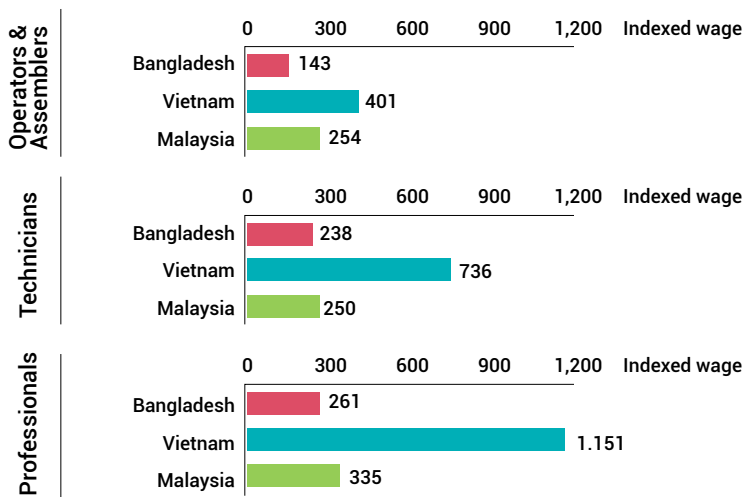


Post-COVID-19 ICT Roadmap: ICT Industry (Digital Device)

How the Roadmap came to be

With the growing certainty that COVID-19 is here to stay, the ICT Division of the Government of Bangladesh is developing a roadmap to fight the pandemic and ensuing crisis and to find innovative ways to flourish in the 'new normal'. Digital Device manufacturing is a fairly new and one of the 18 priority sectors selected based on the impact of COVID-19 on the sector and its potential for transformation of the economy and society.

Cost: Significantly Lower labor cost



“ Large pool of low-skilled labor in Bangladesh imply labor costs are a quarter of China, about one fifth of Malaysia”
Local Hi-tech Company

Why the Digital Devices Sector

Bangladesh is propelling on the trajectory of a new growth curve of rapid digitization determined by technological progress. High-tech and Software Technology Parks, vibrant start-up ecosystem, over 100 million internet users, and mounting adoption of digital devices construct the columns of the support ecosystem for building Digital Bangladesh. Although there are vast prospects in the Digital Devices sector in Bangladesh, the capacities of the sector have stayed unexploited earlier. Later on the Government has initiated a series of policy changes that allows organizations to set up production bases in Bangladesh, with an intention to cater to the domestic market and export. The availability of workforce at a competitive wage structure, domestic market demand, and a favorable policy structure are some of the factors that make Bangladesh an attractive market for digital device manufacturing. Success stories of manufacturing organizations, such as Walton, Samsung, Oppo, Data Soft, provide evidence of the support provided by the Bangladesh government in driving the growth of the digital device industry.

Impact of COVID-19 on the Digital device segment of ICT industry

Due to increased demand for remote working during the COVID-19 situation, demand for computer, laptop, networking devices such as Microphones, Headphones, and Webcam has skyrocketed. On the other hand, import from China was almost stopped initially, and later resumed at a slower pace. This led to a shortage of Networking and Security devices on the market. Many people bought the devices at 4 or 5 times the original price of the product. While other manufacturing countries had a shorter period of lockdown in their manufacturing cities, holidays announced by the government of Bangladesh prolonged. As a result, digital device production in Bangladesh was stopped for some time. One lesson that the Covid-19 pandemic has taught us is that we need to have our own manufacturing hub of digital devices and not only rely on import of those products. Policy intervention is required to ensure that investors are encouraged to invest in this sector and to ensure continuous growth.

Constraints

High capex, skill set availability, industry ecosystem, quality assurance and international certification for locally manufactured products, lack of rules to prioritized local product in Government purchase, less awareness about locally manufactured products, lack of appropriate financial stimulus for the digital device manufacturers during the COVID 19, have halted any immediate pivoting that the players in the sector could have undertaken to minimize the intensity of the initial blow following the pandemic.

Action Agenda

Taking lessons from local and global best practices and to tackle (i) the effects of the pandemic and (ii) the existing systemic and regulatory shortcomings of the ICT sector, the ICT Division is proposing the following interventions in the immediate short term:

Title	Encouraging the purchase of locally assembled products in Government-funded projects	Incentivize quality assurance certification of local digital device products from international authority	Promoting "Made in Bangladesh" products in both local and global markets	Attract foreign investment and foreign companies in Hi-Tech park	Policy support to incentivize local production or assembling	Address the lack of skilled manpower or migration of skilled manpower
Why (To address :)	By encouraging the purchase of locally assembled products in Government-funded projects, the import value of digital devices can be reduced and a huge amount of employment can be created.	When the local firm will be incentivized to have certification from the international authority for quality assurance, the firms will be encouraged to have certification for their products. As a result, the quality of the products will improve drastically, and the products will have a positive image in local and foreign markets.	Digital device assembling firms of Bangladesh do not have a central portal to communicate with each other. With a single, central portal, there will be a forum and community of Bangladeshi digital device manufacturers. This will create an image of products in the portal as products "Made in Bangladesh".	Even after having local firms invested in Hi-Tech Parks, BHTPA still has unused lands and spaces for further investment. BHTPA now should look out for investments from foreign technological companies.	With easier and lenient policies for local production or assembling businesses, more new firms will invest in the industry and will increase the level of businesses.	Creating and retaining skilled manpower will help the assembling industry to produce manufacturing products with less wastage, and hence reduce inefficiency. With increased skilled manpower, the Bangladeshi assembling industry can attract more foreign investments, as costs of skilled workforce will reduce as well, providing a cost advantage to the industry.
What	Locally assembled/manufactured digital device should get priority in Government-purchase	Incentivize quality assurance certification of local digital device products from international authority.	A central, single portal will be created to connect all the Bangladeshi digital device manufacturers with buyers from local and international markets.	With proper incentives and lenient policies, a large number of foreign investments can be attracted to Hi-Tech Parks.	To encourage more firms to invest in local production or assembling industry, the Government should design supportive policy which will incentivize their investment in the form of lower tax or faster administrative processes.	Encourage Technical Education to meet the demand-supply of the skill set required by the assembling industry and conduct skill development programs.
Lead Agency	CPTU	ICT Division	ICT Division	BHTPA	ICT Division	ICT Division
Coordinator	ICT Division	Bangladesh Computer Council	Bangladesh Computer Council	ICT Division	Bangladesh Computer Council	Bangladesh Computer Council
Partners	Cabinet Division, Planning Division, Local Digital Device Manufacturers and Assemblers	Ministry of Finance, Local Digital Device Manufacturers and Assemblers	Ministry of Foreign Affairs, EPB, Local Digital Device Manufacturers and Assemblers	BIDA, NBR, Local Digital Device Manufacturers and Assemblers	NBR, Local Digital Device Manufacturers and Assemblers	NSDA, UGC, Local Digital Device Manufacturers and Assemblers
Financing modality	Not Applicable	ICT Division can allocate budget for the incentive packages.	ICT Division can allocate budget. Private companies should co-invest for a sustainable model.	BHTPA can allocate budget	Not Applicable	ICT Division can allocate budget. Private companies should co-invest for a sustainable model.