



## PRIVATE SECTOR DEVELOPMENT SUPPORT PROJECT

# BOOSTING BUSINESS WITH ECONOMIC ZONES

### BASIC INFORMATION

APPROVAL DATE:

**March 1  
2011**

EFFECTIVE DATE:

**August 3  
2011**

END DATE:

**February 28  
2021**

IDA COMMITMENT:

**\$172.8 million**

DFID GRANT:

**\$17.4 million**

IMPLEMENTING AGENCY:

**Economic Relations Division, Bangladesh  
Export Zones Authority (BEZA),  
Bangladesh Export Processing Zones  
Authority (BEPZA), Bangladesh High-Tech  
Park Authority (BHTPA)**

### OVERVIEW

Bangladesh's government-owned export processing zones (EPZs) positively promoted trade and investment by addressing land scarcity and other policy constraints. The **Private Sector Development Support Project (PSDSP)** helps the Government of Bangladesh develop a new generation of privately owned and developed economic zones (EZs) and hi-tech parks (HTPs). The government envisions to move from eight EPZs developed over a 40-year period to more than 100 EZs and HTPs developed over the coming decade.



## CHALLENGE

Lack of serviced land and quality infrastructure are binding constraints for greenfield investments in Bangladesh. The topography and population density have led to a scarcity and high cost of land with much of the land being waterlogged or occupied. Additionally, an inefficient land administration system and deficiencies in urban planning have led to an opaque land market. Access to reliable power is another binding constraint and firms in urban areas report that they lose on average 12 percent of their potential sales to electricity outages, which is more than any other country in the region.

## APPROACH

The World Bank, together with UK's Department for International Development (DFID) and IFC is supporting the Private Sector Development Support Project to scale up support for the recently licensed and new economic zones to attract foreign and domestic investment as well as to create more jobs in the manufacturing sector. The project crowds in private investment in EZ and HTP development through a public subsidy for last mile infrastructure and promotes compliance with international quality standards, building codes, and good social and environmental practices. The project supports the government's goal of licensing 100 zones through private and public private partnerships by 2025, which will ultimately employ several million workers. It helps develop new EZs through identifying, licensing, and negotiating Public-Private Partnership for economic zone development. It also supports civil works that connect new zones with major road, power and water arteries and provides firm level training and process development to effectively collaborate with zone-based enterprises and their suppliers. The new EZs and HTPs will provide streamlined administrative procedures to businesses in both the manufacturing and service sectors. It is piloting initiatives to strengthen social and environmental compliance in Bangladesh's existing Export Processing Zones.

## TOWARDS THE FUTURE

The additional finance will build on the gains realized by the original credit and contribute to enhancing the quality standards in the zones and in their governing institutions. It will strengthen capacity to identify, plan, license, and negotiate PPPs concessions to develop EZs as well as private EZs; construct last-mile offsite infrastructure and shared onsite facilities; and strengthen demand-driven skills formation and encourage good social and environmental practices. The move from a publicly driven to a privately driven zone development process will help rapidly expand the footprint of serviced land for productive investment and thereby accelerate economic growth.

## EXPECTED RESULTS

Generated **\$3 billion** in direct private investment

Created more than **23,000 jobs**, of which **20%** are female workers

Generated more than **\$200 million** direct investment by zone tenant companies

**18** licenses issued to establish private sector-led Special Economic Zones (SEZs) and High-Tech parks

BEZA and BHTPA completed more than **50 site** assessments, feasibility studies/master plans for new economic zones, with Mongla and Kaliakor awarded as the first zone/park under the public private partnership regime

**20** companies certified with the ISO 14001 Environmental Management Standard, and more than 50 firms certified with quality standards such as ISO: 9001, ISO: 27001, CMMI-3, and CMMI-5