changes occur during the time, the assigned staff revises the SOP accordingly.

Once the new copies are distributed, the old ones (if there was one) need to be disposed.

Proper archiving is essential for good administration of SOPs. All amended records should be kept up-to-date and be accessible to personnel.

Revision History:

Revision	Date	Description of changes	Requested By
0.0	[Date]	N/A	JICA Project Team

SOP of CMS for Potential Investors

Standard Operating Procedure of - Contact Management System-

March 2022

Background

BIDA has many chances of meeting potential investors, such as international events and daily consultations. Under the Covid-19 pandemic which imposes limitation on our movement across borders, each chance of meeting potential investors became even more important.

However, BIDA doesn't have an internal system which records the contacts of those investors, and then BIDA official who meet potential investors manages related information as one like. As a result, it is difficult to systematically sharing such information with others, individuals do not know about foreign potential investors who other BIDA officials met.

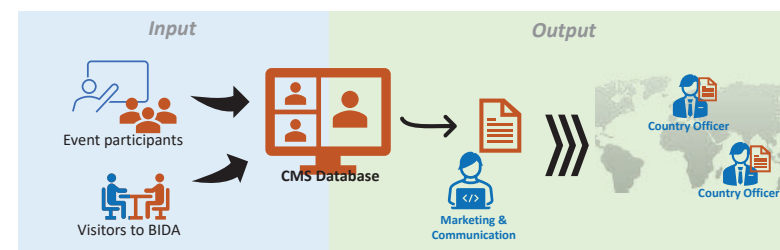
Furthermore, after such initial communication with potential investors, BIDA usually does not perform follow-up actions for their investment decision and hence is not aware whether those potential investors end up investing in Bangladesh.

In the meantime, the government of Bangladesh has policies and strategies related to FDI promotion or industrialization. BIDA, the principal IPA, is required to conduct investment promotion activities accordingly. Rather than outreaching any kinds of investors, BIDA needs to focus more on potential investors that are selected based on its own criteria.

Under this circumstance, JICA Project team has proposed *Contact Management System* (CMS) and BIDA has decided to introduce the system according to an official order from the Executive Chairman of BIDA.

Objectives

Contact Management System (CMS) is a series of activities to encourage potential investors to decide investing in Bangladesh through systematic and proactive measures. CMS aims to 1) gather and store information and data of potential investors and 2) provide tailored facilitation services to potential investors.



Concept of CMS

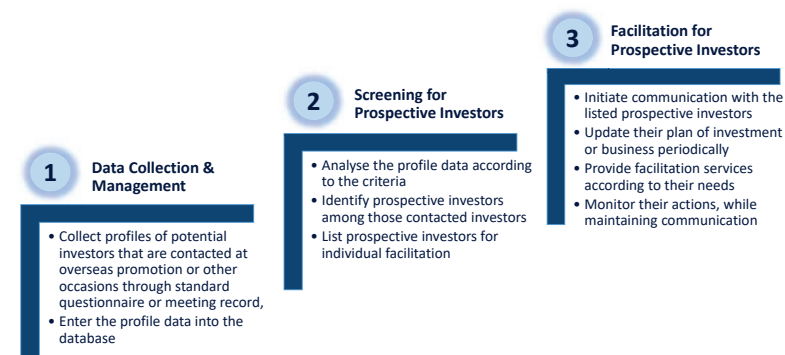
Definition

Potential investors: individual and companies which BIDA has met through any occasions and have potential for investing in Bangladesh.

Prospective investors: potential investors which are selected and followed up strategically.

Overall workflow

CMS is composed of three steps as described below.



Tasks and responsibility

The table below shows the tasks and responsible personnel for each step of the CMS workflow. The BIDA officials in charge of respective tasks can move to the sections of the SOP concerned as page numbers are indicated.

Workflow of CMS	Tasks	Responsibility	Page No. of SOP
1 Data Collection & Management	1) Data collection (Event participants)	Officials in charge of organizing webinars and other events	➡ Page 3
	2) Data collection (Visitor to BIDA)	Each official who has meeting with investors	➡ Page 4
2 Screening for Prospective Investors	Make lists according to criteria	Country Officers	➡ Page 5
3 Facilitation for Prospective Investors	Provide tailored facilitation services	Country Officers	➡ Page 7

Operating Procedure

1. Data Collection

For the purpose of CMS, the following shows what data and information are expected to be collected and stored.

- Corporate profiles:** Name, location/ Headquarter, Nationality, Segments/ products, Number of employees, Additional facilities, Main clients / export markets, Overseas business, etc.
- Contact persons:** Name, position, email address, etc.
- Investment status:** Investment status (already invested in BD or not yet), plan of future investment, plan of visiting BD, location to invest (incl. EZ)

To collect those data and information, there are several channels as below.

Sources		Responsibility
Event participants	Those who attend Promotion Events (incl. webinars)	Officers accompanying the event under the supervision of Marketing & Communication Division
Visitors to BIDA offices	Those who visit to BIDA for appointed meetings	Officers attending meetings
Enquirers	Those who make inquiries (to BIDA or Overseas Missions)	Officers individually receiving inquiries or the Division managing the website

For each source of information, the following describes the workflow and related tasks.

1-1. Event participants

Physical events (e.g., Roadshow)

- Officials collect the questionnaire by which participants (representatives of foreign companies) provide their profiles and other required information.

The questionnaire shall be normally distributed at the beginning of event as part of handouts and at the end the master of ceremony make announcement to request for completing and submitting the forms.

- After the events, the officials shall bring all collected questionnaires to BIDA and transfer the data and information from each questionnaire to the database.

Virtual Events (i.e., webinar)

At virtual events, the data and information can be obtained online as digital format collected through an online link, which makes data collection much easier in a way that data input work is no longer necessary.

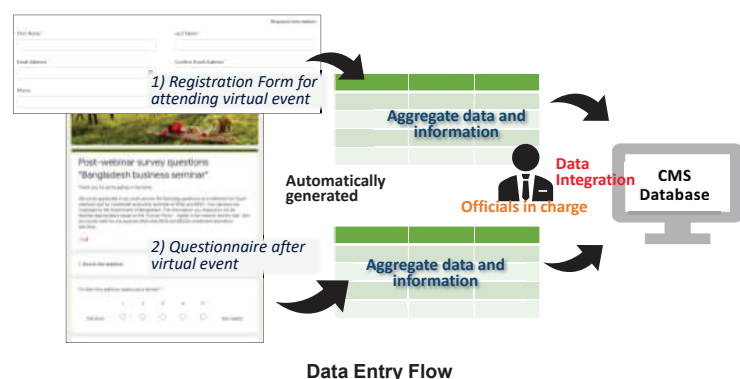
At the registration for participating events and at the end of event that BIDA can collect data

and information by questionnaire.

- Officials in charge of the webinar prepare the registration form within the webinar platform (e.g., Zoom Webinar) which ask for necessary information, according to “Standard Operating Procedure- Webinars for Overseas Investment Promotion-”.
- Also, if post-event survey is planned, officials prepare the questionnaire by available software (e.g., Google Form).

As the data and information provided by participants are stored automatically in the storage of webinar platform or the software, then after the virtual events end, the aggregate data and information probably in Excel format can be generated.

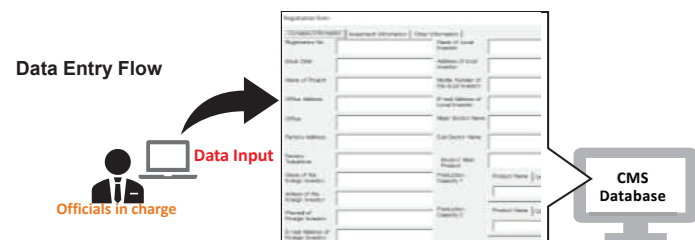
- The BIDA officials integrate the aggregate data and information into the CMS database.



1-2. Visitors to BIDA offices

BIDA receives the visits of foreign investors who seek information related to FDI. Any officials who have meetings with those potential investors are the ones who should be responsible for data collection.

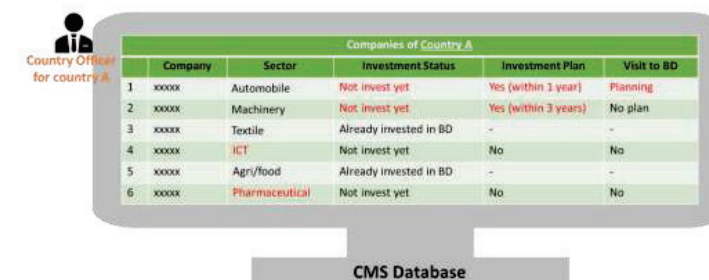
- During the meetings, officials take notes of what the investors provide whereas officials bear in mind all the required data and information and make sure that related questions are asked.
- After the meetings, officials access the online form of the CMS database and input all the data and information.



2. Screening for Prospective Investors

As data and information about potential investors are accumulated, it is necessary to make analysis on it and identify prospective investors that BIDA shall allocate more resources to attract investment to Bangladesh.

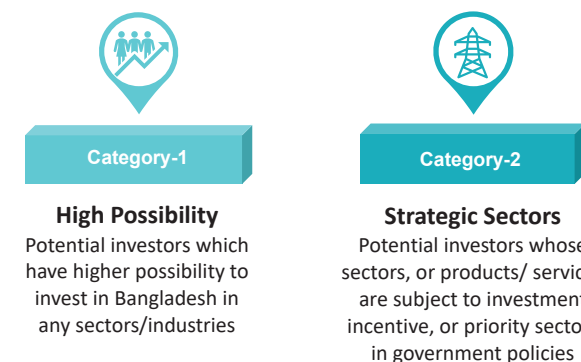
Country officers are responsible for the tasks related to this phase.



To identify prospective investors, country officers shall

- Look into the CMS database and extract data and information of potential investors of their responsible countries, e.g. Country officer for Japan extract the list of Japanese investors from the database, which is called a longlist.

Then, to identify only prospective investors from the longlist and create the shortlist, the SOP sets two categories of prospective investors as follows, each of which has different criteria to be selected.



For each category of prospective investors, the following describes the process of screening and related tasks to be country officers.

Category-1

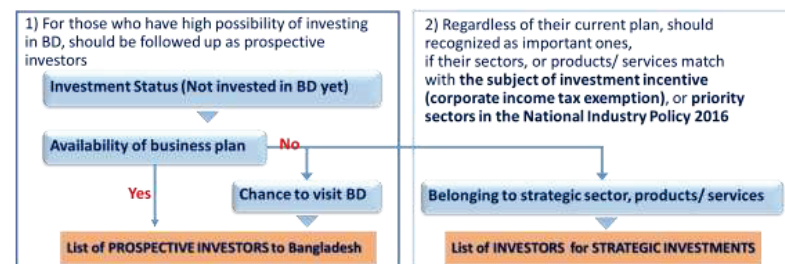
- Look into and narrow down the longlist, based on the following several criteria, to create the shortlist.

a)	Investment Status	Those who have not invested in Bangladesh yet
b)	Interest in business in Bangladesh	Those who answer that they are interested in Bangladesh as investment destination
c)	Plan of investing in Bangladesh	Whether they actually have a plan of investing in Bangladesh.

In case that the number of investors selected through the abovementioned process, the last criterion c) can be excluded to have more target investors.

Category-2

- Look into the longlist and extract companies which meet the criteria a) "Investment Status" as above.
- Review the documents regarding investment incentives and related policies or strategies (e.g., National Industrial Policy 2016) to know about the strategic sectors for Bangladesh.
- Select the companies whose sectors/industries or products/services match with those priority sectors.

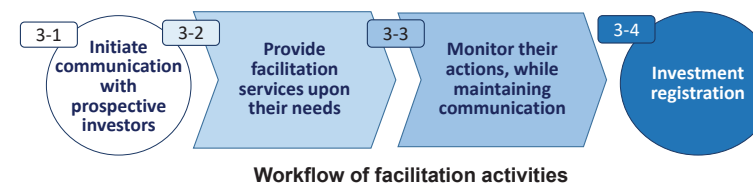


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Then, country officers have the shortlist (=list of prospective investors).

3. Facilitation for Prospective Investors

After preparing the list of prospective investors, country officers perform facilitation activities to encourage them for investment decisions. The workflow, as illustrated below, begin with initial communication and aims to end up making them registered with BIDA for investment projects in Bangladesh.



This section elaborates what to do in each step of facilitation activities.

3-1. Initiate communication with prospective investors

After the first contact on any occasions (roadshow and individual meetings at BIDA), as the first step of follow-up activities, country officers make initial communications which entail the following actions.



Additional Research (Completing of company profiles)

When contacting a potential investor, it is important to have a basic understanding of the company background and business fields.

- Conduct quick online search (at least visiting the website of target investors) to complete company profiles.
- Make assumption about their possible business plan in Bangladesh or other foreign countries, based on their current overseas business activities as well as global and domestic trends in their sectors/industries.



Initial Contact and Information Packages

- Send the first emails to express gratitude for their interest to Bangladesh and introduce the Country Officer as the focal point of BIDA.
- Then, attach a bunch of information materials based on the target investors' status and interest, e.g., a Sector Profile in case that the one for the sector related to the target investor has been prepared.
- In addition, BIDA's newsletter should sent out to all the potential investors once a new edition is published.



Update their plan of investment or visit to Bangladesh periodically

As time elapses after their information are collected for the first time (for instance, at the past webinar), it is necessary to check if their information stored in the CMS database are still valid.

- Update the status of investment plan if any changes are observed comparing to the time of the previous communication.



Identification of decision makers

The contact persons recorded in the CMS database are not necessarily the decision makers of their companies.

- Communicate with the contact person and identify their decision makers so that the following activities will be more effective.

3-2. Provide facilitation services upon their needs

Facilitation service should vary depending on investors' needs and investment status as described below.

- Data and information provision; sending publications
- Arrangement supports upon visit, including site trip, stakeholder meeting, etc.,
- Consultation (location, incentives, licensing, etc.),
- Prior licensing support, etc.

For each, the following describes tasks that country officers perform,

Information provision

According to their business plan, potential investors seek information about various matters, including i) legal and regulatory regime for investment, ii) costs of doing business and set-up procedures, iii) Government support, iv) logistics, utilities and infrastructure, v) labour, land, facilities and essential inputs, and vi) local markets, competitors, suppliers and service providers

Also, motive for FDI by potential investors could determine what information they seek.

FDI motive	Definition	
1 Market seeking	To serve a country or regional market.	market size, per capita income and market growth, import volume, existing major players
2 Efficiency seeking	To rationalise business activities through the improvement of overall cost efficiency.	the advantages of differences in the cost of factor endowments between countries, e.g. workforce, infrastructure, and raw materials.
3 Resource Seeking	To access and exploiting natural resources.	
4 Asset Seeking	To acquire strategic assets (brands, human capital, etc.)	

In these regards, country officers shall

- Provide information in available format, such as data, URL, and printed material.

Arrangement supports upon visit

When potential investors visit Bangladesh, there should be various supports that BIDA could provide. Country officers shall

- Arrange site visit to the plot of lands inside/outside EZs which the potential investors identify or BIDA introduces.
- Arrange meetings with government institutions including licensing authorities.
- Arrange meetings with private sectors including potential local partners.

Consultation

Through online or in-person communication, potential investors seek to have consultation with BIDA on various issues, such as location, incentives, and licensing. For instance, country officers shall

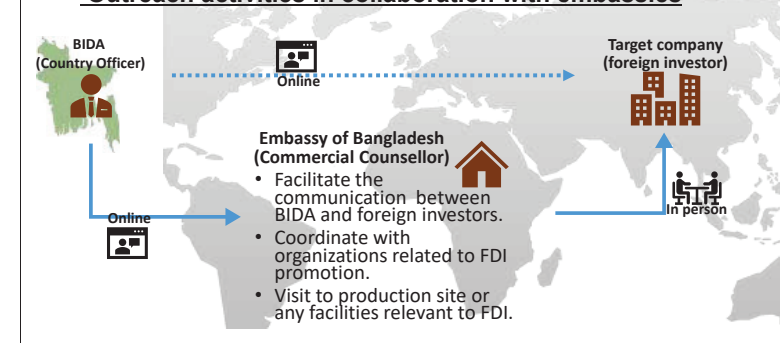
- Provide consultation for the development of business plan.
- Introduce the related government authorities related to the sectors/industries which inquirers plan to run business in Bangladesh.
- Facilitate the identification of plot of lands for investment.

Collaboration with embassies

It is effective to provide facilitation services to target investors, through the collaboration with embassies which are geographically close to target investors. Coordinating with embassies in responsible countries, country officers shall perform follow-up activities.

Country officers make sure that all communication with prospective investors is shared with the embassy by copying them to emails. In case that there are any issues to be discussed with prospective investors in person, country officers delegate the embassy to visit them physically and conduct in-person meetings.

Outreach activities in collaboration with embassies



3-3. Monitor their actions while maintaining communication

All of those communication with target investors should be recorded. Therefore, country officers shall

- Update the latest business plan of prospective investors within the CMS database if any changes.
- Also, record the needs/requirements from prospective investors and the facilitation services that BIDA has provided.



Detail Plan for Investment Monitoring

Action Plan for Strengthening of BIDA's Functions

Detail Plan

Investment Monitoring

Department in charge: Department of Investment Monitoring (hereafter “the Department”)

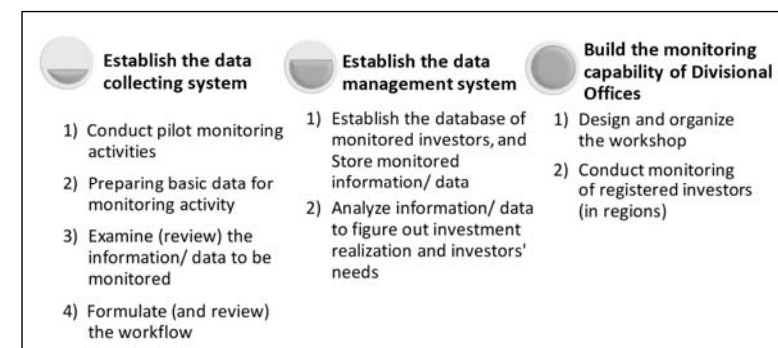
Expected Outcomes

- 1) The degree of realization of registered investment projects are regularly surveyed and updated.
Registered investment (amount) \neq Actual investment (amount)
- 2) Constraints and difficulties confronted by registered investors are regularly and accurately realized. Proper monitoring lead to effective aftercare; Monitoring is “Diagnosis”, and Aftercare is “Treatment”
- 3) Collected data and information are utilized for other IPA functions. Policy advocacy, information dissemination, and investment promotion event.

Contribution to the realization of the Corporate Plan of BIDA

The actions focusing on this function (Investment Monitoring) is expected to help achieve the Objective 2: Support Existing Investors with Expansion potential, as the expected outcomes above correspond exactly with the concerned part of The Corporate Plan.

Actions to be implemented by BIDA



Over the entire period of the JICA Project which is up to March 2022, the Department and other related departments follow the 4 key steps; i) Establish the Data Collecting System, ii) Establish the Data Management System, iii) Utilize Monitored Information/ Data, and iv) Build the Monitoring Capability of Divisional Offices. Furthermore, several activities are planned to complete each.

Planned actions in 1st year (April 2018 – March 2019)

The matrix below shows a series of activities for upgrading the function of investment monitoring, which have been agreed upon and will be implanted by the Department, with the support of the JICA Team. The matrix provides activities to be implemented over the period April 2018 – March 2019.

Functions to be Strengthened/ Actions and Measures Proposed	Detail Plan	2018												2019		
		4	5	6	7	8	9	10	11	12	1	2	3			
1) Learning of good practices and SOP preparation																
Participate in the study tour in third country																
2) Establish the data collecting system																
Conduct pilot monitoring activities	Monitor 250 investors and projects															
	Plan the next monitoring activity															
	Conduct the 2nd monitoring activity															
Preparing basic data for monitoring activity	Coordination with Investment Registration Departments															
	Set up the internal information sharing system															
	Set up the external information sharing system															
	Prepare the information of projects to be monitored															
Examine the information/ data to be monitored	Interview with other authorizes to examine their activity															
	Internal discussion for further revisions															
	Use the revised format															
Formulate the workflow	Examine the viability of the methodologies above															
	Design the workflow															
	Conduct the monitoring activity according to the revised SOP															
3) Establish the data management system																
Establish the database, and Store monitored information/ data	Use the Excel data file prepared by JICA team															
	Revise the Excel data sheet															
	Consider the incorporation of the data into CRM															
Analyze to figure out investment realization and investors' needs	Analyze info/data from 250 investors and projects															
	Consider the measures to increase the response rate															
	Utilize monitored information/ data to other functions															
4) Build the monitoring capability of Divisional Offices																
Design/organize the workshop for Divisional Offices	Discussion with personnel in charge of Divisional offices															
	Plan the workshop for Divisional offices															
	Organize the workshop															
Conduct monitoring of registered projects	Conduct the piloted activity at Divisional Offices															
	Review the result and consider necessary improvement															
	Conduct IM activity as part of Divisional Offices' mandate															

The following part explain in detail about each action.

1) Learning of good practices and SOP preparation

Participate in the study tour in third countries

The JICA Team is supposed to organize the study tour in ASEAN country during this period and Investment Monitoring could be one of subjects for programs there. It is expected to identify good practices of other IPA related to this function, which can be applied to BIDA's operations.

The JICA Team will make recommendation to the management of BIDA about the nomination of participants from officers in the Department, according to the main subject of the study tour.

2) Establish the data collecting system

Conduct pilot monitoring activities

- Monitor 250 investors and projects

Currently the Department is conducting the monitoring activity which aims to reach 250 investors and projects among all status (Foreign, Local industries and Commercial) by the end of June 2018.

In order for the Department to achieve the goal as much as possible, the JICA team makes consultation and recommendation on how the Department contact investors and collect information in efficient manner.

- Plan the next monitoring activity (decide the number/sector/status of investors and projects)

The Department and the JICA Team analyze the result of the previous activity, to identify the causes if the target number of projects will not be attained.

Based on the result of the previous activity above, the following will be decided as the internal rule; i) the number of investors (projects), ii) which year of registration/sector/category of entities to be focused, iii) assignment to officers, and iv) schedule.

If the Department seek any assistance for tackling the shortage of resources, the JICA team will consider providing necessary logistics and manpower. In the case that the JICA Team decides to supply any resources, the Department is required to propose to the management for securing adequate human resources and transport in the near future.

- Conduct the 2nd monitoring activity

The monitoring activity will be carried out according to the rule set up. After this activity is completed, the Department and the JICA team examine the result and consider the most effective way of investment monitoring (data collection).

Preparing basic data for monitoring activity

Prior to the activity, IM needs to prepare the list of projects to be monitored with available contact information. The following describes four necessary steps for the preparation.

- Coordination with Investment Registration Departments

Through the internal committee for Investment Monitoring in 2017, the Department raised some proposals for improvement and obtained partially other departments' consents. The Department with the support of JICA Team will make sure that other departments carry out agreed activities. The JICA team also proposes some measures for improvement, and therefore, the discussion between persons in charge need to take place.

	Proposed Activities	Dept. in charge	Status
i)	Attach IM form is to registration letter, and explain the mandate of periodical submission.	Registration & Incentive (RI)	Proposed by IM Dept.
ii)	Confirm with registered investors applying for IRC	RI	To be

	and Amendment if they have submitted periodical report, and ensure their immediate submission if not,		proposed by IM Dept.
iii)	Obtain the contact information of implementing companies (not third party like consulting firm dealing with procedures)	RI	To be proposed by JICA Team
iv)	Continue the data input of registered projects (incl. amended)	RI	To be proposed by JICA Team
v)	Aggregate the information of projects registered in 2015-17 (incl. amended)	RI	To be proposed by JICA Team

- Set up the internal information sharing system

Based on the internal discussions to be organized, the concerned departments will establish the internal system where the Department can obtain information of registered projects whenever it is necessary for monitoring activity. One option is that RI Departments provides the Department with the list of investment projects newly registered at the end of every month. Another option is that shared network folder in house where the list of registered projects is updated and accessed by authorized officials, including IM Dept.

- Set up the external information sharing system

In Bangladesh, there are other government entities which are expected to have contact information of investors through their mandates or public services; For example, NBR, BB, RJSC, and CCIE. The Department and the JICA Team will conduct interviews with those institutions and discuss the possibility of sharing investors' information from their database. This could help BIDA update contact information of investors which do not report to BIDA despite any changes on their profiles.

- Prepare the information of projects to be monitored

The Department will prepare the list of registered projects to be monitored for the 2nd monitoring activity, by incorporating contact information collected through the preparatory activities mentioned above.

Examine the information/ data to be monitored

Kinds of information and data to be collected from investors should be clearly relevant to the objectives of monitoring activities of BIDA. In this sense, the Department and the JICA Team will consider if the current IM form should seek any other information or exclude some of existing questions.

- Interview with other authorities to examine their activity

The Department and the JICA Team will have interviews with other government instructions, such as NBR, BB, RJSC, and CCIE, which request investors to submit periodical report for their own interest. Through the interviews, the Department will confirm what kind of information are

sought by those institutions, and if it is possible to share their information that BIDA also seeks, in order to avoid duplicate request by multiple government bodies given to identical investors.

- Internal discussion for further revisions

Based on the result of interviews with other government entities, the Department will consider the improvement of IM form. The JICA Team will also provide recommendations for revisions. One criteria to examine the existing IM form is whether information sought by the form is available in house and can be obtained from other departments of BIDA.

- Use the revised format

For the 2nd monitoring activity, the Department will use the revised IM form.

Formulate (and review) the workflow

- Examine the viability of the methodologies above

Once the 2nd monitoring activity is completed, tentatively at the end of 2018, the Department and the JICA Team consider the most viable and effective methodology of investment monitoring at that time. Based on the findings from the couple of piloted monitoring activities mentioned above, the Department will set the provisional operation rule. The possible items which will be included are supposed to be as follows.

Topics	Items to be decided
Assignment of personnel	Timing, criteria on assigning/ etc.
Projects to be monitored	number of projects/ Years of registration/ focused sectors
Information collection	frequency (e.g. twice a year)/ method of communication/ etc.
Information management	data input/ data analysis
Information sharing	Frequency/ focal points of other department/ necessary data processing/ expected feedbacks/ etc.

- Design the workflow (revising the SOP)

The Department has finalized the Standard Operation Manual regarding monitoring activity in April 2017, according to the official format given by the government. Comparing to the provisional rule, in case that there is any discrepancy in the SOP, the Department with the support of the JICA Team will make necessary revisions on it.

- Conduct the monitoring activity according to the provisional operation rule
- According to the provisional operation rule (revised SOP) designed as above, the Department will conduct the next monitoring activity.

3) Establish the data management system

Establish the database, and store monitored information/ data

- Use the Excel data file prepared by JICA team

Over the 1st monitoring activity lasting up to the end of June 2018, IM will use the data file (Excel) created by JICA to manage data and information which will be collected. BIDA officers in charge are expected to learn the importance of managing information more comprehensively and systematically through this activity.

Once the data file is created, an officer to be assigned to data management will input data, based on the information collected by other officers in IM Depts. The JICA team assist the assigned person in this action.

- Revise the Excel data sheet

Once the 1st activity is completed, the Department will share their feedbacks with the JICA Team. Following, the JICA Team will improve the data file to be used for the next.

- Consider the incorporation of the data into CRM (or existing IT system)

There is a plan in BIDA for creating Customer Relationship Management (CRM) which is able to aggregate and manage all data and information about potential and existing investors. As data and information collected through investment monitoring should be stored there, the Department and the JICA Team will consider when and how to integrate the above-mentioned data file into that IT system

Analyze information/ data to figure out investment realization and investors' needs

- Analyze information/data from 250 investors and projects

Once the 1st round of activity is completed, the Department will aggregate and analyze the data collected by using the data sheet, and compute the degree of investment realization. This data analysis could be done from some different aspects, such as sector, country, size of enterprise, etc. Besides, the Department will identify the most common problems encountered by monitored investors, by making use of the data sheet.

- Consider the measures to increase the response rate

The Department computes the percentage of investors who are not contactable and do not meet the BIDA request for information provision. In order to improve the response rate in the next monitoring activity, the Department and the JICA Team will discuss the common reasons and possible measures.

Utilize monitored information/ data to other functions

Data and information collected and analyzed through Investment Monitoring are quite useful for different purposes in other departments of BIDA. After each round of investment monitoring ends, the Department shares the dataset with respective departments. The following describes what kinds of data and information can be used in each.

IPA functions	Useful data and information
Aftercare	➤ List of projects recognized as "to start implementation" which are likely to seek assistance

	in settle necessary investment procedures. ➤ List of investors who confront any problems
Policy Advocacy	➤ List of problems which are beyond the scope of BIDA
Information Dissemination	➤ Statistical data about the realization of investment amount and employment by sector, country and year of registration.
Investment Promotion Event	➤ List of investors who seek foreign and local business partners

The given dataset is supposed to be manipulated and converted into the proper format which respective departments can make use of.

4) Build the monitoring capability of Divisional Offices

Design and organize the workshop (guidance on investment monitoring) for Divisional Offices

- Discussion with personnel in charge of Divisional offices

After it is confirmed that the operation at BIDA headquarters is to some extent improved, JICA Team discusses with the Department of Divisional Office Coordination (DOC Dept.) for more involvement of Divisional Offices into IM activity.

- Plan the workshop for Divisional office

If it is decided to involve Divisional Offices in the investment monitoring activity, DOC Department and JICA Team will consider organizing the workshop which is possible held in Dhaka for one day because it is necessary for officers at Divisional Offices to acquire basic knowledge about investment monitoring.

Tentative agenda of the workshop

Topics	Items for presentations	Presenter
Concept of IM	<ul style="list-style-type: none"> • Objective/ importance of IM • Impacts on IPA performance 	JICA Team
Methodology of IM	<ul style="list-style-type: none"> • Steps to be taken • Implementation schedule 	IM Department
Constraints on operations at Divisional Offices	<ul style="list-style-type: none"> • Logistics • Manpower and Skills/Knowledge • Coordination with BIDA HQ 	Discussion among participants

- Organize the workshop

With the budget of the JICA Project, the workshop will be held as part of capacity-building program. Since all personnel of Divisional Offices gather at the place, this opportunity will be utilized to discuss about other issues than investment monitoring.

Conduct monitoring of registered projects (in regions)

- Conduct the piloted activity at Divisional Offices

According to the lectures at the workshop, Divisional officers will carry out the monitoring activity within the given timeframe.

- Review the result and consider necessary improvement

The Department will report to the management of BIDA about the achievement of Divisional Offices' activity and claim necessary support (logistics and HR) from BIDA HQ if any.

- Conduct IM activity as part of Divisional Office's mandate

Divisional Office officers will set an implementation schedule and a goal about number of projects to be monitored. The Department will monitor their activity and provide necessary assistance if any.

SOP (Manual) for Investment Monitoring

Standard Operating Procedure of - Investment Monitoring -

March 2022

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ACCRONYMES & ABBREVIATIONS

BB	Bangladesh Bank
BEZA	Bangladesh Economic Zones Authority
BEPZA	Bangladesh Export Processing Zones Authority
BIDA	Bangladesh Investment Development Authority
BOI	Bord of Investment
BCS	Bangladesh Civil Service
IM	Investment Monitoring
IPA	Investment Promotion Agency
IRMS	Investor Relationship Management System
JICA	Japan International Cooperation Agency
OSS	one-stop service
SOP	Standard Operating Procedure

1. Introduction

Investment Monitoring is one of the significant roles of investment promotion agency (IPA). As one of the main functions, BIDA registers both foreign and local investment projects. Although those registered investors initially have strong willingness to invest and business plan somehow in Bangladesh at the time of registration, it does necessary mean that all of them will implement the registered projects as registered in terms of investment value and schedule. Actually, there is normally a gap in statistical data of investment registration value and investment realization value as a whole.

In that regard, indicators representing the real performance of private investment in a country shall be the investment value actually realized, not the figures of registered, approved or committed investment. If investors do not need to sacrifice anything or have no risk of being punished due to failure of implementation, investors tend to lack seriousness about investment projects that they declare. As far as such cases might be included in the entire figures of investment registration, IPAs are required to investigate the actual situation for making policy interventions to make investment friendly environment.

It is the case that there are many of registered / approved investment projects discontinue. There should be variety of reasons why investors discontinue their investment projects. BIDA's registration is generally one of the initial investment procedures for foreign and local entities, and then investors face various obstacles and challenges in investment-related procedures after the completion of BIDA's registration. Confronting such unexpected obstacles, some of registered investors are forced to take more time than expected or consider of discontinuing their registered projects.

Discontinuing an investment project does not only mean a loss of a single committed investment, but also have broader negative impacts on potential investment projects which new investors are planning. While Bangladesh loses private capital from foreign and local entities if the registered projects discontinue, it would lead to more significant losses if those investors share such negative experience in Bangladesh, with their business fellows or other companies who can be potential investors for Bangladesh in the future. In case of foreign investors who have less information about Bangladesh business environment, the damage would be much larger.

With such concern, many advanced IPAs put importance on the activity which monitors the progress of investment projects that they register or approve. However, it is not an easy task to monitor all the registered or approved projects because some investors could become unreachable. In order to reach as many targets as possible, IPAs take various measures. For instance, some establish a rule that obligate their investors to submit progress reports periodically as a requirement of securing investment approval. Investors have to comply the rule otherwise their investment approval will be terminated.

Another example for raising the response rate is to develop online monitoring system which

makes them easier for IPAs to connect with their investors to report the progress of project. Furthermore, with automated alerts, investors notice when they should report to IPAs, and IPAs do not need to remind investors of progress report.

In case of Bangladesh, there are multiple IPAs including BIDA, BEZA, BEPZA and High-tech Park Authority. As they have existing investors registered in the respective regime, each has to conduct monitoring activities according to their own rules and organizational conditions. BIDA normally registers more than a hundred of foreign projects and a thousand of local projects, which have been accumulated to have a huge number of investors projects to be monitored. Based on its organizational strategy and current human resources, the monitoring activities should be designed and executed properly.

2. Background

Once it was established in September 2016, BIDA has introduced a new function, Investment Monitoring, which has never existed in the former organization. The responsible department has been established accordingly, in which officials have been deployed.

Since the internal coordination had not been developed yet and information management was not well, the investment monitoring had not been well conducted at the beginning. For the first data collection, conducted in 2017, the division in charge attempted to collect information from foreign investors who had been registered by BOI/BIDA in the past. Since there was no sophisticated database and contact information of target investors, the methodology was that the officials in charge mailed request letters attached with questionnaires, to the addresses of registered investors.

The division in charge sent letters to around 460 entities, which had been registered in the past. As a result, questionnaires filled in were returned from mere 30 entities (the response rate is less than 10%). After that, the JICA Project for Promoting Investment and Enhancing Industrial Competitiveness (hereafter called "JICA Project") commenced, and investment monitoring has been strengthened as the high priority function of BIDA.

The one of significant measures that the JICA Project assisted was to develop contact information database of the registered projects. At that time, since BIDA OSS has not been introduced yet, BIDA's registration used to be made manually and all the information regarding registered projects were stored in paper files. Under such condition, it was difficult to search contact information which the division in charge could use for investment monitoring. Therefore, the JICA Project assisted to develop the database in a way that the JICA national consultant checked all the files and input necessary data into the Excel database. As a consequence, the database which stores the foreign investment projects which were registered in the last 5 years (2013-17). The database has been updated till the end of the JICA Project in 2022 by accumulating the new projects every year.

Next, the methodology changed from mailing paper letters to sending emails attached with questionnaire. It drastically improved the work efficiency of data collection. The request for information provision can be made at once, by sending bulk email to all the target investors. Moreover, as investors fill in the digital form, not handwriting in the paper questionnaire, the returned questionnaire could be more understandable and avoid mistakes and errors in transferring given information to the database.

That methodology also worked better for investors as well in a way of reducing the burden on filling in the form and returning to BIDA while the mail-back system previously adopted is burdensome. Businesspersons who are normally busy are likely to respond in a more convenient and quicker way.

Thanks to those improvements, BIDA received much more responses from investors. the capture rate of monitoring data has been improved as follows, compared to the initial phase,

although the rate declined in FY2020¹.

Table 1: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)

Though it shows remarkable improvements, there seems to be a room for further improvement. Nearly half of respondents did not provide data and information requested by BIDA. A major case is that target investors (representative of foreign-owned companies) were not contactable. The JICA Project team contacted phone numbers informed by investors at the time of registration, but calls were not picked up or the numbers were found no longer available. There are many investors who changed their contact information after the completion of BIDA registration but did not inform. Another case is that though the JICA Project team succeeded in reaching the investors and requested for information provision, but they have never responded due to some reasons. They might have no time to return the IM form or might be reluctant to provide information to BIDA which is a government organization.

However, it is not possible to raise the capture rate up to 100% as even advanced IPAs in other countries have a similar challenge. Some IPA in an ASEAN country which is known as advanced case and adopts online monitoring system achieve 50-70%. While accepting that it is difficult to gather information from all the targets, it is important to take every possible measure to raise the capture rate as high as possible.

BIDA is expected to retain those achievements left by the JICA Project and raise the capture rate further. However, it is possible but highly challenging due to staffing practice in BIDA. The staff placed in BIDA consist of two types according to their employment status, and many of them belong to the Bangladesh Civil Service (BCS), which occupies the directive posts in BIDA. That status of officials normally repeat the short-term placement (transfer from/ to other ministries/ agencies), and it is the case in the division in charge of investment monitoring. Once the staffing change occurs, the predecessor should hand over related tasks to the successor immediately. In case that the successor is transferred from other ministries/agencies and does not have basic knowledge of investment monitoring as IPA, there should be some internal document which the successor could refer to reach the satisfactory level of operation as early as possible.

¹ 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. 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.

3. Purpose of the SOP

This Standard Operating Procedure (SOP) has been written to describe the procedure of monitoring both foreign and local investment projects which BIDA has registered. The purpose of this SOP is to provide step-by-step instructions of concerned tasks so that any official can carry out monitoring activities correctly and uniformly.

Besides the workflow, this SOP defines the objectives of investment monitoring. In particular, the officials newly deployed in the division in charge first need to understand the objectives properly so that implementation parts will be more understandable.

As of April 2022, BIDA is developing Investor Relationship Management System (IRMS) which is equipped with online monitoring system, called “e-monitoring”. Although this SOP is designed based on the workflow that BIDA has performed without online monitoring, after e-monitoring is fully established, this SOP can be in use. The procedure of monitoring described in the following sections clearly indicate which parts of the procedure will be replaced by e-monitoring (“*Improvement of work efficiency by IRMS*”). Then, the guideline of IRMS, including a manual for e-monitoring, will be used together with this SOP to cover the whole procedure of investment monitoring.

4. Responsibility

As marked in the organogram of BIDA below, Monitoring & Evaluation Compliance Unit, Strategic Investment (hereinafter called “the Unit”) is responsible for investment monitoring activities. Executive Member, Strategic Investment supervises its related activities.

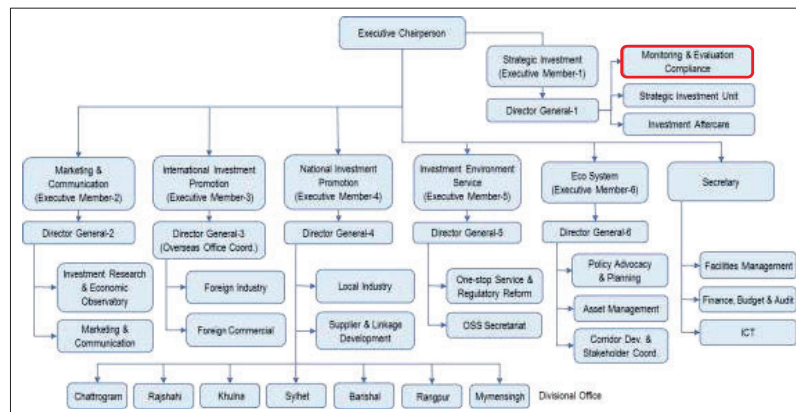


Figure 1: Organization chart of BIDA (current)

Strategic Investment Wing supervise major functions related to post-investment, i.e.,

investment monitoring and investment aftercare. Those two functions are required to be closely coordinated to provide tailored facilitation services to registered investors.

5. Objectives of investment monitoring

Along the process of general investment activity of private companies, IPA's functions are placed in one sequence from pre-investment functions to post-investment as the figure below illustrates.



Figure 2: IPA's functions according to investment activity

Investment monitoring is placed at the beginning of the post-investment functions. In this regard, investment monitoring plays an important role in collecting necessary information to the following parts, such as Aftercare and Policy Advocacy. In other words, without proper outputs of investment monitoring, those following functions could not work.

Then, the first objective of investment monitoring is to monitor whether registered investors actually materialize their investments as registered, by checking the progress and performance of investment projects (in terms of the amount invested and employment created for example). Those monitored data, that demonstrate the degree of investment realization, is deemed persuasive for the potential investors as well as IPA itself, and therefore, shall be open to public.

Another objective of IM is to grasp the difficulties and constraints confronted by the registered investors in proceeding their investment establishment and operation. IPAs can further analyze monitored information/ data to identify and understand the most commonly observed issues among the investors, that should be tackled through aftercare service (post-investment facilitation) or policy advocate for regulatory reform.

Objectives of investment monitoring are summarized as below.

- 1) The degree of realization of registered investment projects are regularly surveyed and updated because registered investment (amount) is not necessarily equivalent to actual investment (amount).
- 2) Constraints and difficulties confronted by registered investors are regularly and accurately realized. Proper monitoring leads to effective aftercare; Monitoring is "Diagnosis", and Aftercare is "Treatment"
- 3) Collected data and information are utilized for other IPA functions, e.g., aftercare, policy advocacy, information dissemination, and investment promotion event.

In order to achieve those objectives, the Unit is supposed to perform investment monitoring in an effective and efficient manner, according to the rule and operation procedure described in the following sections.

6. Outline of Service

There are basic rules, under which BIDA officials in charge carry out related activities as mentioned below.

- **Target projects:** Basically, all registered foreign or local projects are subject to investment monitoring, and at least till being implemented. Nevertheless, with the available resources at BIDA, it is a tiresome process to contact and collect information from all of them; e.g., BIDA normally register hundreds of foreign and more than a thousand local projects annually. Then, while aiming to monitor all the registered projects, the SOP mandates the Unit to monitor at least investment projects which have been registered by BIDA in the last five years. Nevertheless, projects which are confirmed to be withdrawals are excluded in the next monitoring.
- **Frequency of data collection:** Data collection shall be conducted every year. The situation of investment projects can make progress in a short time, and publicizing the accurate data about investment realization require frequent data collection. Also, according to the second objective of investment monitoring as mentioned earlier, frequent data collection will lead to detection of investment projects which face obstacles on project implementation.
- **Methodology of data collection:** The Unit gather data and information from target investors through e-monitoring of IRMS. Further communication can be made through email and follow-up calls. While such remote communication is in principle, project visit can be organized if necessary.

The table below summarizes what were described above and show the targets and timing of data collection that the Unit conduct every year. For instance, when investment monitoring is conducted in 2022, data collection is performed in Q1-Q2 to target the foreign and local investment projects which were registered in 2017-2021.

Calendar Year	Y-5				Y-4				Y-3				Y-2				Y-1				Y (present year)			
Quarter	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Registration																								
Foreign projects																								
Local projects																								

Figure 3: Schedule and targets of investment monitoring

Though this is a rule which BIDA is supposed to follow to conduct investment monitoring, if there is any special demands or official orders regarding investment monitoring, the Unit shall modify the rule temporarily (only for the concerned year) to plan related activities in a different way. For instance, if there will be an economic crisis, BIDA may have a special need or interest to investigate its negative impact on its registered investment projects and thus put higher priority on the projects registered after that incident. Likewise, the Unit is able to set a target group flexibly, by utilizing the IM database or the BIDA OSS system and IRMS.

7. Procedure

This section explains the workflow (i.e., the order of relevant actions), through which officers in charge of monitoring are supposed to carry out their tasks.

As a whole, investment monitoring is performed in a process described as below. Firstly, “information collection” aims to gather data and information from each of registered projects, regarding actual investment realized at that time. After collecting data and information, “information aggregation” intends to input all the information to the database. Then, “information analysis” is data processing to reveal trends / features of the whole situation and identify individual cases requiring special attention. Finally, “Report” is delivered internally and externally according to purpose.



Figure 4: workflow of investment monitoring

As Figure 3 shows, investment monitoring is an annual activity to accomplish the objectives defined earlier. The above process needs to repeat every year. As the first step of investment monitoring, *Information collection* is supposed to start during Q1-Q2 of every calendar year, and *information aggregation* follows. Moreover, *report* shall be completed by the end of fiscal year (end of June) so that Executive Members and Executive Chairman of BIDA understand the actual situation of its registered investment projects and consider necessary measures as a plan for the next fiscal year. The figure below provides an idea about the annual schedule of investment monitoring.

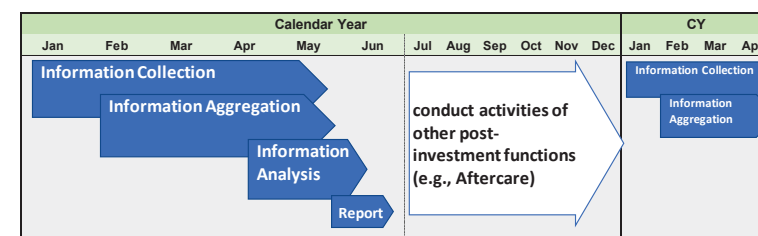


Figure 5: Annual schedule of investment monitoring activity

One round of investment monitoring is required to complete within 6 months. In order to make sure that, information collection shall be performed in a way of completing a year of registered projects within a month. For example, in case of investment monitoring 2023, information collection for the projects registered in 2022 is finished within January of 2023, and next, information collection for 2021 will be done within February 2023. In this pace, data collection for the last five years could be completed within 5 months.

The following section describes in detail about each step of works.

7.1 Preparatory actions

Before starting relevant actions, officers in charge need to take necessary preparations as introduced below.

7.1.1 Updating the IM database

- Obtaining new project information: The Unit shall obtain from the OSS system the information of 1) new investment projects which are registered within the previous year, and 2) the existing projects which applied for amendment during the previous year, especially for increasing investment amount because investment monitoring shall be done based on registered investment amount including the amount of investment amended (increased).

Information of the existing projects which were registered before introducing OSS are managed manually by paper files and not possible to be obtained from OSS. Then, it is not possible for limited manpower to check all the paper files to detect those projects and however it is not a problem because the IM database stated below covers those investors and their amendment information (e.g., increased investment amount) will be informed by investors themselves through information collection afterwards.

- Incorporating to the IM database: There is an Excel database which already include data and information of existing projects which were registered in the past and have been monitored since the previous year. Those two types of projects data mentioned above shall be incorporated as explained below.

- 1) Projects registered in the previous year: Copy and paste the dataset to the respective columns of the database. As the excel database was developed based on application form of BIDA's investment registration, items of project data and information should be the applied as they are.
- 2) Existing projects amended during the previous year: Input amended data to the existing dataset of the database. In particular, by entering the amended investment amount, the database will show properly the total amount of investment that BIDA has approved.

The whole process of updating the database (integrate the registration data from OSS into the IM database) is explained in detail by the Attachement-1.

7.1.2 Planning of activities

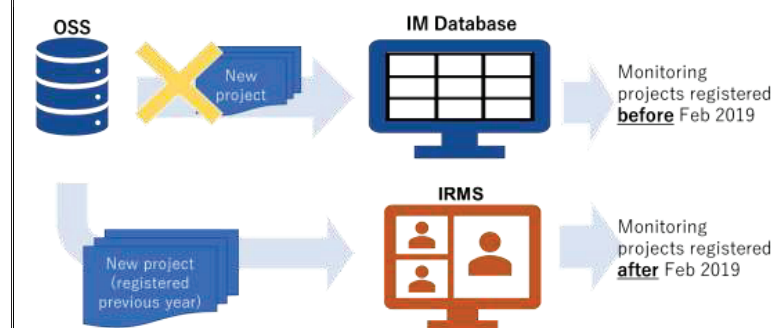
Prior to conducting the monitoring activity, officials in charge draw the implementation schedule of the monitoring activity. As the basic rule of the activity set earlier, all investors registered within the past 5 years need to be monitored. Data collection shall begin with the previous year and proceed backward. An activity schedule shall plan to complete data

collection of one year within a month and in this scenario, data collection of all target project (five year) shall complete by May.

Improvement of work efficiency by IRMS

Regarding the task of "1-1 Updating IM database", IRMS will the IM database and draw registered information from the OSS platform, especially for projects registered within the previous year.

Nevertheless, if IM database will not be able to be incorporated into IRMS technically, IM database needs to be used continuously only for monitoring the foreign projects that were registered before the establishment of OSS (Feb 2019).



7.2 Information collection

7.2.1. Collecting information

The following table explains about the process of communication with investors to collect necessary information, which is the first step of monitoring activities.

Table 2: Process of communication with investors

	To whom	Way of contact	Objectives of contact
1	All of investors who have email accounts	Email	• To send questionnaire sheets (hereafter called "IM form ² ")
2	Investors who have received emails	Phone call	• To confirm the receipt of emails and request for answers
3	Investors who do not have email account, or		• To set up a meeting or, conduct interview over the phone

² Refer to the Attachement-3 for IM form

	email has not reached		<ul style="list-style-type: none"> To obtain email address to send the IM form if they decline to accept BIDA's visit
4	Investors who do not reply after actions above	Project visit <u>with</u> appointment	<ul style="list-style-type: none"> To conduct interview in person
5	Investors who have only physical address (no other information like phone number and email address)	Project visit <u>without</u> appointment	<ul style="list-style-type: none"> To find the location and conduct interview in person To obtain available contact details (phone number and email address) for next monitoring
6	Investors who are located in remote areas	Delegate to Divisional Offices	<ul style="list-style-type: none"> To contact investors through methods of communications as above

Email: firstly, officers send emails attaching IM forms, to investors who have email addresses, and request for filling in and reverting by email

Phone call: next, officers make phone calls to investors and remind of returning the IM forms. In the meantime, regarding investors who do not receive email or do not have email account, officer conduct interviews on the phone to make the same questions as IM form.

*When registered investors are contacted by email or phone call, in case that their recorded contact details turn out to be no longer available, their status need to be updated on the Data Sheet as "not contactable".

Project visit: then, officers visit investors who do not reply despite the actions made as above, and conduct interviews in person, in accordance with the IM form. Also, as for investors who prefer to provide information through face-to-face communication, the Unit makes a visit.

Delegate to Divisional Offices: as for investors who do not reply and are located in remote areas, The Unit request Divisional Offices by sharing the list of investors and make necessary follow-up. It is necessary to avoid the duplication that Divisional Offices contact investors who the Unit has contacted.

Periodical report from approved investors: Besides the series of proactive communication initiated by BIDA as described by this SOP, investors are mandated to submit periodical report to BIDA according to the condition set forth in investment registration certificate. For investors who have submitted reports spontaneously, the Unit does not need to seek information by taking the abovementioned procedure. However, since investment monitoring should be done every year, the Unit keeps tracing those investors and needs to do information collection if they do not submit reports in following years.

Improvement of work efficiency by IRMS

In table 2, from Step 1 and 2 will be replaced in a way that investors will receive request through IRMS platform, in which they can access the form and fill in directly their information. But tasks from Step 3 up to Step 6 will need to be still in practice even after the establishment of IRMS.

7.2.2. Seek the latest contact information

Through the data collection process shown above, officials will face projects/investors who are not reachable. There are several public institutions which are supposed to have regular contact with private companies and properly manage their contact information.

One of the most reliable sources for this is the Bangladesh Bank (BB) which conducts monitoring activity towards private companies for their own purposes, based on contact information they manage. To seek the latest contact information of investors which BIDA could not reach, officials prepare a list of the investors and share with BB so that BB will fill in the latest contact information as many as they know and send the list back. Followingly, officials continue to contact the investors through the given contact details.

7.3 Information aggregation

Once necessary information is obtained from an investor, officers in charge transfer it from IM forms into the excel database.

The main information shall be;

- ✓ Classification of project status; "in operation", "in implementation/ construction", "to start implementation", or "closed"³
- ✓ Amount of realized investment
- ✓ Number of employment (national and foreign)
- ✓ Issues that respondents are currently facing
- ✓ Assistance that respondents are expecting BIDA to provide

Regarding the projects (investors), from whom information cannot be obtained, officers in charge record the reasons in the Data Sheet, as either "not contactable" or "not replied".

Improvement of work efficiency by IRMS

This activity (data aggregation) will be no longer necessary as a whole because IRMS will automatically aggregate data and information which will be provided by respondents (investors).

³ 'In operation' means projects that started to run their businesses, 'In Implementation' represents those who begun investment activities (e.g., construction of a factory) but not operational yet, and 'To be implemented' is the phase during which investment approval with CPI (APIEX) was done but other investment procedures are underway.

7.4 Information analysis

The objectives of this action are i) to capture the real situation of registered projects (degree of realization), and ii) to prepare data which are used for planning Aftercare and considering possible policy advocacy. In doing so, some analytical works as below are supposed to be done.

- To calculate the entire ratio of realization of investment amount and employment
- To calculate the ratio of realization of investment amount and employment; by i) sector, ii) year of registration, and iii) country
- To calculate the percentage of each category (operational/implemented/closed) among all
- To calculate the percentage of non-contactable and non-replied investors among all
- To calculate the ratio of each category of problems on project implementation among all reported issues, for identification of issues which are more common and serious than others.

The Excel database is able to automatically provide the figures but in case that some charts are necessary, the Unit may need to create by themselves based on those figures.

Improvement of work efficiency by IRMS

IRMS has a function which creates several kinds of statistical summaries by charts and graphs automatically. While the Unit will make use of those, the Unit may perform further analytical works according to interests of internal and external stakeholders.

7.5 Reports

Reporting has two directions; one is for internal use and the other is for external dissemination. Firstly, the result of investment monitoring shall be submitted to the management of BIDA for the reviews of Executive Members and EC. Also, other divisions of BIDA should be shared.

Beside internal report within BIDA, the result of investment monitoring provides valuable information for many stakeholders and then should be publicized in a proper format. The following explains in detail.

As Figure-5 showed, reporting is scheduled to be done after all the aforementioned activities and by the end of a fiscal year.

7.5.1. Internal report

After each round of monitoring activity, the Unit prepares a report based on the information and data analyzed as above and submit to the Executive Committee of BIDA. As a sample, Attachment-2 provides the report made after IM 2019-20.

Also, as information and data collected and analyzed by the Unit are quite useful for other divisions' activities, The Unit share the result of each monitoring depending on their needs. The table below explains what kind of information can be shared with which division.

Table 3: Information sharing with other divisions

	Division/ Functions	Sort of information
1	For Aftercare	<ul style="list-style-type: none"> • List of projects recognized as "Yet to start implementation" which confront any problems. • List of investors who are potential for reinvestment.
2	For Policy Advocacy	<ul style="list-style-type: none"> • List of problems which are beyond the scope of BIDA
3	For Information Dissemination	<ul style="list-style-type: none"> • Statistical data about the realization of investment amount and employment by sector, country and year of registration.
4	For Promotional Event	<ul style="list-style-type: none"> • List of investors who seek foreign and local business partners

While it is possible that the result of investment monitoring can be shared from the Unit to other division, other divisions will be able to access information from their ends according to their interest after IRMS is established and investment monitoring becomes operational with that system. The current IM database (Excel format) is supposed to be integrated into IRMS.

Raw data about registered investors are transferred from OSS to IRMS, and investment monitoring will update those information. Furthermore, investment aftercare will use those stored information for its activity and whenever the division in charge finds anything different from the data and information stored in IRMS, the officials in charge are mandated to revise them accordingly. In that way, IRMS will be accessed and managed by multiple divisions including the Unit.

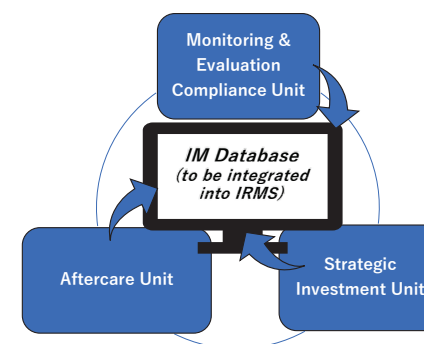


Figure 6: management of IM database

7.5.2. External report

The result of investment monitoring provides valuable information for multiple stakeholders, such as investors, business association, embassies, IPAs in other countries. Potential investors for Bangladesh might seek information about actual investment performance in Bangladesh rather than registered figures. Obstacles faced by existing investors must be useful information for ministries and other related organizations which are responsible for improvement of business environment in Bangladesh. The table below summarizes beneficiaries and what information they might seek. Based on this table, the Unit and related divisions of BIDA shall arrange necessary information and set up occasions to submit or discuss about possible measures.

Table 4: Information sharing with stakeholders

Stakeholder	Information to be provided	Way of sharing	Remark
Potential investors	statistical data of actual investment value by sector or country	BIDA's website, newsletter, etc.	Might be negative in case that actual figure is low.
Government of Bangladesh	Indicators explaining actual investment performance	Submission of official report	
Government organizations	Obstacles faced by investors	(a) Stakeholder meeting (b) By written communication	Part of Aftercare functions.
Business association	statistical data regarding specific sectors and industries	Upon request	

Improvement of work efficiency by IRMS

IRMS will have a function which creates automatically a report in a default template. By using it, the Unit will be able to make a report which contains main findings. It is however necessary to modify or enrich the contents manually according to the interests of internal and external stakeholders.

8. Administration of SOP

8.1 Principle

The SOP is an essential part of a quality system. In order to guarantee that the correct version of the instruction is used, copying Standard Operating Procedures is not allowed.

8.2 Procedure

a) Administrator: Director of Monitoring & Evaluation Compliance.

b) Revision of SOP

Evaluation of a valid SOP shall be done every year by the administrator. The administrator who knows actual operation and internal situation of BIDA reviews the SOP and revise the contents if necessary.

c) Distribution of SOPs

When the SOP complies with all the necessary requirements, it is printed. The administrator hands over the manuscript to the SOP administrator who is in charge of the printing. The number of copies is determined by him/her and the author.

Once the new copies are distributed the old ones (if there was one) need to be disposed of. For each version of SOP, a list of holders needs to be prepared and requires their signatures for receipt of copies. The list is properly stored with the extra copies.

Copying SOPs is not allowed. Extra copies can be created by the SOP administrator. Users are liable for keeping of the SOPs in a proper way.

d) Archiving

Proper archiving is essential for good administration of SOPs. All operating instructions should be kept up-to-date and be accessible to personnel.

Revision History:

Revision	Date	Description of changes	Requested By
0.0	[Date]		

How to integrate OSS data with IM database (Manually)

There are four steps to integrating OSS data with JICA's IM database.

Step 1: Segregate the product list from OSS Data file.

Step 2: Remove the word "Code" from "Major/ Section", "Sub/ Division" & "Main Product/ Group"

Step 3: Copy & Paste "OSS Data" "Product Material Data", and "Sector Data" with "Registration Data".

Step 4: Copy the newly inserted data to the "Registration Information" in the "Latest Information" of the IM database file.

Step 1: Segregate the product list from OSS Data file.

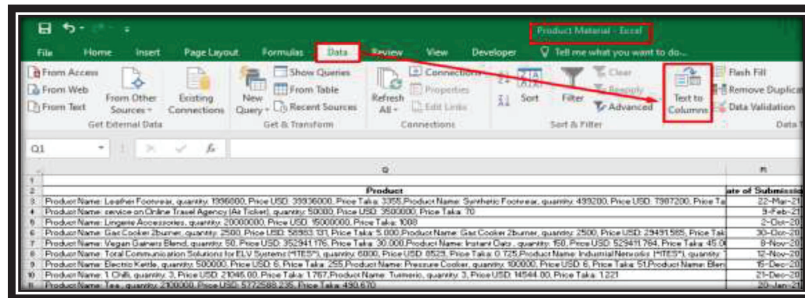
Firstly, create a new excel sheet and rename it as "Product Material"

a. **Organize the products in the OSS file in a newly created Excel sheet named "Product Material" using the following steps.**

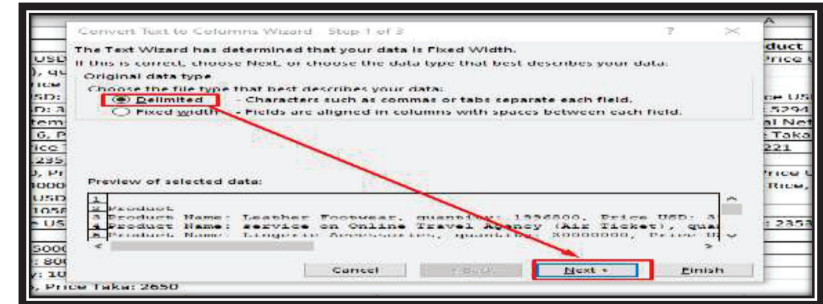
- Firstly, open the OSS Data file.
- Find and copy Product column from the worksheet "OSS Data" from this file and paste it into "Product Material" file that you created.

b. **How to segregate products from OSS file in individual columns in "Product Material" using Excel?**

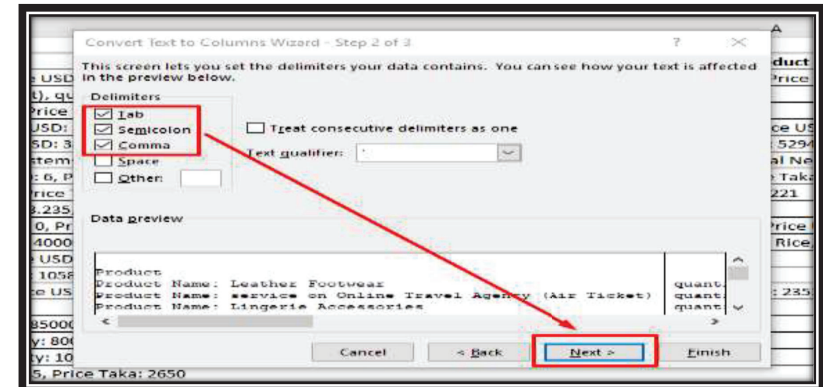
- Open "Product Material" file that newly created.
- Click on product column.
- Go to the **"Data"** option from the Menu bar of Excel and click on option **"Text to columns"**.



- Get an interface then click on **"Delimited"** and click **"Next"** Button.



- Put tick mark on **"Tab"** **"Semicolon"** & **"Comma"** and then Click **"Next"** Button.



- Click on **"General"** then set **"Destination"** want to place the data and then Click **"Finish"** Button.



- The product name, quantity and price will be automatically separated in individual columns.

- viii. Now rename the columns heading e.g., Production Material 1, Qty. /Pcs & Value (BDT). (Except USD Value, Remove it from the sheet).

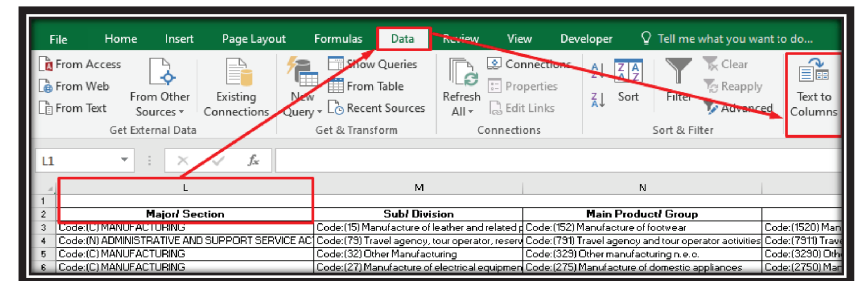
- ix. Exclude unnecessary words from each column like product name, quantity, price Taka.

- x. The final data will be like the picture below. (Column value USD after deletion).

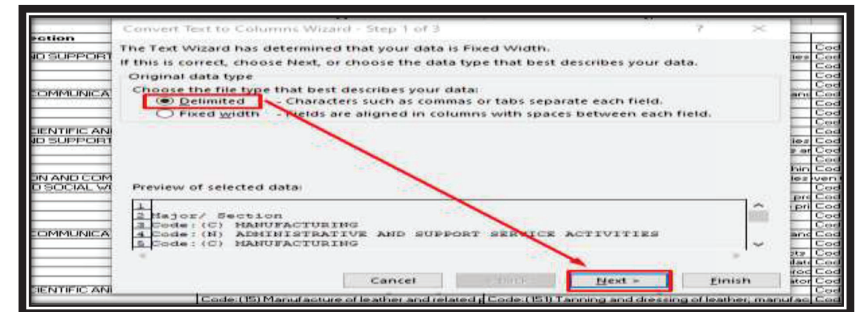
- xi. Copy the relevant columns and paste them into the "Registration Information" of the IM Database file in the "Product Material 1", "Production Material 2", "Production Material 3" etc. columns.

- Step 2:** Remove the word "Code: (___)" from "Major/ Section", "Sub/ Division" & "Main Product/ Group"

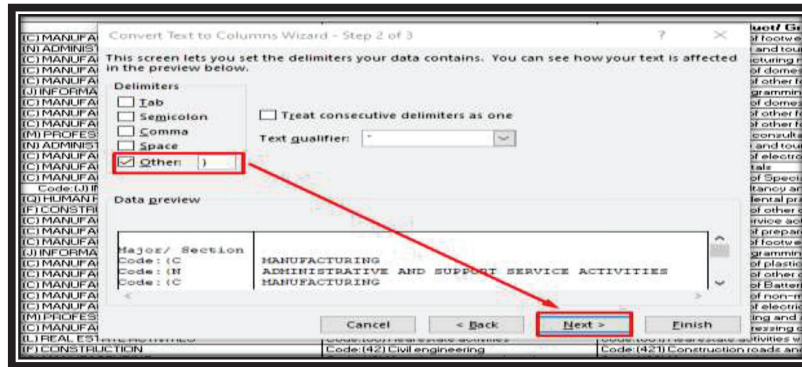
- Go to sector of "OSS data File".
- Copy the column "Major/Section", "Sub/Division" and "Main Product/Group" from OSS Data File.
- Paste those three columns in newly created excel file and named it as Sector Data.
- Click on column "Major/Section" then click "Data" Menu of Excel and then click on "Text to Columns".



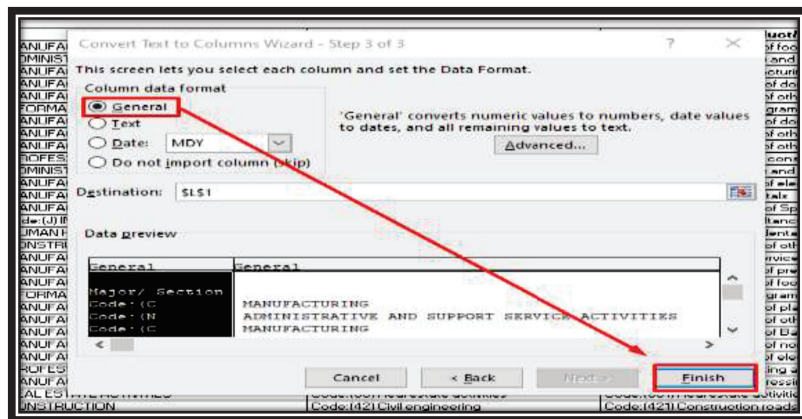
- v. Click on "Delimited" option and then "Next" button.



- vii. Put Tick mark on “Other” option and type in the black space then click “Next” button.



- viii. Click on “General” then click “Finish” button.



- ix. "Major/ Section" and Word "Code: ()" will be separated then Copy the separated column and paste it to the "Registration Information" of "IM Database File".

Major Section	MajorSection
Code (G)	MANUFACTURING
Code (N)	ADMINISTRATIVE AND SUPPORT SERVICE
Code (C)	MANUFACTURING
Code (C)	MANUFACTURING
Code (C)	MANUFACTURING
Code (C)	MANUFACTURING
Code (I)	INFORMATION AND COMMUNICATION
Code (C)	MANUFACTURING
Code (C)	MANUFACTURING
Code (C)	MANUFACTURING
Code (C)	PROFESSIONAL, SCIENTIFIC AND TECHNICAL
Code (N)	ADMINISTRATIVE AND SUPPORT SERVICE

- x. Do the same for the "Sub/Division" and "Main Product/Group" column to get relevant data.

Step 3: Merging relevant data from these three files (OSS Data File, Product Material Data File and Sector Data File) with “Registration Information” worksheet of IM Database File as developed by JICA.

- The files to be used for this step are OSS data file, Product Material Data file, Sector data file.
- Copy the excel column those have the same headings of "Registration Information" worksheet of IM Database file.
- Since the OSS data file has a lot of headings, you need to copy and paste the following headings into the "Registration Information" worksheet of IM Database file.
 - a) Date of Submission
 - b) Registration No.
 - c) Company Name
 - d) Factory Address
 - e) Factory Division
 - f) Factory Phone No.
 - g) Office Address
 - h) Office Division
 - i) Office Phone No.
 - j) Major/Section
 - k) Sub/Division
 - l) Main Product/ Group
 - m) Product Material 1, Product Material 2, and so on.
 - n) Local_and_ivst, local_Building_ivst, local_machinery_ivst, local_others_ivst, local_wc_ivst, and Total_Fixed_ivst_Million.
 - o) Country of Origin
 - p) Commercial_operation_date
 - q) Local_total and Foreign_total employment
 - r) Local Equity and Foreign Equity
 - s) Local Loan and Foreign Loan
 - t) Principal Promoter Name, Principal Promoter Designation, Principal Promoter Email, and Principal Promoter Mobile

Step 4: Copy the newly inserted data to the "Registration Information" in the "Latest Information" of the IM database file.

- Now "IM Database File" is ready to update "IM Form/Project Performance Reporting Form" those are collected from Investors.
- Click "Search/Update" button of "IM Database File" and input "IM form/Project Performance reporting form" step by step.

Search/ Update			
SL No.	Registration		
	Registration no.	Date of Submissi	Com

Report on Investment Monitoring

June 2021

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Executive Summary

This report is aimed to present information and data on actual investment activities of registered foreign-owned projects, as the result of investment monitoring (IM) activity 2020-21.

Methods of investment monitoring include sending out the request email attached with IM form and tracking responses from foreign investors over through phone calls. Target projects for IM 2020-21 was foreign projects registered in 2019 and 2020, which amount to 284 projects. Their project information was extracted by IM Wing of BIDA and shared to JICA project team which have done the abovementioned data collection task.

As the consequence of data collection, 126 projects (investors) provided detailed information on their operations. The response rate is around 44%, whereas it used to around 10 % at the beginning of the JICA Project in 2017.

Following to data collection, various kinds of data analysis provided remarkable findings. Firstly, 40% of target projects have been operational even though Covid-19 pandemic must have caused negative impact on investors' activities. On the other hand, 20% of monitored projects have not moved on to the implementation phase or been closed unfortunately.

In addition, since Investment Monitoring in principle aims to keep tracking investment activities until all the registered projects become operational, the projects which have been monitored last year and found as "Yet to implement" were also subject to data collection this time. The number of the projects belonging to this category was 77 projects. Then, it was found that 48% remain the same, i.e., have not entered the implement stage yet, while 16% have become operational or started the implementation successfully.

Based on the inputs from investment monitoring, another function of BIDA (Aftercare) should take place immediately. Unlike the registered side, information and data secured by investment monitoring are reflecting the reality and can be utilized for other BIDA's functions and services.

1. Objectives

- To track investment activities of registered projects in terms of investment value and employment creation.
- To identify the projects which are confronting any difficulties and constraints on implementation.

2. Methodology

- Target project: 318 projects

Group-1: foreign-owned projects which were registered by BIDA in 2019 and 2020; 284 projects

Group-2: foreign-owned projects which were registered before 2019, have been monitored previously and found as “Yet to implement”; 34 projects

- Data collection: Send out the monitoring form by email and follow up by phone call.

3. Group-1: Foreign projects registered in 2019 and 2020

3-1. Data Collection Performance

Before presenting the findings of investment monitoring, this section argues about the availability of data and information. Since there are some constraints on executions of data collection, it is not possible to access all target projects for data collection. Figure-1 shows the response rate of Group-1; i.e., how much percentage of the projects registered in 2019 and 2020 provided required information to BIDA.

- The response rate is 44%, i.e., 44% provided information requested by BIDA.
- While it seems that the ratio of monitored projects does not reach the satisfactory level, it should be noted that it has been drastically improved from merely 10% having been gained before the JICA Project commenced. This improvement was achieved through several measures, such as coordination with other government bodies, especially Bank of Bangladesh.
- While 44% of responses were secured, there are still 21% that are not contactable; i.e., their phone numbers are not reachable and no other contact information is recorded.
- Furthermore, 35% have not provided information although BIDA contacted them

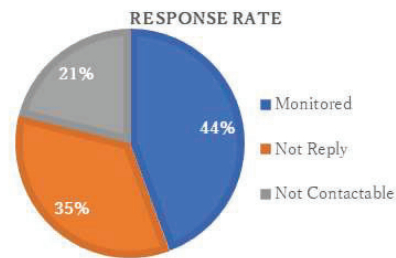


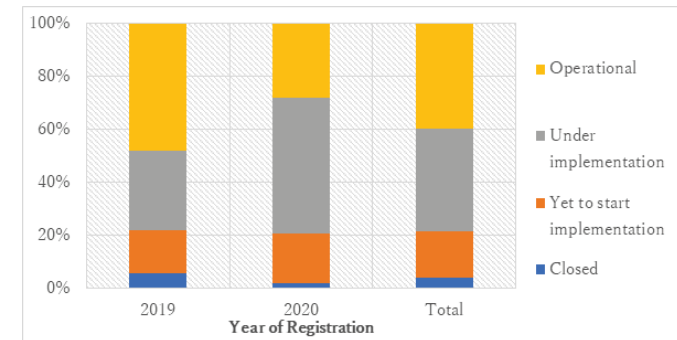
Figure-1: Data Collection Performance

successfully and they agreed on information provision.

Then, for Group-1, the following sections present remarkable findings.

3-2. Project Implementation Status

As one of the most important indicators for capturing the reality, Figure-2 provides data on how many projects have become operational or still behind that stage.



Note: “Yet to start implementation” means that after registered with BIDA, other investment procedures (e.g., construction permit or EIA acquisition) are still underway. “Under implementation” is a project whose investment activities (e.g., factory construction) commenced after settled all administrative procedures. “Operational” is a project that has started business activities

Figure-2: Implementation Status by Year of Registration

- 40% of projects registered over the last two years are already operation and have started their business activities in Bangladesh.
- Likewise, 39% have started any investment activities, such as factory construction and importing machineries.
- 17% have not started investment activities yet (“Yet to start implementation”), and mostly still in approval process for any investment-related procedure.
- Furthermore, 4% are unfortunately found “Closed”.

It is worth checking the implementation status for each sector, which should have different requirements for starting business as well as business environment. Figure-3 provides the data about several major sectors in Bangladesh.

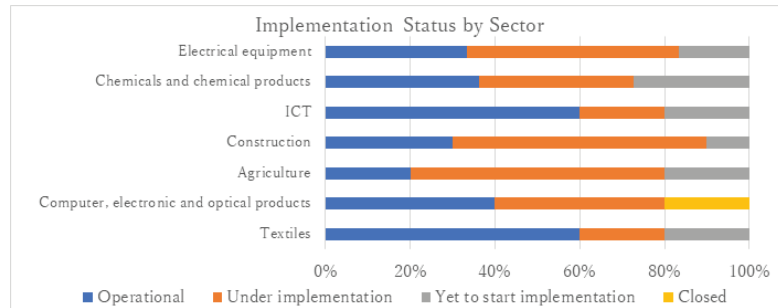
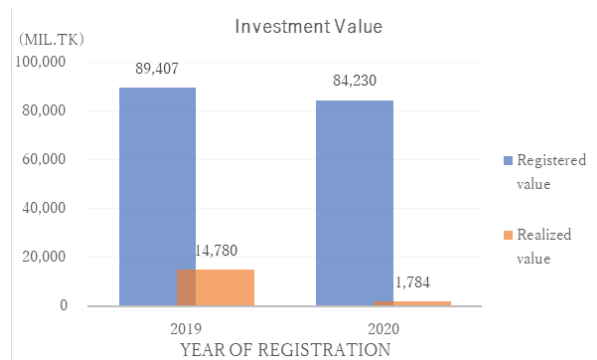


Figure-3: Implementation Status by Sector

3-3. Value of investment

Figure-4 provides data on the realization of investment value by year of registration.



Note: The registered value above, which attribute to only monitored projects, includes amended amount.

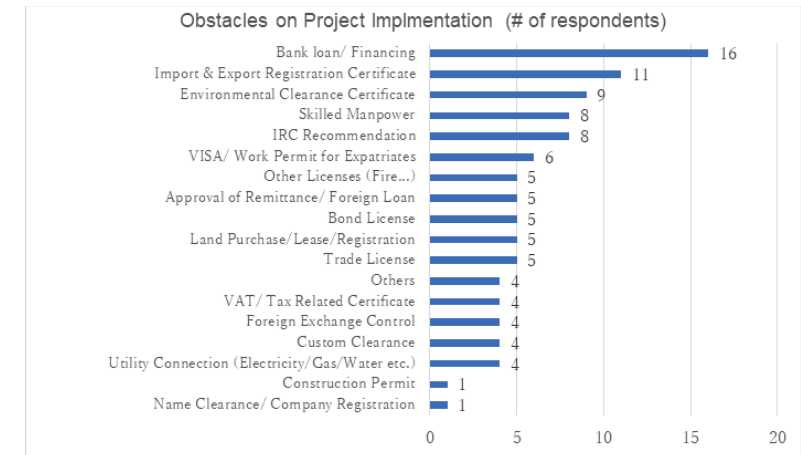
Figure-4: Degree of Investment Realization

- As Figure-4 shows, projects registered in 2019 have implemented 14,780 mil TK as a whole, which is equivalent to 17% of registered amount (89,407 mil TK). For 2020 projects, only 1,784 mil TK has been achieved although the registration amount was 84,230 mil TK.
- The degree of investment realization could be theoretically higher in the past years than recent years.

3-4. Obstacles on Investment Realization

For considering facilitative measures for those existing investors, investment monitoring aims to understand about obstacles on their project implementation.

Figure-7 explains what obstacles hamper their project implementation; i.e., how many respondents indicate each obstacle as their own ones. It is found that "Import & Export Registration Certificate" seems to be the one that investors are most frequently confronting.



Note: respondents selected all that apply.

Figure-7: Constraints faced by investors

3-5. For Aftercare

Figure-8 presents data on the possibility of reinvestment. The investment monitoring asked investors about how much likely they will reinvest in Bangladesh in the next three years.

"Expansion" means the reinvestment in the same business as their registered project, and "Diversification" means the investment in the different sectors/industries.

- As a whole, the possibility of reinvestment seems higher for expansion of current business, rather than investing other sectors. Investors generally tend to think about further investment in the same areas if their current businesses are going well.

- In that regard, for expansion, 27% of respondents answered that the possibility of their reinvestment in the next three years are “High” of “Very High”. It is obvious that BIDA should try to facilitate their decisions and reinvestment activities through institutional supports.

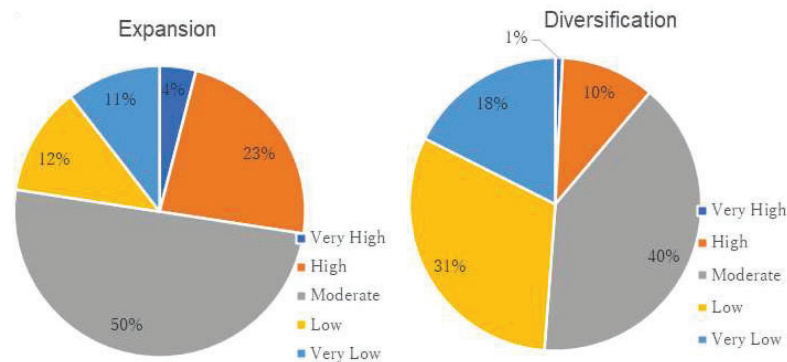


Figure-8: Possibility of reinvestment

4. Group-2: Foreign projects registered before 2019

The second group of target projects for investment monitoring is those which were registered before 2019 and have not implemented their projects yet as of the previous investment monitoring.

Since investment monitoring, in principle, intends to monitor all the registered projects until they have fully realized their investment in terms of value and employment. It is because there are actually a certain number of registered projects which do not or cannot achieve their commitments due to some reasons. To facilitate implementation of all the registered projects, BIDA has to be aware of those which are behind the implementation stage.

As of the last investment monitoring held in the first half of 2020, there were totally 77 project which were found as “Yet to implement”. This time, investment monitoring was conducted for them again to confirm if they have moved on to the next phase, i.e., “under implementation” or “operational”. It is also assumed that some projects might have closed due to some reasons, especially the impact of Covid-19 pandemic.

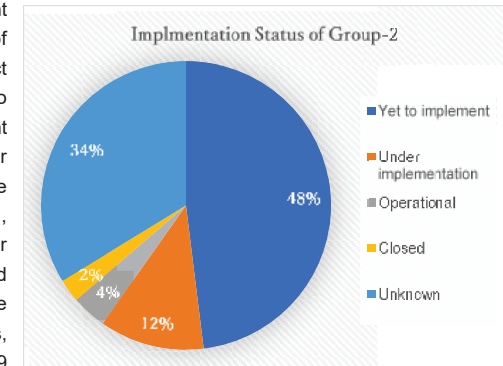


Table-9: Implementation Status

Figure-9 shows the result.

Unfortunately, nearly half of them remain the same stage (“Yet to Implement”), which means that they have not implement their projects yet though one year has elapsed. However, it is plausible because the Covid-19 pandemic forced private sectors to reduce or suspend economic activities.

On the other hand, 16% of projects have moved on to the next phase; 12% to “Under implementation” and 4% to “Operational”. Also, 34% are unknown because they have not provided information to BIDA, and some of them might be classified to either case.

5. Implication

- Since information from nearly 54% of projects are not available, it is not possible to say that the figures shown above reflect the entire situation. Then, BIDA is required to conduct possible measures to increase the response rate.
- However, those figures allow BIDA to identify the projects which are in need for assistance (Aftercare) and understand what obstacles on their project implementation are.
- There are a certain number of projects whose actual investment value have exceeded their registered ones. Since they are supposed to apply for amendment of investment value, BIDA officials need to contact those to facilitate necessary procedures.
- It was found that a certain number of registered projects are still behind the implementation phase although several years have passed since registration. Another important finding is that many of closed projects had not implemented any investment activities. As it is assumed that if entities have spent money on any investment activities,

they would hesitate to close their business even if they face problems. In this sense, converting registered investors into the implementation phase is one of the right approaches for retaining them in Bangladesh.

- Under the Covid-19 pandemic, investment promotion activities towards new investors based in foreign countries are not performed as before. Then, it is a right approach to focus on existing investors in Bangladesh as source of FDI. As investment monitoring has identified target investors, BIDA needs to consider of possible measures for encouraging them to make decisions.

Bangladesh Investment Development Authority (BIDA)

Monitoring & Evaluation Compliance Wing

Project Performance Reporting Form

General Information	
Name of the Company/Project :	
Registration Number with BIDA :	
Type of Investment (Please put <input checked="" type="checkbox"/> mark) : <input type="checkbox"/> Local <input type="checkbox"/> Joint Venture <input type="checkbox"/> 100% Foreign	
Project	<input type="checkbox"/> Yet to start implementation <input type="checkbox"/> Under implementation (e.g. construction/machinery installation stage etc.)
Status	<input type="checkbox"/> Operational (production stage) <input type="checkbox"/> Closed
Sector/ Sub-sector :	
Office Address :	
Factory Address :	
Contact Person (Chairman/ Managing Director/ Proprietor etc.)	
Name :	Phone/Mobile :
Position :	Email :

Investment Related Information

- Investment Amount (in million BDT)

Items	Registered Amount (Including amendment)	Actual Amount (Actual expense)
Land		
Buildings		
Machinery & Equipment		
Other Investments		
Working Capital		
Total Amount (in mill. BDT)		

- Have you received the following incentives?

☐ Tax Holiday & Tax Exemption ☐ Exemption on Import Duties ☐ Bonded W/H Facilities
☐ Cash Incentives ☐ None of these

● Number of Employment		Local (number)		Foreign (number)	
	Proposed				
	Actual	Male:	Female:	Male:	Female:

Project Activity

- Commercial Operation Date (COD) :

- Do you have industrial IRC? : ☐ Yes ☐ No

Attachement-3

- Half yearly import limit as per Industrial IRC (in BDT):

- Description of Raw Materials (*over the last fiscal year*)

Period (mm/yy)	Source of raw materials	Value (in mill.BDT)	Remarks
	Imported		
	Locally collected		

- Description of Selling Products (*over the last year*)

Period (mm/yy)	Sells Type	Product name (major products)	Price (BDT)	Remarks
	Domestic			
	Export			

- **Problem faced during project implementation by Investors [Please Put ✓ mark]**

<input type="checkbox"/> Name Clearance / Company Registration by RJSC&F	<input type="checkbox"/> VISA / Work Permit for Expatriates
<input type="checkbox"/> Trade License	<input type="checkbox"/> Approval of Remittance / Foreign Loan
<input type="checkbox"/> Construction Permit	<input type="checkbox"/> IRC Recommendation
<input type="checkbox"/> Utility Connection (Electricity/Gas/Water etc.)	<input type="checkbox"/> Skilled Manpower
<input type="checkbox"/> Import & Export Registration Certificate (IRC & ERC) by CCI&E	<input type="checkbox"/> Other Licenses (Fire/Factory/Boiler/Narcotics / Exclusive etc.)
<input type="checkbox"/> Land Purchase/Lease/ Registration	<input type="checkbox"/> Bank loan/ Financing
<input type="checkbox"/> Environment Clearance Certificate by DOE	<input type="checkbox"/> Foreign Exchange Control
<input type="checkbox"/> Bond License	<input type="checkbox"/> VAT/Tax Related Certificate
<input type="checkbox"/> Custom Clearance	<input type="checkbox"/> Others (please specify)

- Please elaborate the aforementioned problems [e.g. in terms of delay or other constrains]

- How could BIDA address the aforementioned problems?

- Please rate the possibility of expanding your project in the next 3 years; i.e. reinvestment in the project.

Very low	Low	Moderate	High	Very High
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Please rate the possibility of diversification of your business in next 3 years; i.e. new investment in different industries

Very low	Low	Moderate	High	Very High
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Any other remarks:

Name, Designation & Signature of Company management

Name & Signature of Data Collector

- ◆ Please submit the following documents:

1. Copy of registration letter
2. Copy of amendment
3. Copy of IRC

Detail Plan for Aftercare

**Action Plan
for Strengthening of BIDA's Functions**

Detail Plan

Aftercare

I. Department in charge

Investment Aftercare (called “the Unit” hereafter)

II. Definition

Aftercare is defined as any services and assistances to foreign and local investors from post-establishment facilitation services through to developmental support, with the aims of i) Retaining their presence in the country; and ii) Promoting their reinvestment in the country.

i) Retaining existing foreign investors in Bangladesh

It is the case that some of registered projects end up closing due to some reasons. In fact, it was found through investment monitoring that 14% of foreign projects registered by BIDA over the period of 2014-2018 have been closed as of June 2020. As an investment promotion agency attracting FDI, BIDA must not ignore that, and should make effort to retain them in Bangladesh.

One of findings from the investment monitoring, 92.6 % of “Closed” foreign projects have not recorded actual investment at all, which means that they had not entered the implementation stage. In this sense, converting registered investors to that stage is an indirect approach for retaining them in Bangladesh. It is theoretically plausible that the likelihood of closing projects would get less if more projects enter the implementation stage.

In the meantime, it is however inevitable that some of registered projects are closed because of their own issues even if they are satisfied with business climate in the country; for instance, conflicts between foreign and local investors. Therefore, it is hard to retain all registered companies in the country.

Another reason why retaining the existing investors is significant is that if they leave the country due to serious issues on investment environment, they might share such negative perception among their networks within home countries. As testimonials from existing investors has certain impact on decision-making of others, satisfying them is quite important in terms of investment promotion as well.

To achieve those aims, IPAs shall identify those investors in need of assistance, and examine and deliver effective measures of care. Aftercare varies depending on the issues that registered investors face and their requests.

ii) Promote reinvestment in the country

It is internationally recognized that reinvestment accounts for certain portion of total direct investment, as Figure 1 introduces the case of Malaysia. That is why investment promotion agencies are regarding existing investors as great source of new investment and paying more

attention to aftercare as an effective promotion means. According to UNCTAD (2008)¹, “Focusing on the established investors is less costly than marketing a location to new ones abroad”.

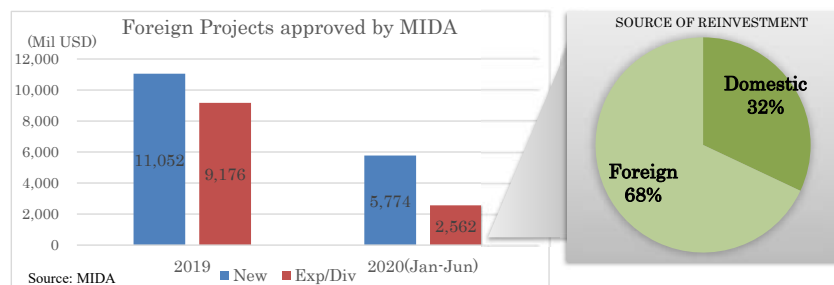


Figure 1: Comparison between initial investment and reinvestment in Malaysia

From a different angle, reinvestment is vital for fostering the decentralization of foreign investment nationwide. Inward FDI tends to concentrate on capitals of countries, and for example, it is the case even in Japan. Under such situation, prefectural governments in Japan, with the support of JETRO, have successfully attracted foreign investment projects into their area, by approaching existing foreign-owned enterprises located in Tokyo. Obviously in Bangladesh, it is one of the government's interest to foster FDI to the regions.

Aftercare has various types of services depending on investors' needs. It varies a lot even in advanced IPAs in OECD countries as Figure 2 shows². Firstly, IPAs shall communicate closely and regularly with target investors to find out what factors are the most important for those investors to decide reinvestment.

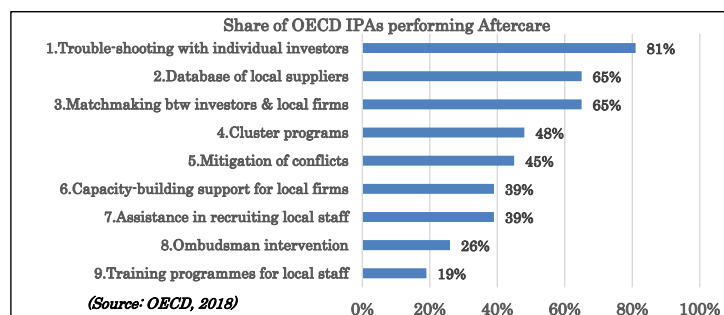


Figure 2: Share of OECD IPAs performing Aftercare

¹ UNCTAD, 2008, “Investment Brief”

² OECD, 2018, “Mapping of Investment Promotion Agencies in OECD countries”

Since reinvestment is supposed to entail business expansion and diversification, Aftercare activity for this purpose requires individual skills and knowledge of IPA staff to some extent. Since Aftercare function was introduced for the first time in BIDA, there is no accumulated experiences and knowledge in house at the moment. Hence, it is urgent to develop individual skills and knowledge, which can be through actual communication with registered investors.

In addition to individual capacity, BIDA also lack manpower for other functions as well as Aftercare. In order to achieve the highest outcomes with the limited resource, registered investors to be provided with Aftercare should be selected carefully.

III. Expected Outcomes

The Action Plan aims to strengthen the function of Aftercare, and therefore, the expected outcome is BIDA's strategic and systematic undertaking of Aftercare. In line with that, Table-1 raises verifiable indicators to measure the achievements.

Table-1: Expected outcomes and verifiable indicators

Objectives of Aftercare	Expected outcomes	Expected input	Verifiable indicators	Important assumption
Investment Retention	Strategic and systematic undertaking of Aftercare	<ul style="list-style-type: none"> Result of the previous IM Covid-19 Survey Report 	<ul style="list-style-type: none"> Number of cases (investors) addressed by BIDA Number of events Degree of Investment realization 	<ul style="list-style-type: none"> Drastic staffing changes won't happen in the Unit.
Reinvestment			<ul style="list-style-type: none"> Number of existing investors addressed by BIDA for this purpose 	

IV. Actions to be implemented by BIDA

The Detail Plan for enhancing the capacity of Aftercare function is designed to have a series of actions depending on the objectives as Figure 3 shows. Furthermore, Table-5 explains more about detailed actions with implementation schedule.

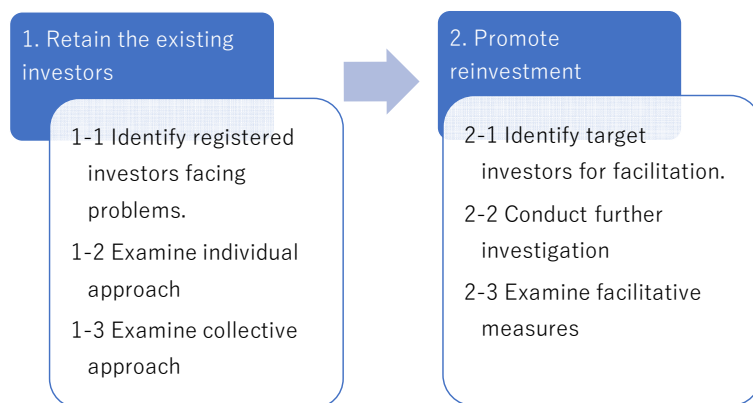


Figure 3: Summary of actions regarding the function of Aftercare

Over the entire period of the JICA Project which ends in March 2022, the Unit will conduct planned actions belonging to each activity, as the following sections elaborate.

Due to lack of manpower allocated in the Unit, the Action Plan aims to narrow down the target investors and describe viable actions to be conducted.

1. Retain the existing investors in Bangladesh

To retain as many investors as possible in the country, BIDA shall identify those who are facing any serious problems on their business activities. Shared by IM department, the Unit will tackle individual issues.

However, among various kinds of issues, the ones attributing to BIDA's own responsibly, such as IRC and work permits of expats, should be handled by the responsible departments (Local, Foreign industry, Commercial, and OSS). Likewise, for most cases, the Unit is supposed to play a role as coordinator between inquiring companies and such concerned departments.

Meanwhile, in case the problems are concerned with other authorities, the Unit shall examine and provide facilitative measure to target investors by coordinating with the relevant authorities.

1-1. Identify registered investments facing problems

- **Check out the result of the previous investment monitoring**

Firstly, BIDA needs to identify registered projects/investors subject to Aftercare. As a consequence of investment monitoring activity, it is found which projects are facing obstacles on investment activities. The Unit will review the result of the previous IM and classify the projects into the following categories of issues.

Table 2: category of issues

	Category of issues	Examples
i)	Issues attributing to BIDA's authority	IRC and work permit of expats
ii)	Issues attributing to other institutions authorities	Trade License and Environment certificate
iii)	Issues beyond BIDA's authority	lack of funds and labor skills
iv)	Issues out of the control of the government	Market condition and Insufficient Infrastructure

Since the first category of issues is mandated to be handled by the other departments (Local, Foreign & Commercial), the list of those investors will be shared by Monitoring Unit and the Aftercare Unit only have to keep track of the progress on individual problems.

The Aftercare Unit lacks manpower as there are currently two officers in place. Under this circumstance, the Unit should be careful to select the most important projects to be focused with limited human resource. In this sense, the second category of issues should be target because it is less complex than other two groups of issues. Accordingly, the Unit will prepare the list of the project which are confronting any issues categorized into the second group.

- **Look into the result of Covid-19 Impact Survey**

BIDA performed a survey that investigates the impact of Covid-19 on business activities of registered investors. It is supposed to reveal what issues actually happened due to its pandemic and should be urgently tackled.

When the Unit will consider the issues to be tackled, the result of that survey should be taken into account, in addition to the result of the pervious IM.

The Unit will review the findings of the survey and pick up the issues subject to Aftercare.

- **Announce the BIDA's new service for Aftercare**

While approaching to investors proactively, BIDA should make it possible that investors will contact BIDA and seek cooperation for solving problems. For raising awareness, the Unit will send out the announcement email to all the registered investors and inform that the Aftercare Unit has been formed to welcome inquiries from any registered investors at any time.

1-2. Examine individual approach

- **Conduct interviews for further investigation**

Since investment monitoring is a brief survey targeting a huge number of projects, it is hard to capture precisely the details of obstacles and difficulties faced by foreign-owned companies. Therefore, in order to fully understand what issues hampering their projects implementation, it is necessary for the Unit to conduct additional interviews.

For investors who reported at investment monitoring that they are facing any problems, the Aftercare officers conduct interviews through email, text, and phone calls. Besides separate interviews, it is possible to have interviews with multiple beneficiaries in a group at once because it is timesaving and cost-effective.

If the budget permit, Aftercare officer should visit the projects to conduct interviews. It is also valuable experiences for the officers to see in person how the companies run businesses.

JICA Project team could accompany Aftercare officers to meetings with target investors. Communicating foreign-owned companies requires basic knowledge of respective industries and business activities. Therefore, if the Aftercare officers request, JICA Project team will facilitate the communication with investors or observe and advise how to do, as part of on-the-job training.

- **Provide individual consultation through any means**

The Unit lacks manpower as there are currently two officers in place. Under this circumstance, the Unit should be careful to select the most important projects to be focused with limited human resource.

In this sense, the second category of issues, shown in Table-2, should be target because it is less complex than other two groups of issues, whereas, regarding the issues categorized into the first group in Table-2, the Unit only has to hand over the responsibility to concerned departments, such as OSS and Foreign Industry.

For addressing the second group of issues, the coordination with other authorities is indispensable for facilitative measure. There are several means; one is to issue the request letter to a concerned authority for facilitation of procedure. Also, it would be possible to have consultation meetings with related authorities to share the information of foreign investors who have difficulties in procedures.

In case of organizing consultation meetings, it would be more effective to discuss on multiple cases at once. In doing so, as preparation at BIDA side, the Unit shall sort the information of target investors for each issue and concerning authority. For instance, regarding the issue of Trade License, the Unit will prepare materials briefing on registered investors facing such problems. With this information, the Unit seeks cooperation of the authorities in solving multiple issues.

- **Record investors communication and monitor progress**

As the communication with investors occurs, the Unit will record track of any changes on their issues. If technically possible, the Unit will coordinate with other departments of BIDA and update or add remarks on OSS/e-monitoring system so that anyone can access the latest information of registered information and further IM activity will be more effective.

The Unit will be in touch with target investors till their issues are solved and their projects start implementation. In the case of the problems attributing to other institutions, the Unit will check with them on any update.

Once the assigned projects enter the implementation stage, the officers in charge will make sure that their status on the database (OSS/e-monitoring) are changed accordingly.

1-3. Examine collective approach

Besides individual approach, Aftercare can be viable and effective through collective approach.

- **Identify the common issues faced by investors**

For taking collective approach, it is necessary to find common issues that many investors frequently confront. Based on the analysis of IM dataset, the Unit will identify issues which can be agenda for collective approach. According to Table 2, the Unit will select issues classified in Category 1 (“Issues attributing to BIDA’s authority”), as the first phase. After tackling the issues in that category and confirming the efficacy, the Unit move on to Category 2 (Issues attributing to other institutions authorities).

- **Plan and prepare inclusive events**

For this period, the Unit aims to conduct webinars because of Covid-19 pandemic. After identifying particular issues on investment activities, the Unit will develop the outline of webinars. Then, the Unit will do necessary preparation according to the Guideline prepared by JICA team.

In preparing webinars, JICA Project team will be fully engaged as part of manpower.

- **Conduct the events**

On the scheduled day, the Unit will conduct the webinar.

After the webinar ends, the Unit will take time to wrap up the event in order to clarify what they achieved and will improve in the next event. The Unit may need to take some post-event actions. For instance, the Unit is asked for some information during a webinar, they should be provided within the reasonable time.

Then, the Unit has to follow up with the participant who share their on-going problems.

2. Promote reinvestment of existing investors

To encourage reinvestment, the Unit shall list the target investors and examine necessary conditions on which they could make decision of reinvestment. In this regard, the investors to be addressed for this purpose should differ from the preceding ones. Rather, BIDA shall communicate with successful companies and push forward their business ideas by providing information and improving business climate.

For promoting reinvestment in an effective manner, BIDA first has to know the target investors who should be approached. Table-3 explains about the process of choosing target investors, which is composed of two steps.

Table-3: Selection Process

	Selection process	Methodology	Criteria	Indicator
1	Longlisting (potential investors)	Analysis on basic information and IM result	Possibility	<ul style="list-style-type: none"> • Self-assessment • Investment realization
			Strategic importance	<ul style="list-style-type: none"> • Sectors • Location
2	Shortlisting (target investors)	Interview	Financial situation	<ul style="list-style-type: none"> • Profitability of business • Retained earnings
			Feasibility	<ul style="list-style-type: none"> • Business plan

Since human resources of the Unit is limited, JICA Project team can give full support to this activity while the Unit should focus on the 1st outcome, *Retaining existing investors*.

2-1. Identify potential investors

As the 1st step of selection process, the Unit will identify all investors that are applicable to its own criteria shown in Table-3.

● Review the analysis result of the previous IM

BIDA's preceding action, investment monitoring, provides significant indicators to identify potential investors for reinvestment. Monitoring Form is designed to obtain necessary data and information from registered investors. Therefore, the Unit will review the analysis result of the previous IM and pick up investors applicable to the criteria as follows.

Criterion 1: Possibility of reinvestment

An indicator to measure the possibility is self-assessment made by investors themselves. For that purpose, Monitoring Form asks, "How much likely will your entity expand the existing business in Bangladesh for the next three years?". Respondents answer it by rating the degree along 5 scales, from very high to very low. Entities that answered "Very high" or "High" can be recognized as potential investors. The result actually says that 53 entities (registered projects) are applicable and Table-4 reveal the breakdown according to sectors.

Table-4: Number of potential investors

	Sectors	# of respondents
1.	Information and communication	7
2.	Electrical equipment	4
3.	Wearing apparel	4
4.	Chemicals and chemical products	3
5.	Leather and related products	3
6.	Rubber and plastics products	5
7.	Other manufacturing	4

8.	Textiles	2
9.	Food products	2
10.	Basic metals	2
11.	Fabricated metal products, except machinery and equipment	1
12.	Printing and reproduction of recorded media	1
13.	Basic pharmaceutical products and pharmaceutical preparations	1
14.	Furniture	2
15.	Machinery and equipment	1
16.	Manufacture of motor vehicles, trailers and semi-trailers	1
17.	Others	10

Another indicator is the degree of investment realization. Regardless of investors' intention and business plan, if they have already realized the full amount of registered investment, BIDA should try to make them consider reinvestment.

Criterion 2: Strategic Importance

In line with government's policy, BIDA raised strategic sectors for FID promotion. Since reinvestment is part of FDI, BIDA should take into consideration strategic sectors when choose target investors for aftercare. In addition to sectors, BIDA might have intention to promote FDI in particular areas outside of Dhaka.

● Create the longlist of target investors

Once the selection is done, the Unit will create the longlist of target investors as the first stage nomination.

2-2. Select target investors

After the preliminary screening of target investors based on inputs from investment monitoring, the Unit will narrow down the longlist to select target investors for reinvestment promotion. As methodology, the Unit will conduct interviews with investors in the longlist and gather more detailed and accurate information. After that, according to the criteria, the Unit will select target investors.

● Learn about strategic sectors

Prior to meeting investors, Aftercare officers should be equipped with basic knowledge of their industries to make interviews effective.

For developing individual skills and knowledge among Aftercare officers of BIDA, sector profiles prepared by JICA Project team are useful reference. It provides information of market size, supply-demand balance, investment opportunity, related policies and regulations, sector-specific incentives, and current major players.

Apart from sector profiles, BIDA has publicized *Investment Handbook* which also provides sector information. It covers many of the sectors mentioned by Table-4.

Besides such self-learning, JICA Project team can provide lectures to the Aftercare officers. Lectures will be provided by the team members who contributed to the development of the sector profiles as well as Investment Handbook.

- **Conduct interviews with the longlisted investors**

Then, Aftercare officers will conduct interviews in person with potential investors. It is required to assess the potential investors according to several criteria, such as financial situation and feasibility of business plan.

Criterion 1: Financial situation

Regardless of investors' intention, if their current business do not remain profitable, expanding business will be difficult. Under that condition, their retained earnings after the previous fiscal year should not be satisfactory and getting additional finances from their parent companies and financial institutions won't be realistic.

Criterion 2: Feasibility

In case that the potential investors prepared business plans, Aftercare officers should ask them to briefly explain. To understand them properly, Aftercare officers are required to apply the knowledge of the sectors.

- **Create the shortlist of investors**

After completing interviews with all the potential investors in the longlist, the Unit will select target investors for reinvestment promotion, and create the shortlist. There is no need to minimize the number of investors, by taking into account the feasibility of promotion activities, and all the investors applicable to the selection criteria should be left in the shortlist.

2-3. Examine and provide consultation to target investors

Once gaining detailed information of target investors, Aftercare officers will consider possible consultation to be provided to target investors.

- **Consider how to promote their reinvestment**

It is quite hard to come up with effective means for promoting reinvestment if Aftercare officers have no related experiences. One way of developing practical idea is to discuss with investors who have actually reinvested in Bangladesh in the past. Listening to their experiences, Aftercare officers are expected to deepen their understanding about the process of reinvestment and common difficulties and measures. Those investors can be easily detected by checking out the investment monitoring database managed by JICA Project team.

As it is supposed that the patterns in expanding and diversifying business should differ from sector to sector, it is a good option for each Aftercare officers to stick to particular sectors. By doing so, an officer will develop necessary skills and knowledge effectively.

- **Examine some measures as trial**

The Unit will examine several measures and see its effects on investors' decisions on reinvestment.

Facilitative measures for reinvestment entail the coordination with other institutions. For instance, if an investor is looking for suitable location for reinvestment, Aftercare officers need to cooperate with institutions, such as BEZA, BEPZA and High-tech Park Authority. Depending on the expectation from target investors, Aftercare officers will make external coordination with multiple institutions.

It should take time till discovering something effective, and the goal for this action during this period is to provide several measures to target investors, not to create reinvestment.

V. Implementation Schedule

Over the FY 2020-21, the actions mentioned above will be conducted by the focal point, with the assistance of JICA Project team, along the schedule below.

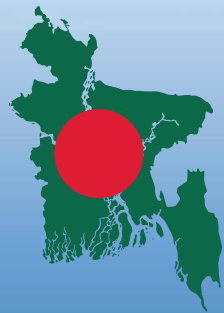
Table 5: Implementation Schedule for 3rd Year

Functions to be Strengthened/ Actions and Measures Proposed	Detail Plan	2020						2021					
		7	8	9	10	11	12	1	2	3	4	5	
1 Retain the existing investors													
1-1 Identify registered investments facing problems.	Check out the result of IM												
	Look into the result of Covid-19 Impact Survey												
	Announce the BIDA's new service for Aftercare												
1-2 Examine individual approach	Conduct interviews for further investigation												
	Provide individual consultation through any means												
	Record investors communication and monitor progress												
1-3 Examine collective approach	Identify the common issues faced by foreign investors												
	Plan and prepare inclusive events												
	Conduct the events												
2 Promote reinvestment													
2-1 Identify potential investors	Review the analysis result of the previous IM												
	Create the longlist of investors												
2-2 Select target investors	Learn about strategic sectors												
	Conduct interviews with the longlisted investors												
	Create the shortlist of investors												
2-3 Examine facilitative measures	Consider how to promote their reinvestment												
	Examine some measures as trial												

Sector Profile Samples



Automobile Industries



We Nurture Your Investment Dreams

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www.bida.gov.bd

December
2020



Automobile Market in Bangladesh

Bangladesh is one of the promising markets for the expansion of four-wheeled automobiles. The number of annual registered automobiles has more than doubled since 2013, amounting to about 28,000 units for passenger vehicles and 47,000 units for commercial ones (excluding autorickshaw, human hauler) in FY2018-19. Although commercial vehicles are dominant, the growing purchasing power of middle-income population has spurred passenger vehicle registration. Due to steadily increasing per capita income, demand for both passenger and commercial vehicles is expected to grow at a rapid pace.

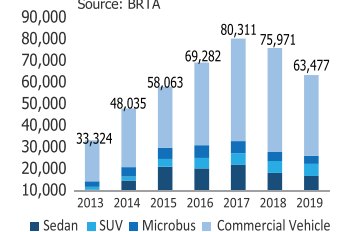
Passenger Vehicles

The market for passenger vehicles in Bangladesh has been largely met by imported Complete Built Unit (CBU) vehicles. Around 95% of passenger vehicles sold have been imported (over 21,000 CBUs were imported in FY2018-19), and the segment has been largely dominated by reconditioned vehicles (mostly sedans and SUVs) with a share of 80%. Notably, SUV has become increasingly popular in Bangladesh, with sales growing at 28% percent per annum since 2013.

High import duties have mainly suppressed brand-new vehicle sales, while the duties for reconditioned vehicles are subject to depreciation rates set for each vehicle age (up to five-years-old). Bangladesh imposes higher duties on CBUs, thus keeping the higher retail prices of imported new vehicles out of the purview of the middle-income class.

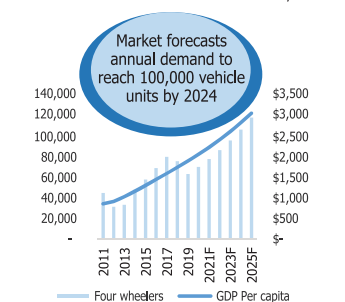
The National Automobile Industry Policy, currently being drafted, could introduce guidelines to manage the import of reconditioned vehicles in a restrictive manner and provide fiscal incentives for automobile makers to promote local assembly, together with financial measures to boost the purchase of locally-assembled vehicles.

Automobile registration in Bangladesh
Source: BRTA



While international brands are engaged in import-sales of brand-new vehicles through local dealerships, some have commenced local assembly on a semi knockdown (SKD) form in association with local Original Equipment Manufacturers (OEMs) in preparation for the new policy direction to promote assembly and satisfy the growing purchasing power of the middle/ affluent income class.

Automobile sales (actual & forecast) in BD
Source: ceicdata.com, BRTA

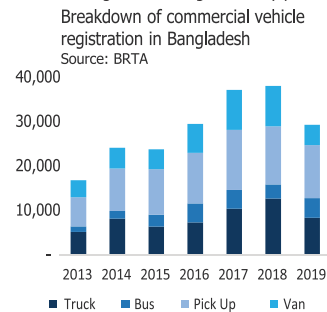




Commercial Vehicles

Commercial vehicle (bus, truck, van, pick-up, etc.) is another promising segment in the Bangladeshi automobile market. During FY2018-19, over 87,000 CBUs of commercial vehicles were imported. Logistic and construction industries have been the largest sources of demand, benefiting from the growth of export-oriented industries, trading activities, and many on-going infrastructure projects. While the demand for overall commercial vehicles has grown at an average rate of 12% per annum, the demand for pick-ups and buses, in particular, has doubled since 2013.

Since the pick-up type vehicle has become increasingly popular in Bangladesh, some foreign brands have started assembling locally or are considering establishing assembly plants.



In parallel to CBU import of commercial vehicles, several companies have imported around 11,000 complete knockdown (CKD) vehicles of Japanese (Hino) and Indian (Mahindra, Ashok Leyland, Tata) brands in FY2018-19 for local assembly. Some local suppliers are available for painting the body and parts for buses.

Among the commercial vehicles, relatively higher import duties are imposed on pick-up (ranging from 130% to 836% depending on cylinder capacity) and van (from 27% to 32%). Due to the limited capacity of local assembly, the Bangladeshi market still depends on imported CBU for a large portion of the needs for commercial vehicles.

Attractive Import Duties on Hybrid Vehicles:

The import duties imposed on hybrid vehicles are sufficiently lower than those imposed on conventional fuel vehicles in each class of cylinder capacity. For example, hybrid CBUs with less than 1,800cc and 1,801-2,000cc are taxed at 91.4% and 130.2%, respectively, while conventionally-fueled vehicles with the same cylinder capacity are taxed at 215.6%.

Energy-efficient Vehicles (EEV)

In June 2017, the Government of Bangladesh announced a noticeable shift in policy direction towards energy-efficient vehicles (EEVs). To encourage the usage of EEVs, the government has lowered the import tariff imposed on hybrid vehicles (HVs).

Since then, HV imports have been increasing rapidly, also supported by growing concerns about rising fuel gas prices (due to the depletion of domestically produced gas). During the period between 2017 and 2019, the share of hybrid vehicles (1,600 to 2,000 cc) in total imported passenger vehicles increased significantly, from about 15 per cent to 30 per cent.

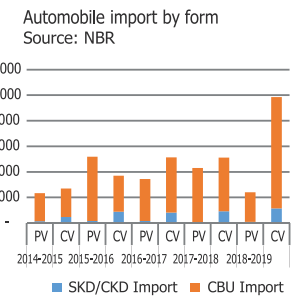


Assembly Industry

Automobile assembly in Bangladesh, currently in a nascent stage, has assembled an average of approximately 1,000 units a year for passenger vehicles and 10,000 units for commercial vehicles over the past five years. Approximately 15% of annually marketed commercial vehicles are assembled (mostly in CKD form) in the country, and less than 5% for passenger vehicles (mostly in SKD form without body-welding and painting processes). As of the end of 2019, several local companies in association with global and regional brands have established assembly factories both for the passenger vehicles (mostly in recent years) and commercial vehicles (for a relatively longer period of time) while some are planning or about to commence assembly.

The entrance of assemblers into the Bangladeshi market is expected to further accelerate with the announcement of the National Automobile Industry Policy (being drafted as of Dec. 2020). Vehicle assembly would receive a boost as the policy aims to make vehicles more affordable through the promotion of local assembly, either in SKD or CKD form with the proposed reduction of import duties for knockdown sets.

Besides, the higher duties associated with CBU import provide a ground for stable local production during the developing stage of the industry.



Parts and Components Suppliers

There is virtually no acceptable quality support industry for automobiles in Bangladesh, with the exception of tire, battery, seat and mirror manufacturers, as recognized by existing assemblers, although some of them have fabricated particular parts (non-functional ones) by themselves in their premises.

The existing assemblers are largely dependent on imported SKD or CKD sets, with the imported value exceeding USD 100 million in FY2018-19. Spare-parts import also has been significant with an annual growth rate of over 10%.

Special Tariff Duty Benefit to Passenger Vehicles Manufacturer:

To accelerate local assembly of affordable passenger vehicle and develop brand-new vehicle market, the Bangladeshi government issued a Statutory Regulatory Order (SRO 176/2019/33) in July 2019, which allows an exemption of VAT/ supplementary duty (SD) imposed on imported parts and materials for CKD assembly of passenger vehicles below 1,600cc. Manufacturer intending to avail this benefit shall satisfy several conditions, including the availability of required equipment/ facilities (e.g. paint-shop), use of locally produced parts (e.g. tire, battery), employment of at least 250 local workers, attainment of local value addition (30%), and materialization of at least BDT 5 billion investment within one year. This SRO remains valid until 30 June 2021.

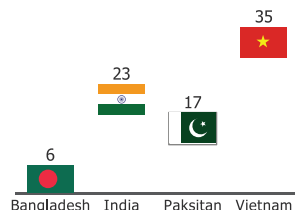


Investment Opportunity

SKD/ CKD assembly for domestic market:

Bangladesh, one of the most populous countries in the world and soon expected to graduate from the least developed country status, has a potentially enormous market both for passenger and commercial vehicles. This is evident because of the still lower penetration of vehicles relative to comparable countries and the growing purchasing power of the middle income class.

Automobile penetration ratio among the peer countries
Source: BRTA, etc.
(unit per '000 person)



As the proposed automobile policy (currently being drafted) states that the government may place guidelines to manage reconditioned vehicle import in a restrictive manner in view of promoting local assembly, any global brands are welcome to commence vehicle assembly in either SKD or CKD form, by availing tax/ duty benefits awarded for each type of assembly operation. Bangladeshi market is characterized by the increased popularity for SUV and pick-up vehicles, in addition to conventional sedans.

Manufacturing oriented for local parts sourcing: Although the government recognizes that assemblers tend to start with simple assembly, i.e. SKD otherwise CKD, Bangladesh welcomes these manufacturers as oriented towards local parts fabrication or sourcing, as this implies the transfer of skills to the local workforce or potential suppliers, which are spill over effects of investment.

Vehicle maintenance and repair service: To develop a sound automobile market, which ensures consumers' satisfaction, a reliable after-service network needs to be established for quality maintenance and repair services. Any service providers with the experience and ability, as well as automobile makers themselves, can have an immense opportunity to enter the after-services.

Parts/ components production: In view of the comprehensive development of the automobile industry, it is essential to develop supporting industries for parts supply. The automobile industry policy aims to develop the basis of local parts production through the attraction of overseas parts suppliers (1st- and 2nd-tier suppliers in particular), referring to the experiences of the neighboring Asian countries where foreign suppliers have played a critical role in building local supporting industries and nurturing local potential suppliers.

Material supply and services essential for parts production: Foreign investment can also play a vital role in establishing the basis of material (for metal-working and plastic processing) and service provision essential for parts fabrication. Experienced providers of forming and material treatment services (stamping/ pressing, casting/ forging, machining, surface/ heat treatment, molds/ dies, fabrication, plastic injection, testing, etc.) need to assist the automobile industry in sourcing locally higher value-added parts.



National Automobile Industry Development Policy (under drafting)

The Bangladeshi government is drafting the National Automobile Industry Policy, which aims to ensure a sound environment for automobile manufacturers to achieve a modern and competitive manufacturing base with the local supply chain of parts/ components industry. The draft policy proposes the following strategies for this purpose (subject to further revision before finalization of the policy):

- Promotion of local assembly which envisions early shift from CBU import to SKD/ CKD assembly with adequate incentives and favourable import policies.
- Development of sound domestic market for brand-new vehicles.
- Development of local parts/ components production through progressive localization plan.
- Strengthening of vehicle registration and inspection (fitness test) system.
- Promotion of R&D and development of design and testing functions.
- Formulation and enforcement of vehicle standards (quality, safety and emission).
- Development of industrial human resources.
- Improvement of investment/ business climate specific to automobile industry.

Regulations related to Automobile and Parts Industries

- Statutory Regulatory Order (SRO 176/2019/33) allows an exemption of value-added tax (VAT) and supplementary duty (SD) imposed on imported parts/ components and materials for CKD assembly of passenger vehicles below 1,600cc.

Sector-specific Investment Incentive and Restriction

Incentive	Reduced CIT for 5 to 10 years for both assemblers and parts/ components suppliers (including tyre industry) Exemption of import duties on capital machineries <u>Reduced import duties on SKD/ CKD vehicles and parts/ components (proposed in the draft National Automobile Industry Policy)</u> Full repatriation of profits & initial investment amount
Restriction	No specific restriction exist upon the entry of foreign investors.

Supporting Institutions

Bangladesh Industrial Technical Assistance Center (BITAC)	Public-run training, R&D and testing institute for metal-working industries
Bangladesh Road Transport Agency (BRTA)	Responsible for issuance of "maker's code approval" and "type approval" for each locally manufactured vehicle model

Existing Assemblers in Bangladesh

Name	Main Stakeholders (Brand)	Vehicles assembled
Aftab Automobiles Ltd	Navana Group (Toyota, HINO)	PV: SUV CV: Bus, Truck
BD Machine Tools	State-owned enterprise	CV: Army truck
IFAD Auto Ltd.	IFAD group (Ashok Leyland)	CV: Truck, Prime-mover, Covered van, Tractor, Pick-up, Cabinet
PHP Automobiles	PHP Group (Proton)	PV: Sedan
Pragati Industries Ltd.	State-owned enterprise (Tata, Mitsubishi, Mahindra, Foday)	PV: SUB CV: Bus, Pick-up
Rangs Ltd.	Rangs Group (Mitsubishi, Mahindra)	PV: SUV CV: Human hauler, Pick-up, Mini-truck
Millennium Auto Assembly Ltd.	Millennium Group of SG/BD Machine & Tools (Hyundai)	PV: Sedan, SUV
Nita Co., Ltd.	Nitol Niloy Group (TATA)	CV: Truck, Bus, Pick-up
ACI Motors	ACI Group (Foton)	Commercial vehicle (plan)
BD Auto Industries Ltd.	Mango Telecom	Electric vehicle (plan)
Nitol Motor	Nitol Niloy Group	Electric vehicle (plan)
Rangs Motors Ltd.	Rangs Group (Mercedes Benz)	Passenger vehicle (plan)
Runner Motors	Runner Group (Eisher)	CV: Truck (plan)

As of Jan. 2020, including those ready to start assembling on SKD or CKD basis.

Note: PV = Passenger vehicle, CV = Commercial vehicle

Major brands assembling in Bangladesh



Industry Associations

Bangladesh Automobile Assemblers & Manufacturers Association (BAAMA)	BAAMA provides support to local vehicle makers, and lobby's to formulate policies related to the industry.
Automobile Component and Accessories Manufacturers Association (ACAMA)	ACAMA is an interest body of 13 parts suppliers to automobile (and motorcycle) assemblers. The number of local companies that currently supply parts to assemblers (motorcycles) is estimated to be around 10 including ACAMA members.

Disclaimer: This document has been prepared for informational purpose only and does not intend to promote any product.

Bangladesh Investment Development Authority "Bangladesh - We Nurture Your Investment Dreams"



BIDA undertakes the functions of investment promotion and facilitation, and policy advocacy in accordance to the Industry Policy and provides inquiry/ consultation/ licensing facilitation services to the investors outside the jurisdiction of other investment authorities (BEZA, BEPZA, High-tech Park Authority). Those investors registering with BIDA for their investment projects are able to benefit from the following key incentives and privileges:

Category	Notes
Tax holiday	- Phased Corporate Income Tax (CIT) exemption for 32 designated sectors/ products (as per the Finance Act 2020), depending on location of factories - Phased CIT exemption for private IPPs (which construct powerhouse after June 2016) and full CIT/ capital gain tax exemption for PPP projects - Full CIT exemption for ICT/ software industry
Tax rebate	Applicable for manufacturing industries of which factories i) are located, ii) move, iii) have already operated, outside Dhaka City
Import duty exemp.	- On capital machinery/ spares - VAT exemption for imported capital machinery/ spares
Other tax exemption	- On interest payable on foreign loans - On royalty/ technical license fees obtained from foreign company/ expert - On personal income tax for foreign technician - One capital gain from the transfer of shares of listed public companies
Non-tax incentives	- Accelerated depreciation for newly established industries in lieu of tax holiday on their factory, machinery and plant

* The above may be subject to revision upon annually enacted Finance Act and individual regulations. Export-oriented industries regardless of their locations can benefit from additional privileges and facilities.

Bangladesh Economic Zones Authority "BEZA is a smart way for business in Bangladesh"



BEZA develops and manages economic zones (EZs) in view of generating more spillover effects of investment for industrialization. Currently a number of EZs are being developed throughout nation to cater for investment needs of both foreign and local investors, utilizing a variety of development schemes including BEZA's own initiative, private initiative, public-private-partnership and bilateral agreement with foreign government. The investors tenanted in EZs are able to benefit from the following key incentives/ privileges:

Fiscal incentive	- Phased Corporate Income Tax (CIT) exemption for 10 years - VAT exemption for imported machinery/ const. material, utility expense - Duty exemption for imported vehicle - Duty exemption for import/ export of goods/ materials with bonded warehouse facility - Personal Income Tax exemption for expatriate salary - Tax exemption for dividend/ royalty and technical license fees, etc. - Exemption of local government tax/ land development tax - Exemption from registration fee on land transfer/ loan document, stamp duty on loan document/ lease of land and space
Non-fiscal incentive	A variety of privileges and facilities are available. (see the website of BEZA: http://www.beza.gov.bd/)

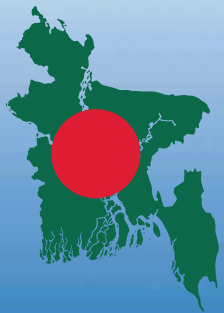
* The above may be subject to revision upon annually enacted Finance Act and individual regulations.

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Pharmaceuticals & API Industries



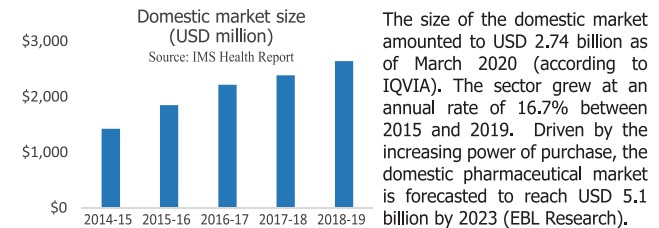
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Bangladeshi Pharmaceutical Industry and Market: Pharmaceutical industry is one of the most technologically advanced and fast-growing sectors in Bangladesh. The industry took off in the 1980s after the formulation of the National Drug Policy 1982. Since then, the industry has gradually succeeded in becoming self-sufficient in the local market. At present, the industry meets 98% of the domestic demand and contributes around 1.8% to the GDP. Currently, there are 271 Allopathic, 205 Ayurvedic, 271 Unani, 32 Herbal and 79 Homeopathic drug producing companies in the country.



The Bangladeshi drug market is characterized by high domination of branded generic drugs, which account for almost 80% of the drugs produced locally, while those patented drugs make up the remaining.

The industry largely comprises of the top ten producers accounting for almost 70% of the domestic market. The industry consists of established production facilities for tablet, capsule, liquid preparation, dry suspension, injection, ointment/ cream, nasal spray, granule, etc. Specialized delivery products like dry-powder inhaler, prefilled syringe/ lyophilized injection are produced in the country as well.

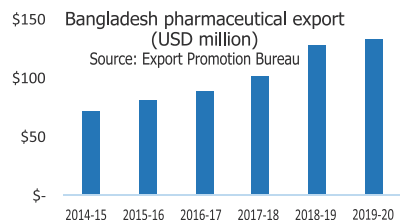


Swift response to the needs arisen from Covid-19 pandemic

In May 2020, Bangladesh launched the first generic version of Remdesivir, an antiviral drug, which was recently granted for emergency use authorization by the Directorate General of Drug Administration (DGDA) under the Ministry of Health (MOH) as well as the US Food and Drug Administration (US-FDA) for the treatment of Covid-19. Besides Remdesivir, Bangladesh is producing several other generic drugs used for the potential treatment of Covid-19. Swift response to the needs of this pandemic has reflected the strength and capacity of the formulation segment of the Bangladeshi pharmaceutical industry.



Drug Export: After focusing on the domestic market for many years, Bangladeshi pharmaceutical companies have entered the global market in recent years. Although still at a nascent stage, Bangladesh is exporting drugs to over 100 countries, including the USA, Australia, and the EU. The exportation has been growing at an annual growth rate of 13.3% since 2014. As many as 1,200 products have been accredited for import by the authorities at the importing countries such as Australia (TGA), UK (MHRA), the USA (FDA), and WHO.



10 to 15% lower production cost than India/ China

Given the availability of a competitive workforce and efficient manufacturing facilities, the cost of producing medicines in Bangladesh is one of the lowest in the world. The cost of production is currently 10-15 per cent lower than that of India and China, and the gap is expected to widen further.

Bangladesh is the only LDC with a strong formulation industry

Besides, the World Trade Organization (WTO) has extended patent waivers for pharmaceutical products for its LDC members till January 2033. Being the only LDC having a drug formulation base, Bangladesh stands in a unique position with the opportunity to produce as well as export patented drugs to the other LDCs and non-WTO members, and thus increase its export markets.

Trade-related Aspect of Intellectual Property Rights (TRIPS): Being a least developed country, Bangladesh has been exempted from Article 33 of TRIPS agreement of WTO, granting protection from the obligations to implement patents and data protection for pharmaceutical products till January 2033.

Production of Active Pharmaceutical Ingredients (APIs): As the most important material for pharmaceutical formulation (substance or combination of substances for the finished products), APIs furnish pharmacological activity with drugs or otherwise bring direct effect (of cure, mitigation, prevention) to drugs. Though gradually, Bangladesh has diversified towards advanced products such as API molecules. At present, there are 26 API producers in the country, which produce around 40 API molecules. While domestic demand for APIs is growing rapidly, local production remains low in relation to the demand, leading to significant API imports. It was estimated that approximately USD 600 million of API was imported into the country in FY 2018-19 (DCCI). Apart from API, biosimilar, vaccines, hormones, and oncology products are also produced alongside natural/ animal health products, albeit at a smaller scale.

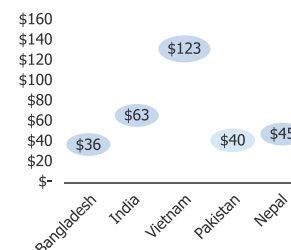


Future Prospect

Large domestic market with growing income:

Driven by the increasing purchasing power, the domestic pharmaceutical market is forecasted to grow by 17% annually and reach USD 5.1 billion by 2023 (EBL Research). Another research report by Research and Markets expects the domestic market to surpass USD 6 billion by 2025. According to a Boston Consulting Group report, by 2025, 30 to 40 million people are expected to graduate from poverty to the entry-level of the middle-income class, another 30 million are expected to move up the income ladder and reach the aspirant and emerging middle class. This increase in affordability of the population, combined with the current low per capita spending on healthcare points to future opportunities for growth in the sector. Per-capita spending on healthcare in Bangladesh was only USD 36 in 2017, which is much lower compared to other regional peers.

Per-capita healthcare spending (at current prices in 2017)



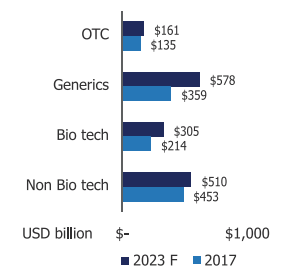
Source: The World Bank

In addition, increasing health awareness, changing disease profiles to non-communicable diseases such as cardiovascular disease, diabetes, cancer combined with increasing life expectancy is expected to drive the domestic demand for pharmaceutical products further.

Growing global generic market for export of branded generics drugs:

Driven by growth in China, BRI, and other emerging nations, the global pharmaceutical market is expected to grow at 5% per annum and reach USD 1,556 billion by 2023. The global generics segment, in particular, is expected to grow at the rate of 8% per annum and reach USD 578 billion by 2023 from USD 359 billion in 2017, contributing to almost 55% of the growth in the entire pharma market between 2017 and 2023. Increasing health care expenses will be driving the overall demand for generic drugs.

Global pharmaceutical market growth by segment



Source: Smart Pharma Consulting

Although generic drugs are increasingly accepted by developed countries, the growth is expected to be more strongly driven by the emerging markets, where the demand for generics is forecasted to grow at a rate of 9% per annum.



Investment Potential

Production of branded/ blockbuster generic drugs, which face patent expiry and any patented drugs for export: Given Bangladesh's expertise in producing branded/ blockbuster generic drugs, the anticipated patent-cliff will provide a huge opportunity for Bangladeshi producers to expand their production and market of generic drugs. It is estimated that around USD 150 billion worth of drugs will come off patent within 2021 and another USD 251 billion worth of drugs will do so by 2023. This is expected to boost both domestic and global demand for generic drugs.

Even for the patented drugs, Bangladesh will be able to avail of the TRIPS benefits as a result of the WTO's extended patent waivers for pharmaceutical products for its LDC members till January 2033. Standing in a unique position, Bangladesh can widen the export opportunity of patented drugs to other LDCs and non-WTO members.

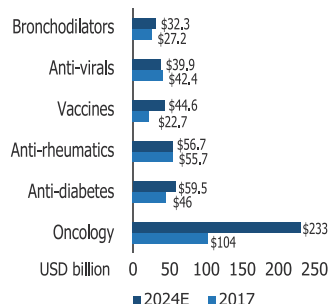
Production of import-dependent drugs for NCDs: The rapid rise of non-communicable diseases (NCDs) like cardiovascular diseases, cancer, chronic respiratory disease, diabetes among the Bangladeshi population has been leading to the growing demand for drugs used for the treatment of NCDs. Such drugs for NCDs include anti-cancer, anti-diabetes, vaccines, insulin, etc.

According to the Health Bulletin 2018, almost 67% of death reported in 2016 was caused by NCDs. Among them, about 22% were premature deaths. Moreover, it was found that about 6.4% of the adult population becomes diabetic and 25% becomes hypertensive, implying increasing demand for insulin and diabetic medication, oncology, and cardiovascular drugs. Although Bangladesh has some facilities to produce medicines for NCDs, they are still predominantly imported, giving the opportunity to enhance local production.

In addition to the domestic market, the global market for oncology is expected to become the fastest growing segment, with a forecasted growth rate of 12% per annum between 2017 and 2024. Demand for prescription drugs for oncology is projected to increase to \$233 billion by 2024 from its current level of \$104 billion. This will be followed by the demand for anti-diabetes drugs and vaccines, etc. Till now, prescription drugs for these therapy classes have been largely imported into Bangladesh, providing the opportunity to produce these drugs locally for serving global as well as domestic markets.

Top prescription drugs & OTC by therapy category (global sales)

Source: Evaluate Pharma



Investment Potential (continued)

Production of Active Pharmaceutical Ingredients (APIs): Although Bangladesh has an established base for drug formulation, API production is still in an early stage where over 90% of API molecules/ excipients are imported into the country. With a large and growing formulation industry in the country, API production will be strongly supported in Bangladesh.

Growing formulation industry: Since 2015, there has been a rapid increase in demand for APIs from the local drug formulation industry. It is estimated that demand for APIs will exceed USD 1,400 million by 2025 (MRC Bangladesh), providing (potential) API producers with promises of stable market access.

Bangladesh as a potential export base for the global API market: Global API market is expected to grow to USD 319.07 billion by 2025 from the current level of USD 238 billion in 2018. In particular, the market growth of APIs for generics will be substantial due to the scheduled patent expiry of blockbuster drugs, increase in healthcare expenses, and supportive government policy to generics. In addition, China, one of the major API producers, is shifting its production base due to cost and sustainability concerns. As the labor cost rises in China, many producers are beginning to relocate their plants to other cost-competitive locations. Moreover, faced with the supply-chain disruption during the Covid-19 pandemic, some API producers may consider diversifying their supply-chain base. Bangladesh, having an established formulation industry with access to WTO patent waiver, would be an ideal location for API production.

Strong policy support for API industry

The government formulated **API Policy** in 2018 with a goal to attract investment worth USD 1 billion in API production and reduce import-dependence to 80% by 2032. The policy also aims to raise API export income to USD 900,000 (from \$150,000 in 2016) and to create 500,000 jobs by 2032. A dedicated API Park has also been established recently.

Special incentive regime for API production (as stated in the National API/ Laboratory Reagents Production and Export Policy 2018)

- 100% Corporate Income Tax (CIT) exemption till FY2021-22. (Note: This facility shall be extended until 2032 for organizations that produce five or more API molecules each year. Those who produce at least three API molecules could be awarded with a 75% exemption)
- VAT exemption on the importation of raw materials up to 2027 for those who attain 20% value addition and produce at least two API molecules.
- Advance Income Tax (AIT) exemption on import of more than 400 chemical compounds required to produce API till 2024.
- 20% export subsidy/ cash incentive for API exporters.
- Guaranteed access to the back-to-back letter of credit facility.
- Extended tenure of term loans for the plant/ equipment for 12 years (from the previous 6 years) with no imposition of the single borrower cap.
- Priority land allocation at the government's Economic Zones (EZs) and EPZs.

Policies related to Pharmaceutical Industry

- National Drug Policy 1982
- National API and Laboratory Reagents Production and Export Policy 2018

Sector-specific Investment Incentives and Restriction

(for drug formulation industry)

Incentive	<ul style="list-style-type: none"> - Reduced CIT for 5 to 10 years depending on location. - Import duty exemption on some raw materials used for drug production. - Tax exemption on royalties, technical knowhow/ assistance-related fees (and their repatriation). - Exemption of import duties on capital machineries. - Full repatriation of profits & initial investment amount. <u>For exporters:</u> - 50% tax exemption for income derived from export. - No VAT imposition on export goods. - Bonded warehousing facility for large import of ingredients for production usage. - 10% export subsidy/ cash incentive for pharmaceuticals exporters.
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Restriction No specific restriction exist upon the entry of foreign investors.

Note: Incentives regime specific to API producers are stated in the previous page.

Regulatory Agencies concerned with Pharmaceutical Industry

Directorate General of Drug Administration (DGDA)	DGDA in the Ministry of Health and Family Welfare is a regulatory authority over drugs in Bangladesh and mandated to supervise and implement all the prevailing rules/ regulations concerned with drugs in the country, regulate all the activities related to the importation of materials, production/ importation of finished drugs, and exportation/ sales/ pricing of all the drugs.
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Industry Associations

Bangladesh Association of Pharmaceuticals Industry (BAPI) www.bapi-bd.com	BAPI promotes Bangladeshi pharmaceutical industry in the global market, through organizing roadshows and trade fairs, participating in international events, and extending awareness-building among the industry on good manufacturing practices (GMP) to ensure drug quality. BAPI is also responsible for lobbying to the regulatory authority, representing the members' interests.
Bangladesh API & Intermediaries Manufacturers Association (BAIMA)	BAAMA offers promotional support to API member producers and lobbies the regulator on policy formulation related to the API industry.

* Disclaimer: This document has been prepared for informational purpose only and does not intend to promote any product.

Bangladesh Investment Development Authority "Bangladesh - We Nurture Your Investment Dreams"



BIDA undertakes the functions of investment promotion and facilitation, and policy advocacy in accordance to the Industry Policy and provides inquiry/ consultation/ licensing facilitation services to the investors outside the jurisdiction of other investment authorities (BEZA, BEPZA, High-tech Park Authority). Those investors registering with BIDA for their investment projects are able to benefit from the following key incentives and privileges:

Category	Notes
Tax holiday	<ul style="list-style-type: none"> - Phased Corporate Income Tax (CIT) exemption for 32 designated sectors/ products (as per the Finance Act 2020), depending on location of factories - Phased CIT exemption for private IPPs (which construct powerhouse after June 2016) and full CIT/ capital gain tax exemption for PPP projects - Full CIT exemption for ICT/ software industry
Tax rebate	Applicable for manufacturing industries of which factories i) are located, ii) move, iii) have already operated, outside Dhaka City
Import duty exemp.	<ul style="list-style-type: none"> - On capital machinery/ spares - VAT exemption for imported capital machinery/ spares
Other tax exemption	<ul style="list-style-type: none"> - On interest payable on foreign loans - On royalty/ technical license fees obtained from foreign company/ expert - On personal income tax for foreign technician - One capital gain from the transfer of shares of listed public companies
Non-tax incentives	- Accelerated depreciation for newly established industries in lieu of tax holiday on their factory, machinery and plant

* The above may be subject to revision upon annually enacted Finance Act and individual regulations. Export-oriented industries regardless of their locations can benefit from additional privileges and facilities.

Bangladesh Economic Zones Authority "BEZA is a smart way for business in Bangladesh"



BEZA develops and manages economic zones (EZs) in view of generating more spillover effects of investment for industrialization. Currently a number of EZs are being developed throughout nation to cater for investment needs of both foreign and local investors, utilizing a variety of development schemes including BEZA's own initiative, private initiative, public-private-partnership and bilateral agreement with foreign government. The investors tenanted in EZs are able to benefit from the following key incentives/ privileges:


Fiscal incentive	<ul style="list-style-type: none"> - Phased Corporate Income Tax (CIT) exemption for 10 years - VAT exemption for imported machinery/ const. material, utility expense - Duty exemption for imported vehicle - Duty exemption for import/ export of goods/ materials with bonded warehouse facility - Personal Income Tax exemption for expatriate salary - Tax exemption for dividend/ royalty and technical license fees, etc. - Exemption of local government tax/ land development tax - Exemption from registration fee on land transfer/ loan document, stamp duty on loan document/ lease of land and space
Non-fiscal incentive	A variety of privileges and facilities are available. (see the website of BEZA: http://www.beza.gov.bd/)

* The above may be subject to revision upon annually enacted Finance Act and individual regulations.

*Disclaimer: BIDA shall not be liable for any incidental or consequential damages that may result from the usage of information obtained from this brochure.

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BIDA FAQs



Frequently Asked Questions (FAQ) from Investors to BIDA



April 2019
Updated on June 2021

Categories of Frequently Asked Questions (FAQs) to BIDA

BIDA and Other IPAs
Sectors for Investment
Investment Registration
Trade License/ Company Incorporation
Opening Bank Account
Investment Incentives, Privileges and Facilities
Foreign Borrowing
Overseas Remittance/ Repatriation
VISA
Expatriate Work Permit
Labor Management
Import Permit (IP) and Import Registration Certificate (IRC)
Access Facilitation to Lands
Taxation
One-stop Service (OSS)
Investment & Trade Agreements
Others

BIDA and Other IPAs

What is BIDA?	BIDA is the apex investment promotion agency of Bangladesh and was formed in 2016 under the BIDA Act 2016 to promote and facilitate local and foreign private sector investment.
What are the functions and services provided by BIDA?	<p>BIDA's functions are broadly categorized into:</p> <ul style="list-style-type: none"> - Investment promotion - Investment facilitation, covering investment registration and pre- and post-establishment facilitation - Policy advocacy <p>BIDA provides the following services to investors:</p> <ul style="list-style-type: none"> - Guidance on doing business in Bangladesh - Response to investment-related queries - Guidance and advice on investment in specific sectors - Matching support between foreign investors and local industries - Arrangement of visit to and meeting with various government and private organizations - Address on the issues of investors on their smooth operation - Registration of industrial investment and commercial office establishment - Facilitation of utility service connection - Facilitation of machinery and raw material import - Approval for obtaining foreign borrowing - Approval of overseas remittance of royalty/ technical assistance-related fees - Approval of expatriate employment and facilitation for obtaining visa - Assistance to the government in framing policies for private sector development - Advocacy to reform policy, act, rule, regulation and procedures relevant to investment
What are the other Investment Promotion Agencies in Bangladesh?	<p>There are five (5) other investment promotion agencies in Bangladesh, namely:</p> <ol style="list-style-type: none"> 1) Bangladesh Economic Zones Authority (BEZA) for domestic and foreign industries/ services located at Economic Zones (EZs), 2) Bangladesh Export Processing Zones Authority (BEPZA) for domestic and foreign export-oriented industries to be located at Export Processing Zones (EPZs), 3) Public Private Partnership Authority (PPPA) for domestic and foreign infrastructure investments, 4) Bangladesh High-tech Park Authority (BHTPA) for domestic and foreign IT industries/ services to be located at High-tech Park Zones (HTPZ), and 5) Bangladesh Small & Cottage Industries Corporation (BSCIC) for domestic small & cottage industries.
How are the services offered by BIDA different from the others?	BIDA's services are available for both domestic and foreign investments at any location outside the jurisdiction of other investment authorities (BEZA, BEPZA, PPPA, BHTPA, BSCIC). Besides providing some regulatory services, BIDA provides policy advocacy for national investment development

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Sectors for Investment

What are the priority or thrust sectors for investments in Bangladesh?	<p>The National Industry Policy (NIP) (2016) designates the priority industries as follow:</p> <table border="1"> <tr> <td>High priority sectors</td><td>1) Agriculture, food processing and agricultural tool, 2) Ready-made garment, 3) ICT/ software, 4) Pharmaceuticals, 5) Leather and leather product, 6) Light engineering, 7) Jute and jute product</td></tr> <tr> <td>Priority sectors</td><td>1) Plastic, 2) Overseas employment (manpower export), 3) Shipbuilding, 4) Environment-friendly ship recycling, 5) Tourism, 6) Frozen fish, 7) Home textiles, 8) Renewable energy (solar power, windmill), 9) Active pharmaceutical ingredients (API) and radio pharmaceuticals, 10) Herbal medicine, 11) Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, disinfecting medicinal equipment), 12) Polymer product, 13) Hospital and clinic, 14) Automobile manufacturing and servicing, 15) Handicraft and cottage industries, 16) Energy efficient appliances, electronic goods, electronic materials, 17) Tea, 18) Seeds, 19) Jewelry, 20) Toys, 21) Cosmetics and toiletries, 22) Agar, 23) Furniture, 24) Cement</td></tr> </table>	High priority sectors	1) Agriculture, food processing and agricultural tool, 2) Ready-made garment, 3) ICT/ software, 4) Pharmaceuticals, 5) Leather and leather product, 6) Light engineering, 7) Jute and jute product	Priority sectors	1) Plastic, 2) Overseas employment (manpower export), 3) Shipbuilding, 4) Environment-friendly ship recycling, 5) Tourism, 6) Frozen fish, 7) Home textiles, 8) Renewable energy (solar power, windmill), 9) Active pharmaceutical ingredients (API) and radio pharmaceuticals, 10) Herbal medicine, 11) Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, disinfecting medicinal equipment), 12) Polymer product, 13) Hospital and clinic, 14) Automobile manufacturing and servicing, 15) Handicraft and cottage industries, 16) Energy efficient appliances, electronic goods, electronic materials, 17) Tea, 18) Seeds, 19) Jewelry, 20) Toys, 21) Cosmetics and toiletries, 22) Agar, 23) Furniture, 24) Cement
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What are the restricted sectors to which investments are not allowed?	<p>National Industry Policy (NIP) (2016) defines the controlled and reserved industries.</p> <p>For Controlled Industries: A proposed investor has to obtain 'No Objection Certificate (NOC)' from concerned ministry/division prior to register with BIDA/BEZA/Hi-Tech Park/BEPZA</p> <p>For Restricted/Reserved Industries No, private industries are not allowed to invest in reserved/restricted industry.</p> <table border="1"> <tr> <td>Controlled industry</td><td>1) Deep sea fishing, 2) Bank/ finance, 3) Insurance, 4) Generation, supply and distribution of power, 5) Exploration, extraction and supply of natural gas/ oil, 6) Exploration, extraction and supply of coal, 7) Exploration, extraction and supply of other mineral resources, 8) Large-scale infrastructure (e.g. flyover, expressway, monorail, economic zone), 9) Crude oil refinery (recycling/ refining of lube oil as fuel), 10) Medium and large industries using natural gas/ condensate and other minerals as raw material, 11) Telecommunication (mobile/ cellular and land phone), 12) Satellite channel, 13) Cargo/ passenger aviation, 14) Sea bound ship transport, 15) Sea-port/ deep sea-port, 16) VOIP/ IP telephony, 17) Industries using heavy minerals accumulated from sea beach, 18) Explosive production, 19) Acid production, 20) Chemicals, 21) All kinds of sludge and fertilizer made from sludge, 22) Stone crushing</td></tr> <tr> <td>Reserved industry</td><td>1) Arms, ammunitions, and other military equipment/ machinery, 2) Nuclear power, 3) Security printing and minting, 4) Forestation and mechanized extraction within the reserved forest</td></tr> </table>	Controlled industry	1) Deep sea fishing, 2) Bank/ finance, 3) Insurance, 4) Generation, supply and distribution of power, 5) Exploration, extraction and supply of natural gas/ oil, 6) Exploration, extraction and supply of coal, 7) Exploration, extraction and supply of other mineral resources, 8) Large-scale infrastructure (e.g. flyover, expressway, monorail, economic zone), 9) Crude oil refinery (recycling/ refining of lube oil as fuel), 10) Medium and large industries using natural gas/ condensate and other minerals as raw material, 11) Telecommunication (mobile/ cellular and land phone), 12) Satellite channel, 13) Cargo/ passenger aviation, 14) Sea bound ship transport, 15) Sea-port/ deep sea-port, 16) VOIP/ IP telephony, 17) Industries using heavy minerals accumulated from sea beach, 18) Explosive production, 19) Acid production, 20) Chemicals, 21) All kinds of sludge and fertilizer made from sludge, 22) Stone crushing	Reserved industry	1) Arms, ammunitions, and other military equipment/ machinery, 2) Nuclear power, 3) Security printing and minting, 4) Forestation and mechanized extraction within the reserved forest
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Reserved industry	1) Arms, ammunitions, and other military equipment/ machinery, 2) Nuclear power, 3) Security printing and minting, 4) Forestation and mechanized extraction within the reserved forest				
Are there any explicit restrictions for foreign investment in Bangladesh?	Bangladesh, in general, is open to foreign investment, following non-discrimination principle, where 100% foreign ownership is permitted in the majority of sectors. However, local ownership is required for limited cases including freight/ cargo forwarding agent, airline/ railway/ general or pre-shipment service cargo agent, shipping agent, courier services agent, buying house and indenting agent, advertising agent and for profit/ commercial education institution.				

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Registration

Why should investors register their businesses with BIDA? Are BIDA-registered investors eligible for the facilities that are provided by BIDA?	BIDA Act, 2016 requires all investors for industrial undertakings (those located outside the jurisdiction of BEZA, BEPZA, BHTPA, BSCIC) to register their investments with BIDA. BIDA registration is not necessarily required for commercial and trading activities, buying houses and service-oriented institutions. Registration is necessary for the concerned investors to be eligible: i) for incentives of income tax exemption, import duty and other tax exemptions ii) for privileges and facilities declared by the government iii) to apply for investment-related licensing and permits such as expatriate work permit, foreign borrowings, import permit/ registration certificate for industrial use, and iv) to access to any other facilitation services provided by BIDA. The branch, liaison and representative offices of a foreign company must obtain registration from BIDA. Following industries need to be registered with BIDA outside the jurisdiction of BIDA/BEZA/Hi-Tech Park/BEPZA: 1) local investment, 2) 100% foreign investment, and 3) joint-venture investment of foreign(s) and local investor(s). Yes, possible. BIDA's Divisional Offices are authorized to receive applications to award registration regardless of the project status. However, the registration of branch, liaison/ representative is only processed from BIDA's Headquarter in the capital Dhaka.
What are the categories of investment registration?	Yes. BIDA can register the investment projects that are located anywhere in Bangladesh, except those located in the zones or areas managed by BEZA, BEPZA, BHTPA, Hi-Tech Park, and BSCIC.
Is it possible to register through BIDA's Divisional Office?	The registration process is same for local, foreign and joint venture industry. Any applications for investment registration are to be made online through BIDA's One-Stop Service (OSS) portal (https://bidaquickserv.org/). List of documents required for local and foreign investment (including joint venture) projects is mentioned in the portal.
Can BIDA's Headquarter register investments that are located anywhere in Bangladesh?	Registration fee for local, foreign and joint venture industry is same. Registration fee varies from BDT 5,000 to 100,000 depending on the amount of proposed investment (as indicated below). Amount of the proposed investment Fee Up to BDT 100 million BDT 5,000/- BDT 100 million - 250 million BDT 10,000/- BDT 250 million - 500 million BDT 25,000/- BDT 500 million - 1,000 million BDT 50,000/- Over BDT 1,000 million BDT 100,000/- 15% VAT is applicable on the amount of fee.
What are the expenses of registration (for each type of investment, i.e., local/ foreign/ JV, etc.)?	Registration is given in 1 (one) day if all information and documents have been submitted as per BIDA's requirement.
What is the maximum duration required for completing registration?	

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What documents are required for registering investment project with BIDA?	Following documents have to be submitted with the application for registration of local, foreign and joint venture industry: - Certificate of Incorporation, - Memorandum and Article of Association attested by authorized person of the applicant company - Trade license from the concerned authority (where the factory is located) mentioning specific sector, - Tax Identification Number (TIN) Certificate of the company, - Land purchase agreement or rental agreement for the proposed project, - List of directors with information on their nationality and address, - Profile of the proposed investment project (if the project cost exceeding BDT 100.00 million), - No Objection Certificate (NOC) from the concerned ministry/ directorate/ department for industries fall under the category of controlled sector as per Industry Policy - Attachments of the company's comments as per BIDA's requirement. The following documents are additionally required for foreign/ joint-venture projects: - Encashment certificate (proof of inward remittance of foreign currency into the company account issued by the concerned bank) - List of local and imported machineries in official letterhead of the company signed by authorized person of the company (serial number, name of machineries, H.S. code, quantity, and value in million BDT/ USD).
What is the process of amendment of a registered investment (if there are changes in registered data)? What is the registration process of commercial offices (branch, liaison and representative office?	Investors can amend information mentioned in the registration letter (such as machinery to be used, board of director/ shareholder, office/ factory address, company name, or their amalgamation). Currently a manual application signed by the chairperson/ managing director of the company along with supporting documents has to be submitted to BIDA. A fixed amount of fee of BDT 10000.00 is charged for each amendment. 15% VAT is also applicable on this fee. The registration of branch, liaison and representative office is processed through OSS portal. Information of documents required for registration are easily available in the portal. An inter-ministerial committee examines all applications received and gives approval to open office if all information and documents are submitted according to BIDA's requirement. This committee sits twice a month to give approval to open office in Bangladesh. Detail information will be available in the Guideline for granting permission for establishing/opening of branch, liaison and representative office for foreign companies and issuing work permit of foreign nationals. A fee is applicable for the registration of commercial office along with 15% VAT imposed by Government of Bangladesh.
What documents and steps are required for registering commercial office with BIDA?	Registration of commercial office (branch, representative/ liaison office) requires the following documents: - Article and Memorandum of Association of the parent company; - Names and nationalities of directors/ investors of the parent company; - A resolution of the meeting of the board of directors mentioning the decision to establish office and the name of the person appointed to manage the office; - Parent company's audited accounting statements of previous financial year; - Details of activities conducted by the parent company and activities to be performed by the proposed office; - Organizational structure of the proposed office mentioning the requirement of local and foreign manpower.

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What other formalities to be performed to open a commercial office after getting registration from BIDA?	The following formalities has to be performed after getting BIDA's registration: Step 1: Notification to Bangladesh Bank after registration with BIDA Step 2: Registration with NBR (an income tax authority) Step 3: Registration with the Registrar of Joint Stock Companies and Firms (RJSC&F) Step 4: Application for trade license
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Trade License/ Company Incorporation

How foreign investors can incorporate company in Bangladesh?	Foreign investors can incorporate a fully owned company, subsidiary or have a jointly owned company in Bangladesh. Most common types of incorporation include public or private limited company. Incorporated company has to comply with the Companies Act 1994 and can undertake any legally permissible business and set up operations in any places in Bangladesh. Company incorporation in Bangladesh requires following steps: Step 1: Getting name clearance from RJSC&F Step 2: Opening a temporary bank account for capital deposit. Investors can open temporary accounts through online arrangement for FDI in Bangladesh as per Circular no 11 of Foreign Exchange Policy Department of Bangladesh Bank issued on May 17, 2021. Step 3: Preparation of Articles and Memorandum of Association and submission of application for incorporation with RJSC&F It usually takes five weeks to complete the above steps. Trade license is manually/digitally issued by the relevant local government offices such as City Corporation, Municipality or Union Parishad. A trade license from Dhaka South City Corporation is currently serviced through BIDA's OSS Portal (https://bidaquickerv.org/). Any form of company (trade organization, society, partnership firm) needs to be registered with the Registrar of Joint Stock Companies & Firms (RJSC&F) according to the Companies Act 1994. Arrangement has been introduced to obtain incorporation certificate from BIDA's OSS Platform in addition to RJSC&F (www.rjsc.gov.bd).
Can investors obtain trade license and certificate of company incorporation from BIDA?	Application of trade license has to be submitted in the local government office where the company will be established. The application form is available from the websites of local government offices. Following documents has to be submitted along with the application: - Copy of Incorporation Certificate/ registration letter issued by BIDA for branch or liaison or representative office, - Certified copy of the Memorandum of Association, - Rental deed or landownership document as proof of address of the business, - Applicant's photo (three attested copies), - Copy of the National ID card or the passport. To obtain a trade license for factory, some additional documents are required which are as follows: - NOC from the local government authority (ward commissioner/union parishad)

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	<ul style="list-style-type: none"> - Sketch map of the factory and surrounding area, - Description of machineries to be used in the factory, - Fire license and environment clearance certificate, and, - Tax certificate (for renewal of trade license). <p>If the company office/plant/factory has operation in more than one location the applicant is required to obtain trade licenses from every local government authority (ward commissioner/union parishad). A trade license is issued for a year and to be renewed every fiscal year.</p>
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Opening Bank Account

How can a foreign investor open a bank account in Bangladesh?	Foreign investor can open a temporary bank account (Non-resident Taka Account: NRTA) without prior permission of Bangladesh Bank to receive the capital remittance from abroad for encashment certificate. Investors can open temporary accounts through online arrangement for FDI in Bangladesh as per Circular no 11 of Foreign Exchange Policy Department of Bangladesh Bank issued on May 17, 2021. When the company of the investor registered with the Registrar of Joint Stock Companies and Firms (RJSC&F), a new bank account can be opened to transfer the capital from the temporary account.
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Investment Incentives, Privileges and Facilities

What are the fiscal (tax-related) incentives to be availed by investors registered with BIDA?	<p>The newly established companies are eligible for incentives offered by the Government of Bangladesh. But reinvestment or expanded industries are not eligible for such incentives.</p> <p>The incentives are as follows:</p> <ul style="list-style-type: none"> - Corporate income tax (CIT) exemption (holiday and rebate) based on type of business and on the geographical location of the undertaking - Import duty exemption on capital machinery/ spare parts - Accelerated depreciation allowance (for machinery/ plants) - Other tax exemptions <p>But following conditions have to be met for enjoying those incentives:</p> <ul style="list-style-type: none"> - The industry must be registered with BIDA/BEZA/BEPZA/EZ/EPZ for CIT exemption and import duty exemption - Approval from National Board of Revenue for approval CIT exemption - Approval from Office of the Chief Controller of Import and Export for import duty exemption <p>These incentives are subject to change by Finance Act and Statutory Regulatory Orders.</p>
What types of investment project are eligible for tax exemption facilities?	Income tax exemption shall be granted to the following types of investment projects (registered with BIDA), namely: 1) <u>Newly established investment project (industrial undertakings)</u> 2) <u>Newly established physical infrastructure (physical undertakings)</u> 3) <u>Public Private Partnership (PPP) project</u> 4) <u>Private sector power generation (other than coal-based)</u>

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	<p>5) Businesses of software development and information technology enabled services</p> <p>Income tax exemptions are tied with condition, which are:</p> <p>i) Must registered with BIDA</p> <p>ii) Obtained certificate from NBR</p>						
What types of incentives are available for industries registered with BIDA?	<p>The projects registered with BIDA can avail following tax related fiscal incentives:</p> <table border="1"> <tr> <td>Import duty exemption</td><td> <ul style="list-style-type: none"> - 1% on capital machinery/ spares for export-oriented industries and allowed to import spare parts free of duty for up to 10% of the machinery value every two years. - 3% on capital machinery/ spares for other industries. - VAT is not payable for imported capital machinery/ spares. </td></tr> <tr> <td>Accelerated depreciation</td><td> <ul style="list-style-type: none"> - Possible for newly established industrial undertakings in lieu of tax exemption on factory, machinery/ plant, 50% for the 1st year, 30% for the 2nd year, and 20% for the 3rd year. - Initial depreciation allowance is also available on machinery/ plant. </td></tr> <tr> <td>Other tax exemptions</td><td> <ul style="list-style-type: none"> - On interest payable on foreign loans (under certain conditions). - On royalty, franchise, technical license/ know-how/ assistance fees to foreign entities. - On personal income tax up to three years for foreign technicians employed in industries specified in the Income Tax Ordinance, 1984 etc. </td></tr> </table> <p>Companies located in EZs/ EPZs are entitled to different sets of incentive package of tax exemption.</p> <p>New investment projects (industrial undertakings) established between 1 Jul. 2019 and 30 Jun. 2024 (and going into commercial operation within those dates) in the designated categories are entitled for CIT exemption in the following manner:</p> <ul style="list-style-type: none"> - Phased exemption for 5 years to the industrial undertakings located in the divisions of Dhaka and Chattogram (excluding districts of Dhaka, Narayanganj, Gazipur, Chattogram, Rangamati, Bandarban and Khagrachari) with 90% of income for the first year, followed by 80% for the second year, 60% for the third, 40% for the fourth and 20% for the last fifth year; - Phased exemption for 10 years to the industrial undertakings located in the divisions of Rajshahi, Khulna, Sylhet and Barishal (excluding areas under the city corporations) and in the districts of Rangamati, Khagrachari and Bandarban with 90% of income for the initial two years, followed by 80% for the third year, 70% for the fourth year, 60% for the fifth year, 50% for the sixth year, 40% for the seventh, 30% for the eighth year, 20% for the ninth year and 10% for the last tenth year. <p>Does all type of newly established investment projects eligible for corporate income tax exemption?</p> <p>A. No. The newly established investment projects who manufacture following products are eligible for corporate income tax exemption under Section 46BB of the Income Tax Ordinance, 1984:</p> <p>Active pharmaceutical ingredients (API) and radio-pharmaceuticals, 2) Agricultural machinery, 3) Aircraft maintenance services including parts manufacturing, 4) Artificial intelligence (AI)-based system design and/or manufacturing, 5) Artificial or manmade fiber, 6) Automatic bricks, 7) Automation and robotics design and/or manufacturing including parts/ components thereof, 8) Automobile, 9) Automobile parts/ components, 10) Barrier contraceptive and rubber latex, 11) Basic components of electronics (resistor, capacitor, transistor, integral circuit, multilayer PCB, etc.), 12) Bi-cycle including parts thereof, 13) Bio-fertilizer, 14) Biotechnology-based agro-products, 15) Boiler including parts and equipment thereof, 16) Compressor including parts thereof, 17) Computer hardware, 18) Electric transformer, 19) Furniture, 20) home appliances</p>	Import duty exemption	<ul style="list-style-type: none"> - 1% on capital machinery/ spares for export-oriented industries and allowed to import spare parts free of duty for up to 10% of the machinery value every two years. - 3% on capital machinery/ spares for other industries. - VAT is not payable for imported capital machinery/ spares. 	Accelerated depreciation	<ul style="list-style-type: none"> - Possible for newly established industrial undertakings in lieu of tax exemption on factory, machinery/ plant, 50% for the 1st year, 30% for the 2nd year, and 20% for the 3rd year. - Initial depreciation allowance is also available on machinery/ plant. 	Other tax exemptions	<ul style="list-style-type: none"> - On interest payable on foreign loans (under certain conditions). - On royalty, franchise, technical license/ know-how/ assistance fees to foreign entities. - On personal income tax up to three years for foreign technicians employed in industries specified in the Income Tax Ordinance, 1984 etc.
Import duty exemption	<ul style="list-style-type: none"> - 1% on capital machinery/ spares for export-oriented industries and allowed to import spare parts free of duty for up to 10% of the machinery value every two years. - 3% on capital machinery/ spares for other industries. - VAT is not payable for imported capital machinery/ spares. 						
Accelerated depreciation	<ul style="list-style-type: none"> - Possible for newly established industrial undertakings in lieu of tax exemption on factory, machinery/ plant, 50% for the 1st year, 30% for the 2nd year, and 20% for the 3rd year. - Initial depreciation allowance is also available on machinery/ plant. 						
Other tax exemptions	<ul style="list-style-type: none"> - On interest payable on foreign loans (under certain conditions). - On royalty, franchise, technical license/ know-how/ assistance fees to foreign entities. - On personal income tax up to three years for foreign technicians employed in industries specified in the Income Tax Ordinance, 1984 etc. 						

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	<p>(blender, rice cooker, microwave/ electric oven, washing machine, induction cooker, water filter, etc.), 21) Insecticides and pesticides, 22) Leather/ leather goods, 23) LED TV, 24) Locally produced fruits and vegetables processing, 25) Mobile phone, 26) Nanotechnology-based products, 27) Petro-chemicals, 28) Pharmaceuticals, 29) Plastic recycling, 30) Textile machinery, 31) Tissue grafting, 32) Toys, 33) Tire.</p> <p>B. Conditions are applicable to be eligible for corporate income tax exemption. Which are:</p> <ul style="list-style-type: none"> - Profits and gains of the eligible industrial undertakings shall qualify for the tax exemption. - Paid-up capital is not less than Tk. two million and 30% of the income exempted is invested in the same undertakings or in any new industrial undertakings during the period of exemption or within one year from the end of the exemption period. - Another 10% of the income exempted is invested in each year before the expiry of three months form the end of the income year in the purchase of shares of a company listed with any stock exchanges in Bangladesh. - The undertaking has to apply for the tax exemption within six months from the end of the month of commencement of commercial production.
How much corporate income tax exemption is offered to a physical infrastructure undertaking?	<p>New physical infrastructure undertakings (physical undertakings) established between 1 Jul. 2019 and 30 Jun. 2024 (and going into commercial operation within those dates) for the designated categories are entitled for income tax exemption in the following manner:</p> <p>Phased exemption for ten years with;</p> <ul style="list-style-type: none"> - 90% of income for the initial two years, - 80% for the third year, - 70% for the fourth year, - 60% for the fifth year, - 50% for the sixth year, - 40% for the seventh year, - 30% for the eighth year, - 20% for the ninth year, - 10% for the last tenth year.
Does all type of physical infrastructure undertaking is eligible for corporate income tax exemption?	<p>No, only following physical infrastructure undertakings are eligible for corporate income tax exemption:</p> <ol style="list-style-type: none"> 1) Deep sea port, 2) Elevated expressway, 3) EPZ, 4) Flyover, 5) Gas pipeline, 6) Hi-tech Park, 7) ICT village or software technology zone, 8) IT park, 9) Large water treatment plant and supply through pipeline, 10) LNG terminal and transmission line, 11) Mobile phone tower or tower sharing infrastructure, 12) Monorail, 13) Rapid transit, 14) Renewable energy, 15) Sea or river port, 16) Toll Road or bridge, 17) Underground rail, 18) Waste treatment plant
How much corporate income tax exemption is offered to PPP projects?	<p>Public Private Partnership (PPP) projects for the designated facilities are entitled for income tax exemption in the following manner:</p> <ul style="list-style-type: none"> - Project income is 100% exempted from income tax for the next ten years from the date of commercial operation. - Capital gains arising from transfer of share capital, royalty, franchise, technical license/ know-how/ assistance fees paid by the project company are 100% exempted from income tax for the next ten years from the date of commercial operation.

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	The exemptions are subject to changes as per circulars from National Board of Revenue.
Does all PPP projects are entitled to corporate income tax exemption?	No, only following PPP projects are entitled to corporate income tax exemption: 1) National highways or expressways and related service roads, 2) Flyovers, 3) Elevated and at-grade expressways, 4) River bridges, 5) Tunnels, 6) River port, 7) Sea port, 8) Airport, 9) Subway, 10) Monorail, 11) Railway, 12) Bus terminals, 13) Bus depots, 14) Elderly care home
How much corporate income tax exemption is offered to a private power generation company?	Private sector power generation company (other than coal-based and starting after 1 Jul. 2016) is entitled for income tax exemption in the following manner: - Project income is 100% exempted from income tax for the first five years from the commencement of commercial operation, - 50% up to the next three years - 25% up to the following two years.
A. What types of software development and information technology enabled services company are eligible for corporate income tax exemption?	A. Following types of software development and information technology enabled services companies are eligible for corporate income tax exemption: 1) Software dev., 2) Software or application customization, 3) NTFN, 4) Digital animation dev., 5) Website dev., 6) Website service, 7) Web listing, 8) Website hosting, 9) IT process outsourcing, 10) Digital graphics design, 11) Digital data entry & processing, 12) Digital data analysis, 13) Geographic Information Service, 14) IT support & software maintenance service, 15) Software test lab service, 16) Call center service, 17) Overseas medical transcription, 18) Search engine optimization service, 19) Document conversion, imaging and digital archiving, 20) Robotic process outsourcing, 21) Cyber security service B. Businesses of software development and information technology enabled services (ITES) are entitled for 100% CIT exemption up to Jun. 2024.
What privileges and facilities are provided to the registered investors, apart from the incentives for investment?	Aside from the “incentives” to registered investors, investors in general can benefit from various privileges and facilities. Some of the major privileges are: - Double taxation prevention in accordance to the bilateral double taxation treaties, - Repatriation of invested capital, profit, and dividend, - Remittance of royalty, franchise, technical license/ know-how/ assistance fees, - Reinvestment of remittable dividends (treated as new investment), - Provision of transfer of shares held by foreign shareholders to local investors, etc. In addition, export-oriented industries (exporting more than 80% of their goods and services) regardless of their locations (i.e., within or outside EZ/ EPZ) can benefit from the following privileges and facilities: - Eligible to be exempted from income tax for 50% earnings from export (unless paying tax at reduced rate), - Bonded warehouse (BWH) and duty drawback (tariff refund) systems, - Eligible to open back-to-back letter of credit (L/C), and receive loans up to 90% of the value against irrevocable or confirmed L/C sales contract, - Eligible to receive export retention quota (ERQ) which can be utilized for marketing, overseas office establishment, trade fair participation, etc.,

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	<ul style="list-style-type: none"> - Export credit guarantee for facilitating access to foreign exchange finance for material/ input procurement, - Eligible to claim advance income tax rebate on export earnings, and exempt taxes on a specified quantity of samples for manufacturing export goods, - Can be allowed to import banned and restricted goods if they are deemed essential material and input for manufacturing export goods, and, - Eligible to sell up to 20% of goods locally as far as trading is settled by L/C in foreign currency and related taxes are paid. <p>Exporters of certain sectors enjoy additional benefits in the form of a subsidy or cash incentive based on some conditions.</p>
What are the privileges specific to export-oriented industries and how bonded warehousing facility worked and in Bangladesh?	<ul style="list-style-type: none"> ➤ Inputs imported by export-oriented industries are exempted from duty via duty drawback facility or exempt from duty and other import taxes altogether through the bonded warehouse (BWH) facility. ➤ Alternatively, exporters may receive cashback (of 10-15% of FOB value) as a method of offsetting input tariffs, if they use neither duty drawback nor BWH. ➤ Duty drawback refunds duties/taxes paid on imported inputs (used in the export processing) to exporters. Eligible exporters (manufacturers exporting over 80% of their production, located within and outside EPZs) can claim drawback by filing their cases to the Duty Exemption and Drawback Office under NBR. ➤ BWH is licensed by NBR for deposit and storage of imported goods/ inputs subject to renewal in every two years. Eligible exporters can import required materials and process them without paying import duty/ VAT. ➤ BWH in Bangladesh basically consists of the following two categories: <ul style="list-style-type: none"> i) Special bonded warehouse: applicable to export-oriented readymade garment industries, which include woven garments, knitwear, and sweater manufacturing industries, ii) General bonded warehouse: applied to other export-oriented industries. ➤ As per the Customs Act, 1969, the National Board of Revenue (NBR)/ the Customs Bond Commissionerate regulates bonded warehousing to avail the facility, the applicants shall apply to the authority with following documents: <ul style="list-style-type: none"> - Application in accordance with the prescribed format - BIDA (and other authorities or zones) registration certificate - TIN and certified copy of wealth statement issued by Income Tax Department (IT-10B) for all directors/ owners - Trade license - Fire license - Value Added Tax (VAT) registration certificate (with Business Identification Number: BIN) - Recommendation by concerned trade body (if applicable) - Name, designation, present and permanent address, signature, and photo (on non-judicial stamp of value BDT 300.00 of owners/ directors, duly notarized by the competent authority and be attested by the lien bank) - Boiler certificate (if applicable) - Original copy of Memorandum and Article of Association and Certificate of Incorporation issued by RJSC&F - Purchase document for machinery (invoice, Bills of Entry for import, and VAT invoice for local purchase) - Two copies of factory layout plan (ammonia printed and duly signed by registered engineer)

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	<ul style="list-style-type: none"> - Deed of land/ space ownership, or duly notarized rental deed (if rented) - Affidavit to follow the law, rules, and procedures on non-judicial stamp of value BDT 300.00 by managing director/ proprietor/ sole partner (duly notarized by the competent authority) - Certificate from lien bank that demonstrate financial affordability to submit general bond - Treasury receipt for deposited license fee (BDT 10,000)
Does BIDA provide any loans or grants or any type of finance to its registered investors? Is there any opportunity to obtain loans or funding through BIDA?	No. BIDA is not a financing institution or provide any type of loan/grant to the registered investors. However, BIDA may introduce the policy-based financing scheme (including a loan scheme such as Export Development Fund).
How can BIDA help its registered investors in accessing loans from financial institutions (domestic and overseas)?	BIDA is not in a position to assist to access domestic and/or overseas commercial or policy-based loans.
What services could not be provided to companies that are not registered with BIDA?	<p>Following services are not provided to companies that are not registered with BIDA:</p> <ul style="list-style-type: none"> - VISA recommendation, - Expatriate work permit, - Remittance approval of royalty, franchise, technical license/ know-how/ assistance fees, - Foreign borrowing approval, - Import permit (IP) and Import Registration Certificate (IRC) recommendation for importing capital machinery and material for industrial use, - Customs clearance certificate for imported machinery and equipment, - Utility connections, etc.

Foreign Borrowing

Do the investors require BIDA registration for accessing foreign loan facilities?	Yes, companies must be registered with BIDA or competent authority to avail long term foreign loan. Prior permission has to be obtained from BIDA to avail foreign/overseas loan.
What are the procedures to be performed to obtain the prior permission of BIDA to avail foreign loan?	<p>➤ Prior approval of BIDA is required for borrowing from abroad in foreign currency (commercial loan, buyer's and supplier's credit, etc.) to import-capital goods for new project, replacement or expansion of the existing production facilities.</p> <p>➤ No permission is granted to avail foreign loan to use as working capital.</p> <p>➤ The Scrutiny Committee on Foreign Loan/Supplier's Credit award approval to avail foreign loan.</p>

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➤ The application for foreign loan has to be submitted to BIDA in the prescribed form with following supporting documents:	<ul style="list-style-type: none"> - Certificate of Incorporation with and Certificate of Commencement from Registrar of Joint Stock Companies & Firms, - Certified copy of the Memorandum and Articles of Association of the company, - Copy of Registration Certificate with BIDA, - Term-sheet, Loan MoU, or Loan Agreement between the lender and borrower, indicating repayment period with detailed schedule, grace period, calculated effective rate of interest, - Board's resolution related to the proposed borrowing, - Feasibility report of the investment project, - Financial analysis covering internal rate of return (IRR), break-even point, debt-equity ratio of the project, debt-service coverage ratio, for both base and sensitive cases, - Relevant equity forms and undertaking from the sponsors/ directors duly filled in for collection of CIB report, - Proforma invoice/ price quotation through international tender for imported capital machinery, - Bank certificate on indebtedness or creditworthiness of the borrowing company and its sponsors based on the latest CIB report, - Certificate from BRTC or BUET which validate the quality, price, and economic life of capital machinery to be imported (in case of supplier's credit only), - Encashment certificate, C-Form and Bangladesh Bank report collected from the authorized dealer, - Utilization of the subject loan with proper banking documents, - Equity encashment certificate of the project with proper banking documents, - Credential of the sponsors, and, - Track record of foreign borrowing.
➤ This application of foreign currency loan is currently serviced through BIDA's online OSS platform (https://bidaquickserv.org/).	
➤ Foreign owned (100%) investment projects that are located in EPZ may however obtain foreign currency loans from overseas financial institutions or entities, without prior approval of BIDA or BB.	
➤ Applications shall be examined in terms of commercial viability, indebtedness and creditworthiness of the borrower, repayment period, debt-equity ratio, quality/ price/ economic life of procured capital machinery and equipment.	
➤ BIDA gives priority mainly to the medium to longer term borrowing.	
➤ Applications, after duly scrutinized, shall then be submitted to the Scrutiny Committee headed by the Governor of Bangladesh Bank (BB) for final approval.	
➤ Following additional documents are needed for the Power Sector:	<ul style="list-style-type: none"> - Letter of Intent, - Implementation Agreement, and, - Power Purchase Agreement

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What is the procedure for the registered investors in taking foreign loans from its parent company?	Same as the procedure mentioned above for application of foreign borrowing in general.
What debt: equity ratio is required for the approval of foreign borrowing proposal?	Borrowing companies have to keep debt: ratio at 70:30 except power generating companies. Power generating companies are allowed to keep debt: equity ratio at 80:20.
How the investors can access to the short-term foreign loans?	<p>➤ Previously interest-free short-term borrowing from parent/affiliate companies are allowed.</p> <p>➤ Manufacturing industries are still allowed to avail the interest-free loans (one year) from overseas parent/ affiliate companies if urgently necessary.</p> <p>➤ Foreign owned industrial enterprises (engaged in manufacturing activities) are allowed to avail short-term foreign loans to fund working capital from overseas parent/ affiliate companies for maximum three years from the date of inception of manufacturing operation on conditions:</p> <ul style="list-style-type: none"> - Interest shall be payable in local currency (Taka) at the prevailing three-month Taka term deposit rate applicable by each authorized dealer (AD) bank, - Repayment of principal and interest upon maturity shall be repatriated by converting local currency to the currency of loan-sourced country at the prevailing exchange rate. <p>➤ Further relaxation has been brought through the Foreign Exchange Circular No.4 (19 Jan. 2021) of Bangladesh Bank. The relaxation is applicable to:</p> <ul style="list-style-type: none"> - In addition to manufacturing industries, the short-term borrowing can be accessible by foreign owned companies engaged in service activities (except trading business), - Such short-term borrowings can be admissible in convertible foreign currencies maximum for six years from the date of inception of manufacturing/ service activities. - Borrowing companies may pay interest maximum at the rate of 3.0% per annum. <p>➤ Prior approval by Bangladesh Bank is not required neither for receipt nor to repay the loan. But borrowing companies have to report about obtaining and repaying the loan.</p>

Overseas Remittance/ Repatriation

How outward remittances are regulated in general in Bangladesh?	<p>➤ Bangladesh Bank (BB) regulates outward remittance. The following remittances can be made with prior approval of BB;</p> <ul style="list-style-type: none"> - Dividend - Training and consultancy fees - Repayment of approved foreign loans <p>➤ On the other hand, specific guidance and conditions have been prescribed for the following remittances:</p> <ul style="list-style-type: none"> - Royalty, franchise, technical license/ know-how/ assistance fees - Transfer of shares and securities
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What is the procedure for outward remittances of dividend, profit, etc.?	<p>Specific foreign exchange regulations are present for the particular businesses including shipping agents, freight forwarding agents, courier companies and airline companies.</p> <p><u>Dividend:</u></p> <p>➤ Dividend income (both final and interim) can be remitted through an authorized dealer of the non-resident shareholders. The application has to be made in the prescribed form certified by an auditor.</p> <p>➤ Remittable dividend can be credited to foreign currency accounts maintained by the non-resident shareholders as per FE Circular No.29 (Jul. 2020) of Bangladesh Bank.</p> <p><u>Profits:</u></p> <p>➤ Branches of foreign companies, banking and insurances institutions incorporated in Bangladesh can remit post-tax profits to the head offices through an authorized dealer.</p> <p>➤ However, branch offices other than banks and insurances need permission from BIDA and Bangladesh Bank for remitting profits.</p> <p><u>Repatriation of saving, retirement benefit and salary of expatriate employee:</u></p> <p>Foreigners employed in Bangladesh can remit 75% of monthly salary after deducting all admissible expenses, saving and admissible retirement benefit through an authorized dealer.</p> <p>➤ BIDA issued a new guideline on 3 Mar. 2021 for outward remittance/ repatriation of royalty, franchise, technical license/ know-how/ assistance fees</p> <p>➤ The new guideline stipulates the permissible amount of such fees (including O&M service fees) as follows:</p> <ul style="list-style-type: none"> i) Royalty, technical license/ know-how/ assistance fees: <ul style="list-style-type: none"> - For the projects under implementation, not exceeding 6% of total accumulated C&F value of imported machineries of the concurrent year(s) before going into commercial operation, - For the projects under commercial operation, not exceeding 6% of the previous year's sales (excluding VAT) as declared in the income tax returns audit report. ii) Franchise fees: Fees more than USD 0.1 million can be remitted in installments. 50% of the approved claim can be remitted in the first year, followed by 30% in the second, and the rest of 20% in the third year. iii) Fees payable to contractors: In case of recurring payments required by agreement, maximum 6% of sales revenue (excluding VAT) as declared in the previous year's income tax return or VAT return (considered only for the first year in case of new project) can be remitted. <p>➤ The AGREEMENT for outward remittance of royalty, franchise, and technical license/ know-how/ assistance fee must be approved by BIDA. A procedure for approving the agreement has been issued from BIDA.</p> <p>➤ No approval of BIDA is needed for outward remittance up to 6% of previous year's sales revenue each year.</p> <p>➤ Authorized Dealer bank will process outward remittance of royalty, franchise, technical license/ know-how/ assistance fee based on the agreement approved by BIDA</p> <p>➤ Advance payment for the above fees is allowed (must be accompanied with bank guarantee) but with prior approval from BIDA.</p>
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	<ul style="list-style-type: none"> ➤ Prior approval of BIDA must be obtained for outward remittance of more than 6% for any given year for royalty, franchise, and technical license/ know-how/ assistance fee ➤ Application for endorsement of the agreement can be made manually for the time being but will be serviced soon through BIDA's OSS portal.
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VISA

Which visa will be applicable for business persons to visit Bangladesh for a short time?	Business persons, who come to Bangladesh for business purpose (not as an employee) for a short period, may apply for 'B (business)' type VISA.
How does BIDA help investors for getting VISA on Arrival (VoA)?	<ul style="list-style-type: none"> ➤ Foreign investors and business persons who visit Bangladesh for a short period could avail VISA on Arrival (VoA) at the airport for maximum 30 days. ➤ According to the Ministry of Home Affairs (MOHA), the following countries eligible for VoA (as of March 2019) are- USA, Canada, Australia, New Zealand, Russia, China, Japan, Singapore, Malaysia, Indonesia, South Korea, Nepal, UAE, Saudi Arab, Qatar, Kuwait, Oman, Bahrain, Egypt, Turkey, Brunei, Brazil, UK and EU countries. ➤ BIDA issues recommendation letter in favor of the citizens of the aforementioned countries and also to the citizens of the countries where there is no establishment of Bangladesh Embassy to visit Bangladesh for the purpose of investment, technology transfer, business expansion and/or trading. ➤ The recommendation letter shall be presented at the immigration desk at the airport or at land port.
What type of VISA is available for foreigners to make them eligible for working in Bangladesh?	<ul style="list-style-type: none"> ➤ Foreign investors and employees must hold PI (private investor) or E2/ E3 (employment) type VISA for applying for work permit. ➤ Recommendation letter is issued by BIDA to obtain PI and E2/E3 VISA. ➤ VoA can be converted to E2, E3, and PI types of VISAs upon submission of all required documents. ➤ Eligibility for getting E2, E3 and PI visa as per revised VISA Policy 2019 (effective from July 2021): <ul style="list-style-type: none"> - PI (private investor) VISA: for foreign investors investing in industrial/ commercial establishment under 100% foreign owned or joint venture in private sector - E2 VISA: for i) expatriates working in national/ international/ government/ semi-government/ autonomous/ private industrial/ commercial organizations/ branch/liaison/representative office, ii) expatriates working under contractor including EPC contractor/ sub-contract, or in projects of the government/ semi-government/ autonomous bodies of Bangladesh - E3 VISA: for expatriate working for machinery and software installation/ maintenance supervision/ project inspection ➤ Recommendation for visa is processed online. ➤ Upon request BIDA issues recommendation for visa based on the following documents attested by the Managing Director/ Partner/ Proprietor of the company submitted through BIDA's OSS portal:
What is the procedure for getting VISA recommendation from BIDA?	<p>For PI VISA:</p> <ul style="list-style-type: none"> - An application on the company's letterhead pad, E2/ E3 VISA:

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	<ul style="list-style-type: none"> - Copy of project registration certificate with BIDA for industrial undertaking, - Copy of Memorandum & Articles of Association of the company, - Copy of Incorporation Certificate of the company, - Copy of trade license, - Copy of income tax certificate, - Passport-size photo of the expatriate - Photocopy of the expatriate's full passport, - Board resolution for engaging the expatriate mentioning salary/honorarium and other financial benefits, - Encashment certificate of inward remittance of minimum USD 50,000 as initial establishment cost for branch or liaison/ representative office, and locally incorporated company (if any). 	<ul style="list-style-type: none"> - Copy of Memorandum & Articles of Association of the company, - Copy of incorporation certificate of the company, - Copy of trade license of the company - Copy of tax clearance certificate of the company/ branch office, - Passport-size photo of the expatriate, - Photocopy of the expatriate's full passport, - Board resolution for employment of the expatriate, mentioning salary and other financial benefits and intended period of employment, - Copy of offer/ appointment letter, service contract, or transfer order of the expatriate, - Copy of all academic or professional experience certificate of the expatriate.
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Expatriate Work Permit

What is the procedure for application of work permit in Bangladesh?	<ul style="list-style-type: none"> ➤ Permission for work permit is process through BIDA's OSS portal (https://bidaquickserv.org/) ➤ An inter-ministerial committee award work permit ➤ Details for getting work permit can be found in the Guideline 2011 for granting permission for establishing/opening of branch/liaison/representative office of foreign companies in Bangladesh and issuing work permit to foreign nationals ➤ Expatriate must submit application for work permit to BIDA within 15 days after arrival ➤ Companies/commercial offices must have registration issued by BIDA to appoint foreign nationals
What is the duration of work permit?	Primarily, foreign national is awarded work permit for one year. Extension of the work permit is normally allowed for maximum five years.
Can foreign employees obtain the work permit and VISA from any other institutes in addition to BIDA?	Work permit are issued by economic Zones (EZ), Export Processing Zone (EPZ), High-tech Park and NGO Affairs Bureau for foreign workers working in their jurisdiction, but VISA can only be issued form Bangladesh missions abroad.
Is there any restriction to employ foreign workers in any investment project and commercial office? Can these ratios be changed?	<ul style="list-style-type: none"> ➤ Generally industrial projects registered with BIDA can employ foreign workers at a ratio of 10:1 (local worker: foreign worker at the initial stage and then 20:1 during the operational stage ➤ Commercial (branch, representative/ liaison) offices registered with BIDA and educational institutes can employ foreign workers at a ratio of 5:1 (local worker: foreign worker)

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What documents are required to be submitted with the application for obtaining work permit from BIDA?	<p>The following documents must be submitted with the application of work permit:</p> <ul style="list-style-type: none"> - Permission letter of branch/ liaison/ representative office or BIDA registration certificate for industrial undertakings - Memorandum and Articles of Association and Certificate of Incorporation (in case of industrial projects locally incorporated) - Board resolution for employment of foreign national(s) mentioning expatriate's name, nationality, and passport number - Visa recommendation letter issued by BIDA in favor of the expatriate/ investor - Copies of all academic qualification and professional experience certificates of the employee - Service contract/ agreement and appointment letter/ transfer order - Passport of the employee/ expatriate/ investor (copy of the used parts) - Statement of the manpower showing the list of local and expatriate employees with designation, salary break-up, nationality, and date of first appointment - Encashment certificate of inward remittance of minimum USD 50,000 as initial establishment cost for branch/ liaison/ representative office and locally incorporated/ joint venture and 100% foreign owned companies (if any), and - Updated income tax clearance certificate of the organization - Audit report of the company
How long does it take to obtain the work permit, once all the required documents are submitted?	<ul style="list-style-type: none"> ➤ Work permit of foreign workers for industrial projects registered with BIDA is issued within three days if all information and documents are accurately provided, ➤ Work permit of foreign workers for commercial offices (branch, liaison/ representative offices registered with BIDA is issued within 16 days if all information and documents are accurately provided.
Does foreign employees need to notify BIDA when they start working for a new or another employer in Bangladesh?	Yes. If any foreign employee wants to change employer in Bangladesh, then s/he must cancel the existing work permit and immediately leave Bangladesh. Then enter Bangladesh again with proper visa and get work permit for the new employment.
Is it necessary to amend work permit for any changes in the employment agreement? What's the procedure to amend or cancel work permit?	<ul style="list-style-type: none"> ➤ Yes. It is necessary to amend the existing work permit in case of changes or corrections in the employment agreement and for any changes in the work permit approval letter ➤ Application with supporting documents has to be submitted to BIDA ➤ The fee of BDT 1000.00 is charged for every amendment. 15% VAT on the fee has to be deposited in the government exchequer ➤ Work permit will be cancelled automatically on the expiry date ➤ The employer company must submit tax clearance certificate and ensure that the expatriate must depart Bangladesh after the expiry of the work permit ➤ If any employer wants to cancel the work permit before the term, shall apply to BIDA to cancel the same with supporting documents ➤ BIDA also reserves the right to cancel the permit any time if any of the terms and conditions of the permit is violated

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Labor Management

What are the contents of the Labor Act of Bangladesh?	The Labor Act, 2006 (revised in 2013) and the Labor Rule, 2015 establish a regulatory framework for labors with an exception for labors in EPZ (stipulated by the separate guidelines, instructions and the EPZ Workers Welfare Association and Industrial Relations Act).
Minimum/ maximum age of labor	The Labor Rules prohibits employment of children below the age of 14, and 18 for hazardous works. Retirement age in Bangladesh is set at 59 years.
Working time	Standard working day is capped at eight hours, with a possibility to add two hours of overtime at the most and at double the normal wage. In turn, the working week is capped at 48 hours, also subject to a possibility of overtime.
Appointment policy at recruitment	The Labor Rules requires employers to present employment contract which describes the working rules, wage and allowances, tasks, and maintain a "service book" for all employees. The service book contains not only employment history of worker, but also wages, leave taken, etc. Wages are set freely on a contractual basis but are subject to minimum wage requirements.
Redundancy/ termination policy	Regulatory framework provides a high degree of flexibility in firing. Employers are allowed to make workers redundant without prior approval of a third party and upon a notification to the labor inspector and a trade union in the company. A notice period of minimum one month is required, and redundant workers are entitled to minimum one month of wage as severance payment (if they work one year at least).
Insurance policy	All employers of the establishment, where a certain number of labors are employed, shall initiate group insurance policy for each worker. Group insurance policy shall be applicable in case of the death of labors and their permanent disabilities. The employer can have agreement with insurance companies approved by the government to introduce insurance policy.
Hygiene and safety for working place	The Labor Rules stipulates the provisions concerning occupational health and hygiene in section 51 to 60. These provisions address the regulations on cleanliness, ventilation and temperature, dust and fume, disposal of wastes and effluents, overcrowding, lighting, drinking water, latrines and urinals, and dustbin and spittoon. Safety related provisions are also stipulated in the section 61 to 78, addressing fire safety, fencing of machinery, work on or near machinery in motion, handling of cranes and lifting machinery, hoist, and lifts, etc.
How does the Labor Act regulate the formation of labor union?	The Constitution guarantees the right to form associations or trade unions. In turn, the Labor Act (and EPZ Workers Welfare Association and Industrial Relations Act in case of EPZs) defines a framework under which trade unions may be formed. Trade unions are mostly formed at company level and required to have a membership of at least 30% of total workers. Labor disputes are regulated in a strict manner. A number of steps must be followed from the time a dispute is raised, through initial attempt for reaching an agreement between parties, to conciliation or conclusion either by arbitration or in court (if conciliation fails). Strikes or lockouts can be legally called only within a period of 15 days after a certificate of failure in conciliation. Fully or partially foreign-owned industrial establishments are legally sheltered against strikes for a period of three years from the commencement of production. The Labor Rules also includes progressive provisions that require companies to offer participation in profits to their employees. The companies with fixed asset value of over BDT 20 million must make a tax-deductible contribution of 4% of net

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	profits to the participation/ worker's fund with an additional 1% contribution to a welfare fund (partly for the Labor Welfare Foundation Fund operated by the Ministry of Labor and Employment).
Import Permit (IP) and Import Registration Certificate (IRC)	
How can investors obtain ad-hoc IRC from BIDA? Can BIDA play a part in IRC regularization?	<p>BIDA is assigned to recommend to the Chief Controller of Imports & Exports (CCI&E) to issue Import Permit (an entitlement for importing capital machinery and availing duty exemption) and ad-hoc IRC (an entitlement for importing materials, semi-finished products for processing usage) for industrial establishments.</p> <p>After receiving the application for ad-hoc IRC recommendation with necessary documents, BIDA arranges site inspection of the applicant's factory or plant (to confirm whether the applicant is ready to properly consume or use material and machinery to be imported), and sends a recommendation to CCI&E for issuance of ad-hoc IRC.</p> <p>Ad-hoc IRC would be regularized as per the recommendation by the sponsoring authority such as BIDA.</p> <p>BIDA can facilitate ad-hoc industrial importers to regularize their certificate through a recommendation letter to CCI&E, when 70% of the entitled import value mentioned in the ad-hoc IRC is utilized.</p>
How long does it take to process the application of IRC recommendation in BIDA?	Normally it takes 10 days, if all information and documents are accurately submitted. It is to be noted that recommendation for IRC requires the site inspection of the applicant's factory or plant.
What documents have to be submitted with application of ad-hoc and regular IRC?	<p>Ad-hoc IRC (at the initial/ second/ third occasions):</p> <ul style="list-style-type: none"> - A forwarding letter to Registration & Incentive Section of BIDA signed by the chairperson/ managing director of the company - Registration letter issued by BIDA - Prescribed application form - Certificate of Incorporation - Tax Identification Number (TIN) certificate - Trade license - Fire license - Environmental Clearance Certificate (ECC) - Membership of concerned chamber/ trade body - List of importable raw material for production (expressed in per unit) - List of local and imported machinery <p>Recommendation letter to CCI&E for obtaining IRC for industry:</p> <ul style="list-style-type: none"> - Memorandum and Articles of Association - Certificate of Incorporation - Tax Identification Number (TIN) certificate - Trade license - Membership certificate of concerned chamber/ trade body

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	<ul style="list-style-type: none"> - Bank certificate <p>Regular IRC for industry:</p> <ul style="list-style-type: none"> - A forwarding letter to Registration & Incentive Section of BIDA signed by the chairperson/ managing director of the company - Investment registration certificate with BIDA - Import statement of raw materials and spare parts from the lien bank - Statement of sales and export - Trade license - Fire license - Environmental Clearance Certificate (ECC) - Membership of concerned chamber/ trade body - List of local and imported machinery
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Access Facilitation to Lands

Can BIDA help investors for accessing lands for industrial use?	BIDA can facilitate the investors for accessing lands for industrial use. BIDA provide facilitation to introduce the investor with the agencies such as BEZA, BEPZA, BHTPA, BSCIC, or city development authorities including RAUUK in Dhaka, CDA in Chittagong, KDA in Khulna, RDA in Rajshahi, etc. for getting information of land.
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Taxation

What legislations constitute taxation regime in Bangladesh?	<p>The National Board of Revenue (NBR) is the tax authority in the country.</p> <p>Following acts and regulations regulate the tax regime:</p> <p><u>On direct tax:</u> Income Tax Ordinance 1984</p> <p><u>On indirect tax:</u> VAT (Value-added Tax) and Supplementary Duty Act 2012, Customs Act 1969, Stamp Act 1899</p> <p>Statutory Regulatory Orders (SROs) with clarifications and interpretations are issued from time to time to support the above legislations.</p>
What is the accounting period for income tax in Bangladesh?	Taxpayers maintain accounting year (income year) from Jul. 1 to Jun. 30 each year. However, foreign companies and those with significant foreign equities are allowed to have different accounting year. Companies have to submit tax return before next Jan. 15 (for accounting year ending Jun. 30) or Jul. 15 (for accounting year ending Dec. 31).
Which country's investors may get relief from double taxation benefit in Bangladesh?	<p>As of April 2021, Bangladesh enters into the double taxation treaties (DTTs) with 34 countries such as: Belarus, Belgium, Canada, China, Denmark, France, Germany, India, Indonesia, Italy, Japan, Kuwait, Malaysia, Mauritius, Myanmar, Netherlands, Norway, Oman, Pakistan, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam</p> <p>To avail the DTTs, investors need to register their investments with BIDA and then apply to NBR for double taxation relief.</p>

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What is the policy for income tax for foreign investors operating in Bangladesh?	<p>Income tax regime is governed by the Income Tax Ordinance 1984 (amended annually by the Finance Act) and a number of Statutory Regulatory Orders (SROs). The government has progressively lowered General Corporate Income Tax (CIT) rate (currently, 32.5% for unlisted company and 25% for listed companies except some specific sectors) over the past decades. Capital gains are taxed separately at a general rate of 15%.</p> <p>CIT regime is regarded as standard based on usual determination of taxable income and deductible expenses, but shows differences from other countries in the application of:</p> <ul style="list-style-type: none"> i) differentiated tax rates (whether limited liability company or proprietorship business, publicly-listed or not, and depending on sector), ii) advance/ presumptive payments. <p>Bangladesh applies a presumptive taxation to certain types of incomes. Proceeds of goods export are to be withheld at source against FOB value, for example.</p> <p>Withholding practices also apply to proceeds of services, payments of goods import, royalty/ technical license fees, dividend, interest for loan and other fees. These withheld taxes are advanced payment in nature, thus become credited against final tax assessment. Turnover tax (0.6% of gross receipts except for particular sectors) exists as well, that can be levied on all companies, irrespective of taxable income and potential loss, constituting a minimum obligation.</p> <p>Any companies in Bangladesh are mandated to register and obtain Taxpayer Identification Number (TIN) from the National Board of Revenue (NBR) for the purpose of income tax reporting/ filing.</p>
What is the policy for Value Added Tax in Bangladesh?	<p>A new VAT and Supplementary Duty Act was approved by the parliament in 2012 and came into effect in Jul. 2019. The general rate of VAT remains at 15%. Although VAT is imposed on goods/ services at each stage of import, manufacturing, delivery or trading, Bangladesh makes an extensive use of truncated base tax assessment, where the businesses with annual sales over BDT 8 million shall pay a turnover tax of 15% in lieu of VAT.</p> <p>The rules regulating VAT refunds are defined more precisely in the new act. Excess payment of input VAT over output VAT is to be carried forward for the subsequent six tax periods. If the excess payment cannot be exhausted over the periods, taxpayer is eligible for a refund, to be paid within three months of application.</p> <p>All companies are mandated to obtain VAT registration certificate, that is followed by acquisition of Business Identification Number (BIN) for tax filing. Application for VAT registration shall be submitted to a (deputy) VAT commissioner. After proper scrutiny, a registration certificate addressing BIN (or turnover tax enlistment certificate) would be then issued via the VAT system within three working days.</p>
What kind of tax and duties are applicable for imported capital machinery and raw materials?	<p>Customs Duty (CD) presents tariff rates of 2 to 5% for basic raw materials and capital goods, 10% for intermediate goods, and the top rate of 25% for final goods (mostly on products that are produced domestically) in general. Apart from CD, other duties and taxes including Regulatory Duty (RD), Supplementary Duty (SD), Value Added Tax (VAT), Advance Income Tax (AIT), Advance Trade VAT (ATV) may be imposed depending on the nature of goods for importation in Bangladesh.</p>
What is the policy for personal income tax in Bangladesh?	<p>Bangladesh adopts a progressive taxation rate on personal income (for resident with presence in Bangladesh i) for 182 days or more in one fiscal year or ii) for 90 days or more in one fiscal year iii) 365 days or more in preceding 4 years), which ranges</p>

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	<p>from 0% to 25% (surcharge is payable by wealthy individuals). Personal income tax rate is to be determined by the Finance Act every fiscal year. Following is the existing rates of personal income tax:</p> <p>First BDT 300,000 = Nil Next BDT 100,000 = 5% Next BDT 300,000 = 10% Next BDT 400,000 = 15% Next BDT 500,000 = 20% On balance = 25%</p> <p>Individuals can be entitled to investment tax rebates if they make eligible investments. Foreign nationals can also take benefits of double taxation avoidance treaties.</p> <p>The budget FY 2021-2022 has proposed to keep existing rate for individual taxpayers unchanged. However, a special provision for the third gender community is introduced and a proposal to fix the tax-free ceiling of this community at Taka 350,000/.</p>
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One-stop Service (OSS)	
What services of other regulators are provided to the investors by BIDA's OSS?	<p>BIDA launched online OSS portal in February, 2019 (accessible through https://bidaquicksserv.org, or www.bida.gov.bd), which delivers IT-enabled services to every investor. OSS portal currently provides following services necessary for the start-up of any industrial project:</p> <ul style="list-style-type: none"> - Company name clearance - Tax Identification Number (TIN) registration - Company incorporation (registration) - Investment project registration (including amendment) - Branch and liaison/ representative office registration (including amendment, extension, cancellation) - Recommendation for employment/ private investor VISA (including amendment) - VISA on arrival (including amendment) - Expatriate work permit (including amendment, extension, cancellation) - Overseas remittance of royalty, franchise, technical license/ know-how/ assistance fees - Approval of the long-term foreign loans - Bank account opening - online payment of application fees. <p>BIDA has been proceeding with the second phase development to provide the following services online:</p> <ul style="list-style-type: none"> - Security clearance certificate (associated with E-VISA/ expatriate work permit) = Security Services Division - Import/ Export Registration Certificate (including renewal) = CCI&E - Land use clearance/ Plan approval/ Special project approval/ Occupancy Certificate = CDA/ RAJUK - Electricity connection = Six electricity distributors - Report of title/ Ownership record changes = Ministry of Land

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	<ul style="list-style-type: none"> - Factory license/ Factory machinery-layout plan approval = Dept. of Inspection for Factories and Establishment - Site clearance/ Environmental impact assessment (EIA) approval/ ECC and their renewal = Dept. of Environment - Fire license/ No-objection Certificate (NOC) for multi-stories buildings = Bangladesh Fire Service & Civil Defense - Certificate of origin/ Membership certificate = Dhaka Chamber of Commerce & Industry <p>The investors do not have to be registered with BIDA before accessing to the OSS portal</p> <p>Any investors are able to hold their OSS account with entry of their profile data, that can be prepared within an hour.</p>
Do the investors need to be registered with BIDA to access to the OSS facility?	

Investment & Trade Agreements

Which country have entered the Investment Agreement with Bangladesh?	<p>Bangladesh has concluded Bilateral Investment Treaties (BITs) with 29 countries (Austria, Belgium-Luxembourg Economic Union, Cambodia, China, Denmark, France, Germany, India, Indonesia, Islamic Republic of Iran, Italy, Japan, Republic of Korea, Malaysia, Netherlands, Democratic People's Republic of Korea, Pakistan, Philippines, Poland, Romania, Singapore, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Vietnam).</p> <p>All BITs signed by the Bangladeshi government offer protection against expropriation and typically include non-discrimination, prompt, adequate and effective compensation. The principles of most-favored nation (MFN) and national treatment (for post-establishment, not for entry) are also granted.</p>
Is Bangladesh entering any Trade Agreement with other countries?	<p>Aside from preferential market (duty-free) access to many developed economies such as “Everything but Arms” program with EU, the generalized system of preference (GSP) with Japan and USA (but USA suspended GSP since June 2013), Bangladesh is a party to a few regional trade and economic cooperation agreements. The Bay of Bengal Initiative for Multi-Sectoral and Economic Cooperation (BIMSTEC) was established in 1997 but has made little progress in integrating the markets of its seven member countries. Further, trade integration as a result of the South Asian Free Trade Area (SAFTA) and Asian-Pacific Trade Agreement (APTA) initiatives remains limited as well.</p>

Others:

Does BIDA help with matchmaking between investors?	<p>BIDA on-demand basis helps (potential) foreign investors to identify and connect to potential joint-venture partners and technical collaborators, and match with local industries interested in forming collaboration in the form of joint-venture, technical assistance, technology transfer, etc.</p>
If required, where does detail information is available to invest in Bangladesh?	<p>1. For detail information on investment a handbook can be consulted which is available online.</p> <p>2. If further details are required, please feel free to contact:</p> <p><u>For local industries:</u> Director, Registration and Incentive-Local Industries, BIDA, email: dir.rili@bida.gov.bd</p> <p><u>For foreign and joint ventures:</u> Director, Registration and Incentive-Foreign Industries, BIDA, email: dir.rifc@bida.gov.bd</p> <p><u>For commercial offices:</u> Director, Registration and Incentive-Foreign Commercial, BIDA email: dir.rifc@bida.gov.bd</p>

Research on Medical Market & Industry in BD

Medical Equipment Market and Industry in Bangladesh

Draft

Bangladesh Investment Development Authority

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

March 2022

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I. Background and Objective

I.1 Background

Bangladesh has been experiencing a rapid economic growth along with a steady increase in population during the last decade. Driven by the rising income of the population as well as the gradual shift in disease profiles from communicable disease (malaria, typhoid, hepatitis B and C, measles, etc.) to non-communicable diseases (cardiovascular disease, cancer, disease, etc.), demand for healthcare services has been growing swiftly in Bangladesh. Furthermore, an outbreak of the COVID-19 pandemic has further compounded the demand for certain types of medical services and medical equipment/ devices.

To meet the increasing demand of the population, the Bangladeshi government has been arduously working towards developing and improving medical facilities including hospitals, diagnostic centers and clinics in cooperation with the private sector. In parallel to the development of medical facilities, demand for medical equipment/ devices has been growing rapidly during the recent years. However, the demand has been largely met by imports (around 92% as of 2019). While the local production of medical equipment/ devices is currently at a nascent stage and largely limited to consumables products such as syringes, needles, bags and personal protective equipment (PPE) and a few electrical/ electronic appliances, there is a huge potential to increase local production of medical equipment/ devices. Both foreign and domestic investments have been waiting for further market expansion or hovering due to regulatory factors.

Considering the current condition of healthcare services sector, increasing need for medical treatment and diagnosis (partly owing to the changes in disease profile, i.e., to non-communicable diseases), all of which have been complicated by the continued COVID-19 pandemic, BIDA decided to undertake the study on the medical equipment/ devices sector in Bangladesh through grasping the current situation and future prospects of medical equipment/ devices market and industries.

I.2 Objective

The Study aims to propose the roadmap for promoting the medical equipment/ devices sector in Bangladesh. The roadmap shall state the vision of this sector development and key issues to be tackled, enlists potential segments (categories/ items) of medical equipment/ devices for investment promotion (localized manufacturing), and propose possible measures/ actions for attracting investments contributing to the localization of the potential equipment/ devices.

I.3 Method

The Study has been undertaken by desk-research (literature review/ data analysis) on and interviews to the following;

Key referential documents and data:

- Health Bulletin 2019, MOHFW, Bangladesh
- Registration Guideline for Medical Devices Bangladesh 2015
- Data collection survey on the regulation concerning drugs/ medical devices in Bangladesh, March 2019
- Country report of Bangladesh healthcare-related industries, METI Japan, March 2020
- Data on the trade/ investment/ industrial production of medical equipment of Bangladesh

Interviewed organizations:

Market side (hospitals/ clinics/ diagnostic center)	
Association of hospitals, etc.	One association
Public hospitals	A few hospitals
Private hospitals	Five hospitals (tertiary and secondary)
Clinics/ diagnostic center	Three clinics/ diagnostic centers
Industry side (medical equipment/ devices manufacturers and suppliers)	
Manufacturers (cum-supplier)	Six companies
Suppliers	Nine companies
Regulator side (government)	
Regulatory agency	Directorate General of Drug Administration (DGDA) Central Medical Stores Depot (CMSD)

Summary of interviewed organizations is shown in below and Appendix-1 shows the detail list of interviewed organization.

II. Healthcare Sector in Bangladesh and Market for Medical Equipment/ Devices

II.1 Overview of Healthcare Sector in Bangladesh

II.1.1 Trends of healthcare services

Bangladesh, one of the most densely populated countries in the world, has made a remarkable progress in providing healthcare services to its vast population despite constraints of healthcare resources. According to the sources, healthcare is provided through around 2,300 government medical facilities (consisting of government primary care, secondary and tertiary hospitals, medical/ dental colleges), 5,400 private hospitals/ clinics and medical/ dental colleges, 9,500 private diagnostic centers, some specialist facilities (such as chest, infectious hospitals) and a number of community clinics/ health centers.

Major healthcare sector indicators of Bangladesh (2019)

Subject	Indicators	Value
Health facilities/ Hospitals	No. of primary care hospitals (government)	2,003
	No. of secondary and tertiary hospitals (government)	255
	No. of private hospitals/ clinics	5,321
	No. of medical/ dental colleges hospitals (government)	51
	No. of medical/ dental colleges hospitals (private)	96
	No. of infectious disease control centers	5
	No. of chest hospitals	14
	No. of private diagnostic center	9,529
	No. of community clinics/ health centers	16,348
Health workforce in public facilities	No. of trauma center	5
	No. of physicians	111,413
	No. of nurses	71,369
	No. of medical technologists	5,208
	No. of medical assistants	3,709
Health services	No. of domiciliary staff	19,830
	No. of beds public-run hospitals per 10,000 population	3.3
	No. of doctors per 10,000 population	1.55
Health financing	GDP spent on healthcare	0.92%
	Ratio of health expenditure against total government budget	5.1
	Out-of-pocket expenditure for health	73.9%
	Per-capita total expenditure on health (USD)	41.91

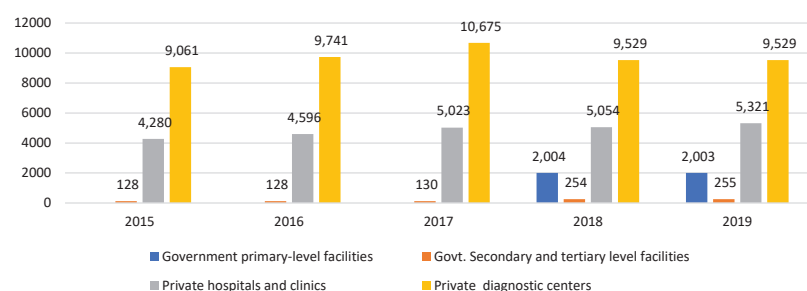
Source: Health Bulletin 2019, The World Bank Group, Financial Express

Total number of government secondary/ tertiary level healthcare facilities has increased to 255 in 2019 from 130 in 2017, and their number of beds under the Directorate General of Health Service (DGHS) has also increased significantly from 49,414 beds in 2017 to 54,660 beds in 2019.

Private hospitals and clinics have been providing a range of healthcare services predominantly for the growing middle- and upper-class patients. The number of registered private hospitals and clinics has increased to 5,321 in 2019. Their number of hospitals beds that are registered by DGHS is estimated to amount to around 91,537.

In a bid to provide child and maternal healthcare, the government has established 16,438 community clinics and health centers across the country as well.

Type and number of healthcare facilities in Bangladesh

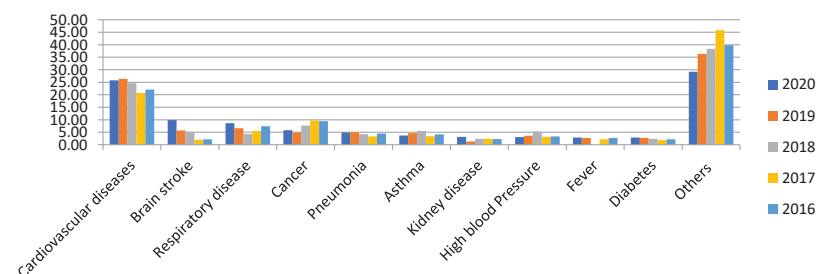


Source: Health Bulletin, DGHS

II.1.2 Trend of disease by type

In Bangladesh, communicable diseases have been dominant in terms of incidence and death, including malaria, dengue, chikungunya, zika, filariasis, tuberculosis (TB), pneumonia, cholera, hepatitis A, typhoid, human immunodeficiency virus (HIV), kala-azar, soil-transmitted helminths (STH) and rabies. However, the incidence of these communicable diseases has been drastically reduced since early 2000s, and the resultant death cases caused by communicable diseases has been drastically declined as well.

Share of major cause for death in Bangladesh



Source: Bangladesh Bureau of Statistics (BBS)

Non-communicable diseases (NCDs) have been increasing rapidly in Bangladesh like many other

developing countries. NCDs such as cardiovascular diseases, diabetes mellitus, cancer, and chronic respiratory diseases were the major causes of death accounting for 67% of all death in 2018, according to an estimate by the World Health Organization (WHO)¹. In recent years, the prevalence of heart attack and heart-related disease with brain stroke and respiratory diseases have been the major causes of death.

Brain strokes, becoming very common in Bangladesh, have claimed around 10% of total death at the same period while 8,248 people died due to coronavirus infections (see the Appendix-2 for the detail breakdown of causes for death in Bangladesh).

According to the Bangladesh Bureau of Statistics (BBS), around 572,349 or two-third of total death in Bangladesh in 2020 were caused by NCDs. Around one-fifth or 180,408 of total 854,253 deaths during the same period were caused by heart attacks. Other common diseases such as pneumonia, asthma, liver cancer and kidney diseases caused 15% of total deaths.

To tackle the increasing number of deaths caused by NCDs, Bangladeshi government has taken various initiatives. One of the most prominent initiatives undertaken was the establishment of NCD corners at the Upazila Health Complexes in 2012. The NCD corners provide prevention and care services for the common NCDs along with screening for certain cancers.

II.1.3 Trend of clinical departments development

Due to the increasing number of cancer-related cases, both public and private hospitals have been developing oncology departments, which deals with cancer treatment from chemotherapy to surgery. Major private hospitals² have already set-up special oncology units. Public healthcare sector has also realized this, and the government has decided to set-up 100 bed cancer treatment units at every government medical college hospital in eight divisional cities. The government will implement this initiative to facilitate cancer treatment for the growing number of cancer patients.

Development of cardiology and neurology units, two other major clinical departments, has predominantly been taking place in the private sector. National Institute of Neurosciences and Hospitals (NINH), a state-owned facility started providing services in 2012 having 100 dedicated beds that deal patients with stroke.

Prevalence of burn injury is very high in Bangladesh as a result of fire-related incidence. Public sector is well ahead in this segment. The government has recently commissioned Sheikh Hasina National Institute of Burn and Plastic Surgery (SHNIBPS) with 500 beds. In the private sector, one hospital (City Hospital Ltd.) provides burn, plastic and cosmetic surgery.

Central medical oxygen plant has become significant to the treatment of the COVID-19 patients. Accordingly, some major hospitals, mostly privately owned, are considering setting-up their own plants. Japan East-West Medical College Hospital (JEWCH) has installed a central oxygen plant, whereas United Hospital is setting up a similar oxygen plant in its new hospital in Mymensingh.

II.1.4 Healthcare expenditure and medical insurance system

Despite a remarkable progress, historically, public health sector in Bangladesh has not received enough financial/ budgetary attention. When it comes to resources allocation, less than one percent of GDP has been allocated during the last 12 years.

In the FY2021-22 budget, healthcare sector experienced an increase by 12% compared to the previous year, which accounts for 5.4% of the total budget. According to healthcare experts, as the COVID-19 pandemic often pushes public healthcare budget to its maximum limit, this allocation is

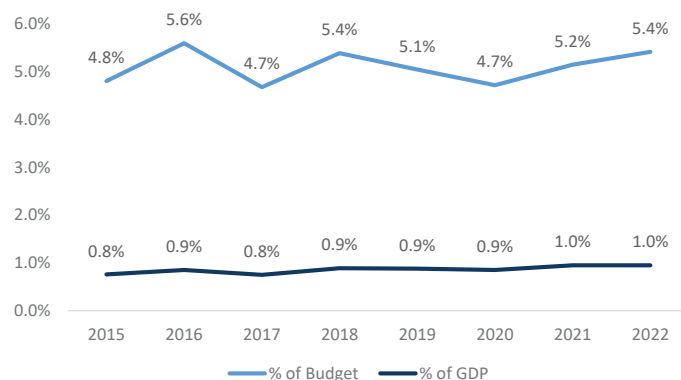
¹ The World Health Organization (WHO), Noncommunicable Diseases (NCD) Country Profile, 2018

² Such as United Hospital, Square Hospital, IBN Sina and LAB AID.

not deemed as sufficient³.

Nevertheless, public healthcare is highly subsidized by the government, where the patients, especially for outpatient care, have to pay very minimum charges. Public-run hospitals are overwhelmed by the outpatients. Health insurances whether government- or private-run is practically nonexistent. The finance minister expressed the government's will to expand health insurances for the wider population coverage.

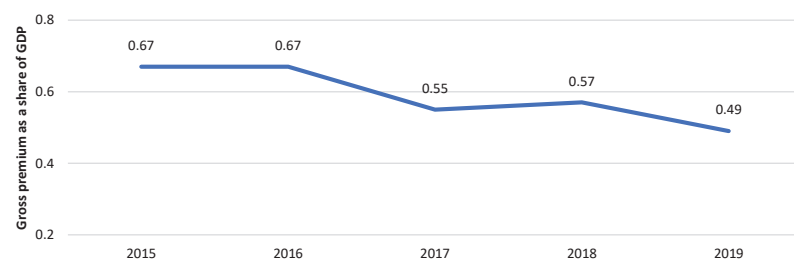
Historical budget allocation for healthcare sector as percentage of GDP/ budget (in billion USD)



Source: Bangladesh Budget Review

Health insurance market of Bangladesh whether government- or private-run is below the global standards. Insurance penetration⁴ in Bangladesh stands at 0.5%, where the average in the emerging markets is 3.3%⁵. Ratio of penetration is decreasing year on year.

Trend of insurance penetration in Bangladesh



Source: Swiss Re Institute (Sigma Reports)

Currently, there are 32 life insurance and 46 general insurance companies in operation in Bangladesh. Despite having presence of 78 companies in the market, product diversification is deemed as low⁶. Available life insurance products are mainly the whole life insurance, takaful life insurance, endowment life insurance, term life insurance and group life insurance. Non-life

³ Sujon, M.A. (2021, January 4), Ailing Health Sector: No shot in the arm, the Daily Star

⁴ The ratio of total insurance premiums to gross domestic product in a given year

⁵ Ahmed, A. (n.d.). Bangladesh's Insurance Industry Outlook for 2021: Metlife Insurance Bangladesh, July 18, 2021

⁶ Halder, S. (May 28, 2021), Health insurance comes in handy, the Daily Star

insurance products available in the country include investment-linked products, medical and health, and life annuity plan.

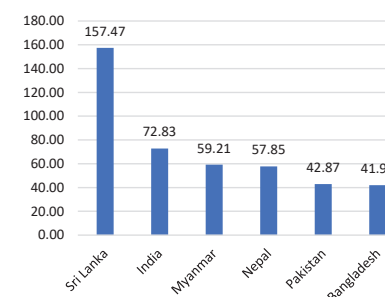
A renowned local insurance company in Bangladesh stated that their number of clients has increased after the COVID-19 outbreak, and further mentioned that the corporate segment has more demand for health insurance rather than individuals⁷.

SSK (Shashtho Shurokkha Karmashuchi/ Health Protection Program) program under the Health Economics Unit (HEU) of the Ministry of Health & Family Welfare (MOHFW), are providing services to people who are living below the poverty line. The program provides services related to in-patient care which is manageable mostly at Upazilla and partly at district level. So far 20,391 members of 81,629 enlisted families received services till April 2021. Services under this program include;

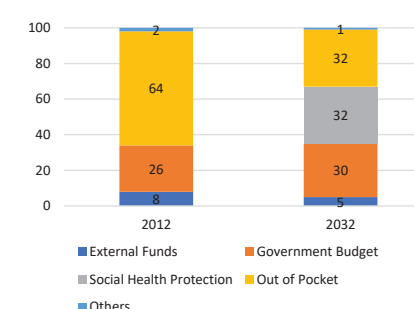
- Free physician's consultation in Upazila Health Complexes,
- Free drugs and diagnostic facilities in Upazila Health Complexes,
- Structured referral to the secondary level hospitals,
- Hospitalized SSK members will be treated according to defined medical treatment guidelines.

To achieve universal health care (UHC) by 2030, the government has also formulated a policy known as "Strategy for Finance in the Health Sector: 2012-2032".

Comparison of per-capita health expenditure among the neighboring countries (in USD)



Proposed change of financing sources for healthcare service



Source: WHO Department of Health Statistics and Informatics, World Health Statistics 2018

II.2 Market System of Medical Equipment/ Devices

II.2.1 Users of medical equipment/ devices

The user of medical equipment/ devices varies among the healthcare facilities. Based on activities, capacities and role, hospitals are usually categorized into three major groups, namely, primary level, secondary level, and tertiary level.

Primary healthcare facilities include Upazila Health Complexes, TB clinics, Upazila Family Planning Office, and Maternal & Child Welfare Center (MCWC). These facilities basically function as the first contact for the people to receive health care services. Their basic role is to conduct primary check-ups and refer to the higher-level or specialized facilities if required. Some Upazila Health Complexes have clinical specialties to provide special care to the patients. These healthcare

⁷ Ditto.

facilities usually provide treatments related to gynecology and obstetrics, dentistry, pathology and in some cases radiology and imaging.

Secondary healthcare facilities include district-level hospitals and general hospitals (typically with 100 to 250 beds). These hospitals have superior facilities and specialization than primary level facilities, thus providing various types of healthcare services, especially treatment for NCDs and other specialized treatments such as cardiac, neuroscience, orthopedic, etc.

Tertiary healthcare facilities include medical college hospitals, specialized institutes, maternity hospitals which are mainly located at division level. These facilities, being the highest level, provide specialized care in a wide range of disciplines, covering anesthesiology, burn plastic and reconstructive surgery, hepatology, neuro surgery/ medicine, oral and maxillofacial surgery, respiratory medicine, urology, cardiology and critical care unit (CCU), dermatology, gastroenterology, hematology/ sacrococcygeal teratoma (SCT), medicine, nephrology, pediatric nephrology, pediatric surgery, psychiatry radiology and imaging, radiotherapy, oncology, etc.

The number of private hospitals and clinics has been increasing for the last five years in Bangladesh and they use a vast quantity of medical equipment/ devices to meet patients' needs. Around ten thousand of private diagnostic centers usually offer basic pathology, x-ray, computerized tomography (CT) scan, endoscopy and ultrasonography, etc.

II.2.2 Standard set of medical equipment/ devices by facility grade

The existing three levels (grades) of hospitals and clinics require different set of medical equipment/ devices depending on their grades.

For example, 10 to 50-bed primary level hospitals, which provide treatments related to gynecology and obstetrics, dentistry, pathology and in some cases radiology and imaging, are presumed to use non-invasive devices like microscope sphygmomanometer (blood pressure machine), stethoscope, oxygen flow meter, nebulizer, etc. Invasive devices like ultrasonic scaler, micro-motor machine, light cure machine, electrosurgical unit and laryngoscope are also among the major tools required for primary level hospitals. Among the active devices, microscope, view box for x-ray, different analyzers, centrifuge, ultra-sonogram devise, are mainly used. As per in-vitro devices (IVD), glucometer is the major one used at a primary level hospital.

Appendix-3 shows the detail set of standard medical equipment/ devices to be utilized by each grade of hospitals, while Appendix-4 shows the standard list by segment (or device type).

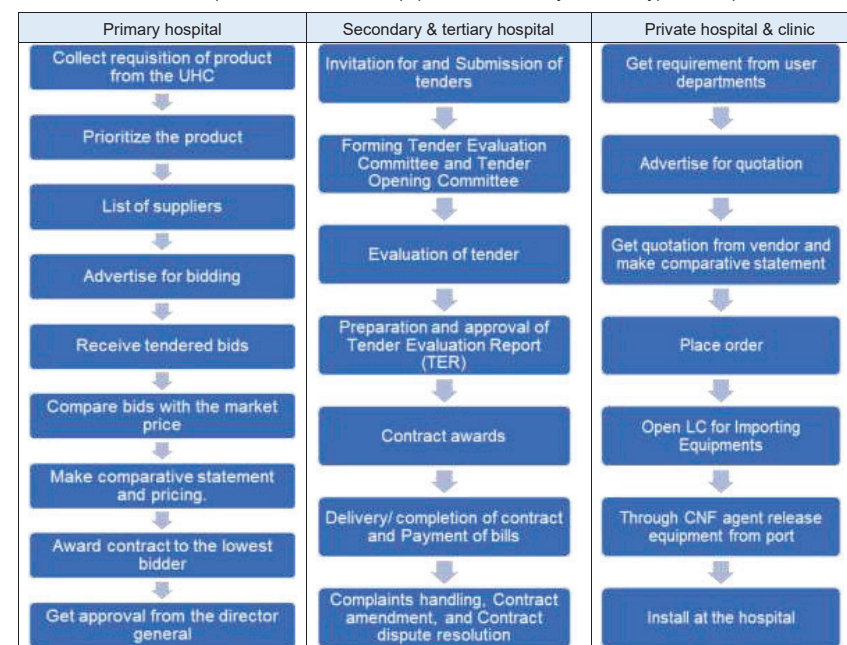
II.2.3 Practices of procurement and financing

Practices of procurement and financing for medical equipment/ devices differ between public and private hospitals. For public hospitals, the process is fully monitored and executed by the MOHFW, whereas for private hospitals the process is autonomous and executed by hospitals themselves.

For public hospitals, depending on their requirements or demands, the operational plan (OP) is prepared for both funding and procurement. Along with the operational plan, tender documents are prepared. For private hospitals, they compile the requirements or demands from their respective departments, and then prepare a priority list for procurement and tender. Upon the requirements for equipment/ devices, specifications for each equipment/ device are set. Public hospitals fix the specification statement during the formulation of operational plans and private hospitals set specification on their need basis.

After-sales service is an important criterion, since not all technical problems can be solved by the hospitals' inhouse engineers. Especially upon the replacement of parts, after-sales service is essential. Many hospitals (especially private hospitals) admit that availability of after-sales service plays a vital role when selecting the suppliers.

Procurement practices of medical equipment/ devices by different type of hospital



For public hospitals, the MOHFW through the central procurement unit known as Central Medical Stores Depot (CMSD) purchases medical equipment/ devices by utilizing the following funds;

- Development budget backed-up by the operational plan,
- Non-development budget,
- Goods purchased and supplied by development partners (donors),
- Fund provided by the institution itself.

Private hospitals use funds from their own revenues. For imported items, they import equipment/ devices through opening the letter of credit (L/C) from any scheduled banks. In general, public health insurance system does not contribute to purchase/ expansion of medical equipment/ devices.

On the other hand, interviewed hospitals observed the following as issues in procuring medical equipment/ devices;

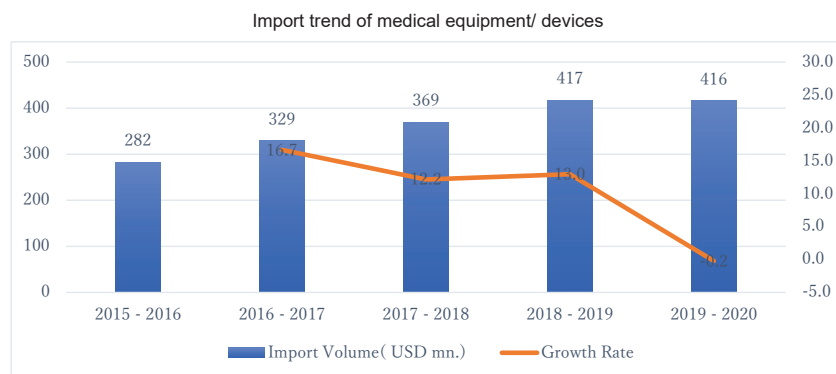
- Difficulty or delay in timely releasing imported devices from customs (although the customs admit the poorly prepared documents from the importer's side). Sometimes, it takes almost two months to release those imported devices.
- Difficulty in ensuring regular maintenance for the devices particularly for public hospitals which do have little in-house technicians. For periodic maintenance or upon the case of major repairing, hospitals usually enter annual maintenance or comprehensive maintenance contract.
- Reliance on imported (spare) parts from original manufacturers or overseas market for replacement for imported devices, thus taking considerable time to import (spare) parts and affecting the process of treatment to the patients.

II.3 Market Size, Trends and Demand of Medical Equipment/ Devices

II.3.1 Size of market, import of medical equipment/ devices

Medical equipment/ device imports in Bangladesh

Medical equipment/ devices market in Bangladesh is mainly dominated by import. According to the interviews with selected hospitals, except some disposable items and minor equipment, medical equipment/ devices have largely been imported from the USA, EU, China, Japan. According to the Bangladesh Bank (BB), almost USD 416 million worth of medical equipment/ devices were imported during FY2019-20. Even though the amount remained constant from the previous year (USD 417 million in FY2018-19), import of medical equipment/ devices has been steadily increasing at a compounded annual growth rate (CAGR) of 10.2% during the last five years.



Source: Bangladesh Bank

Among the imported equipment/ devices, those related to physical and chemical analysis (for example, polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus viscosity, porosity, expansion, surface tension measuring equipment) has accounted for the largest share. Other largely imported equipment/ devices include catheters, elector-diagnosis devices (for example patient monitor), magnetic resonance imaging (MRI) devices, CT scan devices, ultrasonic scanning devices, measuring or checking instruments/ appliances (for example, glucose-meter, blood pressure measuring machine, etc.). Equipment/ devices required for oxygen-therapy and artificial respiration have also recorded increasing trend of import during the last five years.

Apart from these equipment/ devices, some others have showed a remarkable growth in terms of annual import value. Between FY2017-18 to FY2019-20, import of intravenous (IV) cannulation increased by almost 166.2% on a CAGR basis. IV cannula works as any other needles to take blood or provide medicine through vein. Other than IV cannula, import of the following devices has recorded a remarkable growth;

- Optical instruments (increase by 88.6%),
- Therapeutic respiration apparatus (69.2%),
- Device for measuring or detecting ionizing radiation (48.2%),
- Blood lancet (47.4%),
- Other syringes (47.3%),
- Plastic syringe with or without needles (44.6%),
- Thermometers and pyrometers parts and accessories (43.1%).

An outbreak of the COVID-19 has been directly or indirectly accountable for such a remarkable growth of import, thus increasing the demand and the resultant import of IV cannula, therapeutic respiration apparatus, thermometers and pyrometers in FY2019-20, which are considered to be directly related to the COVID-19.

Import for scalp vein set has also increased as government has been focusing on burn units and plastic surgery units. Import of optical instruments like microscopes has also been increasing as the number of tests/ research related services increases. With the growth of diabetic patients, demand for blood lancet has been growing as well.

Appendix-5 shows the detailed import data of medical equipment/ devices.

II.3.2 Demand for medical equipment/ devices in Bangladeshi healthcare sector

For the purpose of providing healthcare (covering medical and clinical cares) by even small clinics, various types of equipment/ devices are required. Increase of medical centers directly impacts the demand for medical equipment/ devices even though it is episodic. Bangladeshi government has been working to increase the number of medical centers. Not only the public sector, but also the private sector has been trying to increase the number of medical facilities. Because of this, it is expected that demand for medical equipment/ devices in Bangladesh would remain high for a certain period.

Examples of government and private initiatives in expanding the healthcare facilities is as follow;

Government initiative: Bangladeshi government has been taking various initiatives to provide low-cost medical services to the lower- and middle-income classes, such as;

- Establishment of 287 zone-based public hospitals with 50 beds in Dhaka, Gazipur and Narayanganj by 2025,
- Establishment of 100-bed full-fledged burn/ plastic surgery units in eight divisional towns,
- Expansion of Dhaka Medical College Hospital with 2,500 beds to a 5,000-bed hospital,
- Establishment of 100-bed cancer treatment units at public medical colleges in divisional towns.

Private initiative: Private sector started to emerge in healthcare sector since 1990s, and currently their medical facilities exist at over 5,300 private hospitals/ clinics and 9,500 diagnostic centers in the country. In 2019, 267 new hospitals and clinics were established, which has created a significant demand for medical equipment/ devices.

Medical equipment/ devices with strong demand in Bangladeshi can be categorized to some segments depending on their usage and applied departments of medical care facilities, as follow;

Consumable/ disposable items are required in all clinical departments. Consumable/ disposable items are represented by such items as alcohol pad (blood bank), blood bag, imaging film, dialyzer F6 HPS (hepatopulmonary syndrome), cannula, mask, acriflavine betadine solution, etc.

Hospital furniture is also very essential for all medical care facilities. Dressing trolley, hospital bed (manual or electric), instrument trolley, isolation screen stand, IV stands/ hooks/ poles, laboratory table, mayo stand/ trolley, medicine trolley are among the major ones in this segment.

Main cause of death in Bangladesh has been changing from communicable diseases to NCDs in recent years. Further, Bangladeshi government has been emphasizing the development of cancer and burn-patient treatments, and private sector is more focusing on cancer treatment. Increase of treatment of NCDs requires more test/ examination and surgery and demand for related medical equipment/ devices, such as;

Imaging & laboratory, such as endoscopy, x-ray machine, MRI, CT scan devices,

OT/ ICU equipment, such as operation theater (OT) light, diathermy, suction machine, nebulizer, syringe pump, activated clotting time (ACT) machine, CPAP (nasal continuous positive airway pressure) machine, defibrillator, oxygen generator, patient monitors.

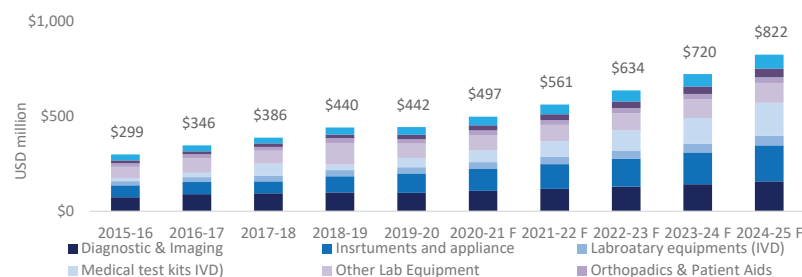
The COVID-19 started to spread in Bangladesh since March 2020. This pandemic has proved that the country healthcare infrastructure is not enough to handle the situation. The COVID-19 has also created a huge demand for medical equipment/ devices in the country, where the demand for those related to lung and cardiac diseases increased to a great extent. Demand for patient monitor, CPAP nasal mask, ventilator, high flow nasal cannula (HFNC), oxygen flow meter has increased significantly as well. Adoption of CT scan and HRCT (high-resolution computed tomography) scan has also been amplified.

II.3.3 Forecast of medical equipment/ devices market expansion

The size of Bangladeshi medical equipment/ devices market is estimated to be valued at USD 442 million in June 2020 and is expected to reach approximately USD 820 million in 2025⁸, growing at a CAGR of 13%. The market currently is dominated by the segment of instruments/ appliances and diagnostic imaging equipment in terms of value, which are expected to grow steadily. IVD device/ kit is also expected to be the fastest growing segment at almost 30% per annum over the next five years, followed by cardiological device (15% per annum), consumables (12%) and diagnostic imaging equipment (10%).

Increasing access to healthcare and diagnostic facilities combined with rising income of the population is expected to drive the growth of the market. Besides, high prevalence of chronic diseases, rising awareness and growing importance of early diagnosis and prevention, and increasing use of point-of-care (PoC) diagnostic, are other key factors to augment the need for medical equipment/ devices in the country.

Forecasted size of the Bangladesh market for medical equipment/ devices



Source: Bangladesh Bank import data and industries' estimate

⁸ One of the stakeholders concerned with this sector observes the possibility of the faster growth of Bangladeshi market size than this estimate, but no data that support this observation is available. The forecast for market size is based on the 5-year historical growth rate of import and local production of individual segment of medical device & equipment combined with expected forecasted growth rate based on interviews with industry insiders.

III. Medical Equipment/ Devices Industry in Bangladesh

III.1 Overview of the Industry in Bangladesh

III.1.1 Medical equipment/ devices industry in Bangladesh

Bangladesh has a large and growing domestic market for medical equipment/ devices. However, the domestic demand has mostly been met with imported ones; As per DGDA, only 8% of the local demand is met by local production. Currently there are only a handful of companies involved in manufacturing medical equipment/ devices in a relatively large scale. Particularly in case of sophisticated (i.e., high-tech or invasively high-risk ones) medical equipment/ devices, hospitals and diagnostic centers mostly procure from European or equivalent countries. 'Made in Bangladesh' for such equipment/ devices is not yet acknowledged by local users. However, locally manufactured consumable and disposable items such as syringe, PPE have increasingly gained popularity and market share.

At present, the sector comprises of around 15-20 manufacturing companies, of which about three to four can be considered as large unit, and the remaining as small to medium sized ones. Opsonin Saline, a subsidiary of Opsonin Pharma started manufacturing consumable items during 1987. It was followed by Nipro JMI in 1998, which is currently the largest manufacturer of consumables such as syringe, infusion set, surgical products, homecare device and sterilizers in the country with an estimated market share of over 70%. Bi-Beat, a company headed by prominent scientist Dr. Rabbani, has also been manufacturing ECG, canopy and therapy equipment and several other equipment at a small scale since 1996.

During the last decade however, several new companies have joined the industry. Among them, Getwell, a subsidiary of PRAN group and ANC Medical Devices are operating mainly in the consumable segment. In addition, a few more companies specializing in segments such as radiological equipment, electro medical equipment, orthopedic product, hospital furniture, in-vitro diagnostic (IVD) device have also started production at a small scale. Since the advent of the COVID-19 pandemic, a few pharmaceuticals as well as RMG/textile companies have joined the industry for producing PPE and hygiene items. According to data provided by DGDA, the industry produced less than USD 100 million worth of medical equipment/ devices in FY 2020-21. Of the total production, over 70% includes medical disposables. Some industry insiders, however estimate the actual local production to be much higher than the estimated figure.

Recently, Bangladesh has also started exporting medical devices & equipment. During FY2020-21, exports of medical equipment/ devices amounted to USD 48.8 million. Notable export items include ophthalmic devices, orthopedic devices, consumables such as syringe and infusion set, respiratory appliance/ instruments. Additionally, export of personal protective equipment (PPE) amounted to another USD 618 million during FY2020-21.

III.1.2 Recent trend of foreign investment (based on foreign investments registered with BIDA)

The relatively small manufacturing segment has been dominated by local entrepreneurs over the years. Foreign companies have been present only through joint venture with local corporations. Nipro JMI is the most prominent among them. However, during the last decade registration of foreign companies has been observed in the manufacturing of disposable items, surgical equipment, orthopedic appliances, and some ophthalmic and dental instruments. Total registered foreign investment with BIDA amounted to USD 11.6 million between 2013 and 2020. In addition, in December 2020, NIPRO Corporation of Japan has announced an additional investment of USD 15 million into JMI Group for marketing of medical equipment and medicine produced by the group. Overall, proposed FDI in the sector have been made from several countries and some foreign companies registered with BIDA are as follow;

List of registered medical equipment/ devices manufacturers with BIDA

Year	Country of Origin	Proposed projects as of registration
2013	Taiwan	Medical wears/ aprons, other disposable products
2013	U.S.A.	Disposable plastic items
2014	South Korea	Medical/ surgical equipment, orthopedic appliances, medical infusion tubes and bags
2014	Malaysia	Latex powdered/ non-powdered gloves, surgical gloves
2016	China	Flexible/ complete/ acrylic denture, metal/ porcelain crown
2016	U.S.A.	Reagents
2017	Netherlands	Ophthalmic lenses
2020	Sweden	Medical/ dental instruments and supplies

Source: BIDA

III.1.3 Rules and regulations concerning medical equipment/ devices

A regulatory regime concerning manufacture (and importation) of medical equipment/ devices in Bangladesh has been put into effect by DGDA through the Registration Guidelines for Medical Device, Bangladesh 2015. A regulatory regime concerning medical equipment/ devices in the country has the following features;

Classification of medical equipment/ devices

As per the Registration Guideline, medical equipment/ devices are classified into the categories of A, B, C and D in accordance with their risk level.

Class	Risk Level	Example of equipment/ devices
A	Low risk	Surgical retractors/ tongue depressors
B	Low-moderate risk	Hypodermic needles/ suction equipment
C	Moderate-high risk	Lung ventilator/ bone fixation plate
D	High risk	Heart valves/ implantable defibrillator

Source: Registration Guidelines for Medical Device, Bangladesh 2015

If any product does not follow the above classification, internationally accepted classification shall be accepted by DGDA. All medical equipment/ devices classified into B, C and D needs to be registered before they are imported or manufactured in the country since products under these categories are sensitive to human lives and pertains high risk factor. As the risk level of medical equipment/ device increases, the regulatory controls also increase.

Registration of manufacturing medical equipment/ devices

When manufacturers start to produce medical equipment/ devices in Bangladesh, they (or their authorized local agents) need to register them with DGDA. Application documents required for registration differ among the classifications of medical equipment/ devices. When manufacturers register the Class-A equipment/ devices, only a declaration of conformity is required. When manufacturers register the Class-B, -C and -D ones, the manufacturers have to file the application form with details of applicants/ products (including user's manual), description of manufacturing process, marketing, sales and after-service activities. Detailed procedure for registration for product manufacturing is provided in Appendix-6 (also detailing the procedure for registration for product importation).

Upon the submission of required documents for registration, DGDA is to inspect the factory for the purpose of inspecting the process and quality of the products concerned on a sampling basis, and certify the registration if relevant. For manufacturing of moderate to high risk products under

category B, C & D, DGDA requires clinical evaluation and performance study of the product along with random sampling after the production line is established.

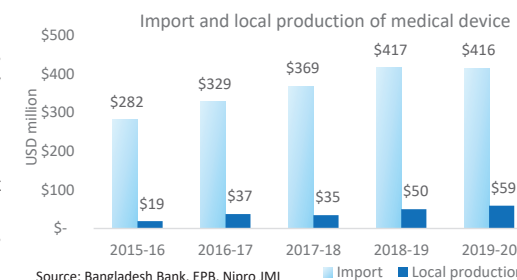
Marketing and sales

To be eligible for selling medical equipment /devices in Bangladesh, manufacturers (and importers) have to demonstrate the conformity assessment along with prescribed procedure, while submitting documents such as certificate of quality management system along with ISO-13485 and etc.

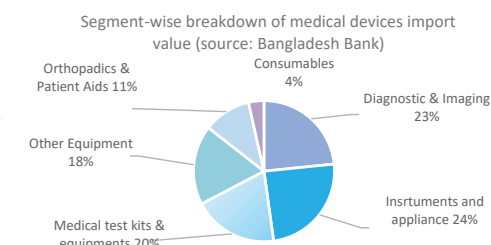
III.2 Performance and Challenges of the Industry

III.2.1 Trends of production and import in Bangladesh

At present, over 4,000 medical equipment/ devices are in use in the country, about 7 to 8% of which are manufactured locally. Among the locally produced items, majority are consumables such as disposable/ precision safety syringe, needle, blood bag, blood transfusion set, cannula, blood collection tube, etc. Consumables have an estimated annual market size of around USD 60 million in Bangladesh where the majority is produced locally while around USD 15 million is imported annually.



Aside from consumables, Bangladesh also produces orthopedic products (bone-hook, drill machine, spine retractor), surgical sterilizers, hospital furniture, home care devices such as blood pressure/ glucose monitoring device, compressor nebulizer, electrocardiogram and other small instruments, albeit at a small scale.



The COVID-19 outbreak has enhanced local production of PPE including protective mask/ clothing, respirator, hospital gown. However, Bangladesh remains largely dependent on import for almost 92.85% of the demands of medical equipment/ devices in terms of value (according to DGDA). Growing at a CAGR of 10% between 2015 and 2020, overall import of medical equipment/ devices has amounted to USD 416 million as of June 2020. While medical equipment/ devices constitute a variety of items ranging from syringe to CT scan, the demand has steadily been increasing.

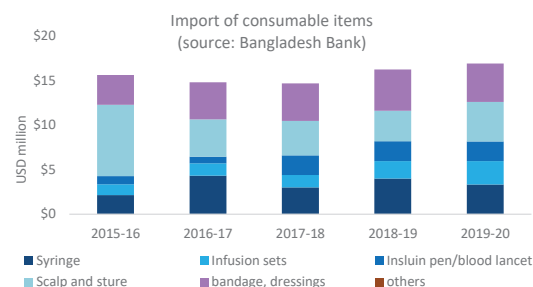
Instrument/ appliance forms the largest import segment in terms of value accounting for 24% of the total imports in FY2019-20. This segment includes a variety of items comprising of ophthalmic instruments/ appliances, therapeutic/ physiotherapy appliances, respiratory apparatus, medical/ surgical sterilizer, etc. Growing at a CAGR of 19%, respiratory apparatus such as ventilator, oxygen therapy, other breathing appliance have been the fastest-growing segment, followed by therapeutic appliances.

Diagnostic and imaging devices represent the second largest import segment accounting for 23% of the overall import in FY2019-20. Growing at a CAGR of 7% since June 2015, import of diagnostic imaging devices has reached a value of USD 97 million as of June 2020. This segment constitutes items such as CT scan, MRI, ultrasound equipment, x-ray equipment, and other parts/components. The fastest growing imported items include Electrocardiogram (ECG), x-rays and MRI, followed by ultrasound and CT scan. ECG is produced locally but at a very small scale.

Medical test kits and equipment represent the fastest growing major segment. Growing at a CAGR of 32% since June 2015, almost USD 50 million of worth such kits is imported in FY2019-20 alone. With increasing chronic and infectious diseases, demand for testing/ diagnostic kits have been increasing rapidly. The demand is fulfilled largely through import, as only 5% of IVD kits (for testing of diseases such as malaria, diabetes, dengue, the COVID-19, etc.) is produced locally. Recently, two companies have begun producing glucometer and pregnancy test kits while having plans to expand further into cancer marker and blood grouping reagents.

Orthopedic, cardio and patient aids import amounted to USD 45 million in FY2019-20. This segment consists of cardio-vascular devices such as angioplasty devices (stent, guidewire, balloon), cardiac electronic implants (pacemaker, heart valve), orthopedics/ prosthetics devices, hearing aids, and hospital furniture. Vascular devices make up the largest portion in this segment, indicating an increasing need for cardiac treatment devices in the country. This is followed by hospital furniture, orthopedics products and cardiac electronic implants. Orthopedics devices are locally produced as well as exported. Hospital furniture such as multi-functional/ examination/ operation theater (OT) beds, wheelchairs are also manufactured locally but at a small scale.

Consumables (including disposables and surgical equipment) consist of various types of syringes, needle, infusion set, catheter, surgical device (suture, scalp vein, dressing, etc.). Estimated market size of consumables has amounted to around USD 60 million. Major share of consumables is accounted for by locally produced items while the import amounts to an average of USD 15 million annually. Around 550 to 600 million syringes are locally produced in the country every year. The demand for consumables is expected to continue growing along with the growth in number of healthcare service providers.



III.3 Challenges for the industry

According to the interviews with selected local manufacturers (including joint-ventures with foreign investors) and importers (including agents) of medical equipment/ devices operating in Bangladesh, the following issues have been observed as outlined below. These issues have largely been inhibiting factors for further localization of medical equipment/ devices in Bangladesh and thus for foreign investment attraction to the country.

Regulatory aspect

Administration of product registration process: Sometimes it takes more than a year for the overall processing of product registration and creates backlog for both importers and manufacturers. Even

after the product registration, importers still have to obtain indent approval from DGDA on the quantity of items to be imported, where the required quantity is not always approved as applied according to some interviewees (importers in particular). This practice has increased the cost associated with importation (shipments).

Product inspection before registration: For any registration of manufactured devices, the devices has to be randomly picked-up from the production line and then sent for testing and approved by DGDA. Such a practice of "before-registration" inspection (while admitting the necessity of such an inspection to administratively ensure the quality and minimize the risk associated with the equipment/ devices) necessitates manufacturers to commit to invest their capitals in setting-up the production line before product approval.

Pricing regulation (MRP: maximum retail prices): DGDA sets the maximum retail prices (MRP) on about 117 medical devices for some specific group of locally manufactured medical equipment/ devices and provides indicative prices for all other categories of products after bargaining with manufacturers. Although manufacturers request DGDA to revise the MRP periodically, DGDA seems static on this matter. Existence of MRP causes difficulty for manufacturers, especially when the prices of raw materials (such as polypropylene = PP, polyvinyl chloride = PVC, polyethylene = PE) increases in the global market, since local manufacturers cannot instantly pass on such cost-up of materials due to the MRP. Since there are no such restrictions on the retail prices of imported devices, manufacturers recognize further difficulty in competing with imported devices.

"Local preference" in government procurement: According to DGDA guidelines, local manufacturers are supposed to get preference during public procurement, but in reality, the product specifications are usually prepared in such a manner that it inhibits local manufacturers from participating in the tender process. For certain groups of devices, MOHFW and CMSD sometimes require products to have US-FDA approval even after manufacturers obtain DGDA (that is actually equivalent to US-FDA) approval, and approvals from Institute of Epidemiology, Disease Control & Research (IEDCR); getting US-FDA approval is not cost effective for manufacturers. Moreover, public procuring authorities locks out local manufacturers by specifying the 'country of origin' during the procurement tendering processing and do not place preference to local manufacturers and rather prefer to import devices. As a result, public procurement has been rather dominated by imported devices.

Taxation aspect

Tax structure: Existing tax structure is deemed unfavorable for local manufacturers, where the VAT applicable for locally manufactured equipment/ devices is set higher than that of imported ones in some cases. Manufacturers have to pay 20% VAT (15% manufacturing VAT and 5% selling VAT), whereas lower VAT is charged on some imported devices such as syringe drivers, needles, catheters, balloons, stents, electro-cardiographs and etc. There is also advanced income tax (AIT), being 5% during import of raw materials and 7% (previously 5%) during sales. Manufacturers hardly have access to rebate for this AIT, and as a result the effective tax rate becomes much higher than that applicable for importers

The following table illustrates (by examples) the list of locally manufactured products which has to compete with imported products of the lower total tax incidence (TTI);

Sample list of locally manufactured products competing with imported ones of the lower TTI

Sl.	Name of product	TTI*	Sl.	Name of product	TTI*
1	ICU/ CCU/ Hospital Bed	15%	2	Nebulizer Mask, KN 95 Respirator, Sterile Disposable Scalpel	15%

3	Various Surgical Suture	15%	4	Baby Incubator	20%
5	Atraumatic Needle for Nerve Block	21%	6	Autoclave	26%
7	Diagnostic/ Lab Reagents	31%	8	Blood Grouping Reagents	31%
9	Medical, Surgical or Veterinary Furniture	31%	10	OT Light (Halogen Lamp)	31%
11	Weight Scale	31%	12	Insulin Syringe	37%
13	20ml/ 50ml/ 60ml Disposable Syringe	37%	14	IV Cannula	37%
15	Scalp Vein Set	37%	16	Blood Transfusion Set	37%
17	Various Catheter, tubes, Umbilical Cord Clamp, Burette Set, etc.	37%	18	Disposable Feeding Tube	37%
19	Disposable Suction Catheter	37%	20	Urine Drainage Bag	37%
21	Blood Lancet	37%	22	First Aid Bandage	37%
23	Sterile Latex Surgical Gloves	37%	24	Alcohol Prep Pad	37%
25	Blood Tubing Set for Hemodialysis	37%			

* Breakdown of Total Tax Incidence (TTI) is given in Appendix-7

Import duties for key imported raw materials: Manufacturers are not entitled to attractive concessional duties for imported raw materials. Import duties for some key raw materials used in medical equipment/ devices manufacturing such as PP and PVC are around 31%. Accordingly, without duty exemption or reduction for such materials, interviewed manufacturers admit difficulty in competing with the same imported items.

List of raw materials (for medical equipment/ devices manufacturing) of the high TTI upon import

Sl.	Name of raw material	TTI*	Sl.	Name of raw material	TTI*
1	Stoppers, Caps and Lids.	128%	2	Various Iron/ Steel Bars and Rods	90%
3	Polymer Propylene, Printed Film	74%	4	N-woven Fabrics Alcohol Prep Pad	59%
5	Honing Powder	59%	6	Combination Seal for Vials	59%
7	Self-adhesive PVC Film for Bandage	43%	8	Silicon Tube	37%
9	Aseptic Pack Paper/ Aluminum Foil	37%	10	Blood Lancet	37%
11	Grinding Stone	37%	12	T-connector	37%
13	Poly Vinyl Chloride (PVC)	31%	14	High Density Polyethylene (HDPE)	31%
15	Thermo Plastic Rubber (TPR)	31%	16	Polypropylene (Injection Grade)	31%
17	Linear Low-Density Polyethylene (LLDPE)	31%	18	Acrylonitrile Butadiene Styrene (ABS)	31%
19	Polyacetals	31%	20	Luer Needle with Plastic Protector	31%
21	PVC Film Non-Printed (UDB)	31%	22	FEP Tube	31%
23	Blister Paper Weighing 40-150 g/m2	31%	24	Epoxy Resin	31%
25	Isoprene Latex Tube	31%	26	Silicones in Primary forms	31%
27	Gasket	31%	28	Roll Stock Tyvek Paper	31%
29	Sticker/ Label for Infusion Set	31%	30	Paper Separator	31%
31	Non-Woven Fabrics for Blood Drip Chamber	31%	32	Parts of Burette Set	31%
33	Hubs & Caps for Needle Cannula	31%	34	Solenoid Valve	31%

* Breakdown of Total Tax Incidence (TTI) is given in Appendix-8

Tax-exemption to finished medical equipment/ devices: In the latest budget (FY2021-22), import of many finished medical equipment/ devices were tax-exempted. Local manufacturers state that such a decision is deemed against local manufacturing but in favor of imported equipment/ devices in finished forms, likely to discourage investment in the sector of the country.

Import/ production aspect

Customs clearance: The industries recognize that some of the customs officials seem to have a

limited knowledge about medical equipment/ devices, and this causes delays of handling and processing during clearance of imported equipment. As a result, life-saving medical equipment/ devices requiring spare parts becomes non-operational for the longer period. Customs is also reported to impose duties that are inconsistent with the relevant statutory regulatory orders (SROs), thus causing unnecessary confusion and delays. Overall delay in the customs clearance process incurs demurrage charges for importers.

Shipping cost: In addition, increased shipping cost due to the COVID-19 pandemic has been woe to the industry. Prior to the COVID-19 pandemic, shipping cost per container was around USD 1,000, but has risen to around USD 4,500 as of June 2021. As per a report by UNCTAD, the root cause of the rising prices has been attributed to lack of shipping containers due to pandemic related logistical challenges and changes in consumption and shopping patterns triggered by the pandemic⁹.

Access to stable utilities and logistic infrastructure: Interviewed manufacturers admit a lack of access to stable utility services and logistic infrastructure, stating that access to stable supply of gas in particular has become increasingly difficult and the electricity cost has been ever increasing. In the last ten years, power tariffs have been hiked seven times and Industrial power tariff (flat rate) has increased by 143%¹⁰. Poor roads and worsening traffic condition have also made physical transportation to and from factory areas time consuming, thus reducing productivity. It is also noted that product handling is being done manually by the cargo terminal operators, which sometimes damages sophisticated devices.

Skilled workers and technical expertise in R&D: Although cheap and competitive labor is available in the country, interviewed manufacturers share difficulty in hiring workers with adequate technical skills. Transfer of technical know-how, that is possibly enabled through the joint venture cooperation with foreign investors, are deemed essential for development of medical equipment/ devices industry in the country.

There is also lack of technical expertise specially in R&D, which can be reflected to the low number of entrepreneurs in the sector. R&D costs during the product development is usually high and expertise mobilization from foreign countries further increases such a cost, thus stressing the need for FDI attraction associated with the technical/ skills transfer to the local partners and technical capacity development in the country.

Furthermore, Research and Development done through academic institutions such as Bangladesh University of Science & Technology (BUET), Military Institute of Science & Technology (MIST) are not integrated with the industry and there is no existing standing policy to enforce such integration. As a result, the local industries are deprived of the research and product development already done through these institutions. Any technological product needs to go through stages of development and requires continuous R&D. Unless technological knowledge and expertise is dispersed and stakeholders/ manufacturers are given support through institutional collaboration and workable policies, the medical device manufacturing sector in the country will not prosper.

Maintenance/ after-service aspect

Timely after sales services to imported devices: In case of imported devices, Bangladeshi users usually prefer internationally-acknowledged brands with well-established local after-service set-up. Multi-national companies (global brands) are conscious about their brand management and locally establish quality after-service with own technicians for maintenance and related technical support to the users. However, when it comes to a major breakdown of medical equipment/ devices, only

⁹ <https://unctad.org/news/shipping-during-covid-19-why-container-freight-rates-have-surged>

¹⁰ https://www.bpdb.gov.bd/bpdb_new/index.php/site/page/1ef6-f75a-8bd8-18f7-288a-7cd4-3881-35ef-9d8b-00b9

overseas resources held by multi-nationals can deal with such events, where spare-parts are to be imported through lengthy process (otherwise, the equipment/ devices need to be sent to the country of manufacturer for repair through lengthy re-export process). As a result, there seem a number of unfunctional devices left or remained for repair (otherwise, disposed).

Supporting institution/ industry aspect

Dedicated institution for product testing/ certification: Currently There is no dedicated laboratory in the country for testing and certifying medical devices as per ISO 7886-1, ISO 7886-3, ISO 7886-4, ISO 10555-1 & 5, ISO 7864, ISO 9626, ISO 8536, ISO 8537, ISO 10993-4/5/10/11/12, etc. Some interviewed manufacturers face issues during their product certification process since locally available testing facilities are sometimes unaware of the codes and standards to follow, thus inhibiting their product development and launch in a timely manner.

Supporting/ backward-linkage industries: There is a lack of local supporting/ backward industries for the medical equipment/ devices sector. Parts/ components used in the product manufacturing have largely been imported from China. Molds/ dies have to be made from China or Korea as well since local molds are not capable of providing good finishing. In Bangladesh, JMI group has its own backward affiliate (JMI Hospital Requisites Ltd.) which produces and supplies various parts for its own consumption and for other manufacturers. Development of medical equipment/ devices sector needs to be in tandem with the development of its supporting/ backward industries to some extent.

Lack of access to finance/capital: The medical equipment device and equipment industry is capital intensive. Innovators of medical equipment//devices as well as new entrepreneurs find it difficult to market their products as traditional banks do not provide the necessary capital at reasonable cost. In addition, there is also a lack of equity-based financing in the country. Overall, the unavailability of low-cost financing options hampers innovators & entrepreneurs from successfully commercializing their products.

III.4 Market Observation and Product Localization by the Industry

III.4.1 Market observation by existing local manufacturers

Bangladesh has a large and growing market for medical equipment/ devices. Demand for these products in general has been increasing and is expected to grow in almost all categories, as a greater number of populations become able to access to either advanced or average healthcare services owing to increased income and affordability, and through increased number of healthcare facilities established in large cities and throughout the country.

Key demand driver: While the local production of medical equipment/ devices is currently at a nascent stage and limited to mostly medical consumables/ disposables, there is a huge potential to expand the manufacturing localization as the market size increases. Overall, the following trend will be driving the demand for medical equipment/ devices;

- Growing affordability of the population combined with increasing healthcare providers is expected to give rise to demand for medical equipment/ devices required in standard hospital and diagnostic centers. To encourage establishment of more healthcare facilities outside Dhaka, the government has recently declared fiscal incentives specific for new hospital establishment outside Dhaka. This is expected to boost the demand for medical services, as it is estimated that 40 to 60% of hospital set-up cost is spent on medical equipment/ devices.
- Changing disease profiles with shift to NCDs covering cardio disease, cancer, chronic kidney disease in particular which require specific equipment/ devices as well as general surgery with the long-term treatments is expected to boost the demand for specialized medical equipment/ devices.

- Prevalence of the COVID-19 is expected to increase the demand for respiratory appliances, diagnostic imaging procedures such as CT scan and x-ray as well as PPE and hygiene items. In addition, a rise of tele-healthcare service has made it easier to reach out to a vast majority of the population which is also expected to augment the demand for medical equipment/ devices. For example, testing facilities can now send reports to radiologist located in cities overcoming the shortage of physicians in rural areas to some extent. In addition, the growing number of diagnostic and path labs outside Dhaka combined with the greater awareness among the population is expected to increase more diagnostic testing needs.

Growth potential: While the medical equipment/ devices market in Bangladesh is currently dominated by import, some new manufactures have been recently joining the sector eyeing its growth potentials. Along with the COVID-19 outbreak, demand for healthcare services has started to grow considerably. Overall capacity of hospital and diagnostic facilities is being augmented to meet such increasing demand. Currently, industry insiders have been observing a relative growth potential in intensive care unit (ICU) and OT equipment, IVD kits such as medical test kits/ reagents, consumables such as syringe, surgical equipment, radiological equipment (low-tech), therapy appliance, laboratory sterilizer, PPE, hygiene products, hospital furniture, implants (cardiac vascular device, hearing aid), etc.

While the industry expects the demand for overall medical equipment/ devices to continuously grow at a rate 10% at least in the near future, IVD is expected to grow at a faster rate of 29%, diagnostic imaging and cardiological devices at 15% each, and lab equipment at over 10 to 12% over the next five years.

Export market: While exports of medical equipment/ devices currently account for a small percentage compared to the overall export of the country, the growth trend has been promising so far. Growing at CAGR of 42% between 2015 and 2021, exports of medical equipment/ devices (excluding PPE) reached around USD 49 million during FY2020-21. Major export items comprise instruments and appliances (USD 18.6 million), followed by ophthalmic devices (11.7 million), orthopedic devices (7.9 million), respiratory appliance (4.3 million) and consumables.

Major export destination includes Turkey, Poland, Canada, USA, Germany. Notably, the COVID-19 pandemic has considerably influenced exports. The surge in demand for respiratory instruments and syringe has seen a year-on-year increase of around 800% in export of these items.

In addition, following the outbreak of the COVID-19, PPE devices such as mask, glove have seen a significant rise in demand in the domestic market as well. Bangladesh with the production capacity and experience in ready-made garment has been successfully repurposing to produce PPE by expanding or converting existing production facilities in response to the shortage as a result of the COVID-19 pandemic.

According to Export Promotion Bureau (EPB) data, Bangladesh exported PPE worth USD 618.3 million in the FY2020-21, up from USD 501 million in the previous fiscal year, a growth of 23.4 percent. The earnings from PPE were dominated by full-body woven suits impregnated with plastic (USD 329 million), followed by medical protective gears (132.9 million), textile face masks without a replicable filter (105.6 million), and three-layer surgical masks (14.4 million).

Overall, with the global demand for medical equipment/ devices expected to reach USD 671.5 billion by 2027 with a CAGR of 5.2% from 2020 to 2027 (according to Precedence Research), the prospects of further export growth from Bangladesh look encouraging especially for PPE, ophthalmic devices, respiratory apparatus and consumables.

III.4.2 Future investment plans by existing manufacturers and suppliers (foreign and local)

Along with the above-stated market observations, existing manufacturers (both foreign including joint-venture and local) of medical equipment/ devices in the country holds plans of investment, either through the expansion of their production capacity, or diversification of their product lines with new products.

According to interviews conducted, several manufacturers (100 % locally owned as well as joint venture with foreign partner) have plans to expand their product range in the future. In addition, among the current supplier/importers of medical devices & equipment, two companies (potential joint venture between foreign and local partner) have plans to venture into manufacturing some products locally. Moreover, two more suppliers (one foreign agent and another locally owned) have expressed interest in manufacturing, however their plans depend on improvement and upgradation of existing policies and improvement of business environment prevailing in the sector.

Potential Product for manufacturing: Several manufacturers have plans to expand into consumables such as syringes, needles, IV canula in response to the needs arisen by the COVID-19 and associated vaccine program. Categories of interest for further domestic manufacturing include consumable/ disposable items largely, followed by in-vitro test kits/ reagents, a range of electro-equipment (low-tech), OT and ICU equipment and hospital furniture. At the same time, some multi-national and Bangladeshi companies involved in import-sales in the country are also expressing their interests in local production of some equipment/ devices.

Some of these ongoing and planned investments are summarized below;

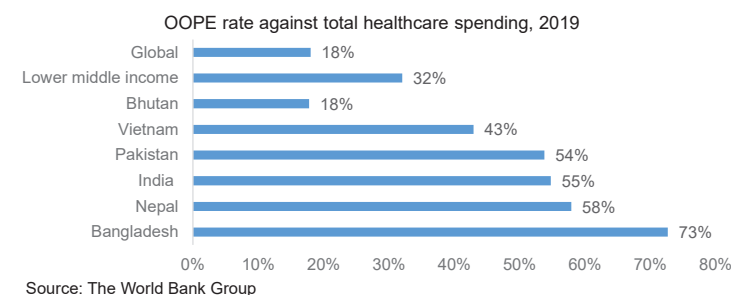
Category	Products indicated for localized production in the future (according to the interview)	Target market
Consumable/ disposable items	Various types of syringes/ needles (including IV cannula), Catheter, Bag (blood, urine, colostomy, medical garbage), Infusion set, Heart-lung pack, Cardioplegia delivery set, Blood collection tube, Laparoscopy set, Breathing circuit, Anesthesia face mask, PPE	Domestic/ export
	Surgical items: Endo-surgery suture, sterile surgical glove, surgical blade, disposable scalpel, endotracheal tube, stapler	Domestic
IVD kits/ reagents	In-vitro biological and molecular test kits for diseases such as tropical infectious diseases, sexually transmitted diseases and drug abuse, Cardiac marker, C-reactive protein test kit, Tumor marker test kit, Miscellaneous test kit (pregnancy test kit, diabetic glucose test strip) Various blood grouping reagents, Enzymes and potentiators as well as accessories used in blood-grouping including card-tile/ storage solution	Domestic
Imaging & laboratory	Assembly of endoscopy, x-ray, MRI, CT scan, analyzer/ washer/ mixer (hematology/ biochemistry/ chemiluminescence/ electrolyte)	Domestic
Orthopedic	Locking plates and screw systems for orthopedic implants, Plaster of Paris	Domestic
Electro-medical equipment (low-tech)	Patient monitor, Pulse oximeter, ECG, x-ray viewing box, Nebulizer, Fluid warmer, Electronic stethoscope, Phaco emulsifier machine, Pulse electromagnetic-field device, device for oxygen/ aerosol therapy, Respiration apparatus	Domestic
OT/ ICU equipment & hospital furniture	Diathermy machine, OT light/ table, ICU monitor/ ventilator/ suction/ autoclave/ beds, breathing circuit Hospital furniture including general bed, trolley, table, locker, cabinet, etc.	Domestic
Vascular device	Stents, Balloons, Guidewire	Domestic

However, the respondent industries admit that access to technical knowhow and finance with reasonable costs (indicated by Bangladeshi manufacturers) and favorable policies including fiscal

incentive (indicated by both foreign and local manufacturers) would affect the decision and level of localization of medical equipment/ devices. Current tax structure, in particular, favors imports of finished medical equipment/ devices as the high import tax on raw materials used for medical equipment/ devices makes importing of finished products cheaper compared to local manufacturing. (see Appendix 7 and 8 for detailed tax rates on imported equipment/ devices and raw materials).

In addition, the absence of some other key factors for manufacturing of medical equipment/ devices in the country, consisting of time-bound (predictable) product registration regime, internationally compatible product standards, laboratory/ quality testing institution, and supporting (mold and dies) industries, has also been deterring potential foreign manufacturers (who currently supply the products to Bangladeshi market through the import-sale agents) from decision-making for localization of their manufacturing, according to the interviews with existing import-sale agents in the country).

Apart from that, still small size of market (in terms of per-capita healthcare spending, stood at USD 42 in 2018, lower than most regional peer countries) for relatively sophisticated, high-tech and large equipment/ devices (such as MRI, CT scan) also hamper the localization of manufacturing (even importing) these products in spite of the large population. Small size of health insurance penetration (0.6%) among the population has also supported this observation. Notably, Bangladesh has one of the highest out of pocket expenditure for health care spending in the world, recording at 73% of total healthcare expenditure compared to the regional and global rates of 32% and 18% respectively.



IV. Proposed Roadmap for Medical Equipment/ Devices Sector Development

IV.1 Vision of the Sector Development

Bangladeshi medical equipment/ devices sector will acquire the capability of manufacturing and supplying most of the items, which belong to the relatively lower risk-level categories in view of import substitution, mainly ranging from the Class-A to -B (according to DGDA guidelines) in short-to mid-term. Whereas in mid- to long-term, this sector will expand the range of locally manufacturing items up to the relatively higher risk-level categories of the Class-C to -D in view of further lessening the reliance on import and contributing to diversification of the exportable items from the country.

IV.2 Strategy for the Vision Attainment

To attain the said vision of medical equipment/ devices sector development, the concerned stakeholders of both private and public sectors in Bangladesh shall adopt the following strategies;

- Attraction of investment by the foreign potential manufacturers,
- Facilitation of reinvestments by existing investors,
- Easing of regulatory and operational environment specific to the sector
- Development of skills/ technology for product development and manufacturing

IV.3 Potential Segments/ Products for Manufacturing Localization and Investment Promotion

The stakeholders consulted in this Study basically share their view that Bangladesh can start its quest for manufacturing localization of medical equipment/ devices through investment promotion, with the products belonging to the relatively lower risk-level categories, mainly ranging from the Class-A to -B (according to DGDA guidelines) at least in short- to mid-term (i.e., forecastable term). The following segments (such as consumables, hospital furniture, some items of IVD kits/ reagents, OT/ ICU equipment and some of disease-specific devices)/ products in particular are considered to have the potential or priority for local manufacturing and investment promotion.

Segment	Products for local manufacturing/ investment promotion in short-term	Risk category
Consumables	Syringes/ related items (such as IV cannula, pump), Infusion sets, Bags for variety usages, Needles, Tubes, Catheter, Daily disposables, (such as bandage, dressing,)	A, B
	PPE such as protective mask/ clothing, respirator, hospital gown, glove	A
	Basic surgical items (such as scissors, scalpels, forceps, clamps, needles, sutures, suction, retractors, staplers and clips, spatulas, dilators, graspers, cutter instrument)	A
Hospital furniture	Beds/ tables for variety usage, wheelchairs, cabinets, lockers, trollies	A
IVD kits/ reagents	Kits for personalized tests covering glucometer, diabetic, pregnancy, blood grouping, etc., and rapid/ molecular diagnostic tests covering those employing the methodology such as DNA/ RNA, and those for various infectious diseases and fertility hormones, cardiac/ tumor/ cancer markers, COVID, drug abuse, etc.	B (inc. C)
	Reagents including common biochemistry reagents such as glucose, creatinine	A
OT/ ICU equipment	OT equipment including sterilizers (such as autoclave), diathermy, anesthesia equipment, OT light/ table/ switcher, etc.	B
	ICU/ life-support equipment including patient monitor, ventilator, suction, high-flow nasal cannula, oxygen flow meter, CPAP mask, etc.	B (inc. C)
Therapeutic equipment	Physiotherapy-related devices such as muscle stimulator, auto traction, pulse electromagnetic-field device, oxygen/ aerosol therapy device	B
Other equipment	X-ray, Endoscopy device	B
Orthopedic equipment	Bone hooks, drill machine, spine retractors, scapula plates, etc.	B
Disease-specific devices	Diabetic: glucose monitor, diabetic strip, blood lancet, insulin-pen	B (inc. C)
	Heart disease: ECG, vascular devices (stents, balloons, guidewire, heart valve), pacemaker, patient monitor, pulse oximeter, stethoscope echocardiogram,	B (inc. D)
	COVID-19: respiratory apparatus, nebulizer	B

Demand for **consumables** including **disposables** would continue growing along with the growth in number of healthcare service providers. While the majority of these items are produced locally, there is ample room for further expansion. With the vaccination program for the COVID-19, demand for syringes/ related items (such as IV cannula) would increase significantly in Bangladesh as well as globally. In addition, demand for infusion set, bags for variety usage (blood, urine, colostomy, laparoscopy, medical garbage, etc.), needles (blood collection, biopsy, huber, spinal), tubes,

catheter, and daily consumables (such as bandage, dressing) is also projected to grow rapidly. With the advent of the COVID-19 pandemic, demand for **PPE** including protective mask/ clothing, respirator, hospital gown, glove have exponentially been growing.

While Bangladesh produces a number of **surgical equipment**, local production of these items can be further expanded. Combined with the growing number of cardiac surgery and others such as obstetrics and gynecology, orthopedics, demand for basic surgical equipment such as scissors, scalpels, forceps, clamps, needles, sutures, suction, retractors, staplers and clips, spatulas, dilators, graspers, cutter instruments would increase. Global market for surgical instruments is also expanding fast. Valued at USD 9.3 billion in 2020, it is expected to grow at a CAGR of 9.8% from 2021 to 2028 (according to Grandview Research).

Along with the increasing number of hospitals, clinics, diagnostic centers, demand for **hospital furniture** such as beds/ tables for variety usage, wheelchairs, cabinets, lockers, trollies would experience rapid growth. This has been evidenced by the import of hospital furniture growing at CAGR of 11% since June 2015 and hovering around USD 10 million in June 2020. While a few local companies have entered the market, there is ample room for further expansion.

IVD kits/ reagents represent one of the fastest growing segments. Moreover, due to the COVID-19 pandemic and the resultant increasing demand for testing, new diagnostic centers have been opened-up in the country to increase the absorbing capacity. With diagnostic centers growing at a CAGR of 9% between 2012 and 2019, demand for testing service would parallelly increase rapidly. IVD kits for the following needs and reagents can be localized in short- to mid-terms.

- **Personalized tests** covering glucometer, diabetic, pregnancy, blood grouping, etc.
- **Rapid/ molecular diagnostic tests** covering those employing the methodology such as DNA/ RNA, and those for various infectious disease (hepatitis B & C, HIV, influenza) and fertility hormone (pregnancy, ovulation, menopause), cardiac/ tumor/ cancer markers, the COVID, drug abuse, etc.
- **Reagents** including common biochemistry reagents such as glucose, creatinine.

Low-tech instruments/ appliances can be also considered for local assembly, particularly for the following (relatively) low-tech equipment (instruments and appliances):

- **OT equipment**: With the increasing need for surgery, demand for sterilizers (such as autoclave), diathermy, anesthesia equipment, OT light/ table/ switcher, etc. would grow.
- **ICU/ life-support equipment**: With the expanding number of ICU facility, demand for patient monitor, ventilator, suction, high-flow nasal cannula, oxygen flow meter, CPAP mask will grow rapidly.
- **Therapeutic equipment**: Sedentary lifestyle can boost expansion of this segment, leading to the need for physiotherapy-related devices such as muscle stimulator, auto traction, pulse electromagnetic-field device, oxygen/ aerosol therapy device.
- **Endoscopy equipment**: Around 200,000 patients are newly diagnosed with cancer annually in the country. Endoscopic device is deemed as one of the preferred ways for screening cancer as well as gastrointestinal diseases, leading to increased demand for this device.

Orthopedic devices: Although Bangladesh has been consistently producing (and exporting) orthopedic devices worth 5 to 7 million annually since 2015, including bone hooks, drill machine, spine retractors, scapula plates, etc., these items can be further localized to substitute the import.

Disease-specific devices: Increasing incidence of NCDs such as cancer, diabetes, cardiovascular, kidney is anticipated to rise in Bangladesh as diets and lifestyle of the population changes. Such changing disease profiles subsequently lead to the demand growth for equipment/ devices used for screening, diagnosis, treatment and monitoring of NCDs.

- **Diabetic**: A cross-sectional survey on NCD risk factor (by Nipsum in 2018) in Bangladesh found that

13% of the population is deemed diabetic. Subsequently demand for diabetic diagnosis and treatment devices such as glucose monitor, diabetic strip, blood lancet, insulin-pen would increase.

- **Heart disease:** There is a huge demand for equipment related to diagnosis and treatment of heart disease such as ECG, stents, balloons, guidewire, reflecting the rise of incidence in the country. While the medium price range of ECG machine is assembled locally at a small scale, larger instruments are imported. In Bangladesh, an estimated 15,000 stents are used in interventional cardiac procedure such as angioplasty/ stenting while another 11,000 bypass surgeries are conducted in a year. Other equipment used for cardiac treatment such as heart valve, pacemaker, patient monitor, pulse oximeter, stethoscope, echocardiogram would see a rise in demand and have potential for localization. While one local manufacturer plans to produce stents in the near future, all cardiac related devices are currently imported.
- **COVID-19:** Respiratory equipment, nebulizer.

IV.4 Proposed Measures/ Actions for Investment Promotion (for potential/ priority products)

To promote localization of medical equipment/ devices manufacturing in short- to mid-term, it is essential to proactively attract foreign investments to this sector and also pay attention to the existing investors in the sector in view of facilitating their reinvestments plans (expanding or diversification of their existing businesses), while making an effort to develop skills/ technology of local human resources for product development and manufacturing, ideally through the partnership or collaboration with foreign manufacturers. At the same time, it is deemed important to ease regulatory and operational environment specific to this sector in view of ensuring predictable and smooth establishment of their investments in particular.

Accordingly, to realize the vision of the sector development as stated above, the relevant stakeholders of Bangladesh (government, academic and private organizations) are advised to consider and render the following policy measures and actions, covering i) attraction of investment by the foreign potential manufacturers, ii) facilitation of reinvestments by existing investors, iii) development of skills/ technology, iv) easing of regulatory and operational environment specific to the sector, and v) others, for each of short- to mid-term and mid- to long-term perspectives.

Proposed policy measures/ actions (short- to mid-term perspective):

To attain the short- to mid-term vision that Bangladeshi medical equipment/ devices sector acquires the capability of manufacturing and supplying most of the items, which belong to the relatively lower risk-level categories in view of import substitution, mainly ranging from the Class-A to -B.

Category	Recommended measures/ actions	Responsible institution(s)	Timeline
i) Attraction of investment by the foreign potential manufacturers	To conduct a series of business dialogue (online) with the existing foreign suppliers of medical equipment/ devices to Bangladesh market to explore the potential of the investment for local manufacturing.	BIDA	Short-term
	* Existing foreign suppliers of medical equipment/ devices are to be introduced by local import-sales agents or Bangladesh Medical Instrument & Hospital Equipment Dealers & Manufacturers Association.		
	To extend follow-up activity to potential investors to the sector through CMS for providing information/ inquiry services and facilitating their decision-making for investment, which are identified among the participants in promotion seminars.	BIDA	Short-term <i>If potential investors are identified.</i>
	To approach to the registered investors in medical equipment/ devices sector, and facilitate solving their problems which in materializing their registered investment plan, through a series of dialogue.	BIDA	Short-term

	To propose manufacturing of medical equipment/ devices (to be picked-up among the potential products for localized manufacturing and investment promotion as proposed above) as an industrial undertaking entitled with the corporate income tax exemption/ holiday. * Ideally without placing condition for local contribution in early stage of manufacturing.	National Board of Revenue (NBR)	Short-term <i>Upon the annual revision of the Finance Act.</i>
ii) Facilitation of reinvestments for existing investors	To approach to the existing investors in medical equipment/ devices sector to explore the possibility of reinvestment (for expansion or diversification), and facilitate solving their problems in materializing their reinvestment plans, through a series of dialogue. * Existing investors with reinvestment possibility are to be identified by investment monitoring unit and facilitation services to be provided through Aftercare Unit of BIDA.	BIDA	Short-term
iii) Development of skills/ technology for product dev./ manufacturing	To facilitate technology transfer (technical license/ know-hows/ assistance) through income tax deduction against the expenses for receiving license/ know-how/ assistance from foreign manufacturers or participating in external technical training.	NBR	Mid-term
	To facilitate academia and industry collaboration on research and product development, through the relevant policy formulation.	BUET, MIST, DU, DGDA	Short-term
	To introduce 'Incubation Lab', a certified medical device lab where innovators can come and develop their devices.	MIST, BUET	Short- to mid-term
iv) Easing of regulatory and operational environment specific to the sector	To establish a dedicated (separate) unit in DGDA which oversees all processes related to medical device and equipment including the product registration applications and oversees the whole registration process.	DGDA	Short-term
	Capacity building of DGDA by involving bio-medical engineers/ experts in different processes of DGDA.	DGDA	Short- to mid-term
	To make product registration process of medical equipment/ devices more efficient and manufacturer-friendly at least for those categorized to the Class-B.	DGDA, Relevant stakeholders	Short- to mid-term
	To finalize the "Guideline for Medical device and Equipment Manufacturing".	DGDA	Short-term
	To periodically review maximum retail prices (MRPs) of medical equipment/ devices produced by local manufacturers, based on manufacturers' request for revising MRP (when the prices of key materials increase in particular).	DGDA	Short-term
	To enforce "local preference" during public procurement and encourage local manufacturers to participate in public tenders through clarifying the standards to follow, while accepting local standards/ certifications (by DGDA/ IEDCR, etc.) for locally manufactured devices and relaxing "the country of origin" requirements placed in the procurement process.	CMSD, DGDA	Short- to mid-term
	To introduce and activate mobile court or teams to regularly raids the market for unregistered and illegally imported products and impose fines accordingly.	DGDA	Mid-term
	To establish a dedicated laboratory for testing/ certifying medical device & equipment as per applicable international standards in collaboration with academic institutions	DGDA, Relevant stakeholders	Mid-term
	To revise tax (VAT) and duty regime manufacturer-friendly, which reduces VAT/ import duties applicable to key materials (including PP, PVC) for certain period of 5 to 10 years from the commencement of the commercial production.	NBR, Ministry of Industries	Short-term
	To reduce the ratio of AIT upon importation of key materials/ parts utilized by medical equipment/ devices manufacturers, while ensuring operation of rebate system of AIT.	NBR	Short- to mid-term

	To consider provision of concessional capital/ working capital loans at the lower interest rates with more accessible terms of conditions (e.g., longer grace/ repayment period), which are specific to the sector (only for new investment projects).	Bangladesh Bank (BB)	Mid-term
v) Others	To recognize medical equipment/ devices industry as an industrial undertaking in a proper document.	Ministry of Industries	Short-term
	To widely announce among the medical equipment/ devices manufacturers that Bangladesh Association for Medical Devices & Surgical Instruments Manufacturer & Exporter (BAMDSIME) was established.	BAMDSIME	Short-term

Proposed policy measures/ actions (mid- to long-term perspective):

To attain the mid- to long-term vision that Bangladeshi medical equipment/ devices sector expands the range of locally manufacturing items, up to the relatively higher risk-level categories of the Class-C to -D in view of further lessening the reliance on import and contributing to diversification of the exportable items from the country.

Category	Recommended measures/ actions	Responsible institution(s)	Timeline
i) Attraction of investment by the foreign potential manufacturers	To organize sector-specific investment seminars on medical equipment/ devices for those countries having international brands such as USA, Germany, Japan, South Korea, etc.	BIDA	Mid- to long-term
iii) Development of skills/ technology for product dev./ manufacturing	To support funding of R&D activities by medical equipment/ devices manufacturers through sponsorship, grants, etc.	DGDA, Council of Scientific & Industrial Research	Mid- to long-term
	To facilitate access by medical equipment/ devices manufacturers to existing R&D facilities for product development purpose.		
	To encourage development of innovative medical devices, processes, business R&D activities can be provided tax incentives/credit.	NBR	Mid- to long-term
iv) Easing of regulatory and operational environment specific to the sector	To improve cargo handling at customs/ container terminal area to protect sophisticated parts for medical equipment/ devices,	Chittagong Port Authority, Dhaka Intel. Airport	Mid- to long-term
	To furnish cold storage facility to accommodate imported materials of bio-chemical nature (used for manufacturing of medical equipment/ devices).		
	To assign a DGDA representative (drug super) to ports to help with identification of equipment and reduce time required for customs clearance.	DGDA	Long-term
	To curb illegal importation of unregistered medical equipment/ devices through tightening the boarder management.	NBR	Mid- to long-term
	To provide cash incentives on export of medical equipment/ devices.	Ministry of Commerce	Mid- to long-term
v) Others	To help Bangladesh Association for Medical Devices & Surgical Instruments Manufacturer & Exporter (BAMDSIME) to enhance its capability of policy advocacy.	BAMDSIME Ministry of Commerce	Mid- to long-term
	To expand health insurance coverage among the general public.	IDA	Mid- to long-term

Appendix-1: List of interviewed hospitals, clinics/ diagnostic centers, medical devices industries

Hospitals, clinics/ diagnostic centers		
No.	Name	Remarks
1	United Hospital	General hospital (private)
2	Japan East West Medical College Hospital/ Ship Aichi Medical Services	General/ specialized hospital (private)
3	Ahsania Mission Cancer and General Hospital	General/ specialized Hospital (private)
4	Ibu Sina Hospital	General hospital (private)/ Diagnostic center
5	LABAID Specialized Hospital	Specialized hospital (private)/ Diagnostic center
6	Holy Family Red Crescent Medical College	General hospital (public: medical college)
7	Bangladesh Medical Association	Association for doctors

Medical equipment/ devices industries				
No.	Name of Company	Type	Foreign/ Local	Main products/ brands
1	Bi-Beat Ltd.	Manufacturer	Local	ECG machine, canopy, etc.
2	Celltron EMS	Manufacturer	Local	Electro medical equipment Aporajoya (brand)
3	National Electrocure (Pvt) Ltd.	Manufacturer	Local	Equipment for physiotherapy, laboratory & operation theatre
4	OMC Healthcare (Pvt) Ltd.	Manufacturer	Local	Testing kit (PCR test for COVID-19)
5	JMI Group*	Manufacturer	JV with Japan, UK, South Korea	Consumables
6	Promixco Limited	Manufacturer	Local	Hospital furniture & Consumables
7	ZAS Corporation	Supplier	Local	Consumables
8	Siemens Healthcare Limited	Supplier	Subsidiary of German company	Radiology, Cardiology, Lab Equipment, Cancer Therapy
9	Meditech Imaging Ltd.	Supplier	Local	Imaging related equipment
10	Becton Dickinson India Pvt Ltd	Supplier	JV with US company	Consumables
11	Globex Marketing Company	Supplier	Local	Laboratory, ophthalmology, dental, microscope
12	Agappe Diagnostic Switzerland GMBH	Supplier	Subsidiary of Switzerland company	Instruments and reagents
13	Meril Bangladesh (Pvt) Ltd.	Supplier	Subsidiary of Indian company	Testing Kit, Surgery equipment
14	Johnson & Johnson Medical	Supplier	Subsidiary of US company	Operation theatre related equipment/ devices
15	Medtronic Bangladesh (Pvt) Ltd.	Supplier	Subsidiary of US company	Life-saving medical devices

* Including JMI Syringes & Medical Devices Ltd., JMI Hospital Requisite Manufacturing Ltd., NIPRO JMI Co. Ltd.

Appendix-2: Percentage of major causes for death in Bangladesh

Diseases	2016	2017	2018	2019	2020
Heart attack	16.20	16.20	10.40	17.80	20.80
Brain stroke	2.20	2.00	5.20	5.70	9.90
Respiratory disease	7.40	5.50	4.30	6.60	8.60
Cancer	9.40	9.70	7.70	4.90	5.80
Heart disease	5.90	4.50	14.20	8.60	5.00
Pneumonia	4.50	3.30	4.20	5.00	4.90
Asthma	4.10	3.40	5.50	4.70	3.70
Kidney disease	2.30	2.40	2.40	1.30	3.20
High blood pressure	3.30	3.20	5.30	3.60	3.10
Fever	2.70	2.20	-	2.70	2.90
Diabetes	2.20	1.80	2.40	2.70	2.90
Paralysis	-	-	-	1.20	1.50
Road traffic accident	2.20	2.70	2.50	1.50	1.40
Malnutrition	-	-	-	2.10	-
Geriatric	-	-	3.70	-	-
Jaundice	-	1.30	3.20	-	-
Tuberculosis	-	-	2.10	-	-
Dysentery	-	-	1.30	-	-
Old age	18.60	17.90	-	-	-
Drowning	1.80	1.60	-	-	-
Others	17.20	22.30	25.60	31.70	26.30

Source: <http://www.bbs.gov.bd/site/page/ef4d6756-2685-485a-b707-aa2d96bd4c6c/>

Appendix-3: Standard sets of medical equipment/ devices by hospital/ clinic grades

Primary level hospitals

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Micropipette, Sphygmomanometer (BP machine), Stethoscope, Trolley, Thermometer, Height & weight scale, Pulse oximeter, Labor table, Thyroid protector, Gonad protector		Microscope, Water bath, Refrigerator, View box for x-ray, OT light, LED	
B	Oxygen cylinder, Oxygen flow meter, Nebulizer	Ultrasonic scaler, Micro-motor machine, Light cure machine, Electrosurgical unit, Laryngoscope	Analyzer, Colorimeter (digital), Centrifuge, Ultrasonogram	
C		Suction machine	ECG machine, Resuscitation unit, Anesthetic machine, CTG (Cardiography) machine, Auto-processor for x-ray, X-ray (analog)	Glucometer
D				

Secondary level hospitals with 250 beds

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Micropipette, Sphygmomanometer (BP machine), Stethoscope, Trolley, Thermometer, Height & weight scale, Pulse oximeter, Labor table, Thyroid protector, Gonad protector	Saw plaster cutting (electric and manual)	Microscope, Water bath, Refrigerator, View box for x-ray, OT light, LED, Plasma Storage, Freezer, Gonioscope, Retinoscope, Ophthalmoscope, Colposcope	
B	Oxygen cylinder, Oxygen flow meter, Nebulizer	Ultrasonic scaler, Micro-motor machine, Light cure machine, Electrosurgical unit, Laryngoscope, Pharyngoscope, Tympanometer, Otoloscope, Hysteroscope, Laparoscopic surgery set, Phaco-emulsifier, Tonometer, Laser yag	Analyzer, Colorimeter (digital), Centrifuge, Ultrasonogram, Treadmill for exercise tolerance test, Intravascular ultrasound, Automated blood culture, Immunochemistry analyzer, Fetal doppler, CTG machine, Autoretractor-keratometry, B-scan, ocular, ultrasound, Magnetic resonance imaging, Fluoroscopy	
C		Suction machine	ECG machine, Ventilator, Resuscitation unit, Anesthetic machine, Patient Monitor, CTG (Cardiography) machine, Auto-processor for x-ray, X-ray (analog), Automated external defibrillator, Cardiopulmonary resuscitation (automated), Syringe	Glucometer

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
			pump, Infusion Pump, Temporary pacing equipment, Incubator, Urodynamic machine, C-arm machine	
D				

Tertiary level hospitals with 500-beds

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Micropipette, Sphygmomanometer (BP machine), Stethoscope, Trolley, Thermometer, Height & weight scale, Pulse oximeter, Labor table, Thyroid protector, Gonad protector, Bucks traction set, Cervical traction set, Hotter Tractional set, Pelvic traction set, Splint braun bowler, pH meter, Tongue depressor, Stripper blood bag	Saw plaster cutting (electric and manual), Gauge cutting machine	Microscope, Water bath, Refrigerator, View box for x-ray, OT light, LED, Plasma storage, Freezer, Gonioscope, Retinoscope, Ophthalmoscope, Colposcope, Motor table mounted, Magnifying loupe binocular, Microscope immuno-fluorescent, DNA extraction system automated, RNA extraction system, Auroscope, Bronchoscope, Esophagoscope, Pleuroscopy	PCR conventional set
B	Oxygen cylinder, Oxygen flow meter, BIPaP machine, CPaP machine, Nebulizer	Ultrasonic scaler, Micro-motor machine, Light cure machine, Electrosurgical unit, Laryngoscope, Pharyngoscope, Tympanometer, Otoscope, Hysteroscope, Laparoscopic surgery set, Phaco-emulsifier, Tonometer, Laser yag, Proctoscope, Endoscope, Enteroscope, Duodenoscope, Dilator esophageal savory galliard, Snare polypectomy, Needle sclerotherapy endoscopy, Dilator ballon achalasia, Dental implant kit, Arthroscopy machine for TM surgery, Ventose machine, Stone punch, Resectoscope, Urethrotome, Uretero-reno-scope, Lithotriptor, Extra corporeal shock wave lithotripter, Percutaneous nephroscope set, STENT Endobronchial	Analyzer, Colorimeter (digital), Centrifuge, Ultrasonogram, Treadmill for exercise tolerance test (ETT), Intravascular ultrasound, Automated blood culture, Immunochemistry analyzer, Fetal doppler, CTG machine, Autorefractor-keratometry, B-scan, ocular, ultrasound, Magnetic resonance imaging, Fluoroscopy, Cone beam computed tomography, Amalgamator mechanical, Casting machine for dental, B-scan ocular ultrasound, Laser argon, Pachymeter, Ophthalmic unit, Electro-encephalography (EEG), Electro-myography (EMG), Analyzer hematology, Electrophoresis capillary auto, Continuous passive mobilizer (CPM), Shortwave therapy unit, Shockwave therapy unit, Ultrasound therapy unit, Laser therapy unit, Tense device, Muscle stimulator, Massage vibrator, UV therapy unit, Occupational therapy unit, Interferential therapy (IFT)	Chamber macleod for semen analysis

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Class	Non-invasive device	Invasive device	Active device	In-Vitro device
			unit, Electro convulsive therapy (ECT) machine, Bone material densitometer (BMD), Iontophoresis machine, Uroflowmetry machine, Electric dysfunction treatment device	
C		Suction machine	ECG machine, Ventilator, Resuscitation unit, Anaesthetic machine, Patient monitor, CTG (Cardiotocography) machine, Auto-processor for X-ray, X-ray (analog), Automated external defibrillator, Cardiopulmonary resuscitation (automated), Syringe pump, Infusion pump, Temporary pacing equipment, Incubator, Urodynamic machine, C-arm machine, Colonoscope video set, Ultrasound endoscopic, Hydrogen breath test machine, Angiogram, NCS (nerve condition study) machine, Mammography	Glucometer
D				

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Appendix-4: Detailed list of equipment/ devices used by each segment (or device type)

Radiology and imaging related devices

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A				
B			1.5 Tesla MRI, Dental ultrasonic scaling, Ultrasound machine, CT scanner	
C			Defibrillator, Electrocardiogram (ECG), Echocardiography, Exercise tolerance test (ETT) machine, X-ray machine	
D				

Critical care unit related devices

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Pulse oximeter, Cidex tray		Infant warmer, Phototherapy LED	E.P.O.C blood analysis
B	BIPaP machine, CPaP machine, Nebulizer	Diathermy machine, Laryngoscope		
C		Suction machine, Vacuum pump	Baby incubator, Defibrillator, Infusion pump, Syringe pump, Ventilator, Patient monitor, ACT machine	
D				

Operation theatre related devices

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A			OT light, C-arm machine	Suction machine
B	Oxygen cylinder flowmeter, Vacuum regulator with jar, Nebulizer	Diathermy machine, Laryngoscope		
C			Multi parameter monitor, Anesthesia machine with ventilator, CTG machine - fetal monitor & doppler, Laparoscopy machine, Syringe pump, Defibrillator	
D				

Physiotherapy related devices

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Quadriceps chair, Lumbar & cervical traction, Static bicycle, Shoulder wheel, Dumbbell/ blocks, Physio ball, Exercise mats, Height/ weight scale, Exercise pulley			
B			Shortwave therapy unit, Ultrasound therapy unit, Laser therapy unit, Tense	

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C
D

	device, Muscle stimulator, Massage vibrator

Hospital furniture

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	Baby blood collection bed, Baby cot, Blood collection chair, Blood collection table, Bowl stand, Crush cart trolley, Delivery bed (Gyne), Dressing trolley, Hospital bed 3 function manual, Hydraulic hospital bed, Instrument trolley, Isolation screen stand, Laboratory table, Mayo stand/ trolley, Medicine trolley, Paediatric bed, Patient stretcher, Saline stand, Scrub attire trolley, Wheelchair		Hospital bed 3/4 function electric, View box 1 film (LED)	
B				
C				
D				

Laboratory & blood bank related devices

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	BP machine, First aid box		Binocular electron microscope, Biosafety cabinet, Blood bank refrigerator 2-8 c, Coagulation analyzer, Electrolyte analyzer, Elisa machine, Emergency charger light, ESR analyzer, Microtome, Photoelectric colorimeter, Plasma freezer, Platelet agitator, Water bath, Weight machine	
B			Biochemistry analyzer, Blood bag sealer machine, Blood cell separator, Blood collection monitor, Blood culture system, Blood mixer rotator, Centrifuge, hba1c analyzer, Hematology analyzer, Laminar air flow cabinet, Urine analyzer, Vortex mixer	
C			Incubator 37°C	
D				

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Consumables/ disposable items

Class	Non-invasive device	Invasive device	Active device	In-Vitro device
A	3/0 silk cutting body, 3/0 silk packed, 3/0 silk round body, Adult BP cup, Air way tube, Anesthetic mask, Petridis, ECG chest electrode	Alcohol pad, Examination gloves	ENT head light, ENT bulb, OT light	ASO latex, Pregnancy (latex), ICT Dengue device (IgG+IgM), Immunrep RPR 500T, Immunrep TPHA 200 test, Leishmania (Kalazar), Leishmania IgG/IgM device (Kalazar), Micropath febrile antigen-brucella-abortion, MT reagent, Nitelmycin, Salmonella anti sera 2ml, Syphilis RPR reagent TPHA, TB device (40 test), Tetracyclin, TPHA latex/ strip/ device, VDRL, Widal (TO, TH, AH, BH, AO, BO), Dengue Ag (NS1) device, Dengue device (IgG/IgM), Malaria device, Leishmania device, TB device, Vasmatic ESR device
B	Ambu bag, Anesthesia cartridge, Appendiop tube	Adson plain forceps, Adson tooth forceps, Air water turbine, Artery forceps, Fistula needle, BP blade, Dental needle, MT syringe, Disposable syringe		Pregnancy reagent kit, HCG test kit
C				Blood glucose test strip
D				HIV testing kit

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Appendix-5: Import data of medical equipment/ devices

Import of medical equipment/ devices (value in thousand USD) by HS code (4 digit)

HS code	Commodity	2015/16	2016/17	2017/18	2018/19	2019/20	Share of total import	CAGR
9018	Instruments in medical, surgical, etc.	108,460	113,125	106,299	130,763	149,078	38.30%	8.28%
9027	Instruments, physical, chemical analysis etc.	49,155	60,464	59,069	89,710	65,299	16.77%	7.36%
9022	Apparatus based on x-ray, alpha, etc.	40,684	52,186	64,075	62,259	55,797	14.33%	8.22%
9019	Mechano-therapy etc, appliances	13,466	12,000	14,674	20,679	26,742	6.87%	18.71%
9031	Measuring/checking instrument	10,638	13,361	11,981	23,637	18,885	4.85%	15.43%
9032	Automatic regulating instruments	17,589	18,309	14,699	17,468	13,724	3.53%	-6.01%
9021	Orthopedic, appliances etc.	12,032	15,054	14,250	14,695	13,561	3.48%	3.04%
9024	Machines, hardness, strength test etc.	11,921	14,014	10,683	13,478	10,575	2.72%	-2.95%
9026	Instruments, checking flow, level etc.	11,332	9,961	11,025	14,511	9,366	2.41%	-4.85%
9402	Medical, surgical, dental furniture	6,013	6,617	6,155	10,615	9,071	2.33%	10.83%
9030	Oscilloscopes, spectrum analyzers etc.	5,066	12,983	12,421	12,607	8,585	2.21%	14.10%
9025	Hydrometers, thermometers etc.	3,855	1,896	2,443	4,249	4,720	1.21%	5.19%
9020	Other breathing appliance, gas masks	1,275	3,074	707	397	2,394	0.61%	17.06%
9033	Parts/ accessories n.i.s.	1,416	1,545	2,007	1,800	1,474	0.38%	1.01%
	Total	292,900	334,589	330,488	416,868	389,271	100.00%	7.37%

Medical equipment/ devices import with growth (CAGR) of more than 40% (value in thousand USD)

HS Code	Commodity	2015/16	2016/17	2017/18	2018/19	2019/20	CAGR
90183914	IV cannula			136	411	964	166.2%
90314100	Optical instruments		20	70	55	130	86.6%
90191090	Therapeutic respiration apparatus	548	506	431	916	4,494	69.2%
90183915	Scalp vein set		82	72	120	274	49.5%
90301000	Measuring or detecting ionizing radiation	206	1,144	501	809	994	48.2%
90183917	Blood lancet			35	57	76	47.4%
90183190	Other syringes	24	68	114	115	113	47.3%
90183130	Plastic syringe with or without needles	51	25	28	42	223	44.6%
90259000	Thermometers and pyrometers parts/ accessories	450	704	1,211	1,583	1,886	43.1%

Medical equipment/ devices import with growth (CAGR) of 31% - 40% (value in thousand USD)

HS Code	Commodity	2015/16	2016/17	2017/18	2018/19	2019/20	CAGR
90183912	Blood transfusion set		93	199	102	250	39.0%
90184100	Dental drill engines & other dental equipment		275	94	87	102	38.2%
90192090	Ozone, oxygen, aerosol therapy & respiration apparatus nes.		1,435	3,117	5,972	4,173	37.3%
90181400	Scintigraphy apparatus		14	241	135	48	36.1%
90222100	Apparatus of alpha, beta or gamma radiations for medical, surgical, dental or		1,179	4,589	2,809	3,948	35.3%

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90251100	Liquid-filled, for direct reading	127	94	86	158	424	35.2%
90314900	Optical instruments/appliances for measuring or checking, nes.	657	1,049	615	6,614	1,975	31.7%
veterinary uses							

Medical equipment/ devices import with growth (CAGR) of 21%-30% (value in thousand USD)

HS Code	Commodity	2015/16	2016/17	2017/18	2018/19	2019/20	CAGR
90304000	Other instruments and apparatus like cross-talk meters, gain measuring instruments, distortion factor meters, psophometers	340	4,299	1,350	718	989	30.6%
90309000	Parts/Accessories Of instruments and apparatus for measuring or detecting alpha, beta, gamma, x-ray, cosmic or other ionizing radiations.	83	190	1,527	201	228	28.7%
90181100	Electro-cardiographs	1,780	2,293	2,125	2,648	4,713	27.6%
90302000	Oscilloscopes and oscillographs	180	240	253	375	473	27.3%
90269000	Parts And Accessories of flow meters, level gauges, manometers, heat meters	561	1,045	816	1,639	1,414	26.0%
90183920	Insulin pen/ Insulin cartridge	902	760	2,178	2,181	2,130	24.0%
90213100	Artificial joints	509	1,658	255	680	1,193	23.7%
90311000	Machines for balancing mechanical parts	160	208	218	441	364	22.8%
90308900	Other instruments and apparatus for measuring or detecting alpha, beta, gamma, x-ray, cosmic or other ionizing radiations	732	718	2,723	1,132	1,643	22.4%
90189090	Other Instruments and appliances used in medical, surgical, dental or veterinary sciences	11,055	17,089	15,252	21,826	24,149	21.6%
90219000	Apparatus based on the use of x-rays, nes.	6,310	7,987	8,892	9,542	13,573	21.1%
90191020	Massage apparatus	171	267	186	367	367	21.0%

Medical equipment/ devices import with growth (CAGR) of 10%-20% (value in thousand USD)

HS Code	Commodity	2015/16	2016/17	2017/18	2018/19	2019/20	CAGR
94029090	Medical, surgical or veterinary furniture & parts thereof (excluding hospital bed	2,713	4,231	1,880	6,087	5,706	20.4%
90329000	Parts and accessories of automatic regulating devices of 90 32	537	747	1,036	1,353	1,099	19.6%
90318000	Instruments, appliances and machines for measuring or checking, nes.	7,704	9,456	9,140	12,723	15,297	18.7%
90183120	Portable infusion pump (syringe driver)	91	153	102	220	179	18.4%
90286000	Other instruments for measuring or checking variables of liquids or gas	1,224	1,219	1,818	4,030	2,366	17.9%
90163916	Suction catheter	35	76		34	66	17.2%
90200000	Other breathing appliance, gas masks	1,275	3,074	707	397	2,394	17.1%
90183110	Prefilled glass/plastic syringes	1,458	3,958	2,537	3,427	2,719	16.9%
90215000	Pacemakers excluding parts and accessories	1,850	2,740	2,500	3,521	3,420	16.6%
90163913	Feeding tube	12	17	8	51	22	16.4%
90192010	Oxygen-therapy and artificial respiration apparatus	7,766	6,553	8,867	10,127	13,868	15.6%
90303300	Other instruments and apparatus, for measuring or checking voltage, current, resistance or power without a recording device	1,002	2,201	1,169	1,624	1,734	14.7%
90303200	Multimeters with a recording device	164	114	1,237	212	264	12.6%
90221300	Apparatus based on the use of x-rays, nes, for dental uses	572	616	756	864	918	12.6%
90321000	Thermostats	3,041	3,202	3,153	5,349	4,876	12.5%

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90199020	Kidney dialysis machines/baby incubator	2,821	3,555	3,479	4,508	4,411	11.8%
90211000	Orthopedic or fracture appliances	556	861	1,045	735	1,492	11.8%
90219010	Heart valve	525	1,215	858	806	1,330	11.3%
90214000	Hearing aids, excluding parts and accessories	686	1,319	1,939	1,656	1,044	11.1%
90212100	Artificial teeth	39	27	4	45	59	10.9%
90258000	Other instruments hydrometers, pyrometers, hygrometers, etc., and combinations	655	635	357	535	982	10.7%
90221400	Apparatus based on use of x-rays, nes, for medical/ surgical/ veterinary uses	10,089	15,602	25,046	19,788	14,789	10.0%

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Appendix-6: Registration procedure for medical equipment/ devices in Bangladesh

Registration Guideline for Medical Device, Bangladesh 2015

All medical devices of class B, C and D, as per the below mentioned classification shall be registered before they are imported or manufactured into the country.

1. Application for registration of medical devices which are already being imported or manufactured into the country shall be made immediately from the issue of this guideline.
2. For medical devices which are to be imported or manufactured for the first time, the applicant has to apply for registration before such import or manufacture.
3. The application for registration has to be made by a local authorized person of the manufacturer or foreign supplier or authorized agent to the DGDA.

Procedure for application

1. Application for registration of a medical devices shall be made by the authorized person or local authorized agent of the manufacturer, or foreign supplier in the prescribed form to the office of the DGDA.
2. Prescribed fees of Taka _____ shall be paid along with the application.
3. Separate application and fees are to be paid for separate applications, separate manufacturing premises and separate products. Similar type of medical devices if manufactured in the same premises can be applied in the same application form (example – all stents – similar type, all intra ocular lenses – similar type, all catheters – similar type, all orthopedic implants – similar type, all sutures – similar type, etc.). However, an application shall not have more than 5 products and for more than 5 products separate applications shall be made.

Details to be submitted in the application

1. Name, address, telephone number and email of the local authorized agent,
2. Authorization letter, in original, from the manufacturer authorizing the local agent to be the applicant. This will not be required if the application is made by the manufacturers' own office in Bangladesh.
3. Name, address, telephone number and email id of the company/ person responsible for placing the product in the market, if not the same as the manufacturer. Certified by a company's legally authorized person.
4. Details of the local manufacturer in case part processing is planned to be carried out in Bangladesh.

Product Details

1. Name of the device, including brand name and generic name, if any,
2. Device class as per GHTF classification,
3. Device details and description,
4. Device sizes,
5. Principle use of the device,
6. Device master file, (required only in cases where the CE/ US FDA approvals are not available) should include material of construction and details of quantitative analysis, if required,
7. Short description of the manufacturing process. Multi-facility manufacturing details may be given, (Brief description of manufacturing process and accompanied with flow diagram),
8. Labelling and packaging details,
9. Details of accessories required for using the product, if applicable,
10. Details of any predicate/ substantially equivalent product, if applicable,
11. Standard of the product, (prevailing International standards like ISO/ ASTM (American Society for Testing and Materials)/ IEC (International Electrotechnical Commission)/ AAMI(Association for Advancement of Medical Instrumentation),
12. Device user's manual/ direction for use, labeling if any (example : instruction for use)

Marketing and Regulatory details

1. Regulatory status in the country of manufacture and in other developed economies:
 - (a) For class B devices, FSC from country of origin,
 - (b) For class C and D medical devices , FSC from any one of the countries – EU, USA, Canada, Australia and Japan and FSC from country of origin,
 - (c) Conformity assessment certificate or equivalent certificate has to be submitted,
2. List of countries where the device is marketed,
3. Details regarding any withdrawal/ market recall initiated by the regulatory authority from the market

for any reasons in the last two years.

Combination devices

1. The medical benefits of drug-device combination products should be described in detail,
2. Drugs which are incorporated with the device and have action ancillary to device, data on the drug's safety has to be given,
3. Clinical trial data of devices containing new drugs have to be submitted (refer to the new drug definition under Drug Act and Rules Bangladesh and make amendment if necessary).

Sales and post marketing process details

1. Sales, service and distribution model details of the product, (ex: direct marketing/ channel partners; service support, etc.), procedure by applicant/ manufacturer
2. Post-marketing: Adverse report handling, field action, product recalls including re-export of the product and complaint management procedure by applicant/ manufacture.

Appendix-7: List of locally manufactured products competing with imported products of the lower total tax incidence (TTI) (duty structure as of 2021-2022)

Sl.	HS Code	Name of product	CD	RD	SD	AT	VAT	AIT	TTI
1	9402.90.10	ICU/CCU/ Hospital Bed	5	0	0	0	0	5	15%
2	3006.10.00	Polypropylene suture, Silk suture, PGA Suture, Natural Collagen (Catgut) Suture	5	0	0	5	0	5	15%
3	9018.90.90	Nebulizer Mask, KN 95 Respirator, Disposable Scalpel	5	0	0	5	0	5	15%
4	9018.90.20	Baby Incubator	0	0	0	0	15	0	20%
5	9018.32.00	Atraumatic Needle for Nerve Block	10	0	0	5	0	5	21%
6	9026.80.00	Autoclave	1	0	0	5	15	5	26%
7	9018.11.00	Electro-Cardiographs	1	0	0	0	15	5	26%
8	3822.00.00	Diagnostic/ Lab Reagents	5	0	0	0	15	5	31%
9	3006.20.00	Blood Grouping Reagents	5	0	0	0	15	5	31%
10	9402.90.90	Medical, surgical or veterinary furniture	5	0	0	0	15	5	31%
11	8539.21.10	OT Light (Halogen Lamp)	5	0	0	0	15	5	31%
12	8423.10.10	Weight Scale	10	0	0	0	15	5	31%
13	9018.31.30	Insulin Syringe	10	0	0	5	15	5	37%
14	9018.31.30	20ml/ 50ml/ 60ml Disposable Syringe	10	0	0	5	15	5	37%
15	9018.39.14	IV Cannula	10	0	0	5	15	5	37%
16	9018.39.15	Scalp Vein Set	10	0	0	5	15	5	37%
17	9018.39.12	Blood Transfusion Set	10	0	0	5	15	5	37%
18	9018.39.90	3 Way Stop Cock/ Disposable Nelaton Catheter, Disposable Stomach Tube, Disposable wound drain tube, Umbilical cord clamp, burette set	10	0	0	5	15	5	37%
19	9018.39.13	Disposable Feeding Tube	10	0	0	5	15	5	37%
20	9018.39.16	Disposable Suction Catheter	10	0	0	5	15	5	37%
21	9018.39.30	Urine Drainage Bag	10	0	0	5	15	5	37%
22	9018.39.17	Blood Lancet	10	0	0	5	15	5	37%
23	3005.10.00	First Aid Bandage	10	0	0	5	15	5	37%
24	4015.11.00	Sterile Latex Surgical Gloves (Powdered/ free)	10	0	0	5	15	5	37%
25	4811.59.10	Alcohol Prep Pad	10	0	0	5	15	5	37%
26	9018.39.18	Blood Tubing Set for Hemodialysis	10	0	0	5	15	5	37%
27	9018.39.11	Infusion Set	25	3	0	5	15	5	59%
28	4015.19.00	Latex/ Nitrile Examination Gloves	25	3	0	5	15	5	59%

CD= Customs Duty, RD= Regulatory Duty, SD= Supplementary Duty, VAT= Value Added Tax, AIT= Advanced Income Tax, TTI= Total Tax Incidence

Appendix-8: List of raw materials (for medical equipment/ devices manufacturing) of the high TTI upon import (duty structure as of 2021-2022)

Sl.	HS Code	Name of raw material	CD	RD	SD	AT	VAT	AIT	TTI
1	3902.10.00	polypropylene (Injection Grade)	5	0	0	5	15	5	31%
2	3904.10.00	Poly vinyl Chloride (PVC)	5	0	0	5	15	5	31%
3	4002.19.00	Thermo Plastic Rubber (TPR)	5	0	0	5	15	5	31%
4	3901.10.90	Linear Low Density Polyethylene (LLDPE)	5	0	0	5	15	5	31%
5	3901.20.90	High Density Polyethylene (HDPE)	5	0	0	5	15	5	31%
6	3903.30.90	Acrylonitrile Butadiene Styrene (ABS)	5	0	0	5	15	5	31%
7	3917.23.90	FEP Tube	5	0	0	5	15	5	31%
8	3917.40.10	Silicon Tube	10	0	0	5	15	5	37%
9	3919.90.10	Self-Adhesive PVC Film for Bandage	15	0	0	5	15	5	43%
10	3920.49.30	PVC Film Non-Printed (UDB)	5			5	15	5	31%
11	4802.57.00	Other Paper weighing 40-150 g/m2	15	0	0	5	15	5	43%
12	4802.57.00	Blister Paper Weighing 40-150 g/m2	5	0	0	5	15	5	31%
13	4002.60.00	Isoprene Latex Tube	5	0	0	5	15	5	31%
14	4015.11.00	Latex Surgical Gloves	10	0	0	5	15	5	37%
15	4015.19.00	Latex Examination Gloves	25	3	0	5	15	5	59%
16	4016.93.00	Gasket	5	0	0	5	15	5	31%
17	4811.49.00	Sticker/Label for Infusion Set	5	0	0	5	15	5	31%
18	5603.12.90	Non-Woven Fabrics for Alcohol Prep Pad	25	3	0	5	15	5	59%
19	5603.13.90	Non-Woven Fabrics for Blood Drip Chamber	5	0	0	5	15	5	31%
20	9018.39.90	Hubs & Caps for Needle Cannula	5	0	0	5	15	5	31%
21	3907.10.00	Polyacetals	5	0	0	5	15	5	31%
22	3907.30.00	Epoxy Resin	5	0	0	5	15	5	31%
23	3910.00.00	Silicones in Primary forms	5	0	0	5	15	5	31%
24	3920.20.10	Polymer propylene, Printed Film	25	3	10	5	15	5	74%
25	3920.20.20	Mylar Poly	10	5	0	5	15	5	43%
26	3920.20.90	BOPP Film for Overwrapping	10	5		5	15	5	43%
27	3405.90.90	Honing Powder	25	3	0	5	15	5	59%
28	3814.00.90	Thinner	15	0	0	5	15	5	43%
29	4804.39.00	Support Card Paper	10	0	0	5	15	5	37%
30	4811.59.10	Aseptic Pack Paper/ Aluminum Foil	10	0	0	5	15	5	37%
31	4811.59.90	Unprinted Paper for Ribbon Pack	5	0	0	5	15	5	31%
32	4822.90.00	Roll Stock Tyvek Paper	5	0	0	5	15	5	31%
33	4823.90.91	Paper Separator	5	0	0	5	15	5	31%
34	4823.90.99	Unprinted Wrapper Paper	5	0	0	5	15	5	31%
35	6804.10.00	Grinding Stone	10	0	0	5	15	5	37%
36	6804.22.00	Cutting Disk	5	0	0	5	15	5	31%
37	8481.40.12	Auto Safety Valve (Dia < 1 inch)	5	0	0	5	15	5	31%
38	8481.40.12	Manual Safety Valve (Dia <1 inch)	25	3	0	5	15	5	59%
39	8481.80.22	Solenoid Valve	5	0	0	5	15	5	31%
40	8516.90.10	Heater Coil	5	0	0	5	15	5	31%
41	9018.39.17	Blood Lancet	10	0	0	5	15	5	37%
42	9018.39.90	Luer Needle with plastic protector	5	0	0	5	15	5	31%
43	9031.90.00	Parts of Burette Set	1	0	0	5	15	5	26%
44	9033.00.00	T -Connector	10	0	0	5	15	5	37%
45	8309.90.90	Stoppers, caps and lids.	25	3	45	5	15	5	128%
46	8309.90.30	Combination seal for vials	25	3	0	5	15	5	59%
47	7214.99.00	Various Iron/steel bars and rods	5	3	45	5	15	2	90%

CD= Customs Duty, RD= Regulatory Duty, SD= Supplementary Duty, VAT= Value Added Tax, AIT= Advanced Income Tax, TTI= Total Tax Incidence

**4. Materials & Handouts related to Policy
Development Support for Industrial Linkage
Formation**

Slides for Policy Development Workshops

Outline and Handout for 1st Workshop

Workshop for the Policy Coordination Support (Component-1 for BIDA)
FDI and Linkage Formation: Experiences in the Neighboring Countries in Asia

The First Workshop: FDI and Linkage Formation: Cases of Investment of Japanese Assembly
Manufacturers and Local Supporting Industry Formation in ASEAN
Countries

Time and Date: 10:00-12:30, September 18, 2018

Venue: Conference Room of BIDA (3rd floor)

Presenter: H. TANAKA, JICA Project Team

Participants to be invited: around 25 persons including BIDA, PMO, BEZA, MoI, Local Chambers

Contents of WS

1. Where we are in comparison with other countries
2. Cases of Investment and Linkage Formation
 - Automobile Industry in Thailand
 - Electronics Industry in Vietnam
 - Motorcycle in Indonesia
3. Policy Options for Further Consideration – Focusing on encouraging linkage formation among FDI and local industries
 - FDI promotion policy for assembly and parts/components industries
 - Provision of attractive EZ location
 - Policy for linkage formation between FDI and local industries

Policy Coordination Workshop

Series 1 Workshop-1

Cases of Investment of Assembly Manufacturers and Linkage Formation in ASEAN

Presentation by: H. Tanaka, JICA Project Team

Dhaka, 18 September 2018
Bangladesh Investment Development Authority (BIDA)

1

CONTENTS

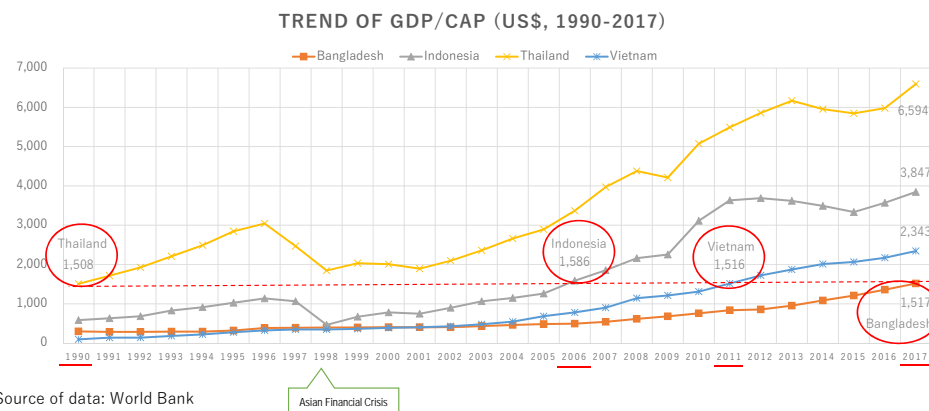
1. Where we are in comparison with other countries
2. Cases of Investment and Linkage Formation
 - 1) Automobile industry in Thailand
 - 2) Electronics industry in Vietnam
 - 3) Motorcycle industry in Indonesia
3. Policy options for further discussion

2

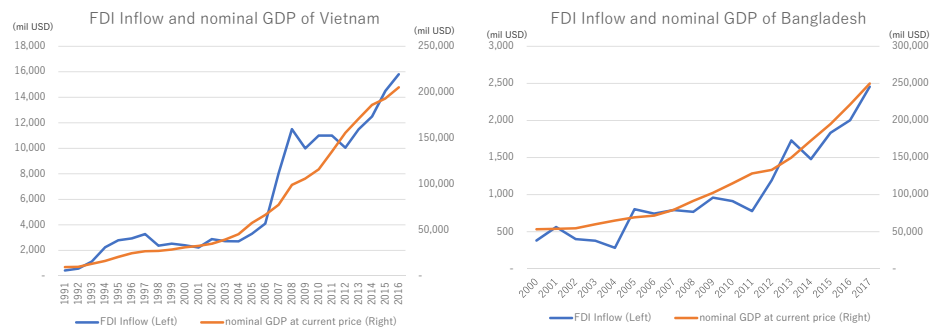
1. WHERE WE ARE?

In comparison with Other Countries

In terms of GDP per capita



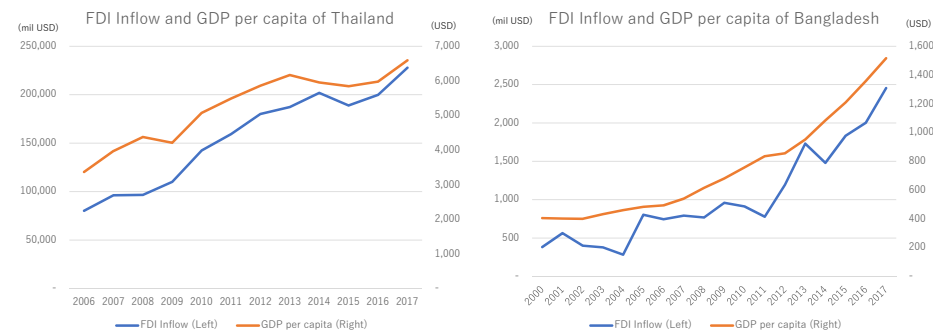
Trend of FDI Inflow and GDP Vietnam and Bangladesh



SOURCE OF DATA
FDI Inflow: Statistic Office of VietNam, <http://www.gso.gov.vn/>
Nominal GDP: World Bank, World bank Open Data, <https://data.worldbank.org/>

SOURCE OF DATA
FDI Inflow: Bangladesh Bank
Nominal GDP: World Bank, World bank Open Data, <https://data.worldbank.org/>

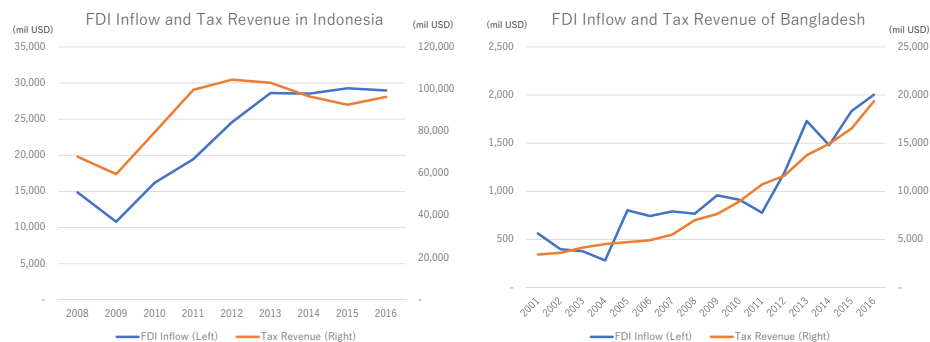
Trend of FDI and Per-capita GDP Thailand and Bangladesh



SOURCE OF DATA
FDI Inflow: Bank of Thailand, Foreign Direct Investment (Inflow)
GDP per Capita: World Bank, World bank Open Data, <https://data.worldbank.org/>

SOURCE OF DATA
FDI Inflow: Bangladesh Bank
Nominal GDP: World Bank, World bank Open Data, <https://data.worldbank.org/>

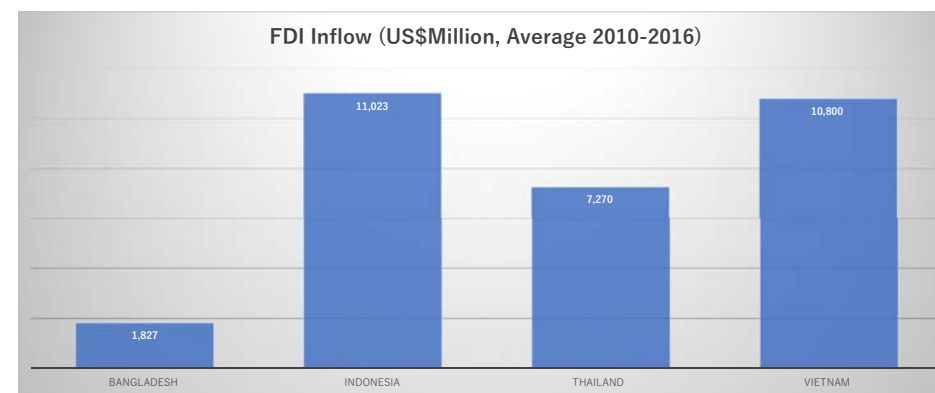
Trend of FDI Inflow and Tax Revenue Indonesia and Bangladesh



SOURCE OF DATA
FDI Inflow: BKPM (2010-2016), BPS (Bureau of Statistics) (2007-2009)
Tax Revenue: World Bank, World bank Open Data, <https://data.worldbank.org/>

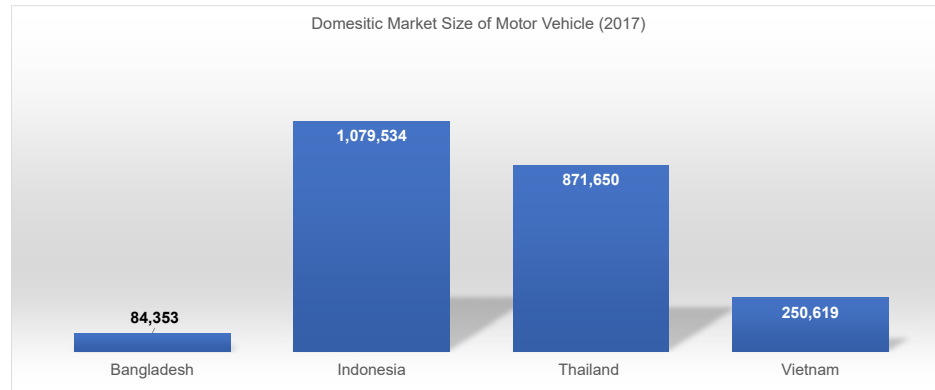
SOURCE OF DATA
FDI Inflow: Bangladesh Bank
Nominal GDP: World Bank, World bank Open Data, <https://data.worldbank.org/>

Annual FDI Inflow



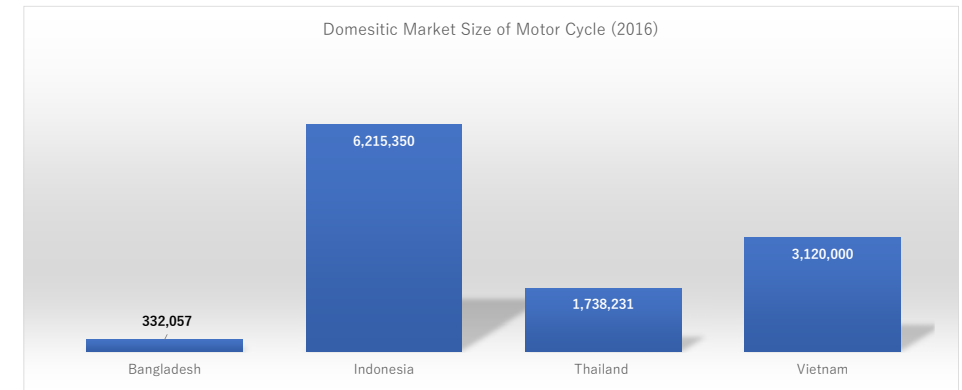
Source of data: UNCTAD

Market Size for Cars



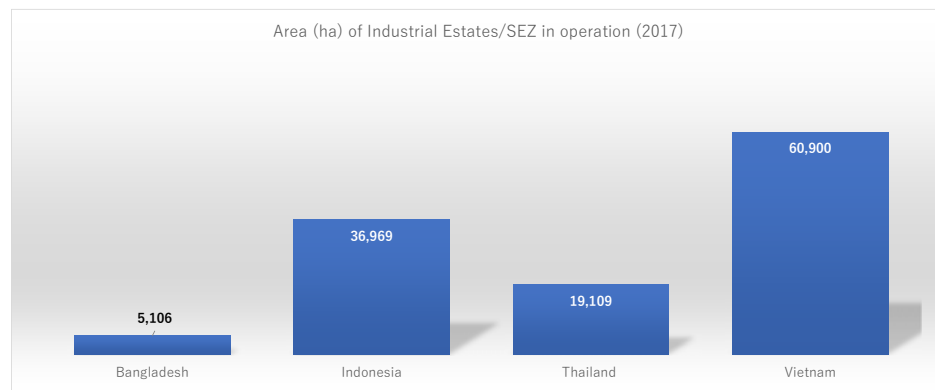
Bangladesh data: Number of registered vehicle in 2016 (Emerging Credit Rating Ltd.)
Data for other countries: Number of car sales in 2017 (ASEAN Automotive Federation)

Market Size for Motor Cycles

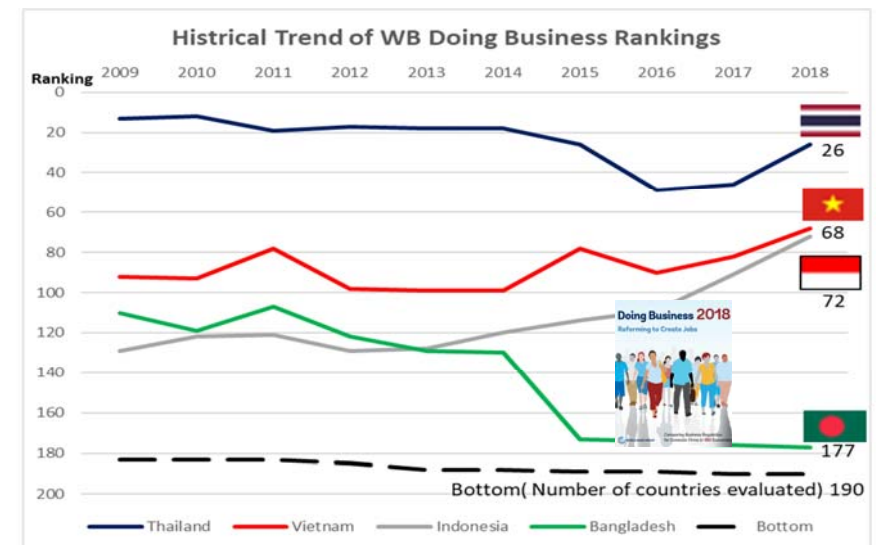


Bangladesh data: Number of registered motorcycle in 2016 (Emerging Credit Rating Ltd.)
Indonesia and Thailand: Number of motorcycle sales in 2016 (ASEAN Automotive Federation)
Vietnam: Number of motorcycle sales in 2016 (VN Express)

Industrial Estate/EPZ in Operation



Note: The data for Bangladesh is total of BEPZA (8 zones) and BEZA EZ (18 zones) under operation/construction, cited from JICA Progress Report, February 2018.
Source of other data: Industrial Estate Authorities (Thai and Indonesia) and Ministry of Planning and Investment (Vietnam).



Source: World Bank

Summary of “Where we are?”

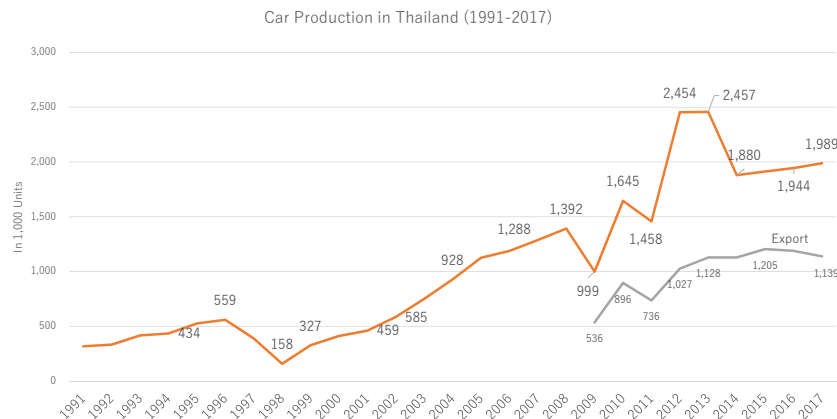
- Thailand in 1990: High economic growth (11%), with investment and export promotion policies
- FDI Inflow and GDP and Tax revenue are correlated
- Domestic market size for consumer durables (car and motorcycle) in Bangladesh is yet to be developed, despite of the sizable population
- FDI in industrial sector needs to be supported by infrastructure to accommodate industrial investment, industrial estate or EZ
- Investment and business climate needs more effort to attract foreign investment

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Case-1: Automobile Industry in Thailand

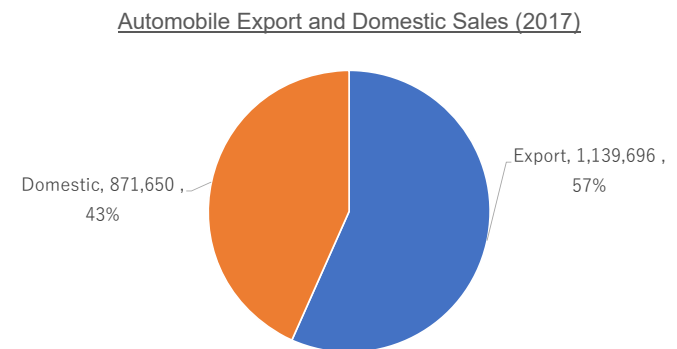
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Car Production in Thailand: 2 million/year

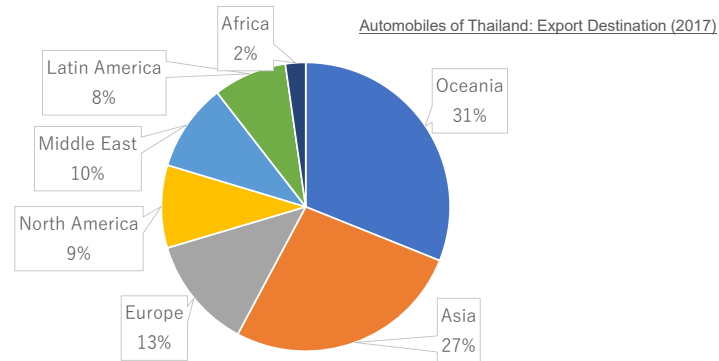


Source of Data: Federation of Thai Industries, Thailand Automotive Institute, Estimation from various sources

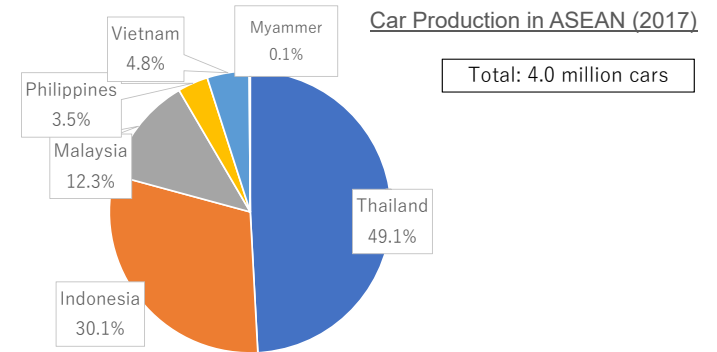
Export share is 57%



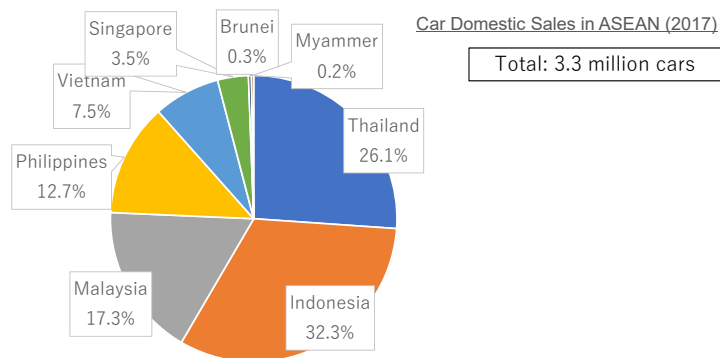
Export Destinations



Share within ASEAN: Car Production



Share within ASEAN: Car Market Size



Historical Trend of Industrial Policies

1. Import Substitution Period-1: 1960~1971
2. Export Promotion Period-1: 1972~1976
3. Import Substitution Period-2: 1977~1985
4. Export Promotion Period-2: 1986~1997
5. Priority Industry Development Period including Automobile Industry: 1998~

Source: A. Kuchiki

1. Import Substitution Policy-1: 1960~1971

- Tariff Protection for domestic industry
- Incentive for machinery and raw material imports
- Thai government did not take “national brand” car production policy (not like Malaysia and Indonesia)
- Japanese and other foreign auto-makers started KD production

→ However, faced with widening trade deficit

→ Shifted to Export Promotion policy regime

2. Export Promotion Policy: 1972~1976

- Investment Law revised to provide incentive for export-oriented industry, with import tariff and corporate tax reduction
- Tax reduction for export sales increase
- Export Promotion Law for tax rebate for raw material used for export products
- Provision of export financing scheme
- Local content requirement for auto components (1974)

→ However, these policies did not work fully due to social unrest

3. Import Substitution Policy-2: 1977~1985

- Investment promotion for import substitution industry
- Protection for heavy industry and capital goods (machinery, etc.) domestic production
- Eastern seaboard industrial area development started (Infrastructure investment by government)
- Focus on regional development through investment promotion
- Japanese auto-parts manufacturers started local production following local content policy

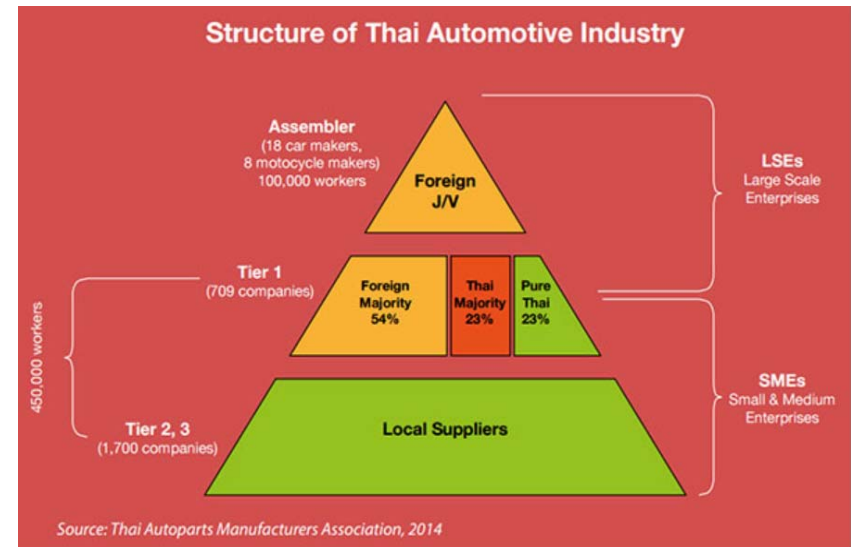
4. Export promotion through Investment Promotion Policy: 1986~1997

- Japanese direct investment increase due to Plaza Accord (Yen appreciated in 1985)
- Car engine local manufacturing policy (1986) accelerated auto-parts manufacturers investment
- Focus on domestic supporting (linkage) industry development, in particular, metal working industries (including die and mold)
- Local content requirement for auto components (54%~72%, 1994)
- Auto-industry accumulation at Eastern Seaboard clusters (1995)

→ However, faced with Asian Financial Crisis (1997)

5. Priority Industry Development Policy including Automobile Industry: 1998~

- 5 Priority Industries: 1) Automobile, 2) Agro-industry, 3) Fashion (textile), 4) IT (Electronics), 5) Services
- Recovery from Asian Financial Crisis by de-regulation and liberalization
- Automobile: Abolish local content regulation
- AFTA tariff reduction (0~5%) started effect in 2002, and intra-ASEAN auto-component supply chain created by car assemblers
- “Detroit in Asia” policy by PM Taksin (PM from 2001)



Success Factors: Thai Model

- Thai government did not take “national brand” car production policy.
- Promoted to invite foreign auto-makers for local production.
- Policy to encourage developing local auto-parts and components manufacturing.
- Japanese auto makers established regional production bases.
- Local content policy (started in 1974, 54%~74% in 1994), abolished in 1998.
- AFTA (ASEAN Free Trade Area) started in 2002 with 0%~5% tariff for auto-parts imports.

Source: M. Kurokawa 2015

Examples of Local Parts Procurement by a Japanese Car Assembler

Supply Source	Parts and Components
Japanese manufacturers operating in Thailand	Diesel engine, Electric and electronic components, Battery, Tires, Harness
Local manufacturers	Exhaust pipe, Press parts, Seats, Plastic parts
ASEAN (Indonesia, Malaysia, Philippines)	Gasoline engines, Transmission, Steering, Meters, Switches, Joints

Source: “Thai Auto-parts Industry and Japanese Production Method”, 2004, Prof. Takeuchi, Nagoya University

Policy Implications to Bangladesh

- Local content policy – Application with consideration on feasibility -- domestic market size affects on component local production feasibility
- Investor-friendly environment – regulatory framework and services and support provided by IPA (investment promotion agency)
- Application of regional treaty (AFTA for Thailand) – SAFTA* under SAARC** or ASEAN bilateral treaty (?)

* South Asia Free Trade Area (SAFTA)

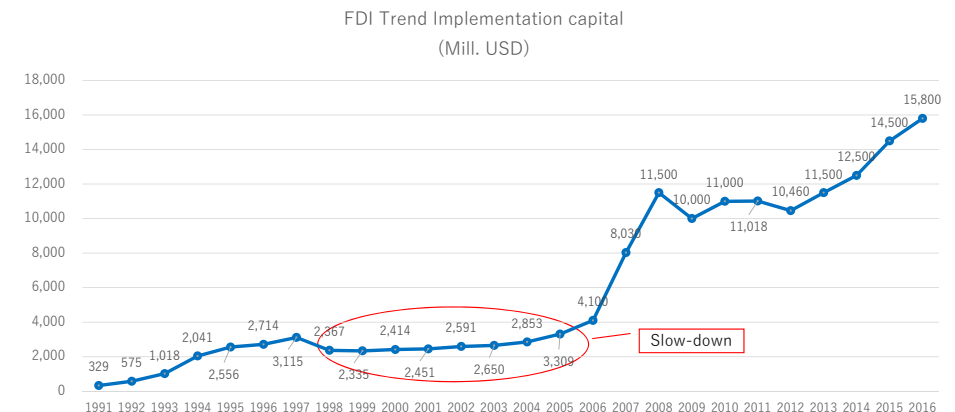
* South Asian Association for Regional Cooperation (SAARC)

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- 外務省サイト (SAARC, SAPTA) <<https://www.mofa.go.jp/mofaj/area/saarc/gaiyo.html>>

Case-2: Electronics Industry in Vietnam

FDI Trend: Slow-down in late 1990's



Source: General Statistics Office of Vietnam (www.gso.gov.vn)

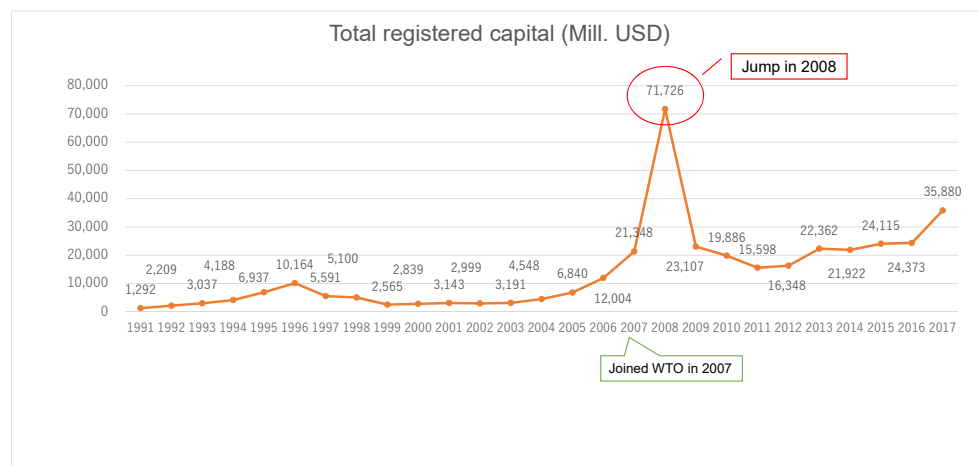
Trend of Foreign Investment Policies (1)

- Doi Moi Policy (1986): Introduction of market economy under socialist political regime – Abolish price and exchange control
 - End of US economic sanction (1991)
 - High economic growth (8%) during 1992-1996
 - Widening income disparity among cities (Hanoi, HCM) and rural areas -> social policy to mediate gaps (1996)
- FDI declined in late 1990's due to unfriendly policies, e.g. 100% ownership NOT allowed for FDI, and company regulation, requiring “unanimous agreement” by all shareholders.

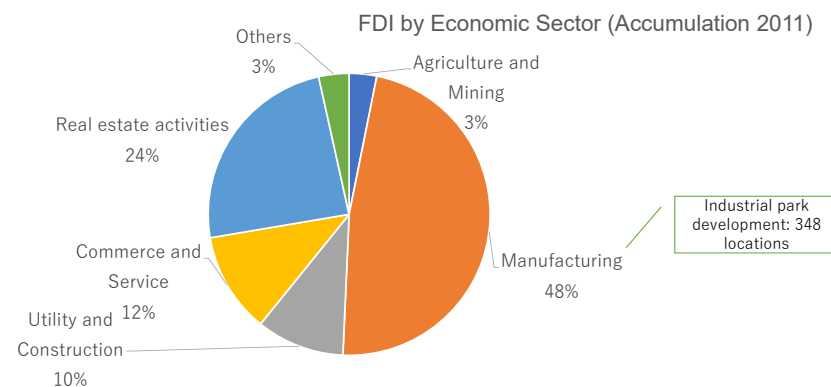
Trend of Foreign Investment Policies (2)

- US-Vietnam Trade Treaty (Tariff 40% -> 3%) and 100% FDI ownership allowed in 2001 – trade and investment pick-up
- Japan- Vietnam Economic Partnership Agreement (EPA) in 2003
- WTO member in early 2007
- Increase by Japanese and Korean Investment – “China+1” for Japanese
- Jump in amount of FDI registration in 2008, investment implementation also leveled above USD10 million since 2008.

FDI Trend: Jump in Registration in 2008



FDI by Economic Sector: About 50% Manufacturing

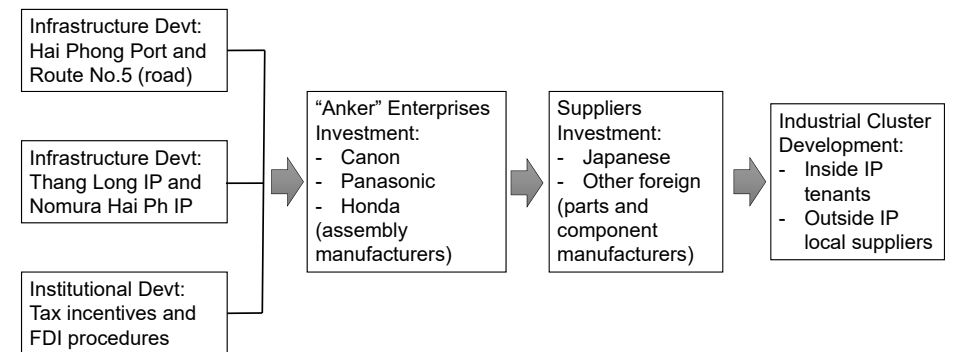


Source: General Statistics Office of Vietnam (www.gso.gov.vn)

Industrial Development Policies

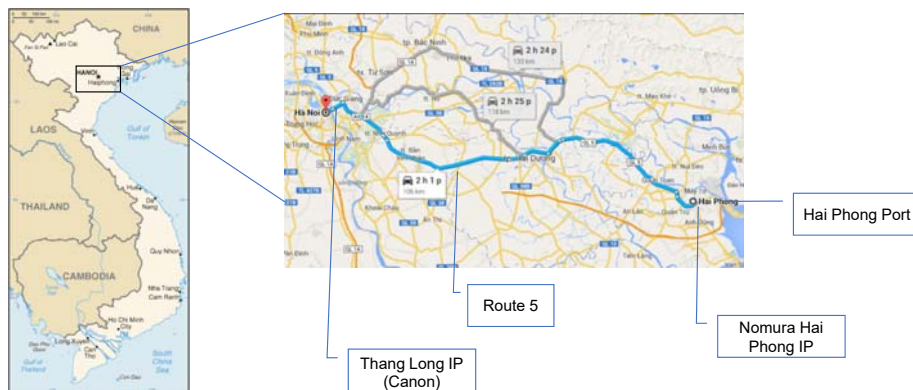
- Designated priority development areas, in North (Hanoi-Hai Phong), Central and South
- Public investment for industrial infrastructure development, e.g. highway, seaport, airport and industrial parks and EPZ
- Designated priority products for export promotion: textile, apparel, electric/electronics, shipbuilding, automobile and bicycle
- Industrial cluster development with Industrial Parks playing core role by specifying sectors, e.g. Thang Long IP for machinery and electronics, Hoa Lak High-tech Park

Case of North Vietnam FDI industrial cluster development



Source: Based on "Industrial Clusters in Asia" by Akifumi Kuchiki (2007)

North Vietnam: Hanoi and Hai Phong



Canon Effect: Linkages among FDIs

- Canon, an "Anker" assembler, invested export-oriented ink-jet and laser printer factory at Thang Long IP in North Vietnam, started production in 2001.
- Canon investment induced various parts and components manufacturers investment from Japan, Singapore, Malaysia and other countries from 2002, e.g. manufacturers for electric cables, printer frames, precision plastics.
- Formation of industrial cluster specialized in electronics (printer), as a major export base to the World Market.
- Following Canon, other Japanese companies, Brother (2007), Kyosera (2012) and Fuji Xerox (2013) established laser printer factories in North Vietnam.

Investments in Electronics in North Vietnam

Investment Projects in Electronics Products in North Vietnam

Year	Company	Country	Products	Industrial Park Location
2002	Canon	Japan	Inkjet and laser printer	Thang Long IP
2005	Canon	Japan	Laser printer	Bac Ninh Province
2007	Canon	Japan	Inkjet printer	Bac Ninh Province
2007	Brother	Japan	Laser printer	Hai Duong Province
2009	Samusung	South Korea	Mobile phone, Organic EL	Bac Ninh Province
2012	Kyocera	Japan	Laser printer, copier	Hai Phong VSIP
2013	Fuji Xerox	Japan	LED printer, digital copier	Hai Phong VSIP
2014	Samusung	South Korea	Mobile phone, HE appliance	Thai Gueng
2016	LG Electronics	South Korea	Mobile phone, Organic EL	Hai Phong Chanz

Source: International Trade and Investment (ITI), 2017/12

Linkage Effect for Electric/Electronics Sector

- Vietnam suppliers share is only 20.3% for Japanese FDI in electric/electronics sectors, while average for all sectors is 32.1%. (JETRO, 2016.8)

Import from Japan or Japanese manufacturers in Vietnam	36.2%
Import from China	27.3%
Local suppliers in Vietnam	20.3%

- Mobile phone is major export item, with Korean investment (Samsung and LG Electronics).
- 40% of Samsung mobile phone is “made in Vietnam”, however, the local content ratio is likely to be very low, while it reported the local procurement ratio is 57%. (ITI, 2017.12)

Vietnam Case Summary

- Vietnam is one of late comers (CLMV) of ASEAN – GDP per capita reached over \$1,500 in 2011. (6 years ahead of us)
- After slow-down of FDI in 1990s, FDI regulation was liberalized. (Doing Business ranking at 68 in 2018)
- The central government, through MPI (Ministry of Planning and Investment), initiated infrastructure building with number of Industrial Parks. (348 IPs developed)
- Succeeded in accommodating export bases for foreign electric/electronic manufacturers.
- Mobile phones and electronic products together shares 28% of total export value in 2015. (14% for RMG, JETRO, 2016)

Policy Implication to Bangladesh

- Importance of infrastructure, including Industrial Parks (or Economic Zones) development and services to accommodate FDI.
- Promoting FDI in parts/components manufacturers is also important, besides promoting assemblers, as observed in “Canon Effect” in Vietnam.
- Linkage effect can be different by products, as seen in electronic products.

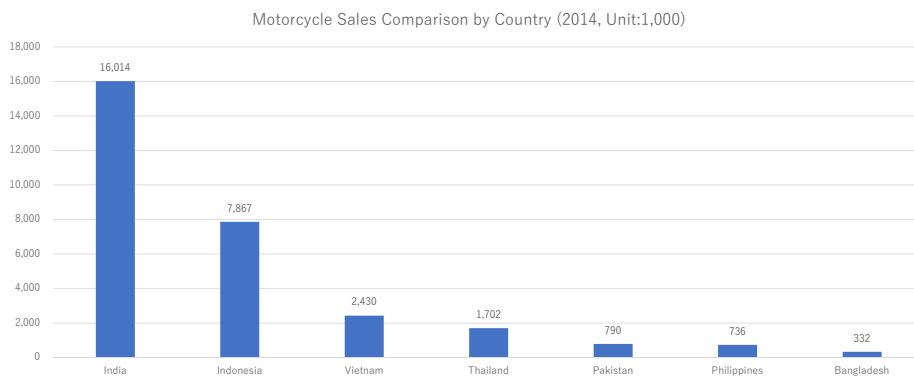
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Case-3: Motorcycle Industry in Indonesia

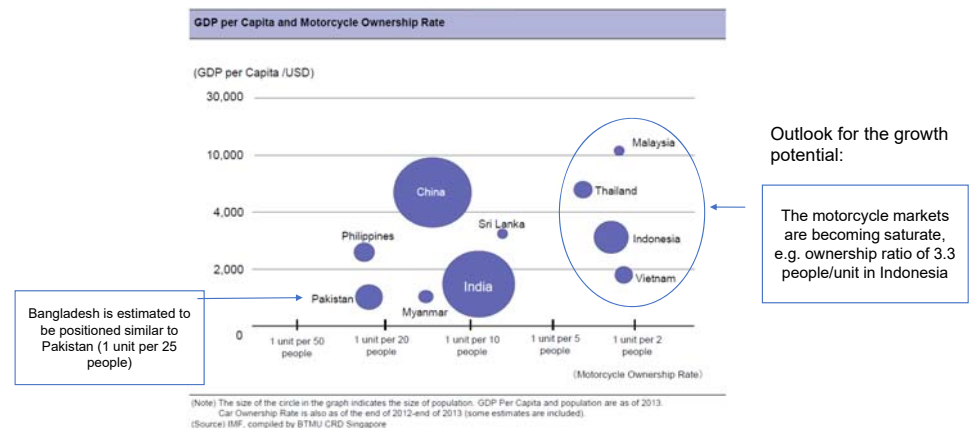
46

Motorcycle Sales Comparison by Country - Indonesia is largest among ASEAN -



Source: "The Automobile and Motorcycle Industry in Indonesia", BTMU, 2015
Note: Data for Bangladesh is 2016 registration

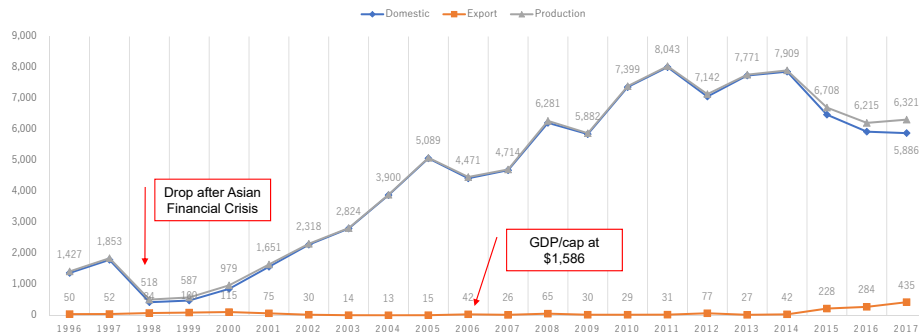
GDP/capita and Motorcycle/owner



Source: "The Automobile and Motorcycle Industry in Indonesia", BTMU, 2015, The Daily Star (July2, 2018)

Trend of Motorcycle Production - Mostly for Domestic Market -

TREND OF MOTORCYCLE PRODUCTION IN INDONESIA (IN1.000)



Source: Indonesia Motorcycle Industry Association (AISI) (www.aisi.or.id)
Member of AISI: Honda, Kawasaki, TVS, Suzuki, Yamaha

Motorcycle Manufacturers in Indonesia - Mostly Japanese Brands -

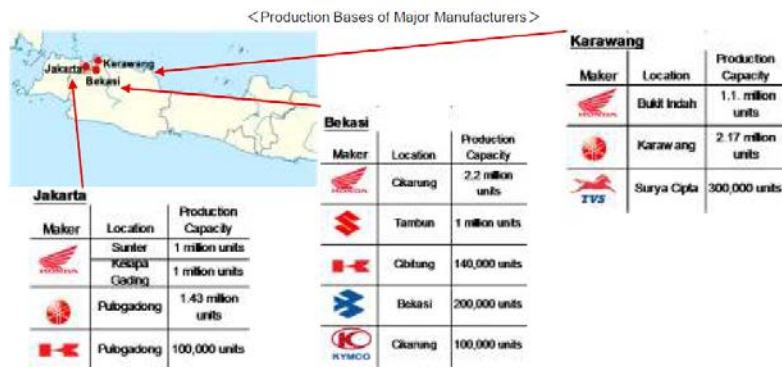
- Honda (65%) and Yamaha (30%) shares 95% in total as of 2014. (Bank of Mitsubishi UFJ Singapore)



(Source) AISI, CEIC, newspapers, compiled by BTMU CRD Singapore

Location of Motorcycle Manufacturers

- Motorcycle assemblers are mostly located in Industrial Estates in and around Jakarta



(Note) The figures of each company are the production capacity at the end of 2014.
(Source) Newspapers, compiled by BTMU CRD Singapore

Linkage Effect: Local Suppliers

- In case of Honda and Yamaha: About 25% are from local suppliers, while the rest are foreign suppliers locally operated (2004 data).

Source of Supply	Honda			Yamaha		
	Ratio	Suppliers		Ratio	Suppliers	
	%	No. firms	%	%	No. firms	%
In house	14	-	-	11	-	-
Japanese suppliers	58	43	33	na	70	58
Non-Japanese foreign suppliers	3	3	2	na	10	8
Local suppliers	25	77	58	na	30	25
Others	1	9	7	na	10	8
Total	100	132	100	100	120	100

Source: "Motorcycle Industry in Indonesia", Yuri Sato, IDE

History of Local Content Policy for Motorcycle

1969 Import of CBU (Complete Build Up) banned: CKD with domestic assembly became mandatory – Honda (1971) and Yamaha (1974) started local assembly

1977 Local Component and Penalty: Designated components to be locally procured, and penalty tax levied for imports – increasing target components starting from 13 items in 1979, and engine manufacturing in 1984, inducing Japanese manufacturers investment

1994 Local Content and Incentive: Lower import tariff for higher local content ratio – Achieved 40%~60% local content ratio

1999 Abolished local content policy: WTO decision (1998) for the local content policy violating TRIM* Agreement

*TRIM: Trade Related Investment Measures

Source: "Automobile and Motorcycle Industry in Indonesia", Kyoko Yamashita, IDE

Import Tariff for Motorcycle in Indonesia

Tariff		Capacity of Engine	Before 1998	After 1999
Import Tariff	CBU (Complete Build Up)	250cc or more	35%	35%
		less than 250cc	150%	60%
	CKD (Complete Knock Down)	250cc or more	0-25%	25%
		less than 250cc	0-25%	25%
Luxury Tax		250cc or more	0%	0%
		less than 250cc	35%	50%

Note: Local content policy was abolished in 1999, and the import tariff is the only protection policy for local suppliers, including Japanese joint-venture parts/components manufacturers. USTR claims the current tariff (import tariff (60%) + luxury tax (50%) + VAT (10%)) for Harley-Davidson type motorbike as "severely restricted" (USTR, 2013)

Source: AISI cited from "Automobile and Motorcycle Industry in Indonesia", Kyoko Yamashita, IDE

Indonesian Case Summary

- Indonesia has large population (240million) and its domestic motorcycle market is the largest among ASEAN countries, however, the market is getting saturated.
- Indonesian government took strict local content policy, starting 1977, and four Japanese firms (Honda, Yamaha, Kawasaki, Suzuki) followed the policy, and formed dominant share in the domestic market.
- Linkage effect with genuine local suppliers was limited, 25%.
- However, the local content policy was abolished in 1999, after WTO decided the policy as violation with TRIM Agreement
- Currently, only the import tariff and luxury tax forms protection policy measures for motorcycle industry.

Policy Implication to Bangladesh

- Motorcycle market has high potential to be developed further, due to large population for potential demand
- Linkage effect with genuine local suppliers is limited, requires strategy to attract foreign parts/components suppliers to invest in Bangladesh
- Location of the assemblers and parts suppliers: Need to be accommodated at EZ with facility and incentives for the both.
- Local content policy needs to be reviewed in the near future, in accordance with WTO Agreement.

Reference

- アジア産業クラスター論 朽木昭文 (書籍工房早山)
- インドネシアの自動車産業と二輪産業 – 中国の影響と分業再編の展望 – 山下協子、アジア経済研究所
- アジア産業基盤強化等事業「インドネシアの現地中小企業の実態調査」日本経済研究所、平成27年2月
- インドネシアの二輪産業 – 日本ブランド寡占産業における部品サプライヤーの成長- 佐藤百合、アジア経済研究所
- The Automobile and Motorcycle Industry in Indonesia, MUFG (Mitsubishi UFJ Financial Group) August 2015
- Indonesian Motorcycle Industry Association (AISI) website (www.aiai.or.id)
- "Bangladeshi motorcycle industry revs toward record numbers", article from Tha Daily Star, July 2, 2018 (www.thedailystar.net)

3. Policy Options for Further Consideration

Focusing on Encouraging Linkage Formation among FDI and Local Industries

Investment Promotion Policy (BIDA) -1

1. Enhancing Incentives to Attract FDI for:

- Assembly-type industries
 - Parts/Component industries
- } List as "Industrial undertakings" entitled to "Tax Holiday and Reduced Tax"

- "Industrial undertakings" lists 21 industrial products including automobile, bicycle, textile machinery and tire manufacturing, but not covering "assembly-type" and "parts/components" manufacturers of other manufacturing products.

(Note: **those issues are** related with JICA Project activity for Investment Climate)



Investment Promotion Policy (BIDA) -2

2. Information Dissemination of:

- Assembly-type industries
 - Parts/Component industries
- } To study on the current sector in Bangladesh, prepare the sector profiles, promotion event for linkages

- Need to improve contents of BIDA Sector Profiles, with more information and data, as reference to potential investors.
- Promoting 1st tier parts/component industry by FDI, will contribute to local suppliers development. (refer to Thai and Indonesia cases)

(Note: **those issues are** related with JICA Project activity for Capacity Building)



Investment Promotion Policy (BIDA) -3

3. Investment Climate Improvement with attention to manufacturing investment for issues including:

- Simplify the procedure for
 - Overseas remittance of royalty/ technical-related fees payment
 - Expatriate work permits (esp. for industrial technology transfer)
- Review import tariff and custom variation for parts/ components imports. (for domestic market oriented products)
- Advocate for infrastructure environment suitable for manufacturing sector investment (transportation, industrial area with utility)

(Note: this issue is related with JICA Project activity for Investment Climate)

Investment Promotion Policy (BIDA) -4

4. Set-up “Linkage Development Division” (newly established) of BIDA to assist potential foreign investors to meet with local suppliers.

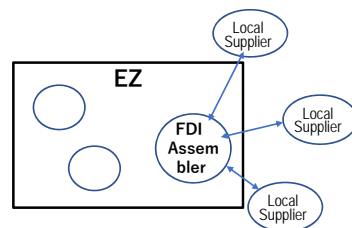
- In case of Thailand, BOI Unit for Industrial Linkage Development (BUILD) provides the services including:
 - Business matching (introducing local suppliers)
 - Exhibition (SUBCON Thailand, annual event for matching)
 - Venders meet customers (VMC, factory visits by venders)
 - ASEAN Supporting Industry Database (ASID)

(Note: this issue is related with JICA Project activity for Capacity Building)

Provision of Attractive Location (BEZA) -1

1. Supply chain formation with EZ tenant and local industry cluster outside of EZ.

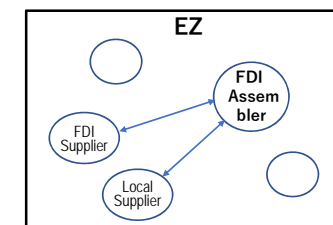
- Formations of industrial clusters are observed surrounding areas of automobile, motorcycle assemblers in Thailand and Indonesia.
- A positive impact on industrial activities is observed in Northern Vietnam along with route connecting ports and industrial estates.



Provision of Attractive Location (BEZA) -2

2. Facilitate supply chain formation within EZ

- “Canon Effect” to accommodate foreign suppliers (including SMEs) as FDI
- Accommodate SMEs by providing rental factories (ease initial investment), e.g. Vietnam and other countries



Provision of Attractive Location (BEZA) -3

3. Strengthen Promotion Activities of EZ

- Focused on assembly- type, domestic market oriented products, e.g. motorcycle manufacturers
- Designate priority sector and products: Consideration on potential development sector and possible cluster formation in the respective region, characterize EZ with specific sectors, e.g. machinery and electric/electronics in Thang Long IE in Vietnam
- Promote linkage formation with local enterprises: EZ to play central role for regional industrial development, forms a core of industrial clusters

Policy for Encouraging Local Industries to be linked with International Market (MOI) -1

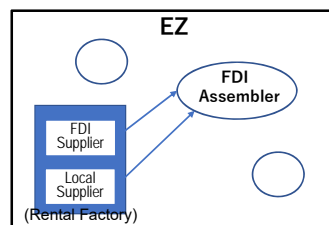
1. Strengthen linkage between FDI assemblers or parts manufacturers (including EZ tenants) with domestic suppliers
 - In addition to supply directly to assemblers, there will be Tier-2 or Tier-3 local suppliers for Tier-1 FDI parts/ component manufacturers. (reference: Thai automobile case)
 - Review geographical location of planned EZ and potential industrial clusters
 - Conduct policy measures to promote parts/ components industries" utilizing technical and managerial skill support institution, BDS, and match-making.

(Note: JICA Project Component-3 Action Plans cover these activities)

Policy for Encouraging Local Industries to be linked with International Market (MOI) -2

2. Set-up SME Area within EZ, with rental factory space

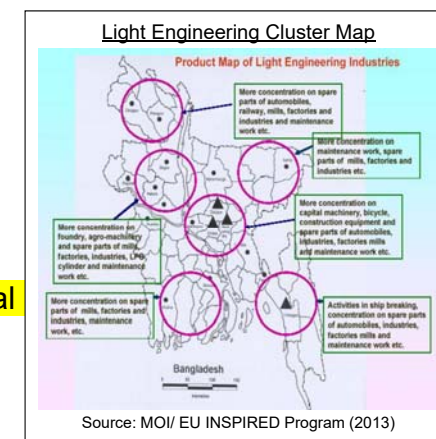
- This enables to accommodate parts suppliers (FDI or local) to be located close to assemblers with minimum investment at initial stage, case experience in Thailand and Vietnam.
- Service outsourcing, such as painting, heat treatment, calibration etc. can also be accommodated.



Policy for Encouraging Local Industries to be linked with International Market (MOI)-3

3. Regional Industrial Cluster Development Strategy

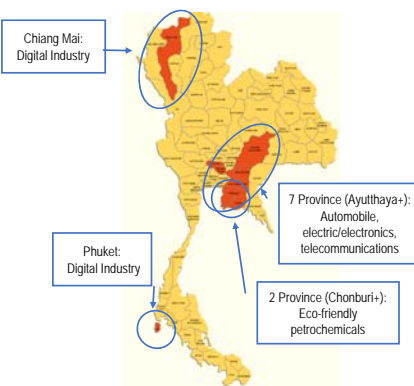
- Following priorities in industrial development, establish strategy to induce FDI to industrial clusters for selected sectors and location.
- Review currently developed industrial clusters and study potential for linkage with FDI promoted by providing incentive, infrastructure and facilitation.



Policy for Encouraging Local Industries to be linked with International Market (MOI) -3 cont

Example of Thailand: Industrial Cluster Development Strategy

- Thai government designated “super clusters” for automobile, electric/electronics, tele-communication, digital and eco-friendly chemical with additional incentives (areas in red)
- Incentive scheme includes 8 year tax exemption + 5 year reduction by 50%
- Other clusters: agro-processing, textile and garment industries



Source: BOI Thailand

Creation of Linkage Formation Platform (Proposed for Discussion)

- As one of extension of linkage formation co-work among three institution, BIDA, BEZA and MOI, creation of formal or informal platform to push realization of linkage promotion can be proposed.
- Linkage Formation Platform (LFP) is expected to have policy coordination function for advancement of linkage schemes with core members from the three institutions.
- Further details are to be discussed.

HOMEWORK TO PARTICIPANTS

- Please review, discuss and consider among participants, as well as relevant stakeholders, how those policies can be interpreted in the Bangladeshi context.
- The results are to be shared in the Work Shop -2 with Professor Sonobe.
- All participants must be present for WS-2, in the middle of October. (to be informed)

- Thank you for your participation -

Outline and Handout for 2nd Workshop

Component-1 Policy Coordination Workshop
Series 1: FDI and Linkage Formation in Neighboring Countries in Asia
Workshop 2 How to Boost Industrial Development Further

Date: 16 October 2018

Time: 10:00~12:30

Venue: Conference Room, BIDA (3F)

Organizers: BIDA and JICA BIPIC Project

Participants: PMO, BIDA, BEZA, MOI, NBR, FBCCI, DCCI, MCCI, BUILD

Presenter: Professor Tetsushi Sonobe, Chair of JICA Advisory Committee/ Vice President
of National Graduate Institute for Policy Studies (GRIPS)

Focused Issues

1. What to learn from the great history of industrial development of Bangladesh
2. What the difference between now and then is
3. What policy will boost industrial development further

Program

10:00 Opening address by Executive Chairman, BIDA

Brief introduction of participants

10:30 Presentation by Prof. Sonobe

11:30 Group discussion

12:00 Briefing session

12:30 Closing

2nd Policy Coordination Workshop

How to Boost Industrial Development Further

16 October 2018

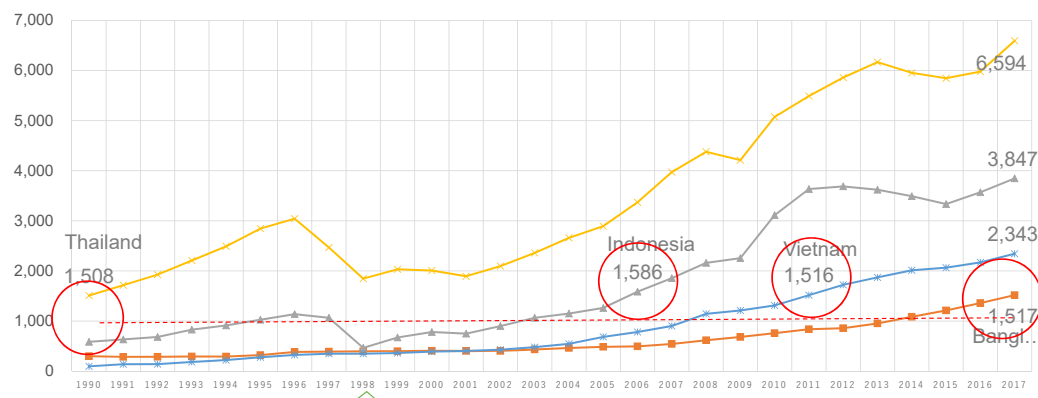
Bangladesh has been catching up with
Southeast Asia.

- Since 2006, GDP per capita of Bangladesh has grown more than three times,
- Whereas that of Thailand has only doubled, and that of Indonesia has grown 2.5 times.
- The Bangladeshi industries have grown faster than the Indian industries and as fast as the Chinese and Vietnamese counterparts.
- Still the level of development is far less. Considerable further growth is needed to catch up with the Asian standard.

2

Trend of GDP/Cap (US\$, 1990-2017)

— Bangladesh — Indonesia — Thailand — Vietnam



Source: The World Bank

Asian Financial Crisis

3

	GDP per capita % growth 2017	Agriculture Ave. annual % growth 2000-2017	Industry Ave. annual % growth 2000-2017
Bangladesh	6.2	4.2	8.3
India	5.4	3.3	7.5
South Asia	5.2	3.3	7.3
China	6.3	4.2	10.4
East Asia & Pacific	3.8	3.2	5.5
Low income	3	3.4	..
Lower middle income	3.8	3.7	5.5
Upper middle income	4	3.4	6.2
High income	1.7	1	1.1

4

In 2017	GNI per capita \$	PPP GNI per capita \$	Pop. density People per sq. km
Bangladesh	1,470	4,040	1,265
India	1,820	7,060	450
South Asia	1,743	6,060	375
China	8,690	16,760	148
East Asia & Pacific	10,170	17,052	95
Europe & Central Asia	22,651	31,051	33
Latin America & Caribbean	8,200	14,864	32
Middle East & North Africa	7,245	19,613	40
North America	56,722	57,201	20
Sub-Saharan Africa	1,454	3,617	45

5

Congrats! I have only three issues

Issue 1: What to learn from the great history of industrial development of Bangladesh.

Issue 2: What the difference between now and then is.

Issue 3: What policy will boost industrial development further.

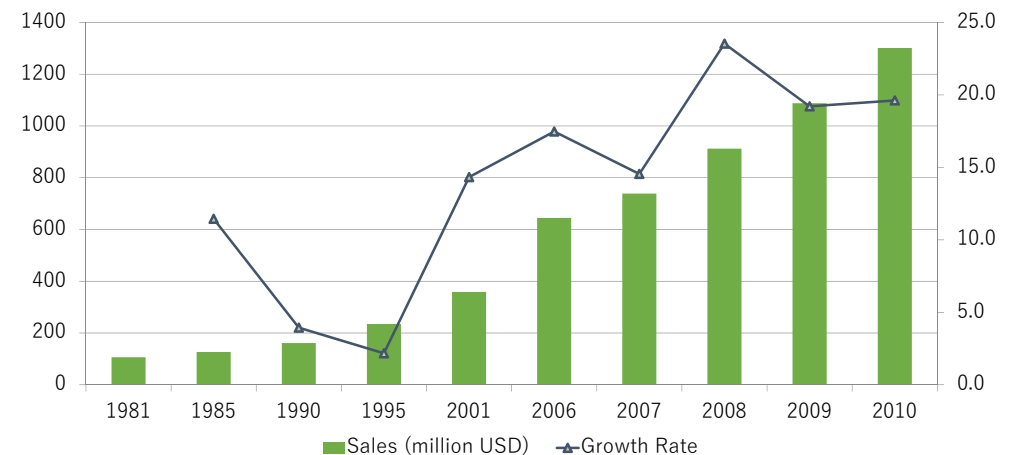
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Organization of the remainder of my talk

1. What has made the pharmaceutical industry successful
2. Reiterating the point by reviewing the case of the ready made garment industry
3. The major differences between the past and the present
4. Drawing policy lessons

7

1. Pharmaceutical industry



8

Top 10 firms in 1985				Top 10 firms in 2010		
Rank	Firm's name	Sales	Owner-ship	Firm's name	Sales	Owner-ship
1	SQUARE	180	Local	SQUARE	13,049	Local
2	BPI (MAYBAKER)	121	MNC	INCEPTA	6,106	Local
3	GLAXO	120	MNC	BEXIMCO	5,680	Local
4	OPSONIN	102	Local	OPSONIN	3,362	Local
5	PFIZER	84	MNC	ESKAYEF	3,349	Local
6	FISONS	72	MNC	RENATA	3,232	Local
7	GONOSHASTHYA	68	Local	ACME	3,080	Local
8	MSD	60	MNC	A.C.I.	2,866	Local
9	CIBA GEIGY	56	MNC	ARISTOPHARMA	2,701	Local
10	HOECHST	51	MNC	DRUG INT'L	2,581	Local

9

Backgrounds

1. Consumers in both developing and developed countries suffered from high-prices of drug, many of which were unnecessary. MNCs developed, produced, and sold drugs.
2. Consumer movements were silenced by MNCs in many countries.
3. MNCs ignored WHO's Action Programme on "Essential Drugs"
4. The governments of Sri Lanka, India, the Philippines, etc. attempted to reduce drug prices by asking the MNCs to stop product differentiation (that is, to sell products under generic names rather than brand names) or by banning the sale of inessential drugs.
5. MNCs crashed these attempts.
6. In 1982, the committee consisting of 8 experts identified 1,742 drugs out of 4,340 registered products as harmful, inappropriately formulated, or therapeutically ineffective. It proposed to ban such drugs. It also restricted the imports of vitamins and simple pain killers to promote local production.
7. The proposal was adopted swiftly by the government in 1982.

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Prices of selected drugs by country, 2010

Product, generic name, quantity	Prices (in USD)			
	Bangladesh	India	Indonesia	UK
Omeprazole (Cap. 20mg)	0.054	0.080	0.929	0.169
Pantoprazole (Tab. 20mg)	0.042	0.074	1.618	0.623
Paracetamol (Tab. 500mg)	0.009	0.021	0.065	0.053
Azithromycin (cap./tab. 500mg)	0.422	0.514	2.283	4.500
Cefixime susp. (50 ml)	2.438	1.943	9.805	15.522
Mebendazole (Tab. 100mg)	0.010	0.029	1.566	0.334
Atenolol (Tab. 100mg)	0.019	0.065	0.221	0.182
Glibenclamide (Tab. 5mg)	0.004	0.014	0.099	0.046
Chloroquine (Tab. 250mg)	0.016	0.012	0.035	0.090
Rifampicin (Cap. 150mg)	0.044	0.040	0.127	0.284

Source: Authors calculation based on data from different issues of MIMS, CIMS and British National Formulary.

11



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In other developing countries,

- A number of MNCs have been producing and selling drugs, employing a number of local people for several decades.
- But knowledge and skills necessary to produce and sell even technologically simple drugs have never spilled over to local firms.

In Bangladesh,

- 1964 Dhaka University launched the Faculty of Pharmacy
 - Graduates worked for MNCs in Bangladesh and Pakistan
 - Many assumed important positions such as production manager, factory head, etc.
 - They had knowledge and skills in production and sales.
- How about finance?**
- Banks and rich families were happy to lend money because they knew it was a lucrative business because of the mass of experts.

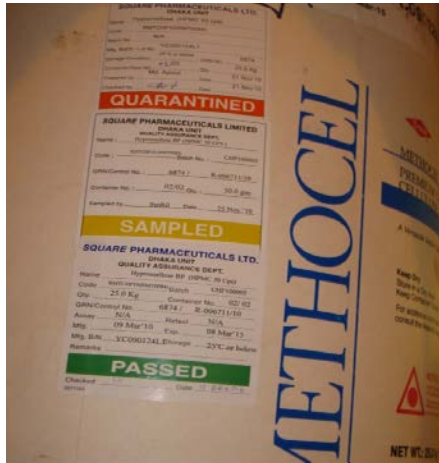
General managers' academic background

Average years of schooling	16.1
% of general managers with PhD	5.2
with Master degree	60.7
with Bachelor degree	27.1
with schooling 12 years or less	7.1
with prior work experience in pharmaceutical MNCs (%)	21.3
Number of observations	155

What brought about sustainable growth?

- In addition to on-the-job training, managers and workers take various learning opportunities, including seminars and workshops held by their firms, international organizations, and NGOs, and overseas studies.
- Their human resource department assign or recommend them to participate in these events.
- Topics of learning events range from Kaizen and 6 sigma to negotiation skills.
- All managers including lowest-level ones participate in a number of seminars and training programs. A manager will spent probably more than one month in training every year.
- In seminars, they often see people from the RMG sector and the ship building sector.

- Storage of materials





17



18

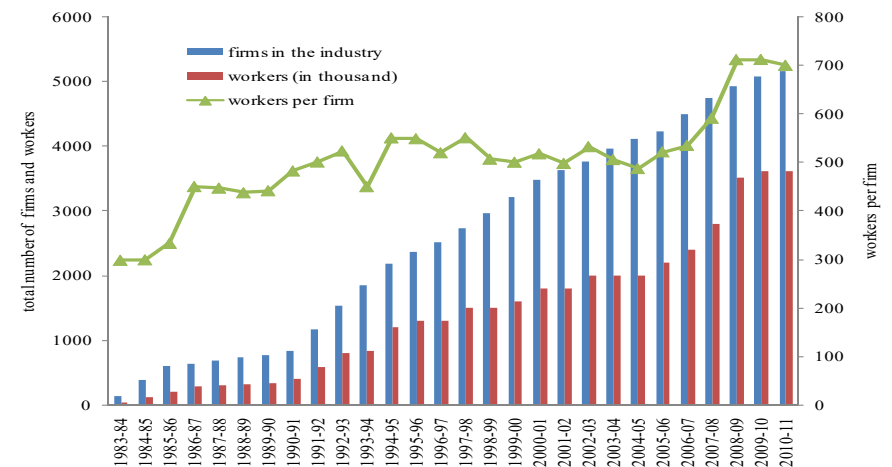
The point is expertise

For an industry to grow successfully,

- people with state-of-the-art expertise, which was acquired through first-hand experience at advanced firms or study in higher learning institutions,
- continuously learn and exercise latest methods and know how, and
- they train workers effectively to handle materials properly, operate and maintain machinery and equipment properly, communicate with people effectively, and learn new skills proactively.

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2. RMG



20



Woven garment

Circular
Knit



Flat
Knit



- In 2014, the sector accounted for \$19 billion in annual exports.
- 80 percent of total export earnings,
- 20 percent of GDP.
- It employed 4.2 million workers
- in more than 4,500 factories.
- Mottaleb, K. A. and T. Sonobe, "An Inquiry into the rapid growth of the garment industry in Bangladesh," *Economic Development and Cultural Change* 60 (1), 67-89. *World Development Report* 2013.
- We met one of the 130 trainees who joined the Dosh Garment and went to Daewoo's factories in Korea for 8-month training in 1979 to 1980. He said that the whole family had been against!
- We met a successful businessman, who got PhD in Japan, became a Dhaka Univ. lecturer, and turned into a buying house owner in the mid-1990s. He said it was not time to study but time to make money.
- **Mentality changed.**

22

What attracted global buyers to Bangladesh?

- Initially, Daewoo and other foreign Asian firms were interested in producing garments in Bangladesh because the country was not subject to export quota or VER.
- Later, the country was under the quota system. Moreover, there were many other low-wage countries, and some emerged as RMG producers.
- But Bangladesh has been much stronger than the competitors.
- They have increased value addition by upgrading and their buyers from unknown supermarkets to mass retailers like Walmart, private label apparels like Gap, high-quality department stores, and high-fashion brands.
- On-time delivery, lower cost, higher quality
- Design re-engineering

23

Where their abilities to attract higher-level customers come from?

- The RMG manufacturers in Manila were dealing with global buyers and thriving in the 1970s through the early 1990s.
- They had learned neither from RMG manufacturers nor about the importance of worker training. They could not re-engineer designs.
- Since the 1980s, orders from global buyers continued to decrease. In the 2000s, they almost completely disappeared.
- Bangladeshi counterparts and buying houses learned from Daewoo in its factory in Korea and at the factories of East Asian and Indian companies in Bangladesh.
- They trained workers effectively.
- They could do design reengineering and make proposals to their buyers.
- They have learned and implement quality control (TQC and TQM, TPM, Kaizen, lean, and 6 sigma) and marketing methods continuously. They have been always keen about new information on technologies and market.

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The point is expertise.

Industries are successful only if

- people with state-of-the-art expertise
- continuously learn and exercise latest methods and know how concerning technology, marketing, and management, and
- they train lower-level managers and workers effectively to handle materials properly, operate and maintain machinery and equipment properly, communicate with people effectively, and learn new skills proactively.
- when we judge whether an industry will be successful in future or worth supports, considerations of comparative advantage, the linkage between upstream and downstream industries, and the availability of finance are relevant, but they are not as critically important as consideration of expertise.

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Policy implications

1. How we judge an industry's potential for growth.
 - Comparative advantage, the linkage with upstream or downstream industries, the size of domestic market, the availability of finance are relevant
 - But they are less important than expertise.
2. Those industries without the advanced level of expertise can never grow no matter how favorable treatments and assistances are provided for them.
3. The state capacity to judge the level of expertise held by firms is needed. (Ministry of Industries, universities, . . .)
4. What about if a domestic industry does not have any advanced experts but if the government finds it important to assist this industry?
5. The most effective assistance in this case is to instruct and coordinate the firms in the industry to dispatch highly capable persons to the world center of the field for extensive studies and training for a few years.
6. For industries where experts are emerging, the most effect assistance is to providing them opportunities for acquiring more knowledge and network.

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3. The past and the present

Positive

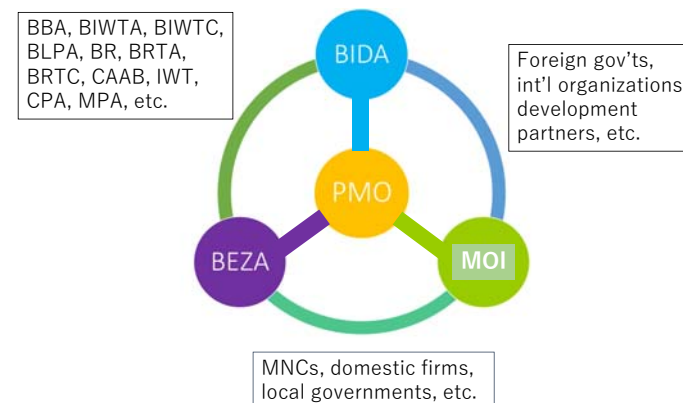
1. Mentality changed. Highly educated young people and their families are much more pro-industry and much more entrepreneurial. Business persons and managers is higher in terms of social status than before.
2. Population is much more educated than before. Health conditions are also better.
3. Capital has accumulated within the country (that is, some people are very rich). The Bangladeshi economy has high capabilities to finance new businesses.

Negative

1. Dhaka is much more congested than before.
2. Transportation infrastructure has been developed, but it is far from meeting the hugely increased demand.
3. Other developing countries woke up and are seeking development seriously. They have been reforming policies and institutions, developing infrastructure, and inviting foreign capital.

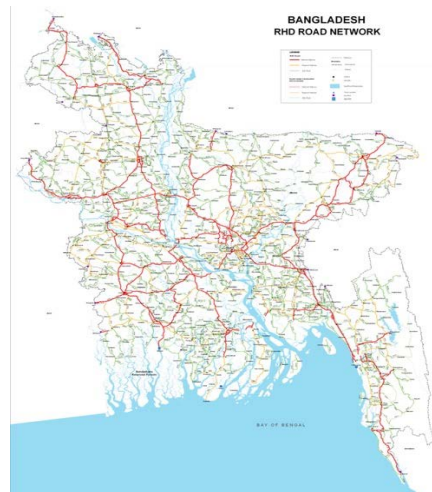
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4. Policy lessons



- Obviously three organization, BIDA, BEZA, and MOI need to work together.
- They make requests to PMO for coordination with other organizations.
- Necessary finance should be made at least partially by industries.

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Outline and Handout for 3rd Workshop

Policy Development Workshop (Series 2)
IPA's Role in FDI-linked Industry Development and
Challenges in Developing Local Industries

Workshop-3rd: IPA's Role in Promoting & Facilitating FDI-linked Industry Development

Date: 12 December 2018, 10:00~13:00

Venue: Conference Room, BIDA (3F)

Participants: PMO, BIDA, BEZA, MoI, FBCCI, DCCI, MCCI, BUILD

Agenda:

- (1) IPA's Role in Promoting & Facilitating FDI-linked Industry Development
(Taro Tsubogo, JICA Project Team - BIDA Component)
 - General Functions of IPAs and IPAs in the selected ASEAN Countries
 - Measures for Promotion (historical case for Thai automobile/ parts industries)
 - Measures for Linkage Facilitation (cases of Thai and Malaysia)
- (2) Briefing on Linkage Formation Platform and Follow-up of Policy Options
(Hidekazu Tanaka, JICA Project Team, Project Leader)
- (3) Q&A and Discussion

Program:

10:00 Opening address by Executive Chairman, BIDA

10:20 Presentation on IPA's Role in Promoting & Facilitating FDI-linked Industry Development

11:20 Briefing on Linkage Formation Platform and Follow-up of Policy Options

11:50 Q&A and discussion

Closing

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

Policy Development Workshop (3rd)

Functions of Investment Promotion Agencies (IPAs), Their Measures in Promoting and Facilitating FDI-driven Industry Development

12 December, 2018
The Workshop on Policy Development (Third)
at BIDA, Dhaka

1

OVERVIEW:

1. General Functions of IPAs
2. IPAs in the selected ASEAN countries & Good Practices
3. Measures for Promotion (historical case of Thai)
4. Measures for Linkage Facilitation (cases of Thai & Malaysia)

2

IPAs Shall Perform to:

Promote: a country as an investment destination for
attracting responsible investors of expected
business activities

- appealing strong points of country's economy/ investment climate
- highlighting attractive investment opportunities

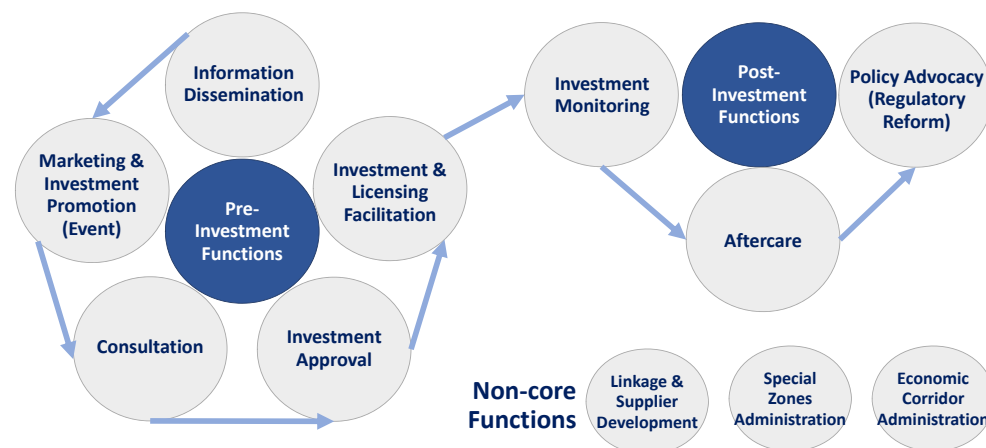
Facilitate: investors to establish or expand their investments

- assisting investors' decision-making process
- minimizing time/costs/risks and administrative burdens for investment realization

Abstract from Policy Framework for Investment, OECD 2015

3

Core Functions of IPA with Ideal Sequence:



4

What IPA Should Do for Each Function:

Information Dissemination	Disseminate necessary information & data for attracting investors' attention and consideration, via publication, website, and upon any contacts with potential investors
Marketing & Investment Promotion	Generate investment potentials by creating chances to contact and meet potential investors and image-building, through a variety of means (seminar, roadshow, mission, exhibition/ fair, direct visit, etc.)
Consultation	Provide general and specific inquiry service/ advice to the interested investors (proactively to the contacted investors of key sectors) for assisting their decision-making and investment planning
Investment Approval	Approve (or register) investment proposals, and award incentives/ privileges for promoted activities/ sectors upon appraisal/ screening (varying according to the governing policy/ act, or scope of IPA)

5

Continued..

Investment/ Licensing Facilitation	Facilitate necessary licensing for materialize investments through coordination with relevant authorities and ideally one-stop service facility, and provide other support during investment establishment
Investment Monitoring	Monitor the progress and performance of investments, by requesting periodic reporting for grasping their outcomes and issues/ constraints faced by the approved (or registered) investors
Aftercare	Retain the existing investors' confidence in business or facilitate their expansionary plans, and identify agendas for policy advocacy/ regulatory reform, based on the investment monitoring
Policy Advocacy (regulatory reform)	Examine and propose agendas for policy advocacy/ regulatory reform actions (to the relevant authorities) for the better investment policy/ regime and investment climate










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OVERVIEW:

- General Functions of IPAs
- IPAs in the selected ASEAN countries & Good Practices
- Measures for Promotion (historical case of Thai)
- Measures for Linkage Facilitation (cases of Thai & Malaysia)

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Status of ASEAN IPAs

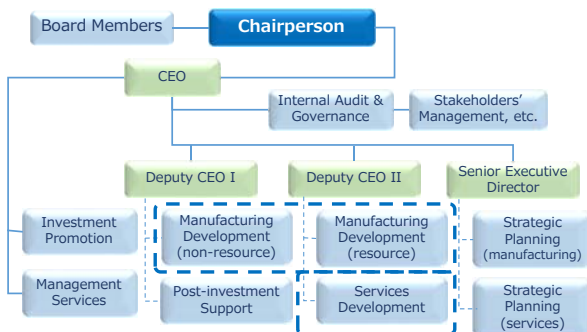
					
Status:	Autonomous agency	Autonomous agency	Autonomous agency	Ministerial agency	Ministerial Directorate
Report to:	Minister to Industry & Trade	Prime Minister's Office	President	Minister to Planning & Invest.	*2 Minister to Planning & Finance
Year of establishment:	1967	1966	1973	???	1993
No. of overseas office:	21 cities	15 cities	8 cities	None*1	None*1
No. of regional office:	12 (at every state)	7	at every local gov.	3	14 (at every state)
					
FDI stock/ GDP (% , 2017)	44.4 %	48.2 %	24.5 %	57.8 %	40.1 %

*1 Roles of overseas office are undertaken by overseas missions (embassies).

*2 The gov. recently announced to establish the Ministry of Investment & Foreign Economic Relations, to which DICA is to be integrated.

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MIDA



Structure: based on both function and sector*
(in manufacturing/ services development divisions)

* for accumulating sectoral know-hows of:

- project appraisal to award incentives to proposed investments,
- facilitation to realize proposed investments, by arranging sector-specific info./ counseling, JV partner matching.

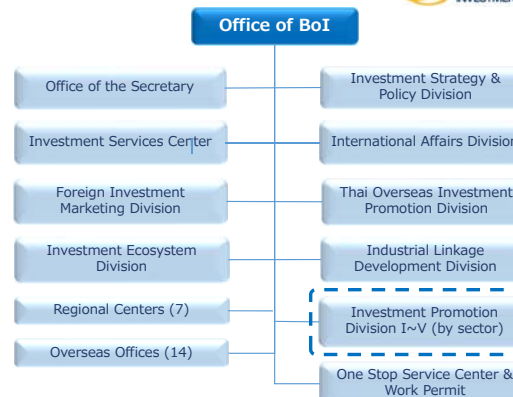
Promotion priority: set by IPA as "Promoted Activities/ Products", for "Less Developed Area" and "Specific Corridors", that are identical with target of tax incentives

Regulatory scope: handles manufacturing license and expatriate post permit only.

One-stop licensing facility: stationed by key gov. agencies (labor, immigration, customs, power/ telecom, environment)

Linkage/ supplier development: used to be active through specific programs

THAILAND BOARD OF INVESTMENT



Structure: based on both function and sector* (in Investment Promotion Division I ~ V)

* for accumulating sectoral know-hows of:

- project appraisal to award incentives to proposed investments,
- facilitation to realize proposed investments, by arranging sector-specific info./ counseling, JV partner matching, linking with gov. agencies

Promotion priority: set by IPA as "Activities for Promotion", "Activities for Merits (serving for Thai's competitiveness, regional development)", that are identical with target of tax incentives

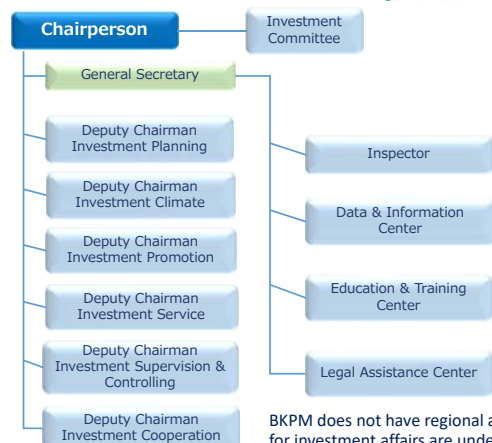
Regulatory scope: handles expatriate work permit only

One-stop licensing facility: available at One Start One Stop Investment Center

Linkage/ supplier development: active through establishing a special division in charge

* Supervising authority has been periodically changed between PMO and Ministry of Industry (now PMO).

BKPM



Structure: based on function

Promotion priority: set by IPA as "Priority Sectors" (that are not associated with target of tax incentives), for "Remote Area" and "Special Economic Zones"

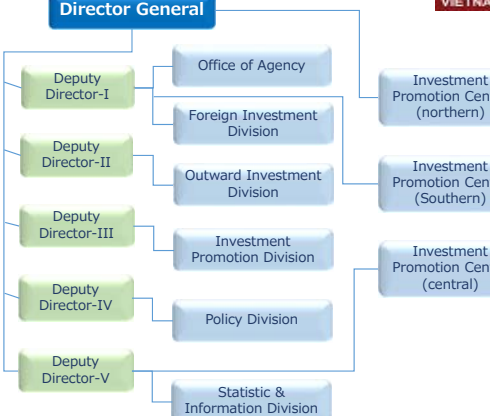
One-stop licensing facility: available at One-stop Service Center, that is expanding the coverage of licensing service both at central and regional level

Regulatory scope: none, except for investment license, a few minor recommendations (visa)

Linkage/ supplier development: not active, but serviced as a part of inquiry service (referral of potential suppliers)

BKPM does not have regional arms which are under the direct management. Regional offices for investment affairs are under the jurisdiction of local government.

FIA VIETNAM



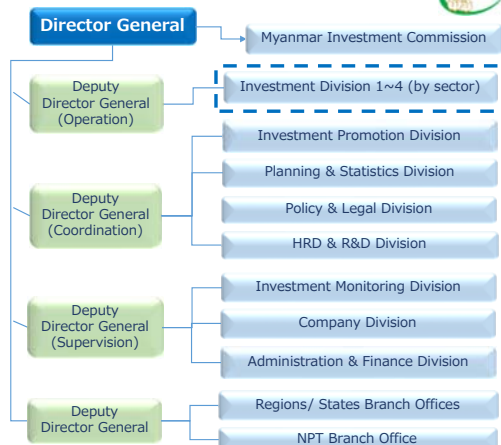
Structure: based on function

Promotion priority: set by IPA as "Encouraged Sectors" that are not associated with target of tax incentives

Regulatory scope: none?

One-stop licensing facility: not recognized

Linkage/ supplier development: not active



Structure: based on both function and sector*
(in Investment Division 1 ~ 4)

* for accumulating sectoral know-hows of:
- project appraisal to help inter-ministerial committee with award incentives to proposed investments,

Promotion priority: set by IPA as “Promoted Sectors” (that are not associated with target of tax incentives), for “Decentralization”

Regulatory scope: none

One-stop licensing facility: available at One-stop Service Center, that was established recently

Linkage/ supplier development: not active

* DICA is receiving donors’ technical assistance for publications, OSS facility and appraisal capacity of incentive application.

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Services & Initiatives for Reference (1)

A Variety of Publication (MIDA)

MIDA prepares a variety of publication for reference of investors, covering:

- Consolidated Investment Guide
- Cost of Doing-business
- Sector Profiles
- Directories of Malaysian Industries



- Incentives Portal
- Frequently Asked Questions
- Newsletter (bi-weekly)
- Investors’ testimonial
- Presentation slides used at investment seminars, etc.

Information Dissemination

Investment Seminar plus Consultative Session (MIDA)

MIDA continuously organizes overseas investment seminars to introduce new policies of investment & industrial development, or to enhance or maintain potential investors’ confidence (e.g. when politically and economically drastic changes take places). MIDA recently organized a seminar in Tokyo, to emphasize “Making-Malaysia Policy” that expects Japanese industries to contribute to. The seminar was followed by individual consultation (requiring prior-registration).



Marketing & Investment Promotion (event)

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Services & Initiatives for Reference (2)



Consultation

Business Information Centre (MIDA)

MIDA-BIC, as the First Contact Point with investors, offers the following services to potential investors:

- free-access to information** on investment, trade, finance, public supports related to Malaysia’s manufacturing and services sectors,
- inquiry service** on Malaysia’s manufacturing and services sectors, and,
- one-on-one business guidance**, where a officer-in-duty assists obtaining essential information and connecting to relevant officers for further specific counselling.

Investment/ licensing Facilitation



One-stop Service Centre (BKPM)

In 2015, OSS Center at BKPM was officially launched to i) service investment licensing applications (22 government organizations) while helping clarification of licensing procedure, ii) help facilitate problems faced by investors in realizing their investments, and iii) coordinate with related ministries, regional gov., economic/ free zones authorities.

3 Hours Service: OSS also launched licensing service in 3 hours, which covers “major 8 start-up licensing”.

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Services & Initiatives for Reference (3)

Obligatory Investment Monitoring via Online (BKPM)

BKPM makes approved investors obliged to report their investment realization biannually (*sanctioned in the following steps unless reported*, i) warning, ii) restriction on business activities, iii) suspension of business and/or privileges, iv) cancellation of investment license and/or privileges).

BKPM also establishes online reporting system for investors’ convenience, and designate the latest monitoring report as one of the attachments for application of import duty facility on goods & materials.

Investment Monitoring



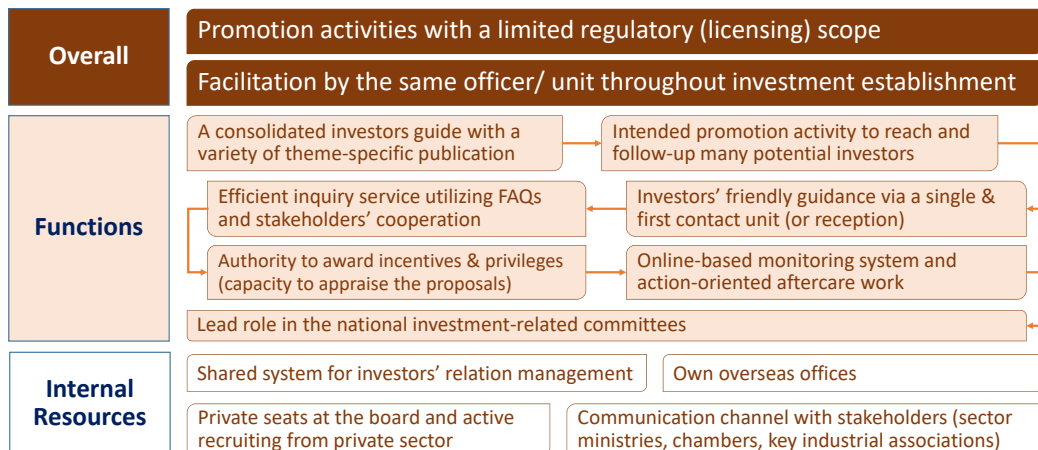
Linkage Facilitation

Industrial Linkage Development Division: BUILD (BOI)

BUILD encourages local supporting industry development through providing information on subcontracting opportunities and offering assistance to buyer firms seeking local-sourcing opportunities. It also helps local suppliers (SMEs) achieve standards required to enter into productive subcontracting transactions.

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Summary: futures observed among advanced IPAs



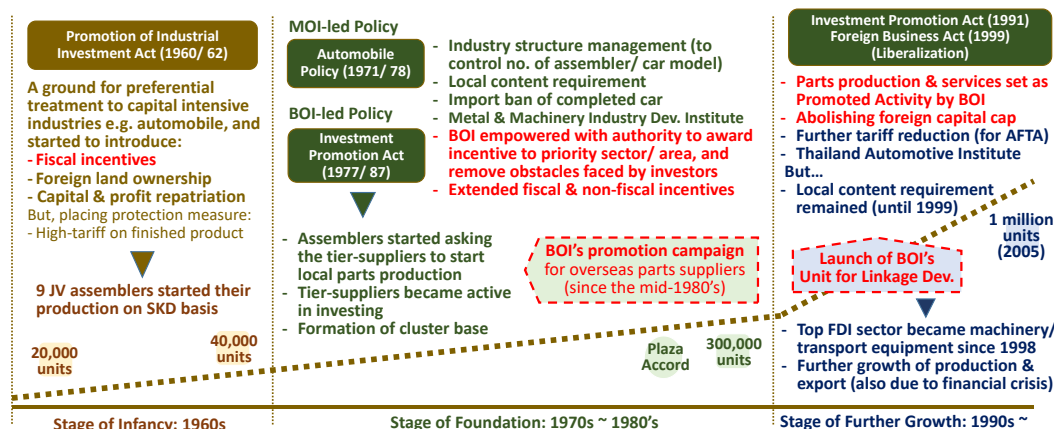
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OVERVIEW:

1. General Functions of IPAs
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Policies & Measures Concerned: historical case of Thai automobile industry



Note: Policy measures highlighted in red indicates the scope of BOI.

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BOI's Promotion Activities (since the mid-1980's)

Promotion Event

Mission & Marketing

Particularly for automobile industry

- * Organizing general seminars with consultation booth
- * Participating in investment fairs & conferences
- * BOI Fair (a week-long, domestic investment-cum-trade fair held annually since 1995, to demonstrate Thai industry's capability and confidences of foreign companies' CEOs)
- * Organizing high-rank investment missions
- * Dispatching marketing visits to target companies
- * Direct-mailing and tele-marketing to target sectors
- * Approaching to existing foreign investors for their PR at home
- * Investment seminars and marketing visits (focused on molding/ plating/ heat treatment services and parts suppliers in Japan/Korea/Taiwan)

Lesson: The above activities were not systematically undertaken at initial stage, meaning that "follow-up" to those investors met was not well in place. BOI then prepared a tracking system for them.

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BOI's Promotion Activities (since the mid-1980's)

Image Building

- * Advertisement in overseas business, news and industry-specific media (sub-contracted)
- * Issuance of periodic newsletter on news/ topics of FDI
- * Arrangement of inbound journalist visits (from foreign countries)
- * Campaigns to restore investors' confidence after political crisis (1992) and Asian financial crisis (1998)

Others

- * Overseas office expansion & empowerment with mandate to realize a fixed number of new contact with target sector companies
- * Specific sector study and publication of sector PR materials

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Other Measures (BOI) for FDI promotion of "Supporting Industry" (since 1990's)

Fiscal, Tariff, Deregulation Measures

- * Announcing (1990's) automobile-parts production/ service as "Promoted Activities", that were associated with;
 - Duty exemption of machinery import
 - Corporate tax exemption (max. 8 years)
 - Removal of foreign capital cap (without imposing any export requirement)
- * Lowering minimum investment amount required for foreigners
- * Additional fiscal benefits to manufacturing investors to be located in new industrial estates (in view of shifting from overcrowded metropolitan area)



Ministry of Industry also proposed to "reduce or abolish tariffs" on machinery (1990) and raw materials used for automobile parts (1992), partly in preparation for ASEAN Free Trade Agreement (AFTA).

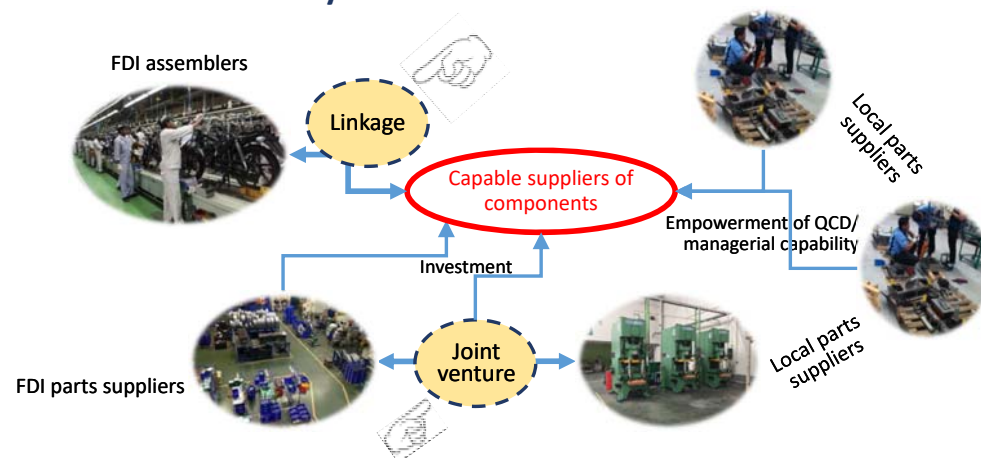
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OVERVIEW:

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Focus of Facilitation by IPA



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BOI's Case for Linkage Facilitation

Industrial Linkage Development Division: BUILD (since 1992)

Mission

To assist FDI assemblers with **local sourcing** and matching with suitable local partners for **joint-venture**, in view of facilitating **backward linkage** & **technology transfer** to local supporting industries.

Sectors in Focus

Transport equipment, Electric & electronics, General machinery

Measures in place

Local Sourcing Service

Domestic/ Overseas Exhibition & Trade Fair

Vendor meets Customers Program

Business Matching Service

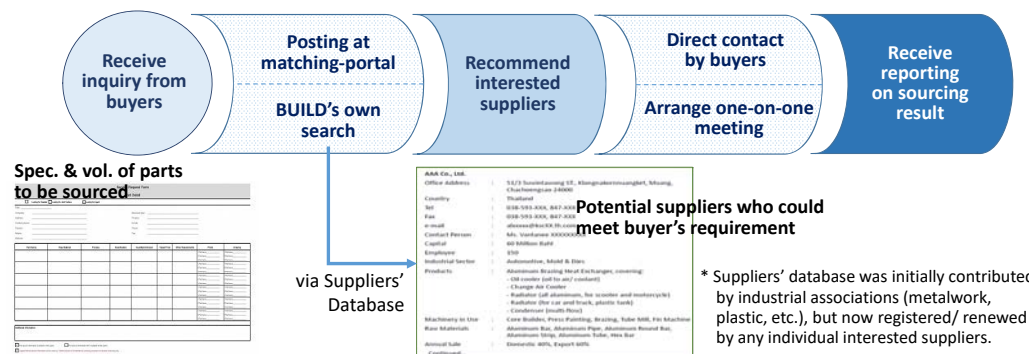
Staffing

Organized by 1 Director and around 10 Staffs (as of now)

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Local Sourcing Service

Free of charge service to facilitate buyers (assemblers & upper-tier parts manufacturers) to locally source parts, by introducing the relevant potential suppliers (either local or foreign operating in Thai)



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Domestic/ Overseas Exhibition & Trade Fair

Domestic

SUBCON THAILAND (since 2007)

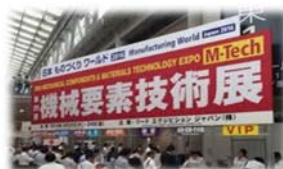
Industrial Subcontracting Exhibition (annual)
Co-organized by BUILD/ BOI, Thai Subcontracting Promotion Association, event organizer



Overseas (as exhibitor)

Taking Thai suppliers to exhibit their industrial parts/ services to several exhibitions & trade fairs, to make them promoted to overseas assemblers/ upper-tier manufacturers and be a part of their supply-chain.

Medical Device Fair (Japan)
MIDEST (France)
M-Tech Tokyo/ Osaka/ Nagoya (Japan)
Hannover Messe (Germany)
MTA Vietnam (Vietnam)



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VENDORS Meet CUSTOMERS (VMC) Program

BUILD launched VMC program in 1997 to arrange the chances of meeting/ factory visit to assemblers (automobile and electronics operating in Thai) for Thai suppliers (SMEs registered with BUILD).

* **GM, Ford & Subaru** were among those actively involving in this program **in view of raising Thai suppliers' awareness on international standards & quality-cost-delivery (QCD).**

Business Matching Service

BUILD (co-)organizes business matching events, where foreign investors could explore the chances to know "local business partners", on the following concerns:

- Joint-venture (JV) formation
- Original Equipment Manufacturing (OEM) cooperation

Business matching is usually held **as a side-event at occasions of overseas exhibition and foreign inbound business mission.**

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Malaysia's Case for Linkage Facilitation

- 1) **Vender Development Program (VDP: 1988~95)** by MITI and MIDA
- 2) **Industrial Linkage Program (ILP: 1997~early 2000s)** by SME agency of MITI

VDP: commenced for linkage formation between a state-owned car assembler (as “anchor assembler”) and local parts suppliers (as “vender”). Anchor assemblers were assigned to:

- * purchase as many parts as possible from local vendors
- * provide technical assistance and channelize concessional loans to local vendors

During 1990's, no. of anchor assembler was extended to 70, largely from electrical & electronics (E&E) and furniture sectors, but no. of local vender (raised by technical assistance) amounted to 200 (against target of 760 = 10 vendors for each assembler).

➡ VDP was deemed “imposing” measure in nature. FDI assemblers were not active to engage in this program, due to low technical capability of local suppliers.

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ILP: commenced by SMIDEC (a SME agency under MITI) to encourage FDI assemblers to source the parts from local suppliers.

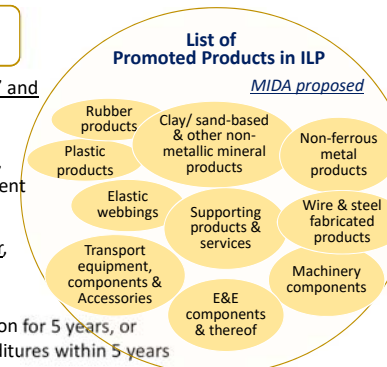
Support facilities for potential suppliers

Those producing “promoted products” and involved in ILP, can be provided with:

- Subsidy for factory auditing
- Grant/ TA for technology acquisition, parts prototyping, quality improvement
- Matching support

If successfully matched with assembler, they are entitled with:

- **Fiscal incentives of**
100% corporate income tax exemption for 5 years, or
60% tax allowance on capital expenditures within 5 years



Support facilities for assemblers

Those involved in ILP, can benefit from:

- * Tax credit (against corporate income tax) for 100% expenses of:
 - training & technical assistance to potential suppliers,
 - prototyping & testing the parts to be sourced,
 - improving quality of local materials to be used for the parts production.

As of 2001, 35 suppliers (out of total 140 involved in ILP) entered transactions with foreign assemblers, mostly in E&E, machinery and resource-based sectors.

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Summary: possible areas of measures taken for FDI-driven industry development

	FDI assemblers' entry	FDI suppliers' entry	FDI assemblers' local sourcing
Filling gaps	Info. provision: industrial policies, investment regime, profile of key manufacturing sectors (with potential for linkage)	Capacity dev.: empowerment of local potential parts suppliers	
	Promotion: promotion events, mission & marketing, image building activities	Info. provision: profiling & database of potential parts suppliers (& JV partners)	
Removing obstacles	Matching: local sourcing support, exhibition/ fair participation, other matching activities		
	Climate improvement: Improvement of investment/ business climate issues faced by manufacturing investors		Location: Plot allocation and relocation facilitation for local parts suppliers to upgrade and expand production
Introducing fiscal & tariff measures	Fiscal measure: Investment incentives related to income taxes, import duties		Fiscal measure: Incentive for tech. assistance, e.g. tax credit for tech. assistance expenses to local suppliers
	Tariff measure: Tariff reduction of machinery, essential materials (plastic/ rubber materials, steel)		

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Reference:

- Websites and the latest annual reports of IPAs (MIDA/ SME Corp., Thai-Bol, BKPM, FIA, DICA)
- OECD (2015), Policy Framework for Investment 2015 Edition
- Jun Tsunekawa (2000), Fostering Supporting Industries in Thailand through the Linkage between Local and Foreign Interests, the Case of Mold and Die Sector
- The Brooker Group plc. and Atchaka Sibunruang of Bol (2002), FDI Performance and Attraction, the Case of Thailand
- Kenichi Ohno & Izumi Ohno, GRIPS Development Forum (2015), East Asian Experiences of FDI-Local Firm Linkage Development, from the Report on Thailand Mission
- JICA/ GRIPS Development Forum (2016), Policy Measures for Industrial Transformation, Case studies from Asia and Africa
- Government of Malaysia, Promotion of Investments Act 1986 and appendix (list of promoted products and activities in an industrial linkage program (ILP))
- Ministry of International Trade & Industry Malaysia, Malaysia Policies, Incentives & Facilities for SMEs, 2002
- Deunden Nikomborirak, Thailand Development Research Institute (2004), An Assessment of the Investment Regime: Thailand Country Report
- Louis T. Wells, Jr. and Alvin G. Wint, Foreign Investment Advisory Service, Occasional Paper 13, Marketing a Country, Promotion as a Tool for Attracting Foreign Investment

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Goal of “Policy Coordination Support”:

Overall Goal of Policy Development Exercise

To Propose Policy Measures for facilitating linkage and technology transfer between assembling manufacturers and supporting industries, and reflect them into the relevant policies or operational plans of the Project CPs

Background of Policy Options Derivation:

Sub-goals:

1. FDI promotion of assemblers & parts suppliers

Addressed issues

- Fiscal incentives need to be entitled particularly for motorcycle & parts industries (outside zones)
- Sector profiles for linkage-typed industries needs enriched in terms of foreign investors' view point
- Overseas EZ promotion could be activated with particular focus to attract linkage-typed industries

Conceivable policy measures

Introduce incentives to attract FDI of:
* assembly-type industries
* parts suppliers/ related service providers

Disseminate information to attract FDI of:
* assembly-type industries
* parts suppliers/ related service providers

Strengthen promotion activities of EZs with focus on assembler/ domestic market-oriented manufacturer

1

2. Ecosystem building for linkage formation & technology transfer

- Measures for educing the linkage between EZ and industry clusters, accommodating SMEs (potential local suppliers)
- Such SMEs may face difficulty in expanding production capacity or adding new lines in the existing premise (needs for relocation)
- Particular issues are indicated as possible inhibiting factors for technology-based manufacturing and technology transfer
- Potential parts suppliers may face difficulty in ensuring cost competitiveness for import parts
- Government initiative dedicating for FDI-local linkage facilitation and support
- Facilitation support needs to be organized by the government side

Facilitate supply chain formation with local industry cluster outside of EZs

Facilitate supply chain formation within EZs

Set-up SME area within EZs: smaller plot allotment, or rental factory facility, to accommodate SMEs (parts suppliers) with linkage potential

Improve investment climate with attention to the following issues faced by manufacturing investment:
* Repatriation of royalty/ tech. assistance related fees
* Expatriate work permits

Review import tariff regime for parts & materials (for usage by domestic market-oriented manufactures)

Set-up “Linkage Dev. Division” of BIDA to assist potential foreign investors to meet local suppliers

Strengthen linkage (matching support) between FDI assemblers or parts manufacturers (inc. EZ tenants) with domestic suppliers

2

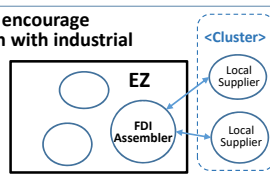
3. Development of capable local parts suppliers

Case Study on Policy Options with Regional Focus:

1. Industrial Clusters and EZ Development in Chittagong Region

- Location map of the existing clusters of LE, plastic, steel and shipbuilding related industries
- Location mapping of planned EZs and identification of sectors/ products of unit-investors
- Infrastructure requirements to support linkage formation

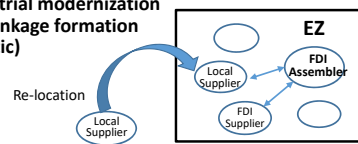
Policy options to encourage linkage formation with industrial clusters (LE)



2. Relocation of Industries (LE & Plastic) out of Dhaka

- Location map of the existing clusters of LE/ plastic (SME) in Dhaka and surrounding area, that are potentially subject to relocation
- Options for relocation destination (including planned EZs) and conditions
- Facilitation measures for linkage with assemblers after relocation

Policy options to encourage relocation, industrial modernization and linkage formation (plastic)



3

Linkage Formation Platform (candidate members for policy discussion & elaboration)

Organization	Name	Position
PMO	Mr. Ziaul Hoque	Director-1
BIDA	Mr. Moinul Islam	Executive Member-1
	Mr. Ariful Hoque	Director (Commerce)
	Mr. Shah Mohammad Mahboob	Deputy Director (Corridor Development)
BEZA	Mr. Shoheler Rahman Chowdhury	General Manager (Planning)
	Mr. Md. Ahasan Ullah	Manager (Investment Promotion)
	Mr. Khokan Kanti Saha	Manager (Administration)
MOI	Ms. Yasmin Sultana	Joint Secretary (Industrial Cooperation & Policy-1)
	Mr. Md. Salim Ullah	Senior Assistant Secretary (Policy-1)
BITAC	Dr. Syed Ihsanul Karim	Director
SMEF	Mr. Nazeem H. Satter	General Manager
NBR	To be considered as a focal point	
Chamber	Mr. M. Abdur Rahman	Deputy Chief, Trade & Investment Facilitation Cell, MCCI

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Discussion Paper for Automobile Industry Policy

Bangladesh Investment Development Authority (BIDA)

Automobile Industry Policy in Bangladesh
Discussion Paper (Draft)

4 July 2019

JICA BIPIC Project Team (Component 1)

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APPENDIX

Chapter 1 Automobile Industry in Bangladesh

1.1 Policy Background

Industrial Policy

According to National Industrial Policy (2016) by Ministry of Industries, 7 industrial sectors are designated as “High Priority Sector” and 24 industrial sectors are designated as “Priority Sector”. The High Priority Sectors include industries with possibility of realizing high export growth, and employment generation, and the government is to provide incentive package up to a given period to develop this type of industry. Light Engineering sector is one of High Priority Sectors, and motorcycle industry is categorized as a Light Engineering (LE) industry. The seven High Priority Sectors are listed below.

High Priority Sector by National Industrial Policy 2016

- 1) Agriculture/ Food Processing and agricultural tool manufacturing industry
- 2) Ready-made Garments
- 3) ICT/Software
- 4) Pharmaceutical Industry
- 5) Leather and leather Product Industry
- 6) Light Engineering (LE) ... (including Motorcycle Industry)
- 7) Jute and Jute Products

Priority Sector includes industries that require preferential policy support to harness their high growth potentials. This may include industries that currently occupy a dominant position in the economy or industries which have high growth potentials but are envoy nonexistent or are in a nascent stage in the economy. The automobile sector is one of Priority Sectors, and the sectors below are considered as assembly-type industries, including automobile.

- Shipbuilding
- Renewable Energy (Solar Power and Windmill)
- Automobile manufacturing and servicing
- Energy Efficient Appliances/ Manufacturing of Electronic goods/ Development of Electronic materials.

7th Five Year Plan

In the 7th Five Year Plan (2016-2020), under “diversification and export-led growth¹” for Economy and Industry, the government targets Bangladeshi industries to form a part of global value chain (GVC) by promoting foreign direct investment (FDI), through attracting

¹ Chapter 2.6 New Strategies for Diversification and Export-led Growth (page 207)

investment in the Bangladeshi domestic market, which induces transferring technical know-how to local industries. This will contribute to promote: 1) parts and components manufacturers and 2) assembly-type industries qualified with international competitiveness. In order to develop 1) parts and component, or intermediate goods, industries, a strategic alliance is required with multinational corporations that will purchase those products. On the other hand, 2) assembly industry development requires a policy to make Bangladesh a “hub” of assembly industries. In this respect, FDI promotion for automobile industries can be considered in accordance with this policy.

Motorcycle Industry Policy

In 2017, Ministry of Industries (MoI) enacted National Motorcycle Industry Development Policy, which targets to increase annual motorcycle production to 500,000 units within 5 years (by 2021), and to 1,000,000 units within 10 years (by 2027). The current annual number of registration of motorcycle is almost 400 thousand units. This policy also stipulated reduction of import tariff for CKD² components³, with conditions that designated components are local manufactured, in order to promote domestic production. This policy also approved 12 motorcycle manufacturers entitled to enjoy the said import tariff reduction. The policy also includes upgrading motorcycle producer as one of the purposes.

Purpose and Objectives of National Motorcycle Development Policy

Chapter	Contents
2.3 Purpose	a) To ensure low price transportation facilities throughout the country and its safe use. b) To create employment opportunity for people and bringing economic prosperity of the country and poverty alleviation. c) To develop as a source of <u>upgrading motorcycle parts producer</u> in the domestic and international market. d) To encourage entrepreneurs to introduce with the new technology and management system for the growth of efficiency and productivity of motorcycle industry.
2.4 Objective	a) Minimum target of the motorcycle production to be increased <u>500 thousand units within 2021 and 1 million units within 2027</u> . b) Quality motorcycle to be supplied to the local and international market at a competitive price. c) Present GDP contribution through motorcycle industry to be increased from 0.5% to 2.5% within the year 2025. d) Motorcycle production need to be increased from 10% to 50% within the year 2027. e) Direct and indirect employment opportunities in the motorcycle industry to be increased from 500 thousand to 1.5 million within the year 2027.

Source: National Motorcycle Industry Development Policy 2017, Ministry of Industries

² Complete Knock Down

³ SRO-155 (2016/2017) by National Board of Revenue (NBR), Ministry of Finance

Automobile (4-wheel) Industry Policy

The policy for automobile industry development, in Bangladesh, has not been formally enacted. In the past (2013), a roadmap⁴ was drafted by a private company requested by Ministry of Industries, however, it is unofficial documents.

On 13 June 2019, NBR announced Statutory Order (SRO⁵) for import duty exemption for imports of CKD parts for manufacturers of automobile, under the designated conditions, as listed below. This SRO stipulates that the local production of cars below 1,600cc will be able to have their VAT (15%) and SD (45%) exempted, so that the current 130% import levy⁶ will be reduced to 70%.

<p>Car Manufacturers get VAT, SD Waiver for Parts and Material Import (SRO No-176)</p> <p>Eligible Items: Parts and raw material for motor vehicles with engine capacity up to 1,600 cc.</p> <p>Tax Exempted: Value Added Tax (VAT) and Supplemental Duty (SD) at import</p> <p>Valid Period: Two years from July 2019 to June 2021</p> <p>Conditions for Local Motor Vehicle Production</p> <ul style="list-style-type: none"> • The amount of investment: Taka 5 billion or more • Employment of Bangladeshi: 250 or more • Machinery designated by SRO (crane, lift, compressor, etc) and paint shop • The rate of value addition should be at least 30% (tire and battery must be locally purchased) • Emission Standard: Clear with Euro 3
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1.2 The Market Size for Automobile in Bangladesh (including motorcycle and tricycle)

Number of Registered Vehicles and Trend

According to Bangladesh Road Transport Authority (BRTA), the total number of registered motor vehicle, for all vehicle categories, is 3.97 million units as of May 2019. Among these, motorcycle shares 66% (2.62 million), four-wheel vehicle shares 26% (1.05 million) with breakdown for commercial vehicle 16% (0.63 million) and passenger vehicle 10% (0.42 million). In addition, three wheelers, e.g. Auto Rikshaw, shares 8% with 0.30 million units.

⁴ Bangladesh Automobile Sector Roadmap 2012-2021, A Policy Guideline (Draft)

⁵ SRO No-176-ACT/2019/33-VAT by NBR, Ministry of Finance (see Appendix-2 for full text)

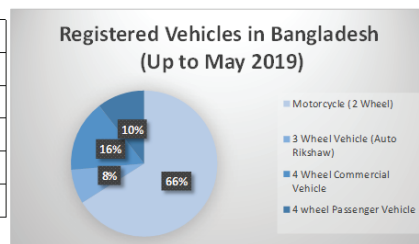
⁶ CD (Custom Duty) , SD (Supplemental Duty) , VAT, AIT (Advance Income Tax) , RD (Regulatory Duty) , ATV (Advance Trade VAT)

Number of Cumulative Registered Vehicles in Bangladesh

Total Registered Vehicles (Up to May 2019)

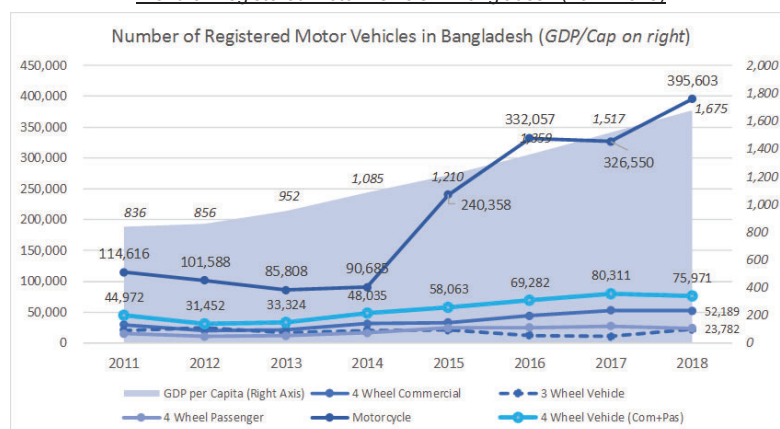
Types of Vehicle	Unit
Motorcycle (2 Wheel)	2,623,754
3 Wheel Vehicle (Auto Rikshaw)	303,315
4 Wheel Commercial Vehicle	630,428
4 wheel Passenger Vehicle	416,856
Total	3,974,353

Data Source: Bangladesh Road Transport Authority
Table and figure modified by JICA Project Team



As for the trend of annual registered vehicles from 2011 to 2018, the motorcycle registration was around 100 thousand units during 2011 to 2014, which showed a rapid increase to 240 thousand (2015) and 332 thousand (2016), and 395 thousand in 2018, getting close to 400 thousand. This trend seems to correspond to GDP per capita increase, which hit over \$1,000 in 2014, the year started to record increase in motorcycle registration. On the other hand, as for four-wheel automobile registration, it shows gradual increase from 45 thousand units in 2011 to 80 thousand units in 2017, but stayed at 76 thousand in 2018.

Trend of Registered Motor Vehicle in Bangladesh (2011-2018)



Data Source: Bangladesh Road Transportation Authority and The World Bank (GDP/capita)

Unit: Number of units on left axis and US\$(GDP/Capita) on right axis

Comparison with Neighboring Countries

In comparison with 3 ASEAN countries (Thailand, Indonesia and Vietnam) as of 2017, the number of domestic sales (four wheel), representing domestic market size, is 871 thousand units in Thailand, 1.08 million in Indonesia and 250 thousand units for Vietnam, while it is only 80 thousand in Bangladesh. The penetration ratio, number of cars per 1,000 people, is 257 in Thailand, one car for 4 people, but for Bangladesh, it is 6 cars for 1,000 people. The number of car production is nearly 2 million units in Thailand which is exporting almost half of the production, 1.2 million units in Indonesia and 195 thousand units in Vietnam, while Japanese auto makers are operating their local production facilities in those countries.

In general, four-wheel motor vehicle markets are said to start expanding rapidly when the GDP per capita reaches \$3,000 to \$4,000 level, and Thailand and Indonesia seem to have surpassed this threshold. In these two countries, more than 10 Japanese auto factories are currently in production.

Comparison of GDP per capita, Population, Automobile Sales and Production

	GDP/Cap (USD) 2017	Population (mill) 2017	Motor Vehicles* Sales (2017)	Motor Vehicles Production (2017)	Penetration Ratio (per 1,000, 2018)	Number of Japanese 4-wheel Automobile Plant (2014)
Thailand	6,595	69	871,650	1,988,823	257	14
Indonesia	3,847	264	1,079,534	1,216,615	99	12
Vietnam	2,342	96	250,619	195,937	35	8
Bangladesh**	1,517	165	80,311	n.a.	6	0

Source: The World Bank, ASEAN Automobile Federation, Bangladesh Road Transport Authority (BRTA), JETRO

*Note 1) "Motor Vehicles" refer to 4-wheel automobiles

**Note 2) Motor Vehicle Sales in Bangladesh is number of registration for 4-wheel automobile by BRTA

**Note 3) There are few local automobile assemblers in Bangladesh, for Mitsubishi Pajero, Proton, Hino bus and Tata bus

New and Used Cars in the Market

While there are several local manufacturers for motorcycle in Bangladesh, there is quite limited number of local manufacturing for four-wheel motor vehicles by local assemblers. Among the newly registered cars, 76 thousand units in 2018, 52 thousand are commercial vehicles and 24 thousand are passenger vehicles (including SUV), according to the report by BRTA. While the commercial vehicles such as trucks and buses are locally assembled by local companies for foreign brand (India and Japan), passenger cars are not assembled locally except for few cases which are not by direct investment by major foreign auto manufacturer. The 24 thousand newly registered passenger vehicles depend on CBU⁷ imports including used cars, and number of new cars in the market is about 3,000 per year,

⁷ CBU: Complete Build-up

meaning nearly 90% is used cars. The country origins of those imported cars are Japan, India, South Korea, China. Germany. France, Malaysia, UK and USA⁸.

Among those origins of imported cars, Japan is dominant with about 80%. For those used car imports, Bangladesh government put restriction to allow importing less than 4 years old, and for cars from Japan must be certified by Japan Association for Automobile Inspection (JAAI) for their quality. The needs for passenger cars are estimated to be increasing by 20% annually, due to expanding middle and high-income class in Bangladesh⁹.

1.3 Automobile Manufacturers in Bangladesh (including motorcycle and tricycles)

There are 13 motorcycle companies¹⁰ are currently in operation including foreign invested companies, among which 12 companies are registered as “progressive motorcycle manufacturers”. These companies are entitled for import duty reduction for raw material and parts for their CKD assembling, by manufacturing designated components stipulated by SRO-155 already explained¹¹. The major motorcycle companies are three Indian brands (Uttara, TVS, Hero) and one Japanese brand (Honda), reported to have about 80% share of the domestic market¹². As for Japanese company, Honda is currently in local production in a form of joint venture with Bangladeshi state-owned company, and Suzuki and Yamaha are produced by local companies. Those Japanese three brands together shares 17%, and 7 companies listed below are estimated to share 95% of the market (2017)

Main Motorcycle Companies in Bangladesh

NAME	BRAND	NATIONALITY OF INVESTOR
Uttara Motors Corporation	Bajaj	Bangladesh
TVS Auto Bangladesh Ltd	TVS	India/Bangladesh
Niloy Motors Ltd	Hero	India/Bangladesh
Bangladesh Honda Private Ltd	Honda	Japan/Bangladesh
Rancon Motorbikes Ltd	Suzuki	Bangladesh
Runner Automobiles Ltd	Runner	Bangladesh
ACI Motors Ltd	Yamaha	Bangladesh

Source: Websites of each company, FOURIN, Financial Express (2019/5/12)

⁸ “Bangladesh Automobile Industry”, Emerging Credit Rating, April 2017

⁹ “Car Market Size: Bangladesh”, MTBiz, April 2017

¹⁰ See Appendix-3 for motorcycle company list

¹¹ SRO-155/1 June 2017 (Ministry of Finance, Internal Resources Division).

¹² FOURIN (2018)

Automobiles (4-wheel)

The four-wheel motor vehicles, in Bangladesh, are supplied mainly through local companies either by assembling foreign brand cars or distributing imported CBU cars, including used cars. As for commercial vehicles, Indian brand (TATA, Ashok Leland, Mahindra) and Japanese brand (Hino, Isuzu) are locally assembled¹³, while there are¹⁴ CBU imports mainly from India.

As for passenger vehicles, Malaysia (Proton), Japan (Mitsubishi) and Korean (Hyundai) are made locally through SKD, while large number is imported CBU cars including used cars. Among CBU imports, new cars are handled by authorized distributors and used cars are channeled through used car dealers. The examples of local assembly are: “Pajero Sports” by Japanese Mitsubishi Motors is being assembled by Pragoti Industries (Chittagong) since 2010. Also, Malaysian Agate’s “Proton” brand cars are started to be assembled for export, in joint venture with PHP Enterprise, since 2012.

The foreign joint venture auto companies are only two; India (TATA) and Malaysia (Proton), and there has not been any FDI by Japanese or other foreign major automobile company’s investment project implemented. The list below shows car assemblers and the list of auto companies, including distributors can be referred to Appendix-3.

Four Wheel Motor Vehicle Assemblers in Bangladesh

NAME	BRAND (PRODUCTS)	NATIONALITY OF INVESTOR
Nita Co. Ltd	TATA (pick-up)	India (TATA)/Bangladesh
IFAD Auto Ltd	Ashok Leyland (trucks and buses)	Bangladesh (IFAD Group)
Pragoti Industries Ltd	Mitsubishi (Pajero Sport), Mahindra (SUV)	Bangladesh (State-owned)
Aftab Automobiles Ltd	TOYOTA (land cruiser), HINO (bus, truck)	Bangladesh (Navana Group)
Millennium Auto Assembly	Hyundai	Bangladesh
PHP Automobiles	Proton (sedan)	Malaysia/Bangladesh
Rangs Motors Ltd	Mahindra (SUV, pick-up, truck)	Bangladesh
Uttara Motors	Isuzu (pick-up, truck)	Bangladesh

Source: Websites of the respective companies

Three-Wheel Motor Vehicles (Auto Rikshaw)

In Bangladesh, small three-wheel cars, called as “Auto Rikshaw” are widely used as mini

¹³ All main parts are imported and assembled, while bodies are fabricated locally

¹⁴ Semi-Knock Down

taxi (2 passengers), as motorized Rikshaw, and it has 8% share (300 thousand) in the number of all kinds of registered motor vehicles. The distribution of the Auto Rikshaw is handled by three main companies (Uttara, Rangs, TVS, with all cars are imported from India as CBU. The import is limited to new cars with 4 cycle engines, since use of 2 cycle engine is banned for policy measures preventing air pollution.

Currently, almost all Auto Rikshaws running in Dhaka and Chittagong are using CNG¹⁵ as fuel which is cheaper than gasoline, and the government is to allow use of LPG¹⁶ in the near future. Furthermore, use of electric motored BRTW¹⁷ is promoted by the government, and some companies, including Japanese, started local manufacturing. In rural areas, there are number of BRTW are running, mostly imported from China and India. Those BRTW used in rural areas are reported to have not being registered with the Road Transportation Authority (BRTA), and BRTA started to register 100 thousand units of BRTW. The distributors of three-wheelers and BRTA manufacturers are listed in the table below.

Three-Wheel Auto-Rikshaw Distributers and BRTW Manufacturers

NAME	BUSINESS	NATIONALITY
IFAD Auto Ltd	Import & distribution of TVS	Bangladesh
Uttara Motors Corporation	Import & distribution of Bajaj	Bangladesh
Rangs Ltd	Import & distribution of Mahindra	Bangladesh
Runner Terra EV Ltd	Manufacturing of BRTW	Japan/Bangladesh
Beevatech Ltd	Manufacturing of BRTW	Bangladesh

Source: Websites of the respective companies

¹⁵ Compressed Natural Gas

¹⁶ Liquefied Petroleum Gas

¹⁷ Battery Run Three-Wheeler

Chapter 2 Automobile Industry Localization Policy in Neighboring Countries and Used Car Import Restriction

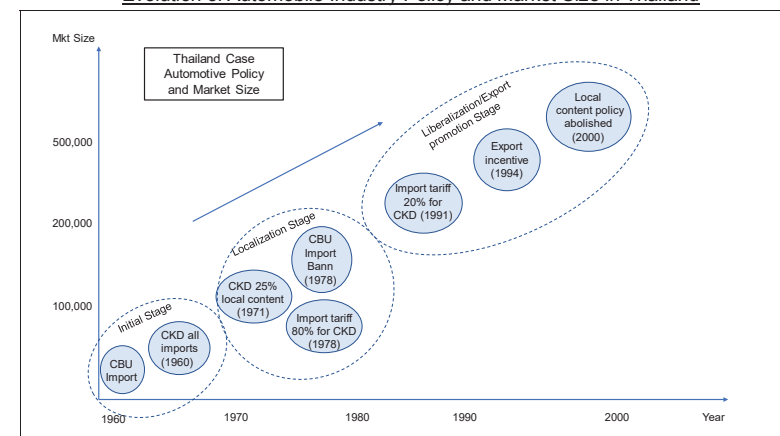
2.1 Thailand

The automobile industry development stages have been divided into three stage; 1) Initial stage, 2) Localization stage, and 3) Liberalization/ export promotion stage, for illustrating policies taken along with automobile industry development in Thailand, as follows.¹⁸

Initial Stage

In Thailand, up to 1960, the automobile supply was filled by CBU imports, however, BOI announced Industrial Investment Promotion Law in 1960, and Ford of USA built car assembly factory in 1961, as the first auto plant in Thailand. Following this, there were 9 car factories built by 1969, among which four companies (Nissan, Hino, Toyota, Suzuki) moved-in from Japan. During those early days, the car production has been done by assembling all imported parts and components by SKD¹⁹ or CKD²⁰ method. In 1971, Thai government announced New Automobile Policy which required auto makers to procure 25% (cost base) of the car component through local sources or manufactured locally, by 1974.

Evolution of Automobile Industry Policy and Market Size in Thailand



Source: JICA Project Team based on various information

¹⁸ Yoshimi Une "Japanese automobile companies' extensive development and industrial concentration in Thailand" Economic Geography annual report, Ritsumeikan Asia Pacific University (2011) and other literatures have been referred.

¹⁹ Semi Knock Down: Engine, under body, driving system and other large components are built as module in home country before export, then assemble locally, with less value added occur in the host country.

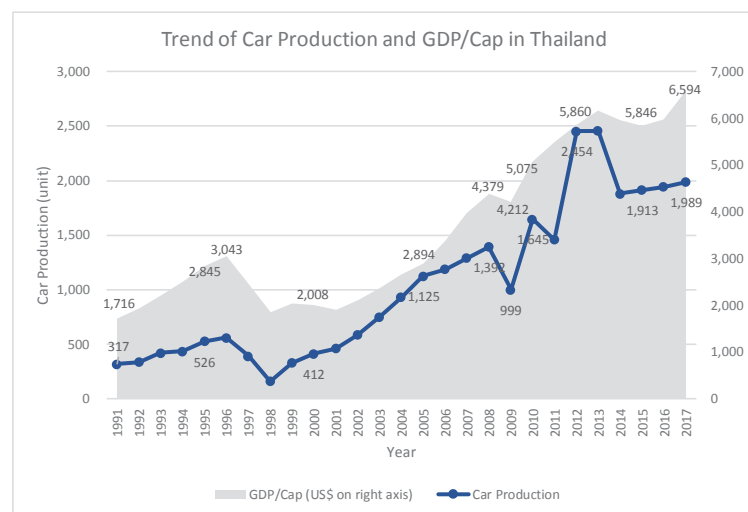
²⁰ Complete Knock Down: All parts are exported and assembled, with process in welding, painting, fitting, etc, with more elaborated facility and manpower compared with SKD, with higher value added in the host country.

Localization Stage

In addition to New Automobile Policy requiring 25%²¹ localization by 1972, import of CBU cars were prohibited in 1978. Also in this year, the import duty for CKD parts was raised from 25% to 80% for passenger cars, and 20% to 40% for commercial cars (pick-up trucks). The localization requirement was also raised to 50% in 1986/87. Japanese auto makers asked their parts manufacturers in Japan to invest and come to Thailand, and number of Japanese auto-parts manufacturers was increased from 13 companies in 1971 to 32, then to 48 in 1987. Furthermore, local manufacturing of engines for pick-up trucks was made obligatory in 1989.

The market size of automobile in Thailand had been around 100 thousand units until mid-1980's. Due to high economic growth period started in 1989, growing GDP per capita to \$1,508 in 1990 and then \$3,043 in 1996, automobile production and sales also rapidly increased to 200 thousand units in 1990, then 550 thousand units in 1996, just before Asian Financial Crisis. In Japan since Plaza Accord in 1985, the appreciation of Yen currency pushed various manufacturers' overseas shift, the number of Japanese auto-parts manufacturers in Thailand increased to 98 companies.

Trend of Automobile Production and GDP per Capita in Thailand



Source of data: Federation of Thai Industries, Thai Automobile Institute, The World Bank (GDP)

²¹ 25% for passenger cars and 20% for commercial cars

The graph above compares trend of automobiles' production and GDP per capita. Although the Thai economy experienced stagnation after Asian Financial Crisis in 1997, the automobile production picked up quickly along with export market expansion, making it to surpass 1 million units in 2005, and GDP per capita over \$3,000 in 2006.

Liberalization/Export Promotion Stage

The automobile industry policy has been shifted from protection to liberalization policy in early 1990's, for the purpose of technological level improvement and transition to mass production system, thanks to the rapid economic growth since late 1980's. The import tariff was reduced in 1991, liberalization of passenger car production license in 1993, and started to promote CBU car export with incentive scheme in 1994. While the Asian Financial Crisis in 1997 made a drop of domestic demand for automobiles, Japanese auto makers decided to position Thailand as their regional export bases, rather than solely for domestic market, since their established production networks are competitive enough in the region. As the results, the production level quickly recovered to over 2.4 million units in 2012, of which 1.4 million units were exported.

Responding to Japanese auto makers' strategy to make Thailand as the regional export base, the number of Japanese auto-parts manufacturers advanced their production in Thailand also increased, counting 121 companies moved to Thailand during 1997 to 2003. They formed 2nd tier and 3rd tier sub-contract with local firms, establishing supply chain for automobile production. In 2000, Thai government abolished the local content requirement since it is in infringement to TRIM Agreement under WTO. As for Japanese auto makers who have already established local production base, this seemed to have pushed to form a regional supply chain in ASEAN, as the tariff reduction, to 0~5%, started among ASEAN countries in 2002.

2.2 Myanmar

Number of Automobiles and Market

Since its transfer to civilian administration and economic liberalization in 2011, number of automobiles possessed in the country increased rapidly. The annual increase rate was 20% during 2014 and 2018, the total number of cars is estimated to be around 1 million units. The number of penetration of cars per 1,000 population is more than doubled in five years, from 8 units in 2013 to 19 units in 2018. (that is 6 units in Bangladesh in 2018)

Number of Automobiles Possessed, Penetration Ratio and New Car Sold in Myanmar

Year	Number of Cars Possessed	Increase of Cars Possessed	Growth Rate	Penetration Ratio (per 1,000)	Number of new car sold
2013	425,826	-	-	8	n.a
2014	580,917	155,091	36%	11	n.a
2015	714,962	134,045	23%	14	n.a
2016	812,937	97,975	14%	16	4,168
2017	945,883	132,946	16%	18	8,225
2018	1,030,000	84,117	9%	19	17,500
	Average	120,835	20%		

Source of data: FOURIN (2018.11), Myanmar Survey Research (MSR)

Myanmar government started to restrict import of used cars limited to left-hand driving within two years old since 2017, while the market had been dominated by CBU imports, mostly used cars from Japan. Since the traffic rule in Myanmar is right-hand side, different from Japan, imports of Japan-made cars were virtually prohibited by this policy measure. As the result, the annual new car sales increased from about 3,000 in 2012 to 17,000 units in 2018. (see the table)

At present (July 2019), there are five foreign auto makers are operating their car assembly factories, partly effected by the regulatory measure mentioned above. Among these, Suzuki started its assembly since 1998, when the country was under economic sanction, and once dissolved the company in 2010, but re-started its operation in 2013, which was the earliest among the five auto makers currently in operation. Then the local car assembly is followed by KIA, Ford, Nissan and Hyundai, and Toyota recently announced²² its plan to start production in 2021. They assemble all of their parts and components imported, through CKD or SKD (simpler than CKD) method, since there is no local parts supplier.

Automobile Companies in Operation in Myanmar (including planned)

Company (Brand) Name	Year Started	Remarks
Suzuki	2013	Sedan (1,000 units/month) and trucks
KIA	2013	6 kinds of vehicles
Ford	2017	
Nissan	2017	Investment by Malaysian company
Hyundai	2019	Started assembly for 10,000 units/year
Toyota	2021 (plan)	Pick-up trucks (2,500 units/year)

Source: MSR, Asahi Newspaper (2019/5/31)

²² Asahi Newspaper article on 31 May 2019

Automotive Policy

Myanmar government announced Automotive Policy in May 2019. In this Policy, the development period is planned in 3 stages, with 5 years for each stage, to achieve 20% as the vehicle penetration ratio, 10 million units in operation and 1.2 million units as the annual sales as the final target after 15 years. The table below indicates planned figures for each of 3 stages, followed by policies measures taken for each stage.

Three stages of Automotive Policy of Myanmar

STEP	TARGET PERIOD	PENETRATION RATIO	UNIT IN OPERATION (UNIT)	NEW CAR SALES/ YEAR
(1)	Short-term (Initial stage 5 years)	4%	2,000,000	200,000
(2)	Medium-term (Second stage 5 years)	8%	4,000,000	400,000
(3)	Long-term (Third stage 5 years)	20%	10,000,000	1,200,000

Source: Automotive Policy, Ministry of Industry, Myanmar, May 2019

(1) Short-term policy measures (Year 1~5)

Market: Preparation of extended use of new cars and gradual lessening of used car imports

Production: Mainly produced with SKD system due to limitation of new cars' market

Parts production: Only a few parts can be produced because of the small market

Services: In the preparation stage to grow

(2) Medium-term policy measures (Year 6~10)

Market: Increasing demand for new cars, and used car market gradually terminated

Production: CKD production in parallel to SKD production

Parts production: Labor-intensive parts, low-end and middle technology domestic products

Services: Started individually and skill improvement (production and maintenance) guide

(3) Long-term policy measures (Year 11~15)

Market: Mainly new car sales and preparation for export

Production: Mainly by CKD, huge inflow of FDI, training and R&D centers established

Parts production: Module parts production is increasing, in addition to mid-technology parts

Services: Systematic service centers shall develop in cooperation with government agency and partners

As for the strategy to realize the above-mentioned staged automotive industry and market, the following activities are to be taken as the priority policy areas.

- To describe clear and adaptable definition and included appropriate parts of SKD and CKD that suitable for Myanmar business situation.

- (b) To produce quality and safety-assured vehicle and parts
- (c) To support, as the state-level provisions, the emergence of enabling environment for automobiles and parts production, sales and service.
- (d) To provide special incentives and encouragements in advancement of eco-friendly or environmentally friendly and alternative fuel vehicles.
- (e) To encourage to be sufficient vehicle productions on the use of public transport vehicles, special purpose vehicles, multi-purpose vehicles, agricultural and cargo-transport vehicles, motorcycle and related vehicles
- (f) To specify the appropriate and high demand vehicle type for Myanmar.
- (g) To establish a Supervision Committee for evaluation, reviewing and refinements on relevant tasks of Automotive Policy.

2.3 Used Car Import Restriction

Although it is considered as the effective measures to restrict used car imports in order to encourage new car supply, certain size of market is required for domestic assembly by SKD production to be feasible. In this section, the current situation of used car import regulation in Bangladesh is reviewed, and compared with other countries' cases for further consideration. for further policies

Used Car Import Regulations in Bangladesh

According to Import Policy Order by Ministry of Commerce, the imports of all kinds of used (reconditioned) four-wheel vehicles, including commercial, passenger and special purpose vehicles, are allowed with the following conditions.

- (1) A right-handle vehicle with less than 5 years old is allowed to be imported. Regarding the age of the used cars, the government proposed to limit to 3 years old in 2013, however, this condition was not amended.²³
- (2) A certificate stating age, model and chassis number shall be submitted to the custom. Regarding imported used cars from Japan, a certificate shall be issued by Japan Auto Appraisal Institute (JAAI).
- (3) Import of used vehicle shall be limited to only from the of origin, not allowed through any third country.
- (4) The car must be equipped with seat belt and wind shield and both side glasses of driving seat shall be transparent.

²³ Based on interview with interview with used car dealer in Dhaka.

Tariff Structure for Motor Vehicle in Bangladesh

There are 6 kinds of tariff and levies for importation of motor vehicle in Bangladesh. While these tariff rates differ by types of vehicle, the total percentage of the tariff is from 91% to 837% in case of passenger cars, pick-up trucks and minibuses. For passenger cars, the rates vary by its engine displacement, for example, less than 1600 cc car including SUV, the smallest category, the total rate is 130%. The hybrid car less than 1800cc, covering the same category, is lower at 91%, reflecting preference by the authority for environment consideration.²⁴

Details of Import Tariff for Motor Vehicle in Bangladesh (2018-19)

TAX AND DUTY	RATE	FOR SEDAN 1600CC< (Non-Hybrid)
CD: Custom Duty	25%	25%
SD: Supplementary Duty	20%-500%	45%
VAT: Value Added Tax	15%	15%
AIT: Advanced Income Tax	5%	5%
RD: Regulatory Duty	3%	3%
ATV: Advance Trade VAT	5%	4%
TOTAL	91%-837%	130%

Source: Tariff Table, 2018/19 Budget Documents

Note: The tariff rates for passenger cars (including SUV), Pick-up trucks and microbus

The rates indicated above are the same for new and used cars, however, the depreciation rate is applicable for the calculation of taxable value. Since the most of used cars from Japan are already equipped with options, such as car audio system, consumers feel less expensive compared with new cars, usually sold with no options, in addition to the depreciation discount.²⁵

Depreciation Rate Applied for Used Car Imports

Years of Usage	Depreciation Rate
0~1	0%
1~2	10%
2~3	20%
3~4	30%
4~5	35%

Source: SRO-154-AIN/2018/20/Customs

²⁴ Source: Tariff Table (Custom website) (2018-19)

²⁵ Based on interview with Japanese businesspersons in Dhaka

One of the measures to discourage used car imports is to adjust the depreciation ratio above to be more flat, in order to make the price of imported used cars comparatively more expensive. On the other hand, there are said to be still unfair trade practice exist, such as under-invoice and smuggling, and the authority needs to make more stringent control for the sound car market.

Used Car Import Regulation in Asian Countries

Taking a look at used car import policies in the neighboring Asian countries, each country has its own regulation to limit the used car imports. This seems to be a reflection of encouraging auto industry to be flourished by restricting comparatively inexpensive used cars. Regarding the production size of those countries, Thailand, Indonesia and India are already producing more than 1 million cars annually, and Philippine, Vietnam and Pakistan are producing more than 100 thousand cars annually. The followings are the measures taken by those countries to restrict inflow of used cars. (see details in Appendix-4)

- All used cars are banned from import (Indonesia)
- By limiting the types of used cars importable (Left-handle, car age limit, restricting commercial purpose imports, etc), exercise virtually banning Japanese used car imports (Thailand, Philippines, Vietnam and Myanmar). In these countries, the tariff rates are the same for new and used cars.
- In Pakistan, import of used cars for commercial purpose is prohibited, allowing only personal use with car age less than 3 years. The tariff rate is lower than new cars.
- Higher tariff for used cars imports, while the rate is 15%~100% for new cars, used cars are subject to 125%. (India)

2.4 Market Size and Local Production Advancement of Auto Makers

So far in this Chapter, reviews have been made on the automobile industry development and applied policies in Thailand, the Automotive Policy started to be implemented in Myanmar, and used car import regulation in Bangladesh and other countries, since the challenge is how to promote domestic new car production. In this section, development stage of automobile industry is attempted to divided into four stages, to explore possible auto makers advancement forms and policy measures to be taken, based on these observations.

(1) Initial Stage

In most countries, automobile supply their markets start with import of CBU, in particular inexpensive used cars, and as the economy develops, they limit to low-aged cars and

suitable cars for their traffic regulations, such as right- or left-handed vehicles. The environmentally friendly cars, such as hybrid and electric cars, can be given policy support preference reflecting the government policy and characteristics of the respective market.

As the market develops, policy incentive can be applied for SKD production by asking foreign auto makers. The capacity of SKD production may vary widely from 2,000~3,000 units²⁶ to 12 thousand units per year, however, if the annual sales is expected to be less than 5,000, the auto makers prefer for OEM²⁷ production to local companies, rather than making direct investment.²⁸

The current market situation in Bangladesh is that the passenger cars market is 23 thousand per year, among which the number of new cars is estimated to be about 3,000 units, considered to be in Initial Stage. In case of Myanmar, the new car market was 3,000 units in 2012, then Suzuki started local production in 2013, the new car sale in 2018 jumped to 17 thousand units, partly due to used car restriction policy.

(2) Local Assembly Promotion Stage (market size less than 100,000²⁹ per year)

The next stage is to shift from SKD production to CKD production which brings higher value added locally. Although the CKD production still imports most of the parts and components, it requires to have production process such as pressing, welding, painting and assembling at the local factory with much larger production size. The auto maker needs to judge if there is sufficient market size exists or prospect to expand to the feasible level.

While the host country's government try to promote CKD production by providing policy incentives such as tariff reduction, the auto maker side is tend to be quite careful in estimating the market size

Another constraint factor in starting local production, by SKD or CKD in providing new cars in the market, is building marketing and service network in the country. Unlike used cars, the auto makers are required to provide functional guarantee and services after sale. The marketing and sales promotion activities are also needed to be penetrated, once certain level of car production started, in cooperation with local dealer network throughout the country.

(3) Local Production Promotion Stage (market size: more than 100,000 per year)

The level of local procurement of auto parts for CKD production depends on foreign auto

²⁶ The capacity of Toyota plan for assembling pick-up trucks, recently announced, in Myanmar is 2,500 units per year.

²⁷ Original Equipment Manufacturer

²⁸ "SKD Production by Auto Makers in Emerging Countries and Sales and Marketing Strategies – Ssang Yong, Mazda and Toyota case study in Vladivostok" Jigyo Sozo University, Eiko Tomiyama (2014)

²⁹ In case of Thailand, 25% local content started when the market size was about 100,000. (Appendix-5)

parts manufacturers' advancement or growth of local manufacturers, which cannot be decided only by auto makers. Automobile assembling requires number of different kinds of parts and components, varying from ones easier in local procurement and difficult ones. The auto parts manufacturing also depends on market size of automobiles. In case of Thailand, the localization ratio started to be progressed after the production level reached 300,000 units per year.³⁰

(4) Liberalization and International Competition Stage (market size: more than 300~500 thousand units³¹)

When the domestic production system already established and price competitiveness started to appear, open policy is more suitable, than protection policy, for catching up technological innovation and mass production for pursuing scale economy. If the export market is captured after the competition, the automobile industry can be flourished further.

The stage-by-stage steps for automobile industry advancement, developing mechanism, promotional policy and market size, described above, can be briefly illustrated in the table below.

Automobile Industry's Development Stage, Promotion Policy and Market Size

Stage	Automobile Industry and Promotion Policy	Market Size (passenger cars*)
1. Initial	Shifting from CBU imports to starting SKD assembly by policy initiative/ Used cars to new car market expansion	---
2. Assembly promotion	Shifting from SKD to CKD assembly with promoting local procurement or production of limited categories of auto parts	Less than 100,000
3. Local production promotion	Mainly through CKD assembly, deepening local procurement and production/ Investment promotion to invite foreign auto-parts manufacturers	More than 100,000
4. Liberalization/ International competition	Each auto-makers establishes local production network/ technological innovation and mass-production/ export promotion policy	More than 300,000 to 500,000

Source: JICA Project Team

*Note: Sedan, SUV, pick-up, multi-purpose cars are included (depending on market preference)

³⁰ "Challenges of Automobile Industry Development in Vietnam" Kenichi Takayasu, Pacific Rim Business Information, Sakura Research Institute

³¹ In case of Thailand, import tariff was reduced when the production was 320 thousand units and export promotion incentive started when the production level at 550 thousand units (see Appendix-5)

Chapter 3 Towards Further Policy Discussions

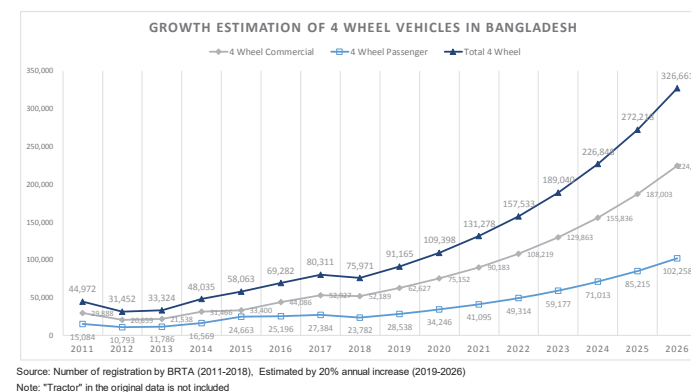
This chapter attempts to focus on key policy discussion subjects, based on current automobile industry and market condition in Bangladesh and comparison with neighboring countries, reviewed so far, as presented below.

3.1 Expansion of Domestic Car Market and New Car Market

The current market size for automobile, in Bangladesh, is 75 thousand units consists of 52 thousand units for commercial vehicle and 23 thousand units for passenger vehicle, as the number of registered automobiles in 2018. Within the passenger vehicle, number of new cars is estimated as 3,000 units, including import and locally assembled). The automobile market expansion, in total as well as new car market growth, is a major pre-requisite for automobile industry development.

Supported by 7% annual economic growth, automobile market is growing by 20% each year³², and if the same growth rate continues, the market size of passenger vehicle will reach to 100 thousand units in 2026. Considering the 100 thousand units as a threshold for deepening local production stage, based on experience in Thailand, a policy measure to accelerate to reach this stage along with new car market expansion can be one of the target subjects for further policy discussion.

Trend of Registered Automobiles (4 wheel) and Estimation (with 20% annual growth)



³² The average yearly growth rate of number of registered four-wheel vehicles during 2012 to 2017

3.2 Fiscal and Non-fiscal Incentive for Development of Automobile Industry

While the market expansion is demand side issue, the supply side issue development of automobile industry, also needs to be supported by fiscal and non-fiscal policy measures. The fiscal measures include reduction of corporate income tax, import tariff and other fiscal levies to make the business conditions attractive for auto makers.

On the other hand, policies may cover non-fiscal incentives by providing area for industrial use, infrastructure, training human resource for automobile industry, material testing, safety inspection and other technical support, promotion of auto-parts industries.

The table below indicates various auto-parts categorized by easiness in local procurement, based on experience of Japanese auto makers in ASEAN. A policy to increase domestic value added by promoting local manufacturing of auto-parts needs to take into consideration of those past experience in neighboring countries.

Automobile Parts Categorized by Local Procurement: Experience by Japanese in ASEAN

More than 80%	Battery, Tire, Wire Harness, Carpet, Radiator, Air Conditioner, Wheel, Glass, Engine Oil, Mafier, Exhaust Pipe, Seat, Car Audio, Leaf Spring, Matt (Vynil Chloride), Coil Spring, Transmission Oil
50% - 80%	Horn, Starter Motor, Alternator, Shock Absorber, Fuel Tank, Fuel Pipe, Door Trim, Sun Visor, Seat Belt, Sound Insulating Material, Roofhead Lining, Air Cleaner, Bumper, Body Panel, Intake and Exhaust Manifold, Lamp
Less than 50%	Mirror, Drum Brake, Fuel Hose, Piston, Radiator Gril, Steering Wheel, Clutch, Instrument Panel, Disk Brake, Cylinder Head, Cylinder Block, Cam Shaft, Crunk Shaft, Distributer, Meters (combination), Transmission, Catalytic Agent, Bolt and Nut, Ignition Coil, Steering Link, Airbag, Drive Shaft, Valve, ABS, Switch (combination), Engine Computer

Source of data: Sakura Institute literature (1998), based on response to interviews to Japanese car assemblers in ASEAN (1996)

Note: The percentage indicates ratio of companies responded as "no major difficulty" in procuring those parts and components

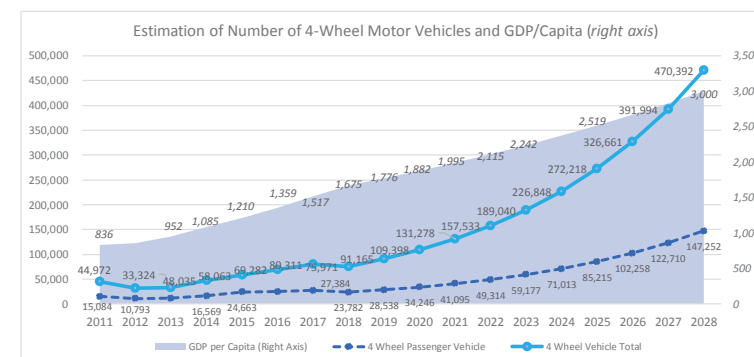
3.3 Economic Growth and Outlook of Automobile Market (10 Years)

The rapid economic growth of Bangladesh has been continued with the GDP increasing by 7%³³ and GDP per capita by 6%³⁴. If this growth rate is supposed to be continued, GDP per capita will be calculated to reach at US\$3,000 after 9 years, on 2028. In general, when the GDP per capita reaches \$3,000, the automobile market is said to expand quickly, and so for Bangladesh, it is necessary to get prepared for growing motorization in 10 years from now.

³³ 7.2% (2017), 7.8% (2018), The World Bank Data Bank

³⁴ 6.1% (2017), 6.78% (2018), The World Bank Data Bank

Growth Estimation of GDP Per Capita (6% annum) and Automobiles (20% annum)



Data Source for Motor Vehicle: Registered number by BRTA (2011-2018), Estimation by 20% annual increase (2019-2028)

Data Source for GDP/Capita: The World Bank (2011-2017), CEIC (2018), Estimation by 6% annual increase (2019-2028)

3.4 Formulation of Policy Development Mechanism (Government and Private Sectors)

In order to discuss policy measures for developing automobile industry and its market, a discussion platform for relevant government decision makers and private sectors is desirable to be established for the proposed policy measurers to be effective. The involvement is essentially necessary by those key institutions including; Ministry of Industries which is responsible for industrial policy, Ministry of Commerce in charge of trade policy, Ministry of Finance and NBR for tax policies, BIDA for investment promotion policy, BEZA for Economic Zone for industries, and other government institutions for environment protection, human resource development, technological assessment, and also relevant private sectors representatives.

3.5 FDI Promotion Strategy for Foreign Auto Makers

In order to have international quality automobiles used in Bangladeshi market, inviting top-level foreign auto makers is the most effective, as seen in other country cases. The auto makers are making effort in technological innovation for cars which are safer, more fuel efficient and fit to consumer needs, progressing day by day. For example, "Hybrid car", not yet common in Bangladesh, is getting widely used in Japan for its quietness and fuel

efficiency.

Those auto makers, already extending their production in the World, are accumulating experience in advancing into developing and emerging countries. They would be able to supply automobiles fit to the consumers' needs in the respective countries, by responding requests by the host country government, based on their experience in other countries. The policy formulation mechanism, previously stated, would benefit if those experienced auto makers opinion or input are to be studied for effective policy implementation.

3.6 Social and Environmental Consideration for Motorization in Bangladesh

A policy consideration is also required to minimize the negative effect of motorization in Bangladeshi society and environment, along with policies for promoting automobile market expansion. The issues are widely varied, including tragic traffic accident, chronicle traffic jam, air pollution by automobiles exhaust gas, noise and others appeared in the news reports.

On the road in Dhaka, there are multi-modal traffic run by rikshaw, auto rikshaw, bus, truck, passenger car and other means observed every day. It would be worth thinking about what type of automobile would fit to the conditions and environment in this country. In ASEAN countries there has been different preference in the auto market observed, for example, pick-up trucks are widely used in Thailand, multi-purpose vehicle in Indonesia and sedan in Malaysia, reflecting each country's consumer needs and preference, to which auto makers made adjustment to the respective needs.

In Bangladesh, it might be different, depending on needs of people and their preference, and reflecting the right needs will also lead to development of automobile industry.

[END]

APPENDIX

1. Priority Sectors by National Industrial Policy
2. SRO No.176-ACT/2019/33-VAT
3. List of Bangladesh Motorcycle Industries
List of Bangladesh Automobile Industries (Four-wheel vehicle only)
4. Import Policy and Tariff on Used Vehicle in Selected Asian Countries
5. Automotive Industry Policy and Domestic Market Size in Thailand

(National Industrial Policy 2016)

Priority Sectors by National Industrial Policy (Appendix 2)

1. Plastic
2. Overseas Employment (Manpower Export)
3. Shipbuilding
4. Environment Friendly Ship recycling Industry
5. Tourism
6. Frozen Fish
7. Home Textiles
8. Renewable Energy (Solar Power, Windmill)
9. Active Pharmaceutical Ingredient and Radio Pharmaceutical Industry
10. Herbal Medicine Industry
11. Radio-active (diffusion): Application Industry (e.g. developing quality of decaying polymer/preservation of food/ disinfecting medicinal equipment)
12. Polymer Product Industry
13. Hospital and Clinic
14. Automobile manufacturer and servicing
15. Handicraft and Cottage Industry
16. Energy Efficient Appliances/Manufacturing of Electronic goods/Development of Electronic materials
17. Tea Industry
18. Seed Industry
19. Jewelry
20. Toys
21. Cosmetics and Toiletries
22. Agar industry
23. Furniture
24. Cement Industry

Peoples Republic of Bangladesh
Ministry of Finance
National Board of Revenue
[Value-added Tax and Customs Duty]
Notice
Date: 13 June 2019

(Unofficial translation)

1. **SRO No-176-ACT/2019/33-VAT.** As per the Value Added Tax and Customs Duty ACT, 2012 (Number 47 of 2012 ACT) Section 135, Section 126 and Sub-Section (1), and with the authorized power, the Column 1 of First Schedule of Government Customs Act, 1969 (IV of 1969) with Heading No. 87.03 and in contrast of the mentioned compatible HS Code 8703.22.22 and 8703.23.22 in column (2) and in contrast of the described CKD Motorcar and Motor Vehicle up to 1,600 cc in column (3), mentioned as product from here onwards, all charges imposed on production in local stage and import of relevant materials required for the production and import of spare parts are exempted from the tax and supplementary duty on the following terms and conditions:

Terms and Conditions:

- (a) Respective product manufacturer needs to be registered with Bangladesh Investment Development Authority, or, as per case, Bangladesh Economic Zone Authority as a manufacturer;
 - (b) Approval of "Maker's Code" and "Type Approval" needs to be received from Bangladesh Road Transport Authority;
 - (c) Respective product manufacturer has to manufacture multiple parts like: re-enforcement pipes, re-enforcement bracket, fuel tank cover, battery seal, engine hook, wiring clamp, condenser fixing bracket etc. within its premises using basic raw materials, and requires to have respective machinery to manufacture them;
 - (d) Respective product manufacturer needs to have minimum equipment like: four pole lifter, two pole lifter, seize lifter, jib crane, brake force reader, air compressor, 3D wheel alignment machine, rain shower testing facility, fuel dispenser, side slip, universal diagnostic tools, under body inspection pit, test track-wave, belgium, pitpot and rope, automatic pneumatic air gun, wireless air gun, etc. within its establishment;
 - (e) Product importing organization needs to have a paint shop approved by the brand manufacture. Body chassis with other parts are importable with primary coatings, but cannot have final-paint. Activities related to final coating/ painting need to be conducted within the organization's own paint shop;
 - (f) Product manufacturing organization needs to have facilities for assembly section, testing, quality control and pre-delivery inspection;
 - (g) Except locally supplied tires and locally prepared batteries approved by the brand manufacturer, other imported tires or batteries cannot be used;
 - (h) There must be a contract for technical support between respective manufacturing organization and the brand manufacturer for gradual technology transfer to the manpower employed by the organization with the aim to transform them into skilled human resources;
 - (i) Aiming to manufacture environmental-friendly cars, Euro-3 emission standard has to be followed at least and there must be a certification from the brand manufacturer;
 - (j) To provide proper customer service, there should be facilities to provide sales, spare parts and after-sales service under respective organization;
 - (k) Respective organization needs to submit a form as per 'Appendix-A' to announce to the divisional officers regarding value addition. Based on the announcement, at least 30 percent value addition will be required;
 - (l) There must be at least 250 Bangladeshi people working at any time in the product manufacturing organization.
2. In order to receive opportunities of exemptions as mentioned in this notice, respective product manufacturing organization needs to apply through non-judicial stamp of BDT 300 on the basis of the conditions mentioned above to the National Board of Revenue along with the relevant documents.

3. For consideration of the application received under paragraph-2, a committee is appointed as per below;

(a) First Secretary (VAT), National Board of Revenue, Dhaka	Convener
(b) Related Divisional Officers	Member
(c) A representative from Bangladesh University of Engineering & Technology (BUET)	Member
(d) Revenue Officer of the concerned VAT Circle	Member
(e) Second Secretary (VAT), National Board of Revenue, Dhaka	Secretary
4. The committee referred to in paragraph-3 will visit respective product manufacturing organization and submit its inspection report to the National Board of Revenue.
5. Upon receiving the report as per paragraph-4, if the National Board of Revenue is satisfied that the terms and conditions of this notification are properly complied with, then respective product manufacturing organization will be able to obtain the exemptions as mentioned in paragraph-1 within 30 days from submission.
6. Respective product manufacturing organization must fulfill all formalities of the tax invoices and returns of the tax additives along with the Value Added Tax referred to in the sections 51, 53, 54, 64 and 107 of the Value Added Tax and Supplementary Duty Act, 2012 and Rule 40 of Value Added Tax and Supplementary Duty Rules, 2016.
7. Respective product manufacturing organization exempted under paragraph-5 will have to submit the certified copy from Bangladesh Investment Development Authority to the National Board of Revenue to prove that the investment value exceeds BDT 5 billion at least within one year from the entitlement of these facilities. Otherwise, the exemption will be cancelled at the end of the term.
8. If respective product manufacturing organization fails to comply with the provisions of paragraph-6, it will not receive such exemptions.
9. National Board of Revenue can take necessary steps to investigate if respective product manufacturing organization receiving exemptions under paragraph-5 are duly maintaining the terms and conditions as described in this notice.
10. In the context of investigation under Paragraph-9, if any of the conditions mentioned in this notice is not being followed by respective product manufacturing organization, the legal action can be taken in accordance with the provisions of Customs Act 1969 and Value Added Tax and Supplementary Duty Act 2012 and the exemption benefits granted under paragraph-5 will be cancelled immediately.
11. The effectiveness of this notice will remain valid from 1 July 2019 to 30 June 2021.

Appendix-A

1. Name of Taxpayer:
2. Address:
3. Business Identification Number (BIN):
4. Date of Announcement:

Sl. No	HS code of product	Name & details of Product manufactured (with brand name if related)	Unit of supply / sell	Materials used for production/ name and details of raw and packing materials	Unit of materials inc. wastage of production/ raw materials & amount of packing materials (amount of wastage must be specified separately in parentheses)	Price of goods or packing materials described in column 6 (if imported - customs price + customs duty + LC fee + infra. dev. surcharge/ if locally manufactured, total purchase price (exc. VAT)/ total value of goods inc. excise duty for goods/ total purchase price if VAT is exempted)	Sector of value addition/ name of Items	Item or sector contribution /value added amount as mentioned in column 8 at every single product price	Dutiable value (if SD is applicable in the production stage of the consideration) [Sum of columns 7 and 9]		Amount of SD on proposed price of column 11	VAT levied goods [Column 11+12] [note- in case SD is not applicable at the local level [column 7+9]		Selling price inc. CD and taxes	
									Current t	Proposed		Current t	Proposed	Current t	Proposed
1	2	3	4	5	6		8	9	10	11	12	13	14	15	16

1. Supporting documents for the information given in the table is attached with this announcement.
2. I, hereby, confirm that all information provided for availing the benefits described in this notification is true, and all documents are in my jurisdiction to determine it.
3. In absence of inconsistent or untrue disclosure in connection with any investigation conducted by the value-added authority, the Board may cancel the exemption facility and applicable taxes shall be payable.

Date:

Sign and seal of Registered Person/ Management Authority

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Appendix-3

List of Bangladeshi Motorcycle Industries

No.	Name	Main Shareholders	Nationality	Category of Operation	Factory (Plant)'s Address	Factory (Plant)'s Address (Upazila)
1	Bangladesh Honda Private Ltd.	Honda Motor Company Ltd. Bangladesh Steel & Engineering Corporation	Japan Bangladesh	Manufacturer & Assembler of Honda products	Old Ujala, Sreepur, Gazipur New Abdul Monem Economic Zone, Chir Bausha, Gazara, Mureshiganj	Mureshiganj
2	Ultara Motors Corporation Ltd.	Ultara Group of Companies	Bangladesh	Assembler of Bajaj Auto products	Transasia, Zrani Bazar, Gazipur	Gazipur
3	Mericka Motors Ltd.	Ultara Group of Companies	Bangladesh	Assembler of Bajaj Auto products	B-16, BIOC Industrial Area, Tongi	Gazipur
4	TVS Auto Bangladesh Ltd.	TVS & Sons Rian Motors Ltd.	India Bangladesh	Assembler of TVS Motorcycles	239 Awouspara (near hossain market), Tongi, Gazipur	Gazipur
5	Nity Motors Ltd.	Hero Motocorp Ltd. Nitol Nity Group	India Bangladesh	Manufacturer of Hero Motocorp products	1050 Movchak, Kalakair Noapara Jessore	Kalakair Jessore
6	Altap Automobiles Ltd.	Navara Group	Bangladesh	Assembler of Mahindra Motorcycle products Distributor of Zhejiang Qianjiang Motorcycle products (China) (since Feb. 2019)	Fouzdarihat heavy industrial estate, Jarirabad, Chittagong	Chittagong
7	Rancon Motorbikes Ltd.	Rango Group	Bangladesh	Assembler of Suzuki Motor products	Boro Vazairpur, Kashimpur, Gazipur	Gazipur
8	Runner Automobiles Ltd.	Runner Group of Companies	Bangladesh	Manufacturer of own brands KD operator of Dawang Motorcycle products (China)	Paragon, Valuka, Mymenahing	Mymenahing
9	New Gramsen Motors Ltd.	Not Gramsen Group	Bangladesh	Manufacturer of own brands KD operator of Lonon Motor products (China)	Holding No. 1602, Shrinigara Manra, Shipur, Gazipur	Gazipur
10	Roadmaster Motors Ltd.	Update Group	Bangladesh	Manufacturer of own brands KD operator of Guangzhou Dayun Motorcycle products (China)	Telubant, Sambo, Kashimpur, Joydepur, Tangail	Gazipur
11	Rasel Industries Ltd.	Rasel Industries	Bangladesh	Manufacturer of Lifan industry products (China)	2320 Khoda Gohpara, Shanapur, Shiddhying, Narayargang	Narayargang
12	ACI Motors Ltd.	ACI Ltd.	Bangladesh	KD operator of Yamaha products (since May 2019)	Plan to start assembling in a factory in Sreepur, Gazipur.	Gazipur
13	Kamaphul Industries Ltd.	Kamaphul Group	Bangladesh	Assembler of Hojula motorcycle products (China)	2213214, Bead Botani Road Industrial Area, Chittagong.	Chittagong
	Walton	Walton Group	Bangladesh	Closed operation		
	Speedoc Ltd.	-	Bangladesh	Used to be distributor of Zhejiang Qianjiang Motorcycle products (China)	Pakpara, Barogda, Boga Ward No.8, Dakkhin para Dhamrai	Boga Dhamrai
	Atlas Bangladesh Ltd.	Bangladesh Steel and Engineering Corporation	Bangladesh	Closed operation		

Note: CSU (Complete Build-up Unit): imports finished motorcycles of particular brands to sell in local market.
KD (Knock-down): assembles the products of particular brands from imported parts.
Manufacturer: those approved by MOI/ NBR, but including those not commenced internal production or local sourcing of parts, that is required for manufacturer status
BMAMA (Motorcycle Assemblies & Manufacturers Association): An association of CKD assemblers.
BMMEA (Motorcycle Manufacturers & Exporters Association): An association of manufacturers.

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List of Bangladesh Automobile Industries (four wheel vehicle only)

No.	Name	Main Shareholders	Nationality	Category of Current Operation	Explanation	Factory Plant's Address	Factory Plant's Address (Country)
1	Niro Co., Ltd.	Joint venture between Niro Niry Group and TATA Motors.	Bangladesh/ India	Assembler of TATA vehicle	TATA truck and bus Plan to assemble pickup vehicle by 2020.	Pembaga, Abhanagar, Chhindwa, Jharkhand (Kolkata) Economic Zone, (Kolkata)	Abhanagar (Kolkata)
2	IFAD Auto Ltd.	IFAD Group in collaboration with Ashok Leyland.	Bangladesh	Distributor/ Assembler of Ashok Leyland vehicle	Dump truck, Prime mover, Covered van, Tractor, Pick-up Assembles trucks (since 2017) and bus body.	Dumra, Dhaka	Dumra
3	Pragati Industries Ltd. (various industries) (Mitsubishi)	State-owned enterprises, under the Ministry of Industries. Collaborating with Mitsubishi Motors to manufacture passenger vehicles.	Bangladesh	Assembler of various vehicles (TATA Motors, Mitsubishi, Maruti, Ashok Leyland)	Tata Motors: Bus, Mini-truck Mitsubishi: Pajero sport Maruti: Scorpio SUV, Double cab pick-up Ford: Land Rover, Lincoln	Barabkunda, Shalimar, Chittagong	Shalimar
4	Alfab Automobiles Ltd. (Toyota)	Managed by Navara Group.	Bangladesh	Assembler of Toyota vehicle	Land Cruiser		Shalimar
5	Milennium Auto Assembly, Ltd. (Hyundai)	A franchise operated by the Milennium Automobiles of Singapore.	Bangladesh	Assembler of Hyundai vehicle	Hyundai passenger vehicle		Dhaka
6	PRP Automobiles	Joint venture between PRP group and Malaysia Peroda Group.	Bangladesh/ Malaysia	Assembler of Peroda vehicle	Sedan (Pajero, Saga and Escor)	Kalaghat, Chittagong	Awaisa Upala
7	Bangladesh Machine Tools	State-owned enterprises, managed by Bangladesh Army.	Bangladesh	Assembler of army trucks	Truck	Shahidul Road, Gazipur	Gazipur
8	Range Motors Ltd.	Range Group in collaboration with Mahindra & Mahindra.	Bangladesh	Assembler of Mahindra vehicle	Jeep human hauler (KD), Jeep pick-up, Mini-truck	Sonahat, Sonawagon, Narayanganj	Sonawagon
9	Range Ltd.	Range Group	Bangladesh	Distributor of Mitsubishi Motors, Mercedes-Benz, Maruti vehicles	Mitsubishi ASX, Pajero Sport, L200, Escorpe Cross, etc.	-	-
10	Niro Motor	Niro Niry Group	Bangladesh	Distributor of TATA Motors products	Tata Truck, Passenger car, Utility vehicle, Pick-up truck, Bus	Kagazpur, Rampok, Shastra, Jessore	Shastra
11	Rancon Motors Ltd.	Range Group	Bangladesh	Distributor of Daihatsu AG	Mercedes Benz	-	-
12	Agi Motor	Agi Group	Bangladesh	Distributor of Chinese brand products	Minibus, Pick-up, Truck, Trailer, Ambulance, RMC bulk carrier, 12 seat bus, 12 seat van, 12 seat truck	Kelan, Kalgon, Gazipur	Kalgon Upala
13	Utara Motors	Utara Group	Bangladesh	Distributor of Bajaj Motors, Suzuki (India) and Suzuki products.	Suzuki (India) car pick-up, minibus Suzuki pick-up, bus	158 Region Dhaka Kamabara, Tong, Gazipur	1. Dhaka 2. Gazipur
14	Runner Motors	Runner Group	Bangladesh	Distributor of Bajaj, Bajaj products	Edler trucks, Bajaj Qute	Pargan Valukha, Mymensingh	Shukla
15	Navara Ltd.	Navara Group, having a business relationship with Toyota (Tsuruo) Group.	Bangladesh	Distributor of Toyota Motors, HINO Motors products	Toyota sedan, SUV, minibus and pick-up, HINO bus, trucks	-	-
Ref.	Beehatch Ltd.	Owned by Mr. Prang and his wife	Bangladesh	Manufacturer of FORAG products	Electric car, human hauler Petrol diesel fuelled human hauler, golfcart, shuttles for resorts.	24/2, Baddul, Tung, Dhaka 1203	Dhaka

KD (Knock-down): assembles the products of particular brands from imported parts.

A-6

Import Policy and Tariff on Used Vehicle in Selected Asian Countries

Country	Traffic Lane	Import Policy	Tariff, etc.	GDP per capita	Production volume	Accreditation requirement at export-origin country
Thailand	Left	Used vehicle import for trading purpose is not banned (possible for any types of vehicles), but difficult because issuance of import permit is limited to personal and government usage and re-export. <i>Source: JETRO</i>	Same tariff rate as brand-new vehicle.	6,595.0 (2017)	1,988,823 (2017)	Not defined.
Indonesia	Left	Used vehicle import for any purpose is not approved (listed in the importable used goods). <i>Source: JETRO</i>	Not set.	3,846.4 (2017)	1,216,615 (2017)	Not defined.
Philippines	Right	Used right-handle vehicle for any purpose except the use in free-zones is banned for traffic management purpose. On the other hand, used left-handle import is curved in view of developing local manufacturing/ CKD and limited to personal usage (Philippines who lived more than one year in other country, etc. with approval of MOFA), trucks except pick-up, buses and special purpose vehicles (e.g. fire fighting vehicles). <i>Source: JETRO</i>	Same tariff rate as brand-new vehicle.	2,989.0 (2017)	116,868 (2017)	Pre-shipment inspection is required except for vehicles for personal usage.
Viet Nam	Right	Used vehicle import for trading purpose is difficult because right-handle ones (including those converted to left-handle before export), i.e. those used in Japan, are banned. Import of left-handle ones that are within 5 years old is not banned but requires the high tariff and additional tax. <i>Source: JETRO and website of Japanese Car Trade.com</i>	Used vehicle import requires special sales tax and the same tariff rate as brand-new vehicle.	2,342.2 (2017)	236,161 (2017)	Not defined. * Custom office conducts a physical inspection upon landing.
Myanmar	Right	Any type of right-handle vehicle import is banned for any purpose, except heavy equipment vehicles. Conditions of importable left-handle vehicle are defined according to purpose and vehicle type. <i>Source: JETRO, Myanmar Times (18 Oct 2017)</i>	Same tariff rate as brand-new vehicle.	1,256.7 (2017)	4,930 (2017)	Not required (according to Japanese Car Trade.com)
India	Right	Conditions of importable used vehicle include vehicle age less than 3 years from the manufactured date, right-handle having speed meter and headlamps, and those landed via Mumbai Port. <i>Source: Japanese Car Trade.com, http://www.iloveindia.com/cars/imported-cars/</i>	Higher tariff (125%) than brand-new vehicles (ranging from 15 to 100%).	1,979.4 (2017)	4,782,896 (2017)	Roadworthiness certificate is to be issued by JAAI. * Vehicle Research & Dev. Establishment (VRDE) is to authorize the above certificate.
Pakistan	Left	Used vehicle import for trading purpose is banned. Import for gift and	Lower tariff rate than	1,547.9	305,650	Not defined.

A-7

		personal ownership by Pakistani can be imported but limited to those vehicles within 3 years old. <i>Source: JETRO</i>	brand-new vehicle.	(2017)	(2017)	
Sri Lanka	Left	Only vehicles that are within 3 years from the registered date and right-handled can be imported. <i>Source: Japanese Car Trade.com</i>	Same rate as brand-new vehicle.	4,073.7 (2017)	n.a.	Inspection certificate is to be issued by JAAI in case of vehicles used in Japan.

Notes: GDP per capita: the website of the World Bank Group
 Production volume: from various sources including International Organization of Motor Vehicle Manufacturers, Automotive Associations of Myanmar/ Pakistan, Japan Auto Appraisal Institute

A-8

Automotive Industry Policy and Domestic Market size in Thailand

PERIOD	YEARS	POLICIES	MARKET SIZE	PRODUCTION	GDP/CAPITA
Start-up Period	1960 - 1970	Industrial Investment Promotion Policy (1960): To promote CBU import -> CKD	Less than 100k	50% by CBU 9 CKD factories	
Protection Policy Period	1971 - 1990	1971: New Automobile Policy: 25% of parts locally procured 1978: CBU import banned/ CKD parts import tariff increased 1989: Locally manufactured engine for all pick-up trucks	100k (80's) to 200k	100k (80's) 200k	\$1,508 (90)
Liberalization Policy Period	1991 - 1999	1991: Import tariff reduction 1993: Liberalized passenger car assembly license 1994: Tax incentive for CBU export	320k (91) 550k (96)	320k (91) 550k (96)	\$1,716 (91) \$3,043 (96)
Export Promotion Period	2000 -	2000: Local content policy abolished	410k (00) 549k (09) 1.3m (13)	1.3m (07) 2.4m (13)	\$2,000 (00) \$6,168 (13)

CBU: Complete Build-up,

CKD: Complete Knock Down (all parts and components imported for assembling locally)

K: thousand, m: million

A-9

National Automobile Industry Policy 2021

রেজিস্টার্ড নং ডি এ-১

“জাতির পিতা বঙ্গবন্ধু শেখ মুজিবুর রহমানের
জন্মশতবার্ষিকী উদ্‌যাপন সফল হোক”

বাংলাদেশ



গেজেট



অতিরিক্ত সংখ্যা

কর্তৃপক্ষ কর্তৃক প্রকাশিত

মঙ্গলবার, সেপ্টেম্বর ২১, ২০২১

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

শিল্প মন্ত্রণালয়

নীতি শাখা

প্রজ্ঞাপন

তারিখ: ১৬ সেপ্টেম্বর ২০২১

নং ৩৬.০০.০০০০.০৬০.২২.০০৯.১৯-১৫৭—বিগত ১৪ জুন ২০২১/০১ জ্যৈষ্ঠ ১৪২৮ তারিখে
অনুষ্ঠিত মন্ত্রিসভা-বৈঠকে ‘অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১’ এর যথাক্রমে বাংলা এবং
ইংরেজি ভাষায় অনুমোদিত হয়েছে।

রাষ্ট্রপতির আদেশক্রমে

মোঃ সলিম উল্লাহ

সিনিয়র সহকারী সচিব।

(১৩৮৩৭)

মূল্য : টাকা ৮০.০০

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বাংলাদেশ গেজেট, অতিরিক্ত, সেপ্টেম্বর ২১, ২০২১

Automobile Industry Development Policy, 2021

Chapter 1

1.0 Introduction

1.1 Bangladesh is one of the world's fastest growing economies. According to the GDP growth index for the 2019-20 fiscal year, Bangladesh ranks seventh as the fastest growing economy in the world. During the last decade, the Industrial Production Index has been increased more than 10% rate. The current government has been considering Bangladesh Automobile Industry as the most potential industrial sector. Every year this sector has been registering impressive annual compound growth and providing a significant contribution in the national economy. The industry is moving towards attaining a critical mass of production, adopting/coping with latest technologies, improving human resource, and accomplishing supply chain and global connectivity, Bangladesh automobile Industry has potential to become a global part of the supply chain in future. Therefore, considering the immense potentiality of developing automobile industry in Bangladesh, it is necessary to take appropriate policy strategies and steps to accelerate steady growth of this industry.

1.2 Rising purchasing power of individuals has resulted in a growing demand for automobiles in the country. Although, currently the automobile industry is facing some kind of challenges like manufacturing products at lower cost; achieving economies of scale; lack of dedicated funds for technology and human resource development; limited opportunity to stimulating domestic demand; lack of appropriate research and development; lack of exploiting proper international business opportunities; lack of benchmarking the production performance of the domestic industry against global best manufacturing practices and lack of expertise in producing quality products suitable for the international market. Overcoming these barriers it is required to have a long term Automotive Industry Development Plan that will provide a comprehensive directions for the sustainable development of automotive ecosystem in Bangladesh.

1.3 Hence, it is essential to formulate an Automobile Industry Development Policy to provide a clear roadmap for detailing out the incentive packages and growth of balanced automotive ecosystem including the path of specific regulations and policies that govern design, production technology, import/export, sale, repair and recycling and testing of automotive vehicles, components and services. Recognizing the pivotal role of the Automobile sector in development of industry and its contribution to the socio-economic development of the country, the Government of Bangladesh has formulated the Automobile

Industry Development Policy 2021 to provide its full support to ensure sustained growth of this industry. The purposes of this Policy are:

- 1.3.1 Restructuring the industry on a new paradigm conforming to international standards and practices;
- 1.3.2 Creating an enabling and conducive environment to consolidate existing investments and to attract new investments;
- 1.3.3 Encouraging the industry to procure new technologies and management systems to increase efficiency and productivity;
- 1.3.4 Providing quality products to local and global consumers at competitive price;
- 1.3.5 Alleviating poverty by creating new jobs across the full spectrum of the Auto Industry and allied commercial and trading activities, and
- 1.3.6 Promoting pollution mitigation measures to protect environment and public health.

Chapter 2

2. Definition

In this Policy, unless there is anything repugnant in the subject or context

- 2.1 Automobile:
Automobile means any motor vehicle described in Section 2(42) of the Road Transport Act 2018. Automobile includes a vehicle, carriage or other means of conveyance propelled or which may be propelled on a road by electrical or mechanical power either entirely or partially.
- 2.2 Commercial Vehicle:
Commercial Vehicle means any motor vehicle described in Section 2(35) of the Road Transport Act 2018.
- 2.3 Completely Built-up Unit (CBU):
Completely Built up (CBU) automobile means a completely manufactured automobile imported/exported to/from some other country as a complete unit of fully assembled vehicle.

- 2.4 Complete Knocked Down (CKD) Level 1 Automobile:
Completely Knocked Down (CKD) Level 1 Automobile means for the purpose of local production of a vehicle, its body/cabin is imported as painted condition and other parts of the body/cabin such as back and front bonnet, door, driver seat, windshield etc. are attached by false nuts or screws. A detail description of various components of Completely Knocked Down (CKD) Level 1 Automobile is stated in Appendix-1
- 2.5 Complete Knocked Down (CKD) Level 2 Automobile
Completely Knocked Down (CKD) Level 2 Automobile means for the purpose of local production of a vehicle, its body/cabin is imported as unpainted condition and other parts of the body / cabin such as roof, floor, side, back and front bonnet, fenders, doors, driver seat, windshield, cowl etc. all remain in a separate condition. A detail description of various components of Completely Knocked Down (CKD) Level 2 Automobile is stated in Appendix-2
- 2.6 OEM:
OEM means an Original Equipment Manufacturer (OEM) acting as a company for original producer of a vehicle components.
- 2.7 TTI:
TTI (Total Tax Incidence) means Total tax imposed for production or marketing an automobile under the prevailing law.
- 2.8 Electric Vehicle (EV):
Electric Vehicle or EV means a vehicle powered exclusively by one or more electric motor whose traction energy is supplied by rechargeable battery installed in the vehicle but does not include battery operated bicycle or rickshaw.
- 2.9 Energy Efficient Vehicle:
Energy Efficient Vehicle means vehicle that meet certain level of carbon-emission and fuel consumption standards. EEVs include fuel-efficient internal combustion engine (ICE) vehicles, hybrid vehicles (HVs), electric vehicles and alternate fuelled vehicles such as CNG, LPG, bio-diesel, ethanol, hydrogen, fuel cell.
- 2.10 Localization:
Localization means the production of vehicles or its components within the area of People's Republic of Bangladesh.

Chapter 3

Vision, Mission, Goals and Objectives of the Policy

3.1 Vision:

3.1.1 To make Bangladesh a regional hub for automobile production by 2030.

3.2 Mission:

3.2.1 Develop a strong automotive production base with robust domestic supply chains for modern, competitive and sustainable automobile and auto-parts industry by 2030 through effectively executing the following activities:

- A) Introducing attractive investment measures;
- B) Rationalization of Tariff;
- C) Ensuring pro-industry Import Policy;
- D) Founding infrastructure for Quality, Safety and Environmental Standards;
- E) Assuring consumer welfare,
- F) Establishment of Bangladesh Automotive Institute.

3.3 GOALS:

The aim of this policy is to achieve following goals by ensuring an environment conducive to the development of the automobile industry in the country:

3.3.1 Expansion of automobile production, escalate export, increase of this sector's contribution to the economy and creation of additional jobs;

3.3.2 Increase foreign investment in establishment of OEM factory and production of components and ensure Tier-1 supplier in the country within next 10 years;

3.3.3 Determining industry-friendly import duties to increase production and exports

3.3.4 Fixing acceptable emission standards for both domestic production and export;

3.3.5 Formulation of internationally accepted safety standards and defining the method of institutional support for the execution of such standards;

3.3.6 Strengthening existing inspection and certification systems of vehicles;

3.3.7 Employing effective steps to access new markets entry

3.3.8 Encourage local production by providing tax and financial incentives;

3.3.9 Devising skill development plan catering the needs of continual expansion of this industry.

3.4 OBJECTIVES:

The overall objective of this policy is to make domestic automobile industry internationally competitive by creating opportunities to acquire production and engineering skills in the field of automobile and its parts manufacturing activities. The specific objectives of Automotive Industry Development Policy 2021 are as follows:-

3.4.1 Enhance value addition

Encourage local automobile manufacturers to produce products as per OEM standards and specifications and increase joint venture investment opportunities of local manufacturers with global value chain players so that renowned brand and model vehicles are produced in Bangladesh at affordable prices.

3.4.2 Increase contribution to GDP

To create more domestic and export demand by providing effective support for the expansion of automobile industry in Bangladesh so that this sector can significantly contribute to GDP by 2030.

3.4.3 Expand market access

To scale-up local production of import substituted automobile parts in the country and increase exports of locally made automotive products to the international market.

3.4.4 Skill development and job creation

Ensure a vibrant skill development ecosystem to promote Bangladesh as a hub for quality automobile production so that a solid foundation can laid for the creation of large number of direct and indirect employment in the automobile sector with in this decade.

3.4.5 Increase innovation, research and development activities

Support to create a conducive environment for the growth of research and development activities in automobile sector and to attain local excellence in design and engineering techniques so that the transportation system in the country can be made more comfortable, safe and better through greening of industries by developing state-of-the-art technology.

3.4.6 Blooming Local Auto Parts Industry

Taking effective measures to increase productivity, expand technical knowledge, enlarge capacity and bolster talent and resources of automobile producers, parts manufacturing vendors, associations, financial institutions, sales and after sales service companies and organizations involved in any kind of investment in automobile industry in the country so that Bangladesh can smoothly turn into a regional leader of this sector.

Chapter 4

STRATEGIES TO DEVELOP AUTOMOBILE INDUSTRY

4.1 Strategy 1: Promotion and Development of Local Automobile Industry

4.1.1 The Government prioritizes the local production of commercial vehicles (Bus, Truck, Minibus) and passenger vehicles (Saloon car, Hatchback, Station

Wagon, Sports Utility Vehicle) and will provide encouragement through following activities :-

4.1.1.1 Incentives will be granted on the basis of gradual improvement of local production. The basic eligibility for receiving incentives will depend on the performance of accomplishing local contribution rate as mentioned in paragraph 4.4.2.1. The level of incentive allocation will be determined on the magnitude of local value-addition; degree of technology transfer; improvement of expertise; level of foreign exchange earnings; strengthening of manufacturing value chain; developing linkages within the industry; and investment in R&D;

4.1.1.2 Phased Incubation Approach will be adapted to continuous grow and build the efficiency of the local investors engaged in auto components manufacturing industry in the country;

4.1.1.3 Effective steps will be taken for quick transition from CKD level production stage to larger localization stage.

4.1.2 The Government will review the fiscal and non-fiscal incentive structure periodically to promote the growth of auto industry and to create more demand and prevent Bangladesh from becoming a dumping ground for international rejects through-

4.1.2.1 The incidence of Total Import Tariff (TTI) will be fixed in a manner so that it helps to facilitate actual development of manufacturing capabilities of local automobile industry as opposed to mere assembling factory and also proves that it does not give any undue protection to the industries; it ensures the industries to embrace balanced transition to open trade; it promotes increased competition in the market and enlarges purchasing choices of the local customers.

4.1.2.2 The Government will introduce inspiring tax incentives system that support to sub-contracting of local SME industries with established large automobile OEM's factories.

4.1.2.3 Government will provide adequate opportunities to local industry to attain global standards especially producing bound rates items like Buses, Trucks, Tractors, Passenger Vehicle and Auto components in the country.

4.1.2.4 Appropriate measures including anti-dumping duties will be put in place to check dumping and unfair trade practices.

4.2 Strategy: 2 Development of Automobile Market

4.2.1 In order to achieve critical volume levels in this industry for both domestic and external markets, and enjoy economies of scale, the Government will actuate following measures:

- 4.2.1.1 Giving priority to local manufactures/assemblers in public procurement of automotive products and accessories especially “Made in Bangladesh” automotive products will get priority in all government purchase.
- 4.2.1.2 Progressive leasing policy will be activated for the public sector to expand access to locally made new vehicle in the domestic market.
- 4.2.1.3 In order to differentiate the locally made vehicles and fully built imported units, micro-dot technologies like proof-marking, coding etc. will be adopted in the industry.
- 4.2.1.4 Enhance negotiation towards harmonization of rules of origin and elimination of Non-tariff barriers within the region trading blocs, as well as bilateral and multi-lateral trade agreements to facilitate growth and development of the automotive industry will be bolstered.

4.3 Strategy 3: Production of Local Parts and its Expansion

4.3.1 Government will provide following assistance to the local automobile assemblers and OEM manufacturers to produce parts locally: -

- 4.3.1.1 A list of parts related to vehicle manufacturing and after-sales service delivery that can be produced locally will be prepared with the help of local components manufacturers.
- 4.3.1.2 Necessary training will be provided to local manufacturers to acquire skills on producing OEM standard parts.
- 4.3.1.3 CKD manufacturing plants having its own full-fledged paint shop will get more facilities in terms tariff and other benefits than those who have no paint shop.

4.3.1.4 Attractive tax exemption facility will be provided based on the amount invested in automobile manufacturing sector. This opportunity will be based, and be subject to getting higher priority, on the level of initiatives to increase competitiveness in the local production, utilization of local resources and development of technology to increase export facilities of the local industries.

4.3.1.5 Assembling and manufacturing of convenient and affordable cars, three wheelers, bus, truck, tractors, other commercial vehicles, ambulances and its components making industries will be patronized and be subject to receive special incentive.

4.3.1.6 Factories produce import substituted parts will enjoy financial and tax holiday facilities.

4.3.1.7 All buyers of locally assembled/manufactured vehicles will enjoy certain percentage of income tax relief to the value of Made in Bangladesh vehicle purchase.

4.3.1.8 Exports of vehicles made by local CKD assembling/manufacturing industries will be given 15% cash incentive.

4.3.1.9 Foreign investors will be guaranteed full repatriation of their due dividend of their investment in local parts manufacturing companies.

4.3.1.10 A guideline will be prepared to simplify the disbursement mode of one-time and running royalty fees payable to parent industries by local manufacturing companies.

4.4 Strategy 4: Progressive Manufacturing Plan

4.4.1 This policy will be used a model guideline to the automobile manufacturing industries to make good use of both domestic and overseas funds and open up and expand domestic and international market under a diversified and economic scale of production.

4.4.2 Local Contribution Guidelines:

The manufacturers shall concentrate on increasing local value addition. To qualify for financial and non-financial benefit, local OEM manufacturers must implement the following progressive production rate:

4.4.2.1 Local Contribution Rate

Vehicle Type	Years in Operation				
	1 st Year	3 rd Year	5 th Year	8 th Year	10 th Year
3 Wheeler	10%	20%	30%	40%	50%
Passenger vehicle	10%	15%	20%	25%	30%
LCV/MUV	10%	15%	20%	25%	30%
Bus	10%	20%	25%	35%	40%
Truck	10%	20%	25%	35%	40%

4.4.3 In order to grant special incentives to local manufacturing companies on the basis of adding better value addition, the following qualities will be considered as the base for measuring better value addition:

4.4.3.1 Contribution in more localization process

4.4.3.2 Ability to survive in the global price competitiveness

4.4.3.3 Ability to provide uninterrupted supply of parts to the local OEM's and component manufacturers

4.4.3.4 Success in employing long term (10 years) progressive manufacturing plan

4.4.4 Special advantage will be given to local manufacturing of Pickup, Truck, Bus, MUV, PPV (Pick up base SUV), 3 wheeler Auto-Rikshaw, Sedan Car, 3 wheeler ambulance (subject to specification approval of BRTA/Concerned Ministry), Eco Car, Electric vehicle / Hybrid Electric Vehicle (HEV) etc. industry those who are able to make local automobile industry more sustainable.

4.4.5 A Reconditioned Car Management Guidelines will be formulated to facilitate Reconditioned Vehicle Business and to support the local manufacturers.

4.4.6 Special Incentive Guidelines will be framed to inspire setting up specialized automobile industries such as ambulances, refer vans, luxury bus bodies etc.

4.4.7 On the basis of 3R (reduce, reuse, recycle) an automobile scrapping policy will be prepared which will describe the end of life period of vehicle and the method of recycling any vehicle.

4.5 Strategy-5: Strengthening of Vehicle Registration and Inspection (Fitness Test) System

4.5.1 Government will take initiatives to establish a potential automobile manufacturing environment through introducing following measures:

4.5.1.1 Revise the existing Motor Vehicle Act and other relevant provisions concerning safety/quality/emission regulations, for the purpose of ensuring roadworthiness of registered vehicles especially electric or eco-friendly vehicles.

4.5.1.2 Strengthen the vehicle inspection system, so that fitness test can properly check if safety/quality/emission levels accord to the prescribed standards while rendering inspection activities held by BRTA or its authorized institutions.

4.5.1.3 BRTA will be able to authorize qualified private organization to conduct vehicle fitness test in order to expand and ensure availability of service across the country.

4.5.1.4 There will be a time bound one stop service cell in BRTA to provide required service for vehicle registration and fitness test by BRTA and its authorized institution as minimum time as possible.

4.6 Strategy 6: Promotion of R&D and Development of Design/ Testing

4.6.1 To ensure safety, product efficiency and environmental sustainability, an automotive industry programs will be put in place to promote research, design, and improvement of locally produced automotive products.

4.6.2 Existing Testing and Certification system will be examined and strengthened in accordance with international safety standards in collaboration with industry.

4.6.3 In order to enhance capability of local automotive industries, Research & Development activities will be expanded through suitable financial and non-financial incentives.

4.6.4 Vehicle manufacturers will be considered eligible for enjoying rebate facility for spending at least 1% of the gross turnover of the company on Research and Development purpose. This facility will also be available if it is spent by its own Research and Development Wing or completing any automobile industry related research activities by other local or foreign organization.

4.6.5 Government will encourage setting up of automobile institute or auto design institute by providing them tax breaks, concessional duty on plant/equipment imports and granting quick approval.

4.6.6 The government will promote investments in research and development of commercially viable technologies such as electric powered cars including the batteries and charging stations. This will be done through setting up a 'Technology Acquisition Fund' to acquire technologies.

4.7. Strategy 7: Formulation of Automobile Standards and its Enforcement

4.7.1 To ensure quality of motor vehicles manufactured by different local producers, international best practiced legal and regulatory framework and provision will be followed to ensure performance-oriented local testing management. Bangladesh will domesticate global regulations and standards by:-

4.7.1.1 All laws, rules, standards and policies affecting the motor vehicle industry will be harmonized to ensure steady development and sustainability of the local industry.

4.7.1.2 Identifying the missing gaps by comparing with international standards and regulations and internationally accepted standards will be incorporated into domestic standards, laws, and regulations to boost up acceptability of Bangladesh Standard in external market.

4.7.1.3 Domestic and internationally accepted standard will be formulated for the sustainable development of the automobile industry. This will assist in developing Bangladesh Brand in the region and lower the cost of maintenance. It will also enhance road safety through periodic testing and certification based on these standards.

4.7.1.4 After sales service standards will be formulated for the expansion of automobile industry where a detailed description of the training, repair and maintenance related to providing after sales service, accreditation and licensing procedures of approving garages, service providers etc. will be defined clearly.

4.8 Strategy 8: Development of Human Resources in Automobile Industry

4.8.1 Appropriate training curriculum will be developed to enhance skills of the automobile manufacturing industry. Mismatch in the existing training system will be identified and training activities will be executed keeping at par with the need of modern technology, skill enrichment and creating enabling environment to ensure demand-driven training facilities in the industry.

4.8.2 Industry will collaborate with relevant technical institutions to incorporate into the national technical & vocational curriculum.

4.8.3 An Automotive Training Institute will be established in collaboration with the industry players to facilitate and ensuring demand driven training and capacity building of learners to the established assemblers and manufacturers.

4.8.4 Ministry of Industries will initiate and develop further collaboration with Madrasah & Technical Education Division and National Skill Development Authority (NSDA) on the apprenticeship programme to accelerate the assimilation of graduates into the domestic automotive industry

4.8.5 An exclusive Auto Parts Development fund will be launched for accelerating human resource development in the country. The fund will be dedicated to ensure following competencies:

- a. Dispatching automotive experts to component and spare parts manufacturers;
- b. Development of Components and Spare parts manufacturing Technology;
- c. Introducing Lean Production System;
- d. Improvement of Management Capability and Technological Skills Development;
- e. Quality Enhancement;
- f. Enhance Design Capability;
- g. Raise Cost Management skill

4.9. Strategy 9: Improvement of Investment/Business Climate

4.9.1 This policy envisages three categories of new investment with different incentives:

Category-A: Greenfield Investment

Category-B: Brownfield Investment

Category- C: Greenfield Investment by Auto Parts Makers

4.9.2 Category-A Greenfield Investment:

Greenfield Investment is defined as the establishment of new and independent automotive assembly and manufacturing unit by an investor for the production of vehicles that was not previously registered in Bangladesh.

4.9.3 Category-B Brownfield Investment:

Brownfield Investment is defined as the revival of existing non-operational or closed assembly and manufacturing facilities either independently by original owners or in assistance with new investors or under joint venture agreement with foreign entities or solely owned by foreign companies through purchase of plant.

4.9.4 Category- C Greenfield Investment by Auto Parts Makers:

Investment in setting up a factory to supply locally produced automobile parts suitable for the market in Category-1 and Category-2 automobile manufacturing industries will be considered as Green field Investment by Auto Parts Makers. If an investor invests in Bangladesh individually or jointly with foreign auto parts and component manufacturing company, same incentives facilities will be eligible to receive under this category. Scope of incentive facilities shall be extended to local investment in a new plant to produce critical components of Engine, Transmission and Suspension not produced before for any OEM in Bangladesh

4.9.5 Special Incentives**4.9.5.0 CKD Operations**

Special incentives under this policy will be provided for setting up a CKD automobile industry. In order to qualify to receive incentives under this provision, CKD manufacturing industries are categorized as CKD Level-1 and CKD Level-2 based on the contribution to progressive local manufacturing rate. The Ministry of Industries, as the sponsoring authority, may recommend National Board of Revenue and other Institutions to deliver special financial and tax incentive for a certain period to CKD Level-1 manufacturing industries considering its significance of investment and production level.

4.9.5.1 Incentives for Setting up CKD Industries

4.9.5.1.1 All incentives, facilities and tax exemptions available under Bangladesh Economic Zones Act 2010, will be available to all Category-A investors. Moreover, they will enjoy 100% exemption from custom duties and taxes on the import of plant, machinery, equipment and tooling equipment such as dies, molds, jigs and fixtures for production, inspection and testing of vehicles. This facility will be given on only one-time basis.

4.9.5.1.2 All Category-A investors (CKD Level-1 and CKD Level-2) shall be allowed to import 20 vehicles of same variant in CBU form at 25% less of the prevailing TTI (Total Tax Incidence) for test marketing after ground-breaking.

4.9.5.1.3 A CKD Level-1 manufacturing industry will be allowed to import all parts related to vehicle production paying at 35% of Total Tax Incidence (TTI) whereas for the locally procured parts Total Tax Incidence (TTI) will not exceed 10%. This facility is applicable only to local progressive manufacturing industries as described in paragraph 4.4.2.1. National Board of Revenue, in the context of changing scenario, may change, add and modify this rate after consultation with ministry of Industries

4.9.5.1.4 A CKD Level-2 manufacturing industry will be allowed to import all parts related to vehicle production paying at 25% of Total Tax Incidence (TTI) whereas for the locally procured parts Total Tax Incidence (TTI) will not exceed 10%. This facility is applicable only to local progressive manufacturing industries as described in paragraph 4.4.2.1. National Board of Revenue, in the context of changing scenario, may change, add and modify this rate after consultation with ministry of Industries

4.9.6 Category-B Investor shall be entitled to the following incentives:

4.9.6.1 A **Category-B** CKD Level-2 manufacturing industry, with the permission from sponsoring authority, shall be allowed to import all parts related to vehicle production paying at 25% of Total Tax Incidence (TTI) whereas for the locally procured parts Total Tax Incidence (TTI) will not exceed 10%. This facility is applicable only to local progressive manufacturing industries as described in paragraph 4.4.2.1. National Board of Revenue, in the context of changing scenario, may change, add and modify this rate after consultation with ministry of Industries.

4.9.6.2 A Category-B investor, with the permission from sponsoring authority, shall be allowed to import 20 vehicles of same variant in CBU form at 25% less of the prevailing TTI (Total Tax Incidence) for test marketing after ground-breaking.

4.9.6.3 Import of 100% parts at prevailing custom duty shall be applicable to non-localized parts for a period of four years in respect of Commercial Vehicles like Bus, Truck, Tractor, 3Wheeler Auto rickshaw and Prime Mover.

4.9.6.4 100% exemption from customs duties shall be allowed on import of tooling equipment such as dies, molds, jigs and fixtures for production, fitness equipment, inspection and testing machineries of vehicles etc. This facility will be provided only once. Afterwards, Machinery equipment and raw materials can be imported by paying duties at the lowest slab.

4.9.7 A Category-C investor shall be entitled to enjoy all incentives as mentioned in Bangladesh Economic Zones Act 2010 and paragraph 4.9.6.4 of this policy.

4.9.8 Eligibility Criteria

An investor of this sector has to be registered with Bangladesh Investment Development Authority (BIDA). BIDA shall ascertain category of the company according to the provisions laid down by this policy and, if satisfied, will register the company and inform Ministry of Industries, Road, Transport and Highways Division, Bangladesh Road Transport Authority and National Board of Revenue.

4.9.9 Withdrawal of Incentive

In case of material deviation from the approved commercial operation schedule, withdrawal of incentives shall take effect. Ministry of Industries will initiate appropriate action after necessary verification that may lead to the stoppage or withdrawal of benefits allowed.

Chapter 5

Advancement of Local Production of Commercial Vehicle

5.1 Local production of commercial vehicles will be invigorated to ensure low cost transport facilities as well as its safe use and to create larger employment opportunity for people to acquire desired economic prosperity of the country.

5.2 Special incentives will be provided for manufacturing high quality commercial vehicle parts suitable to domestic and international market.

5.3 Government will strengthen local production of 3Wheeler Four-stroke Auto Rickshaw in the country. The Government will provide progressive manufacturing incentives to 3Wheeler Four-stroke Auto Rickshaw industry for progressive manufacturing by divided them into following two categories:

5.3.1 "Category-1" CKD 4-STROKE AUTO RICKSHAW Progressive Manufacturer means The Value Added Tax Registered Manufacturing companies, those who manufacture the chassis by themselves (some or all parts) or collecting some components of chassis from local vendor or import and the remaining parts collected from local vendor or import the remaining parts including engine to produce 3Wheeler Four-Stroke Auto Rickshaw in the country.

5.3.2 "Category-2" CKD 3 Wheeler 4-STROKE AUTO RICKSHAW Progressive Manufacturer means The Value Added Tax Registered Manufacturing companies, those who manufacture all parts by themselves using raw materials from the local or imported sources; or welding and painting of chassis and one or more important parts like Rear body, Shock Absorber, Muffler manufacture by themselves and the remaining parts including engine collected through local vendor or import to produce 3Wheeler Four-Stroke Auto Rickshaw in the country.

5.3.3 Necessary Circular will be issued by the National Board of Revenue to provide incentives to CKD Category 1 and 2 3wheeler four-stroke auto-rickshaw progressive manufacturers for the local production.

5.4 Better facilities will be provided to encourage entrepreneurs to use modern technology and management system to enhance productivity of commercial vehicle production industry.

5.5 The duty to be imposed on the manufacturing of bodies of the commercial vehicle built by a chassis manufacturer shall be less to that of bodies for the commercial vehicle built by the independent body builder, be it a small or large factory.

5.6 All models of vehicles produced by the Commercial Vehicle Manufacturers (CVMs) must be registered with Bangladesh Road Transport Authority (BRTA). In this regard, certificate can also be obtained from BRTA Approved Outsourcing Agency subject to confirming compliance with required standards and regulations.

5.7 Government will introduce soft loan scheme to ensure stronger support to supply chain activities of the commercial vehicle manufacturing industry.

5.8 Adequate training programs will be provided to original equipment manufacturers and components suppliers in order to raise production and increase overall competitiveness of them.

5.9 Manufacturers will be assisted in establishing quality testing lab to increase facilities for testing locally produced parts and components.

5.10 A regular review program will be conducted to examine effects of government incentives on expansion of value addition of the local companies in the overall supply chain mechanism, increased numbers of parts produce locally and progression of import substituted parts production.

5.11 A Bangladesh Standard will be formulated conforming relevant international standards to assure quality of all locally produced commercial vehicles and it will be mandatory for all manufacturers to follow that standard.

5.12 Government will promote inclusion of new system integrator companies in the commercial vehicle manufacturing industries and assist existing industries to incorporate and expand such facilities.

Chapter 6

Development of Eco-friendly Vehicles

6.1 The primary objective of this policy is to accelerate the pace of EV adoption across large part of the vehicles produced by 2030, especially passenger and commercial vehicles like bus, truck, three wheeler auto rickshaw, sedan cars etc.

6.2 The policy lays special emphasis on rapid adoption of Eco-friendly Electric Vehicles (EEVs) production in the country so that the emission standard of locally produced motor vehicles remains at the lowest level.

6.3 The Government will take special incentive programs to make Bangladesh a hub for producing Energy Efficient Vehicles (EEV) through strategic investments and adaptation of high technology for domestic market and to penetrate regional and global markets by 2030.

6.4 Government will provide added attractive Tax benefits (like 10 years tax holiday) for the investments of energy-efficient vehicle (EEV) production/assembly, regardless of their plant locations even if it is outside of Economic zones.

6.5 The following facilities will be ensured to large scale adoption of Electric Vehicles production and maximize reduction of emissions from vehicle:

6.5.1 Financial Incentives - Purchase incentives, Scrapping incentives and Interest subvention on loans;

6.5.2 Waiver of road tax for a certain period and assign reduced registration fees;

6.5.3 Installation of a wide network of charging stations and battery recycling industry;

6.5.4 Establishment of a dedicated EV cell in BRTA to provide quick service to the customer, and running an intensive public outreach program focused on creating awareness about the benefits of electric vehicles;

6.5.5 Setting up of several Skill Development Centers to run adequate training programs to ensure conducive atmosphere for energy efficient vehicle industry and creation of jobs;

6.5.6 Creation of a 'National Energy Efficient Vehicle Production Fund' to ensure persistent development of energy efficient vehicle production industry. (It is to be financed by government allocation or assistance, air ambience fund, levy of additional taxes, fee etc. on inefficient or polluting vehicles.

Chapter 7

Implementation, Monitoring and Evaluation of the Policy

7.1 Time frame for implementation

The Automobile Industry Development Policy 2021 will be implemented over a 10-year period, beginning from the date of its approval. It will be forceful from the date of publication in the Gazette and can be revised time to time, taking into account new demands and changes, based on the findings of impact evaluation and monitoring activities.

7.2 Institutional arrangements

7.2.1 A National Council on Automobile Industry Development will be constituted to monitor and evaluate the implementation of the policy at the national level.

7.2.2 The National Automobile Council will be headed by the Minister, Ministry of Industries and will be comprised of the following members:

1	Minister, Ministry of Industries	Chairman
2	State Minister, Ministry of Industries	Vice Chairman
3	Secretary, Ministry of Industries	Member
4	Executive Chairman, Bangladesh Investment Development Authority (BIDA)	Member
5	Secretary, Ministry of Commerce	Member
6	Secretary, Roads and Highways Division	Member
7	Secretary, Public Security Division	Member
8	Secretary, Finance Division, Ministry of Finance	Member
9	Secretary, Power Division, Ministry of Power, Energy and Mineral Resources	Member
10	Chairman, National Board of Revenue	Member
11	Secretary, Technical and Madrasah Education Division, Ministry of Education	Member
12	Secretary, Ministry of Science and Technology	Member
13	Secretary, Ministry of Labour & Employment	Member
14	Secretary, Ministry of Environment, Forest and Climate Change	Member
15	Secretary, ICT Division, Ministry of Posts, Telecommunications and Information Technology	Member
16	Chairman, Bangladesh Trade & Tariff Commission	Member
17	Executive Chairman, Bangladesh Economic Zones Authority, Prime Minister's Office	Member
18	Executive Chairman, National Skills Development Authority, Prime Minister's Office	Member
19	Director General, Bangladesh Standards and Testing Institutes	Member
20	Chairman, Bangladesh Steel & Engineering Corporation	Member
21	Chairman, Bangladesh Road Transport Authority	Member
22	Director General, Department of Environment	Member
23	Registrar, Department of Patent, Design and Trade Marks	Member

24	Director General, Bangladesh Industrial Technical Assistance Center	Member
25	Director General, Prime Minister's Office	Member
26	Representative, Department of mechanical Engineering Bangladesh University of Engineering and Technology (BUET)	Member
27	President, Bangladesh Federation of Chambers of Commerce and Industries Bangladesh (FBCCI)	Member
28	President, Bangladesh Motorcycle Assemblers & Manufacturers Association (BMAMA)	Member
29	President, Dhaka Chamber of Commerce & Industry (DCCI)	Member
30	President, Automobile Components & Accessories Manufacturing Association (ACAMA),	Member
31	President International Chamber of Commerce & Industries (ICCI)	Member
32	President Bangladesh Recondition Vehicles Importers & Dealers Association (BARVIDA)	Member
33	President, Women Chamber of Commerce and Industries (BWCCI)	Member
34	President, Bangladesh Automobile Assemblers & Manufacturers Association (BAAMA)	Member
35-36	Two Prominent Automobile Specialists (nominated by the Ministry of Industries)	Member
37-38	Two Prominent Industrialists from Automobile sector (nominated by Ministry of Industries)	Member
39	Deputy Secretary (Policy), Ministry of Industries	Member Secretary

7.2.3 The Council can co-opt any required number of members as per its necessity.

7.3 The responsibility of the National Automobile Council

The responsibility of the National Automobile Council will be as follows:

7.3.1 The National Automobile Council will assist in ensuring policy coherence between this policy and other national or sectoral development policies and coordinate effective implementation of various activities of this policy.

7.3.2 This Council will facilitate and coordinate governmental positions on Automobile industries development issues for national as well as international purposes.

7.3.3 This Council will monitor the impact of this policy on various sectors of the economy.

7.3.4 The Council will regularly review Automobile Industry Development Policy to keep it up-to-date with evolving national development priorities

7.3.5 The Council will sit at least twice in a year.

7.4 Automobile Industry Development Policy Execution Committee

7.4.1 In order to implement recommendations of the National Automobile Council, an Execution Committee will be constituted comprising of following members:

1	Secretary, Ministry of Industries	President
2	Additional Secretary (Policy, law and International Co-operation), Ministry of Industries	Member
3	Additional Secretary, Finance Division, Ministry of Finance	Member
4	Additional Secretary, Road Transport and Highways Division, Ministry of Road Transport and Bridges	Member
5	Additional Secretary, Ministry of Science and Technology	Member
6	Additional Secretary, Financial Institution Division, Ministry of Finance	Member
7	Additional Secretary, Ministry of Commerce	Member
8	Director General, Bangladesh Standard and Testing Institute (BSTI)	Member
9	Chairman, Bangladesh Road Transport Authority (BRTA)	Member
10	Chairman, Bangladesh Steel and Engineering Corporation (BSEC)	Member
11	Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC)	Member
12	Member, National Board of Revenue (NBR)	Member
13	Representative, Bangladesh Bank	Member
14	Representative, Federation of Bangladesh Chambers of Commerce and Industries (FBCCI)	Member
15	President, Bangladesh Automobile Assemblers and Manufacturers Association (BAAMA)	Member
16	President, Bangladesh Recondition Vehicles Importers and Dealers Association (BARVIDA)	Member
17-18	Two Prominent Automobile Industry Entrepreneurs	Member
19	Deputy Secretary (Policy), Ministry of Industries	Member-Secretary

7.4.2 Scope of works of the Execution Committee:

7.4.2.1 Meetings will be held in an interval of every three months. Meeting may be called at any time in case of emergency.

7.4.2.2 The committee will supervise existing labor market, working environment, health and safety issues, investment facilities, financing modes, incentives scheme and availability of fund in automobile industry and above all, carry out all activities necessary for the successful implementation, monitoring and evaluation of this policy as per the recommendation of National Automobile Council.

7.4.2.3 The Execution Committee will carry out necessary actions in line with the recommendations of the National Council and report to the National Council from time to time about their progress.

7.4.2.4 The Policy wing of Ministry of Industries will provide secretarial support to the Execution Committee.

7.4.2.5 The committee may, if necessary, co-opt or invite any new member

7.5 Technical Committee

A technical committee headed by the Additional Secretary (Law, Policy and International Cooperation) of the Ministry of Industries will be constituted for thematic review and formulation of specific proposals / recommendations essential to develop this industry. Representative of concerned organization will be kept as a member in this committee as per requirement.

7.6 Popularization of the Policy

7.6.1 In order to generate momentum and popularize promotion of this policy the government may consider declaring 2022/2023 as “Year of the Automobile Manufacturing” as per recommendation of the National Automobile Council.

7.6.2 Government will carry out a comprehensive national mapping exercise in order to identify where Automobile Industries’ related issues interfaces with government’s other development policies, and determine the complications to develop automobile industry in the country and will review and accomplish plans and strategies where this policy can play a contributory role.

7.6.3 The Government will encourage utilitarian innovation within organizations on automobile industry expansion prospect.

7.6.4 The Ministry of Industries in cooperation with relevant public & private bodies, print and electronic media will undertake a mass campaign to sensitize all relevant stakeholders, including potential users, government officials, business community and the general public in order to apprise and actuating this policy.

7.7 Mobilization of Finance

7.7.1 Adequate finance will be arranged for the sake of smooth implementation of this policy.

7.7.2 Appropriate strategies will be taken to determine the sources of funding to successfully implement road map of this policy.

7.7.3 Required fund can also be acquired from development partner countries, international donor agencies, regional and international automobile associations and private sector organizations in addition to the government sources.

7.8 Industrial Support & Collaboration

7.8.1 The Government will facilitate development of the automotive industry through providing following structured support & collaborations:-

7.8.1.1 Inter-ministerial collaboration

For successful implementation of this Policy and to ensure maximum production, all relevant entities that interface with this industry (Ministries, Departments, Associations and Agencies) will be consulted regularly.

7.8.1.2 Industry-academia collaboration

In order to build a sustainable vibrant automobile industry, it will be strived to create a full-fledged local production value chain system in the country in collaboration with research institutes, universities and other educational stakeholders.

7.8.1.3 Vehicle Assemblers and Component Manufacturers Collaboration:

To enhance local production of automobile, required efforts will be taken to facilitate constant and structured collaboration between component manufacturers and OEM companies so that the production of local parts gradually increases and the companies can progressively grow their local content in line with the international best practice to achieve the desired target by 2030. In addition, necessary initiatives will be mooted to ensure development of SMEs through subcontracting and partnership exchange protocols between SMEs and the large manufacturers.

7.9 Monitoring, Evaluation and Review of the Automobile Industry Development Policy, 2021

7.9.1 The actions of the Automobile Industry Development Policy 2021 will be regularly monitored and assessed to determine whether the policy objectives and goals are met properly.

7.9.2 The National Council on Automobile Industry Development will be the main authority for monitoring and evaluating this policy. The Council will supervise implementation progress and provide direction in assessing its impact.

7.9.3 The Council will devise mechanisms for monitoring execution status and impact of this policy. The mechanisms will include reviews of the policy implementation reports of the different automobile relevant institutions.

7.9.4 The implementation and impact of The Automobile Industries Development Policy will be evaluated and reviewed by independent consultants after five years. However, the performance and impact of this policy can be assessed at any time as per requirement.

Chapter 8

8.0 Conclusion

8.1 The development of automobile industry is very important tool to economic growth of Bangladesh. Operational efficiency and utilitarian skills are extremely needed to founding a competitive automobile industry in the country. In this regard, the Automobile Industry Development policy 2021 focuses on efforts to improve supply chain management of the local original equipment manufacturers and domestic component and spare parts producers. The Government will implement a time bound action plan to ensure a sustainable development of automotive industry and to assure that the industry is competitive both domestically and internationally.

Chapter-09
Time-bound Action Plan

SL No	Strategy/ Area of Action	Paragraph	Anticipated Activities	Responsible Ministry/ Division/ Agency	Associate Institution	Implement-ation Period
Strategy 1: Promotion and Development of Local Automobile Industry						
1	Circular on promotional incentives for setting up local automobile industry	4.1.1.1	SROs issued on corporate income tax (CIT) exemption and tax holiday benefits for new investments in automobile assembly or manufacturing plants outside the economic zone	National Board of Revenue	MoInd/ BAAMA/ BEOIA	2021-2023
Strategy: 2 Development of Automobile Market						
2	Preference for locally produced vehicles in all government purchase	4.2.1.1	Issuance of Circular for Amendment of Public Procurement Rules 2008 to give priority to purchase of locally manufactured (passenger/commercial) vehicles in all government organization (Ministry/ Division / Agency)	Planning Division/ CPTU	Ministry of Industries	2021-2023
3	Export market development	4.2.1.4	Undertake bilateral and multilateral negotiations to establish common rules of origin with different countries and to overcome non-tariff barriers in market development and expansion of local automobile industry.	Ministry of Commerce	Ministry of Foreign Affairs	2021-2030
Strategy 3: Production of Local Parts and its Expansion						
4	Manufacturing of local parts	4.3.1.1	Preparation of list of parts that can be produced locally.	BITAC/ Ministry of Industries	Financial Institutions Division	2021-2023
5		4.3.1.2	Provide training to local manufacturers to acquire skills in OEM standard parts production	BITAC/ MoInd/ NSDA	Ministry of Industries	2021-2030
Strategy 4: Progressive Manufacturing Plan						
6	Formulation of progressive manufacturing Guideline	4.4.1	Formulation of Model Guidelines on Local Contribution Rate for accelerating management of Progressive Manufacturing.	BITAC/ Ministry of Industries	BRTA / Road Transport and Highways Division	2021-2023
7	Formulation of reconditioned	4.4.5	Formulation of Reconditioned Vehicle Management Guideline to	Ministry of Industries	Ministry of Commerce /	2021-2022

SL No	Strategy/ Area of Action	Paragraph	Anticipated Activities	Responsible Ministry/ Division/ Agency	Associate Institution	Implement-ation Period
	vehicle management guideline		facilitate reconditioned vehicle trade and to support local manufacturers.		BRTA / Road Transport and Highways Division	
8	Formulation of guidelines for payment of royalty fees	4.3.1.10	Formulate guidelines to facilitate payment of one-time and running royalty fees payable by local manufacturing companies.	Bangladesh Investment Development Authority	Ministry of Industries / Financial Institutions Division	2021-2022
Strategy 5: Strengthening of Vehicle Registration and Inspection (Fitness Test) System						
9	Expansion of fitness test facilities	4.5.1.3	Strengthen nationwide vehicle inspection systems to ensure that vehicle fitness tests meet quality standards such as safety, quality and vehicle air emissions with international standards.	BRTA/ Road Transport and Highways Division	Ministry of Industries/ BSTI/ Department of Environment	2021-2024
Strategy 6: Promotion of R&D and Development of Design/ Testing						
10	Establishment of Bangladesh Automobile Institute	4.6.5	Establishment of international standard Bangladesh Automobile Institute in the country for bolstering research, technology transfer, vehicle testing and human resource development in the automobile industry.	Ministry of Industries	BAAMA/ ACAMA / BSTI /BSEC	2021-2024
11	Establishment of Auto-Design Institute	4.6.5	Establishment of Auto-Design Institute to enhance capacity of the local automobile industry.	Ministry of Industries	BAAMA/ ACAMA / BITAC/BSEC	2021-2025
Strategy 7: Formulation of Automobile Standards and its Enforcement						
12	Adapting Automobile Standard	4.7.1	Formulation of Bangladesh Standards for Automobile Industry (Formulation of standard for passenger car, three-wheeler, bus, truck, tractor, ambulance/bus body/ truck body etc.).	Ministry of Industries/ BSTI	Road Transport and Highways Division	2021-2023
13	Development of Standard for after sales service facilities	4.7.1.4	Formulation of specific standards for after-sales service facilities,	Ministry of Industries/ BSTI	Ministry of Commerce	2021-2023
			Issuance of accreditation certificate or license to the organization providing after sales service facility	Ministry of Industries	Bangladesh Accreditation Board / Ministry of Commerce	2021-2030

SL No	Strategy/ Area of Action	Paragraph	Anticipated Activities	Responsible Ministry/ Division/ Agency	Associate Institution	Implementation Period
Strategy 8: Development of Human Resources in Automobile Industry						
14	Establishment of Model Automobile Training Institute	4.8.3	Establishing Automotive Training Institute for ensuring demand driven training and to produce adequate numbers of quality auto mechanics, engineers, repair workers.	Secondary and Higher Education Division/ Madrasa and Technical Education Division / Directorate of Technical Education / Technical Education Board	Ministry of Industries / National Skills Development Authority / BAAMA / ACAMA	2021-2030
15	Formation of Auto Parts Production Fund	4.8.5	Launching a special Auto Parts Development Fund for accelerating expansion of local automobile industry	Finance Division	ERD / Ministry of Industries / BAAMA / ACAMA	2021-2030
Chapter 5: Advancement of Local Production of Commercial Vehicle						
16	Establishment of quality testing labs	5.9	Provide assistance in setting up testing labs in passenger cars, other vehicles and commercial vehicles manufacturing factories	BSTI	Ministry of Industries	2021-2030
Chapter 6: Development of Eco-friendly Vehicles						
17	Establishment of a dedicated EV cell	6.5.4	Establishment of a dedicated EV cell in BRTA to provide quick service to the customer.	BRTA / Road Transport and Highways Division	Ministry of Industries	2021-2022
18	Creation of a National Energy Efficient Vehicle Production Fund	6.5.6	Establishment of a National Energy-Efficient Vehicle Production Fund to ensure persistent development of energy-efficient vehicle production industry	Finance Division / Ministry of Industries	Road Transport and Highways Division / Department of Environment	2021-2024

Annex-1

CKD Level-1

CKD (Complete Knocked Down) Level-1 means the body / cabin of any vehicle can be imported for local production including painting but for packing facility different parts of the body / cabin such as back and front bonnet, door, driver's seat, windshield etc. must be attached by false nuts or screws. Detailed descriptions of other components are as follows:

A) Applicable to Passenger Car / SUV / Pickup (double / single cabin):

1. All welded parts, including the body chassis, can be painted together.
2. The bonnet, the boot hinges, the doors that hinges may come separately.
3. The engine and gear box will be separate. If the engine is water cooled basis, the radiator and hose can be separate.
4. The differential assembly & the propeller shaft may be separate.
5. In the case of front wheel drive, the front axle can be in assembled condition.
6. The suspension system can be packed separately.
7. The master cylinder of the brake system can be packed separately when the wheel cylinder is assembled.
8. The steering system can be separate when sub assembled.
9. Electrical switch, dash board assembly light, wiring harness, battery, head lamp assembly etc. can bring separately.
10. Fuel line, fuel tanks may come separately.
11. Tires, tubes, rims may be separate. However, in case of radial tires, the tires and rims can be in assembled condition.

B) Applicable for Jeep:

1. Engine:
The engine, starter and alternator may be in separate condition.
2. Transmission:
(A) The gear box may be separate from the engine. In case of automatic transmission, coupling / torque converter can be separated from engine.
(B) Clutch plate and pressure plate can be separate.
(C) The differential in assembled condition can be separate from the frame.
(D) In the case of front wheel drive, the front axle may be in assembled condition.

3. Chassis

Chassis frame, made up of long member and cross member, will be assembled condition

4. Suspension:

(A) Front and rear spring is assembled but in separate condition.

(B) Shock Absorber will be in separate condition.

5. Cooling system:

(A) Radiator assembly, hose pipe and out fitting may be separate.

(B) Silencer and exhaust pipe may be separate.

6. Tire:

Tires, tubes and rims can be attached.

7. Propeller shaft

The propeller shaft in assembled condition may be separate from other parts,

8. Brake:

(A) Brake master cylinder, wheel cylinder may remain in assembled condition and other related components may remain separate in sub assembled condition.

(B) Brake pipe and related parts may be separate.

9. Controls

Accelerator, brake-nut bolts accessories all can be separate.

10. Fuel supply

Fuel tank, fuel line all can be separate.

11. Steering gear, control box, shaft, steering wheel, linkage etc. can be in different sub assembled condition.

12. Electrical

The battery, lights, switches and dash-board meters can be in assembled condition.

13. Front axle, rear axle

The front axle and rear axle can be connected with wheel drums.

14. Other: All the other accessories which are required for the manufacturing of Jeep can be packed separately.

Annex-2

CKD Level-2

CKD (Complete Knocked Down) Level-2 means the body / cabin of a vehicle for local production will be unpainted primed condition and various parts of the body / cabin such as: roof, floor, side, back and front, bonnet, fenders, door, driver seat, windshield, cowl, etc. will all be different. Details of other parts are as follows:

A) Applicable to Passenger Car / SUV / Pickup (double / single cabin):

1. The engine and gear box can be separate. If the engine is water cooled, the radiator and hose can be separate.

2. The differential assembly can be separate and the propeller shaft can be separate.

3. In the case of front wheel drive, the front axle can be in assembled condition.

4. The suspension system can be boxed / packed separately.

5. The master cylinder of the brake system and wheel cylinder can be boxed / packed separately.

6. The steering system in sub-assembly condition can be separate.

7. Electrical switch, dash board assembly, wire harness, battery, head lamp assembly etc. can remain separately.

8. Fuel line, fuel tanks can bring separately.

9. Tires, tubes, rims can be separate. However, in case of radial tires, the tires and rims can be in assembled condition.

B) Applicable for Bus / Truck / Minibus:

1. Engine:

The engine starter and alternator can be in separate condition.

2. Transmission:

(A) Gear box or automatic transmission can be separate.

(B) Clutch plate and pressure plate can be separate.

(C) Differential assembly can be separate from frame.

3. Different parts of the cabin such as roof, floor, side, back, front, fenders, doors, driver's seat, windshield, cowl etc. all will be in separate condition.

4. Chassis: The chassis frame with long member and cross member will be in assembled condition.

5. Suspension:

(A) Shock absorber will be separate.

6. Cooling system:

(A) Radiator assembly, hose pipe and out fitting will be separate.

(B) Silencer and exhaust pipe will be separate.

7. Tire:

(A) Tires, tubes and rims may be in assembled condition.

8. Propeller shaft

The propeller shaft may remain in assembled condition

9. Brake:

(A) Brake master cylinder, wheel cylinder may remain in assembled condition and other related components may remain separate in sub assembled condition.

(B) Brake pipe and related parts will be separate.

10. Bracket mounting: All types of bracket mounting has to bring separately.

11. Controls: Accelerator, brake-flash controls accessories all will be in separate condition.

12. Fuel supply: Fuel tank, fuel line, everything will be in separate condition.

13. Steering: Steering gear control box, shaft, steering wheel, column, linkage etc. will be separate in sub assembled condition.

14. Electrical: Battery, lights, switches, meter boards will be assembled in separate condition.

15. Body: Different parts of the cabin will be separate from each other such as roof, floor, side, back and front, bonnet, fenders, door, driver seat, windshield etc. No load body is allowed. (However this is not applicable to buses /minibuses cases).

16. Front axle, rear axle

The front axle, rear axle and wheel drums can be in assembled condition.

17. Other: Other accessories such as nuts, bolts and brackets that are required for the assembly of Bus /Truck/ Minibus all will be packed separately.

C) Applicable to Jeep

1. Engine:

The engine, starter and alternator can be in separate condition.

2. Transmission:

(A) The gear box shall be separate from the engine. In case of automatic transmission, coupling / torque converter will be separate from engine.

(B) Clutch plate and pressure plate shall be separate.

(C) Differential assembly will be separate from the frame.

(D) In the case of front wheel drive, the front axle may be in the assembled condition.

3. Chassis

Chassis frame, made up of long member and cross member, will be assembled condition.

4. Suspension:

(A) The front and rear spring assemblies shall be separate.

(B) Shock Absorber will be separated.

5. Cooling system:

(A) Radiator assembly, hose pipe and out fitting shall be separate.

(B) Silencer and exhaust pipe shall be separate.

6. Tire:

Tires, tubes and rims can be in assembled condition.

7. Propeller shaft

The propeller shaft may remain in assembled condition.

8. Brake:

(A) Brake master cylinder, wheel cylinder may remain in assembled condition and other related components may remain separate in sub assembled condition.

(B) Brake pipe and related parts shall be separate.

9. Bracket mounting:

All types of bracket mounting will be in separate condition.

10. Controls

Controls: Accelerator, brake-flash controls accessories all will be in separate condition.

11. Fuel supply

Fuel tank, fuel line all will be in separate condition.

12. Steering gear, control box, shaft, steering wheel, linkage etc. will be separate in sub assembled condition.

13. Electrical

Battery, lights, switches, meter board assemblies will be separate.

14. Body:

Different parts of the cabin will be separate from each other such as roof, floor, side, back and front, fenders, door, driver seat, windshield, cow! etc. They have to be in the primer coated without being colored.

15. Front axle, Rear axle

The front axle , rear axle and wheel drums can be in assembled condition.

16. Others: All the other accessories which are required for the assembly of the said vehicle will be packed separately.

(D) Applicable to Tractors:

1. The engine and gearbox in assembled condition, will be separate from other parts,

2. The chassis frame will come separately,

3. Front bonnet in a separate condition,

4. Transmission system can be in sub-assembled condition,

5. Exhaust pipes and silencer pipes are separate,

6. Suspension systems will be in separate condition.

7. Tires, tubes, rims, flaps will be in separate condition.

8. The brake system (master cylinder wheel) will be in assembled condition. However, the brake pipes will be in separate condition.

9. Accelerator, brake, clutch, accessories will all be in separate condition.

10. Battery, lights, meter board assemblies will come separately.

11. Fuel tanks, fuel lines all will come separately,

12. Steering gearbox, control box, shaft, steering wheel, linkage etc. will be in separate condition.

Zakia Sultana
Secretary
Ministry of Industries.

অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১

প্রথম অধ্যায়

১.০ ভূমিকা:

১.১ বর্তমানে পৃথিবীর দ্রুত উন্নয়নশীল দেশগুলোর মধ্যে বাংলাদেশ অন্যতম। ২০১৯-২০ অর্থ বছরে জিডিপি বৃদ্ধি সূচক অনুসারে বিশ্বের দ্রুততম উন্নয়নশীল দেশ হিসেবে বাংলাদেশের অবস্থান হচ্ছে সপ্তম। বিগত দশকে দেশে শিল্প উৎপাদনের সূচক বেড়েছে ১০% এর বেশি। বর্তমান সরকার অটোমোবাইল শিল্পকে একটি অত্যন্ত সম্ভাবনাময় শিল্পখাত হিসেবে বিবেচনা করছে। প্রতি বছর এ খাতে দৃশ্যমান প্রবৃদ্ধি ঘটছে এবং জাতীয় আয়ে এ খাত যথেষ্ট অবদান রেখে চলেছে। এ শিল্প খাতে সর্বাধুনিক প্রযুক্তির ব্যবহার, মানব-সম্পদ এবং সরবরাহ চেইন উন্নয়ন করে আন্তর্জাতিক ক্ষেত্রে সংযোগ বৃদ্ধির মাধ্যমে ক্রমশ অধিকতর উৎপাদনশীলতার দিকে এগিয়ে নিয়ে যাওয়া সম্ভব। তাই, বাংলাদেশে অটোমোবাইল শিল্পের অপার সম্ভাবনা বিবেচনায় এ শিল্পের বিকাশ বেগবান করার লক্ষ্যে সঠিক নীতি কৌশল ও পদক্ষেপ গ্রহণ করা প্রয়োজন।

১.২ জনগণের ক্রয়ক্ষমতা বৃদ্ধির দরুন দেশে অটোমোবাইল এর চাহিদা ক্রমশই বৃদ্ধি পাচ্ছে। যদিও বর্তমানে অটোমোবাইল শিল্প বেশ কিছু প্রতিবন্ধকতার সম্মুখীন হচ্ছে। যেমন: উৎপাদিত পণ্যের নিম্নমূল্য, সর্বোচ্চ উৎপাদন ক্ষমতা অর্জনের অভাব, প্রযুক্তি ও মানবসম্পদ উন্নয়নের জন্য তহবিলের অভাব, দেশীয় চাহিদা বৃদ্ধির সীমিত সুযোগ, যথাযথ গবেষণা ও উন্নয়নের অভাব, আন্তর্জাতিক বাজারে প্রবেশ সুযোগের অভাব, বিশ্ববাজারের সাথে স্থানীয় অটোমোবাইল শিল্পের কার্যক্রমের মানের বৈজ্ঞানিক নির্ধারণ ব্যবস্থার অভাব ও বিশ্ববাজার উপযোগী মানসম্পন্ন পণ্য উৎপাদনে দক্ষতার অভাব। এসব বাধা দূরীকরণে দীর্ঘ মেয়াদী একটি অটোমোবাইল শিল্প উন্নয়ন পরিকল্পনার প্রয়োজন যা বাংলাদেশে অটোমোবাইল শিল্পের ধারাবাহিক বিকাশে সুনির্দিষ্ট দিক নির্দেশনা প্রদান করবে।

১.৩ একটি গাড়ির ডিজাইন, উৎপাদন প্রযুক্তি, আমদানি-রপ্তানি কার্যক্রম, বিক্রয়, ব্যবহার ও পুনর্ব্যবহার, পরীক্ষা এবং সেবাসহ অটোমোবাইল সংশ্লিষ্ট সকল বিষয়াদি পরিচালনা ও নিয়ন্ত্রণের জন্য সুনির্দিষ্ট প্রণোদনা প্রদানে ও প্রয়োজনীয় দিক নির্দেশনা সম্বলিত একটি অটোমোবাইল শিল্প উন্নয়ন নীতিমালা প্রণয়ন অতীব জরুরি হয়ে পড়েছে। দেশের শিল্পোন্নয়ন এবং আর্থ-সামাজিক উন্নয়নে অটোমোবাইল খাতের গুরুত্বপূর্ণ ভূমিকার বিষয়টি বিবেচনা করে সরকার এ খাতের টেকসই বিকাশে পূর্ণ সহযোগিতা প্রদানে অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১ প্রণয়ন করেছে। এ নীতিমালার উদ্দেশ্যসমূহ নিম্নরূপ:

- ১.৩.১ আন্তর্জাতিক মান ও কর্মপদ্ধতির সাথে সামঞ্জস্য রেখে নতুন আংগিকে এ শিল্পের পুনর্গঠন;
১.৩.২ বর্তমান বিনিয়োগসমূহকে সমন্বিতকরণ ও নতুন বিনিয়োগ আকর্ষণের জন্য একটি সক্ষম ও বিনিয়োগ-বান্ধব পরিবেশ সৃষ্টি;
১.৩.৩ দক্ষতা ও উৎপাদন বৃদ্ধির লক্ষ্যে নতুন প্রযুক্তি ও ব্যবস্থাপনা পদ্ধতি প্রচলনের জন্য বিনিয়োগকারীদের উৎসাহ প্রদান;

- ১.৩.৪ স্থানীয় ও আন্তর্জাতিক ক্রেতাদের মাঝে প্রতিযোগিতামূলক দামে পণ্য সরবরাহ;
১.৩.৫ অটোমোবাইল শিল্প এবং এর সহযোগী বাণিজ্যিক ও ব্যবসায়ী প্রতিষ্ঠানসমূহের কার্যক্রম সম্প্রসারণ করে নতুন কর্মসংস্থানের মাধ্যমে দারিদ্র দূরীকরণ; এবং
১.৩.৬ জনস্বাস্থ্য ও পরিবেশ রক্ষার্থে দূষণ প্রতিরোধ ও নিয়ন্ত্রণ ব্যবস্থার উন্নয়ন সাধন।

দ্বিতীয় অধ্যায়

২. সংজ্ঞা
বিষয় বা প্রসংগের পরিপন্থি কোনো কিছু না থাকলে, এ নীতিমালার:
- ২.১ অটোমোবাইল: অটোমোবাইল অর্থ সড়ক পরিবহণ আইন, ২০১৮ এর ২(৪২) ধারা বর্ণিত যে কোনো মোটরযান। আংশিকভাবে যান্ত্রিক বা বৈদ্যুতিক শক্তির মাধ্যমে পরিচালিত কোনো যানবাহনসহ রাস্তায় চালিত অন্য যে কোনো ধরনের যান্ত্রিক যানবাহন অটোমোবাইল হিসাবে গণ্য হবে।
- ২.২ বাণিজ্যিক যানবাহন: বাণিজ্যিক যানবাহন অর্থ সড়ক পরিবহণ আইন, ২০১৮ এর ২(৩৫) ধারা বর্ণিত যে কোনো মোটরযান।
- ২.৩ সম্পূর্ণ প্রস্তুতকৃত গাড়ি (Completely Built Up): সম্পূর্ণ প্রস্তুতকৃত গাড়ি (সিবিইউ) বলতে অন্য কোনো দেশ থেকে আমদানিকৃত পুরোপুরি যন্ত্রপাতি সংযোজিত গাড়ীর একটি সম্পূর্ণ ইউনিট।
- ২.৪ সিকেডি (Complete knocked Down) লেভেল-১ বলতে স্থানীয়ভাবে গাড়ি উৎপাদনের জন্য কোনো যানবাহনের বডি/কেবিন রং করা সহ থাকবে এবং বডি/কেবিনের বিভিন্ন অংশ যেমন: ব্যাক ও ফ্রন্ট বনেট, দরজা, ডাইভার সিট, উইন্ড শিল্ড ইত্যাদি ওয়েল্ডেড অবস্থায় সংযুক্ত থাকতে পারবে। সিকেডি লেভেল-১ হিসেবে বিবেচিত হওয়ার ক্ষেত্রে অন্যান্য যন্ত্রাংশের বিস্তারিত বর্ণনা পরিশিষ্ট-১ এ উল্লেখ রয়েছে।
- ২.৫ সিকেডি (Complete knocked Down) লেভেল-২ বলতে স্থানীয়ভাবে গাড়ি উৎপাদনের জন্য কোন যানবাহনের বডি/কেবিন রং করা ব্যতীত থাকবে এবং বডি/কেবিনের বিভিন্ন পার্টস যেমন: ছাদ, ফ্লোর, সাইড, ব্যাক ও ফ্রন্ট, বনেট, ফেয়ারসমূহ, দরজা, ডাইভার সিট, উইন্ডশিল্ড, কাউল ইত্যাদি সব কিছুই আলাদা-আলাদা থাকবে। সিকেডি লেভেল-২ হিসেবে বিবেচিত হওয়ার ক্ষেত্রে অন্যান্য যন্ত্রাংশের বিস্তারিত বর্ণনা পরিশিষ্ট-২ এ রয়েছে।
- ২.৬ ওইএম (Original Equipment Manufacturer): যানবাহনের যন্ত্রাংশ সামগ্রীর মূল উৎপাদনকারী প্রতিষ্ঠান।
- ২.৭ করভার: অটোমোবাইল উৎপাদন বা বাজারজাতকরণ সংশ্লিষ্ট সমুদয় করভার (TTI)।

- ২.৮ ইলেকট্রিক ডেহিকেল (ইডি): ইলেকট্রিক ডেহিকেল (ইডি) বলতে বোঝায় কেবলমাত্র এক বা একাধিক বৈদ্যুতিক মোটর দ্বারা চালিত যানবাহন যার ট্র্যাকশন শক্তি গাড়ীতে ইনস্টল কৃত রিচার্জবল ব্যাটারি দ্বারা সম্পন্ন হয়ে থাকে তবে ব্যাটারি চালিত সাইকেল বা রিকশা (ইজি বাইক) ইলেকট্রিক ডেহিকেল বা ইডি হিসেবে বিবেচিত হবে না।
- ২.৯ এনার্জি এফিশিয়েন্ট ডেহিকেল (ইইডি): যে সকল যানবাহন একটি বিশেষ নির্ধারিত স্তরে কার্বন-নির্গমণ এবং জ্বালানি ব্যয়ের শর্ত পরিপূরণ করতে পারে সেসব যানবাহন এনার্জি এফিশিয়েন্ট ডেহিকেল বা ইইডি যানবাহন হিসেবে বিবেচিত হবে। জ্বালানি-সাশ্রয়ী ইন্টার্নাল কমবারশন ইঞ্জিনযুক্ত (ICE) যানবাহনাদি, হাইব্রিড (HVs) যানবাহনাদি, বৈদ্যুতিক যানবাহনাদি এবং বিকল্প জ্বালানি যেমন: সিএনজি, এলপিগিজ, বায়োডিজেল, ইথানল, হাইড্রোজেন ফুয়েল চালিত যানবাহন কে এনার্জি এফিশিয়েন্ট ডেহিকেল (ইইডি) হিসেবে বিবেচিত হবে।
- ২.১০ লোকালাইজেশন অর্থ গণপ্রজাতন্ত্রী বাংলাদেশের অধিক্ষেত্র সীমার মধ্যে স্থানীয়ভাবে যানবাহন উৎপাদন।

তৃতীয় অধ্যায়
নীতিমালার ডিশন, মিশন, লক্ষ্য ও উদ্দেশ্য

- ৩.১. **রূপকল্প (ডিশন):**
- ৩.১.১ বাংলাদেশকে আগামী ২০৩০ সালের মধ্যে অটোমোবাইল শিল্প উৎপাদনের আঞ্চলিক কেন্দ্রে পরিণত করা।
- ৩.২ **মিশন:**
- ৩.২.১ ২০৩০ সালের মধ্যে একটি আধুনিক, প্রতিযোগিতামূলক এবং টেকসই সরবরাহ চেইন সম্বলিত দেশীয় অটোমোবাইল এবং অটোপার্টস শিল্প উৎপাদনের শক্তিশালী ভিত্তি গড়ে তুলতে নিম্নবর্ণিত কার্যক্রম সফলভাবে বাস্তবায়ন করা:
- (ক) নতুন বিনিয়োগ আকর্ষণের কার্যক্রম গ্রহণ;
- (খ) যুক্তিসঙ্গত শুল্ক পদ্ধতির (Tariff rationalization) প্রবর্তন;
- (গ) যুক্তিসঙ্গত আমদানি নীতি অবলম্বন;
- (ঘ) গুণগত মানের অটোমোবাইল শিল্প উৎপাদনে সহায়ক অবকাঠামো গড়ে তোলা;
- (ঙ) ভোক্তা স্বার্থ নিশ্চিতকরণে কার্যকর ব্যবস্থা গ্রহণ;
- (চ) বাংলাদেশ অটোমোবাইল ইন্সটিটিউট প্রতিষ্ঠা করা।

৩.৩ **লক্ষ্য:**

এ নীতিমালার লক্ষ্য হচ্ছে দেশে অটোমোবাইল শিল্প উন্নয়ন সহায়ক পরিবেশ নিশ্চিতকরণের মাধ্যমে নিম্নবর্ণিত অষ্টটি অর্জন:

- ৩.৩.১ অটোমোবাইল উৎপাদন সম্প্রসারণ, রপ্তানি বৃদ্ধি, দেশের অর্থনীতিতে এ খাতের অবদান বৃদ্ধি এবং অধিকতর কর্মসংস্থান সৃষ্টি;
- ৩.৩.২ ওইএম/(OEM) কারখানা স্থাপন ও যন্ত্রাংশ উৎপাদনে বৈদেশিক বিনিয়োগ বৃদ্ধি এবং আগামী ১০ বছরের মধ্যে দেশে টায়ার-১ সরবরাহকারী নিশ্চিতকরণ;
- ৩.৩.৩ উৎপাদন ও রপ্তানি বৃদ্ধির লক্ষ্যে শিল্প-বান্ধব আমদানি শুল্ক নির্ধারণ;
- ৩.৩.৪ দেশীয় উৎপাদন ও বিদেশে রপ্তানি, উভয় ক্ষেত্রে, আন্তর্জাতিকভাবে গ্রহণযোগ্য নিঃসরণ মানদণ্ড (emission standard) নির্ধারণ;
- ৩.৩.৫ আন্তর্জাতিকভাবে গ্রহণযোগ্য নিরাপত্তা মান (safety standard) প্রণয়ন এবং তা বাস্তবায়নে প্রাতিষ্ঠানিক সহায়তা পদ্ধতি নির্ধারণ;
- ৩.৩.৬ যানবাহনসমূহের পরীক্ষণ পদ্ধতি (inspection) ও সার্টিফিকেট প্রদান ব্যবস্থা জোরদারকরণ;
- ৩.৩.৭ নতুন বাজারে সহজ প্রবেশের কার্যকর পদক্ষেপ গ্রহণ;
- ৩.৩.৮ স্থানীয় উৎপাদন উৎসাহিতকরণে কর ও আর্থিক প্রণোদনা প্রদান;
- ৩.৩.৯ এ শিল্পের ধারাবাহিক প্রসারের সাথে সামঞ্জস্য রেখে দক্ষতা উন্নয়ন পরিকল্পনা প্রণয়ন।

৩.৪ **উদ্দেশ্য:**

সামগ্রিকভাবে এ নীতিমালার উদ্দেশ্য হলো দেশে অটোমোবাইল এবং এর যন্ত্রাংশ উৎপাদন ও প্রকৌশল-ক্ষেত্রে দক্ষতা অর্জনের সুযোগ সৃষ্টি করে অটোমোবাইল শিল্পকে আন্তর্জাতিকভাবে প্রতিযোগী সক্ষম হিসেবে গড়ে তোলা। অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১ এর সুনির্দিষ্ট উদ্দেশ্যসমূহ নিম্নরূপ:

- ৩.৪.১ মূল্য সংযোজন বৃদ্ধি
OEM মান ও স্পেসিফিকেশন অনুযায়ী স্থানীয় অটোমোবাইল প্রস্তুতকারীদের নিজেদের পণ্য উৎপাদনে উৎসাহিত করা এবং আন্তর্জাতিক স্বনামধন্য প্রতিষ্ঠানসমূহের (global value chain players) সাথে স্থানীয় উৎপাদনকারীদের যৌথ বিনিয়োগ সুযোগ বৃদ্ধি করা যাতে সাশ্রয়ী মূল্যে বাংলাদেশে সুপরিচিত ব্র্যান্ড ও মডেলের যানবাহন উৎপাদিত হয়।
- ৩.৪.২ জিডিপিগে অবদান বৃদ্ধি
বাংলাদেশে অটোমোবাইল শিল্প সম্প্রসারণে কার্যকর সহায়তা প্রদান করে অধিক দেশজ ও রপ্তানি চাহিদা সৃষ্টি করা যাতে ২০৩০ সালের মধ্যে এ শিল্প খাত জিডিপি-তে উল্লেখযোগ্য পরিমাণে অবদান রাখতে সক্ষম হয়।

- ৩.৪.৩ বাজার সম্প্রসারণ
অটোমোবাইল শিল্পে আমদানি বিকল্প যন্ত্রাংশের স্থানীয় উৎপাদন বৃদ্ধি ও আন্তর্জাতিক বাজারে দেশীয় অটোমোবাইল এবং এর যন্ত্রাংশ অধিক হারে রপ্তানি বৃদ্ধির সুযোগ তৈরী করা।
- ৩.৪.৪ দক্ষতা উন্নয়ন ও কর্ম-সংস্থান সৃষ্টি
বাংলাদেশকে উৎকৃষ্টমানের অটোমোবাইল উৎপাদনের কেন্দ্র হিসেবে উন্নীতকরণে একটি গতিশীল দক্ষতা-উন্নয়ন পরিবেশ নিশ্চিত করা যাতে এ দশকের মধ্যেই অটোমোবাইল খাতে বিপুল পরিমাণে প্রত্যক্ষ ও অপ্রত্যক্ষ কর্মসংস্থান সৃষ্টির দৃঢ় ভিত্তি রচনা করা যায়।
- ৩.৪.৫ উদ্ভাবন, গবেষণা ও উন্নয়ন কার্যক্রম বৃদ্ধি
স্থানীয়ভাবে ডিজাইন তৈরীর সক্ষমতা লাভে ও ইঞ্জিনিয়ারিং কলাকৌশলে উৎকর্ষতা অর্জনে অটোমোবাইল শিল্প খাতে গবেষণা ও উন্নয়ন কার্যক্রম প্রসারের উপযুক্ত পরিবেশ সৃষ্টিতে সহায়তা প্রদান যাতে অত্যাধুনিক প্রযুক্তি ব্যবহার এর মাধ্যমে এদেশের পরিবহণ ব্যবস্থাকে পরিবেশসম্মত ও আরও আরামদায়ক, নিরাপদ ও উন্নত করা যায়।
- ৩.৪.৬ স্থানীয় যন্ত্রাংশ উৎপাদন শিল্পের বিকাশ
দেশে যানবাহন প্রযুক্তিকারক, যন্ত্রাংশ উৎপাদনকারী ডেভার প্রতিষ্ঠান, এসোসিয়েশন, আর্থিক প্রতিষ্ঠান, বিক্রয় ও সেবা প্রতিষ্ঠান যারা অটোমোবাইল শিল্পে বিনিয়োগের মাধ্যমে সম্পৃক্ত আছেন তাদের উৎপাদনশীলতা বৃদ্ধি, প্রযুক্তিগত জ্ঞানের বিস্তৃতি, সক্ষমতা বৃদ্ধি এবং মেধা ও সম্পদ প্রসারে কার্যকর ব্যবস্থা গ্রহণ করা যাতে বাংলাদেশ সহজে অটোমোবাইল শিল্প উৎপাদনের আঞ্চলিক কেন্দ্রবিন্দুতে পরিণত হতে পারে।

চতুর্থ অধ্যায়
অটোমোবাইল শিল্প উন্নয়ন কৌশল

- ৪.১ কৌশল ১: স্থানীয় পর্যায়ে অটোমোবাইল উৎপাদন কারখানা স্থাপন ও উন্নয়ন
- ৪.১.১ সরকার বাণিজ্যিক যানবাহন (বাস, ট্রাক এবং মিনি বাস) ও প্যাসেঞ্জার ভেহিকল (সেলুন, হ্যাচব্যাক (Hatchback), স্টেশন ওয়গন, স্পোর্টস ইউটিলিটি ভেহিক্যাল)-এর স্থানীয় উৎপাদনকে নিয়োক্ত কার্যক্রমের মাধ্যমে উৎসাহ প্রদান করবে:
- ৪.১.১.১ স্থানীয় যানবাহন উৎপাদনে ক্রমশ উন্নত খাপে উত্তরণের ভিত্তিতে প্রণোদনা প্রদান করা হবে। প্রণোদনা প্রাপ্তির মৌলিক যোগ্যতা স্থানীয়ভাবে অবদানের হারের (অনুচ্ছেদ ৪.৪.২.১) ভিত্তিতে বিবেচনা করা হবে। এ প্রণোদনা স্থানীয় মূল্য সংযোজন, আধুনিক প্রযুক্তি ব্যবহারের মাত্রা, দক্ষতার মানোন্নয়ন, বৈদেশিক মুদ্রা আয়, স্থানীয় উৎপাদন ভ্যালু চেইন শক্তিশালীকরণ, স্থানীয় পার্টস উৎপাদনকারী শিল্প কারখানাসমূহের সাথে সংযোগ স্থাপন এবং গবেষণা ও উন্নয়ন খাতে বিনিয়োগ ইত্যাদি মানদণ্ডের ভিত্তিতে নির্ধারিত হবে।

- ৪.১.১.২ দেশে অটোমোবাইল যন্ত্রাংশ প্রস্তুতে নিয়োজিত স্থানীয় বিনিয়োগকারীদের ক্রমবর্ধমান সফলতা নিশ্চিতকরণে ও তাদের দক্ষ করে গড়ে তুলতে ফেইজড ইনকিউবেশন পদ্ধতি (Phased Incubation Approach) অনুসরণ করা হবে।
- ৪.১.১.৩ সিকেডি (CKD) পর্যায়ে উৎপাদন থেকে বৃহত্তর স্থানীয় পর্যায়ের উৎপাদনে (Localization Stage)-এ দ্রুত উত্তরণে কার্যকর পদক্ষেপ গ্রহণ করা হবে।
- ৪.১.২ অটোমোবাইল শিল্পের চাহিদা, উত্তরোত্তর উন্নয়ন এবং বাংলাদেশ যাতে আন্তর্জাতিকভাবে ডাম্পিং গ্রাউন্ডে পরিণত না হয় সে লক্ষ্যে সরকার আর্থিক ও অ-আর্থিক প্রণোদনা কাঠামো নিয়মিতভাবে পর্যালোচনা করবে। এ পর্যালোচনায় -
- ৪.১.২.১ আমদানি শুল্কভার (TTI) এমনভাবে নির্ধারণ করা হবে, যা শুধুমাত্র এসেখলিং কারখানাকে অপ্রয়োজনীয় সুরক্ষা প্রদানের পরিবর্তে প্রকৃত স্থানীয় পর্যায়ের উৎপাদন (Localization Stage) কারখানার সক্ষমতা বৃদ্ধিতে সহায়ক হবে; উন্মুক্ত ব্যবসায় ভারসাম্যপূর্ণ অবস্থানে সহজ-আরোহণ নিশ্চিত করবে, অধিকতর প্রতিযোগিতামূলক বাজার সৃজন এবং দেশীয় ক্রেতাদের পছন্দ-ক্ষমতার অধিকতর সুযোগ সৃষ্টি করবে।
- ৪.১.২.২ অটোমোবাইল শিল্পে প্রতিষ্ঠিত বৃহৎ উৎপাদনকারীদের (OEM) সাথে স্থানীয় এসএমই কারখানার সাব-কন্ট্রাকটিংকে সহযোগিতা প্রদানে উৎসাহ মূলক কর প্রণোদনা কাঠামো প্রবর্তন করবে।
- ৪.১.২.৩ বাউন্ড রোট ডুস্ত আইটেম যথা বাস, ট্রাক, ট্রাক্টর, প্যাসেঞ্জার ভেহিকল এবং অটোমোবাইল যন্ত্রাংশ উৎপাদন ইত্যাদি খাতের দেশীয় শিল্প কারখানাসমূহকে আন্তর্জাতিক মানে উন্নীতকরণে পর্যাপ্ত সুযোগ-সুবিধা প্রদান করা হবে।
- ৪.১.২.৪ ডাম্পিং (Dumping) এবং অসামান্য ব্যবসা (Unfair Trade Practice) প্রতিরোধে এন্টি-ডাম্পিং কর আরোপসহ যাবতীয় ব্যবস্থা নেয়া হবে।
- ৪.২ কৌশল ২: অটোমোবাইল শিল্প খাতের বাজার উন্নয়ন
- ৪.২.১ সর্বোচ্চ উৎপাদন সুবিধা প্রাপ্তি ও দেশীয় এবং আন্তর্জাতিক উভয় বাজারেই দেশীয় অটোমোবাইলের বাজার সম্প্রসারণে সরকার নিয়োক্ত ব্যবস্থাদি গ্রহণ করবেঃ
- ৪.২.১.১ সরকারি অর্থায়নে অটোমোবাইল ও আনুষঙ্গিক যন্ত্রাংশ ক্রয়ের ক্ষেত্রে স্থানীয় উৎপাদনকারী কর্তৃক প্রস্তুতকৃত মেইড ইন বাংলাদেশ (Made in Bangladesh) লোগোযুক্ত পণ্য সর্বাধিক অগ্রাধিকার পাবে;
- ৪.২.১.২ স্থানীয়ভাবে তৈরি অটোমোবাইলের বাজার সম্প্রসারণে প্রগ্রেসিভ লিজিং পলিসি (Progressive Leasing Policy) প্রথা অনুসরণ করা হবে।

- ৪.২.১.৩ স্থানীয়ভাবে উৎপাদিত যানবাহন ও আমদানিকৃত সিবিইউ (CBU) যানবাহনের মধ্যে পার্থক্য নিশ্চিত করতে মাইক্রোডট প্রযুক্তিভিত্তিক পুফ মার্কিং, কোডিং প্রযুক্তির সহায়তা গ্রহণ করা হবে;
- ৪.২.১.৪ স্থানীয় অটোমোবাইল শিল্পের বাজার উন্নয়ন ও প্রসারে বিভিন্ন দেশের সাথে সম্পাদিত আন্তর্জাতিক বাণিজ্যিক চুক্তিসমূহের বুলস অব অরিজিনে সংগতি আনয়ন এবং নন-টারিফ প্রতিবন্ধকতা দূরীকরণের আঞ্চলিক বাণিজ্য সংঘ (রিজিয়নাল ট্রেডিং ব্লক) এর সাথে দ্বি-পাক্ষিক ও বহুপাক্ষীয় আলোচনা (Multilateral Negotiation) জোরদার করা হবে।
- ৪.৩ কৌশল ৩: স্থানীয়ভাবে যন্ত্রাংশ উৎপাদন বৃদ্ধি ও প্রসার
- ৪.৩.১ স্থানীয় অটোমোবাইল সংযোজনকারী এবং ওইএম (OEM) উৎপাদনকারীগণকে স্থানীয়ভাবে যন্ত্রাংশ উৎপাদনে সরকার নিম্নোক্ত সহায়তা প্রদান করবেঃ
- ৪.৩.১.১ স্থানীয়ভাবে যানবাহন তৈরি ও বিক্রয়োত্তর সেবা প্রদান সংশ্লিষ্ট যন্ত্রাংশ যা স্থানীয়ভাবে উৎপাদন করা সম্ভব এমন তালিকা স্থানীয় উৎপাদনকারীদের সহায়তা নিয়ে প্রস্তুত করা হবে।
- ৪.৩.১.২ ওইএম (OEM) স্ট্যান্ডার্ড যন্ত্রাংশ উৎপাদনে দক্ষতা অর্জনে স্থানীয় উৎপাদনকারীদের প্রশিক্ষণ প্রদান করা হবে।
- ৪.৩.১.৩ নিজস্ব পেইন্টশপ সম্বলিত স্থানীয় সিকেডি অটোমোবাইল উৎপাদনকারী কারখানাসমূহ নিজস্ব পেইন্টশপবিহীন কারখানার চেয়ে বেশি শুল্ক ও প্রণোদনা সুবিধা পাবে।
- ৪.৩.১.৪ অটোমোবাইল উৎপাদনক্ষেত্রে বিনিয়োগ পরিমাপের উপর ভিত্তি করে আকর্ষণীয় কর অব্যাহতির ব্যবস্থা করা হবে। আকর্ষণীয় কর অব্যাহতি প্রাপ্তির ক্ষেত্রে স্থানীয় উৎপাদনে প্রতিযোগিতাভিত্তিক উদ্যোগ গ্রহণ ও স্থানীয় সম্পদের সঠিক ব্যবহার এবং রপ্তানি বৃদ্ধি সহায়ক কারখানার প্রযুক্তিভিত্তিক উন্নয়নকে অগ্রাধিকার প্রদান করা হবে।
- ৪.৩.১.৫ ব্যয় সাশ্রয়ী আরামদায়ক প্যাসেঞ্জার কার, গ্রি-ইলারস, বাস, ট্রাক, ট্রাক্টর, অন্যান্য বাণিজ্যিক যানবাহন, এমবুল্যান্স এবং এর যন্ত্রাংশসমূহের উৎপাদন ও এসেমবলিং কারখানা স্থাপনে উৎসাহিত করা হবে এবং বিশেষ প্রণোদনা প্রদান করা হবে।
- ৪.৩.১.৬ আমদানি বিকল্প যন্ত্রাংশ উৎপাদনকারী কারখানাসমূহ বিভিন্ন ধরনের আর্থিক সুবিধা এবং কর অব্যাহতির সুযোগ প্রাপ্ত হবে।
- ৪.৩.১.৭ যে সকল ক্রেতা স্থানীয়ভাবে সংযোজিত অথবা উৎপাদিত যানবাহন ক্রয় করবে তাদেরকে মেইড ইন বাংলাদেশ (Made in Bangladesh) পণ্যের মূল্যমানের উপর একটি নির্ধারিত হারে আয়কর রেয়াত দেয়া হবে।

- ৪.৩.১.৮ দেশীয় কারখানায় উৎপাদিত সিকেডি/এসেমবলিং যানবাহন রপ্তানির ক্ষেত্রে ১৫% নগদ প্রণোদনা (Cash Incentive) দেওয়া হবে।
- ৪.৩.১.৯ স্থানীয় যন্ত্রাংশ উৎপাদনকারী প্রতিষ্ঠানে বিদেশি বিনিয়োগকারীদের তাদের প্রাপ্য লভ্যাংশ পূর্ণ প্রত্যাবাসনের নিশ্চয়তা প্রদান করা হবে।
- ৪.৩.১.১০ স্থানীয় উৎপাদনকারী প্রতিষ্ঠান কর্তৃক প্রদেয় এককালীন ও রানিং রয়্যালটি ফী পরিশোধ সহজলভ্য করণে একটি গাইড লাইন প্রণয়ন করা হবে।
- ৪.৪ কৌশল ৪: প্রগতিশীল উৎপাদন পরিকল্পনা
- ৪.৪.১ এ নীতিমালা দেশের অটোমোবাইল উৎপাদন শিল্পক্ষেত্রে দেশি-বিদেশি বিনিয়োগের সর্বোচ্চ সম্ভাব্য এবং ব্যয় সাশ্রয়ী অধিকতর উৎপাদন পদ্ধতি অবলম্বন (Economy of Scale of Production) ও পণ্য বৈচিত্র্য আনয়নের মাধ্যমে স্থানীয় ও আন্তর্জাতিক বাজারে প্রবেশ ও অবস্থান সম্প্রসারণের ক্ষেত্রে মডেল গাইড হিসেবে ব্যবহৃত হবে।
- ৪.৪.২ স্থানীয় অবদান সম্পর্কিত নির্দেশনাঃ
- স্থানীয় উৎপাদনকারীগণ বর্ধিত মূল্য সংযোজনে অধিকতর সচেষ্ট থাকবেন। আর্থিক এবং অ-আর্থিক প্রণোদনা প্রাপ্তির যোগ্যতা অর্জনে স্থানীয় ওইএম (OEM) উৎপাদককে নিম্নোক্ত প্রগতিশীল উৎপাদন হার বাস্তবায়ন করতে হবেঃ
- ৪.৪.২.১ স্থানীয় অবদান হারঃ-
- | যানবাহনের ধরন | কার্যকাল | | | | |
|--------------------|-----------|------------|-----------|-----------|---------|
| | প্রথম বছর | তৃতীয় বছর | পঞ্চম বছর | অষ্টম বছর | দশম বছর |
| গ্রি ইলার | ১০% | ২০% | ৩০% | ৪০% | ৫০% |
| প্যাসেঞ্জার ভেহিকল | ১০% | ১৫% | ২০% | ২৫% | ৩০% |
| LCV/MUV | ১০% | ১৫% | ২০% | ২৫% | ৩০% |
| বাস | ১০% | ২০% | ২৫% | ৩৫% | ৪০% |
| ট্রাক | ১০% | ২০% | ২৫% | ৩৫% | ৪০% |
- ৪.৪.৩ স্থানীয় উৎপাদনকারী প্রতিষ্ঠানকে বিশেষ সুবিধা প্রদানের ক্ষেত্রে নিম্নোক্ত বিষয়ে অধিকতর মূল্য সংযোজনকে ভিত্তি হিসেবে বিবেচনা করা হবেঃ
- ৪.৪.৩.১ অধিকতর স্থানীয় উৎপাদনে (Localization) অবদান;
- ৪.৪.৩.২ বিশ্বব্যাপী দামের প্রতিযোগিতায় টিকে থাকার যোগ্যতা সৃষ্টি;
- ৪.৪.৩.৩ দেশে OEM ও Parts Supplier কে নিরবিচ্ছিন্ন পণ্য যোগানে অধিকতর সহায়তা প্রদান;
- ৪.৪.৩.৪ দীর্ঘমেয়াদি (১০ বৎসরব্যাপী) প্রগতিশীল উন্নয়ন পরিকল্পনা বাস্তবায়নে সফলতা

- ৪.৪.৪ স্থানীয় অটোমোবাইল শিল্পকে আরো টেকসই করতে সক্ষম এমন পিকআপ ট্রাক, বাস, MUV, SPV, PPV (Pick up base Vehicle), SUV, থ্রি হইলার অটো-রিক্সা, থ্রি হইলার অটো টেম্পু, থ্রি হইলার এম্বুল্যান্স (বি আর টি এ/ সংশ্লিষ্ট মন্ত্রণালয় কর্তৃক স্পেসিফিকেশন অনুমোদন সাপেক্ষে) প্যাসেঞ্জার কার, ইকো কার, ইলেকট্রিক ভেহিকেল, হাইব্রিড ইলেকট্রিক ভেহিকেল ইত্যাদি অটোমোবাইলসমূহ স্থানীয়ভাবে উৎপাদনকে বিশেষ অগ্রাধিকার প্রদান করা হবে।
- ৪.৪.৫ রিকভারি গাড়ি ব্যবসা পরিচালনা ও স্থানীয় উৎপাদনকারীদের সহায়তাকরণের সুবিধার্থে একটি রিকভারি গাড়ি ব্যবস্থাপনা গাইড লাইন প্রস্তুত করা হবে।
- ৪.৪.৬ এম্বুল্যান্স, রিফার ভ্যান, লাক্সারী বাস বডি ইত্যাদি বিশেষায়িত অটোমোবাইল শিল্প কারখানাকে উৎসাহ প্রদানের লক্ষ্যে বিশেষ প্রণোদনা প্রাপ্তি গাইড লাইন প্রণয়ন করা হবে।
- ৪.৪.৭ **3R (reduce, reuse, recycle)** এর ভিত্তিতে দেশে অটোমোবাইল স্ক্যাপিং পলিসি প্রণয়ন করা হবে, যা যানবাহনের মেয়াদ (**End of Life**) ও যানবাহন পুনঃপ্রক্রিয়াকরণের পদ্ধতি বর্ণনা করবে।
- ৪.৫ **কৌশল-৫: যানবাহন রেজিস্ট্রেশন ও পরিদর্শন পদ্ধতি (ফিটনেস টেস্ট) শক্তিশালীকরণঃ**
- ৪.৫.১ একটি সম্ভাবনাময় অটোমোবাইল উৎপাদন-বান্ধব শিল্প পরিবেশ গড়ে তোলার জন্য সরকার নিম্নবর্ণিত কার্যক্রমসমূহ গ্রহণ করবেঃ
- ৪.৫.১.১ নিবন্ধনকৃত যানবাহন, বিশেষ করে বৈদ্যুতিক ও পরিবেশ-বান্ধব যানবাহনসমূহের রাস্তায় চলাচলের উপযুক্ততা নিশ্চিত করার লক্ষ্যে বর্তমান মোটরযান আইন এবং নিরাপত্তা, মান এবং নিঃসরণ বিষয়ক বিধিমালা সম্পর্কিত আনুষঙ্গিক বিধানসমূহ পুনঃপরীক্ষা ও সংশোধন করা হবে।
- ৪.৫.১.২ বাংলাদেশ সড়ক পরিবহন কর্তৃপক্ষ (বিআরটিএ) বা তার ক্ষমতাপ্রাপ্ত প্রতিষ্ঠান কর্তৃক যানবাহন পরিদর্শন পদ্ধতি জোড়দার করা হবে, যাতে যানবাহনের ফিটনেস পরীক্ষাকালীন এর গুণগত মান, নিরাপত্তা, উৎকর্ষতা এবং বায়ু নিঃসরণ স্তর ইত্যাদি নির্ধারিত মানদণ্ড পরিপূরণ করে কি না তা যথাযথভাবে যাচাই করা যায়।
- ৪.৫.১.৩ যানবাহনের পরিদর্শন পদ্ধতি (ফিটনেস টেস্ট) সুবিধা দেশব্যাপী সম্প্রসারণ ও সহজলভ্যকরণে বিআরটিএ বেসরকারি যোগ্য প্রতিষ্ঠানকে ক্ষমতা প্রদান করতে পারবে।
- ৪.৫.১.৪ বিআরটিএ ও তার ক্ষমতাপ্রাপ্ত প্রতিষ্ঠান কর্তৃক যানবাহন নিবন্ধন এবং ফিটনেস পরীক্ষাসহ যাবতীয় সেবা দ্রুততম সময়ে প্রদান নিশ্চিত করার জন্য বিআরটিএ তে একটি ওয়ান স্টপ সেবা সেল স্থাপন করা হবে।

- ৪.৬ **কৌশল ৬: গবেষণা ও উন্নয়ন কার্যক্রম সম্প্রসারণ এবং ডিজাইন/টেক্সটিং সুবিধার উন্নয়ন**
- ৪.৬.১ স্থানীয়ভাবে প্রস্তুতকৃত যানবাহন এর নিরাপত্তা, পণ্য উৎকর্ষতা এবং পরিবেশগত সুরক্ষা নিশ্চিত করার লক্ষ্যে বিশেষ গবেষণা ও উন্নয়ন কার্যক্রম বাস্তবায়ন কর্মসূচি গ্রহণ করা হবে।
- ৪.৬.২ বেসরকারি খাতের সাথে সমন্বয়ের মাধ্যমে যানবাহনের আন্তর্জাতিক মানদণ্ড প্রতিপালনে বিদ্যমান পরীক্ষা ও সনদ প্রদান কার্যক্রম পরিমার্জন ও শক্তিশালী করা হবে।
- ৪.৬.৩ অটোমোবাইল শিল্পের সক্ষমতা বাড়াতে উপযুক্ত আর্থিক ও রাজস্ব প্রণোদনার মাধ্যমে গবেষণা ও উন্নয়ন কার্যক্রমের প্রসার ঘটানো হবে।
- ৪.৬.৪ স্থানীয় অটোমোবাইল উৎপাদনকারী প্রতিষ্ঠান কর্তৃক বার্ষিক আয়ের ন্যূনতম ১% গবেষণা ও উন্নয়ন খাতে ব্যয় করা হলে শুল্ক রিবেট সুবিধা প্রদান করা হবে। এ সুবিধা নিজেদের গবেষণা ও উন্নয়ন উইং কর্তৃক গৃহীত বা কোনো দেশি-বিদেশি প্রতিষ্ঠানের অটোমোবাইল শিল্প উন্নয়ন সংশ্লিষ্ট গবেষণা কার্যক্রম বাস্তবায়নের ক্ষেত্রে ব্যয় হলেও প্রাপ্য হবে।
- ৪.৬.৫ দেশে স্বয়ংসম্পূর্ণ অটোমোবাইল ইনস্টিটিউট/অটো-ডিজাইন ইনস্টিটিউট স্থাপনে দ্রুত অনুমতি ও প্রয়োজনীয় যন্ত্রপাতি আমদানিতে কর সুবিধা প্রদানের মাধ্যমে উৎসাহ প্রদান করা হবে।
- ৪.৬.৬ বাণিজ্যিকভাবে টেকসই প্রযুক্তির গবেষণা ও উন্নয়ন কার্যক্রমের আওতায় বৈদ্যুতিক শক্তিশালিত গাড়ি উৎপাদনের যন্ত্রাংশ, ব্যাটারি বা চার্জিং স্টেশন স্থাপন ইত্যাদি খাতে বিনিয়োগে সরকার উৎসাহ প্রদান করবে। এ লক্ষ্যে যথাযথ প্রযুক্তি আহরণের সুবিধার্থে একটি 'প্রযুক্তি আহরণ তহবিল' গঠন করা হবে।
- ৪.৭ **কৌশল ৭: অটোমোবাইলের গুণগত মান উন্নয়ন ও সংরক্ষণ পদ্ধতি**
- ৪.৭.১ স্থানীয়ভাবে বিভিন্ন উৎপাদক কর্তৃক প্রস্তুতকৃত মোটরযানের গুণগত মান নিশ্চিতকরণে স্থানীয় পরীক্ষণ ব্যবস্থাপনায় আন্তর্জাতিক সর্বাধিক অনুশীলিত আইন, বিধি-বিধান অনুসরণ করা হবে। বাংলাদেশ দেশজ উৎপাদনে আন্তর্জাতিক বিধি-বিধান এবং মানদণ্ডের প্রটোকল কার্যকরকরণে নিয়োজিত কার্যক্রম গ্রহণ করা হবে:
- ৪.৭.১.১ অটোমোবাইল শিল্পের উন্নয়ন টেকসইকরণে মোটরযানের সাথে সম্পর্কিত সকল আইন, বিধি-বিধান, মানদণ্ড এবং নীতিমালার মধ্যে সমন্বয় সাধন করা হবে;
- ৪.৭.১.২ বর্তমানে অটোমোবাইল শিল্পে ব্যবহৃত বিদ্যমান মান বা বিধানসমূহের সাথে আন্তর্জাতিক আইন-কানুনে ও মানদণ্ডের অসামঞ্জস্যতা চিহ্নিত করা হবে এবং আন্তর্জাতিক সর্বাধিক অনুশীলিত বিষয়াদি দেশীয় মান, আইন, বিধি-বিধানে অন্তর্ভুক্ত করে দেশজ মানের আন্তর্জাতিক গ্রহণযোগ্যতা বৃদ্ধি করা হবে;

- ৪.৭.১.৩ অটোমোবাইল শিল্পের টেকসই উন্নয়নে দেশীয় ও আন্তর্জাতিকভাবে স্বীকৃত মানদণ্ড প্রণয়ন করা হবে। এ মান দণ্ড বাংলাদেশ ব্র্যান্ড তৈরীতে সাহায্য করবে এবং উৎপাদন ও সংরক্ষণ ব্যয় হ্রাস করবে। এ মান দণ্ডের ভিত্তিতে নিয়মিত পরীক্ষণ ও সার্টিফিকেশন কার্যক্রম বাস্তবায়নের মাধ্যমে সড়ক নিরাপত্তা বৃদ্ধি করা হবে;
- ৪.৭.১.৪ অটোমোবাইল শিল্পের প্রসারে বিক্রয়োত্তর সেবার মানদণ্ড প্রণয়ন করা হবে যাতে বিক্রয়োত্তর সেবা প্রদান সংশ্লিষ্ট প্রশিক্ষণ, মেরামত ও মেইন্টেনেন্স, অনুমোদিত গ্যারেজ, সেবা প্রদানকারী প্রতিষ্ঠান ইত্যাদির এক্রিডিটেশন ও লাইসেন্স প্রদানের পদ্ধতি সম্পর্কে বিস্তারিত বর্ণনা থাকবে।
- ৪.৮ কৌশল ৮: অটোমোবাইল শিল্পের মানবসম্পদ উন্নয়ন
- ৪.৮.১ অটোমোবাইল উৎপাদন শিল্পের দক্ষতা বৃদ্ধি উপযোগী প্রশিক্ষণ পাঠ্যসূচি তৈরি করা হবে। বিদ্যমান পাঠ্যসূচির সীমাবদ্ধতা চিহ্নিত করা হবে এবং উন্নত প্রযুক্তি, দক্ষতা উন্নয়ন এবং পরিবেশ ব্যবস্থাপনা চাহিদার সাথে মিল রেখে প্রশিক্ষণ কার্যক্রম বাস্তবায়ন করা হবে।
- ৪.৮.২ জাতীয় কারিগরি এবং ভোকেশনাল কারিকুলামে দক্ষতা বৃদ্ধি উপযোগী প্রশিক্ষণ কার্যক্রম বাস্তবায়নে অটোমোবাইল শিল্প কারখানা ও কারিগরি শিক্ষা প্রতিষ্ঠানসমূহ একত্রে কাজ করবে।
- ৪.৮.৩ শিল্প মালিকদের সহযোগিতা নিয়ে আধুনিক অটোমেটিভ প্রশিক্ষণ ইন্সটিটিউট গড়ে তোলা হবে। যেখানে চাহিদাভিত্তিক প্রশিক্ষণ ও শিক্ষানবিশিদের উপযুক্ত প্রশিক্ষণ প্রদানের মাধ্যমে অটোমোবাইল সংযোজনকারী ও উৎপাদনকারীদের চাহিদা মিটানো সম্ভব হবে।
- ৪.৮.৪ স্থানীয় অটোমোবাইল শিল্পে শিক্ষানবিশি (Apprenticeship) কার্যক্রম চালুকরণ বিষয়ে শিল্প মন্ত্রণালয় প্রয়োজনীয় উদ্যোগ গ্রহণ করবে, মাদ্রাসা ও কারিগরি শিক্ষা বিভাগ ও জাতীয় দক্ষতা উন্নয়ন কর্তৃপক্ষ পারস্পরিক সহযোগিতার ভিত্তিতে উক্ত কর্মসূচি বাস্তবায়ন করবে যাতে এ শিল্পে মানসম্মত গ্রাজুয়েট কর্মীর নিরবিচ্ছিন্ন সরবরাহ অটুট থাকে।
- ৪.৮.৫ স্থানীয় অটোমোবাইল শিল্পের কার্যকর উন্নয়নে সহায়তা প্রদানের জন্য একটি অটো পার্টস উৎপাদন তহবিল (Auto Parts Manufacturing Fund) গঠন করা হবে, যার মাধ্যমে মানব সম্পদ উন্নয়নে নিম্নোক্ত কার্যক্রম বাস্তবায়ন করা হবেঃ
- ক. বিভিন্ন অটোমোবাইল যন্ত্রাংশ উৎপাদনকারী প্রতিষ্ঠানসমূহকে সহায়তার জন্য অটোমেটিভ বিশেষজ্ঞ তৈরী;
- খ. কম্পোনেন্টস ও স্পেয়ার পার্টস উৎপাদনজনিত টেকনলজির উন্নয়ন;
- গ. Lean Production System প্রচলন;
- ঘ. ব্যবস্থাপনা ও কারিগরি দক্ষতা উন্নয়ন;
- ঙ. গুণগত মান উন্নয়ন;
- চ. ডিজাইন প্রণয়ন সক্ষমতা উন্নয়ন
- ছ. কন্সট-ম্যানেজমেন্ট বিষয়ক দক্ষতা উন্নয়ন।

৪.৯. কৌশল ৯: বিনিয়োগ উন্নয়ন/ব্যবসা পরিবেশ

- ৪.৯.১ এ মীতিমালার আওতায় দেশে স্থাপিত অটোমোবাইল উৎপাদন শিল্প কারখানার অনুকূলে বিভিন্ন প্রণোদনা প্যাকেজ প্রদানে বিনিয়োগ কাঠামো বিবেচনায় নিম্নোক্ত তিন শ্রেণিতে বিভক্ত করা হবেঃ

ক্যাটাগরি-এঃ গ্রীনফিল্ড বিনিয়োগ

ক্যাটাগরি-বিঃ ব্রাউন ফিল্ড বিনিয়োগ

ক্যাটাগরি-সিঃ অটোমোবাইল যন্ত্রাংশ উৎপাদনকারী গ্রীন ফিল্ড বিনিয়োগ।

- ৪.৯.২ ক্যাটাগরি-এঃ গ্রীনফিল্ড বিনিয়োগ
গ্রীনফিল্ড বিনিয়োগ হলো নতুন অটোমোবাইল উৎপাদন কারখানা স্থাপনজনিত এমন বিনিয়োগ যা ইতোপূর্বে বাংলাদেশে ছিল না।
- ৪.৯.৩ ক্যাটাগরি-বিঃ ব্রাউন ফিল্ড বিনিয়োগ
ব্রাউন ফিল্ড বিনিয়োগ হলো বর্তমানে চালু অথবা ইতোপূর্বে চালু হলেও কিছুদিন বন্ধ থাকার পর পুনরায় চালু করা হয়েছে এমন অটোমোবাইল সংযোজন বা উৎপাদন কারখানা। মূল মালিক কর্তৃক এটি চালু করতে পারে অথবা নতুন বিনিয়োগকারী নিয়ে বা বিদেশী বিনিয়োগকারীর সাথে চুক্তির মাধ্যমে যৌথ উদ্যোগে কিংবা কোনো একক বিদেশী প্রতিষ্ঠান কর্তৃক বিনিয়োগ এর মাধ্যমে চালু করা হলেও এ শ্রেণির অন্তর্ভুক্ত হবে।
- ৪.৯.৪ ক্যাটাগরি-সিঃ অটোমোবাইল যন্ত্রাংশ উৎপাদনকারী গ্রীন ফিল্ড বিনিয়োগ।
ক্যাটাগরি-১ এবং ক্যাটাগরি-২ ভুক্ত অটোমোবাইল শিল্প কারখানায় বাজার উপযোগী স্থানীয়ভাবে উৎপাদিত অটোমোবাইল যন্ত্রাংশ সরবরাহ করার লক্ষ্যে কারখানা স্থাপন জনিত বিনিয়োগ অটোমোবাইল যন্ত্রাংশ উৎপাদনকারী গ্রীন ফিল্ড বিনিয়োগ হিসেবে গণ্য হবে। কোনো বিনিয়োগকারী বাংলাদেশে এককভাবে অথবা বিদেশি অটো পার্টস ও কম্পোন্যান্ট নির্মাতাদের সাথে যৌথভাবে বিনিয়োগ করলেও এ ক্যাটাগরীর আওতায় প্রণোদনা সুবিধা প্রাপ্য হবে। ইঞ্জিন, ট্রান্সমিশন এবং সাসপেনশনের মত জটিল যন্ত্রাংশ, যা আগে বাংলাদেশে কোনো ওইএম-এর জন্য তৈরি হয়নি, সেসব যন্ত্রাংশ উৎপাদনের জন্য নতুন কারখানা স্থাপনের ক্ষেত্রে এ সুবিধা আরো বৃদ্ধি করা হবে।
- ৪.৯.৫ বিশেষ প্রণোদনা
- ৪.৯.৫.০ সিকেডি কার্যক্রম
- এ মীতিমালার আওতায় বিশেষ প্রণোদনা প্রাপ্তির সুযোগ সিকেডি কারখানা স্থাপনের মাধ্যমে সৃষ্টি হবে। এ লক্ষ্যে সিকেডি উৎপাদন কারখানাসমূহকে সিকেডি লেভেল-১ ও সিকেডি লেভেল-২ হিসেবে বিভাজনকরত স্থানীয় প্রগতিশীল উৎপাদন অবদান হারের ভিত্তিতে প্রাপ্য প্রণোদনা সুবিধা বিবেচনা করা হবে।

সিকেডি লেভেল-১ উৎপাদন কারখানায় একটি নির্ধারিত সময়কালীন আর্থিক ও কর প্রণোদনা সুবিধা প্রদানের ক্ষেত্রে পোষক কর্তৃপক্ষ হিসেবে শিল্প মন্ত্রণালয় বিনিয়োগ ও উৎপাদন গুরুত্ব বিবেচনায় জাতীয় রাজস্ব বোর্ড ও অন্যান্য প্রতিষ্ঠানকে প্রয়োজনীয় সুপারিশ করবে।

৪.৯.৫.১ সিকেডি কারখানা স্থাপনে প্রণোদনা

৪.৯.৫.১.১ ক্যাটাগরি-এ বিনিয়োগকারী প্রতিষ্ঠান এ শিল্পে বিনিয়োগে অর্থনৈতিক অঞ্চল আইন ২০১০-এ বর্ণিত সুবিধার অনুরূপ যাবতীয় সুবিধা প্রাপ্য হবেন। অধিকন্তু, ক্যাপিটাল মেশিনারী আমদানী ছাড়াও টুলিং ইকুইপমেন্ট যেমন ডাই, মোল্ড, জিগফিক্সার এবং যানবাহন উৎপাদন সংশ্লিষ্ট প্রয়োজনীয় যন্ত্রপাতি, টেস্টিং ইকুইপমেন্ট, ফিটনেস ইকুইপমেন্ট ইত্যাদি আমদানির ক্ষেত্রে ১০০% শুল্ক ও কর মওকুফ করা হবে। এ সুবিধা একবারের জন্য দেয়া হবে।

৪.৯.৫.১.২ একটি ক্যাটাগরি-এ বিনিয়োগকারী প্রতিষ্ঠান (সিকেডি লেভেল-১ ও সিকেডি লেভেল-২ উৎপাদনকারী) প্রাউন্ড-ট্রেকিংয়ের পর বাজার পরীক্ষার জন্য সিবিইউ আকারে স্থানীয় ভাবে উৎপাদিত মডেলের সর্বোচ্চ ২০টি গাড়ি সমুদয় করভার (TTI) থেকে ২৫% কম শুল্ক প্রদান করে আমদানি করতে পারবেন।

৪.৯.৫.১.৩ ক্যাটাগরি-এ বিনিয়োগকারী সিকেডি লেভেল-১ উৎপাদনকারী প্রতিষ্ঠানের ক্ষেত্রে যানবাহন উৎপাদন সংশ্লিষ্ট যাবতীয় যন্ত্রাংশ আমদানির ক্ষেত্রে সমুদয় করভার (TTI) ৩৫% হবে এবং স্থানীয়ভাবে যন্ত্রাংশ সংগ্রহের ক্ষেত্রে সমুদয় করভার (TTI) কোনক্রমেই ১০% এর অধিক হবে না। এ সুবিধা শুধুমাত্র অনুচ্ছেদ ৪.৮.২.১ বর্ণিত প্রগতিশীল স্থানীয় উৎপাদনকারি প্রতিষ্ঠানের ক্ষেত্রে প্রযোজ্য। জাতীয় রাজস্ব বোর্ড সার্বিক পরিস্থিতির আলোকে সময়ে সময়ে শিল্প মন্ত্রণালয়ের সাথে পরামর্শক্রমে এ করভার সংশোধন, পরিমার্জন, পরিবর্তন করতে পারবে।

৪.৯.৫.১.৪ ক্যাটাগরি-এ বিনিয়োগকারী সিকেডি লেভেল-২ উৎপাদনকারী প্রতিষ্ঠানের ক্ষেত্রে যানবাহন উৎপাদন সংশ্লিষ্ট যাবতীয় যন্ত্রাংশ আমদানির ক্ষেত্রে সমুদয় করভার (TTI) ২৫% হবে এবং স্থানীয়ভাবে যন্ত্রাংশ সংগ্রহের ক্ষেত্রে সমুদয় করভার (TTI) কোনক্রমেই ১০% এর অধিক হবে না। এ সুবিধা শুধুমাত্র অনুচ্ছেদ ৪.৮.২.১ বর্ণিত প্রগতিশীল স্থানীয় উৎপাদনকারি প্রতিষ্ঠানের ক্ষেত্রে প্রযোজ্য। জাতীয় রাজস্ব বোর্ড সার্বিক পরিস্থিতির আলোকে সময়ে সময়ে শিল্প মন্ত্রণালয়ের সাথে পরামর্শক্রমে এ করভার সংশোধন, পরিমার্জন, পরিবর্তন করতে পারবে।

৪.৯.৬ ক্যাটাগরি-বি বিনিয়োগকারীগণ নিম্নলিখিত প্রণোদনা প্রাপ্য হবেনঃ

৪.৯.৬.১ ক্যাটাগরি-বি বিনিয়োগকারী সিকেডি লেভেল-২ উৎপাদনকারী প্রতিষ্ঠানের ক্ষেত্রে যানবাহন উৎপাদন সংশ্লিষ্ট যাবতীয় যন্ত্রাংশ আমদানির ক্ষেত্রে পোষক কর্তৃপক্ষের অনুমোদন সাপেক্ষে সমুদয় করভার (TTI) ২৫% হবে এবং স্থানীয়ভাবে যন্ত্রাংশ সংগ্রহের ক্ষেত্রে সমুদয় করভার (TTI) কোনক্রমেই ১০% এর অধিক হবে না। এ সুবিধা শুধুমাত্র অনুচ্ছেদ ৪.৮.২.১ বর্ণিত প্রগতিশীল স্থানীয় উৎপাদনকারি প্রতিষ্ঠানের ক্ষেত্রে প্রযোজ্য। জাতীয় রাজস্ব বোর্ড সার্বিক পরিস্থিতির আলোকে সময়ে সময়ে শিল্প মন্ত্রণালয়ের সাথে পরামর্শক্রমে এ করভার সংশোধন, পরিমার্জন, পরিবর্তন করতে পারবে।

৪.৯.৬.২ একটি ক্যাটাগরি-বি বিনিয়োগকারী প্রতিষ্ঠান পোষক কর্তৃপক্ষের অনুমোদন সাপেক্ষে বাজার পরীক্ষার জন্য সিবিইউ আকারে একই মডেলের সর্বোচ্চ ২০টি গাড়ি বর্তমানে প্রচলিত শুল্কের চেয়ে ২৫% কম শুল্ক প্রদান করে আমদানি করতে পারবেন।

৪.৯.৬.৩ বাণিজ্যিক যানবাহন যথাক্রমে বাস, ট্রাক, ট্রাকটর, অটো রিক্সা এবং প্রাইম মুভারের ক্ষেত্রে ১০০% নন-লোকালাইজড যন্ত্রাংশ ৪ বছর পর্যন্ত প্রচলিত শুল্ক ও কর প্রদানের মাধ্যমে আমদানি করা যাবে।

৪.৯.৬.৪ টুলিং ইকুইপমেন্ট যেমন: যানবাহন উৎপাদন সংশ্লিষ্ট ডাই, মোল্ড, জিগফিক্সার, টেস্টিং ইকুইপমেন্ট ফিটনেস ইকুইপমেন্ট ইত্যাদি আমদানির ক্ষেত্রে ১০০% শুল্ক ও কর মওকুফ করা হবে। এ সুবিধা একবারের জন্য দেয়া হবে। পরবর্তীতে মেশিনারী ইকুইপমেন্টস ও কাঁচামাল ইত্যাদি নিম্ন শুল্ক প্রদান করে আমদানী করা যাবে।

৪.৯.৭ ক্যাটাগরি-সি বিনিয়োগকারীগণ অর্থনৈতিক অঞ্চল ২০১০-এ বর্ণিত প্রদেয় সকল সুযোগ-সুবিধা এবং অনুচ্ছেদ ৪.৯.৬.৪ বর্ণিত সুবিধা প্রাপ্ত হবেন।

৪.৯.৮ যোগ্যতা নির্ণায়ক

এ খাতে বিনিয়োগকারী প্রতিষ্ঠানকে বাংলাদেশ বিনিয়োগ উন্নয়ন কর্তৃপক্ষ (বিডা) কর্তৃক নিবন্ধিত হতে হবে। বাংলাদেশ বিনিয়োগ উন্নয়ন কর্তৃপক্ষ সত্ত্বা হলে এ নীতিমালা অনুযায়ী বিনিয়োগ আবেদনকারী কারখানার শ্রেণি নির্ধারণ করত নিবন্ধন করবে ও তা শিল্প মন্ত্রণালয়, সড়ক পরিবহন ও মহাসড়ক বিভাগ, বাংলাদেশ সড়ক পরিবহন কর্তৃপক্ষ এবং জাতীয় রাজস্ব বোর্ডকে অবহিত করবে।

৪.৯.৯ প্রণোদনা প্রত্যাহার

অনুমোদিত বাণিজ্যিক কার্যক্রমের কোন উল্লেখযোগ্য ব্যত্যয় সংঘটিত হলে উক্ত প্রতিষ্ঠানের অনুকূলে প্রদেয় প্রণোদনা প্রত্যাহার করা যাবে। এরূপ ব্যত্যয়জনিত সংবাদ প্রাপ্তির পর শিল্প মন্ত্রণালয় যথাযথ তদন্ত সাপেক্ষে উপযুক্ত ব্যবস্থা গ্রহণের উদ্যোগ গ্রহণ করবে এবং যথাযথ তদন্তে উল্লেখযোগ্য ব্যত্যয় সংঘটন প্রমাণিত হলে প্রদত্ত সুবিধাদি প্রত্যাহার এর সুপারিশ করবে।

পঞ্চম অধ্যায়
স্থানীয়ভাবে বাণিজ্যিক যানবাহন উৎপাদন প্রসার

- ৫.১ দেশব্যাপী স্বল্প-ব্যয়ে নিরাপদ যাতায়াত সুবিধা নিশ্চিতকরণ, ব্যবসা প্রসার ও অধিকতর কর্ম-সংস্থান সৃষ্টির মাধ্যমে অভীষ্ট সমৃদ্ধি অর্জনে স্থানীয়ভাবে বাণিজ্যিক যানবাহন (কমার্শিয়াল ভেহিকেল) উৎপাদনের উদ্যোগকে টেকসই ও শক্তিশালী করা হবে।
- ৫.২ দেশীয় ও আন্তর্জাতিক বাজার উপযোগী উন্নতমানের বাণিজ্যিক যানবাহনের যন্ত্রাংশ উৎপাদনের ক্ষেত্রে বিশেষ প্রণোদনা সুবিধা প্রদান করা হবে।
- ৫.৩ যোগাযোগের সহজ মাধ্যম হিসেবে সরকার দেশে তিন-চাকা বিশিষ্ট অটো-রিকশা উৎপাদনের কার্যক্রমকে শক্তিশালী করবে। সরকার তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটোরিকশা উৎপাদন শিল্প কারখানার প্রগতিশীল উৎপাদন প্রণোদনা নিম্নোক্ত দুই ক্যাটাগরিতে বিভক্ত করে শুল্ক সুবিধা প্রদান করবেঃ
- ৫.৩.১ “ক্যাটাগরি-১ সিকিডি তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটোরিকশা উৎপাদনকারী”: তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশা প্রগতিশীল উৎপাদন অর্থ মূল্য সংযোজন কর নিবন্ধনকৃত উৎপাদনকারী প্রতিষ্ঠান যারা চেসিস এবং অন্যান্য যন্ত্রাংশ নিজে উৎপাদন করে বা স্থানীয় ভেডরদের নিকট থেকে সংগ্রহ করে বা আমদানী করে এবং ইঞ্জিন সহ বাকি যন্ত্রাংশ বিদেশ থেকে আমদানি করে তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশা তৈরি করে।
- ৫.৩.২ “ক্যাটাগরি-২ সিকিডি তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটোরিকশা উৎপাদনকারী” : তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশা প্রগতিশীল উৎপাদন অর্থ মূল্য সংযোজন কর নিবন্ধনকৃত উৎপাদনকারী প্রতিষ্ঠান যারা স্থানীয় ভাবে সংগৃহীত বা আমদানীকৃত কাঁচামাল দ্বারা তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশার যাবতীয় যন্ত্রাংশ নিজে প্রস্তুত করে অথবা ওয়েল্ডিং ও পেইন্টিং সহ চেসিস এবং এক বা একাধিক গুরুত্বপূর্ণ যন্ত্রাংশ যথাক্রমে রিয়ারবডি, শকএবজরবার, মাফলার নিজে প্রস্তুত করে এবং ইঞ্জিনসহ অবশিষ্ট যন্ত্রাংশ স্থানীয় ভেডর হতে সংগ্রহ করে বা বিদেশ থেকে আমদানি করে তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশা তৈরি করে।
- ৫.৩.৩ স্থানীয়ভাবে ক্যাটাগরি- ১ ও ২ ভুক্ত তিন-চাকাবিশিষ্ট ফোর-স্ট্রোক অটো-রিকশা উৎপাদনকারী প্রতিষ্ঠানসমূহকে প্রণোদনা প্রদানের লক্ষ্যে জাতীয় রাজস্ব বোর্ড থেকে পরিপত্র জারি করা হবে।
- ৫.৪ বাণিজ্যিক যানবাহন শিল্পের উৎপাদনশীলতা বৃদ্ধির লক্ষ্যে নতুন প্রযুক্তি ও ব্যবস্থাপনা পদ্ধতি প্রচলনে উদ্যোক্তাগণকে উৎসাহিত করার জন্য তাদের সুযোগ-সুবিধা বৃদ্ধি করা হবে।
- ৫.৫ বাণিজ্যিক যানবাহনের স্বয়ংসম্পূর্ণ বডি প্রস্তুতকারী কারখানা (স্ক্রুড বা বৃহৎ) কর্তৃক প্রস্তুতকৃত বডির ওপর যে পরিমাণ শুল্ক আরোপ করা হবে স্থানীয়ভাবে চেসিস উৎপাদনকারী প্রতিষ্ঠানের প্রস্তুতকৃত বডির ওপরে তার চেয়ে কম পরিমাণ শুল্ক আরোপ করা হবে।

- ৫.৬ বাণিজ্যিক যানবাহন উৎপাদনকারী (CVMs) কর্তৃক উৎপাদিত সকল মডেলের যানবাহন বাংলাদেশ সড়ক পরিবহন কর্তৃপক্ষ (BRTA) কর্তৃক নিবন্ধিত হতে হবে। এ ক্ষেত্রে বিআরটিএ অনুমোদিত আউট সোসিং এজেন্সির মাধ্যমে যাবতীয় মান ও বিধি বিধান প্রতিপালন সাপেক্ষে সনদ গ্রহণ করা যাবে।
- ৫.৭ বাণিজ্যিক যানবাহন উৎপাদনকারী শিল্পের সরবরাহ চেইন কার্যক্রমকে শক্তিশালীকরণে জন্য সরকার এই শিল্পের জন্য সহজ শর্তে ঋণ প্রদানের ব্যবস্থা চালু করবে।
- ৫.৮ উৎপাদন এবং সামগ্রিকভাবে প্রতিযোগিতা সক্ষমতা বৃদ্ধির লক্ষ্যে মূল যন্ত্রাংশ উৎপাদনকারী ও কম্পোন্যান্টস সরবরাহকারীদের জন্য পর্যাপ্ত প্রশিক্ষণ কর্মসূচি গ্রহণ করা হবে।
- ৫.৯ স্থানীয়ভাবে উৎপাদিত বিভিন্ন যন্ত্রাংশ ও কম্পোনেন্টস এর পূর্ণগত মান পরীক্ষার সুযোগ সুবিধা বৃদ্ধিতে উৎপাদনকারীদের মানসম্মত টেস্টিং ল্যাব প্রতিষ্ঠায় সহায়তা প্রদান করা হবে।
- ৫.১০ স্থানীয় উৎপাদন কারখানা কর্তৃক সরবরাহ চেইন ব্যবস্থায় মূল্য সংযোজন, যন্ত্রাংশ স্থানীয়ভাবে উৎপাদন এবং আমদানি বিকল্প পণ্য উৎপাদন বৃদ্ধিতে সরকার কর্তৃক প্রদত্ত প্রণোদনার প্রভাব পরীক্ষার জন্য নিয়মিত মূল্যায়ন (Review) কার্যক্রম সম্পাদন করা হবে।
- ৫.১১ স্থানীয়ভাবে উৎপাদিত সকল বাণিজ্যিক যানবাহনের মান সংরক্ষণের জন্য আন্তর্জাতিক মানের সাথে সামঞ্জস্য রেখে স্থানীয় মান প্রণয়ন করা হবে এবং সকল উৎপাদনকারীর জন্য উক্ত মান অনুসরণ করা বাধ্যতামূলক হবে।
- ৫.১২ বাণিজ্যিক যানবাহন উৎপাদন শিল্পে নতুন নতুন সিস্টেম ইন্টিগ্রেটর কোম্পানীর অভ্যুত্থান ও তাদের ধারাবাহিক উন্নয়নে সরকার উৎসাহ প্রদান করে এবং বিদ্যমান প্রতিষ্ঠানগুলোতে উক্ত সুবিধা সম্প্রসারণে সহযোগিতা প্রদান করবে।

ষষ্ঠ অধ্যায়
পরিবেশ-বান্ধব যানবাহন উৎপাদন বৃদ্ধি

- ৬.১ এ নীতিমালার অন্যতম উদ্দেশ্য হলো আগামী ২০৩০ সালের মধ্যে উৎপাদিত যানবাহনের একটি বিরাট অংশ বিশেষ করে প্যাসেঞ্জার এবং বাণিজ্যিক মোটরযানসমূহ যথাক্রমে বাস, ট্রাক, গ্রি হাইলার অটো রিক্সা, প্যাসেঞ্জার কার ইত্যাদিকে দ্রুত জ্বালানী সাশ্রয়ী (EV) যানবাহন ক্যাটাগরীতে উপনীত করা।
- ৬.২ এ নীতিমালা দেশে স্থানীয়ভাবে পরিবেশ-বান্ধব বৈদ্যুতিক শক্তি চালিত যানবাহন উৎপাদন বৃদ্ধিকে বিশেষ গুরুত্ব প্রদান করে যাতে মোটরযানের নিঃসরণ মানমাত্রা সর্বনিম্ন পর্যায়ে থাকে।

- ৬.৩ কৌশলগত বিনিয়োগ আকর্ষণ, দেশীয় বাজারে উন্নততর প্রযুক্তির প্রচলন এবং ২০৩০ এর মধ্যে আঞ্চলিক ও বৈশ্বিক বাজারে প্রবেশের মাধ্যমে বাংলাদেশকে জ্বালানি সাশ্রয়ী যানবাহন উৎপাদনের (এনার্জি এফিসিয়েন্ট ভেহিকেল) কেন্দ্রস্থলে পরিণত করতে সরকার বিশেষ উৎসাহমূলক প্রণোদনা প্রদান কর্মসূচী গ্রহণ করবে।
- ৬.৪ কারখানার অবস্থান অর্থনৈতিক অঞ্চল বা তার বাইরে যেখানেই হোক না কেন জ্বালানি-সাশ্রয়ী যানবাহন (ইইভি) সংযোজন/উৎপাদন বিনিয়োগের জন্য সরকার অধিকতর আকর্ষণীয় কর সুবিধা (যথা ১০ বছরের কর অবকাশ) প্রদান করবে।
- ৬.৫ দেশে বৈদ্যুতিক শক্তিকালিত (EV) যানবাহনের ব্যাপক উৎপাদন নিশ্চিতকরণ এবং মোটরযানের নিঃসরণ মানমাত্রা সর্বনিম্ন পর্যায়ে রাখতে নিম্নবর্ণিত সুবিধাদি প্রদান করবে:
- ৬.৫.১ আর্থিক প্রণোদনা- ক্রয় প্রণোদনা, স্ক্যাপিং প্রণোদনা, এবং ঋণের সুদ মওকুফ;
- ৬.৫.২ নির্ধারিত সময়ের জন্য রোডট্যাক্স মওকুফ, হ্রাস কৃত নিবন্ধন ফি প্রচলন;
- ৬.৫.৩ চার্জিং স্টেশন স্থাপন এবং ব্যাটারি পুনঃপ্রক্রিয়াজাতকরণ শিল্প (recycle industry) স্থাপন;
- ৬.৫.৪ বাংলাদেশ রোড ট্রান্সপোর্ট অথরিটি (BRTA) তে দ্রুত সেবাপ্রদানকারী EV সেল স্থাপন এবং বৈদ্যুতিক শক্তি চালিত যানবাহনের উপকারিতা সম্পর্কে জনসচেতনতা বৃদ্ধির উদ্দেশ্যে ব্যাপক প্রচার কার্যক্রম গ্রহণ;
- ৬.৫.৫ জ্বালানি-সাশ্রয়ী যানবাহনের প্রাতিষ্ঠানিক পরিবেশ নিশ্চিতকরণে পর্যাপ্ত প্রশিক্ষণ কার্যক্রম গ্রহণ এবং কর্ম-সংস্থান সৃষ্টির উদ্দেশ্যে একাধিক দক্ষতা উন্নয়ন কেন্দ্র (Skilled Centre) স্থাপন;
- ৬.৫.৬ জ্বালানি-সাশ্রয়ী যানবাহনের প্রাতিষ্ঠানিক উন্নয়ন নিশ্চিতকরণে একটি জাতীয় জ্বালানি-সাশ্রয়ী যানবাহন উৎপাদন ফান্ড গঠন (যেখানে যানবাহন কর্তৃক নির্গত বায়ু দূষণের কারণে প্রাপ্ত জরিমানার অর্থ, এ সংশ্লিষ্ট কর, ফি, সরকারি অনুদান বা ফান্ড ইত্যাদি নিয়মিতভাবে জমা করা হবে)।

সপ্তম অধ্যায়
নীতিমালা বাস্তবায়ন, পরিবীক্ষণ ও মূল্যায়ন

৭.১ বাস্তবায়ন সময় কাঠামো

অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১ বাস্তবায়নকাল হবে এর অনুমোদনের তারিখ থেকে পরবর্তী দশ বছর।

নীতিমালাটির কর্মপরিকল্পনা বাস্তবায়ন কার্যক্রম পর্যবেক্ষণ ও মূল্যায়নের ভিত্তিতে এবং নতুন চাহিদার পরিপ্রেক্ষিতে সময়ে সময়ে এ নীতিমালা সংশোধন করা যাবে।

৭.২ প্রাতিষ্ঠানিক ব্যবস্থাপনা

৭.২.১ জাতীয় পর্যায়ে নীতিমালার বাস্তবায়ন তদারকি ও মূল্যায়ন পর্যালোচনা করার উদ্দেশ্যে একটি জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিল গঠন করা হবে।

৭.২.২ জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিল গঠিত হবে শিল্প মন্ত্রীর নেতৃত্বে এবং এর গঠন হবে নিম্নরূপঃ

১	মন্ত্রী, শিল্প মন্ত্রণালয়	চেয়ারম্যান
২	প্রতিমন্ত্রী, শিল্প মন্ত্রণালয়	ডাই-স-চেয়ারম্যান
৩	সচিব, শিল্প মন্ত্রণালয়	সদস্য
৪	নির্বাহী চেয়ারম্যান, বাংলাদেশ বিনিয়োগ উন্নয়ন কর্তৃপক্ষ	সদস্য
৫	সচিব, বাণিজ্য মন্ত্রণালয়	সদস্য
৬	সচিব, সড়ক ও জনপথ বিভাগ	সদস্য
৭	সচিব, জননিরাপত্তা বিভাগ	সদস্য
৮	সচিব, অর্থ বিভাগ, অর্থ মন্ত্রণালয়	সদস্য
৯	সচিব, বিদ্যুৎ বিভাগ, বিদ্যুৎ, জ্বালানি ও খনিজ সম্পদ মন্ত্রণালয়	সদস্য
১০	চেয়ারম্যান, জাতীয় রাজস্ব বোর্ড	সদস্য
১১	সচিব, কারিগরি ও মাদ্রাসা শিক্ষা বিভাগ, শিক্ষা মন্ত্রণালয়	সদস্য
১২	সচিব, বিজ্ঞান ও প্রযুক্তি মন্ত্রণালয়	সদস্য
১৩	সচিব, শ্রম ও কর্মসংস্থান মন্ত্রণালয়	সদস্য
১৪	সচিব, পরিবেশ, বন ও জলবায়ু পরিবর্তন মন্ত্রণালয়	সদস্য
১৫	সচিব, তথ্য ও যোগাযোগ প্রযুক্তি বিভাগ, তথ্য মন্ত্রণালয়	সদস্য
১৬	চেয়ারম্যান, বাংলাদেশ ট্যারিফ কমিশন	সদস্য
১৭	নির্বাহী চেয়ারম্যান, বাংলাদেশ অর্থনৈতিক অঞ্চল কর্তৃপক্ষ (বেজা)	সদস্য
১৮	নির্বাহী চেয়ারম্যান, জাতীয় দক্ষতা উন্নয়ন কর্তৃপক্ষ	সদস্য
১৯	মহাপরিচালক, বাংলাদেশ স্ট্যান্ডার্ড এন্ড টেস্টিং ইন্সটিটিউট (বিএসটিআই)	সদস্য

২০	চেয়ারম্যান, বাংলাদেশ ইম্পাত ও প্রকৌশল কর্পোরেশন (বিএসইসি)	সদস্য
২১	চেয়ারম্যান, বাংলাদেশ সড়ক পরিবহন কর্তৃপক্ষ (বিজারটিএ)	সদস্য
২২	মহাপরিচালক, পরিবেশ অধিদপ্তর	সদস্য
২৩	রেজিস্ট্রার, পেটেন্ট, ডিজাইন ও ট্রেডমার্কস অধিদপ্তর	সদস্য
২৪	মহাপরিচালক, বাংলাদেশ শিল্প ও কারিগরি সহায়তা কেন্দ্র (বিটাক)	সদস্য
২৫	মহাপরিচালক, প্রধানমন্ত্রীর কার্যালয়	সদস্য
২৬	প্রতিনিধি, মেকানিক্যাল প্রকৌশল বিভাগ, বুয়েট	সদস্য
২৭	সভাপতি, ফেডারেশন অব বাংলাদেশ চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রিজ (এফবিসিসিআই)	সদস্য
২৮	সভাপতি, বাংলাদেশ মোটরসাইকেল এসোসিয়েশন ম্যানুফেকচারার্স এসোসিয়েশন (বিমামা)	সদস্য
২৯	সভাপতি, ঢাকা চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রিজ (ডিসিসিআই)	সদস্য
৩০	সভাপতি, অটোমোবাইল কম্পোনেন্টস এন্ড একসেসরিস ম্যানুফেকচারিং এসোসিয়েশন (ACAMA)	সদস্য
৩১	সভাপতি, ইন্টারন্যাশনাল চেম্বার অব ইন্ডাস্ট্রিজ	সদস্য
৩২	সভাপতি, বাংলাদেশ রিকভিশন ডেহিক্যালস ইমপোর্টার্স এন্ড ডিলারস এসোসিয়েশন (বারডিডা)	সদস্য
৩৩	সভাপতি, বাংলাদেশ উইমেন চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রিজ (বিডব্লিউসিআই)	সদস্য
৩৪	সভাপতি, বাংলাদেশ অটোমোবাইলস এসোসিয়েশন অ্যান্ড ম্যানুফ্যাকচারার্স এসোসিয়েশন (বিএএমএ)	সদস্য
৩৫-৩৬	অটোমোবাইল খাতের ২ জন বিশিষ্ট বিশেষজ্ঞ (শিল্প মন্ত্রণালয় মনোনীত)	সদস্য
৩৭-৩৮	অটোমোবাইল খাতের ২ জন খ্যাতিমান শিল্পপতি (শিল্প মন্ত্রণালয় মনোনীত)	সদস্য
৩৯	উপসচিব (নীতি), শিল্প মন্ত্রণালয়	সদস্য-সচিব

৭.২.৩ কাউন্সিল প্রয়োজনে যে কোন সংখ্যক সদস্য কো-অপ্ট করতে পারবে।

৭.৩ জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিলের দায়িত্বঃ

৭.৩.১ জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিল জাতীয় এবং সেক্টরাল উন্নয়ন নীতিমালাসমূহের সাথে এ নীতিমালার সংগতি সাধনে সহায়তা করবে এবং এই নীতিমালা বর্ণিত বিভিন্ন কার্যক্রম সমন্বয় করবে।

- ৭.৩.২ এ কাউন্সিল জাতীয় ও আন্তর্জাতিক উদ্দেশ্যে জাতীয় অবস্থান এবং অটোমোবাইল শিল্প উন্নয়ন সংক্রান্ত বিষয়গুলোর মধ্যে সমন্বয় সাধন করবে।
- ৭.৩.৩ এ কাউন্সিল অর্থনীতির বিভিন্ন ক্ষেত্রে বর্তমান নীতিমালার প্রভাব পরীক্ষণ করবে।
- ৭.৩.৪ জাতীয় উন্নয়ন অগ্রগতির অগ্রাধিকারসমূহের সাথে হালনাগাদ রাখার জন্য কাউন্সিল অটোমোবাইল শিল্প উন্নয়ন নীতিমালা নিয়মিতভাবে পর্যালোচনা করবে।
- ৭.৩.৫ কাউন্সিল বছরে অন্তত দুটো সভা করবে।
- ৭.৪ অটোমোবাইল শিল্প উন্নয়ন নীতিমালা বাস্তবায়ন পরিষদ
- ৭.৪.১ জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিলের সুপারিশের আলোকে এ নীতিমালা বাস্তবায়নে নিম্নবর্ণিত সদস্য সমন্বয়ে অটোমোবাইল শিল্প উন্নয়ন নীতিমালা বাস্তবায়ন পরিষদ গঠন করা হবেঃ

১	সচিব শিল্প মন্ত্রণালয়	সভাপতি
২	অতিরিক্ত সচিব, (নীতি, আইন ও আস) শিল্প মন্ত্রণালয়	সদস্য
৩	অতিরিক্ত সচিব, অর্থ বিভাগ, অর্থ মন্ত্রণালয়	সদস্য
৪	অতিরিক্ত সচিব, সড়ক ও মহাসড়ক বিভাগ	সদস্য
৫	অতিরিক্ত সচিব, বিজ্ঞান ও প্রযুক্তি বিষয়ক মন্ত্রণালয়	সদস্য
৬	অতিরিক্ত সচিব, আর্থিক প্রতিষ্ঠান বিভাগ, অর্থ মন্ত্রণালয়	সদস্য
৭	অতিরিক্ত সচিব, বাণিজ্য মন্ত্রণালয়	সদস্য
৮	মহা পরিচালক, বাংলাদেশ ষ্ট্যান্ডার্ড এন্ড টেস্টিং ইনস্টিটিউট (বিএসটিআই)	সদস্য
৯	চেয়ারম্যান, বাংলাদেশ সড়ক পরিবহন কর্তৃপক্ষ (বিজারটিএ)	সদস্য
১০	চেয়ারম্যান, বাংলাদেশ ইম্পাত ও প্রকৌশল কর্পোরেশন (বিএসইসি)	সদস্য
১১	চেয়ারম্যান, বাংলাদেশ ক্ষুদ্র ও কুটির শিল্প কর্পোরেশন (বিসিক)	
১২	সদস্য, জাতীয় রাজস্ব বোর্ড	সদস্য
১৩	প্রতিনিধি, বাংলাদেশ ব্যাংক	সদস্য
১৪	প্রতিনিধি, ফেডারেশন অব বাংলাদেশ চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রিজ (এফবিসিসিআই)	সদস্য
১৫	সভাপতি, বাংলাদেশ অটোমোবাইলস এসোসিয়েশন অ্যান্ড ম্যানুফ্যাকচারার্স এসোসিয়েশন (বিএএমএ)	সদস্য
১৬	সভাপতি, বাংলাদেশ রিকভিশন ডেহিক্যালস ইমপোর্টার্স এন্ড ডিলারস এসোসিয়েশন (বারডিডা)	সদস্য
১৭-১৮	দুইজন বিশিষ্ট অটোমোবাইল শিল্প উদ্যোক্তা	সদস্য
১৯	উপসচিব (নীতি), শিল্প মন্ত্রণালয়	সদস্য-সচিব

৭.৪.২ বাস্তবায়ন পরিষদের কার্যপরিধিঃ

৭.৪.২.১ প্রতি তিন মাস অন্তর পরিষদ সভায় মিলিত হবে। জরুরি প্রয়োজনে যেকোনো সময় সভা আহ্বান করা যাবে।

৭.৪.২.২ জাতীয় কাউন্সিলের সুপারিশের আলোকে বাস্তবায়ন পরিষদ এই শিল্পখাতের বর্তমান শ্রমবাজার, কর্ম পরিবেশ, স্বাস্থ্য ও নিরাপত্তা, অবকাঠামো বিনিয়োগ, অর্থায়ন, প্রণোদনা, তহবিল যোগান সর্বোপরি প্রণীত নীতিমালা বাস্তবায়ন এবং এর পরিবীক্ষণ ও মূল্যায়ন সংক্রান্ত কার্যক্রম পরিচালনা করবে।

৭.৪.২.৩ জাতীয় কাউন্সিলের সুপারিশের আলোকে বাস্তবায়ন পরিষদ প্রয়োজনীয় পদক্ষেপ গ্রহণ করবে এবং সময়ে সময়ে বাস্তবায়ন অগ্রগতি সমন্বয় পরিষদকে অবহিত করবে।

৭.৪.২.৪ শিল্প মন্ত্রণালয়ের নীতি শাখা এ পরিষদের সার্বিক দায়িত্ব পালন করবে।

৭.৪.২.৫ পরিষদ প্রয়োজনে নতুন সদস্য কো-অপ্ট করতে পারবে কিংবা নির্দিষ্ট কাউকে আমন্ত্রণ জানাতে পারবে।

৭.৫ কারিগরি কমিটি

বিষয়ভিত্তিক পর্যালোচনা ও সুনির্দিষ্ট প্রস্তাব/সুপারিশ প্রণয়নের জন্য শিল্প মন্ত্রণালয়ের অতিরিক্ত সচিব (নীতি, আইন ও অস) এর নেতৃত্বে কারিগরি কমিটি গঠন করা হবে। প্রয়োজনীয়তার নিরিখে এই কমিটিতে সংশ্লিষ্ট প্রতিষ্ঠান/সংস্থার প্রতিনিধিকে সদস্য হিসাবে রাখা হবে।

৭.৬ নীতিমালার বহল প্রচার

৭.৬.১ এ নীতিমালাকে জনপ্রিয় করে তোলা এবং এতে গতি সঞ্চার করার জন্য জাতীয় অটোমোবাইল কাউন্সিলের সুপারিশের পরিস্থিতিতে সরকার ২০২২/২০২৩ সালকে ‘অটোমোবাইল উৎপাদন বছর’ হিসাবে ঘোষণা করার বিষয়টি বিবেচনা করতে পারে।

৭.৬.২ সরকার একটি বিস্তৃত ম্যাপিং কার্যক্রম গ্রহণসহ বিভিন্ন সেক্টরের উন্নয়ন নীতিমালাগুলো চিহ্নিত করবে এবং কোন কোন ক্ষেত্রে অটোমোবাইল শিল্প উন্নয়নে জটিলতা রয়েছে এবং কোন কোন ক্ষেত্রে এ নীতিমালা সহায়ক ভূমিকা পালন করতে পারে তা পর্যালোচনা করে পরিকল্পনা ও কৌশল নির্ধারণ করবে;

৭.৬.৩ সরকার অটোমোবাইল শিল্প উন্নয়ন সংক্রান্ত প্রতিষ্ঠানগুলোর ভেতরে প্রাতিষ্ঠানিক উদ্ভাবনের জন্য উৎসাহ সৃষ্টি করবে;

৭.৬.৪ সরকারি কর্মকর্তা, ব্যবসায়ী সম্প্রদায় এবং সাধারণ জনগণসহ অটোমোবাইল শিল্পের সাথে সংশ্লিষ্ট সকলকে এ নীতিমালা সম্পর্কে অবহিত ও সক্রিয় করার জন্য সকল প্রিন্ট ও ইলেক্ট্রনিক মিডিয়া এবং সরকারি ও বেসরকারি সংস্থাসমূহের সহযোগিতায় শিল্প মন্ত্রণালয় একটি বিস্তৃত প্রচার কার্যক্রম গ্রহণ করবে।

৭.৭ অর্থায়নঃ

৭.৭.১ নীতিমালা বাস্তবায়নের জন্য পর্যাপ্ত অর্থায়নের ব্যবস্থা করা হবে;

৭.৭.২ সফলভাবে এ নীতিমালা বাস্তবায়নের রোডম্যাপ কার্যকর করার জন্য প্রয়োজনীয় অর্থ জোগানোর উৎস চিহ্নিত করে যথাযথ কৌশল নির্ধারণ করা হবে;

৭.৭.৩ সরকারি তহবিল ব্যতীত অন্যান্য উৎস যথাক্রমে উন্নয়ন অংশীদার দেশসমূহ, দাতা সংস্থা, আঞ্চলিক এবং আন্তর্জাতিক অটোমোবাইল সংগঠনসমূহ এবং বেসরকারি খাতের সংগঠনসমূহ ইত্যাদি থেকেও অর্থ সংকুলান করা যাবে।

৭.৮ শিল্প-সহায়তা কার্যক্রমঃ

৭.৮.১ সরকার নিম্নবর্ণিত প্রাতিষ্ঠানিক সহায়তা প্রদানের মাধ্যমে দেশে অটোমোবাইল শিল্পের উন্নয়ন সহজতর করা হবেঃ

৭.৮.১.১ আন্তঃমন্ত্রণালয় সহযোগিতা: এ নীতিমালার সফল বাস্তবায়ন এবং সর্বোচ্চ উৎপাদন নিশ্চিত করার জন্য অটোমোবাইল শিল্প সংশ্লিষ্ট সকল প্রতিষ্ঠানের (মন্ত্রণালয়, বিভাগ, এসোসিয়েশন এবং এজেন্সি) সাথে নিয়মিত পরামর্শ করা হবে।

৭.৮.১.২ ইন্ডাস্ট্রি-একাডেমিয়া সহায়তা: অটোমোবাইল শিল্পের টেকসই গতিশীলতা আনয়নে গবেষণা প্রতিষ্ঠান, বিশ্ববিদ্যালয় এবং অন্যান্য শিক্ষা খাতের অংশীজনদের সহায়তা নিয়ে দেশে পূর্ণাঙ্গ স্থানীয় উৎপাদন ভ্যালু চেইন সৃষ্টির প্রয়াস নেবে।

৭.৮.১.৩ ডেহিক্যাল এসেম্বলার্স ও কম্পোনেন্ট ম্যানুফ্যাকচারার্স সহায়তা:

স্থানীয়ভাবে অটোমোবাইল উৎপাদন বৃদ্ধিকল্পে ওইএম কোম্পানী ও যন্ত্রাংশ উৎপাদনকারীদের মাঝে অব্যাহত সহায়তাকে উৎসাহ প্রদান করা হবে, যাতে স্থানীয় পর্যায়ে যন্ত্রাংশ উৎপাদন ক্রমাগত বৃদ্ধি পায় এবং আন্তর্জাতিকমানের সাথে সঙ্গতি রেখে ২০৩০ সালের মধ্যে কাংক্ষিত উৎপাদনের লক্ষ্যমাত্রা অর্জন করা যায়। অধিকন্তু, এসএমই ও বৃহৎ উৎপাদনকারীদের মধ্যে চুক্তি এবং সহযোগিতা বিনিময়ের মাধ্যমে এ খাতের ক্ষুদ্র ও মাঝারি শিল্প প্রতিষ্ঠানসমূহের উন্নয়ন সাধনে প্রয়োজনীয় কার্যক্রম গ্রহণ করা হবে।

৭.৯ অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১ এর পরিবীক্ষণ, মূল্যায়ন ও পর্যবেক্ষণ

৭.৯.১ অটোমোবাইল শিল্প উন্নয়ন নীতিমালা, ২০২১ এ সন্নিবেশিত উদ্দেশ্য ও লক্ষ্যগুলো সঠিকভাবে প্রতিপালিত হচ্ছে কি না তা নিয়মিত পর্যবেক্ষণ ও মূল্যায়ন করা হবে;

৭.৯.২ এ নীতিমালা পর্যবেক্ষণ ও মূল্যায়নের মূল কর্তৃপক্ষ হচ্ছে জাতীয় অটোমোবাইল শিল্প উন্নয়ন কাউন্সিল। কাউন্সিল নীতিমালার বাস্তবায়ন তদারকী এবং এর প্রভাব মূল্যায়নে দিক নির্দেশনা প্রদান করবে;

- ৭.৯.৩ কাউন্সিল এ নীতিমালা বাস্তবায়ন এবং এর প্রভাব পর্যবেক্ষণের উপায় নির্ধারণ করবে। পর্যবেক্ষণের ক্ষেত্রে অটোমোবাইল শিল্প সংশ্লিষ্ট দস্তর কর্তৃক পেশকৃত নীতিমালা বাস্তবায়ন প্রতিবেদন পর্যালোচনা বিবেচনায় নেয়া হবে।
- ৭.৯.৪ এ নীতিমালার বাস্তবায়ন অগ্রগতি এবং এর প্রভাব পাঁচ বছর অন্তর পরামর্শক দ্বারা মূল্যায়িত হবে। তবে প্রয়োজন অনুসারে যে কোনো সময়ে এ নীতিমালার বাস্তবায়ন অগ্রগতি ও এর প্রভাব মূল্যায়ন করা যাবে।

অষ্টম অধ্যায়

৮.০ উপসংহার

৮.১ অটোমোবাইল শিল্প খাত উন্নয়ন বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধির অত্যন্ত গুরুত্বপূর্ণ হাতিয়ার। দেশে প্রতিযোগিতামূলক অটোমোবাইল শিল্প প্রতিষ্ঠা নিশ্চিত করতে প্রয়োজন প্রয়োগিক দক্ষতা অর্জন। এ পরিপ্রেক্ষিতে জাতীয় অটোমোবাইল উন্নয়ন নীতিমালা, ২০২১ স্থানীয়ভাবে অটোমোবাইল শিল্পের মূল যন্ত্রাংশ উৎপাদনকারী ও কম্পোনেন্টস এবং স্পেসার পার্টস উৎপাদনকারীদের সরবরাহ চেইন উন্নয়নের প্রতি বিশেষ আলোকপাত করে। একটি টেকসই অটোমোবাইল শিল্প প্রতিষ্ঠা নিশ্চিত করার জন্য এবং অটোমোবাইল শিল্পকে দেশীয় ও আন্তর্জাতিক ক্ষেত্রে প্রতিযোগিতামূলক করার জন্য সরকার সময়াবদ্ধ কর্ম পরিকল্পনা বাস্তবায়ন করবে।

নবম অধ্যায়						
সময়বদ্ধ কর্ম-পরিকল্পনা						
ক্রম নং	কৌশল/কর্ম ক্ষেত্র	অনুচ্ছেদ	প্রস্তাবিত কার্যক্রম	দায়িত্বপ্রাপ্ত মন্ত্রণালয়/ বিভাগ/এজেন্সি	সহযোগী প্রতিষ্ঠান	বাস্তবায়নকাল
কৌশল ১: স্থানীয় পর্যায়ে অটোমোবাইল উৎপাদন কারখানা স্থাপন ও উন্নয়ন						
১	স্থানীয় অটোমোবাইল কারখানা স্থাপনে প্রয়োজনীয় বিষয়ক পরিপত্র	৪.১.১.১	অর্থনৈতিক অঞ্চলের বাইরে অটোমোবাইল সংযোজন বা উৎপাদন কারখানা স্থাপন জনিত নতুন বিনিয়োগের ক্ষেত্রে প্রয়োজনীয় সুবিধা প্রদান সংক্রান্ত এসআরও জারি	জাতীয় রাজস্ব বোর্ড	শিল্প মন্ত্রণালয়, BAAMA/ BEOIA	২০২১- ২০২৩
কৌশল ২: অটোমোবাইল শিল্প খাতের বাজার উন্নয়ন						
২	সরকারি ক্রয়ে স্থানীয়ভাবে উৎপাদিত যানবাহনের অগ্রাধিকার	৪.২.১.১	সরকারি যে কোন মন্ত্রণালয়/ দপ্তর/সংস্থায় স্থানীয়ভাবে উৎপাদিত (প্যাসেঞ্জার/ বাণিজ্যিক) যানবাহন ক্রয়ে অগ্রাধিকার প্রদান জনিত পাবলিক প্রকিউরমেন্ট রুলস ২০০৮ এর সংশোধন জনিত পরিপত্র জারি করা	শিল্প মন্ত্রণালয়, বিভাগ/ সিপিটিউ	শিল্প মন্ত্রণালয়,	২০২১- ২০২৩
৩	রপ্তানি বাজার উন্নয়ন	৪.২.১.৪	স্থানীয় অটোমোবাইল শিল্পের বাজার উন্নয়ন ও প্রসারে বিভিন্ন দেশের সাথে ত্রিভিন্ন রুলস অব অরিজিন নির্ধারণ এবং নন-টারিফ বীধা দূর করার জন্য যি- পাক্ষিক ও বহুপাক্ষিক নেগোসিয়েশন কার্যক্রম গ্রহণ	বাণিজ্য মন্ত্রণালয়	পররাষ্ট্র মন্ত্রণালয়	২০২১- ২০৩০
কৌশল ৩: স্থানীয়ভাবে যন্ত্রাংশ/ কম্পোনেন্ট উৎপাদন বৃদ্ধি ও প্রসার						
৪	স্থানীয়ভাবে যন্ত্রাংশ উৎপাদন	৪.৩.১.১	স্থানীয়ভাবে উৎপাদন করা সম্ভব এমন যন্ত্রাংশের ভালিফ প্রণয়ন	বিটাক/শিল্প মন্ত্রণালয়	আর্থিক প্রতিষ্ঠান বিভাগ	২০২১- ২০২৩
৫		৪.৩.১.২	ওইএম (OEM) স্ট্যান্ডার্ড যন্ত্রাংশ উৎপাদনে দক্ষতা অর্জনে স্থানীয় উৎপাদন- কারীদের প্রশিক্ষণ প্রদান	বিটাক/শিল্প মন্ত্রণালয়/ এনএসডিএ	শিল্প মন্ত্রণালয়	২০২১- ২০৩০
কৌশল ৪: প্রগতিশীল উৎপাদন পরিকল্পনা						
৬	প্রগতিশীল উৎপাদন পরিকল্পনা প্রণয়ন	৪.৪.১	প্রগতিশীল উৎপাদন ব্যবস্থাপনা করাচিত করণে স্থানীয় অবদান হার বিষয়ক মডেল গাইড লাইন প্রণয়ন	শিল্প মন্ত্রণালয়/ বিটাক	বিআরটিএ/ সড়ক পরিবহন ও মহাসড়ক বিভাগ	২০২১- ২০২৩

ক্রঃ নং	কৌশল/কার্য ক্ষেত্র	অনুচ্ছেদ	প্রস্তাবিত কার্যক্রম	দায়িত্বপ্রাপ্ত মন্ত্রণালয়/বিভাগ/এজেন্সি	সহযোগী প্রতিষ্ঠান	বাস্তবায়নকাল
৭	একটি রিকমিশনড গাড়ি ব্যবস্থাপনা গাইডলাইন প্রণয়ন	৪.৪.৫	রিকমিশনড গাড়ি ব্যবস্থা পরিচালনা ও স্থানীয় উৎপাদনকারীদের সহায়তার জন্য একটি রিকমিশন গাড়ি ব্যবস্থাপনা গাইডলাইন প্রস্তুত করণ	শিল্প মন্ত্রণালয়	বাণিজ্য মন্ত্রণালয়/বিজ্ঞানবিভাগ/সড়ক পরিবহন ও মহাসড়ক বিভাগ	২০২১-২০২২
৮	রয়ালটি ফি পরিশোধ জনিত গাইডলাইন প্রণয়ন	৪.৩.১.১০	স্থানীয় উৎপাদনকারী প্রতিষ্ঠান কর্তৃক প্রদেয় এক কালীন ও রানিং রয়ালটি ফি পরিশোধ সহজলভ্য করণে গাইডলাইন প্রণয়ন করা	বিনিয়োগ উন্নয়ন কর্তৃপক্ষ	শিল্প মন্ত্রণালয়/আর্থিক প্রতিষ্ঠান বিভাগ	২০২১-২২
কৌশল ৫: যানবাহন রেজিস্ট্রেশন ও পরিদর্শন পদ্ধতি (ফিটনেস পরীক্ষা) শক্তিশালীকরণ						
৯	ফিটনেস টেস্ট সুবিধা সম্প্রসারণ	৪.৫.১.৩	দেশব্যাপী যানবাহন পরিদর্শন পদ্ধতি জোড়দার করা যাতে যানবাহনের ফিটনেস পরীক্ষাকালীন এর গুণগত মান, নিরাপত্তা, উৎকর্ষতা এবং বায়ু নিঃসরণ স্তর ইত্যাদি নির্ধারিত মানদণ্ড পরিপূরণ করে কি না তা যথাযথভাবে যাচাইকরণ	বিজ্ঞানবিভাগ/সড়ক পরিবহন ও মহাসড়ক বিভাগ	শিল্প মন্ত্রণালয়/বিএসটিআই/পরিবেশ অধিদপ্তর	২০২১-২০২৪
কৌশল ৬: গবেষণা ও উন্নয়নের অগ্রগতি সাধন এবং ডিজাইন/টেক্সটিং সুবিধার উন্নয়ন						
১০	বাংলাদেশ অটোমোবাইল ইনস্টিটিউট স্থাপন	৪.৬.৫	অটোমোবাইল শিল্পের গবেষণা, টেকনোলজি ট্রান্সফার, ভেহিকল টেক্সটিং ও মানব সম্পদ উন্নয়নে দেশে আন্তর্জাতিক মানের বাংলাদেশ অটোমোবাইল ইনস্টিটিউট স্থাপনকরণ	শিল্প মন্ত্রণালয়	BAAMA/ACAMA/বিএসটিআই/বিএসইসি	২০২১-২০২৪
১১	অটো-ডিজাইন ইনস্টিটিউট স্থাপন	৪.৬.৫	অটোমোবাইল শিল্পের সক্ষমতা বাড়াতে অটোডিজাইন ইনস্টিটিউট স্থাপনকরণ	শিল্প মন্ত্রণালয়	BAAMA/ACAMA/বিটাক/বিএসইসি	২০২১-২০২৫
কৌশল ৭: অটোমোবাইলের গুণগতমান নির্ণয় ও কার্যকরকরণ পদ্ধতি (নিরাপত্তা, উৎকর্ষতা, নিঃসরণ ইত্যাদি)						
১২	অটোমোবাইল মান তৈরী	৪.৭.১	অটোমোবাইল শিল্পের বাংলাদেশ স্ট্যান্ডার্ড প্রণয়ন (প্যাসেঞ্জার কার, থ্রি-হুইলার, বাস, ট্রাক, ট্রাক্টর, এমবুল্যান্স/বাস বডি/ট্রাক বডি ইত্যাদির মান প্রণয়ন)	শিল্প মন্ত্রণালয়, বিএসটিআই	সড়ক পরিবহন ও মহাসড়ক বিভাগ	২০২১-২০২৩

ক্রঃ নং	কৌশল/কার্য ক্ষেত্র	অনুচ্ছেদ	প্রস্তাবিত কার্যক্রম	দায়িত্বপ্রাপ্ত মন্ত্রণালয়/বিভাগ/এজেন্সি	সহযোগী প্রতিষ্ঠান	বাস্তবায়নকাল
১৩	বিক্রেতার সেবা সুবিধা উন্নয়ন	৪.৭.১.৪	বিক্রেতার সেবা সুবিধার সুনির্দিষ্ট স্ট্যান্ডার্ড প্রণয়ন; বিক্রেতার সেবা সুবিধা প্রদানকারী প্রতিষ্ঠানকে এক্সিডেন্টেশন সনদ বা লাইসেন্স প্রদান	শিল্প মন্ত্রণালয়/বিএসটিআই	বাণিজ্য মন্ত্রণালয়/বাংলাদেশ এক্সিডেন্টেশন বোর্ড/বাণিজ্য মন্ত্রণালয়	২০২১-২০২৩ ২০২১-২০৩০
কৌশল ৮: অটোমোবাইল শিল্পের মানব সম্পদ উন্নয়ন						
১৪	মডেল অটোমোবাইল ইন্সটিটিউট স্থাপন	৪.৮.৩	অটোমোবাইল শিল্পের চাহিদা অনুযায়ী প্রশিক্ষণ কর্মসূচী গ্রহণ ও পর্যাপ্ত মানসম্মত অটোমেকানিক, ইঞ্জিনিয়ার, সেরামত কর্মী তৈরী করা	মাধ্যমিক ও উচ্চ শিক্ষা বিভাগ/মাত্রাসা ও কারিগরি শিক্ষা বিভাগ/কারিগরি শিক্ষা অধিদপ্তর/কারিগরি শিক্ষা বোর্ড	শিল্প মন্ত্রণালয়/জাতীয় দক্ষতা উন্নয়ন কর্তৃপক্ষ/BAAMA/ACAMA	২০২১-২০৩০
১৫	অটো পার্টস উৎপাদন তহবিল গঠন	৪.৮.৫	স্থানীয় অটোমোবাইল শিল্পের কার্যকর উন্নয়নে সহায়তা প্রদানের জন্য একটি অটো পার্টস উৎপাদন তহবিল গঠন	অর্থ বিভাগ	ইজারডি/শিল্প মন্ত্রণালয়/BAAMA/ACAMA	২০২১-২০৩০
পঞ্চম অধ্যায়: স্থানীয়ভাবে বাণিজ্যিক যানবাহন উৎপাদন						
১৬	মানসম্মত টেক্সটিং ল্যাব স্থাপন	৫.৯	প্যাসেঞ্জার কার, অন্যান্য যানবাহন ও বাণিজ্যিক যানবাহন উৎপাদনকারী কারখানায় টেক্সটিং ল্যাব স্থাপনে সহায়তা প্রদান	বিএসটিআই	শিল্প মন্ত্রণালয়	২০২১-২০৩০
ষষ্ঠ অধ্যায়: পরিবেশ-বান্ধব যানবাহন উৎপাদন বৃদ্ধি						
১৭	দ্রুত সেবা প্রদানকারী EV সেল স্থাপন	৬.৫.৪	বাংলাদেশ রোড ট্রান্সপোর্ট অথরিটি (BRTA) তে দ্রুত সেবা প্রদানকারী EV সেল স্থাপন	বিজ্ঞানবিভাগ/সড়ক পরিবহন ও মহাসড়ক বিভাগ	শিল্প মন্ত্রণালয়	২০২১-২০২২
১৮	জাতীয় জ্বালানী-সাপ্রায়ী যানবাহন উৎপাদন ফাউন্ডেশন গঠন	৬.৫.৬	জ্বালানী-সাপ্রায়ী যানবাহনের প্রাতিষ্ঠানিক উন্নয়ন নিশ্চিত করণে একটি জাতীয় জ্বালানী-সাপ্রায়ী যানবাহন উৎপাদন ফাউন্ডেশন গঠন	অর্থ বিভাগ/শিল্প মন্ত্রণালয়	সড়ক পরিবহন ও মহাসড়ক বিভাগ/পরিবেশ অধিদপ্তর	২০২১-২০২৪

পরিশিষ্ট-১

সিকেডি লেভেল-১

সিকেডি (Complete knocked Down) লেভেল-১ বলতে স্থানীয়ভাবে উৎপাদনের জন্য কোন যানবাহনের বডি/কেবিন রং করাসহ আমদানিযোগ্য হবে তবে প্যাকিং সুবিধার জন্য বডি/কেবিনের বিভিন্ন অংশ যেমন ব্যাক ও ফ্রন্ট বনেট, দরজা, ড্রাইভার সিট, উইন্ড শিল্ড ইত্যাদি ফলস নাট বা স্ক্রু দ্বারা সংযুক্ত থাকতে পারবে। অন্যান্য যন্ত্রাংশের বিস্তারিত বর্ণনা নিম্নরূপ:

- ক) প্যাসেঞ্জার কার/এসইউভি/পিকআপ (ডাবল/সিঙ্গেল কেবিন) এর ক্ষেত্রে প্রযোজ্য:
- ১। বডি চেসিসসহ ওয়েল্ডিং করা সকল অংশ একত্রে রং করা থাকতে পারবে।
 - ২। ব্যাক ও ফ্রন্ট বনেট, বুট কজা, দরজা যা হিঙ্গ দ্বারা লাগানো থাকবে।
 - ৩। ইঞ্জিন ও পিয়ার বক্স আলাদা আলাদা থাকবে। ইঞ্জিন ওয়াটার কুল্ড হইলে রেডিয়েটর ও হোজ আলাদা থাকবে।
 - ৪। ডিফারেন্সিয়েল এসেম্বলি আলাদা থাকবে, প্রপেলার শ্যাফট আলাদা থাকবে।
 - ৫। ফ্রন্ট হইল ড্রাইভের ক্ষেত্রে ফ্রন্ট এক্সেল সংযোজিত অবস্থায় থাকতে পারবে।
 - ৬। সাসপেনশন সিস্টেম বাক্সবন্দি/প্যাকিং হইয়া আলাদা আসবে।
 - ৭। ব্রেক সিস্টেমের মাস্টার সিলিন্ডার, হইল সিলিন্ডার এসেম্বলি অবস্থায় বাক্সবন্দি/প্যাকিং অবস্থায় আলাদাভাবে থাকবে।
 - ৮। স্টিয়ারিং সিস্টেম সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
 - ৯। ইলেকট্রিক্যাল সুইচ, ড্যাশ বোর্ড এসেম্বলি লাইট, ওয়ার হারনেস ব্যাটারী হেড ল্যাম্প এসেম্বলি ইত্যাদি আলাদা আলাদাভাবে থাকবে।
 - ১০। ফিউল লাইন, ফিউল ট্যাংকস আলাদা আলাদা আসবে।
 - ১১। টায়ার, টিউব, রিম আলাদা আলাদা থাকবে। তবে রেডিয়াল টায়ারের ক্ষেত্রে টায়ার এবং রিম এসেম্বলি অবস্থায় থাকতে পারবে।
- খ) জীপ এর ক্ষেত্রে প্রযোজ্যঃ
- ১। ইঞ্জিনঃ
ইঞ্জিন, স্টার্টার ও অলটারনেটর আলাদা আলাদা অবস্থায় থাকবে।
 - ২। ট্রান্সমিশনঃ
(ক) পিয়ার বক্স ইঞ্জিন হইতে আলাদা থাকবে। অটোমোটিক ট্রান্সমিশনের ক্ষেত্রে ক্যাপলিং/টর্ক কনভার্টার ইঞ্জিন থেকে আলাদা থাকবে।
(খ) ক্লাচ প্লেইট ও প্রেসার প্লেইট আলাদা থাকবে।
(গ) ডিফারেন্সিয়াল এসেম্বলি অবস্থায় ফ্রেম হইতে আলাদা থাকবে।
(ঘ) ফ্রন্ট হইল ড্রাইভের ক্ষেত্রে ফ্রন্ট এক্সেল সংযোজিত অবস্থায় থাকতে পারবে।

- ৩। চেসিসঃ
চেসিস ফ্রেম যাতে লং মেম্বর ও ক্রস মেম্বর এসেম্বলি অবস্থায় থাকবে।
- ৪। সাসপেনশনঃ
(ক) সামনে ও পিছনের স্প্রিং এসেম্বলি অবস্থায় আলাদা থাকবে।
(খ) স্ক এক্সজারবার আলাদা থাকবে।
- ৫। কুলিং সিস্টেমঃ
(ক) রেডিয়েটর এসেম্বলি, হোস পাইপ এবং আউট ফিটিং আলাদা থাকবে।
(খ) সাইকেলার ও একজক্ট পাইপ আলাদা থাকবে।
- ৬। টায়ারঃ
টায়ার, টিউব ও রিম সংযোজিত থাকতে পারবে।
- ৭। প্রপেলার শ্যাফটঃ
প্রপেলার শ্যাফট এসেম্বলি অবস্থায় থাকবে।
- ৮। ব্রেকঃ
(ক) ব্রেক মাস্টার সিলিন্ডার, হইল সিলিন্ডার এসেম্বলি অবস্থায় থাকিতে পারিবে এবং অন্যান্য সংশ্লিষ্ট কম্পোনেন্ট সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
(খ) ব্রেক সংক্রান্ত পাইপ ও ভল্য়ংক্রান্ত যন্ত্রাংশ আলাদা থাকবে।
- ০৯। কন্ট্রোলস
একসেলারেটর, ব্রেক-নাট বোর্ডস একসেসরিজ সবই আলাদা আলাদা থাকবে।
- ১০। ফিউল সাল্লাই
ফিউল ট্যাংক, ফিউল লাইন সবই আলাদা থাকবে।
- ১১। স্টিয়ারিং পিয়ার, কন্ট্রোল বক্স, শ্যাফট, স্টিয়ারিং হইল, লিংকেইজ ইত্যাদি সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
- ১২। ইলেকট্রিক্যালঃ
ব্যাটারী, লাইট, সুইচ, ড্যাশ বোর্ড মিটারসহ এসেম্বলি অবস্থায় থাকবে।
- ১৩। ফ্রন্ট এক্সেল, রিয়ার এক্সেলঃ
ফ্রন্ট এক্সেল এবং রিয়ার এক্সেল হইল ডাম সংযুক্ত অবস্থায় থাকতে পারবে।
- ১৪। অন্যান্যঃ
অন্যান্য আনুষঙ্গিক একসেসরিজ যাহা উল্লিখিত যানবাহনের সংযোজনের জন্য প্রয়োজন সবই আলাদা আলাদা প্যাকিং হয়ে আসবে।

পরিশিষ্ট-২

সিকেডি লেভেল-২

সিকেডি (Complete knocked Down) লেভেল-২ বলতে স্থানীয়ভাবে উৎপাদনের জন্য কোন যানবাহনের বডি/কেবিন রং করা ব্যতীত প্রাইমার অবস্থায় থাকবে এবং বডি/কেবিনের বিভিন্ন পার্টস যেমন: ছাদ, ফ্লোর, সাইড, ব্যাক ও ফ্রন্ট, বনেট, ফেন্ডারসমূহ, দরজা, ডাইভার সিট, উইন্ডশিল্ড, কাউল ইত্যাদি সব কিছুই আলাদা থাকবে। অন্যান্য যন্ত্রাংশের বিস্তারিত বর্ণনা নিম্নরূপ:

ক) প্যাসেঞ্জার কার/এসইউভি/পিকআপ (ডাবল/সিংল কেবিন) এর ক্ষেত্রে প্রযোজ্য:

- ১। ইঞ্জিন ও গিয়ার বক্স আলাদা আলাদা থাকবে। ইঞ্জিন ওয়াটার কুন্ড হলে রেডিয়েটর ও হোজ আলাদা থাকবে।
- ২। ডিফারেন্সিয়েল এসেম্বলি আলাদা থাকবে, প্রপেলার শ্যাফট আলাদা থাকবে।
- ৩। ফ্রন্ট হইল ড্রাইভের ক্ষেত্রে ফ্রন্ট এ্যাকসেল সংযোজিত অবস্থায় থাকতে পারবে।
- ৪। সাসপেনশন সিস্টেম বাক্সবন্দি/প্যাকিং অবস্থায় আলাদা আসবে।
- ৫। ব্রেক সিস্টেমের মাস্টার সিলিভার, হইল সিলিভার এসেম্বলি অবস্থায় বাক্সবন্দি/প্যাকিং হয়ে আলাদাভাবে থাকিবে।
- ৬। স্টিয়ারিং সিস্টেম সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
- ৭। ইলেক্ট্রিক্যাল সুইচ, ড্যাশ বোর্ড এসেম্বলি, ওয়্যার হারনেস, ব্যাটারী, হেড ল্যাম্প এসেম্বলি ইত্যাদি আলাদা আলাদাভাবে থাকবে।
- ৮। ফিউল লাইন, ফিউল ট্যাংকস আলাদা আলাদা আসবে।
- ৯। টায়ার, টিউব, রিম আলাদা আলাদা থাকিবে। তবে রেডিয়াল টায়ারের ক্ষেত্রে টায়ার এবং রিম এসেম্বলি অবস্থায় থাকতে পারবে।

খ) বাস/ট্রাক/মিনিবাস এর ক্ষেত্রে প্রযোজ্যঃ

- ১। ইঞ্জিনঃ
ইঞ্জিন ষ্টারটার ও অলটারনেটর আলাদা আলাদা অবস্থায় থাকবে।
- ২। ট্রান্সমিশনঃ
(ক) গিয়ার বক্স অথবা অটোমেটিক ট্রান্সমিশন আলাদা থাকবে।
(খ) ক্লাচ প্লেইট ও প্রেসার প্লেইট আলাদা থাকবে।
(গ) ডিফারেন্সিয়াল এসেম্বলি ফ্রেম হইতে আলাদা থাকবে।
- ৩। কেবিন এর বিভিন্ন অংশ যেমন: ছাদ, ফ্লোর, সাইড, ব্যাক ও ফ্রন্ট, ফেন্ডারসমূহ, দরজা, ডাইভার সিট, উইন্ডশিল্ড, কাউল ইত্যাদি সব কিছু আলাদা থাকবে।

- ৪। চেসিসঃ চেসিস ফ্রেম যাতে লং মেম্বার ও ক্রস মেম্বার এসেম্বলি অবস্থায় থাকবে।
- ৫। সাসপেনশনঃ
(ক) সক এবজারবার আলাদা থাকবে।
- ৬। কুলিং সিস্টেমঃ
(ক) রেডিএটর এসেম্বলি, হোস পাইপ এবং আউট ফিটিং আলাদা আলাদা থাকবে।
(খ) সাইলেন্সার ও একজস্ট পাইপ আলাদা থাকবে।
- ৭। টায়ারঃ
(ক) টায়ার, টিউব ও রিম সংযোজিত থাকতে পারবে।
- ৮। প্রপেলার শ্যাফটঃ
প্রপেলার শ্যাফট এসেম্বলি অবস্থায় থাকতে পারবে।
- ৯। ব্রেকঃ
(ক) ব্রেক মাস্টার সিলিভার, হইল সিলিভার এসেম্বলি অবস্থায় থাকতে পারবে এবং অন্যান্য সংশ্লিষ্ট কম্পোনেন্ট সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
(খ) ব্রেক সংক্রান্ত পাইপ ও তৎসংক্রান্ত যন্ত্রাংশ আলাদা থাকবে।
- ১০। ব্রাকেট মাউন্টিং: সব ধরনের ব্রাকেট মাউন্টিং আলাদা থাকবে।
- ১১। কন্ট্রোলসঃ একসেলারেটর, ব্রেক-ফ্লাস কন্ট্রোল একসেসরিজ সবই আলাদা আলাদা থাকবে।
- ১২। ফিউল সাপ্লাইঃ ফিউল ট্যাংক, ফিউল লাইন, সবই আলাদা থাকবে।
- ১৩। স্টিয়ারিংঃ স্টিয়ারিং গিয়ার কন্ট্রোল বক্স, শ্যাফট, স্টিয়ারিং হইল, কলাম, লিংকেইজ ইত্যাদি সাব এসেম্বলি অবস্থায় আলাদা থাকবে।
- ১৪। ইলেকট্রিক্যালঃ ব্যাটারী, লাইট, সুইচ, মিটার বোর্ড এসেম্বলি অবস্থায় আলাদা আলাদা থাকবে।
- ১৫। বডিঃ কেবিনের বিভিন্ন পার্ট আলাদা আলাদা থাকিবে যেমন-ছাদ, ফ্লোর, সাইড ব্যাক ও ফ্রন্ট, বনেট, ফেন্ডারসমূহ, দরজা, ডাইভার সিট, উইন্ডশীল ইত্যাদি সব আলাদা আলাদা থাকবে। লোড বডি থাকতে পারবে না। বাস/মিনিবাসের ক্ষেত্রে এ অংশটি প্রযোজ্য নয়।
- ১৬। ফ্রন্ট একসেল, বিয়ার একসেলঃ
ফ্রন্ট একসেল এবং বিয়ার একসেল হইল ড্রাম এসেম্বলি অবস্থায় থাকতে পারবে।
- ১৭। অন্যান্যঃ অন্যান্য আনুষঙ্গিক একসেসরিজ যেমন নাট, বোল্ট ও ব্র্যাকেট যাহা উল্লিখিত যানবাহনের সংযোজনের জন্য প্রয়োজন সবই আলাদা আলাদা প্যাকিং হয়ে আসবে।

গ) জীপ এর ক্ষেত্রে প্রযোজ্যঃ

- ১। ইঞ্জিনঃ
ইঞ্জিন, ষ্টারটার ও অলটারনেটর আলাদা আলাদা অবস্থায় থাকবে।
- ২। ট্রান্সমিশনঃ
(ক) গিয়ার বক্স ইঞ্জিন হইতে আলাদা থাকিবে। অটোমটিক ট্রান্সমিশনের ক্ষেত্রে ক্যাপলিং/টর্ক কনভার্টার ইঞ্জিন হতে আলাদা থাকবে।
(খ) ক্লাচ প্লেইট ও প্রেসার প্লেইট আলাদা থাকবে।
(গ) ডিফারেন্সিয়াল এসেমবলি ফ্রেম হইতে আলাদা থাকবে।
(ঘ) ফ্রন্ট হইল ড্রাইভের ক্ষেত্রে ফ্রন্ট এক্সেল সংযোজিত অবস্থায় থাকতে পারবে।
- ৩। চেসিসঃ
চেসিস ফ্রেম যাতে লং মেম্বর ও ক্রস মেম্বর এসেমবলি অবস্থায় থাকবে।
- ৪। সাসপেনশনঃ
(ক) সামনে ও পিছনের স্প্রিং এসেমবলি আলাদা আলাদাভাবে থাকবে।
(খ) স্ক্রব এজারবার আলাদা থাকবে।
- ৫। কুলিং সিস্টেমঃ
(ক) রেডিএটর এসেমবলি, হোস পাইপ এবং আউট ফিটিং আলাদা আলাদা থাকবে।
(খ) সাইলেন্সার ও একজস্ট পাইপ আলাদা থাকবে।
- ৬। টায়ারঃ
টায়ার, টিউব ও রীম সংযোজিত থাকতে পারবে।
- ৭। প্রপেলার শ্যাফটঃ
প্রপেলার শ্যাফট এসেমবলি অবস্থায় থাকবে।
- ৮। ব্রেকঃ
(ক) ব্রেক মাস্টার সিলিভার, হইল সিলিভার এসেমবলি অবস্থায় থাকতে পারবে এবং অন্যান্য সংশ্লিষ্ট কম্পোনেন্ট সাব এসেমবলি অবস্থায় আলাদা থাকবে।
(খ) ব্রেক সংক্রান্ত পাইপ ও তৎসংক্রান্ত যন্ত্রাংশ আলাদা থাকবে।
- ৯। ব্রাকেট মাউন্টিংঃ
সব ধরনের ব্রাকেট মাউন্টিং আলাদা থাকবে।
- ১০। কন্ট্রোলসঃ
একসেলারেটর, ব্রেক-নাট ফ্ল্যাশ কন্ট্রোলস একসেসরিজ সবই আলাদা আলাদা থাকবে।

- ১১। ফিউল সাপ্লাইঃ
ফিউল ট্যাংক, ফিউল লাইন সবই আলাদা থাকবে।
- ১২। স্টিয়ারিং গিয়ার, কন্ট্রোল বক্স, শ্যাফট, স্টিয়ারিং হইল, লিংকেইজ ইত্যাদি সাব এসেমবলি অবস্থায় আলাদা থাকিবে।
- ১৩। ইলেকট্রিক্যালঃ
ব্যাটারী লাইট, সুইচ, মিটার বোর্ড এসেমবলি আলাদা আলাদা থাকবে।
- ১৪। বডিঃ
কেবিনের বিভিন্ন পার্টস আলাদা আলাদা থাকবে যেমন-ছাদ, ফ্লোর, সাইড, ব্যাক ফ্রন্ট, ফেডারসমূহ, দরজা, ড্রাইভার সিট, উইন্ডশীল, কাউল ইত্যাদি সব আলাদা থাকবে। রং করা ছাড়া প্রাইমার অবস্থায় থাকবে।
- ১৫। ফ্রন্ট একসেল, বিয়ার একসেলঃ
ফ্রন্ট একসেল, বিয়ার একসেল এবং হইল ড্রাম সংযুক্ত অবস্থায় থাকতে পারবে।
- ১৬। অন্যান্যঃ অন্যান্য আনুষঙ্গিক একসেসরিজ যা উল্লিখিত যানবাহনের সংযোজনের জন্য প্রয়োজন সবই আলাদা আলাদা থাকিবে হয়ে আসবে।
- (ঘ) ট্রাক্টর এর ক্ষেত্রে প্রযোজ্যঃ
- ১। ইঞ্জিন ও গিয়ার বক্স সংযোজিত অবস্থায়, অন্যান্য যন্ত্রাংশ হইতে আলাদা থাকবে,
- ২। চেসিস ফ্রেম আলাদা আসবে,
- ৩। ফ্রন্ট বনেট আলাদা আসবে,
- ৪। ট্রান্সমিশন সিস্টেম সাব-এসেমবলি অবস্থায় থাকবে,
- ৫। একজস্ট পাইপ ও সাইলেন্সার পাইপ আলাদা,
- ৬। সাসপেনশন সিস্টেম আলাদা,
- ৭। টায়ার, টিউব, রিম, ফ্ল্যাপ আলাদা আলাদা থাকবে,
- ৮। ব্রেক সিস্টেম (মাস্টার সিলিভার হইল) সংযোজিত অবস্থায় আসবে। তবে ব্রেক সংক্রান্ত পাইপসমূহ আলাদা থাকবে,
- ৯। একসেলারেটর, ব্রেক, ক্লাচ, একসেসরিজ সবই আলাদা আলাদা থাকবে,
- ১০। ব্যাটারী, লাইট, মিটার বোর্ড এসেমবলি আলাদা আলাদা আসবে,
- ১১। ফিউল ট্যাংক, ফিউল লাইন সব আলাদা আলাদা আসবে,
- ১২। স্টিয়ারিং গিয়ার বক্স, কন্ট্রোল বক্স, শ্যাফট, স্টিয়ারিং হইল, লিংকেজ ইত্যাদি আলাদা থাকবে।

জাকিয়া সুলতানা
সচিব
শিল্প মন্ত্রণালয়।

Post-Covid Investment Promotion Strategy

Post-COVID Investment Promotion Strategy for Bangladesh

Bangladesh Investment Development Authority (BIDA)

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

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I. Background, Objectives and Focuses

I.1 Background of the Strategy

The COVID pandemic has caused a worldwide health and economic crisis, including slowdown of business activities. During the early pandemic period, BIDA as an apex national IPA endeavored to respond to immediate impacts of the COVID on private sectors by proposing emergency measures and actions¹ in view of ensuring the continuation of investors' business and preserving the flow of critical supplies. BIDA also undertook the COVID impact survey where existing investors registered with BIDA (748 investment projects in total) responded to the questions during June to July 2020 concerning the impacts experienced during the lockdown period (from 25 March till 30 May)². In parallel, the Bangladeshi government (GOB) announced the stimulus financial package, which aimed at cushioning the halt of economic activities and supporting otherwise solvent companies. Ease of liquidity shock (business cashflow) has been a central concern of such a stimulus package.

BIDA's initiatives during the early stage of COVID pandemic covered by UNCTAD's IPA Observer

The IPA Observer of UNCTAD in July 2020 mentioned BIDA's initiatives during the early stage of the COVID, that were taken to support existing investors to deal with the immediate COVID impact and ensure their business continuation. The IPA Observer covered the following:

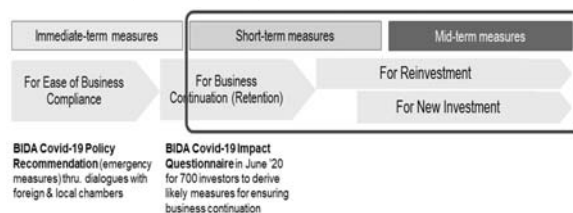
- A series of dialogues with several foreign embassies/ chambers, after which BIDA proposed recommendations to ease regulatory compliance requirements and impacts faced by existing investors during the lockdown,
- Continued efforts to digitalize licensing services and reduce the processing time through the discussions with the concerned authorities.

After the early pandemic phase, however, Bangladesh has been facing reduction of investment inflow as a result of: "wait and see" attitude of potential investors confronting continuing market uncertainty and additional resource mobilization by existing investors to their confronted issues, and anticipating divestments of existing investors or cancellation of committed investors. On the other hand, Bangladesh can explore and tap business potentials with resilience or affinity to with/ post-COVID society. Demands for products or services of these businesses have risen or remained constant during the COVID pandemic.

Confronting such unpredicted economic conditions, BIDA stated that IPA may need something new focus and different measures/ actions from those taken before the COVID, and thus requested JICA Team to study and propose the post-COVID strategy for investment promotion for the GOB.

I.2 Objectives of the Strategy

The requested strategy for investment promotion aims to recommend policy measures and actions to be considered by the GOB in view of easing the remaining impacts of the COVID and reduced investment inflow to Bangladesh, and promoting businesses opportunities with the COVID-resilience or affinity. The strategy would then focus on policy measures and actions for the short- and mid-term perspectives (as shown in the right figure), since BIDA had already taken the initiatives in response to the immediate impacts of the COVID.



¹ See the Appendix-1 for the policy measures/ actions proposed by BIDA in response to immediate impacts of the COVID-19.
² Referring to lockdown impacts observed by the survey, BIDA also presented policy measures/ actions. See the Appendix-2.

I.3 Review of the COVID Impact on Global FDI and Bangladeshi Economy

UNCTAD³ reported the latest COVID impact on global FDI trend as follow:

- Global FDI has fallen in 2020 by 42% to an estimated USD 859 billion from USD 1.5 trillion in 2019. The decline in developing economies was relatively measured at -12% to an estimated USD 616 billion. The fall in FDI flows across the developing economies was uneven, -4% in developing Asia, owing to positive inflow to China and India.
 - * FDI to China: +4% (high-tech sector, M&A in ICT and pharmaceutical sectors), FDI to India: +13% (M&A in digital sector), FDI to ASEAN: -31% (-10% in Vietnam). Except India and Pakistan, FDI in other South-Asia economies fell, where investments are largely tied to export-oriented apparel sectors suffering from slump in global demand.
- The pandemic largely affected greenfield investment announcements (-35%), followed by cross-border M&A (-10%) and infrastructure project finance deals (-4%). Trend in greenfield investment announcements, being indicative of new investment activity, are major concern for developing economies, falling by -38% even in Asia.
- FDI trend remain weak in 2021, projecting further 5-10% reduction, mainly because of lower greenfield announcements. Investors remain cautious in committing capital to new overseas productive assets. FDI recovery would not start before 2022, and global FDI flow is likely to come from M&A rather than from greenfield investment.
- Multinationals significantly reduced new investment with a marked decline in equity FDI (nearly zero). Intra-company loans turned negative as parent firms withdrew or collected loans from their affiliates. Reinvested earnings in foreign affiliates remained relatively stable, declining by only -6%.
- ICT has been among the few sectors that saw a rise in value and remained the largest in number in greenfield investment category. A positive note on international project finance deals has been an increase in the projects in health and renewable energy sectors.

OECD⁴ also stated its observations as follow concerning FDI flows in the early pandemic period:

- The pandemic hit at a time when FDI flows were at the second lowest level recorded since 2010. In addition, corporate debt was at record levels when the pandemic hit. High levels of debt could limit the ability of companies to survive the COVID-19 crisis and to pursue new investments.
- Accordingly, reinvested earnings become an increasingly important source of FDI flows (accounting for more than half of FDI inflows in 2019 in fact), although this may drop substantially in the short-term, as the pandemic-caused crisis depresses earnings.
- Intra-company loans and equity capital injection from parent-companies to their foreign affiliates may offset some decline in reinvested earnings. Such a trend was observed during the 2008 financial crisis. This constitutes an advantage of foreign ownership, and financial ties between investors and their foreign affiliates have contributed to the affiliates' resilience to economic crisis.
- Under the base scenario, economic recovery would be uneven. While earnings in some sectors would recover, others remain below pre-crisis levels; the share of earnings reinvested would recover somewhat but not to historic levels. Pending M&A deals and announced greenfield projects that still make a strategic sense may be materialized, but more deals could be abandoned. Equity capital flow would be subdued not only from the dearth of greenfield projects but from a continuing slump in M&A deals. Overall, FDI flow would recover somewhat in 2021 but remain about one-third below pre-crisis.
- Under the pessimistic scenario, earnings remain depressed in most sectors and so does the share of reinvested earnings. Equity capital flow would be significantly reduced as many of pending M&A deals and announced greenfield projects would be called off as they no longer make strategic sense or investors face financial pressure, and fewer greenfield investments would be materialized. Overall,

³ UNIDO, January 2021, Investment Trends Monitor, Issue 38.

⁴ OECD, May 2020, Foreign direct investment flows in the time of COVID-19.

FDI flows would remain the same level of 2020 till the end of 2021.

- With the projected growth in healthcare and ICT sectors, knowledge-seeking FDI may prove buoyant in the mid-term. Meanwhile, the difficulties, confronted by investors in energy sector following the collapse in demand, may bring negative impacts for economies relying on resource-seeking FDI. Future trends in efficiency-seeking FDI are still uncertain. Disruptions due to the COVID pandemic may lead some companies to rethink geographic dispersion of their activities and shorten their supply chains and distance to the clients. Others may intend to diversify their suppliers to increase resilience.

Despite the global economic downturn, Bangladeshi economy has been deemed relatively resilient to pandemic shocks. However, trend of investment in Bangladesh, FDI inflow and proposal in particular have observed a severely adverse impacts, i.e., significant reduction. Latest observations on macro-economic performance, trades and investments are stated as below:

- Bangladesh shows relative macro-economic resilience with estimated GDP growth of 3.8% (IMF) to 5.2% (ADB) in 2020 and 5.0% to 6.8%⁵ in 2021, being the few economies of positive growth in 2020, while observing a negative growth of -3.5% for the global economy (IMF, April 2021) or zero for the developing Asia (ADB, April 2021). Bangladesh is ranked 40th resilient economies in the face of the COVID pandemic adversities, being the top among the South Asian nations (Bloomberg's COVID Resilience Ranking on May 2021).

	GDP growth rate (* estimate in %)						GDP per capita (current USD)	Population (in million)		
	IMF		ADB		IMF				ADB	
	2019		* 2020		* 2021				2020	2020
Bangladesh	8.1	8.1	3.8	5.2	5.0	6.8	1,998.4	164.7		
India	4.0	4.0	-8.0	-8.0	12.5	11.0	1,964.9	1,378.6		
China	5.8	6.0	2.3	2.3	8.4	8.1	10,483.9	1,404.3		
Indonesia		5.0	-2.8	-2.1	7.2	4.5	3,921.6	270.2		
Vietnam		7.0	-6.3	-2.9	5.4	6.7	3,499.0	97.4		
Developing Asia*	-	5.5	-	0.0	-	7.7	-	-		

Source: IMF World Economic Outlook Database (Apr. 2021) and ADB Asian Development Outlook (Apr. 2021)
* Excluding newly industrialized economies of Hong Kong, China, Korea, Singapore, Chinese Taipei.

- However, exportation has fallen by 15% from the last fiscal year due to global demand slump with rampant order suspension or cancellation for major export items of ready-made garments (RMG). Importation has also fallen by 12% in parallel to the export reduction and because of material import disruption, stagnated construction works and falling fuel prices. On the other hand, remittance by overseas immigrant workers has shown a growth by 6.0%, due to a mixed result of government incentive (working plus), global recession and falling oil prices (working minus), according to the source (Lanka Bangla, June 2020).
- FDI to Bangladesh has been reduced as well both in terms of actual inflow and registration, being inevitable of pandemic-brought global recession. FDI inflow (net) has decreased by 39% during FY2019/20 (USD 2,371 million) compared with the previous year (3,889 million), and is estimated to further decline during FY2020/21 (989 million till March 2021) according to Bangladesh Bank (BB).
- New foreign project registration has stalled as well since April 2020 both in value and number, according to BIDA although admitting a sign of recovery to some degree in terms of the number of projects since October 2020. Average proposed value per project (USD 11.2 million) has become smaller during FY2020-21 (till March 2021), compared to that (36.3 million) during FY2019-20.



- New foreign investment project during FY2020-21 has been registered mostly for the following sectors; electrical equipment (battery, home appliance), construction (including construction materials), IT (software, IT-enabled service, digital-based service), chemical, food processing, being proposed mostly by Chinese and Indian investors.

Though not related to the COVID, trade tension (tariff war) between the USA and China has created new opportunities to Bangladesh. For instance, a share of Chinese apparel exports to the USA declined to 18% in March 2020 from 33% in 2019 and the lost share has been replaced by other Asian suppliers, namely Vietnam and Bangladesh. This trend is observed as well in other sectors of plastic and leather.

I.4 Focuses and Deliverables of the Strategy

Review of related literatures (to the COVID pandemic impacts on investment and business)⁶ provided key focuses to be accommodated by IPAs including BIDA when reviewing their investment promotion strategy for with-/ post-COVID period (recovery period from the COVID pandemic), which are summarized as follow:

- Proactive update of information and data (related to the COVID pandemic conditions, its influences on national economy, trade and investment, and government measures concerning the COVID)
- Facilitation of existing investors for their business continuation (retention) and expansion (reinvestment), through easing or removing their issues and bottlenecks,
 - > Re-visit existing investment/ business climate issues, which would have been amplified under the COVID pandemic conditions,
- Business adaptation to the agenda arisen upon the COVID pandemic, such as supply-chain strengthening (diversification and smoothing of materials/ parts sourcing in Bangladeshi context), digital transformation (DX), adaptation to the COVID-resilient way of doing-business, etc.)
- Promotion of business opportunities with COVID-resilience or affinity, and,
- Accelerated shift to digitalization of IPAs' functions and services.

Accordingly, requested strategy for investment promotion for with-/ post-COVID period aims to produce the following deliverables, i.e., proposed policy measures and actions for each following agenda:

- 1) Marketing and communication in general to update the COVID pandemic conditions, its influences on national economy, trade and investment, and business climate improvement and government measures in response to the COVID impacts,
- 2) Easing the remaining (or amplified) issues and bottlenecks confronted by existing investors,
- 3) Facilitation of reinvestment by existing investors,
- 4) Promotion of new investment in business opportunities with the COVID-resilience or affinity, and,
- 5) Further digitalization of IPA's functions and services.

Some countries have started to review their FDI strategy in response to the observed or foreseeable impacts and changes brought by the COVID pandemic. The COVID crisis has presented unprecedented challenges to IPAs and may continue to do so, although no consensus has emerged on what unprecedented challenges would be. However, a number of literature state that IPAs are expected to

⁵ The ADB stated that estimated figure of GDP growth for 2021 has not taken into account the impacts of the second wave of the COVID pandemic (lockdown) taking place since Mar. 2021, adding a possibility of downward correction.

⁶ Related literatures include those by the World Bank Group, OECD, UNCTAD, UNIDO, listed in the reference.

pursue the above agendas as a package for resilience to the COVID pandemic in stepwise manner (starting with marketing and communication of essential information, followed by retention of existing investors through easing issues/ bottlenecks, through reinvestment facilitation to existing investors, to promotion of business opportunities with resilience or affinity) or in a parallel manner.

II. Study Results and Proposed Strategies for Consideration

II.1 Marketing and Communication in General

Close to two-thirds of IPAs have a dedicated section concerning the COVID pandemic on their website to regularly update both existing and potential investors with the COVID-related information in the country, and ensure their access to the latest and accurate conditions/ influences of the pandemic and government support measures⁷.

In this regard, BIDA as an apex agency for national IPAs, shall prepare a dedicated section to regularly update the COVID-related information in its website (that should be easily accessible from the top-page of website), covering the following information and data ideally (in order of importance).

COVID pandemic

- the COVID monitor with basic indicators and conditions covering; newly infected case, death case, the number of test (daily, weekly, accumulated), etc.
- restrictions, rules and regulations applied currently (public health, travelling/ movement, economic/ business activities)

Trends of macro-economy, trade and investment

- trends with projections covering GDP, GDP per capita, FDI inflow, investment registration, export and import performance (and that of key export-oriented sectors), balance of payments, etc.
- review on investment trend and pandemic impacts on economic and investment trends

Government measures and actions in response to the COVID pandemic

- eased rules and regulations concerning administrative licensing/ compliance/ reporting, and other regulatory easing measures (including temporal ones)
- financial support measures and programs
- facilitation/ licensing services online to potential investors, and monitoring/ aftercare services to existing investors
- Frequently-asked questions (with answers) in relation to the COVID pandemic

Others (if any)

- good practices of managing the influences of the COVID pandemic
- investors announcing new investments or reinvestment during the COVID pandemic (testimonials)
- highlighted business opportunities with the COVID-resilience or affinity for promotion

The above information shall be also updated with potential investors at occasions of promotion activities such as investment seminars/ roadshows and image-building initiatives⁸, since these are important channel for marketing and communication activities. BIDA shall always ensure that speakers or explanatory slides upon the seminars/ roadshows address the above information appropriately.

Initiatives taken by other IPAs

Invest Korea and Invest India have set up web-based regular updates on the COVID conditions and policy responses. In addition to the portal to update the COVID-related information, Invest India commenced to track and analyze queries from the investors to develop AI-powered FAQs service.

Germany Trade & Invest updates the COVID-related information regularly on its website, highlighting the sectors where the pandemic has generated demands such as digital solution service in education and health. A series of webinar has been held to promote such sectors and update pandemic-related regulatory changes.

(source: UNCTAD, July 2020, *The IPA Observer: Post-Covid-19, IPAs and the New Normal*)

⁷ OECD, June 2020, Investment policy responses to COVID-19

⁸ Image-building aims to overcome negative perceptions on the country and guide their interests to the country, rather than to motivate potential investors to invest, and applies basic actions of marketing including public relations (PR) with foreign media, hosting their inbound visits, advertisements (ads)/ news releases through foreign media (such as TV commercial and online-ads), dissemination of PR tools, appointment of overseas organizations or figures as honorary business ambassadors.

II.2 Easing the Remaining Issues and Bottlenecks Confronted by Existing Investors

Confronting the uncertainty with behavior of potential investors under the COVID pandemic, IPAs are in large part shifting their focus from attraction to retention by strengthening communication with existing investors, i.e. monitoring and aftercare services. By proactively reaching out to the investors, IPAs become able to obtain feedback about impacts of the COVID and associated restrictions on businesses, effectiveness of government measures. IPAs shall keep monitoring of i) the remaining issues (i.e., uneased or unsettled issues after one year since the outbreak of the COVID) private sector continues to face, and ii) the amplified issues (becoming more serious) under the COVID pandemic conditions.

Accordingly, this study conducted interviews to derive such remaining and amplified issues out of the changes and impacts observed by selected industries (as of one year after the COVID outbreak)⁹. These interviews were undertaken from February to May 2021 by direct visits or telephone/ online meetings for the following key groups of business sectors representing Bangladeshi industry, for 30 cases in total.

- Export processing group = Ready-made garments (RMG) (4 = number of interviews)
- Digital-oriented service group = Software/ Information Technology-enabled Service (ITeS) (8)
- Healthcare-related group = Pharmaceuticals (4)
- Assembly: transport equipment group = Automobiles (4)
- Assembly: durable consumer goods group = Electronics & electrical equipment (5)
- Fast-moving consumer goods/ resource-based group: Processed foods (5)

The below summarizes key impacts and changes in relation to the COVID pandemic (as of one year after the COVID outbreak) observed from the interviews to above each sector¹⁰.

Export processing group (RMG):
<ul style="list-style-type: none"> - Continued disruption of material sourcing via import (particularly if relying on a single foreign source) with increased costs of material inputs. - Delayed delivery (accumulated backlogs) of imported materials due to slower customs clearance and shipping disorder (causing difficulty in export on schedule on the other hand). - Reduced productivity due to requirements of wider factory space, shift operation, training/ application of hygienic rules/ regulations, with extra burden for training and application of hygienic rules/ practices. - Continued demand slump from major brands (but less significant to BD as a large producer of demand-inelastic basic/ low-value items, according to the industry). - Growing orders from buyers for mail-order/ online purchase (shift to smaller lot-fast production). - Amplified interests (some manufactures) in resorting digital technology for product design, process automation, labor-saving. - Stronger aspiration for FDI for expanding the upstream industry (textile fabrication, yarning).
Digital-oriented service group (Software/ ITeS):
<ul style="list-style-type: none"> - No severe issues observed for input side but for the access to skilled engineers, sophisticated ICT device import (being costly/ lengthy) and stable broadband connection. - Shift to locally made goods from imported ones in e-commerce due to continued disruption of import (but barrier to deal with local goods in e-commerce remains, according to the industry). - Growing demand in general and widening opportunities for innovative businesses/ services along with the spread of mobile device and "move-/ contact-less behavior" among society, although experiencing cancellation of service contracts catering for the COVID-affected industries. - Increasingly felt difficulty along with growing orders from overseas in settling the payments with overseas clients due to complex foreign exchange regulations. - Non-eligibility for fiscal incentives by e-commerce platformer with difficult access to trade license. - Active for (re-)investment, particularly in businesses of e-commerce, ITeS, BPO, SaaS, cloud service, eyeing BD as potentially growing.
Healthcare-related group (Pharmaceuticals):
<ul style="list-style-type: none"> - Delayed delivery of imported materials due to slower customs clearance/ shipping disorder, and global shortage of raw materials causing their cost-up.

⁹ JICA Team prepared a questionnaire for interview. Please see the Appendix-3.

¹⁰ See the Appendix-4 for the detailed result of interview with each selected industry sector.

- Emergingly concerned with India's export ban on drug materials (Active Pharmaceutical Ingredient: API and Key Starting Material: KSM) and the resultant disruption/ cost-up of API/ KSM sourcing and increased dependency on China.
- Growing demand (foreseeable immense opportunities to expand production lines) for the COVID related medicines/ drugs in tandem with rising awareness for non-communicable disease in relation to aggravation risks associated with the COVID, and needs for central bioequivalence and drug test laboratory.
- Emerging opportunities for new sales channels of drugs/ medicines (e-medicine), where existing e-commerce platforms have increasingly been dealing with drugs.
- Launched production facilities for PPEs, anti-septic/ disinfectant/ sanitizing chemicals and vitamins to cater to local and international needs.
- Some have been adopting digital/ robotics solution while others are yet feeling cost-efficient to resort to such solutions for promoting labor-saving/ automation.
- Increasingly felt important to attract FDI in manufacturing of vaccines, cancer drugs (oncology agents), drug materials of APIs/ KSM, which require high-tech collaboration with foreign investors, but felt necessary on the other hand to ease drug registration process for local production and reduce associated fees, and establish central drug testing laboratory for further attraction of investment to drug manufacturing.

Assembly: transport equipment group (Automobiles):

- Not severely affected on procurement of knockdown sets since the stocks piled-up during the three-months lockdown have been allocated for recovered demand after the lockdown.
- However, currently concerned with unscheduled and unsmooth import of knockdown sets due to slower customs clearance and shipping disorder.
- Prompt demand recovery supported by continuously robust demand for motorcycles and three-wheelers (together with foreseeable opportunities to expand assembly lines) due to commuters' avoidance of public transport, but significant demand slump remaining for both passenger and commercial vehicles.
- Squeezed cashflow of the industry due to increased inability for vehicle owners (both commercial and passenger ones) to repay for the auto loan which the industry heavily relies on for sales.
- Not highly oriented to digital/ robotics solutions for supply-chain/ factory management, and for process automation/ labor-saving (except for welding process).

Assembly: durable consumer goods group (Electronics & electrical equipment):

- Still concerned with unscheduled (long delay), higher cost (cargo freight and demurrage fees) and unsmooth import of production inputs due to slower customs clearance and shipping disorder (inc. reduced frequency).
- Although confronting difficulty in sourcing with tolerable conditions, E&E industries have been not able to change or diversify the sources of procurement (largely China) with ease.
- Sales of home appliances and electronics in general has recovered significantly after lockdown, with growing demand observed for appliances for washing, sanitization inc. air-conditioner, cooking, electronics products.
- Increased popularity to utilize e-commerce platform/ site as another effective channel of sales.
- Adoption of automation and robotics technology has been taking place in some respondents since the COVID outbreak in view of labor saving in assembly process.
- The respondents in general considers that electronics and home appliances are promising sector and can attract foreign investments, since Bangladesh is deemed as an alternative for China. Tax incentives for CKD assembly of these products would boost investments.

Fast-moving consumer goods/ resource-based group (Processed foods):

- Continued disruption of material sourcing via import (particularly if relying on a single foreign source) with increased costs of material inputs.
- Securement of imported raw materials becomes competitive because of global shortage.
- Extra burden for counselling/ training and application of hygienic rules/ practices, and securing sufficient number of workers engaged in manual processing free from infection.
- Demands for processed foods in general recovers quickly (except beverage) and remain robust.
- E-commerce platform has gained popularity from some but others not.
- Most observe the higher opportunity to newly develop health foods, ready-to-cook or eat foods, confectionaries, reflecting the continued stay-home needs and stronger health-consciousness.
- Initiative of shift to digitalization including automation with digital or robotic solution varies among the companies, where some have been active for automation for lessening human intervention in the production lines, or considering automating material handling and packaging.
- Observed positive to expand existing production lines and develop new products range owing to growth of middle-income class population with increased preference to health/ ready-to-cook or eat foods processed along with food hygiene standards, however, foreign investors are in general at the stance of wait & see.
- Increased necessity to attract investment (or public intervention) in developing cold-chain system.

In relative terms, those industries which largely depend on import (from foreign suppliers) for sourcing materials/ intermediary inputs, industries of export-orientation and fast-moving consumer goods (that are not suitable for stock of inputs for a certain period) have been more severely exposed to adverse impacts (continued disruption of inputs import or their delayed delivery). Further, labor-intensive industries have been struggling with reduced productivity due to adhesion to the COVID-related hygienic rules and regulations. On the other hand, demands have been recovering after the lockdown or remain robust across those groups of interviewed industries except a few segments of RMG and durable/ transport goods. New channel of sales, represented by e-commerce platform, has been increasingly popular choice among most of all interviewed industries, but this business needs to be adequately recognized as one of the key segments for ICT businesses for promotion, as voiced by the industry.

The COVID pandemic has emphasized the needs for shift to digitalization in various scenes of business (resources management, factory operation and service delivery, etc.). Almost all interviewed industries have been adopting new digital tools for remote-working or online meeting. However, majority of them admit slow response to digitalization or automation in factory operation/ supply-chain management, since they are yet feeling cost-efficient to resort to digital (or automating and robotics) solutions compared to mobilization of abundant cheap labor-force. Some countries have been pushing their industries in this direction by accelerating investment allowance or providing subsidy for formulation of both tangible (ICT devices) and non-tangible (digital solutions) assets.

Accelerated depreciation facility for promoting ICT device acquisition for digital shift (Malaysia)

The Economic Stimulus Package 2020 of **Malaysia** announced on Feb. 2020 provides that qualifying capital expenditures on machinery/ equipment including ICT equipment can claim an accelerated depreciation within two-years period for expenses incurred from Mar. to Dec. 2020. The Central Bank also established a specific fund for SMEs to upgrade, modernize and rejuvenate their productive assets through digitalization or automation, where the fund can be used for acquiring automated and robotic equipment/ machinery, ICT devices (hardware, software)/ solution services, and other intangible assets.

Malaysian government also introduced fiscal incentive measure (automation capital allowance) to promote digitalization or automation by labor-intensive industries such as rubber/ plastic/ wood processing, and furniture/ garment manufacturing. Existing companies can depreciate qualifying capital expenditure for digitalization or automation purposes in accelerated manner or offset such expenditures against their statutory income for the allowable period, on the condition that the capital expenditure attains improved productivity or labor-saving.

(source: Malaysian government, February 2020, The Economic Stimulus Package 2020/ Malaysian Industry Development Authority (MIDA), Website)

Lastly, almost all interviewed industries are suffering from squeezed cashflow, which has been caused chiefly by business halt during the lockdown and the subsequent operational response to hygienic regulations, cost-up of production/ service inputs.

Examples of the countries which adopt CIT rates reduction to ease the COVID impacts on business continuity

Vietnamese government on Jun. 2020 adopted a reduction of the corporate income tax (CIT) rate from previous 20% to 14% for most businesses to help them deal with the COVID impacts. Businesses with less than certain annual revenue and fewer than 200 employees are eligible for this tax reduction.

The Republic of Congo also amended the financial law on May 2020 to implement tax relief measure aimed at alleviating economic impacts of the COVID pandemic, including a reduction of CIT rate from 30% to 28%.

Tanzanian government also proposed significant budget amendment on Jun. 2020, including an increase of the minimum taxable threshold for companies.

(source: UNCTAD, February 2021, Investment Policy Monitor)

From the above observed impacts and changes, the study finds the following issues and bottlenecks as remaining and amplified (after one year since the outbreak of the COVID) under the continued COVID pandemic in Bangladesh. Such issues and bottlenecks shall be adequately removed or eased by GOB through BIDA's facilitation. Advocating action of BIDA for government intervention into the issues and bottlenecks is expected not only for existing investors to remain operational in the country but also for even attracting new investors to the country. According to the latest world-wide pulse survey to multi-national corporations (340 in total) by the World Bank Group, almost 90% of them admit that government intervention in regulatory improvement would be most influencing their parent companies' decisions to retain or increase investment.

Remaining and amplified issues/ bottlenecks under the COVID pandemic	Proposed measures/ actions to remove or ease the issues/ bottlenecks
On the supply (input) side:	
- Continued disruption of material/ intermediate inputs sourcing via import (more apparent if relying on a single foreign source).	<p>To organize the event (online) for the purpose of facilitating diversification of suppliers/ supplying countries, particularly for the sectors which confront difficulty in inputs sourcing, jointly with concerned trade bodies and target countries for diversification.</p> <p>* For instance, <i>Invest in Turkey</i> held a webinar to promote its manufacturing sector in line with transformation of global supply chain, as the sector seeks to diversify their supplier countries. <i>Portuguese</i> IPA established a taskforce to assist health/ food sectors to solve their supply chain issue.</p> <p><i>At the same time,</i> To consider the following measures/ actions for investment promotion of the upstream industries (key material producers for major export processing industries in Bangladesh) including textile/ yarn for garment, APIs/ KSM for pharmaceuticals:</p> <ul style="list-style-type: none"> - Import duty reduction for the materials for use, - Sector-specific investment promotion activity, - Facilitation of reinvestment to existing investors (if any).
- Delayed delivery (accumulated backlogs) of imported material/ intermediate inputs/ capital goods due to slower customs clearance and shipping problem.	<p>To expedite import cargo clearance even under the COVID pandemic conditions, and improve governance/ services of customs, through the following measures:</p> <ul style="list-style-type: none"> - Placement of sufficient number of officers at cargo handling facility and customs while putting hygienic regulation in place, - Extension of beneficiaries of Authorized Economic Operator (AEO) system (which awards preferential treatments upon customs clearance to the traders with a good track record), - Extended operation of priority lane system in customs clearance, - Adoption of customs valuation based on transaction value, or formulation of the roadmap towards the adoption, - Early electrification/ computerization of customs clearance, through extended development/ operation of ASYCUDA system and single-window system.
- Difficulty in settling the payments with overseas vendors due to complex foreign exchange regulations along with growing orders from overseas.	<p>To ease import settlement by allowing telegraphic transfer (T/T) at least on the following transactions, in view of trade facilitation of emerging growing industries (such as IT/ digital service industry):</p> <ul style="list-style-type: none"> - Import (goods and services) from the parent/ affiliate companies by domestic market-oriented industries (producing for local market), - Import up to a certain (small) value. <p>* Bangladesh restricts the mode of import settlement to the opening of Letter of Credit (L/C), while the surrounding peer countries do not. This adversely affects regional supply-chain development across the region.</p> <p><i>In addition,</i> To clarify the procedure and application documents necessary for waiver of "Article 8: No outward remittance of any kind from Bangladesh sources will be allowed" in the certificate of branch establishment.</p> <p>* On this matter, BB stated "BB would allow branch offices to remit overseas in case they present document proving that they adequately accumulate fund for remittance (Mar. 2014)", while BIDA stated "BIDA could exempt the Articles in case tax certificate and financial statements are presented, and would indicate the procedure and application document for this purpose. (Mar. 2015)".</p>
<u>Specific to RMG (as labor-intensive)</u>	
- Reduced productivity due to requirements of wider factory space, shift operation, training/ application of hygienic rules/ regulations.	To compensate for reduced productivity (due to compliance with hygienic rules/ regulation) by introducing temporal reduction of CIT rate, particularly for export processing industries with labor-intensive operation.
<u>Specific to software/ ITeS</u>	
- Shortage of availability in skilled IT engineers.	To introduce fiscal incentive for encouraging industry's initiatives for deployment of skilled IT engineers, through double tax deduction on the expenses for the purpose (e.g. inhouse/ external training, skills

	certification, internship, scholarship to students). To enrich curriculum of computer science/ information engineering at universities/ vocational institutes (in regions) along with the field needs of private sector, and to encourage investments to IT-related training institutes across the country.
<u>Specific to electronics</u>	
- Facing higher prices of import parts (supply disorder in China), but being unable to alter or diversify sources	To reduce import duties for CKD sets for assembly of electronics/ home appliance products through due consultation with the needs of private sector.
On the demand (market) side:	
- Untapped opportunity for locally produced goods to utilize e-commerce platforms	To further disseminate opportunities of e-commerce platform to those industries producing consumer goods locally through holding seminars to introduce locally accessible platformers or developers of platform.
<u>Specific to automobiles</u>	
- Significant demand slump remaining for both passenger and com. vehicles.	To introduce a temporal demand boost measures (such as VAT exemption, reduced registration fee, concessional auto loan) for locally produced vehicles with due consideration of year-wise production plan of each assembly maker.
- Squeezed cashflow due to increased inability for vehicle owners to repay for the auto loan.	
On the shift to digitalization:	
- Slow response to digitalization where most industries are yet feeling cost-efficient to resort to digital solutions for process automation and labor-saving, supply-chain/ factory management.	To consider and introduce fiscal incentive (investment tax allowance aside from standard depreciation, and import duties exemption on equipment) for encouraging industry's initiatives for efficiency enhancement (energy-/ labor-saving) through adoption of digital solutions or equipment (automation/ robotics) in factory operation, manufacturing process and supply-chain management. <i>Otherwise,</i> To establish the fund for existing industries for the same purpose, where the fund can be utilized for acquiring equipment or digital solutions.
Others:	
- Squeezed cashflow caused by business halt during the lockdown and the subsequent operational response to hygienic regulations, cost-up of production/ service inputs.	To help industries in general (with a particular attention to the non-export-oriented industries and SMEs) with ease or improve liquidity to some extent, possibly either through: - Relaxing tax obligations by temporally reducing CIT rate, - Waving 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 ideally collateral-free basis.
<u>Specific to software/ ITeS</u>	
- Low penetration of e-payment/ cashless transaction among population	To extend e-payment/ cashless transaction in view of popularizing digital/ online services among the society, while ensuring security of such transactions.
- Frequent interruption of broadband connection	To further extend government initiative for tele-communication infrastructure development.
<u>Specific to pharmaceuticals</u>	
- Lengthy/ costly drug registration process for local production	To ease drug registration process for local production, reduce associated fees, and establish central drug test laboratory.
<u>Specific to processed foods</u>	
- Inadequate transportation/ distribution facilities for fresh agro-products and processed foods	To promote private investment (or facilitate public intervention) for cold-chain facilities.

II.3 Facilitation of Reinvestment by Existing Investors

As stated earlier, the pandemic has been affecting greenfield investment announcements globally, which are indicative of new investment activities. The downturn of greenfield investments would be a major concern for developing economies. Investors remain cautious in committing capital to new overseas

productive assets. According to the observations by UNCTAD and OECD¹¹, however, reinvested earnings in foreign affiliates remained relatively stable. Both stated accordingly that reinvested earnings (of foreign affiliates) become an increasingly important source of FDI flows for the mid-term perspective. In addition, intra-company loans and equity capital injection from parent-companies can serve as cushion even if their foreign affiliates experience decline of reinvested earnings due to the continued pandemic. This indicates an advantage of foreign ownership which may support affiliates' resilience and their business expansion even during the difficult time of the pandemic conditions.

Therefore, IPAs may have stronger rationale for exploring the potential of reinvestment by existing investors (drawing on their retained earnings, intra-company loans/ equity capital injection from their parent-companies) than before the time of the COVID pandemic. Bangladesh as well, in preparation for anticipated downturn or slower recovery of greenfield investments, shall place more emphasis and resources onto another aftercare activity, i.e., facilitation for reinvestment generation.

In this regard, BIDA shall have the list of existing investors with the potential for their business expansion, diversification or repurposing¹². Such existing investors can be revealed by the investment monitoring (IM) activity, that is annually undertaken by BIDA's Monitoring & Compliance Division. Based on the investors' list for reinvestment potential, BIDA shall extend facilitation activity, where BIDA would approach to each relevant investor for the purpose of:

- Interviewing and updating their position or plan for business expansion or diversification,
- Deriving any needs or requests for the subsequent facilitative support, and,
- Identifying any problems or bottlenecks confronted in preparing and materializing the plan.

BIDA shall review and utilize IM data annually to grasp with existing investors (registered projects) with the potential for their business expansion or diversification. According to the latest IM data collected during FY2019-20 (undertaken in Jan.-May 2020), amid the continued influence of the COVID, 64 (out of total 227 IM respondents) registered foreign investors hold very high or high possibility for future reinvestment (business expansion or diversification). This figure can be supported by the latest JETRO survey in 2020 as well, which reveals that 42% of Japanese affiliates/ branches in Bangladesh holds an intention to expand their business within one to two years, eyeing growth potential of the country.

In relation to the actions for facilitating reinvestments by existing investors (foreign or joint-venture), BIDA shall consider relaxation or simplification of existing regulation on borrowing abroad of the long-term loan. Foreign investors in Bangladesh face difficulty in use of foreign term-loans (they usually seek for capital increase instead), since they observe relatively stringent requirement (on documentation in particular) for obtaining prior-approval of borrowing abroad (either from commercial lender or their parent/ affiliate company). This might be negatively affecting proactive reinvestment for expansion or diversification. As also addressed in the policy recommendation after the COVID impact survey, BIDA shall consider proposing either one of the following options in order to activate reinvestment by existing investors (those among the priority industries stated in the National Industry Policy at minimum):

- i) Relaxation of existing rule and regulation, i.e., shift from current prior-approval of proposed foreign borrowing to post-fact reporting, or,
- ii) Simplification of existing procedure, i.e., reduction of required documents (at least in case of foreign term-loan from parent/ affiliate company), namely, proving documents for the aspects that are to be appraised beforehand by lender's responsibility (repay-ability and feasibility of proposed investment, relevance of estimated cost of machinery/ equipment to be procured, credibility of borrower, etc.).

In addition, GOB can consider a fiscal facility to motivate existing investors holding a plan of expansion or diversification to materialize the plan. In this regard, BIDA can examine and propose a fiscal incentive measure, specific for this purpose. Learning from the case of Malaysia (see the box below), BIDA can propose a similar facility of reinvestment tax allowance (deductible from the taxable income) to be

¹¹ UNCTAD, January 2021, Investment Trends Monitor/ OECD, June 2020, Investment policy responses to COVID-19

¹² The term is used to describe business response to public-health needs arisen from the COVID. For instance, garment companies switch a part of their production lines to hygienic masks/ medical robes; cosmetic companies make hand sanitizers; distilleries produce disinfecting alcohol; and automotive companies manufacture medical devices such as ventilator. Some governments have been facilitating these efforts through de-regulation. Bangladesh temporally waives the requirement for companies to adjust the Memorandum of Association.

availed by existing investors upon their materialization of reinvestments (for expansion or diversification) with a certain set of conditions (such as sectors, reinvested capital amount, period of reinvestment).

Reinvestment Allowance facility in Malaysia

Reinvestment Allowance (RA) in **Malaysia** is available for existing companies engaged in manufacturing and selected service activities that reinvest for the purposes of expansion, diversification (or automation and modernization) on condition that such companies have been in operation for at least three years.

In addition to statutory depreciation, RA is given at the rate of 60% on qualifying capital expenditure incurred (for a period of 15 years beginning from the year of the first reinvestment) and can be offset against 70% of its statutory income (confined to the income accrued from reinvested activity) for each assessment year. Unutilized allowance can be carried forward to the consecutive seven years. Companies can claim this RA facility upon completion of the qualifying project (i.e. after the plant/ machinery is put to operation).

(source: MIDA, Website/ UNCTAD)

The **Mauritius** government also introduced a similar facility for reinvestment facilitation on Aug. 2020 in favor of those companies affected by the COVID pandemic, where in case the company incurs capital expenditure for new plant or machinery acquisition, it can additionally be entitled with 100% deduction of the capital expenditure incurred by way of additional investment allowance.

(source: UNCTAD, February 2021, Investment Policy Monitor)

II.4 Promotion of New Investment in Business Opportunities with the COVID-Resilience or Affinity

There is a need to add or shift promotional attention to a set of business opportunities with relative resilience or affinity to the COVID. Through the review of international literatures and interviews with selected industry sectors in Bangladesh, the study extracts emerging trends for with-/ post-COVID era. These trends have made and may make particular business activities buoyant or further growing in the era of COVID pandemic.

Digitalization: the COVID pandemic has been accelerating a shift towards more digitalization, deployment of digital solutions for i) B-to-C services in the versatile sectors and ii) various aspects of business management (such as, remote working, supply chain management). OECD (Jun. 2020) supported this trend with a statement that the businesses using or based on digital solutions defy the crisis better and even continue to grow. Some countries have been or are pushing their industries strongly in such a direction by incentivizing initiatives of digitalization, supporting digital-tech. industries financially and technically. It should be reminded however that this trend of digitalization would lead to capital accumulation with less tangible assets but more intangible assets.

Contactless: the COVID pandemic has been necessitating ways of economic and social activities which require physically contactless interactions among the people in various occasions of life, in the form of modes and styles of commuting (moving), working/ doing-business, learning, purchasing, dining and eating, enjoying social/ cultural/ entertaining deeds, etc.

Bangladeshi example of business opportunity brought with the global COVID pandemic

Bicycle manufacturers in **Bangladesh** see export prospects in the EU countries amid the COVID outbreak as a rising number of people have started using bicycles as an alternative to public transport to avoid congestion. Bicycle sector witnessed a surge in business during the outbreak. At least seven local manufacturers export nearly nine lakh units of bicycles annually and more than 90% of the export goes to the EU countries. According to Export Promotion Bureau (EPB), the country's bicycle exports in the first quarter of FY2020-21 increased by 28.3% to USD 30.4 million compared with exports worth USD 23.7 million in the same period of FY2019-20. "Bangladesh mostly exports bicycles to the EU as local manufacturers enjoy duty-free access to the market while China faces safeguard duty there. We should go for market diversification as the new virus has also created opportunities for Bangladeshi bicycles in North America and Canada". (source: New Age, October 2020)

Isolation (moveless): the COVID pandemic has been influencing people to move less (stay-home, instead) to complete daily activities. Activities requiring move/ visit/ physical gathering are increasingly being enabled online or remotely. Businesses to serve for static people's behavior such as delivery, home productivity/ entertainment and enable any online/ remote activities via IT/ digital technology have acquired growing popularity among the people and would do so in the future.

The COVID pandemic has been changing consumers' mode of purchasing as well, driving general consumers to switch from in-person/ brick and mortar shopping to e-commerce use with delivery service. Delivery service of foods/ grocery in particular has seen a drastic growth during the COVID pandemic. Further, stay-home practice is boosting people's demands for streaming and home entertaining/ learning services and devices required for these purposes. In parallel, cashless payment via e-payment has become popular means of settlement among the consumers. Such shifts have posed significant business opportunities not only for IT-enabled/ digital-tech. services but also across a range of industries.

Contribution to climate change, green/ circular economy. Further, IPAs shall be aware of another global trend of FDI. International investment/ trade agreements increasingly accommodate the clauses concerning climate change mitigation and shift to circular/ green economy, and the states' right to intervene for investors to contribute to such challenges as active adoption of technology for lower carbon emission, energy-efficiency and saving, waste recycling and minimization. Concerns on these challenges for sustainable development has been globally evolving alongside the COVID pandemic.

Promotion focuses (business opportunities) of the peer IPAs for the era of with-/ post-COVID pandemic
<p>The COVID pandemic is enticing the peer IPAs to review their priority sectors and place promotional focus on specific business opportunities that would have resilience or affinity to the COVID pandemic, considering the foreseeable trends to take place for the era of with-/ post-COVID pandemic.</p> <p>A number of IPAs have been amplifying their promotional focus on IT-enabled and digital tech services (such as software/ application development, cloud, AI/ data analytics, data security, data center, contents creation, digital services for healthcare/ education/ farming/ manufacturing, e-commerce platform, business incubation for IT/ digital-tech startups, by ways of organizing seminar (Lebanon, Brazil, Australia), establishing the fund for startups or business usage of digital solutions (Ireland), launching program to facilitate partnership with foreign investors (Japan), supporting pitching or hackathon event (Estonia, Czech). The UK has revamped its investment strategy to highlight the needs to accommodate other modes of investment than capital-based projects.</p> <p>Many IPAs also highlights healthcare-related industries (medical service, drugs/ drug material/ medical food, medical device/ supply, laboratory reagent, disinfectant/ sanitizing chemicals, clinical research, home/ elderly health care) to strengthen national resilience to the pandemic, and food-related industries in response to rising concerns for national food security and food safety, and increased inclination to home-cooking, precooked food and healthy foods. For instance, Bahrain is re-positioning itself as a manufacturing-distribution hub for food and medicine in the region, and developing a smart-logistic facility (warehouse) that would use blockchain technology to trace supply of food and pharma goods to the region. Bio-based and life science industries (particularly for bio-technology application for R&D and manufacturing of drugs/ medical supplies/ foods, etc.) are increasingly highlighted among IPAs as well in response to rising concerns for national resilience of healthcare/ food supply.</p> <p>Further, some IPAs place attention to promotion of business activities that contribute to circular-/ green-economy, namely, renewable or alternative energy including bioenergy/ fuels, waste recycling, energy-efficient manufacturing, energy-saving service, in response to global consensus on climate change mitigation. IPAs in East and Southeast Asian countries explore the opportunities related to manufacturing relocation from the third countries to help multinationals with strengthen their supply-chain resilience.</p> <p><i>(source: Various governments and IPAs in Asian countries/ The World Bank Group, June 2020, Supporting Businesses and Investors: A Phased Approach of Investment Climate Policy Responses to COVID-19/ OECD, July 2020, Investment promotion agencies in the time of COVID-19)</i></p>

Considering the above foreseeable trends as a result of the COVID pandemic, the study picks-up the below business opportunities with the COVID-resilience or affinity (i.e., opportunities emerging or growing under the COVID pandemic) through consulting the following sources.

- Review of a number of literatures concerning observed and forecasted impacts of the COVID pandemic on industries, markets, and adaptative behavior of industries and consumers¹³,
- Review of promoted sectors and businesses focused by IPAs in response to observed and forecasted changes brought by the COVID pandemic (by way of participating in their webinars),
- Interview with selected sectors (stated in the previous section) on resilience or affinity of their businesses to the COVID pandemic, opportunity of (new) products and services (or means of product and service delivery) that are well-adapted to the pandemic conditions, needs of business digitalization, and attitudes of the peer industries for investments in the same sector.

¹³ Major literature consulted for this purpose include, but not limited to:
The World Bank Group, June 2020, Supporting Businesses and Investors: A Phased Approach of Investment Climate Policy Responses to COVID-19/ OECD, July 2020, Investment promotion agencies in the time of COVID-19.

Frequently addressed business activities by IPAs, interviewed industries and concerned literatures include IT-enabled/ digital tech services, healthcare-related industries, and those serving for fight against the COVID pandemic, and contactless, moveless, stay-home or healthy ways of life.

Processed foods	Manufacturing of pre-cooked/ ready-made/ frozen foods, health and supplement foods, confectionaries, packaging materials, food preservatives/ additives/ ingredients, etc.
Software/ ITeS	Software/ application development inc. software as a service (SaaS), ITeS (such as for data analytics, info./ data security, data center, cloud service), Business process outsourcing (BPO) inc. customer service, call center, etc.
Digital tech service	FinTech (mobile/ online payment service), MediTech (remote-diagnosis/ consultation with healthcare professionals, e-medicine), AgriTech (smart farming, agro-input control), e-commerce platform, Digital solutions (inc. automation/ robotics/ AI-based system) for factory operation, manufacturing process, supply-chain management, etc.
Pharmaceuticals	COVID-related medicines/ drugs (antivirals, antibiotics, antihistamine, and for respiratory/ immune system), import-dependent medicine/ drug (anti-cancer, anti-diabetes, vaccines, insulin, biosimilar, etc.), Active Pharmaceutical Ingredient (API), Laboratory reagent, etc.
Healthcare	Hospital (both general and specialized one for particular diseases)/ clinic, Home medical care, Elderly care center/ service, Medical device/ supply manufacturing (inc. PPE and sanitary chemical), Transportation service related to medical care, etc.
Education	Learning support services (home teaching, cram school), IT vocational training, etc.
Electrical & electronics	Products/ devices for home productivity/ entertainment, Products/ devices for home cooking, Products/ devices enabling tele-/ remote and internet services, etc.
Transport equipment	Motorcycle, Bicycle, Three-wheeler, Passenger (compact) vehicle
Bio-technology/ Life science	R&D and manufacturing of biotechnology-based materials and products in the fields of energy/ fuels, medical/ food/ agricultural/ environmental diagnosis, chemical (fertilizer, cosmetic, polymer, solvent, etc.), pharmaceutical, food, seed/ plant/ feed, recycling, etc.
Others	Farming contributing to national food security, Textile fabrication/ yarning for garment, Renewable/ alternative/ circular (from scraps/ wastes) energy/ fuels, Home entertainment services (inc. streaming subscription, video/ online game), Household goods (furniture/ home textile/ houseware, etc.), Cold-chain logistic service, etc.

The pandemic mid-/ long-term implications underscore the importance of promotion especially for the above businesses with the COVID-resilience or affinity (i.e., business opportunities emerging or growing under the COVID pandemic). The government shall allocate resources to introduce and implement promotion measures/ actions for attracting investments in these business opportunities and facilitating their development (including funding to local startups). In this regard, BIDA, as an apex investment promotion agency in Bangladesh, shall consider the following measures and actions:

1) Aligning fiscal incentive to the emerging or growing business opportunities

Currently, Bangladeshi government through the National Board of Revenue (NBR) sets forth the following lists of industrial and business activities as subjects for CIT exemption:

- Industrial undertakings subject to CIT exemption, applicable to BIDA-registered investment projects which are to be set-up between 1 Jul. 2019 and 30 Jun. 2024 (Income Tax Ordinance 1984/ annually revised Finance Acts),
- Businesses of software development, nationwide telecommunication transmission network and ITeS, subject to CIT exemption (those registered with BIDA), and,
- Other industries subject to reduced CIT rates covering textile industries, jute industries, knit wear/ woven garment manufacturer/ exporter and those with green-building certificate, research institutes (registered under the Trust Act 1882 or Societies Registration Act 1860) and private universities, medical/ dental/ engineering colleges, colleges engaged in IT education.

BIDA shall check if these existing list covers the above business opportunities, and propose addition of those activities out of the existing purview to the list of industrial undertakings or ICT businesses entitled for CIT exemption for promoting such emerging or growing business opportunities in the post-COVID era. The following business activities are currently out of purview of the existing lists:

Processed foods: manufacturing of pre-cooked/ ready-made/ frozen foods, health and supplement foods, confectionaries, packaging materials, food preservatives/ additives/ ingredients,

Digital tech service: any services categorized by FinTech, MediTech, AgriTech, e-commerce platform,

Healthcare: hospital/ clinic, home medical care, elderly care center/ service, medical device/ supply manufacturing (inc. PPE and sanitary chemical), transportation service related to medical care,

Education: learning support services (home teaching, cram school), IT vocational training, etc.

Electrical & electronics: manufacturing of products/ devices for home productivity/ entertainment (exc. LED-TV, mobile phone, washing machine that are entitled for CIT exemption), products/ devices for home cooking (exc. blender, rice cooker, oven, induction cooker, etc.), products/ devices enabling tele-/ remote and internet services (exc. computer hardware, mobile phone),

Bio-technology/ life science: R&D of biotechnology-based materials and products,

Others: farming contributing to national food security, home entertainment services (inc. streaming subscription, video/ online game), household goods (home textile, houseware, etc.), cold-chain logistic service.

The box below illustrates examples of fiscal incentive measures taken by the neighboring Asian countries for promoting business opportunities that are highlighted recently (with consideration to the COVID implications).

Examples of fiscal incentive measures for promoting business opportunities

Malaysian government introduced CIT exemption measure for new investments of manufacturing relocation to Malaysia (accompanied with establishment of new local company) by foreign companies in the Short-term Economic Recovery Plan (Jun. 2020) with consideration to the COVID implications.

- i) 10 years exemption in case capital expenditure incurred (for 3 years) amounts from 300 to 500 million RM,
- ii) 15 years exemption in case capital expenditure incurred (for 3 years) amounts over 500 million RM,
- iii) Investment tax allowance (ITA) at the rate of 100% on the qualifying capital expenditure incurred (for 5 years), in case local companies re-shore their manufacturing with capital expenditure of over 300 million RM.

This CIT exemption facility can be applied till Dec. 2022 and becomes available also for foreign companies which relocate their service operation (digital tech solution, cloud-computing, R&D/ engineering design, laboratory service for medical devices, clinical research) to Malaysia.

Fiscal incentive facility has been available for promotion of environmental (green) technology in Malaysia, where ITA can be awarded at the rate of 100% on qualifying capital expenditure for assets serving for the purposes of energy-efficient manufacturing, energy-saving building, renewable energy development, waste recycling, etc.

Malaysian government has also adopted accelerated depreciation or CIT exemption for promoting business use of digital solutions/ ICT devices, and automation of labor-intensive industries since before the COVID outbreak. These measures were reviewed and extended in response to foreseeable impacts of the COVID pandemic.

(source: MIDA, website)

Thai BOI has announced new investment promotion policies (Feb. 2021) and proposed the following fiscal measures in general:

- i) Addition of investment stipulation measure: 50% reduction of CIT for 5 years can be additionally awarded on top of existing CIT exemption benefit to stimulate large-scale projects in most promoted categories, on the condition that proposed projects be materialized within one year from the issuance of promotion certificate.
- ii) Revision of efficiency enhancement measure (to improve existing production lines or services): CIT exemption for 3 years (on the revenue of existing projects) with 50% of qualifying capital expenditure (100% in case of utilizing local equipment) for efficiency improvement through the following, on the condition that proposed projects be materialized within 3 years from the issuance of promotion certificate.
 - Energy conservation, alternative energy usage or environmental impact mitigation

- Replacement or upgrading of machinery (automation or robotics) for efficiency enhancement
- Upgrading of production lines to acquire international sustainability certification
- Adoption of digital tech solutions

iii) Revision of promoted activities with fiscal incentives: BOI revised the promotion category which stipulates its promoted activities and associated tax benefits (with consideration to the COVID implications). The revision focused on activities of healthcare (inc. medical service, clinical research, elderly care, and manufacturing of medical device/ drug/ API), electric vehicles manufacturing, ITeS and digital solution service, food-related (inc. food additives/ ingredients, medical foods/ supplements, feeds/ feed ingredients, plant factory), and bio-based (inc. bioenergy/ biofuel, R&D/ manufacturing/ agriculture using bio-technology), circular-/ green-based (inc. energy from wastes, recycling, renewable energy, energy-saving service, eco-chemicals/ polymers).

Among the healthcare-related activities, BOI also highlights localization of inputs manufacturing such as non-woven fabric (for producing medical supplies) and parts for medical devices, APIs for drugs (for diseases with aggravation risks by the COVID), by proposing to extend CIT exemption period and waive duty on imported machinery, in view of realizing more complete healthcare supply chain in the country.

(source: Thailand BOI, presentation materials for a series of webinar held from July 2020 till February 2021)

Philippines government announced the 2020 Investment Priorities Plan (IPP) in Nov. 2020 which emphasizes the following as preferred activities for investment (partly with consideration to the COVID implications), that are subject of fiscal incentive provision:

- Activities relating to the fight against the COVID pandemic including production of essential goods such as drugs, medical device, PPEs, laboratory equipment/ reagents, sanitizers, cleaning materials, etc., and delivery of essential services such as health waste treatment, laboratories, testing,
- Investments to generate employment opportunities outside congested urban areas,
- Agro-processing, agriculture, fishery and forestry,
- Strategic services covering ITeS (call center, data analytics, animation, etc.), mobile solution/ digital trading service, digital startup, aircraft maintenance, charging/ refueling stations for alternative energy vehicles,
- Hospitals, medical/ healthcare facilities
- Mass housing/ low-cost dwelling projects
- R&D activities including clinical research, business incubation for startups, fabrication laboratory, etc.
- Manufacturing and establishment of energy/ resource-efficient goods and facilities
- Establishment of battery energy storage system

(source: Republic of the Philippines, November 2020, Memorandum Order No. 50)

Vietnamese government amended its investment law (effective since Jan. 2021), which addresses additional fiscal incentives for investment among others. Several business lines became eligible for incentives, inc. production of drug, medical device, renewable energy, energy-saving products, waste collection/ treatment service. Vietnam also passed the law on public-private partnership (PPP) which envisions private investment attraction in five essential infrastructure areas through PPP: transportation; power grid/ plant; irrigation, clean water supply/ wastewater treatment; healthcare and vocational education; and IT infrastructure.

(source: UNCTAD, February 2021, Investment Policy Monitor)

The People's Republic of China, through the State Council (Aug. 2020) released a circular to stabilize foreign trade and investment, which announced 15 policies in response to economic fallout by the COVID pandemic. The circular among the policies introduced a measure to encourage foreign investment in high tech as well as healthcare sectors by facilitating the project application process, lowering the threshold for foreign R&D centers to be eligible for reduced import duties of required equipment.

(source: UNCTAD, February 2021, Investment Policy Monitor)

2) Aligning promotion activity to the emerging or growing business opportunities

BIDA has been hosting or joining overseas and domestic investment promotion activities through webinars, which are country-focused with attention to the priority sectors along with National Industry Policy. Aligning with the emerging or growing business opportunities for the post-COVID era, BIDA can consider the following options of promotion activity (webinar for the time-being) as well in addition to the country-focused ones:

- i) To organize sector-specific promotion seminar, for instance, on pharmaceutical and healthcare sectors, ITeS and digital-tech sectors, electrical and electronics sector, bio-technology/ life science sector. However, such sector-focused seminars still need to consider particular target countries from among potential investment sources for these business opportunities, again for instance, Western Europe nations, Singapore or Malaysia for pharmaceutical and healthcare sectors,
- ii) To allocate sessions to highlight one or two sectors during the country-focused seminar, if the country is deemed as relevant investment source for the emerging or growing business opportunities,

- iii) To organize business seminars for the emerging or growing opportunities among local industry players concerned in view of identifying the needs of potential (re)investment and bottlenecks for materializing investment.

Particularly for promoting ITes and digital tech sectors, it is advisable to focus on "local startups" as well and leverage foreign resources for development (incubation, acceleration, fund provision) of promising local startups. BIDA shall be a part of startup development community alongside of ICT Division, High Tech Park Authority (HTPA), Association of Software & Information Services (BASIS). BIDA in this regard can consider the following for building sound ecosystem for development of local startups:

- Attraction of foreign partners (incubators, accelerators and fund providers for startups) through investment promotion seminar,
- Facilitation of match-making between foreign partners and local startups through launching or joining pitching programs where local startups demonstrate their business plan of ITes/ digital tech service in front of potential foreign partners.

II.5 Further Digitalization of IPA's Functions and Services

Many IPAs have been observing a range of influences of the COVID pandemic on the way of doing their functions and services, and facing various operational challenges, which have been apparent as a result of cancellation of promotion events (seminar, roadshow, or other business conference), missions (either inbound or outbound) and in-person investor visits, and furthermore, inability to deliver services of consultation/ inquiry, licensing, monitoring and aftercare in a physical manner. These challenges have been posing IPAs with necessity of accelerated adoption of tele-communication or digital tools, to make IPAs remain able to deliver the services in challenge.

The COVID has drastically accelerated the earlier trend towards digitization of IPAs. Many services rendered in person have been or would be provided digitally. This requires different ICT tools ranging from online meeting (webex) facility, online licensing facility and customer relationship management system (for leads generation), even to artificial intelligence (AI) and virtual reality (VR) solutions (such as for virtual site visit). For instance, some IPAs accelerate its digitalization plan including online service delivery and AI-based marketing, and others plan to recalibrate its strategy so as to include more digital solutions (e-meetings, webinars).

BIDA has been active in this respect, having been employing ICT tools/ digital solutions even from before the pandemic. Current status of ICT usage or digital-shift in BIDA is explained below for each of its core function/ service. BIDA has well accommodated such an ICT usage or digital shift for those services of investment-related licensing (through developing online-based licensing facility), investment monitoring (via online in the future), promotion events (through webinar), policy advocacy (through webex dialogues with private bodies), but still leave the room for the greater digitalization effort for investment facilitation services including relationship management with potential investors.

Core functions/ services	Status of ICT usage/ digital shift in BIDA	Note
Information provision/ image-building	All the media and tools for information provision/ image-building have been published and available in electronic format.	
Investment promotion	BIDA in Jul. 2020 decided to opt for webinar until the COVID pandemic is eased enough and is doing so to outreach potential investors and conduct GtoG meetings in target countries. But such webinars have been technically assisted by donors or counterpart organizations in the target countries.	BIDA has been licensed of Google Meet as webex/ online-meeting tools.
Leads generation (potential investors facilitation)	BIDA is ready for operating "Contact Management System" for the purpose of screening prospective investors out of those contacted potential ones through promotion activities and in-personal visits, and facilitating their decision-making for investment. But BIDA is only beginning to accumulate profile data of the contacted potential investors in electronic format.	

Consultation/ inquiry service	Consultation/ inquiry needs from individual investors during the COVID pandemic have been responded by e-mail or telephone largely. Online meetings for consultation/ inquiry have rarely taken place. BIDA has not prepared the platform for this purpose on its website (ideally with service application format).	
Licensing facilitation inc. investment registration	BIDA since Feb. 2019 stated online-based licensing service (OSS facility) where licensing required for start-up stage are well serviced, and is continuously expanding the coverage of licenses to be serviced online.	Online licensing facility has been assisted by IFC-BICF2.
Investment monitoring (IM)	BIDA has designed and been securing budget for online IM system (instead of reporting via e-mail), to avoid lengthy data entry/ analysis and ensure investors' obligation of reporting.	
Aftercare	BIDA is in the stage of planning for aftercare service, where existing investors with stagnant projects before realization and with the potential for reinvestment would be approached via online meeting tool for deriving facilitation support along with their needs.	
Policy advocacy (inc. regulatory improvement)	BIDA has undertaken a series of online dialogue with key foreign chambers after the COVID outbreak, where each chamber solicited their proposal of regulatory easing measures in response to the immediate COVID impacts.	

Considering the current status of ICT usage/ digital shift for each key function/ service, BIDA shall proceed with the following initiatives to enhance digitalization so as to well accommodate the needs of both potential and existing investors even in tough conditions for outreaching and communication.

Investment promotion: Technical guidance for planning and organizing webinar

Investment promotion activities such as seminar and roadshow requiring relatively large gathering would continue to be restricted globally. Accordingly, IPAs may not be allowed to undertake overseas promotion activities in a physical manner for the time being as they did before the COVID pandemic. IPAs shall continue to organize such promotion activities online and need to be equipped with ability of design/ implementation/ follow-up for delivering well-arranged and outcome-oriented events by employing the state of art digital tools.

BIDA in February 2020 decided to change the format of promotion seminar from physical to online (webinar) in response to global outbreak of the COVID pandemic and has undertaken a series of webinar since then as means to outreach potential investors in the high potential source countries. However, those webinars so far have been prepared and implemented with technical assistance by donors or technically hosted by the counterpart organizations of the target countries. BIDA officers shall be further knowledgeable of webex tools together with a standard set of tasks for organizing webinar, and increasingly equipped with skills of handling relevant digital tools.

BIDA in this regard shall conduct technical guidance for organizing webinar internally, which focuses on webex tools and skills associated with such tools, standard tasks required for organizing webinar ranging from stages of design, preparation, implementation up to post-event follow-ups. The technical guidance shall be conducted along with the standard operating procedure (SOP)¹⁴ for planning and organizing webinar.

Further, BIDA is advised to establish a technical unit for webinar organization, which consists of a few relatively junior permanent officers with enough knowledge of webex tools and basic skills of web-design and data processing.

Leads generation (potential investor facilitation): Data management and utilization of potential investors' contacts through the Contact Management System (CMS)

¹⁴ Technical guidance shall cover the contents as shown in the Appendix-5. JICA Team prepared this SOP for planning and organizing webinar in May 2021.

Lead generation in general is meant to facilitate potential investors to make their decisions for investment, while ensuring the country (location) remains well-positioned to them when their investment plans materialize. This usually starts with management of potential investors' pipeline (for future investment leads) and target (prospective investors) identification in promoted sectors, followed by regular communication with target investors on their update status of investment plans, consultation in response to their needs of information/ inquiry/ advice, arrangement support upon their visits, and ends with their decision to invest in the country (project registration or application).

Some IPAs employ Customer Relationship Management (CRM) system, that is a marketing aid software, for this purpose. Both OECD and UNCTAD admit that IPAs fully equipped with such CRM system have seen the smoother shift to digital-based operation than others. In this regard, BIDA acknowledged to adopt such an initiative (Dec. 2019) as introducing Contact Management System (CMS)¹⁵, which intends for BIDA to administer profiles of potential investor contacted via promotional activities (and visits to BIDA), and facilitate screened "prospective investors" (those in promoted sectors) having stronger interest in investing or doing business in Bangladesh. The workflow of CMS is summarized as follow:



Workflow of the contact management system (CMS)

- Data collection/ management: to collect and accumulate the profiles of potential investors to be contacted through promotion activities and appointed visits to BIDA (either in physical or virtual),
- Screening of prospective investors: to identify prospective investors in accordance with the viewpoints (e.g., promoted sectors, products and services, degree of interest in Bangladesh, preparation of investment plan, possibility of visit to Bangladesh), from among the data of potential investors contacted,
- Facilitative action in favor of prospective investors: to consider and provide any possible information or support¹⁶ that are deemed necessary for their decision-making of investment, by communicating with them individually and asking their plan of investment or visit to Bangladesh (it would be ideal to involve the commercial attaché of the overseas mission in the location countries).

BIDA since February 2020 has started a trial use of CMS tools (profile data sheet of contacted potential investors via overseas promotion activities and appointed visits to Executive Chairman). However, due to the COVID outbreak, opportunities of contacts with potential investors to Bangladesh became nil or minimum, and only a very limited number of profile data has been accumulated. BIDA has activated webinars since February 2021, which are supposed to collect the participant list (or their questionnaires). Therefore, BIDA can resume profile data accumulation (i.e., pipeline of potential investors) immediately and then operate CMS for identifying and facilitating prospective investors along with the workflow.

Initiatives taken by other IPAs
Using CRM or its similar facility, IPAs can facilitate potential investors to getting more knowledge and confidence with their investment plans and making their decisions to invest. IPAs can record logs of communication or interaction with potential investors and grasp with their plans or schedules of visit to the country for fact-finding, business plan brushing, preparatory works. IPAs such as CINDE Costa Rica, IDA Ireland, Business France, Austrade have run such a well-established system which serves for these purposes. (source: OECD, July 2020, <i>Investment promotion agencies in the time of COVID-19</i>)

Consultation/ inquiry service: Platform preparation for online meeting arrangement

¹⁵ See the Appendix-6 for the workflow of CMS. According to BIDA's Strategic Plan (mid-term corporate plan), this is called CRM.

¹⁶ The supports that can be provided by BIDA at this stage may include: information/ data provision, inquiry service, arrangement upon business visit (meeting with chambers, ministries and agencies concerned, potential buyers/ suppliers, and site visit to candidate land), and reference of available support facilities.

BIDA has been providing consultation and inquiry services, largely upon in-personal visits and through e-mail respectively. Since the COVID outbreak, the number of in-personal visits for the consultation purpose in particular has been minimal. However, this has not automatically led to popularity of consultation using online tools yet. Although responsible officers in the relevant divisions and at executive level (being accessible to such online tools) have been ready to receive potential investors in need of consultation/ advice, however, the case of online consultation has been rather limited.

To popularize online consultation service among more potential investors, BIDA shall announce contact points for online consultation/ inquiry services on its website, ideally with the service application platform (that would notify the requests of services to responsible divisions, i.e., Divisions of Registration & Incentives for Foreign Industry, Local Industry, or Commercial, or other relevant divisions or executives). Without such a contact announcement and service application platform, potential investors may not feel confident enough in reaching officers in charge, even if they seek for consultation/ advice.

On the other hand, the number of received inquiries remains constant usually through e-mail (mostly to Divisions of Registration & Incentives). Although received inquiries can be largely answered by referring to FAQ portal in the website or Investment Handbook (downloadable from website), other needs to be scrutinized by the relevant officers. Firstly, BIDA shall continue to enrich FAQ portal by reviewing frequently received inquiries. Secondly, inquiries can be received through the same service application platform (as with request for consultation), and then forwarded to the relevant divisions for answering.

Derived from consultation/ inquiry, some investors may ask IPAs to help arrangement of meetings with other ministries/ agencies and site visits (such as industrial estates). Under the COVID pandemic conditions where many foreign potential investors refrain from travelling overseas, such arrangement can hardly be serviced. As far as the needs for site visit is concerned, BEZA (currently developing a number of economic zones across the country) can consider developing a portal dedicated for updating the status of development and operation for each economic zone, in view of enabling potential investors to virtually access to the site options. This portal can include picture, layout drawing, location map, specification of on-/off-site infrastructure, developer/ operator, terms/ conditions of tenancy, schedule for commercial operation, etc.

Initiatives taken by other IPAs
Thai BOI has launched online-meeting service (in addition to conventional means of e-mail, telephone, SNS) to accept needs of consultation/ inquiry from intending investors who cannot travel due to the COVID pandemic. (source: Thailand BOI, presentation material for a webinar held on February 2021)
Polish Investment & Trade Agency started organizing virtual site visit to facilitate interested investors to selecting site options for assisting their investment project formulation. Pakistani BOI launched a special economic zones (SEZs) information portal to digitize information service related to the country SEZs where BOI collects SEZ related information from the developers in the country. (source: UNCTAD, February 2021, <i>Investment Policy Monitor</i>)

Investment monitoring (IM): Online monitoring reporting system

BIDA has designed and been securing budget for online IM system (instead of reporting via e-mail), that is to be accommodated by existing online licensing service (OSS) facility. This online system shall be promptly installed to fully digitalize IM data collection and management, and thus lessen workload required for data entry and processing. Data management in digital form would then enable BIDA with ease to run multifaceted analysis of the project IM data, and identify those registered investors with stagnant projects before realization (or considering partial or full divestments) and with the potential for reinvestment (i.e., expansion or diversification).

At the same time, BIDA shall consider how this online reporting obligation is enforced to its registered investors to achieve satisfactory capture rate of monitoring respondents. BIDA in this respect may examine an option to add latest IM report as one of required attachments upon renewal of important licensing (such as import registration certificate for industry use, expatriate work permit).

III. Recommendations

III.1 Recommendations Common to Sectors

Based on issues and challenges faced under the COVID conditions and proposals to address them in the previous sections, the strategy recommends the following policy measures and actions for promoting investments for the era of with-/ post-COVID. BIDA is suggested to adopt a holistic approach through implementing some measures and actions as its own initiative, while proposing or facilitating relevant ministries/ agencies to materialize such measures or actions as authorized by other than BIDA.

Category	Recommended measures/ actions	Responsible institution(s)	Timeline
Marketing & communication (in general)	To prepare a dedicated section to regularly update the COVID pandemic-related information in its website (easily accessible from the top-page of website).	BIDA: Marketing & Com. Div.	Short-term
Easing the remaining and continuing issues and bottlenecks confronted by the existing investors	To organize the event (online) for the purpose of facilitating diversification of suppliers/ supplying countries, particularly for the sectors which confront difficulty in inputs sourcing, jointly with concerned trade bodies and target countries for diversification.	BIDA: Linkage & Suppliers Dev. Div.	Mid-term
	To expedite import cargo clearance even under the COVID pandemic condition, and improve governance/ services of customs, through the following measures: - Placement of sufficient number of officers at cargo handling facility and customs while putting hygienic regulation in place, - Extension of beneficiaries of Authorized Economic Operator (AEO) system (which awards preferential treatments upon customs clearance to the traders with a good track record), - Extended operation of priority lane system in customs clearance, - Adoption of customs valuation based on transaction value, or formulation of the roadmap towards the adoption, - Early electronication/ computerization of customs clearance, through extended development/ operation of ASYCUDA system and single-window system.	Customs Wing-NBR Chittagong Port Authority (CPA)	Mid- to long-term
	To ease import settlement by allowing telegraphic transfer (T/T) at least on the following transactions, in view of trade facilitation of growing industries including IT/ digital service industry: - Import from the parent/ affiliate companies by domestic market-oriented industries (producing for local market), - Import up to a certain (small) value. <i>In addition,</i> To clarify the procedure and application documents necessary for waiver of "Article 8: No outward remittance of any kind from Bangladesh sources will be allowed" in the certificate of branch establishment.	BB BIDA: Registration & Incentives Div. for commercial	Short-term Short-term
	To help industries in general (with a particular attention to the non-export-oriented industries and SMEs) with ease or improve liquidity to some extent, possibly either through: - Relaxing tax obligations by temporally reducing CIT rate, - Waving 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 ideally collateral-free basis.	Income Tax Wing-NBR/ MOF BB	Short-term
	To further disseminate opportunities of e-commerce platform to those industries producing consumer goods locally through holding seminars to introduce locally accessible platformers or developers of platform system.	Ministry of Commerce (MOC)	Short-term
	To consider and introduce the following fiscal incentive for encouraging industry's initiatives for efficiency enhancement (energy-/ labor-saving) through adoption of digital solutions or	Income Tax Wing-NBR/ MOF	Mid-term

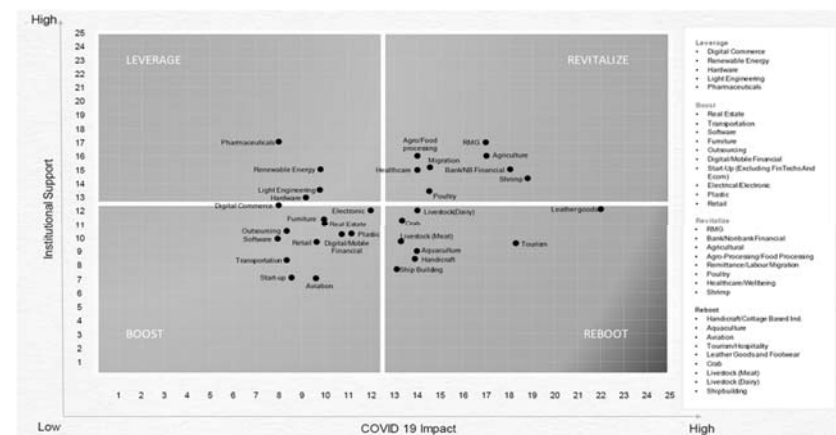
	equipment (automation/ robotics) in factory operation, manufacturing process and supply-chain management: - Investment tax allowance (aside from standard depreciation), which exempts CIT for a certain period up to a certain percent of capital expenditure incurred for relevant purposes, and, - Import duties exemption on equipment. Proposed investment for efficiency enhancement satisfies a certain minimum capital expenditure. Investment employing digital solutions shall presume the following cases: - Adoption of software, program, information system, cloud service or data center for data linkage, AI-based data analytics, or machine learning, etc. <i>Otherwise,</i> To establish the fund for existing industries for the same purpose, where the fund can be utilized for acquiring equipment or digital solutions.		
Facilitation of reinvestment by the existing investors	To extend facilitation activities to relevant investors with the potential for reinvestment (expansion or diversification) for materializing their reinvestment plans, through: - Interviewing and updating their position or plan for business expansion or diversification, - Deriving any needs or requests for the following facilitative support, and, - Identifying any problems or bottlenecks confronted in preparing and materializing the plan.	BIDA: Aftercare Div.	Short-term
	To consider relaxation or simplification of existing regulation on borrowing abroad of the long-term loan from commercial lender or their parent/ affiliate company, through proposing either one of the following options in view of activating reinvestment by existing investors (those among the priority industries stated in the National Industry Policy at minimum): i) Shift from current prior-approval of proposed foreign borrowing to post-fact reporting, 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	Short-term
	To consider and propose reinvestment tax allowance (deductible from the taxable income) to be availed by existing investors upon their materialization of reinvestments with a certain set of conditions (such as sector, reinvested capital amount).	Income Tax Wing-NBR/ MOF BIDA	Mid-term
Promotion of new investment in business opportunities with COVID-resilience or affinity	To propose addition of the following businesses to the list of industrial undertakings or ICT businesses entitled for CIT exemption in view of promoting the emerging or growing business opportunities in the post-COVID era. <u>Processed foods</u> : manufacturing of pre-cooked/ ready-made/ frozen foods, health and supplement foods, confectionaries, packaging materials, food preservatives/ additives/ ingredients, <u>Digital tech service</u> : any services categorized by FinTech, MediTech, AgriTech, e-commerce platform, <u>Healthcare</u> : hospital/ clinic, home medical care, elderly care center/ service, medical device/ supply manufacturing (inc. PPE, sanitary chemical), transportation service for medical care, <u>Education</u> : learning support services (home teaching, cram school), IT vocational training, etc. <u>Electrical & electronics</u> : manufacturing of products/ devices for home productivity/ entertainment (exc. LED-TV, mobile phone, washing machine that are entitled for CIT exemption), products/ devices for home cooking (exc. blender, rice cooker, oven, induction cooker, etc.), products/ devices enabling tele-/ remote and internet services (exc. computer hardware, mobile phone),	Income Tax Wing-NBR/ MOF BIDA	Short-term

	<p><u>Bio-technology/ life science:</u> R&D of biotechnology-based materials and products,</p> <p><u>Others:</u> farming contributing to national food security, home entertainment services (inc. streaming subscription, video/ online game), household goods (home textile, houseware, etc.), cold-chain logistic service.</p> <p>* The above eliminates the recommended businesses that are already indicated in the existing purview of industrial undertakings or ICT businesses entitled for CIT exemption.</p>		
	<p>To consider the following modes of promotion webinar (in addition to the country-focused ones) for the emerging or growing opportunities in the post-COVID era:</p> <p>i) To organize sector-specific promotion seminar, e.g., on pharmaceutical and healthcare sectors, ITeS and digital-tech sectors, electrical and electronics sectors,</p> <p>ii) To allocate session(s) to highlight one or two sectors during the country-focused seminars, if the country is deemed relevant investment source for the emerging or growing opportunities,</p> <p>iii) To organize business seminars for the emerging or growing opportunities among local industry players concerned in view of identifying needs of potential (re)investment and bottlenecks for materializing investment.</p>	<p>BIDA: Marketing & Com. Div., Policy Advocacy Div.</p>	Short-term
Further digitalization of IPA's functions and services	<p>To conduct technical guidance for organizing webinar, which focuses on webex tools and skills associated with such tools, standard tasks required for organizing webinar ranging from stages of design, preparation, implementation till follow-up (along with the SOP on webinar), in order for BIDA/ BEZA to acquire capability of delivering promotion activities online.</p> <p><i>In addition,</i></p> <p>To establish a technical unit for webinar organization, consisting of a few junior permanent officers with enough knowledge of webex tools and basic skills of web-design and data processing.</p>	<p>BIDA: Marketing & Com. Div. BEZA</p>	Short-term
	<p>To operationalize Contact Management System (CMS) to facilitate potential investors to make their decisions for investment, starting with management of potential investors' pipeline (for future generation leads) and target (prospective investors) screening, followed by facilitative actions in favor of prospective investors that are deemed necessary for their decision-making of investment.</p>	<p>BIDA: Registration & Incentives Div. for foreign/ local/ comm. Marketing & Com. Div.</p>	Short-term
	<p>To prepare application platform at website for requesting online consultation and inquiry service (that then would notify the requests of services to responsible divisions) to popularize such online service among more potential investors.</p>	<p>BIDA: Marketing & Com. Div. or IT section</p>	Short-term
	<p>To develop a portal dedicated for updating the status of development and operation for economic zone, to enable potential investors to virtually access to the site options.</p>	BEZA	Mid-term
	<p>To install online investment monitoring (IM) system (to be accommodated by existing online OSS portal) to fully digitalize IM data collection and management, and thus lessen the workload for data entry and processing.</p>	<p>BIDA: Monitoring & Comp. Div.</p>	Short-term

III.2 Recommendations Specific to Sectors

Since the impact of COVID largely varies by business sectors, it would be worth to review sector-wise impact and expected challenges and opportunities, with recommended strategies and policy measures focused on each sector. The figure below indicates difference in impacts (horizontal axis) by business sectors and level institutional/governmental support (vertical axis). Business sectors can be categorized by four groups, according to this plot, as below, with representing sectors.

- 1) Revitalize: Large impacts with support - RMG, healthcare, agro/ food processing, etc.
- 2) Reboot: Large impacts with limited support - tourism, leather goods, shipbuilding, etc.
- 3) Leverage: Growth/ small impact with support - pharmaceuticals, renewable energy, light engineering, etc.
- 4) Boost: Growth/ small impact with limited support - digital commerce, electronics, transportation, retail, etc.



Source: Impact of COVID-19 -Sectoral Heat Map-, Innvision, July 2020

The COVID Impact and Institutional Support in Bangladesh

In addition to the recommendations common to all business sectors, sector-specific policy measures and actions are recommended here, as strategies by taking a close look at characteristics of each sector. The next table indicates challenges, opportunities and policy measures/ actions, based on sectoral analysis and interview results, for case study (interviewed) sectors, namely, RMG, software/ ITeS, pharmaceuticals and automobiles, electronics and electrical equipment and processed foods.

Challenges	Opportunities	Sector-specific measures/ actions	
RMG (Export processing group)			
<ul style="list-style-type: none"> - Continued disruption of material sourcing via import with increased costs of material inputs - Delayed delivery of imported materials due to slower customs clearance and shipping disorder - Reduced productivity due to requirements of wider factory space, shift operation, training/ application of hygienic rules - Continued demand slump from major brands 	<ul style="list-style-type: none"> - Emerging or growing opportunities for: manufacturing of medical supplies (PPEs and those made of fabric or fiber), household textiles, Recycling of wasted fabrics - Growing orders from buyers for mail-order/ online purchase - Good prospect for new market development (India) - Opportunities for digitalization or automation/ robotics adoption: sample design, weaving/ sewing processes, supply-chain management, buyers' quality check 	<ul style="list-style-type: none"> - To organize the event (online) for the purpose of facilitating diversification of suppliers/ supplying countries, jointly with relevant trade bodies and target countries - To conduct investment promotion of the upstream industries of textile and yarn for garment, through the following: <ul style="list-style-type: none"> - Import duty reduction for the materials - Sector-specific promotion (webinars for target countries of potential investors' origin) - Facilitation of reinvestment to existing investors (if any) - To compensate for reduced productivity by introducing temporal reduction of CIT rate 	<p>BIDA: Linkage & Suppliers Dev. Div. Relevant trade body</p> <p>Customs Wing-NBR</p> <p>Income Tax Wing-NBR</p> <p>Short-term</p> <p>Mid-term</p> <p>Short-term</p>
Software/ ITeS (Digital-oriented service group)			
<ul style="list-style-type: none"> - Lengthy import process for sophisticated ICT devices due to slower customs clearance and shipping disorder - Difficulty in settling the payments with overseas clients due to complex foreign exchange rules - Increasingly scarcity of skilled engineers - Frequent interruption of broadband connection 	<ul style="list-style-type: none"> - Growing demand in general, active (re-)investment, and emerging or growing opportunities for: <ul style="list-style-type: none"> Software/ application development, ITeS (such as data analytics, data security, data center, cloud service), business process outsourcing, FinTech, MedTech, EdTech, AgriTech, E-commerce, digital solutions for factory operation, manufacturing process, supply-chain management, etc. Shift to locally made goods from imported ones in e-commerce due to continued disruption of import 	<ul style="list-style-type: none"> - To introduce fiscal incentive for encouraging industry's initiatives for deployment of skilled IT engineers, through double tax deduction on the expenses for the purpose (e.g., inhouse/ external training, skills certification, internship, scholarship to the students) - To enrich curriculum of computer science/ information engineering at universities/ vocational institutes along with the field needs of private sector, and to encourage investments to IT-related training institutes - To build sound ecosystem for local startups, through attraction of foreign partners (incubator, accelerator, fund provider) and facilitate match-making with foreign partners/ investors through launching or joining pitching program - To extend cashless (e-payment) transaction in view of popularizing digital online services among the society, while ensuring security of such transactions - To adequately recognize e-commerce as one of the 	<p>Income Tax Wing-NBR/ MOF</p> <p>ICT Division, National Skills Dev. Authority</p> <p>ICT Division, High Tech Park Authority, BIDA, Relevant trade body</p> <p>BB, MOF Relevant trade body</p> <p>Income Tax Wing-</p> <p>Short-term</p> <p>Mid-term</p> <p>Short-term</p> <p>Mid-term</p>

		key segments in ICT businesses entitled for fiscal incentive (CIT exemption) for promotion purpose	NBR/ MOF	Short-term
Pharmaceuticals (Healthcare-related group)				
<ul style="list-style-type: none">- Emergingly concerned with India's export ban on drug materials and the resultant disruption/ cost-up of API/ KSM and increased dependency on China- Delayed delivery of imported materials due to slower customs clearance/ shipping disorder, and global shortage of raw materials- Lengthy/ costly drug registration process for local production	<ul style="list-style-type: none">- Growing demand in general and emerging or growing opportunities for: Manufacturing of COVID-related medicines/ drugs (antivirals, antibiotics, antihistamine, and for respiratory/ immune system), import-dependent medicine/ drug (anti-cancer, anti-diabetes, vaccines, insulin, biosimilar, etc.), Active Pharmaceutical Ingredient (API), Key Starting Material (KSM), etc.- Manufacturing of medical supplies (PPEs, anti-septic/ disinfectant/ sanitizing chemicals)- Emerging sales channels of drugs/ medicines (e-drug)- Opportunities for digitalization or automation/ robotics adoption: Production process analytics for quality control, material injection process, supply-chain management, marketing/ sales, customer response	<ul style="list-style-type: none">- To organize the event (online) for the purpose of facilitating diversification of suppliers/ supplying countries, jointly with relevant trade bodies and target countries- To conduct investment promotion of the upstream industries of APIs/ KSM for pharmaceuticals, through the following:<ul style="list-style-type: none">- Import duty reduction for the materials- Sector-specific promotion (webinars for target countries of potential investors' origin)- Facilitation of reinvestment to existing investors (if any)- To ease drug registration process for local production, reduce associated fees and establish central drug test laboratory	BIDA: Linkage & Suppliers Dev. Div. Relevant trade body Customs Wing-NBR DG of Drug Admin./ MOHFW	Short-term Mid-term Mid-term
Automobiles (Assembly, transport equipment group)				
<ul style="list-style-type: none">- Unscheduled and unsmooth import of knockdown sets due to slower customs clearance and shipping disorder- Demand slump remaining for both passenger and commercial vehicles- Squeezed cashflow due to increased inability for vehicle owners to repay for the auto loan	<ul style="list-style-type: none">- Prompt demand recovery with robust demand for motorcycles and three-wheelers due to commuters' avoidance of public transport- Increased export of bicycles to Europe, due to increased use for commuting- Emerging or growing opportunities for: Manufacturing of motorcycle, bicycle, three-wheeler, passenger (compact) vehicle	<ul style="list-style-type: none">- To introduce a temporal demand boost measures (such as VAT exemption, reduced registration fee, concessional auto loan) for locally produced vehicles with due consideration of year-wise production plan of each assembly makers- To promptly formalize the National Automobile Industry Development Policy	VAT Wing-NBR/ MOF, BD Road & Transport Authority (BRTA), BB Ministry of Industries (MOI)	Mid-term Short-term
Electronics & electrical equipment (Assembly, durable consumer goods group)				
<ul style="list-style-type: none">- Unscheduled and unsmooth import of production inputs due to slower customs clearance and shipping disorder (inc. reduced	<ul style="list-style-type: none">- Sales of home appliances and electronics in general has recovered significantly- Increased popularity to use e-commerce	<ul style="list-style-type: none">- To reduce import duties for CKD sets for assembly of electronics/ home appliance products through due consultation with the needs of private sector	Customs Wing-NBR/ MOF, Tariff Commission	Short-term

frequency)	platform/ site			
<ul style="list-style-type: none"> - Facing higher prices of imported inputs prices (supply disorder in China), but being unable to change or diversify sources - Demand slump due to lower economic growth and consumers' limited spending for durable goods 	<ul style="list-style-type: none"> - Emerging or growing opportunities for: Manufacturing of medical devices (analytical/ testing), products/ devices for home productivity/ entertainment, products/ devices for home cooking, products/ devices enabling tele-/ remote, internet services, etc. 			
Processed foods (Fast-moving consumer goods/ resource-based group)				
<ul style="list-style-type: none"> - Continued disruption of material sourcing via import with increased costs of material inputs - Competitive sourcing of imported materials due to global shortage - Reduced productivity due to requirements of training/ application of hygienic rules and difficulty in securing sufficient number of workers free from infection (engaged in manual processing) - Inadequate transportation/ distribution facilities for fresh agro-products and processed foods 	<ul style="list-style-type: none"> - Prompt demand recovery with robust demand for processed foods - Emerging or growing opportunities for: Manufacturing of pre-cooked/ ready-made/ frozen foods, health/ supplement foods, confectionaries, food preservatives/ ingredients, reflecting the stay-home needs and stronger health-consciousness. - Increased popularity to use e-commerce platform/ site - Opportunities for digitalization or automation/ robotics adoption: Material handling/ packaging, for less human intervention, marketing data analytics 	<ul style="list-style-type: none"> - To organize the event (online) for the purpose of facilitating diversification of suppliers/ supplying countries, jointly with relevant trade bodies and target countries - To promote private investment (or facilitate public intervention) for cold-chain facilities 	BIDA: Linkage & Suppliers Dev. Div. Relevant trade body	Short-term Mid-term

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Appendix-1: Measures and actions proposed by BIDA in response to the immediate impacts of the COVID and Financial measures accommodated in the stimulus financial package

In view of easing immediate negative impacts from the COVID pandemic (lockdown in particular) on the business activities by the existing investors, BIDA has proposed the finance ministry the following emergency measures and actions, which mainly intend to (temporarily) eliminate, suspend or lessen the regulatory compliances and costs, and to improve business climate. BIDA compiled such measures and actions as shown below, through a series of dialogue with foreign chambers to seek for their advices and opinions.

For the Immediate to Three Months		
<p>Introduce flexibility with regulatory and legal compliance requirements to:</p> <ul style="list-style-type: none"> Allow alternative source of working capital for private sector. Allow companies to focus on sustaining their business operations and avoid non-compliance penalties. Allow businesses to start new production lines, especially for essential goods (e.g., medicine, ventilator, sanitizer, surgical mask and PPE) that would help; <ul style="list-style-type: none"> alleviate supply shortages during crisis, companies to extend into in-demand products and sustain operations. 	Simplify foreign loan approval procedure by shifting to notification from the existing approval for all sectors or at least priority sectors.	MOF, BB, BIDA
	Ease access to working capital loan from the foreign parent companies.	MOF, BB, BIDA
	Waive all fees for investor services by BIDA.	BIDA
	Extend monthly VAT return submission date and allow delayed submission without penalty.	MOF-NBR
	Relaxation of S.108A for 60 days for filing employee particulars/ details by April 30, 2020.	MOF-NBR
	Extend deadlines to submit all statutory return due between Feb. to Jun. and ensure delayed submissions without penalty.	MOC-RJSC&F
	Extend deadlines for submitting all statutory return and allow delays without penalty for listed companies.	BSEC
	Extend deadline of 60 days and receive blanket extension to submit return once the Letter of Allotment is issued.	Supreme Court
	Waive requirement of amending Memorandum of Articles to extend business production line for essential products (ventilator, medicine, PPE and surgical mask).	PMO
	Ensure no restriction on movement of commodities, market supplies, sales and marketing personnel, through declaration by law enforcement agency.	MOHA
	Introduce online hearing of urgent company matters at high-court, including pending merger or MoA alteration applications.	Supreme Court, MOLJPA-Law& Justice Div.
	Amend the relevant legislative provisions using Presidential Order, when parliament is not in session.	PMO
	Extend E-/ B-Visa and work permit automatically during pandemic or general exemption from fine /penalty for involuntary overstay for expats.	BIDA, Immigration & Passport Dept. of MOHA
	Exempt expats and non-resident citizens who are currently (involuntarily) residing in the country from 182 days rules for being treated as a 'resident' for tax purpose.	NBR
	Alter the section 16&20 of Labor Act 2006, temporarily, to allow provisions for extended period of lay-off beyond 45/60 days with 25% payment (or lower for extended period beyond 90 days) before initiating retrenchment for protecting jobs	Dept. of Labor
	Allow adjustment of extended general holidays against existing general holidays and accumulated annual leave, along with provision for reduced festival bonus for 2020.	Dept. of Labor
	Allow the companies to temporarily defer the worker profit participation fund (WPPF) and provident fund contributions, either through: <ul style="list-style-type: none"> take loan without interest for OPEX, 	NBR, Dept. of Labor

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For the Immediate to Three Months		
	<ul style="list-style-type: none"> suspend or waive obligation to contribute for 6 months, or, access to interest/ profit generated for next 2-3 quarters for employers to support OPEX. 	
Solicit feedback from private sectors on policy interventions required for business continuity and growth to ensure that policy support package is up to date and overcomes impact of pandemic.	Arrange consultations via digital platforms (e.g., webex) to collect inputs from private sector of registered businesses with BIDA, existing foreign investors, local businesses and start-ups.	BIDA
Adopt alternative communication methods to update private sector on government initiatives. This will help retain business confidence and minimize negative economic consequences.	Build awareness on services available through BIDA OSS to encourage/ continue facilitating company incorporation and other integrated services.	BIDA, RJSC&F, Relevant line agencies
	Communicate with investors via digital and web-based platforms and provide updates on investor policies. Similar initiatives have been taken by Invest India and Invest Korea.	BIDA
For Three to Six Months		
Continue ongoing reform efforts relevant to doing-business and private sector development to provide longer-term support to businesses inc. introducing insolvency procedures and fast-track measures for resolving commercial disputes.	Amend relevant legislative provisions using Presidential Order when parliament is not in session.	PMO, BIDA
Institutionalize efforts to minimize economic impacts post-pandemic.	Form a high-level task force for identifying post pandemic investment opportunity based on past global crisis, e.g., 2008 recession.	BIDA, BEZA
Implement efficient management of legal proceedings.	Prioritize dispute resolution for potential high volume of contractual dispute related to deferred payment, order cancellation, LC payment and application of Force Majeure clause.	Supreme Court, MOLJPA-Law& Justice Div.

Financial measures accommodated in the stimulus financial package

To safeguard businesses from their cashflow shocks and stresses by the COVID, Bangladeshi government announced stimulus package of concessional working capital loans (aside from interest subsidy of BDT 2,000 crores) as follow, which is equivalent to 3.7% of its GDP.

Beneficiary	Amount (in BDT Cr.)	Interest rate	Loanee tenure	Repayment	Scheme period
Affected manufacturing/ service industries (5 Apr.)	30,000	4.5%	1 year	1 year	1 year
Export-oriented industry (25 Mar.)	5,000	Nil (2% service charge)	3 months	2 years inc. 6 months GP	2 years
Ditto (pre-shipment credit refinance) (5 Apr.)	5,000	6%	Depending on export	4 months	3 years
Ditto (Export Dev. Fund: EDF) (5 Apr.)	12,750	2%	Depending on export	6 months	ongoing
SMEs (5 Apr.)	20,000	4%	1 year	1 year	3 years
Agriculture sector/ marginal farmers (12 Apr.)	9,500	4%	Case by case	1.5 years inc. 6 months GP	By 30 Sept. 2020
Low income professionals, farmers, micro-businesses (20 Apr.)	3,000	9%	1 or 2 years	Weekly or monthly	Weekly or monthly

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Appendix-2: Policy measures and actions proposed by BIDA in response to the lockdown impacts

BIDA undertook the COVID impact survey where the existing investors registered with BIDA (748 investment projects in total) responded to the questions during Jun./ Jul. 2020 concerning the impacts experienced during the lockdown period. Referring to the lockdown impacts observed through this survey, BIDA also presented policy measures/ actions as follow:

No.	Policy measures/ actions	Complementary explanation
1.	Ensure predictable, transparent, coordinated and efficient online investor service delivery	Accommodation of additional licensing services in existing online-based OSS platform of BIDA.
2.	Facilitate simplified access to low interest working capital loans from domestic and foreign lenders	Especially concerning the accessibility of domestic investors.
3.	Simplify foreign loan approval procedures for businesses	Simplification for priority sectors or for the projects up to a certain limit, or shift to post-fact reporting from existing prior-approval.
4.	Consider removing taxes related to promotional expenses (exceeding 0.50%)	Private sector requests to delete the clause added to the sec. 30 of Income Tax Ordinance 1984 (along with the directive stated under the sec. 21 of Finance Bill 2020-21.
5.	Waive/ reduce government fees	In view of lessening the burden on cash flows squeezed by the pandemic.
6.	Establish predictable and competitive tax regime	Needs for a comparison with income tax regime with competing countries and for ensuring predictability of tax policies, which is long-standing demand of private sector.
7.	Establish more conducive business climate to ensure business entry, operation and growth	Needs to continue ongoing reform for doing-business index, including a modernization of insolvency framework.
8.	Waive requirement to amend Memorandum of Articles (MoA) before extending business to include essential products	In relation to the needs for business repurposing for essentials goods which experience the higher demand because of the COVID pandemic to avoid supply shortage.
9.	Extend deadline for submitting all statutory return (allow delays without penalty for listed company)	Requested from foreign companies in particular.
10.	Extend loan facility for startups without collateral	Requesting special consideration for the access to the term finance by startups to which lack collateral.
11.	Simplify process of repatriation	Concerning dividend remittance in particular.
12.	Temporal removal of mandatory wage hike for two years to reduce the COVID impact on business	In response to the strong needs by private sector to ease cashflow which has been squeezed by the COVID impact.
13.	Focus on promotion of green businesses	In response to a growing global consensus to mitigate climate change.

Appendix-3: Questionnaire for interview with existing investors in the selected sectors

Questions for Individual Companies (for Post-COVID Investment Promotion Strategy)

Name of company:

Sector:

Major product/ service (business):

Market: Export-dominant, Domestic-dominant, Both

Type of company: Foreign, Joint-venture, Local

Number of employee (rough estimate):

Respondent person: Name/ Position

Interview date/ means:

1. Has the COVID impacted your company positively or negatively as a whole? Has your company been affected lightly or severely in relative to other companies in the same industry? (<i>ask why</i>)
2. How does your company recognize and forecast impacts/ changes <u>on supply (input) side</u> ? (e.g., material/ parts sourcing/ import, inputs price, workers' mobilization, factory operation/ service delivery)
During and after the lockdown:
Current and forecasted:
How has been your company managing or planning to deal with the current and forecasted impacts/ changes?
<i>Reminder:</i> In the question No.2, please ensure to ask if the company has been facing disruptions in material/ parts sourcing or import in any cases (<i>ask what has been faced</i>), and then ask if the company (plan to) diversify the channels of sourcing or import in case they face the disruption (<i>ask the diversified sources</i>).
3. How does your company recognize and forecast impacts/ changes <u>on demand (market) side</u> (e.g., change of market demand, change of consumers' behavior, shift to alternate products/ services, order cancellation)?
During and after the lockdown:
Current and forecasted:
How has been your industry managing or planning to deal with the current and forecasted impacts/ changes?

4. Does your company consider new product/ service (or new means of product/ service delivery) for the purpose of adapting to post/ with COVID conditions?
5. How have you found application of new rules and practices related to COVID pandemic to your company? (such as social distancing, remote work, tele-communication, restrictive travel)
6. Has your company been eager to adopt IT/ digital/ automation/ robotics technologies or tools for enabling less human-contact (production/ service) operation under COVID condition?
Examples undertaken (if any): Business processes in need of adopting IT/ digital/ automation/ robotics technologies or tools: Such as a particular work process in factory plant, sales, customer-desk, etc.
7. What policy measures would help your company (or your industry) to sustain or prosper during post/ with COVID-19 conditions? (derive specific and concrete ones through conversation)
8. How do you recognize and forecast influences on investment (inc. re-investment) to your industry? Have you observed any reactions of foreign investors to your industry in response to COVID pandemic?
9. What policy measures shall be taken for your industry to retain the existing investment (or facilitate re-investment) and to attract new investments (inc. FDI)?

Appendix-4: Detailed results of interview on changes/ impacts observed by each selected sector in relation to the COVID pandemic (as of one year after the outbreak)

Impacts/ changes on supply (input) side	Impacts/ changes on demand (market) side	New products/ services or delivery means	Shift to digitalization	Influence on investment/ investors
RMG (Export processing group)				
Disrupted materials sourcing via import (more apparent if relying on a single foreign source) with the higher costs of material inputs. Delayed delivery of imported materials due to slower customs clearance (backlog as a result) and shipping problem (stuck at transit in Singapore). Under-capacity factory operation due to hygienic rules requiring wider factory space/shifting. Extra burden for training and application of hygienic rules/practices to a number of workers every day including provision of dedicated means of commuting. Difficulty in ensuring buyers' quality control in case buyers cannot visit the factory.	Continued demands slump (other than the US recovering faster) associated with postponed or discounted orders, but with less significant to BD as a large producer of basic/ low value apparels (demand-inelastic). Growing orders from buyers for catalogue/online purchase on the other hand. Difficulty in export on schedule due to shipping problem (stuck at transit in Singapore) also causing order securement.	Expanding catalogue/ online sales but associated shift to smaller lot-fast production. Good prospect for products made with African cotton, and new markets, India in particular. Recycle business of fabric wasted during production (still at experimental stage in BD). * One respondent is exploring product diversification to home textiles like bedsheet, curtain, duvet, forecasting stay-home demand.	General shift to e-commerce/ online sales among the industry. Amplified interests of some manufacturers in resorting digital tech. for product design, process automation, labor-saving, but others remain indifferent. * For instance, installation of process automation equipment (weaving/ sewing) to lessen the workers' requirement, virtual design software for sample preparation to reduce design approval procedures/ costs.	Placing new investments and reinvestments at standstill, still struggling for recovering to pre-COVID demand and production level. Stronger aspiration for FDI for expanding the upstream industry, i.e., textile fabrication, yarning.
Software/ ITeS (Digital-oriented service group)				
No severe issues observed, since requiring the least tangible inputs or capital assets, but for the access to the following inputs: - sophisticated ICT devices (being more costly and lengthy for shipping/ customs clearance). - IT engineers (being scarce and more expensive). - internet connection (frequent	Positive impacts with growing demand and widening business opportunities in general, although experiencing cancellation of service contracts catering for the COVID-affected industries such as airline, tourism, multi-nationals, and reduced orders for software/ app. development during the initial period of pandemic.	Opening a variety of business opportunities, creating innovative business/ services along with the spread of mobile device and "move-/ contact-less behavior" among society. * For instance, on-demand shopping assistance, AI-used health check app., e-medicine/ health, e-learning/ online-class.	Acting as a prime driver of digitalization in nature, active in adopting SNS and apps/ tools for marketing and cashless payment (in case of e-commerce), tele-/ remote work, data security, staff health control,	Active for (re-)investment, particularly in businesses of e-commerce. ITeS BPO, SaaS, cloud service, eyeing BD as potentially growing, but recognizing difficulty in repatriating income and paying for overseas vendors. * For instance, Chinese investors are committing to or ready for additional capital to existing ITeS/ e-commerce

<p>interruption).</p> <p>Backlogs in shipping/ customs clearance for imported goods to be sold at e-commerce (such as electronics goods) and causing the higher prices.</p>	<p>Growing businesses such as e-commerce, outsourced ITeS, SaaS, e-medicine/ medical consultation, cashless transaction.</p> <p>Growth of orders from foreign clients has increasingly posed a difficulty in settling the payments with foreign clients due to complex foreign exchange regulations.</p>	<p>Shift to locally made goods from imported ones in e-commerce due to continued disruption of import, but barrier to deal with local goods in e-commerce is reported high.</p>	<p>businesses,</p> <p>For the above, BD needs:</p> <ul style="list-style-type: none"> - to show its capability of local engineers to foreign investors and expand match-making opportunity to help identify local partners, - to extend cashless transaction among the society while ensuring the security of online transaction. - to update the regulation on (cross-border) e-commerce.
Pharmaceuticals (Healthcare-related group)			
<p>Delayed delivery of imported materials due to slower customs clearance/ shipping problem, and global shortage of raw materials causing their cost-up.</p> <p>Emergently concerned with India's export ban on drug materials (active pharmaceutical ingredients: APIs and key starting materials: KSM) and the resultant disruption/ cost-up of APIs sourcing and increased dependency on China.</p> <p>An accelerated move or review to geographically diversify the sources of API import.</p> <p>* BD relies on import (mostly India and China) for 97% of total demand of APIs.</p>	<p>Increased demand with protection to remain for another few years for the COVID related medicines/ drugs* also along with the growth of e-medicine facilities.</p> <p>* Such as respiratory drug, antivirals (<i>remdesivir</i>), antibiotics, antihistamine, and drugs for immune system.</p> <p>Change of production facilities in response to the increased demand for the COVID-related medicines/ drugs.</p> <p>Rising awareness for non-communicable disease in relation to aggravation risks associated with the COVID.</p>	<p>Emerging opportunities for new sales channels of drugs/ medicines (e-medicine facility). Existing e-commerce platforms have increasingly been dealing with drugs.</p> <p>Launched production facilities for PPEs, anti-septic/ disinfectant/ sanitizing chemicals and vitamins to cater to local and international needs.</p> <p>Foreseeable demand growth of vaccines, drugs for cancer treatment (oncology agents).</p>	<p>Varying among the respondents, where some have already been adopting digital solution (to integrate their supply-chain, analyze production process for quality control, digitalize sales process) and robotics (for injection process), while others are yet feeling cost-efficient to resort to digital/ robotics solutions for promoting labor-saving/ automation but recognizing potential application for a factory management, customer marketing, response.</p>
Automobiles (Assembly: Transport equipment group)			
<p>Not severely affected on procurement of knockdown sets since the stocks piled-up (both completed units and knockdown sets) during the three-months lockdown have been allocated for recovered demand after the lockdown.</p> <p>However, increasingly concerned with unscheduled (long delay) and unsmooth import of knockdown sets due to slower customs clearance and shipping problem.</p>	<p>Prompt demand recovery after the lockdown supported by continuously robust demand for motorcycles/ three-wheelers due to commuters' avoidance of public transport.</p> <p>Growing demand observed also for bicycle exports to EU owing to the similar background.</p> <p>Significant demand slump remaining for both passenger/ commercial vehicles (drop by 25-40% compared to the last year).</p> <p>Squeezed cashflow of the industry due to increased inability for vehicle owners (both commercial and passenger ones) to repay for the auto loan which the industry heavily relies on for sales. A few makers have been forced to reschedule the loan repayment from many customers, while easing the loan terms to attract new customers.</p>	<p>Increased presence of the industry on the e-commerce sites as another effective channel of sales.</p>	<p>Foreseeable opportunities to expand assembly lines for three-wheelers, motorcycles.</p> <p>* Two more foreign investors are ready to invest in motorcycle manufacturing in case existing regulation on engine cylinder capacity limit (currently, up to 150cc) is lifted, according to one respondent.</p> <p>It is forecasted that in four to five years, demand for compact passenger vehicles would grow, where current demand for motorcycles would be converted to compact vehicles.</p> <p>* One respondent is planning to start building assembly plant (SKD basis) for Japanese small passenger vehicles in the late 2021, but the final decision is subject to the automobile policy.</p> <p>To revamp passenger vehicle demand, BD is expected to introduce demand stimulating measure inc. tax cut, concessional auto-loan facility.</p> <p>* The COVID has adversely affected the interest of foreign investors in establishing auto loan companies in BD, according to one respondent.</p>

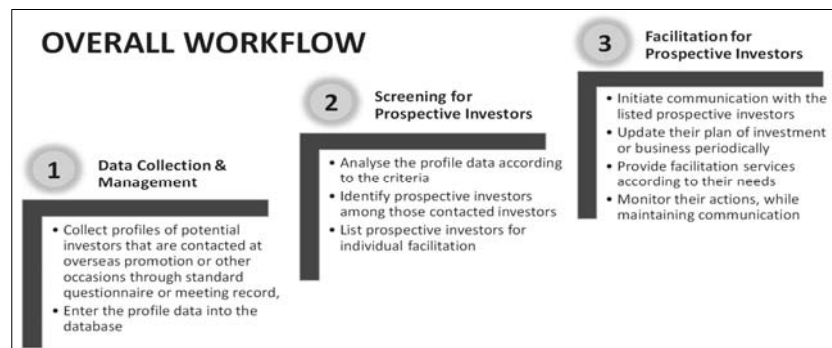
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Electronics & electrical equipment (Assembly: Durable consumer goods group)				
<p>Still concerned with unscheduled (long delay), higher cost (cargo freight and demurrage fees) and unsmooth import of production inputs due to slower customs clearance and shipping problem (reduced frequency), although admitting improvement compared to the conditions during the initial</p>	<p>Sales of home appliances and electronics in general has recovered significantly after the lockdown and been back to normal, although severely affected during the lockdown.</p> <p>Growing demand observed for home appliances for washing (dishes, clothes), sanitization</p>	<p>Increased popularity to utilize the e-commerce platform/ site as another effective channel of sales, although new product opportunities are specifically stated by the industry.</p>	<p>Adoption of automation and robotics technology has been taking place in some respondents since the COVID outbreak in view of labor saving in assembly process.</p> <p>All the respondents have increased the share of</p>	<p>The respondents in general considers that electronics and home appliances are promising sector and can attract foreign investments, since Bangladesh is deemed as an alternative for China. Tax incentives for CKD assembly of these products would boost investments.</p> <p>* One respondent shares that BTRC</p>

phase of the pandemic. Although confronting difficulty in sourcing with tolerable conditions, E&E industries have been not able to change or diversify the sources of procurement (largely China) with ease. E&E industries usually receive production inputs in knockdown set (in module form) under OEM licensee, hence, they have no choice but to accept existing suppliers even with higher cost.	including air-conditioner, cooking products (microwave), and electronics products (smart-phone, laptop, TV, etc.).		marketing/ advertisement in digital format (such as SNS).	(telecom regulatory commission) places a regulation which allows each factory to assemble mobile phone for one global brand only, adding that this binding inhibits growth of mobile phone assembly industry.
Processed food (Fast-moving consumer goods/ resource-based group)				
Disrupted materials sourcing via import (more apparent if relying on a single foreign source), and delayed delivery of imported materials due to slower customs clearance (backlog as a result) and shipping problem. Securement of imported raw materials becomes competitive because of global shortage, and the prices together with freight cost for raw material import has drastically risen and remains so. Extra burden for counselling/ training and application of hygienic rules/ practices to a number of workers every day including provision of dedicated means of commuting, and securing sufficient number of workers engaged in manual processing free from infection through special dormitory arrangement.	Demands for processed foods in general recovers quickly (except beverage) and remain robust. Healthy/ frozen/ ready-to-cook or eat foods, and confectionaries have been gaining increasing popularity, thanks to stay-home needs and stronger health-consciousness. E-commerce platform has gained popularity from some (helping to make-up for the demand loss from conventional sales channels), but others not.	Most observes the higher opportunity to newly develop health foods, ready-to-cook or eat foods, confectionaries (such as biscuit, cracker), reflecting the continued stay-home needs and stronger health-consciousness. Some started to ensure pre-packaging of food products from factory to avoid handling-caused contraction and infection by any germs during the delivery.	Initiative of shift to digitalization including automation with digital or robotic solution varies among the companies. * Some have been active for automation for lessening human intervention in the production lines, planning to adopt advanced IT solution (AI-based data analytics) for marketing, or considering automating material handling and packaging, but others are not yet considering except for adoption of online meeting/ remote work tools.	Observed positive to expand existing production lines and develop new products range, most notably, healthy/ ready-to-cook or eat foods. Admitted ample rooms in the local processed food market for the new entrants, owing to massive scale of market, growth of income/ middle age population with increased preference to healthy/ ready-to-cook or eat foods processed along with food hygiene standards. However, foreign investors are in general at the stance of wait & see, according to local industries. Increased necessity to attract investment (or public intervention) in developing cold-chain system, that is lacking in the country.

Appendix-5: Proposed technical guidance for planning and organizing webinar

- Usage of digital tools and associated skills of the tool operation for organizing webinar
 - Introduction of webex/ online meeting tools, and features by each digital tool
 - Useful functions of each webex/ online meeting tools
 - Associated skills of selected webex/ digital tools
 - Roles of webinar handling operator
 - Website building for entry registration and derivation of participant data list
 - Setting and distribution of log-in-link for webinar
 - Questionnaire design and preparation of web-entry questionnaire form
 - Preparation and operation of individual consulting session (ice-breaking function)
 - Dos and don'ts of webinar speakers and participants
 - Third-party webinar organizer
- Standard tasks required for organizing webinar
 - Stage of design
 - Setting objective, agenda (including side events), scale and schedule/ time
 - Determination of hosting/ co-hosting institutions, other stakeholders, technical organizer, and their roles
 - Determination of (VIP) guests and speakers for presentations, and expected contents of presentations
 - Determination of channels of announcement/ marketing in the host country
 - Determination of webex/ online meeting tools for webinar/ side events
 - Appointment of the organizing committee and lead officer for each webinar
 - Stage of preparation
 - Request for cooperation to hosting institutions, other stakeholders, and selection of technical organizer
 - Request for cooperation to (VIP) guest and speakers for presentations
 - Preparation of own presentation material
 - Preparation of special website for event outlining, entry registration (inc. entry form)
 - Announcement to potential participants through the agreed channels and reply with log-in-link
 - Design of questionnaire for webinar participants and web-entry questionnaire form
 - Practice of simulation session for time-management and connection-test (a few days before)
 - Preparation of participant data list and sharing among the hosting institutions (subject to privacy policies of the hosting institution)
 - Seat and time allocation among the applicants for side event (such as individual consulting session)
 - Stage of implementation
 - Final check before opening
 - Initial guidance to participants
 - Implementation in accordance with the agreed schedule
 - Check/ selection of questions received (by the lead officers) and instruction for speakers to answer
 - Closing guidance to participants including request for questionnaire cooperation
 - Guidance to participants for side events
 - Implementation of side events in accordance with the agreed schedule
 - Stage of follow-up
 - Issuance of letter of appreciation to the hosting institutions, other stakeholders, guests and speakers
 - Check of questions remaining to be answered during the webinar and reply with answer
 - Aggregation and analysis of questionnaire
 - Entry of questionnaire data to the contact management system (for the later facilitation of contacted potential investors)
 - Response to the questions/ requests made during the side event participants
 - Uploading of webinar materials at the webinar site or video at movie distribution channels
 - Webinar review and implementation reporting
 - Storage of participant data in accordance with the privacy policies of the hosting institution

**Operational Workflow
of Contact Management System with Potential Investors**



1. Data Management & Collection

1) Investment Promotion Events

- Step-1: Accompanying officers of BIDA to the overseas promotion events distribute the standard questionnaire* to each event participants at the end of the events.
- Step-2: Event participants fill in the questionnaire (in English) accordingly.
- Step-3: Accompanying officers of BIDA to the overseas promotion events collect the questionnaire from the event participants (together with the event participant list) and check them.
- Step-4: Accompanying officers of BIDA to the overseas promotion events deliver the collected questionnaires to Director of Marketing & Communication Division, upon their return.
- Step-5: Director of Marketing & Communication Division assigns its staffs to enter the questionnaire data to the database.

* Attachment: Questionnaire to the promotion event participants

2) Visit to BIDA for Appointed Meeting

- Step-1: At the end of the meeting, attending officers of BIDA (Deputy/ Assistant Directors of R&I Division for Foreign Industry and Commercial, or whoever attends the meeting actually) fill in the standard meeting record form* accordingly.
- Step-2: Deputy/ Assistant Directors of R&I Division or whoever attends the meeting actually report the meeting record to Director of R&I Division for their check.
- Step-3: Director of R&I Division deliver the meeting record to Director of Marketing & Communication Division on a periodic basis.
- Step-4: Director of Marketing & Communication Division assigns its staffs to enter the meeting record data to the database.

* Attachment: Meeting record form for the potential investors to Bangladesh

3) Inquiry via e-mail (option)

- Step-1: BIDA officers of R&I Division for Foreign Industry and Commercial who receive e-mail based inquiries (only those from potential investors) transfer the mails upon reply to the inquiries to Marketing & Communication Division, with carbon copy (c.c.) to their respective head of R&I Division
- Step-2: Director of Marketing & Communication Division assigns its staffs to enlist the potential investors who make inquiries on a periodic basis.

2. Screening for Prospective Investors

Following the above, Marketing & Communication Division then in cooperation with R&I Divisions for Foreign Industry and Commercial shall;

- Step-1: Analyze the collected data of contacted potential investors for the purpose of screening prospective/ promising investors to Bangladesh, in accordance with the criteria* (sector, scale, plan, and preparedness of the proposed investments, etc.).
- Step-2: Enlist the prospective/ promising investors to Bangladesh on a periodic basis for individual facilitation and for updating their investment plan.

* Criteria of screening the prospective/ promising investors would be guided separately by the JICA Team (once the data of contacted potential investors is accumulated to a certain volume).

3. Facilitation for Prospective Investors

Subsequently, R&I Divisions for Foreign Industry and Commercial then in cooperation with Marketing & Communication Division shall;

- Step-1: Initiate communication with the prospective/ promising investors and update their investment/ business plan on a periodic basis.
- Step-2: Provide the facilitation services* to the prospective/ promising investors according to their needs.
- Step-3: Monitor the actions to be taken by the prospective/ promising investors while maintaining communication.

* Facilitation services may cover information/ data provision, specific inquiry, arrangement of business visit, appointment with the government and private organizations, introduction of potential business partners, etc.)

Matrix of Proposed Policy Measure & Actions

Matrix for Proposed Policy Measures/ Actions for Industrial Linkage Formation

As of the end of Dec. 2021

For Bangladesh Investment Development Authority (BIDA)

Policy measure/ action	Aim	Action	Status of the action	PiC	Term
Proposal of income tax exemption facility to motor-parts suppliers	Income tax exemption facility is proposed to attract FDI attraction of the subject industry of motor-parts industry, but also assembly-type industries with linkage potentials.	As per the Finance Act (revised annually), BIDA proposed to extend income tax exemption to automobile/ motorcycle parts and assembly-type industries (those newly established outside specific zones) which may bring linkage potential such as shipbuilding, electronics and electrical goods/ parts, other machinery/ equipment.	Already materialized. - Revised Finance Act 2020 added <u>automobile parts/ components</u> as subject industry extended to income tax exemption facility (5 to 10 years but depending on the location). - Following, upon an issuance of SRO-170/AIN/Income Tax/2021, automobile assembly (inc. parts production) was granted for extended income tax exemption (100% for 10 years/ 10% for the next 10 years) but subject to the investment value and local value addition. * Revised Finance Act 2019/ 2020 also added the following other assembly-type products as subject for income tax exemption, namely, agricultural machinery, home appliances, mobile-phone, LED-TV, automation/ robotics (machinery) manufacturing.	BIDA: Registration & Incentives (R&I) Divisions	Materialized
Improvement of investment climate issues (which may inhibit manufacturing FDI) in particular: - Repatriation of royalty/ tech. assistance related fees	Repatriation procedure and conditions of such fees are simplified and clarified, as instructed by the PSDPCC.	BIDA to propose repatriation procedure/ conditions of such fees in the form of revised guidelines, and submit revised guidelines for discussion among the concerned authorities and approval by the Prime Minister (PM), while receiving feedbacks from stakeholders.	Already materialized. - BIDA has revised guidelines for simplification and made the revised guidelines approved by PMO in Feb. 2021, and the announced the guidelines by the government order in Mar. 2021.	BIDA: Working Team headed by EM-3, DG-3, Director R&I (Foreign/ Commercial)	Materialized
- Expatriate work permits (for clarification)	Expatriate work permit procedure is clarified to ensure consistency between written rules and actual practices, and	BIDA to revise the guidelines to assure the investors' confidence in dealing with this permit and submit revised guidelines for discussion among the concerned authorities	-BIDA drafted revised guidelines and shared the guideline with inter-ministerial committee held by BIDA for discussion (since Feb. 2019).	Same as above.	To be finalized by Feb. 2022.

	clarify its handling procedure for the cases out of the norm.	and approval by PM, while receiving feedbacks from stakeholders.	<p>- BIDA had to adjust the guidelines with the revised VISA policy (effective in Jul. 2020) and is currently fine-tuning the guidelines with comments from the stakeholders concerned.</p> <p>- BIDA is to place the final draft at the committee for acknowledgement before placement to PMO for approval.</p>		
Sector PR tool/ material development	Promotion tools/ materials, the profile of investment promising sectors in particular, are enriched, and disseminated to let potential investors more familiar to the sectors.	BIDA to improve sector profiles of the investment promising sectors (in parallel to technical guidance to BIDA) and disseminate them via website or publication.	<p>Already undertaken.</p> <p>BIDA has already improved sector profiles for three assembly-type sectors covering automobile, motorcycle/ parts, shipbuilding.</p> <p>* In total, 13 sector profiles have been improved profiles inc. the above sectors and made published/ uploaded at web.</p> <p>* BIDA also revised Invest. Handbook 2020 for the first time in ten years.</p>	BIDA: Project Implementation Unit (PIU)	Undertaken
Adoption/ operation of the follow-up system to the potential investors (contact management system)	Contact management system (CMS) for potential investors (contacted through overseas promotion events and appointed visits to BIDA) is established, so that BIDA screens the promising investors in the priority sectors and facilitates their decision-making for lead generation effectively.	<p>BIDA to proceed with the following actions:</p> <ul style="list-style-type: none"> - To propose CMS with the workflow/ tools, and explain to the EC for acknowledgement, - To provide orientation guidance to concerned divisions/ officials for commencement, - To store profiles of potential investors (those contacted thru. promotion events or their direct visit to BIDA), - To screen and identify the prospective investors from the collected profiles for the subsequent follow-up, - To start follow-up communication for facilitating decision-making of the prospective investors. 	<p>Already adopted for initial operation.</p> <p>-Proposal and workflow of CMS was acknowledged by the EC with the issuance of decision letter in Oct. 2019.</p> <p>- BIDA clarified the division/ officers responsible for recording potential investors' profile data, and country-desk officers to screen prospective investors for follow-up communication.</p> <p>- Orientation guidance has been undertaken to the concerned officials for ensuring CMS operation.</p> <p>- BIDA started to record and store the profile data of potential investors. But the number of contacted potential investors remains a little due to virtually no foreign visitors and a limited number of BIDA-hosted overseas webinar during the COVID.</p>	BIDA: Officers assigned for each promotion event, Officers assigned for Country-Desk EM-2, M&C Wing	To continue support operation till the end of the Project.

Strengthening of the function of Linkage & Supplier Development Division of BIDA	Action plan for new Division of Supplier & Linkage Development is prepared, and the service or action for BIDA to start with is confirmed.	BIDA to draft the action plan for the Supplier & Linkage Development Division based on the study tour to Thai-BOI, and confirm the service or action to start with.	- Project Team has been considering that BIDA could start with the following service for linkage development scope; business matching upon the incoming foreign investment mission (by private party) in view of facilitating JV/ OEM partnership, but has not had such opportunities during the COVID.	BIDA: Supplier & Linkage Dev. Division	Not taken into action.
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For Bangladesh Economic Zones Authority (BEZA)

Policy measure/ action	Aim	Action	Status of the action	PiC	Term
Organize and continue overseas promotion events	Strategic EZs are promoted overseas, so that foreign manufacturers (including linkage-type manufactures/ parts suppliers) get interested in such EZs and several of them start to contact with BEZA.	BEZA to organize or attend a series of overseas investment seminars for promoting strategic EZs (with attention to such manufactures as assembler, related parts supplier/ service provider) held at key countries. BEZA to develop promotion tools/ materials for the seminar usage.	- Conducted webinar for the Japanese Investors (February 2 nd , 2021). - The vide of that webinar is available on-line. - Participated in BIDA's roadshow for Sweden (November 26, 2021). -Short promotional video will be prepared.	BEZA: Manager OSS Comp-2: Morinaga, Shoji BIDA: Marketing & Comm. Dept. Comp-1: Sai	To be intermittently organized
Propose incentives to induce linkage-type manufactures and parts suppliers/ related service providers to EZs	Fiscal or non-fiscal investment incentive or privilege are proposed for inducing linkage-type manufacturers and parts suppliers/ related service providers to EZs.	BEZA to study and propose specific incentive or privilege to attract such linkage-type manufactures (as assembler, parts supplier/ related service provider).	- The study on the incentive regimes in the peer countries has been completed. - As for fiscal incentive, it is important to ensure entitlement of incentives that BEZA promises with investors, without any difficulty. BEZA proposed to PMO new incentives to attract FDI to EZ, which is under examination by the relevant authorities. - As for non-fiscal incentives, it is needed to elaborate their contents to attract anchor industries. This will be partly covered through OSS operation.	BEZA: Manager OSS Comp-2: Morinaga, Shoji	To be considered by BEZA.
Identify strategic EZs suitable for promoting industrial linkage, and	Industrial linkage between anchor manufacturer in EZ and	BEZA to identify strategic EZs bestowed with relatively desirable conditions for promoting industrial	- Strategic EZs suitable for promoting industrial linkage have been indicated as: <u>Mirsarai (BSM)</u> , <u>Araihazar</u> and <u>Abdul</u>	PMO: Dir.-1 PMU: Tanaka BEZA: Manager	To be considered by BEZA.

conceptualize model EZ with possible auxiliary facility attachment	parts suppliers outside EZ to be developed through development of model EZs attached with possible auxiliary facilities (to accommodate relatively smaller-scaled investors including parts suppliers/ related service providers). As a first step of developing industrial clusters through EZ, try to attract foreign anchor manufacturing companies in EZ.	linkage, and to conceptualize model EZ for industrial linkage development. In this regard, BEZA to examine and propose hard-measures (auxiliary facilities) that are considered as effective to facilitate/ ease the establishment of smaller-scaled investors inc. parts supplier/ related service provider in strategic EZs. Conduct promotional activities for attracting foreign manufacturing companies in Araihaazar, Abdul Monem and Mirasarai EZs.	<u>Monem.</u> - An importance has been noted for attaching such “auxiliary facilities” as rental factory (ready-built facility), plot allotment for small-scale starters, vocational facility, common service facility, to EZs for industrial linkage facilitation. - For the next step, idea of inviting motorcycle parts industry to Araihaazar EZ will be examined, while land filling works for Araihaazar EZ is partially completed and the remaining part is on-going.	OSS Comp-2: Shoji	
Arrange relevant area/ space in EZs to accommodate local supporting industries (suppliers) as intending to be a part of supply-chain of EZ tenant manufacturers	Establish linkage between EZ tenant manufacturers and local supporting industries located outside EZs, with eventual relocation of such industries into EZ.	BEZA to study locational relationship of EZs and existing industrial clusters in view of establishing supply-chain for tenant manufacturers in EZ. BEZA to seek possibility of relocating such local industries in EZs through arranging rental factory or small plot allotment in EZ.	- Completed data collection of planned EZs and LE/ plastic SME clusters in Dhaka and Chittagong regions, revealing that locations of such SME clusters are generally distant from the locations of EZs. - BEZA may consider the possibility of installing rental factory or dedicated zones for local supporting industry in the same EZ where foreign anchor industry is located. -Incentives which induce or accelerate investments from the local investors to EZ may be needed.	PMO: Dir.-1 PMU: Tanaka BEZA: Manager OSS Comp-2: Shoji	To be considered by BEZA.

For Ministry of Industries (MOI)

Policy measure/ action	Aim	Action	Status of the action	PiC	Term
Extend support program on a pilot basis for linkage development between FDI manufacturer and potential local parts	Model cases for linkage development is generated from the pilot-based support program and standardized for derivation of model	MOI and the relevant supporting institutions to extend the support program (in cooperation with the Project Team) towards generation of model cases, and standardize them for derivation of model	- Being extending support program on a pilot basis for three cases in motorcycle & parts industries (as of Oct. 2019). - On 23 Jun. 2019, a meeting was held with the relevant stakeholders.	MOI: <i>Sen. Assi. Secretary (Policy-1)</i> Comp-3: Comp-3 Team	Throughout the Project period but by the end of October 2021 for initial model case generation

supplier, through prototype-making and QCD improvement (for motorcycle parts)	program for dissemination to related stakeholders.	program towards dissemination.	<ul style="list-style-type: none"> - On 24 Jul. 2019, the public-private discussion group held the first meeting where the participants agreed to formulate a roadmap to accelerate implementation of the Motorcycle Industry Development Policy 2018. - MOI has already sent the recommendation letter to NBR to reduce imposed tax to vendors and exempt VAT provisions introduced in the current budget (2019-2020) <follow-up required>. - The COVID-19 had caused the activities in the pilot model production line to remain stagnant until July 2021. The situation, however, has returned to normal by Oct. 2021. - In one of the three cases, the score of the quality management system check sheet (evaluated by the JICA Project Team) passed the target of 80 out of 100. - In the same case as above, a partner motorcycle manufacturer is currently arranging transfer of a second-hand mold for the battery case from India and arranging a quality audit on the pilot model production line. 		
Optimize import duty/ VAT exemption regime for materials to be used by local parts suppliers	Import duty exemption regime for key materials to be used by local parts suppliers will be optimized to induce their linkage with manufacturers (for the case of motorcycle parts industry).	MOI to occasionally review SRO-155 concerning import duty exemption available for motorcycle manufacturer and parts supplier, based on needs from the industries or development of model matching assistance for possible optimization of the regime.	<ul style="list-style-type: none"> - "SRO 207/Rule/2018/810/VAT" issued in Jun. 2018 exempted motorcycle manufacturers and vendors from VAT on import of motorcycle parts and materials on condition of local value-addition of 30% or more. The local value addition requirement has been withdrawn by NBR (Oct. 2019). - The public-private discussion group discussed 1% reduction on custom duty for materials for the parts (24 Jul. 2019). 	MOI: <i>Joint Secretary (IC & Policy-1), Sen. Assi. Secretary (Policy-1)</i> Comp-3: Sugiyama	Throughout the Project period
Facilitate relocation of the intending light-	Hard- and soft-measures for facilitating relocation	MOI to examine and propose hard- (e.g. small plot allotment or rental	- Undertaken data collection and mapping of the existing LE and plastic clusters, in	PMO: Director1	To be further

engineering (LE) and plastic industries to near EZs through specific industrial estate, or within EZs through small plot allotment or rental factory	of LE and plastic industries (intending to be a part of supply-chain of manufacturers) are proposed*. * Proposal for facilitating the relocation shall be a part of the Local Supporting Industry Development Plan (Action Plan 7 of the Project Team for MOI)	factory in EZ, or specific industrial estate near EZ) and soft- (soft loan, fiscal incentive, etc.) measures for relocation (in or near strategic EZs along Dhaka-Chittagong Corridor). MOI to identify such LE and plastic industries as intending to be a part of supply-chain of manufacturers and confirm their conditions for relocation, through discussion with the industries concerned.	relation to locations of planned EZs in Dhaka and Chittagong. (Mar. 2019 by JICA Team). - MOI is finalizing the Plastic Industry Development Policy which is scheduled to be approved in Jan. 2022. - Ministry of Industries has already initiated formulation of the Light Engineering Industry Development Policy. - Facility development within EZ is covered under BEZA activity. - BEIOA has a plan to relocate LE industries to Industrial Park out of old Dhaka.	PMU: Tanaka MOI: <i>Joint Secretary (IC & Policy-1), Sen. Assi. Secretary (Policy-1)</i> Comp-3: Sugiyama	discussed.
Automobile Industry Development Policy	MOI initiates to formulate Automobile Industry Development Policy by October 2020.	-LFP is to monitor the progress of Automobile Industry Development Policy to be formulated by MOI. -JICA Project Team will provide input and necessary assistance to MOI	- JICA Project Team prepared Discussion Paper for BIDA (Jul. 2019), which has been partly incorporated to MOI draft. - The fourth draft of Automobile Industry Development Policy was presented by MOI through its website in Apr. 2020. - JICA Project Team sent the comments on 8 May 2020. - A stakeholders meeting was held by MOI on-line on 31 Aug. 2020. - The policy was approved in June 2021 and put on the gazette.	MOI: Joint Secretary JICA: Tanaka	June 2021 (The Policy officially approved)
Supporting Industry Development Plan for Motorcycle Sector	To expand the market of motorcycle parts and improve QCD of potential local parts suppliers.	- MOI to formulate a draft of the plan and discuss it with the stakeholders.	- JICA Project Team submitted to MOI a conceptual draft for the plan in English on 31 Jul. 2020 and in Bengali in the end of Oct. 2021. - MOI will formulate the final draft of the plan and hold a stakeholder meeting.	MOI: Joint Secretary Comp-3: Watanabe	To be further discussed