

## Post-COVID-19 ICT Roadmap: ISP and Infrastructure, ICT sector

### 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 tackle the pandemic and ensuing crisis and to find innovative ways to flourish in the 'new normal'. ISP and Infrastructure is 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.

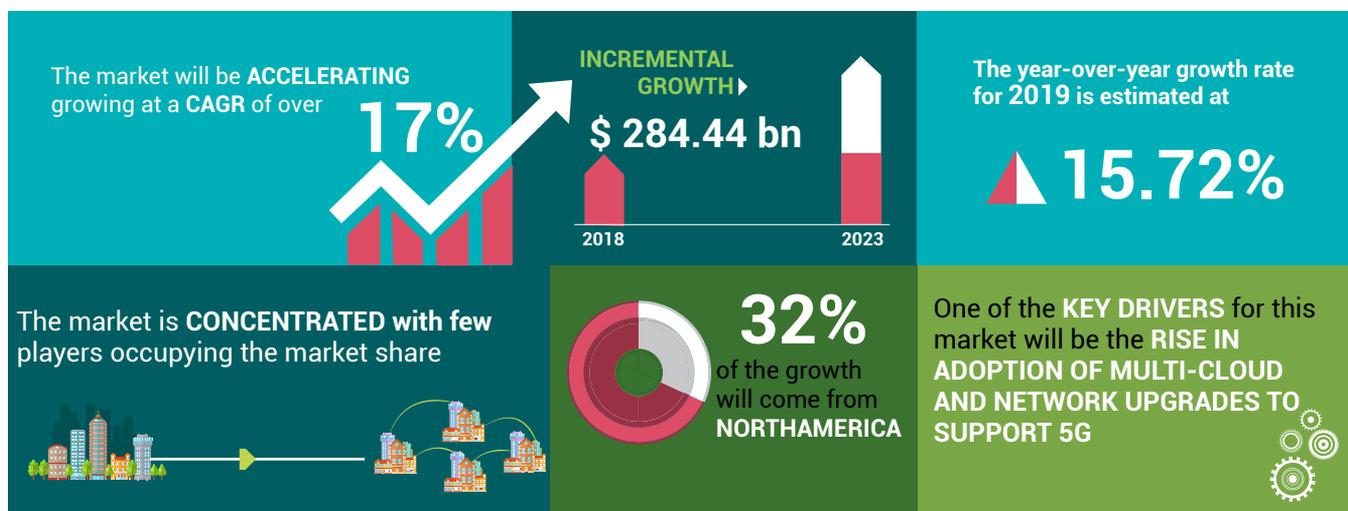


Fig: Global Data Center Market 2019-2023  
Source: Technavio,2020

### Why the ISP and Infrastructure -sector

Bangladesh has been working relentlessly to establish "Digital Bangladesh", an integral part of the government's Vision 2021. The government initiatives have resulted in an accelerated pace of growth of internet users. Number of internet users in Bangladesh stood at 103.476 Million in June, 2020. Dependence on the Internet increased since the start of the pandemic. The Internet has become essential for work, education, essential services, telemedicine or entertainment. Data Centres and Cloud operation is relatively new business in Bangladesh and awareness about the technology is low among consumers in Bangladesh. Also, there is no legislation that directly and specifically prohibits, restricts or governs data privacy and hosting of data. In the digital age the confidentiality of data is important. If policies and rules are made to ensure data privacy, data localization and hosting of data in countries territory, more new firms will invest in the industry. There is a strong business opportunity for SMEs and IT companies in IT and cloud infrastructure, particularly in the departments of hybrid cloud, rural IT services, and cloud infrastructure.

### Impact of COVID-19

During the pandemic, the increased internet traffic led to reduced bandwidth availability per head. Working from home became difficult due to slower speed of the Internet. When the national holiday was announced, many people left urban areas and were headed towards their villages. Most of the urban houses use ISP connection and as a result, the ISP firms observed a sudden fall in revenue. ISPs were unable to collect bills from thousands of consumers. They have bills pending for 2/3 months. The sector is facing problems in accessing working capital from the banking sector under the government's stimulus package as the banks are unsure if the ISP industry qualifies for the stimulus package. Excessive dependence on foreign data centres and cloud operators leads to lack of access to data during emergencies. Also privacy of confidential data cannot be ensured through foreign cloud service provider.

### Constraints

Complex VAT structure in the ISP value chain, lack of cash and inability to secure loan from banking sector or Govt's stimulus package, delayed in port clearance and excessive import duty on equipment, lack of National Data Protection and localization rule and incentive to operate business and lack of rules & guidelines to host public confidential data in local cloud have halted immediate pivoting that the players in the sector could have undertaken to minimize the intensity of the initial blow from 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 ISP and Infrastructure sector, the ICT Division is proposing the following interventions in the immediate short term:

Title	Withdrawal of Vat of the internet service providers.	Facilitate access to working capital under the government's stimulus package	Facilitate faster port clearance and reduced import duties	Provide proper safety gears and necessary health support to the HR	Incentivize set-up of local Data Centres and Cloud Operators	Incentivize set-up of local Data Centres and Cloud Operators
Why (To address :)	Withdrawal of VAT of the internet service providers will ensure the users to get internet facilities at lower price (30%-40% cheaper). This will help the sector to cope with the challenges they are facing because of the pandemic. Immediate assurance about this will secure jobs and ensure low cost internet service to their clients.	Due to the pandemic, the corporate houses have disconnected their internet connections on a large scale, almost 30% of the businesses have shutdown already. ISPs can't collect bills from the households. In cases where they are being able to collect bills, the realized bill amount is just 20% of the pending bill. Stimulus package through ensuring access to working capital from banking sector will secure the financial health of the ISPs	Faster port clearance will reduce expensive deferrals, fines, reallocation of the stock and different penalties. Reduced import duties will motivate the interested parties to invest more which will ensure upgrade of internet services.	Providing support to ISPs and NTTNs during Covid-19 period by providing the network engineers & technicians with proper safety gears and necessary health support will make the engineers more comfortable regarding their day to day activities. They will be more committed to their job when they are ensured about their safety regarding health issues.	Data Centers & Cloud computing is helping to build the digital Bangladesh of high connectivity and computer literacy. By bridging the digital gap to empower Bangladeshis from every aspect of society. Incentivizing set-up of local cloud infrastructure through subsidy on price will accelerate business in the country. People will reduce their dependency on foreign operators and focus more on national operators which will contribute to the economy.	Public Data is quite sensitive. With a supportive policy for the localization of data and data privacy, more businesses will be encouraged to invest in the local market and data safety can be ensured.
What	NBR can issue SRO on withdrawal of VAT on the internet service providers.	The government should formulate a blueprint for implementing access to working capital from banking sector by setting achievable targets within specific timeline.	The GoB can create strategic implementation plan through which a complete guideline will be provided regarding faster port clearance and reduction of import duties.	Support to ISPs and NTTNs during Covid-19 period can be ensured by providing the network engineers with proper safety gears and necessary health support.	Tax waiver on income from local Data Centers and Cloud Operators.  Reduce tax on importing cloud infrastructure tools.	National Data Localization and Data Privacy act should be created.  Design set of principles, rules and guidelines for citizen's data protection
Lead Agency	NBR	Ministry of Finance	Ministry of Commerce	ICT Division	NBR	ICT Division
Coordinator	ICT Division, Bangladesh Computer Council	ICT Division, Bangladesh Computer Council	ICT Division, Bangladesh Computer Council	Bangladesh Computer Council	ICT Division, Bangladesh Computer Council	Bangladesh Computer Council
Partners	ISPAB	Bangladesh Bank, ISPAB	Ministry of Shipping, NBR, ISPAB	Ministry of Health & Family Welfare, ISPAB	ISPAB, Ministry of Finance	Cabinet Division, Legislative and Parliamentary Affairs Division, ISPAB
Financing modality	Not Applicable	Not Applicable	Not Applicable	Not Applicable	More budget allocation from the annual budget to incentivization this sector.	Not Applicable