

Post- COVID Investment Promotion Strategy for Bangladesh

Bangladesh Investment Development Authority
Prime Minister's Office
Government of the People's Republic of Bangladesh

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In cooperation with



**The Project for Promoting Investment and Enhancing Industrial
Competitiveness in the People's Republic of Bangladesh
(PIEIC Project, Component 1)**

Date of Publication
January, 2022

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1. Background, Objectives and Focuses

1.1 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 actions 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). In parallel, the Bangladeshi government (GOB) announced the economic stimulus 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 the 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:

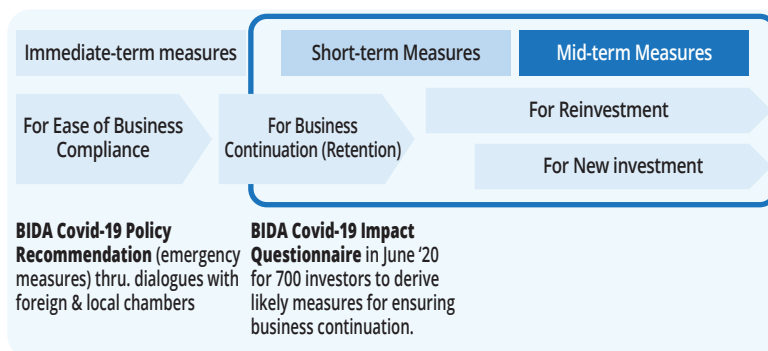
- A series of dialogues with several foreign embassies/ chambers, after which BIDA proposed recommendations to ease regulatory compliance requirements and impacts faced by existing investors during the lockdown,
- Continued efforts to digitalize licensing services and reduce the processing time through 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 an unprecedented economic condition, BIDA stated that the IPA may need a 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.

1.2 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.

1.3 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, indicative of new investment activity, a 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 is not expected to 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 concerning FDI flows in the early pandemic period as follows:

- 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 have 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 depressed 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, FDI flows would remain the same level of 2020 till the end of 2021.

³ UNIDO, January 2021, Investment Trends Monitor, Issue 38.

⁴ OECD, May 2020, Foreign direct investment flows in the time of COVID-19.

- 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 showed 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).

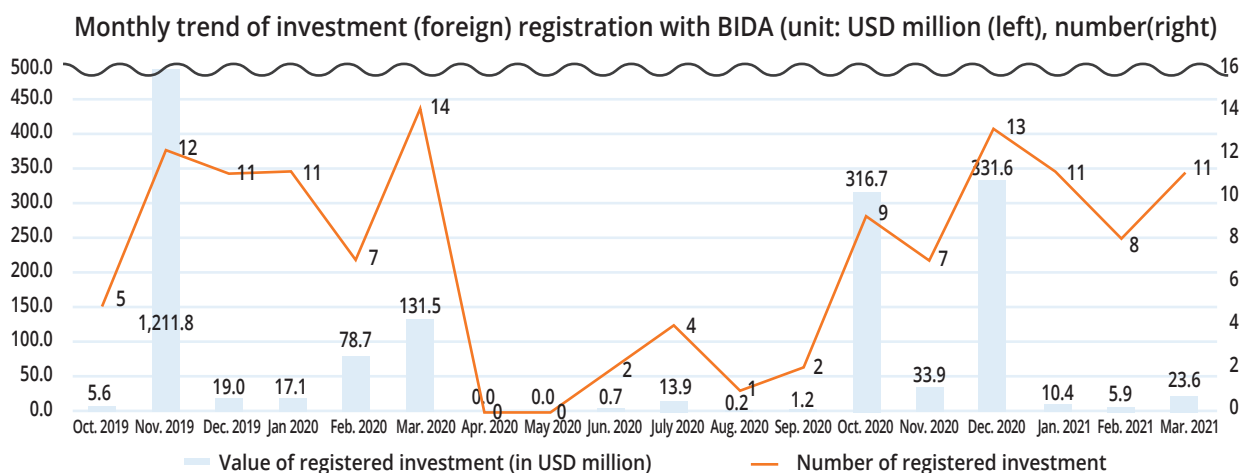
	GDP growthrate (*estimate in %)						GDP per capita (current USD)	Population In Million
	IMF	ADB	IMF	ADB	IMF	ADB		
	2019		*2020		*2021		2020	2020
Bangladesh	8.1	8.1	3.8	5.2	5.0	6.8	1,998.4	164.7
India	4.0	4.0	-8.0	-8.0	12.5	11.0	1,964.9	1,378.6
China	5.8	6.0	2.3	2.3	8.4	8.1	10,483.9	1,404.3
Indonesia		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 (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, an 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.

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.



- New foreign investment project during FY2020-21 has been registered mostly in the following sectors; electrical equipment (battery, home appliance), construction (including construction materials), IT (software, IT-enabled service, digital-based service), chemical, food processing, 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 for Bangladesh. For instance, a share of Chinese apparel exports to the USA declined a 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 has been observed as well in other sectors such as plastic and leather.

1.4 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 of 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 pursue the above agendas as a package for resilience to the COVID pandemic instep wise manner (staring 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.

⁶ Related literatures include those by the World Bank Group, OECD, UNCTAD, UNIDO, listed in the reference

2. Study Results and Proposed Strategies for Consideration

2.1 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)

2.2 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 are able to obtain feedback about impacts of

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.

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 each of the above 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 to 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 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. - Although received growing orders from overseas, companies faced increasing difficulty in settling payments with overseas clients due to complex foreign exchange regulations. - Non-eligibility for fiscal incentives by e-commerce platformer with difficulty in accessing trade license. - Active for (re-)investment, particularly in businesses related to e-commerce, ITeS, BPO, SaaS, cloud service considering Bangladesh’s potential for growth in these segments.
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 to go up. - increasingly 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.

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.

<ul style="list-style-type: none"> - 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 not yet feeling cost-efficient to resort to such solutions for promoting labor-saving/ automation. - Increasingly 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):
<ul style="list-style-type: none"> - 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):
<ul style="list-style-type: none"> - 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 consider 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):
<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. - 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 adherence 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 need to shift to digitalization in various segments 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 between 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 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 the most influencing criterion for their parent companies' decision to retain or increase investment.

Remaining and amplified issues/ bottlenecks under the COVID pandemic	Proposed measures/ actions to remove or ease the issues/ bottlenecks
<p>On the supply (input) side:</p> <ul style="list-style-type: none"> - Continued disruption of material/ intermediate inputs sourcing via import (more apparent if relying on a single foreign source). - Delayed delivery (accumulated backlogs) of imported material/ intermediate inputs/ capital goods due to slower customs clearance and shipping problem. - Difficulty in settling the payments with overseas vendors due to complex foreign exchange regulations along with growing orders from overseas. <p>Specific to RMG (as labor-intensive)</p> <ul style="list-style-type: none"> - Reduced productivity due to requirements of wider factory space, shift operation, training/ application of hygienic rules/ regulations. 	<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><i>* For instance, Invest in Turkey 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. Portuguese IPA established a taskforce to assist health/ food sectors to solve their supply chain issue.</i></p> <p>At the same time, 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). <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. <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><i>* 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.</i></p> <p>In addition, 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><i>* 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)".</i></p> <p>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</p>

<p><u>Specific to software/ ITeS</u></p> <ul style="list-style-type: none"> - Shortage of availability in skilled IT engineers. <p><u>Specific to electronics</u></p> <ul style="list-style-type: none"> - Facing higher prices of import parts (supply disorder in China), but being unable to alter or diversify sources 	<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 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. - To reduce import duties for CKD sets for assembly of electronics/ home appliance products through due consultation with the needs of private sector.
<p>On the demand (market) side:</p> <ul style="list-style-type: none"> - Untapped opportunity for locally produced goods to utilize e-commerce platforms <p><u>Specific to automobiles</u></p> <ul style="list-style-type: none"> - Significant demand slump remaining for both passenger and com. vehicles. - Squeezed cashflow due to increased inability for vehicle owners to repay for the auto loan. 	<ul style="list-style-type: none"> - 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. - 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.
<p>On the shift to digitalization:</p> <ul style="list-style-type: none"> - 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. 	<p>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.</p> <p><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.</p>
<p>Others:</p> <ul style="list-style-type: none"> - Squeezed cashflow caused by business halt during the lockdown and the subsequent operational response to hygienic regulations, cost-up of production/ service inputs. 	<p>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:</p> <ul style="list-style-type: none"> - 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.
<p><u>Specific to software/ ITeS</u></p> <ul style="list-style-type: none"> - Low penetration of e-payment/ cashless transaction among population - Frequent interruption of broadband connection <p><u>Specific to pharmaceuticals</u></p> <ul style="list-style-type: none"> - Lengthy/ costly drug registration process for local production 	<p>To extend e-payment/ cashless transaction in view of popularizing digital/ online services among the society, while ensuring security of such transactions.</p> <p>To further extend government initiative for tele-communication infrastructure development.</p> <p>To ease drug registration process for local production, reduce associated fees, and establish central drug test laboratory.</p>
<p><u>Specific to processed foods</u></p> <ul style="list-style-type: none"> - Inadequate transportation/ distribution facilities for fresh agro-products and processed foods 	<p>To promote private investment (or facilitate public intervention) for cold-chain facilities.</p>

2.3 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 down turn 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 potential for 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 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 existing investors (registered projects) with the potential for 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 are considering business expansion 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 Industrial 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.).

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.

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 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)

2.4 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

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.

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.

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 lifescience 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.

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.

(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)

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 adaptive 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 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.

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 to 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 (digitaltech 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 hightech 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 Industrial 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.

2.5 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 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.	Online licensing facility has been assisted by IFC-BICF2.
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.

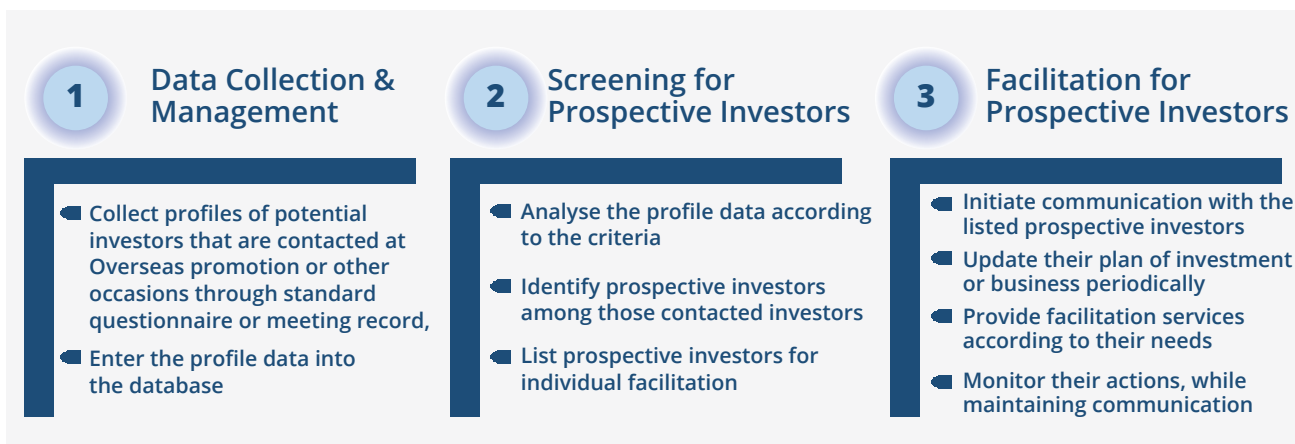
Further, BIDA is advised to establish a technical unit for webinar organization, which consists of a few relatively junior permanent officers with enough knowledge of webex tools and basic skills of web-design and data processing.

Leads generation (potential investor facilitation): Data management and utilization of potential investors' contacts through the Contact Management System (CMS)

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 updated 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).

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.

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 experienced smoother shift to digital-based operation than others. In this regard, BIDA decided to adopt such an initiative (Dec. 2019) and introduce Contact Management System (CMS), which intends to administer profiles of potential investor contacted via promotional activities (and visits to BIDA), and facilitate screening of “prospective investors” (those in promoted sectors) who have strong interest in investing or doing business in Bangladesh. The workflow of CMS is summarized as follow:



Workflow of the contact management system (CMS)

- i) Data collection/ management: to collect and accumulate the profiles of potential investors to be contacted through promotional activities and appointed visits to BIDA (either in person or virtual),
- ii) 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,
- iii) 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 potential investors individually and inquiring them of 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 facilitate the collection of 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 in getting more information and gain confidence regarding their investment plans which will help them in making investment decisions. IPAs can record logs of communication or interaction with potential investors and become cognizant of 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 these purposes.

(source: OECD, July 2020, *Investment promotion agencies in the time of COVID-19*)

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.

Consultation/ inquiry service: Platform preparation for online meeting arrangement

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/ advise, 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 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 arrange 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, Investment Policy Monitor)

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 help identify those registered investors with stagnant projects before realization (or considering partial or full divestments) and with 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).

3. Recommendations

3.1 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 events (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: <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 electronification/ 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: <ul style="list-style-type: none"> - 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>	BB	Short-term
	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.	BIDA: Registration & Incentives Div. for commercial	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: <ul style="list-style-type: none"> - 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 equipment (automation/ robotics) in factory operation,	Income Tax Wing- NBR/MOF	Mid-term

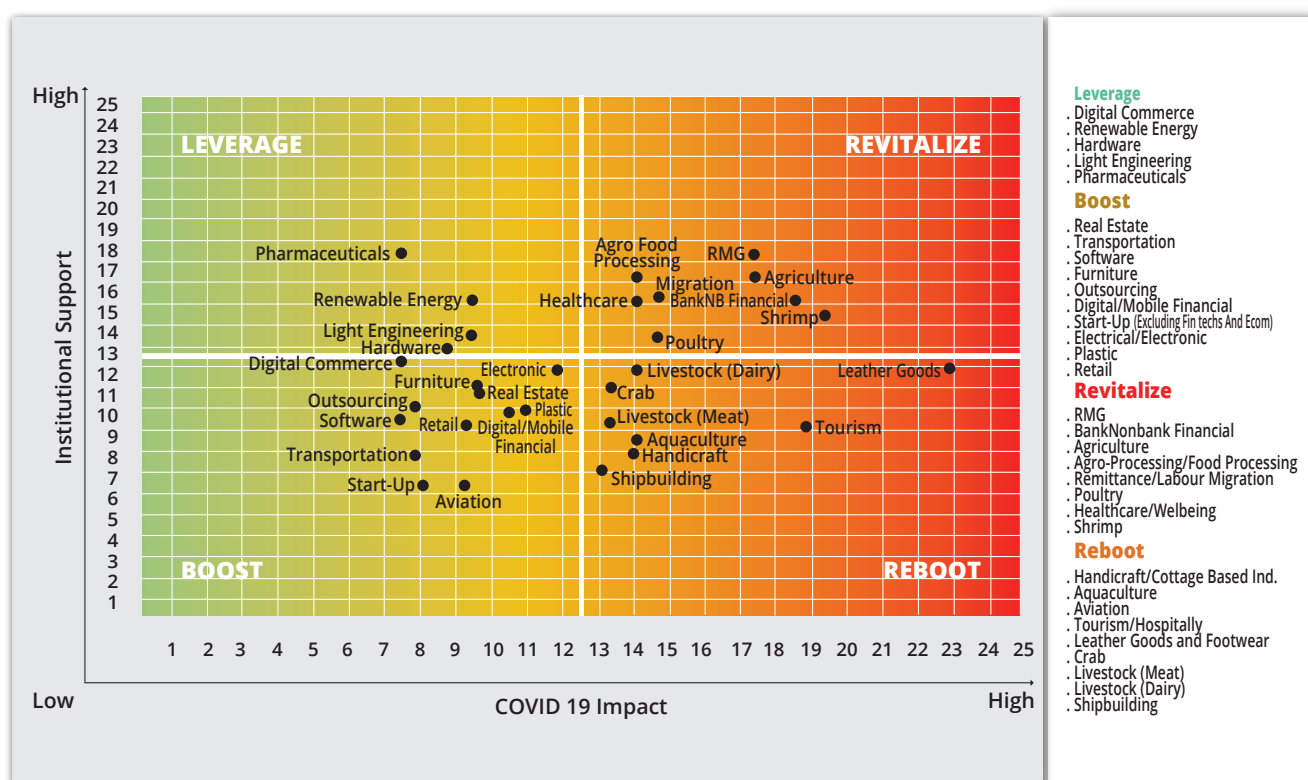
	<p>manufacturing process and supply-chain management:</p> <ul style="list-style-type: none"> - Investment tax allowance (aside from standard depreciation), which exempts CIT for a certain period up to a certain percent of capital expenditure incurred for relevant purposes, and, - Import duties exemption on equipment. <p>Proposed investment for efficiency enhancement satisfies a certain minimum capital expenditure. Investment employing digital solutions shall presume the following cases:</p> <ul style="list-style-type: none"> - Adoption of software, program, information system, cloud service or data center for data linkage, AI-based data analytics, or machine learning, etc. <p><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.</p>		
Facilitation of reinvestment by the existing investors	<p>To extend facilitation activities to relevant investors with potential for reinvestment (expansion or diversification) for materializing of their reinvestment plans, through:</p> <ul style="list-style-type: none"> - 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
	<p>To consider relaxation or simplification of existing regulation on borrowing long-term loan from abroad from commercial lender or 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 Industrial Policy at minimum):</p> <ul style="list-style-type: none"> ii. 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
	<p>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).</p>	Income Tax Wing- NBR/ MOF BIDA	Mid-term
Promotion of new investment in business opportunities with COVID-resilience or affinity	<p>To propose addition of the following businesses to the list of industrial undertakings or ICT business entitled for CIT exemption in view of promoting the emerging or growing business opportunities in the post-COVID era.</p> <p><u>Processed foods</u>: manufacturing of pre-cooked/ ready-made/ frozen foods, health and supplement foods, confectionaries, packaging materials, food preservatives/ additives/ ingredients,</p> <p><u>Digital tech service</u>: any services categorized by FinTech, MediTech, AgriTech, e-commerce platform,</p> <p><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,</p> <p><u>Education</u>: learning support services (home teaching, cram school), IT vocational training, etc.</p> <p><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),</p>	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><i>* The above eliminates the recommended businesses that are already indicated in the existing purview of industrial undertakings or ICT businesses entitled for CIT exemption.</i></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> <ul style="list-style-type: none"> i. To organize sector-specific promotion seminar, e.g., on pharmaceutical and healthcare sectors, ITes and digital-tech sectors, electrical and electronics sectors, 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, iii. To organize business seminars for emerging or growing opportunities among local industry players in order to identify the needs of potential (re)investors and resolve the bottlenecks faced for materializing investment. 	<p>BIDA: Marketing & Com. Div.,</p> <p>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.</p> <p>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 making an investment decision.</p>	<p>BIDA: Registration & Incentives Div. for foreign/local/comm.</p> <p>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

3.2 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-, Innovision, July 2020

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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"> - 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>Mid-term</p> <p>Customs Wing-NBR BIDA</p> <p>BIDA</p> <p>Income Tax Wing-NBR</p> <p>Short-term</p>
Software/ ITes (Digital-oriented service group)	<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 key segments in ICT businesses entitled for fiscal incentive (CIT exemption) for promotion purpose 	<p>Income Tax Wing-NBR/ MOF</p> <p>Mid-term</p> <p>ICT Division, National Skills Dev. Authority</p> <p>Short-term</p> <p>ICT Division, High Tech Park Authority, BIDA, Relevant trade body</p> <p>Mid-term</p> <p>BB, MOF, Relevant trade body</p> <p>Short-term</p> <p>Income Tax Wing-NBR</p>

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 	<p>Short-term</p> <p>BIDA: Linkage & Suppliers Dev. Div. Relevant trade body</p> <p>Mid-term</p> <p>Customs Wing-NBR BIDA BIDA</p> <p>Mid-term</p> <p>DG of Drug Admin./ MOHFW</p>
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 	<p>Mid-term</p> <p>VAT Wing-NBR/ MOF, BD Road & Transport Authority (BRTA), BB</p>

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 frequency) - 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"> - Sales of home appliances and electronics in general has recovered significantly - Increased popularity to use e-commerce platform/ site - Emerging or growing opportunities for: <ul style="list-style-type: none"> 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. 	<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
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: <ul style="list-style-type: none"> 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

Reference:

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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

For the Immediate to Three Months		
	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, - 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. 	NBR, Dept. of Labor
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 economic stimulus package

To safeguard businesses from their cashflow shocks and stresses by the COVID, Bangladeshi government announced stimulus package consisting 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	45%	1 year	1 year	1 year
Export-oriented industry (25 Mar.)	5,000	45%	1 year	1 year	1 year
Ditto (pre-shipment credit refinance) (5 Apr.)	5,000	45%	1 year	1 year	1 year
Ditto (Export Dev. Fund: EDF) (5 Apr.)	12,750	45%	1 year	1 year	1 year
SMEs (5 Apr.)	20,000	45%	1 year	1 year	1 year
Agriculture sector/ marginal farmers (12 Apr.)	9,500	45%	1 year	1 year	1 year
Low income professionals, farmers, micro-businesses (20 Apr.)	3,000	45%	1 year	1 year	1 year

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 cash flow 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 on supply (input) side? (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?
Reminder: 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 (ask what has been faced), 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 on demand (market) side (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 company managing or planning to deal with the current and forecasted impacts/ changes?

<p>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?</p> <hr/>
<p>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)</p> <hr/>
<p>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?</p> <hr/> <p>Examples undertaken <i>(if any)</i>:</p> <p>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.</p>
<p>7. What policy measures would help your company (or your industry) to sustain or prosper during post/ with COVID-19 conditions? <i>(derive specific and concrete ones through conversation)</i></p> <hr/>
<p>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?</p> <hr/>
<p>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)?</p> <hr/>

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)				
<p>Disrupted materials sourcing via import (more apparent if relying on a single foreign source) with the higher costs of material inputs.</p> <p>Delayed delivery of imported materials due to slower customs clearance (backlog as a result) and shipping problem (stuck at transit in Singapore).</p> <p>Under-capacity factory operation due to hygienic rules requiring wider factory space/ shifting.</p> <p>Extra burden for training and application of hygienic rules/ practices to a number of workers every day including provision of dedicated means of commuting.</p> <p>Difficulty in ensuring buyers' quality control in case buyers cannot visit the factory.</p>	<p>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).</p> <p>Growing orders from buyers for catalogue/ online purchase on the other hand.</p> <p>Difficulty in export on schedule due to shipping problem (stuck at transit in Singapore) also causing order securement.</p>	<p>Expanding catalogue/ online sales but associated shift to smaller lot-fast production.</p> <p>Good prospect for products made with African cotton, and new markets, India in particular.</p> <p>Recycle business of fabric wasted during production (still at experimental stage in BD).</p> <p>* One respondent is exploring product diversification to home textiles like bedsheet, curtain, duvet, forecasting stay-home demand.</p>	<p>General shift to e-commerce/ online sales among the industry.</p> <p>Amplified interests of some manufactures in resorting digital tech. for product design, process automation, labor-saving, but others remain indifferent.</p> <p>* 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.</p>	<p>Placing new investments and reinvestments at standstill, still struggling for recovering to pre-COVID demand and production level.</p> <p>Stronger aspiration for FDI for expanding the upstream industry, i.e., textile fabrication, yarning.</p>
Software/ ITes (Digital-oriented service group)				
<p>No severe issues observed, since requiring the least tangible inputs or capital assets, but for the access to the following inputs;</p> <ul style="list-style-type: none"> - sophisticated ICT devices (being more costly and lengthy for shipping/ customs clearance), - IT engineers (being scarce and more expensive), - internet connection (frequent interruption). 	<p>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.</p>	<p>Opening a variety of business opportunities, creating innovative business/services along with the spread of mobile device and "move-/ contact-less behavior" among society.</p> <p>* For instance, on-demand shopping assistance, AI-used health check app., e-medicine/ health, e-learning/ online-class.</p>	<p>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,</p>	<p>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.</p> <p>* For instance, Chinese investors are committing to or ready for additional capital to existing ITes/ e-commerce businesses,</p>

Backlogs in shipping/ customs clearance for imported goods to be sold at e-commerce (such as electronics goods) and causing the higher prices.	Growing businesses such as e-commerce, outsourced ITes, SaaS, e-medicine/ medical consultation, cashless transaction. Growth of orders from foreign clients has increasingly posed a difficulty in settling the payments with foreign clients due to complex foreign exchange regulations.	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.	For the above, BD needs: - 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)			
Delayed delivery of imported materials due to slower customs clearance/ shipping problem, and global shortage of raw materials causing their cost-up. Emergingly 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. An accelerated move or review to geographically diversify the sources of API import. * BD relies on import (mostly India and China) for 97% of total demand of APIs.	Increased demand with projection to remain for another few years for the COVID related medicines/ drugs* also along with the growth of e-medicine facilities. * Such as respiratory drug, antivirals (remediesvir), antibiotics, antihistamine, and drugs for immune system. Change of production facilities in response to the increased demand for the COVID-related medicines/ drugs. Rising awareness for non-communicable disease in relation to aggravation risks associated with the COVID.	Emerging opportunities for new sales channels of drugs/ medicines (e-medicine facility). 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. Foreseeable demand growth of vaccines, drugs for cancer treatment (oncology agents).	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. Foreseeable immense opportunities to expand production lines for the COVID-related medicines/ drugs, but if the cost of financing is lowered (than the prevailing interest rates in the market) and IPO approval process is largely simplified/ shortened. Increased necessity to attract FDI in manufacturing of vaccines, cancer drugs (oncology agents), biosimilar, drug materials of API/ 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 investments to drug manufacturing. * The industry is also seeing immense investment potentials in healthcare sector, including diagnostics center, hospital, medical devices, and looking for foreign partners.

Automobiles (Assembly: Transport equipment group)				
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. However, increasingly concerned with unscheduled (long delay) and unsmooth import of knockdown sets due to slower customs clearance and shipping problem.	Prompt demand recovery after the lockdown supported by continuously robust demand for motorcycles/ three-wheelers due to commuters' avoidance of public transport. Growing demand observed also for bicycle exports to EU owing to the similar background. Significant demand slump remaining for both passenger/ commercial vehicles (drop by 25-40% compared to the last year). Squeezed cash flow 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.	Increased presence of the industry on the e-commerce sites as another effective channel of sales.	Varying among the respondents, but not highly oriented to digital/ robotics solutions for supply-chain/ factory management; and for process automation/ labor-saving. * Two respondents have been adopting robotics for welding and painting (one of them) functions since before the COVID, and one has started digital-marketing campaign.	<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>
Electronics & electrical equipment (Assembly: Durable consumer goods group)				
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	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.	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.	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

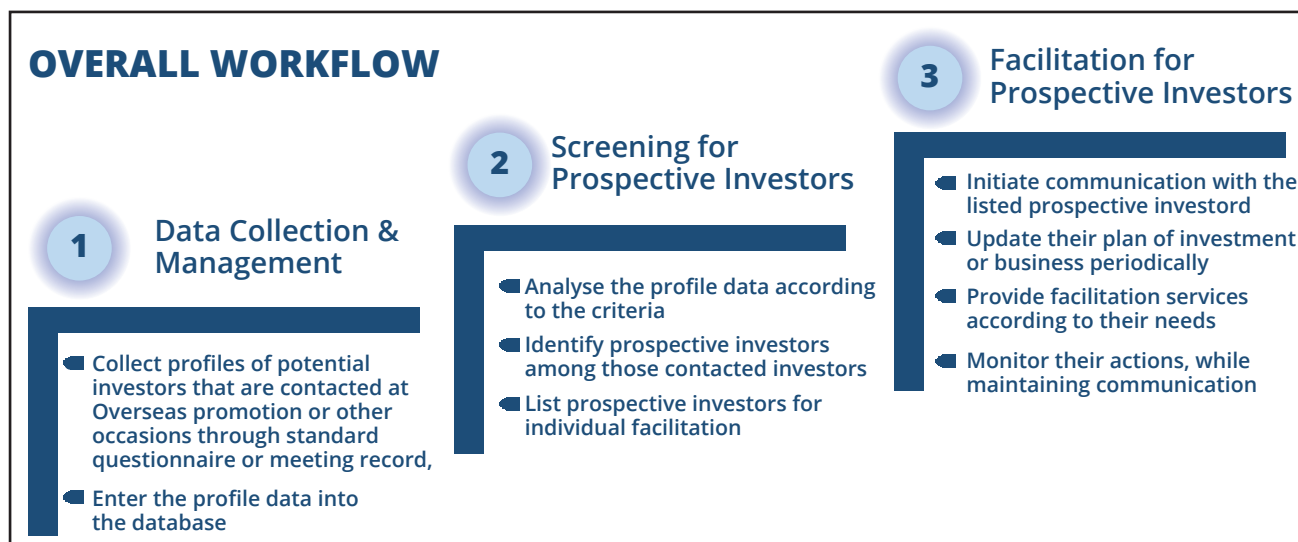
the conditions during the initial phase of the pandemic. Although confronting difficulty in sourcing with tolerable conditions, E&E industries have been not able to change or diversify the sources of procurement(largely China) with ease. E&E industries usually receive production inputs in knockdown set (in module form) under OEM licensee, hence, they have no choice but to accept existing suppliers even with higher cost.	Growing demand observed for home appliances for washing (dishes, clothes), sanitization including air-conditioner, cooking (microwave), and electronics products (smart-phone, laptop, TV, etc.).		All the respondents have increased the share of marketing/advertisement in digital format (such as SNS).	for CKD assembly of these products would boost investments. * One respondent shares that BTRC (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. Procurement 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. Health/ 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, health/ 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 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, 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

1. 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
2. Standard tasks required for organizing webinar
 - 1) 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
 - 2) 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)
 - 3) 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
 - 4) 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

Appendix-6: Workflow of the Contact Management System for potential investors

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.)



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