

Terms of Reference (TOR) for Company Certification Program in Bangladesh

The Government of Bangladesh has received a Specific Investment Loan (SIL) from the International Development Association (IDA) under Private Sector Development Support Project (PSDSP) and intends to apply a portion of the proceeds of this SIL to eligible payments under the agreement. The Government of Bangladesh is keen to play a key role in the knowledge economy. Government is taking a number of steps to establish a competitive edge in terms of availability of skilled manpower and high quality infrastructure, for attracting investments in Information Technology (IT), IT enabled Services (ITES) and Hitech Manufacturing sector in Bangladesh. The Government considers that IT/ITES will be a major growth opportunity into the future and is keen to significantly increase the levels of income and employment in the IT/ITES sector, by promoting local IT/ITES Industry to grow to mid/large size companies besides attracting reputed international companies to invest in the country. This sector can potentially create about 0.75 million jobs directly with a four time multiplier effect in the indirect jobs by 2021 and make a significant contribution to the GDP of the country. Bangladesh Hitech Park Authority (HTPA) with a mandate to develop Hitech Park and IT Parks in the country, with first such Hitech Park coming up at Kaliakoir, is to be developed on a Public Private Partnership on Design, Build, Finance, Own, Operate and Transfer (DBFOOT) basis on about 232 acres of land at Kaliakoir (KHTP), Gazipur, Dhaka, Bangladesh. The KHTP is expected to be a landmark facility with state of art facilities. Government has envisioned development of IT Villages with IT Parks at places such as Jessore, Sylhet, Rajshahi and at such other identified locations under the Bangladesh Hitech Parks Authority.

Project Development Objectives:

The Project Development Objective (PDO) is to facilitate investment in growth centres in the emerging manufacturing and services sectors of the economy with the aim of generating employment. Specifically, the project has three components:

- Capacity building of government institutions (including BEZA, BEPZA, HTPA, and ERD) involved in the development of Hitech Parks & economic zones (EZ) through TA;
- Public Investment Facility (PIF) to finance off-site, last-mile infrastructure to facilitate the licensing and development of private-sector led economic zones, starting with the Kaliakoir Hi-Tech Park (KHTP) and extending to other zone projects. The Project will also meet resettlement compensation where applicable;
- Business linkages, product and process improvement of local firms supplying to or situated in the economic zones to build better linkages between firms within the zones and related suppliers by providing training, improving skills in the labor pool, quality standards and certification of local firms.

In pursuit of the Business Linkages objective, HTPA intends extending support to local IT/ITES companies to enhancing the competitiveness of the IT Sector in Bangladesh by creating quality certified IT companies to grow their businesses to become mid/large size firms and



encourage them to establish operations at the Hi-Tech/IT Parks in Bangladesh. Therefore, in order to encourage and promote the growth and competencies of these companies, the Hi-tech Park Authority shall be supporting in their achieving quality and process certification program.

(a) Objective of the program:

HTPA is desirous of supporting local IT/ITES companies for enhancing the competitiveness of the IT/ITES Sector in Bangladesh. By supporting IT/ITES companies in achieving quality certification, which will enable them to aggressively participate in local and global markets and grow their businesses to become mid/large size firms, thus providing the fillip to establish operations at the Hi-Tech/IT Parks in Bangladesh. Therefore, in order to encourage and promote the growth and competencies of these companies, the Hi-tech Park Authority shall be supporting the IT/ITES Companies achieving quality certification program. Therefore establish an internationally recognized quality and process certification program for companies in the IT/ITES Sector.

(b) Out put of the Program:

The key direct results expected are :

- a. **20-30 companies'** quality will be certified through an internationally-recognized mechanism (CMMI, ISO).
- b. Increased foreign investment in the industry
- c. Increased job opportunity in the industry

(c) Establish a certification mechanism for IT companies

The goal of this activity would be a phased approach to an IT industry company certification program among companies in the sector. This would be linked back with the training of individual professionals of IT /ITES sector, and at least the C-level employees (and possibly operations mid-level managers) would be trained in the specific certification process chosen as part of their course curriculum.

(d) IT/ITES and software certification:

As Bangladesh is still an emerging market in relation to size and maturity of the IT/ITES industry, there are only a few small to medium sized companies that have achieved any industry recognized certification. The challenge of being a small to medium sized IT company is that the effort and cost to achieve such a status can be seen as prohibitive, and for those that have achieved it they are slowly (or yet to) recognize any notable return on their investment.



In the IT/ITES industry there are many certifications – but most of them are application specific. In the study ISO (International Organization for Standardization), CMMI (Capability Maturity Model Integration) Level 3 and Level 5 are identified as applicable which are desired by the IT/ITES companies in Bangladesh.

(e) Selection of IT/ITES companies to participate in certification program

In order to select the best candidate IT/ITES companies, knowing there is a large commitment required (both effort and cost) companies should self nominate. This ensures that the companies, and leadership within, support the effort and have the desire to achieve it. Applications are invited from companies who are interested in getting certified. IT/ ITES companies who would be interested to apply to participate in the certification program on a cost-sharing basis, and also those will be finally selected should submit the company's brief with the following information:

- a. Core business information, including company history and Leadership
- b. Business plan for 5 years, including manpower, revenue, turnover (actual and forecast), investments (present and proposed), sources of funding, business development plan (domestic or international)
- c. A separate, detailed letter indicating the business need for certification – and in what category (limited to ISO, CMMI Level 3 & 5),). Indicate what certifications your company currently holds.

Selected companies will be required to have all levels (from CEO/C-Level to staff) actively participate in the entire process. Top-down communication will be critical to the success of the implementation.

(f) Selection of Consulting Firm/Consultant for certification:

Interested Consulting Firms/Consultants will be engaged by the selected by the selected firm.

(g) Payments & Cost sharing:

The Authority shall pay the firm an amount not to exceed the ceiling of 75% of the cost of certification based on the certification to be achieved. Payment from the project shall be released upon successfully achieving the certificate or during the process of certification against submission of Bank Guarantee to the extent of payment.



(h) Cost Estimate for Certification, Appraisal and Schedule of Payment

Name of the Assessment Certification	Cost/ Amount and payment schedule	Remarks
CMMI & ISO	BDT full	Reimbursed full amount as agreed in the contract- that is 75% of the total cost for achieving certification.
If payments released during the process of Certification as per clause 3C(b)		
Upon signup of the Master Services Agreement	10%	Paid by firm directly to the Consultants.
Pre-Appraisal & the QMS (Quality Management System)- 1 st Installment	Upto 30%-BDT: 30% would be released by Client to firm against a Bank Guarantee submitted by firm valid till next 12 month. Firm shall submit proof of payment to clients within 7 days.	Upto 30% would be paid by the Client to the firm.
Pre-Appraisal & the QMS (Quality Management System)- 2 nd Installment	Upto 30%-BDT: 30% would be released by Client to firm against a Bank Guarantee submitted by firm valid till next 12 month. Firm shall submit proof of payment to clients within 7 days.	Upto 30% would be paid by the Client to the firm.
Final Payment Upon completion of SCAMPI A or Final Appraisal and receipt of the Certificate	15%	Paid by firm directly to the Consultants
	15%	Released by Client to the Firm and release all Bank Guarantees
Total	100%	

