

Country Name	Project for Development of Economic Zones and Capacity Enhancement of Economic Zones
People's Republic of Bangladesh	
Authority	

I. Project Outline

Background	<p>The government of Bangladesh started establishing Export Processing Zones (EPZs) in eight locations in the country on the government budget since 1990 and invited foreign direct investments (FDIs). A significant number of export-oriented companies moved to EPZs and greatly contributed to expansion of export and eventually to GDP growth of Bangladesh. On the other hand, because those companies were export processing companies targeting overseas markets, they had limited linkages with domestic industries resulting limited impacts on domestic industrial development and expansion of employment opportunities. In order to cope with those situations, the government of Bangladesh decided to establish new Economic Zones (EZs) aiming at diversification of industries through strengthening of linkage between FDIs and domestic industries, acceleration of economic growth in less-developed areas, formulation of industry clusters, and promotion of regional economic development. The Bangladesh Economic Zones Authority (BEZA) was established in 2011 as an authority to develop and manage EZs in the country.</p>										
Objectives of the Project	<p>Through preparing a development plan and development guidelines for EZs, the project aimed at activating the economic activities in EZs, thereby contributing to economic growth in Bangladesh.</p> <p>Expected goals through the proposed plan¹: Projects in the EZ Development Basic Plan and EZ Development Master Plan will be implemented based on the EZ Development Guidelines.</p>										
Activities of the Project	<ol style="list-style-type: none"> 1. Project Site: potential sites for EZs in Bangladesh 2. Main Activities: <ol style="list-style-type: none"> 1) survey on related legal systems and business environment, 2) formulation of EZ development concept and EZ Development Guidelines, 3) selection of the sites for short-term EZ development and formulation of the EZ Development Basic Plans for them, 4) selection of the sites for mid-term EZ development and formulation of the EZ Development Master Plan, and 5) planning and implementation of the Capacity Development Action Plan for BEZA. 3. Inputs (to carry out above activities) <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Japanese Side</td> <td style="width: 50%;">Bangladeshi Side</td> </tr> <tr> <td>(1) Mission members: 12 persons</td> <td>(1) Facilities and equipment: project office</td> </tr> <tr> <td>(2) Trainees received: 11 persons</td> <td>(2) Local cost: cost for utility of the office</td> </tr> <tr> <td>(3) Training in the third country (Vietnam, Thailand): 3 persons</td> <td>(electricity, water, and telephone)</td> </tr> </table> 			Japanese Side	Bangladeshi Side	(1) Mission members: 12 persons	(1) Facilities and equipment: project office	(2) Trainees received: 11 persons	(2) Local cost: cost for utility of the office	(3) Training in the third country (Vietnam, Thailand): 3 persons	(electricity, water, and telephone)
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Project Period	January 2015 - August 2016 (Extension: July 2016 - August 2016)	Project Cost	(ex-ante) 280 million yen, (actual) 226 million yen								
Implementing Agency	Bangladesh Economic Zones Authority (BEZA)										
Cooperation Agency in Japan	World Business Associates Co., Ltd., Japan Development Institute Ltd., RECS International Inc., Oriental Consultants Global Co., Ltd.										

II. Result of the Evaluation

<Special Perspectives Considered in the Ex-Post Evaluation>

In this ex-post evaluation, JICA made an evaluation judgment by analyzing information acquired by sending and collecting questionnaires, and through telephone and e-mail interviews with persons concerned. No field survey was conducted due to the spread of COVID 19.

1 Relevance

<Consistency with the Development Policy of Bangladesh at the Time of Ex-Ante Evaluation>

The “Bangladesh Vision 2021” (Vision 2021), which was announced in 2010, was the supreme national development plan and envisioned transforming Bangladesh into a middle-income country by 2021. In particular, investment by the private sector which had accounted for approximately 19% of the total domestic investment at that time was expected to be increased to 25% by 2015. As one of the tactics to reach the target, BEZA was established in 2011 under the Bangladesh Economic Zones Act (2010) with the objective to license up to 100 EZs across the country to create 10 million new jobs and fetch additional annual exports of 40 billion US dollars by 2030. Therefore, the project was consistent with the development policies of Bangladesh at the time of ex-ante evaluation.

<Consistency with the Development Needs of Bangladesh at the Time of Ex-Ante Evaluation>

EZs were supposed to be developed mainly by BEZA employing the initiative of public-private partnership (PPP), private investments, government investments, or the partnerships between governments of Bangladesh and foreign countries. However, since BEZA was a newly established authority, knowledge and experience necessary for the development and operation of EZs had not been sufficiently accumulated in BEZA. Therefore, the project was consistent with the development needs of Bangladesh at the time of ex-ante evaluation.

<Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation>

In the “Country Assistance Policy for the Republic of Bangladesh” (June 2012), one of the two Priority Areas (Medium Objectives) was the acceleration of inclusive economic growth towards the realization of becoming a middle-income country. In order to achieve this

¹ The degree of achievement of expected goals is not to be assessed in principle at the time of ex-post evaluation, since it is defined as the medium-to-long-term goals which will be attained as a result of crystallizing the proposed plan (“output” of the project).

objective, it was planned to promote activities of the private sector which worked as a driving force of high economic growth, and support improvement of the investment climate to attract and increase more private investment. Therefore, the project was consistent with the Japan's ODA policy for Bangladesh at the time of ex-ante evaluation.

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement for the Objectives at the time of Project Completion>

The objectives of the project were achieved by the time of project completion by formulating the EZ Development Guidelines, EZ Development Basic Plan for short-term development, EZ Development Master Plan for mid-term development, and the Capacity Development Action Plan for improving the capacity of BEZA.

<Utilization Status of the Proposed Plan at the time of Ex-post Evaluation>

The guidelines and plans prepared by the project have been utilized at the time of ex-post evaluation. The guidelines and plans were approved by the BEZA Board Meeting in 2019. Three EZ sites out of four sites proposed in the Basic Plan and Master Plan, namely Araihaazar EZ, Seaboard EZ and General EZ except Nayanpur EZ, were approved to be implemented. The development of Nayanpur EZ was suspended because BEZA placed lower priority on it. As for the three sites, BEZA has developed specific development plans based on the plans prepared by the project, which were approved by the Prime Minister's Office in 2020, and been implementing them as national projects as stated below (Indicator 1). Out of 32 programs planned in the Capacity Development Action Plan, 3 programs have been implemented for 20 times in total in 4 years from 2017 to 2020. The total number of participants in the programs for 4 years were 43. Slow execution of the programs was due to insufficient human and financial resources of BEZA (Indicator 2).

<Status of Achievement for Expected Goals through the Proposed Plan at the time of Ex-post Evaluation>

The goals expected by the proposed plans have been achieved at the time of ex-post evaluation.

The Basic Plan prepared short-term development plans for the Araihaazar EZ and Nayanpur EZ to start construction works in 2016 and companies' start-up at the end of 2018. BEZA has suspended the development of Nayanpur EZ and focused on the Araihaazar EZ by updating the plan prepared by the project and renamed the Araihaazar EZ as the Bangladesh Special EZ. In the Bangladesh Special EZ, out of 34 tasks planned in the Basic Plan to be completed by 2019, 8 tasks (24%) of the tasks have been completed, 24 tasks (71%) of the tasks are on-going (8 tasks (24%) of the tasks are to be completed by end of 2022), 2 tasks (6%) of the tasks have not been commenced yet, and briefly most of the tasks are either completed or soon to be completed. Although the entry of companies has not started yet at the time of ex-post evaluation, it can be expected that around 20 companies may enter EZ from November 2022 to 2024. These delays from the original plans have been largely affected by restrictions on movements and travels after the terrorist attack in Dhaka in 2016 and COVID-19 from 2020. The Bangladesh Special EZ development is financed by the Japanese ODA loan "Foreign Direct Investment Promotion Project" (FDIPP).

The Master Plan prepared mid-term development plans for the Seaboard EZ and General EZ in Moheshkhali island. BEZA has updated the plans prepared by the project and formulated the Sector Development Plan as a part of the "Moheshkhali-Matarbari Integrated Infrastructure Development Initiative" (MIDI) which is the country's largest infrastructure project led by the Prime Minister's Office. The Sector Development Plan was approved by BEZA in January 2021, and preparatory works and construction works are on-going at the time of ex-post evaluation.

Although the implementation of the short-term development plans has been delayed, it is on-going with the financial support by the Japanese ODA loan. The mid-term development plans planned by the project did not set any specific timetable and have been implemented as a part of the large-scale national project. Although the entry of companies has not started yet, the development of EZs has been progressed as national projects. Based on this situation, the goals expected by the proposed plans are judged to be achieved at the time of ex-post evaluation.

<Other Impacts at the time of Ex-post Evaluation>

Environmental impact assessment and environmental control in construction works of the projects have been executed complying with the Bangladeshi Environmental Preservation Ordinance (1989), the Environment Conservation Rules (1997) and other related laws and regulations along with the JICA Guidelines for Environmental and Social Considerations (April 2010). According to BEZA, no serious environmental issues associated with the construction works has been reported so far. No other negative impacts on natural, social and economic environment have been observed at the time of ex-post evaluation.

<Evaluation Result>

In light of the above, the effectiveness/impact of the project is high.

Status of Achievement of Utilization Status of the Proposed Plan and Expected Goals through the Proposed Plan

Aim	Indicators	Results
Utilization Status of the Proposed Plan: EZ Development Guidelines, Basic Plan and Master Plan prepared by the project are approved by the government of Bangladesh. Implementation status of the Capacity Development Action Plan for BEZA (the number of training	Indicator 1: EZ Development Guidelines, Basic Plan and Master Plan prepared by the project are approved by the government of Bangladesh.	(Ex-post Evaluation) Achieved The Guidelines, Basic Plan and Master Plan were approved by the BEZA Board meeting in 2019. BEZA has developed specific development plans based on the plans prepared by the project for three EZ sites out of four sites proposed in the Basic Plan and Master Plan, namely Araihaazar EZ, Seaboard EZ and General EZ except Nayanpur EZ. The plans were approved by the Prime Minister's Office in 2021 and have been implemented.
	Indicator 2: Implementation status of the Capacity Development Action Plan for BEZA (the number of training program and participants, etc.).	(Ex-post Evaluation) Partially achieved Out of 32 programs planned in the Capacity Development Action Plan prepared by the project, 3 programs have been implemented for 20 times in total in 4 years from 2017 to 2020. The total number of participants in the programs for 4 years were 43. The implementation timetable was not proposed in the Action Plan. Slow execution of the programs was due to insufficient human and financial resources of BEZA.

program and participants, etc.).		
Expected Goals through the Proposed Plan: Implementation status of the projects proposed by the EZ Development Basic Plan and EZ Development Master Plan, and the number of companies entered into the EZs.	Indicator: Implementation status of the projects proposed by the EZ Development Basic Plan and EZ Development Master Plan, and the number of companies entered into the EZs.	(Ex-post Evaluation) Achieved The Basic Plan prepared short-term development plans for the Araihaazar EZ and Nayanpur EZ to start construction works in 2016 and companies' start-up at the end of 2018. BEZA has suspended the development of Nayanpur EZ and focused on the Araihaazar EZ by updating the plan prepared by the project and renamed the EZ as the Bangladesh Special EZ. In the Bangladesh Special EZ, out of 34 tasks planned in the Basic Plan to be completed by 2019, 8 tasks have been completed, 24 tasks are on-going (8 tasks are completed by end of 2022), and the rest of 2 tasks have not been commenced yet. The entry of companies will start on November 2022 and around 20 companies will enter EZ until 2024. Restrictions on movements and travels after the terrorist attack in Dhaka in 2016 and COVID-19 from 2020 have largely affected the project schedule. The Bangladesh Special EZ development is financed by the Japanese ODA loan "Foreign Direct Investment Promotion Project" (FDIPP). The Master Plan prepared mid-term development plans for the Seaboard EZ and General EZ in Moheshkhali island. BEZA has updated the plans prepared by the project and formulated the Sector Development Plan as a part of the "Moheshkhali-Matarbari Integrated Infrastructure Development Initiative" (MIDI) which is the country's largest infrastructure project led by the Prime Minister's Office. The Sector Development Plan was approved by BEZA in January 2021, and preparatory works including feasibility studies and construction works are on-going at the time of ex-post evaluation. The entry of companies has not started yet due to the delay of infrastructure construction such as port, road, etc. around EZ.

Source: BEZA

3 Efficiency

Although the project cost was within the plan (the ratio against the plan: 81%), the project period exceeded the plan (the ratio against the plan: 111%). The outputs were produced as originally planned by the end of extension period of the project. Therefore, efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

In 2020, the government of Bangladesh has adopted "Vision 2041" that is a continuation of "Vision 2021." Vision 2041 seeks to eliminate extreme poverty and reach upper middle-income country status by 2031 and high-income country status by 2041 with poverty approaching extinction. The export-led growth philosophy forms political, social, and economic undercurrent of Vision 2041 emphasizing export-oriented industrialization and manufacturing, labour-intensive and technology-intensive exports, and others. In the "Perspective Plan of Bangladesh 2021-2041" (PP 2041) prepared as a specific action plan to make Vision 2041 a reality, economic zones and export processing zones are identified as export bases to make the export-led growth a reality.

<Institutional/Organizational Aspect>

At the time of ex-ante evaluation of the project, for 72 posts in BEZA, 25 officials were assigned including 8 executive officers and 17 staff members, while the rest of 47 posts were vacant. BEZA had requested an increase of posts and staff members to the Ministry of Public Administration (MoPA). The request was approved by MoPA in 2017, and the total number of posts was increased to 130. While the officials' posts of 100 have been assigned since then, 30 office work positions remain vacant, and 56 out of 100 filled posts are temporary staffs transferred from other related organizations, from which, it is understood that it needs to be further strengthened institutionally. At the time of ex-post evaluation, BEZA is requesting MoPA for further increase of manpower from 130 to 253.

<Technical Aspect>

According to BEZA officials, technical level of the staff has been improved to some extent through the project and other capacity development programs assisted by development partners such as the "Support to Capacity Building of Bangladesh Economic Zones Authority Project" supported by the Department for International Development (DFID) and the International Development Association (IDA). However, though further capacity improvement has been required, the training has not been sufficiently provided to the staff of BEZA due to insufficient human and financial resources.

<Financial Aspect>

BEZA relies primarily on private capital and started collecting funds from zone owners as up-front and admission fees from 2016. BEZA also takes out long-term loans, for instance, from the Bangladesh Infrastructure Finance Fund Limited (BIFFL) that is a government-owned non-banking financial institution. However, funds have not been sufficient for the nation-wide work volumes of BEZA. As for the implementation of the projects planned by the Basic Plan and Master Plan, it is financially supported by the Japanese ODA loan "Foreign Direct Investment Promotion Project" (L/A signed in 2015).

<Evaluation Result>

In light of the above, some problems have been observed in terms of the institutional/organizational, technical, and financial aspects of the implementing agencies. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

The objectives of the project were achieved by the time of project completion by preparing the EZ Development guidelines, EZ Development Basic Plan, EZ Development Master Plan, and Capacity Development Action Plan for BEZA. The plans were approved by BEZA. Although there are some delays, the EZs' development proposed by the plans are ongoing as a part of the national project of Bangladesh with a financial support by the Japanese ODA loan. As for sustainability, some problems have been observed in terms of institutional/organizational, technical, and financial aspects. As for efficiency, the project period exceeded the plan. Considering all the above points, this project is evaluated to be satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

- For prompt and smooth execution of the projects planned by the Basic Plan and Master Plan, especially the delayed projects in Arai hazar area proposed by the Sector Development Plan, it is recommended that BEZA continues to request MoPA and the Ministry of Finance (MoF) for the allocation of sufficient human and financial resources, and takes whatever possible actions to increase its staff and funds. For newly employed staff members, it is recommended that BEZA provides training based on the “Capacity Development Action Plan for BEZA” prepared by the project.

Lessons Learned for JICA:

- While the infrastructure development projects planned by the project have been progressing with external funding supports including the Japanese ODA loan, the capacity development activities for the staff of implementing agency planned to be implemented on the technical expertise and funds of the implementing agency has been significantly delayed due to insufficient human and financial resources. Although staffing and financing are out of the scope of a development planning project in many cases, it is recommended that a project includes possible tactics in its plan to improve staffing and financing of the counterpart agency and to mitigate negative effects on the projects’ implementations by the staffing and financing issues. If it is necessary and possible, a support by other scheme such as a policy advisor or a technical cooperation project for institutional strengthening, including project planning before the timing of implementation, could be one of the measures to deal with the issues.



Construction site in the Bangladesh Special EZ



Bulletin board of the Bangladesh Special EZ