

Presentation on “Investment Opportunities in ICT in Bangladesh”

PRESENTED BY
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About BASIS

Established
in **1997**

**National trade
body for IT & ITES**

Currently **1200**
Member Companies

9 EC Members
elected for 2 years

Objectives

- Domestic market development
- International market development
- Capacity building
- Member service development and delivery
- Access to Finance
- Membership Card Facility
- Policy advocacy

Tech Adoption Scenario

5 million

Internet subscribers
(2008)

147 million

mobile phone users
(BTRC, 2018)



93.70 million

Internet subscribers
(BTRC, April 2019)



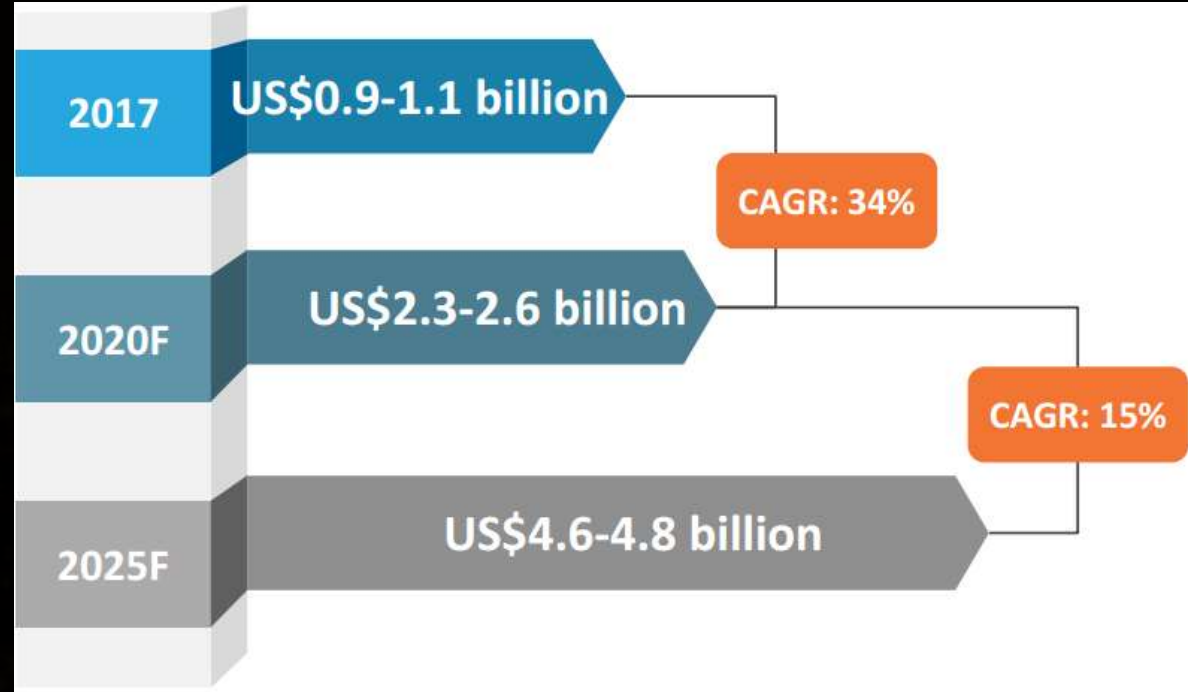
59 million

Clients of Mobile
Financial Services
(Bangladesh Bank, 2018)



Local Market Scenario

- The local market size for Software & ITES in 2017 was US\$ 0.9- 1.1 billion
- Projected to grow at the CAGR of 34% till 2020F



Source: Everest Group, 2017

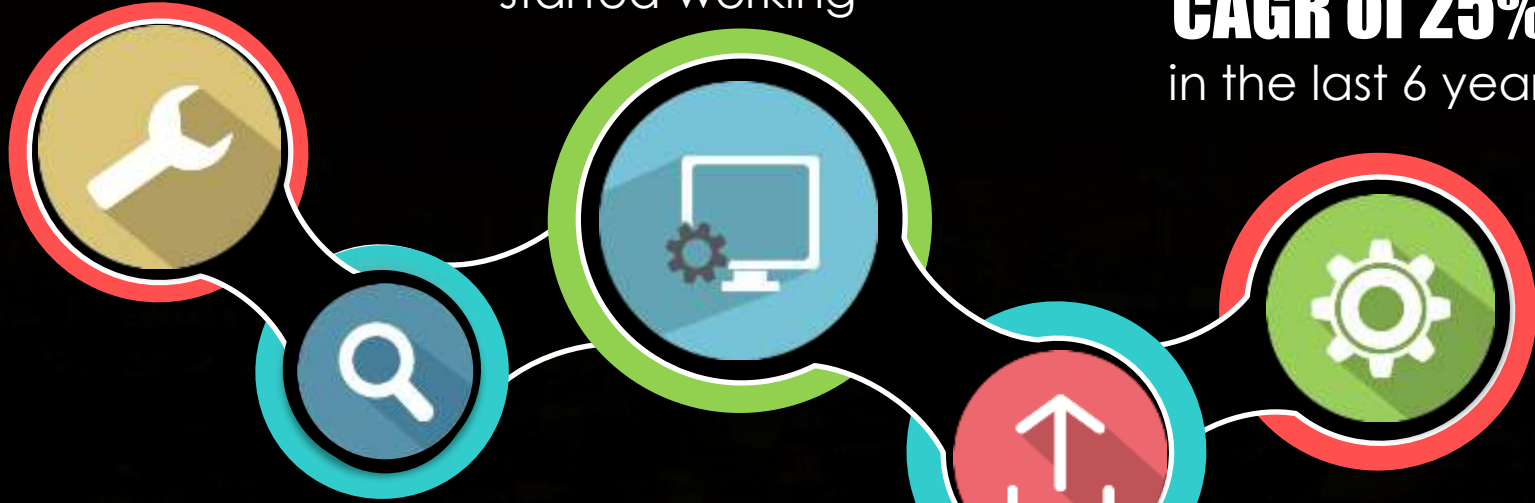
The Industry is
composed of over
2000+ firms

40+ ODC

(Offshore Development
Centers) & Joint Ventures
started working

Export grew at a
CAGR of 25%
in the last 6 years

Current Industry Data



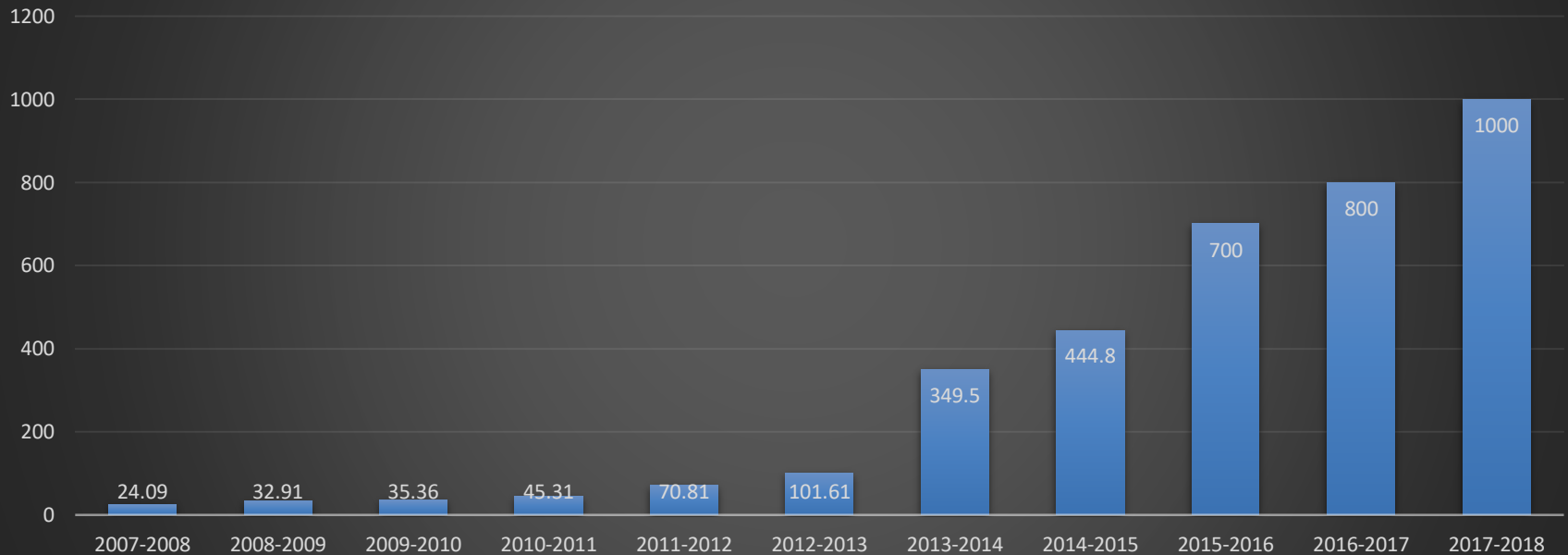
Local Market size
US\$ 1.3 billion

(excluding the telecom sector)


Software export is about
1 billion in 2018

Software /ITES Export trends

ICT Export (million USD)



Human Resource Potential



Numerous IT/ICT Capacity development Institutes located across the country

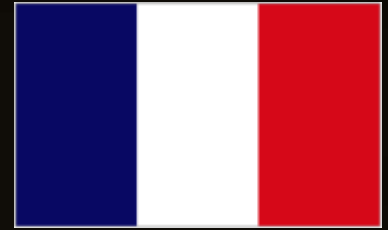
64% youth (Age between 18 – 35). English Education is built-in into the education system.

IT professionals : 3,00,000 direct & over 4,00,000 including freelancers

Total graduate pool: 960,000 annually (UGC & NU Data) among them 22,000 are IT professionals



Bangladesh-France Relation



Bangladesh was recognized by France as a sovereign state on 14th February 1972.

France remains a major partner of Bangladesh within the European Union. France is currently funding various projects in Bangladesh led by the European Union. France is also directly supporting infrastructure development projects in Bangladesh through l'Agence Française de Développement (AFD).

ECONOMIC RELATION

France is the fourth largest export destination for Bangladesh. Readymade garments alone account for around 90% of our export earnings from France. Export of other products such as leather and footwear, shrimps and frozen fish, ceramic and pharmaceutical articles are also increasing in recent years. French exports to Bangladesh include spare parts for aircraft and vessels, alcoholic beverages, chemicals, food stuff etc.

Trade Relation



Bilateral Trade

(Value in Million USD)

F Y	Export	Import	Balance
2001-2002	413.69	83.38	(+) 330.31
2002-2003	418.51	93.86	(+) 324.65
2003-2004	553.50	65.62	(+) 487.88
2004-2005	625.51	67.30	(+) 558.21
2005-2006	678.94	70.93	(+) 608.01
2006-2007	731.76	73.25	(+) 658.51
2007-2008	953.13	118.23	(+) 834.90
2008-2009	1031.05	130.62	(+) 900.43
2009-2010	1025.88	101.19	(+) 924.69
2010-2011	1537.98	102.10	(+) 1435.88
2011-2012	1380.37	109.10	(+) 1271.27
2012-2013 (July-Oct 2012)	436.16	-	-

Source : EPB & Bangladesh Bank

Bilateral Agreements

Sl. No.	Name of the Agreement	Date of Signature
1.	Agreement between Bangladesh and France for Peaceful use of Nuclear Energy	29 August 1980
2.	Agreement on the Reciprocal Promotion and Protection of Investments	10 September 1985
3.	Convention on Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income	09 March 1987
4.	Agreement on Cultural, Scientific and Technical Cooperation	10 March 1987
5.	Memorandum of Understanding regarding conclusion of Air-Service Agreement between Bangladesh and France	02 July 1998

How does the World look at Bangladesh?

“Bangladesh the Next China”

McKinsey & Company

“Bangladesh one of the Frontier 5 economies”

JP Morgan

**“The Next Eleven”
Bangladesh among the 11 nations, have high economic potential”**

Goldman Sachs



“Bangladesh will be the 12th economic power of the world in 2050” *UBS*

“Low cost and high return manufacturing destination in Asia”

JETRO

“28th & 23rd largest economy of World by 2030 & by 2041” *PwC*

Economy of Bangladesh: Overview

World's
44th Largest
Economy
by World Bank

23rd Largest
Economy by
2041

GDP
USD831
Billion(PPP)

GDP
Growth
6% - 7%
Last 10 Years

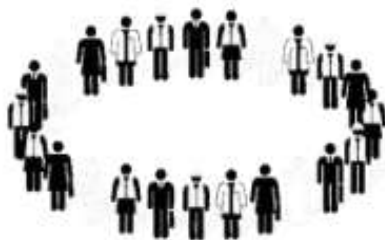
GDP Per
Capita
USD 1,888

Share of
Investment
to GDP
30.3%

2nd in RMG
Export after
China



Poverty rate
dropped to 12.9%
from 44.2%



Each year
Bangladesh
creates around
1.2 million jobs

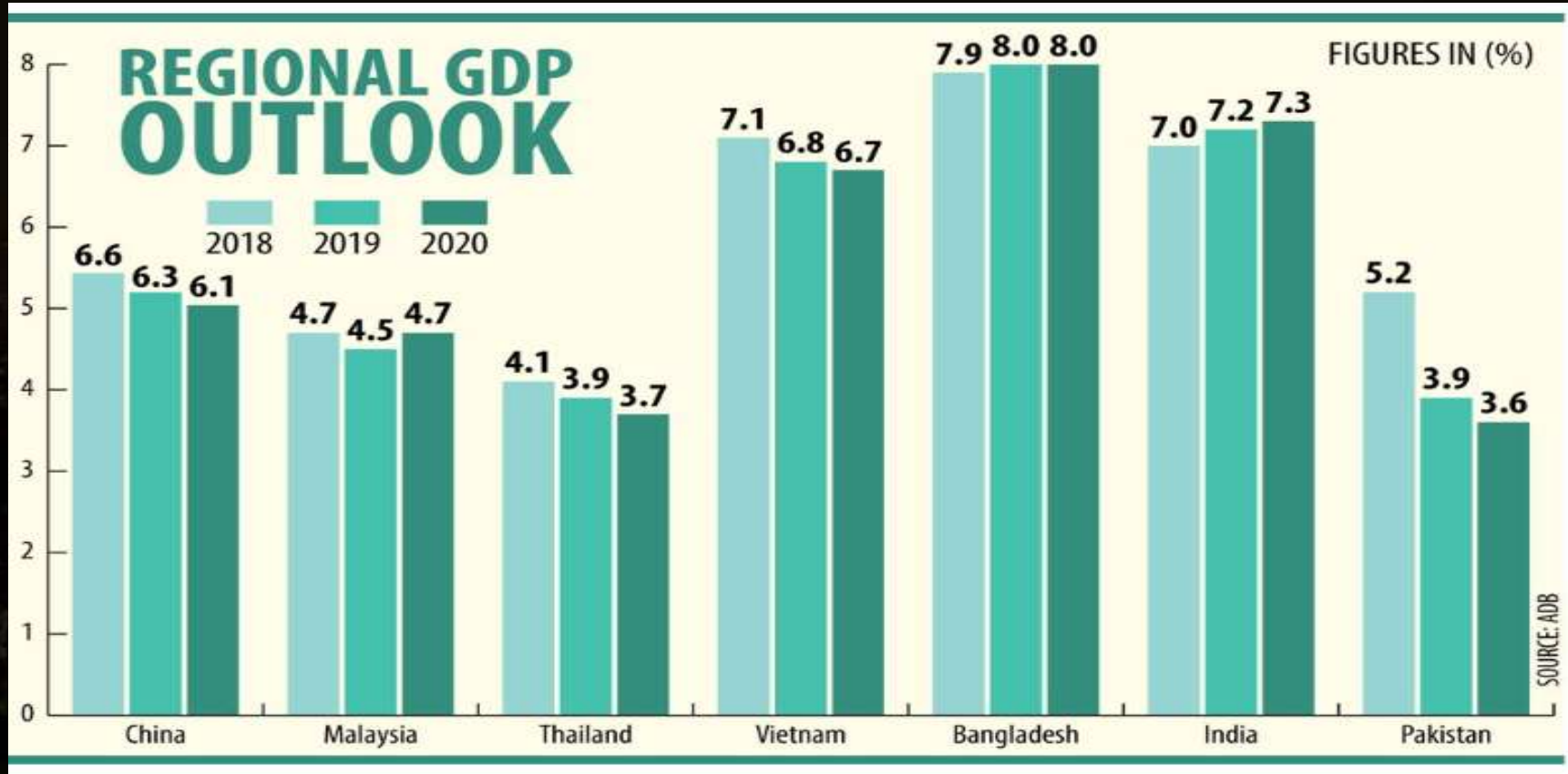


Export reaches
to **37 billion** in FY
18 from 16 billion
in FY10



FDI jumps to
3.61 billion in
CY18 from 1.2
billion in FY10

Economic Growth of Bangladesh



According to IMF, Bangladesh is world's second fastest economy in 2019

FASTEST GROWING ECONOMIES	
COUNTRY	PROJECTED GROWTH
RWANDA	7.8%
BANGLADESH	7.3%
INDIA	7.3%

SOURCE: IMF

Competitive Edge of Bangladesh in Investment Segments

Export Oriented



Abundance of competitive work-force, Lowest Wage in Asia, Duty Free Market Access, Bond Facilities, EZs/EPZs

Consumer Market/ Finance



Population of more than 160 Million, along with 3 billion regional market with Young and Brand Conscious Consumers

Infrastructure/ Energy



Number of Mega Projects, Volume of ODA, external finance

Start-Ups / IT



High Mobile Density, Internet Density, Tech Savvy Young Generation, Digital Bangladesh Policy

BANGLADESH: FOREIGN INVESTMENT

- According to the [UNCTAD's 2019 World Investment Report](#), FDI inflow closed at USD 3.61 billion in 2018
- Bangladesh ranked 176 th out of 190 economies in the World Bank's [2019 Doing Business](#) ranking

Country Comparison for the Protection of Investors

Country Comparison For the Protection of Investors

	Bangladesh	South Asia	United States	Germany
Index of Transaction Transparency*	6.0	5.0	7.0	5.0
Index of Manager's Responsibility**	7.0	5.0	9.0	5.0
Index of Shareholders' Power***	4.0	6.0	4.0	8.0
Index of Investor Protection****	5.7	5.3	6.5	6.0

Source: *Doing Business* - Latest available data.

Favorable Investment Environment by Bangladesh Govt.



Power Sector

24,000 MW by 2021.
15,953 MW as of
June '18

(8,845 public sector, 6,448
Private, 660 MW import)



Investment Friendly Climate

Investment friendly policies set by
the Government in consultation
with the industry



Local Market Potential

Extensive potential of the growth of
the local market



HR Capacity

Local IT companies attain excellent
HR, able to work and deliver top
notch performance in international
projects

What to consider if you invest in Bangladesh

Strong Points

- Good macroeconomic stability characterised by a high growth rate of 7.1% in 2017 (*Business France, 2018*) and a satisfactory level of public debt
- An open and diverse economy
- A very low-cost workforce
- A strategic geographic position as a gateway to countries in the Asia-Pacific region
- A strategic and competitive position in the value chain of the global economy
- An economic and legislative environment globally favourable to business

Weak Points

- A business environment complicated by the country's weak infrastructure, burdensome bureaucracy, rampant corruption, lack of transparency and the slow pace of the judicial system
- Exports that are not sufficiently diversified and highly dependent on the textile sector
- Weakness of the financial sector
- Vulnerability to natural disasters (cyclones, severe floods) that result in substantial income losses

Ports in Bangladesh

Seaports:

Seaports

Chattagram and Mongla.

Inland river ports

Dhaka, Chandpur, Barisal, Khulna, Baghbari, Sharishabari, Narayanganj, Bhairab Bazar, Ashuganj.

Airports

International airports

Dhaka, Chattagram and Syhelt

Domestic airports

Dhaka, Chattagram, Syhelt, Jessore, Cox's Bazar, Syedpur, Rajshahi & Barisal

Land ports

Benapole, Teknaf, Banglabandha, Sonamasjid, Hilli, Darshana, Birol, Burimari, Tamabil, Haluaghat, Akhaura, Bibirbazar & Bhomra

Bilateral Investment Conventions Signed By Bangladesh

- Bangladesh has signed 30 bilateral investment agreements.



**BANGLADESH
HI-TECH
PARK**

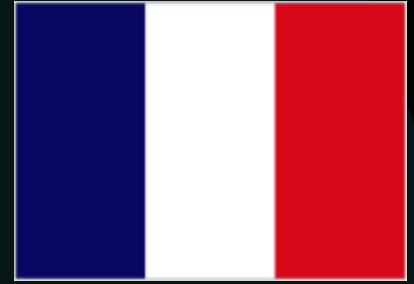
Bangladesh Hi-Tech Park Authority (BHTPA)



- Bangladesh is building a number of hi-tech parks to attract foreign direct investment in hardware and software manufacturing industry.
- Bangladesh Hi-Tech Park Authority (BHTPA) is an autonomous body to develop the ICT industry through creation, management, operation and development of hi-tech parks.
- A total of 12 IT parks will be established in 12 separate districts
- Bangabandhu Hi-Tech City (BHTC) is the first full-fledged special economic zone for IT/ ITES and hi-tech industry in Bangladesh.
- BHTC covers an area of almost 250+ acres, which is divided in five blocks. Recently, a total of 97 acres land added in the BHTC.

Incentives by BHTPA

- Ten years tax exemption for IT/ITES Companies (first 7 years 100%, then 70% up to 10th year)
- Tax exempted up to 2024 for IT/ITES export income
- Duty free import of capital machineries and construction materials
- 10% Cash Incentives on IT/ITES Export Earnings
- 100% ownership for foreign investors
- 100 % profit repatriation for investors
- 3 years Income Tax exemption for foreign experts



Thank You

