

PMC 19-BSMSN-BEZA: Design, Implementation Support and Systems for Human Resource (HR) Policy and Financial Management (FM) Policy of BEZA

Terms of Reference (TOR)

1. Background

BEZA was established to lay the foundation for a market of serviced industrial land to attract private investment and create jobs in manufacturing and industry as well as Assembly plants for the electronics industry. After a slow start it has built significant momentum. The first years following the adoption of the BEZA Act in 2010 were dedicated to issue regulations, establish the physical structure of the institution, recruit a core management team, and put in place basic operational structures. It issued its first license for a private economic zone (PEZ) in August 2016. BEZA issued 4 more PEZ licenses in 2017, 2 in 2018 and 3 in 2019. BEZA also leased its first public land plots through an open competitive bidding process to developers in Mongla (Dec. 2015) and in Mirsarai (Dec. 2017). In May 2019, a joint venture between BEZA and Sumitomo Corporation received a final license to establish an economic zone.

BEZA's vision of licensing 100 EZs and creating 10 million jobs by 2030 is ambitious and the GoB is adamant that industrial expansion takes place in economic zones. Bangladesh's population of 168 million lives on a land area the size of Greece (excluding water). Between 1989 and 2015, the share of Land that is arable declined by an average of 0.6 percentage points per year to reach 59.7 percent. The GoB's policy of concentrating industrial and manufacturing agglomerations in dedicated economic zones has as much to do with safeguarding agricultural production and food security objectives as it has with economic policy and job creation objectives. The GoB's long-term goals are to some extent backed up by BEZA's actions. Over a relatively short period of time, it has built one of the largest public land banks in the country, issued 13 licenses to economic zones, attracted private investments worth US\$3 billion, and developed an investment pipeline of US\$18 billion. It has quickly become the indispensable partner to manufacturers and industrialists. There are signs that Bangladesh may be on the cusp of becoming a new frontier market for market-seeking foreign investment and possibly for efficiency-seeking foreign investment too. But old concerns and perceptions about Bangladesh's ability to accommodate and partner with foreign investors must continuously be addressed.

2. Objective of the Assignment:

The assignment aims to:

HR Policy:

Develop a modern and efficient HR policy plan based on best practices of EZ authorities and Bangladesh public institutions while also building on the best practices of relevant international organizations. Special focus should be on be on the institutional options to best reflect organization autonomy. Concurrently the plan will include recommended governance criteria, in situational legal mandates and agency nature, operations segmentation and specialization, personnel training based on needs assessment over time, recruitment criteria, salaries levels, reward systems options, organization chart review to ensure grouping of

compatible functions, legal review and organizational strategic Planning. The HR Policy should ensure that it is aligned with the new BEZA National Master Plan.

FM Policy:

The assignment aims to conduct an in-depth financial and economic analysis of diverse development activities being undertaken by BEZA through different modalities and recommend policies for sustainable development of BEZA. The recommended policies should be in line with the national level development plans of Bangladesh.

Develop a short mid – and long – term financial plan for BEZA that will define the agency's resource liabilities and assets. Of particular important will be the definition of a land pricing strategy that will consider BEZA 's social vision without jeopardizing its sustainability over time. Financial plan will include potential sources of income including a treasury function and how to manage and maximize. Optional sources of income by BEZA and provision of optional value service to its client base should be analyzed categorizing into areas the present high and/or low opportunities. Firm should develop a financial model which will include all financial variables, economic impacts, ideal debt/equity split as applicable for the model and the model should include projection over a minimum of 20 years.

The FM Policy should ensure that it is aligned with the DLIs as well as answer the question of “Is the BEZA's projects/operations are cost-effective, financially acceptable, technically sound and economically viable in line with the main objective of the BEZA's project/Operations and in line with Five Year Plan, MTBF, National Priority, Principles of Development, Planning and Resources of Government for future course of action?”.

2. Scope of Works/Services:

The selected consultant will perform the following tasks, but not limited to, the following

A. Human Resources (HR) Policy

- 1. Identify Policy Needs and Objectives:** Review existing policies and identify gaps or areas for improvement to align HR goals with BEZA's vision, mission, values, and strategic goals; analyze legal requirements and ensure consistency with applicable acts, laws, regulations, and policies;
- 2. Conduct a Thorough analysis to Identify g BEZA's strengths and weaknesses:** Analysis should include current organizational chart, key functional groupings, authority flows, accountabilities and reporting mechanised Recommend areas of improvement and adjustments. Provide a report of the assessment and make r a presentation to BEZA's management on findings and recommendation;
- 3. Prepare a Change Management Plan and an Internal Communication Strategy:** Prepare and implement, in conjunction with BEZA, a change management plan to include preparedness for embracing organizational change, and an internal communication strategy to foster a positive work environment that promotes a strong sense of belonging and engagement among employees, addresses employee concerns and grievances promptly and fairly, values diversity and inclusion and prevents discrimination and harassment.

4. Onboarding and Orientation:

Design a comprehensive onboarding program to integrate new employees into the organization. Provide essential training and information about BEZA's culture, values, and policies.

5. Review and Refine Organogram: Conduct a thorough audit of BEZA's current organogram recommending areas that need change, modification or elimination. Provide a reengineered org chart for BEZA's management comments and suggestions in order to finalize and implement. Include a section on PPP developed zones that includes tender preparation, conduction and adjudication as well as contract management. Org chart should include specific management structures for sites and corporate controls on those operations;

6. Prepare Job descriptions: Prepare comprehensive job descriptions for each position in the org chart detailing among others: Position, officer's name, reporting point, responsibilities, relations within the org chart vis a vis other positions and qualification (Please see Annex 1 of these TORs for a job description template)

7. Training and Development: Prepare short-, medium- and long-term training program based on agency's needs and to support employees' career growth and provide opportunities for skill enhancement. Prepare a projected budget for training. Prepare and deliver a presentation to BEZA's management for their comments and approval.

8. Carryout Strategic Planning: Conduct a workshop on strategic planning with BEZA to define the way forward for the organization. Workshop should include a stimulating discussion on the vision, mission and values to the organization. It should also articulate the agency's goals for the next 3-5 years, define inputs needed, outputs and outcomes expected. Based on workshop results prepare a multi-year organizational plan that includes all aspects of the agency within the strategic vision. The plan should include institutional monitoring tasks and responsibilities and should be included in the new org chart as a strategic monitoring function at the highest agency level possible.

9. Performance Management: Set the process for clear performance expectations and KPIs for all key staff positions.

10. HR Information System: Detail out technology requirements to establish a comprehensive HR information system that includes processes such as payroll, attendance, leave management, data analytics and reporting, etc.

11. Prepare an Organizational Development Plan: An organization development plan covering three years at a minimum and including all key areas of personnel management, detailing each area, functional adjustments, training needs, governance conditions, agency revised and upgraded institutional performance;

12. A three-year strategic plan with details on performance needs, inputs, expected outputs and outcomes by area, monitoring frequency across the agency to determine progress, lack thereof and remedies;

13. Prepare an Organizational Chart: A functionality comparable org chart with specific job description of all personnel and a tutorial workshop for BEZA personnel to explain how the new policies will bring value to the agency and to its personnel.

B. Financial Management (FM) Policy

The assignment aims to conduct a financial analysis of diverse development activities being undertaken by BEZA in Bangladesh. The assignment should also include in-depth economic analysis of activities undertaken by BEZA which should include private sector as well as development partners around the country and recommend policies for appropriate integration with the national development agenda. The Consulting firm will undertake the following as part of Component B activities: The FM Policy should be formulated considering but not limited to the following context:

- BEZA's Financial Sustainability Context;
- BEZA's Statutory obligation Context; and
- BEZA's Operational Context.

Activity 1: Financial Model

Based on the industry/market assessment, the demand forecast, and the master plan, and other important factors, the consulting team will perform a financial analysis of BEZA activities/operations, advise on viability gap funding (if required) to determine its feasibility in the short, medium, and long term (20 years). Financial model should include all financial costs and the capital structures debt/equity ratio, consider all income generated by BEZA. The financial models should indicate the internal rate of return (IRR) of BEZA initiatives including sensitivity analysis considering different variables, and Scenario analysis of different scenarios considering multiple variables and costs to see the effects of those changes on the IRR. To ensure agreement, the financial model, assumptions, and variables for sensitivity analysis and scenario planning must be considered and finalized based on discussion with BEZA in advance of the financial modelling.

Activity 2: Economic Model:

In order to determine the economic benefits BEZA initiatives/operations and to understand whether the economic and social gains of BEZA initiatives/operations outweigh the costs incurred by the government, the consulting team will conduct an economic analysis for BEZA initiatives/operations, which will include direct/indirect costs and benefits to the government and society. The results will be projected economic internal rate of return (EIRR). The financial models should indicate the economic internal rate of return (EIRR) of all BEZA initiatives including sensitivity analysis considering different variables, and Scenario analysis of different scenarios considering multiple variables to see the effects of those changes on the EIRR. In the consulting team's proposal, it is expected that a methodology, approach, and clear assumptions

will be identified for the calculation of EIRR. This would include a list of the economic indicators to be used in the model.

Based on the results of the financial model, the consultant should analyze and project the impact of BEZA activities on the national economy. The impact on national economy should be measured in well recognized macroeconomic variables such as Gross Domestic Product (GDP), GDP growth rate, etc. based on the consultation with the BEZA.

Activity 3: Financial Policy:

The consultant will develop a financial strategy/policy and institutional revenue model with revised financially sustainable annual land lease rates and fair competition rules. This strategy/policy should be informed by financial and economic model. The policy should also be informed by the following:

- Conduct an assessment of BEZA 's current financial position based on current investment, expenditure and revenue projections. Prepare and deliver a presentation to BEZA's management recommending potential adjustments and opportunities;
- Benchmark financial area of key national and international agencies to determine standing of BEZA vis-a-vis other competing agencies; and
- Provide a financial analysis of priority projects in terms of development costs, development strategies to consider to alleviate financial outlets over time, time to assign risks uptake in PPP developed zones to the private partner, projected income derived from provision of value service to BEZA 's client base and estimated costs in selling-up these "profit centers" with projected incomes.

The financial policy and institutional revenue model should include but not limited to the following:

- Recommendation regarding the institutional revenue model of BEZA including annual land lease rates for different economic zones (both upfront and annual basis) that ensures BEZA's financial sustainability and fair competition.
- Recommend strategies and structures required to implement the institutional revenue model of BEZA.
- Develop a budget monitoring mechanism to measure expenditures vs original plans and results of outlays; and
- Prepare a yearly budget planning template and conduct a tutorial on its value, how to apply and monitor on a periodic basis.
- A holistic land pricing strategy that ensures BEZA's sustainability and continuous successful operations;
- Define a unit cost for all inputs of construction and development in order to guide BEZA tender processes and ensure realistic budget submittal by users/developers;
- A real estate and service financial model to project results or each EZ project to be developed by BEZA or private developers and PPP ones. Costs will be based on Bangladesh construction and development cost. Model will be based on development of land by stages and tying further release of land to users based on their performance. Minimum/maximum

plot of lands will be defined as a policy based on reasonable development schedules submitted by users/developers;

- Develop a yearly profit/loss statement over three-five years to determine BEZA 's financial performance;
- Develop tutorial on how to use the financial model, its value and relevance to development and the specific use by BEZA staff before releasing land and
- An Economic model for each economic Zone site that illustrates the financial /economic/social benefit (ERR) of each project.

3.: Contract Duration: 12 months

4. Deliverables:

The following reports and workshops are required:

- 1. Inception Report and Presentation:** An inception report and presentation within 2 weeks after the contract detailing on how they **ARE** (accountability, resourcing and economy, efficiency and effectiveness) planning (workplan) to conduct their activities. The report needs to be accepted by BEZA.
- 2. HR Policy Report and Presentation:** HR Policy Report and Presentation within 2 Months after upon submission and acceptance of inception report. The report needs to be accepted by BEZA.
- 3. Financial Model Report and Presentation:** Financial Model Report and Presentation within 2 Months after upon submission and acceptance of HR Policy Report. The report needs to be accepted by BEZA.
- 4. Economic Model Report and Presentation:** Economic Model Report and Presentation within 2 Months after upon submission and acceptance of Interim Financial Model Report. The report needs to be accepted by BEZA.
- 5. Financial Policy Report and Presentation:** Financial Policy Report and Presentation within 2 Months 2 weeks after upon submission and acceptance of Economic report. The report needs to be accepted by BEZA.
- 6. Draft and Final Report and Presentation:** Final Report and Presentation within 12 Months after submission and acceptance of inception report. The consultant needs to provide a draft final report in which BEZA can give their feedback and based on the feedback, the consultants can finalize the final report. The report needs to be accepted by BEZA.

5. The Schedule for Deliverables, Timeline and Payment Milestone

Deliverable No.	Deliverable/Milestone	Timeline	Payment Milestone
Deliverable - 1	Inception Report and Presentation	Within 2 weeks after Contract date.	1 st Payment: 10% Value of the Contract Price.

Deliverable - 2	HR Policy Report & Presentation	Within 2 months after Deliverable-1	2nd Payment: 20% Value of the Contract Price.
Deliverable - 3	Financial Model Report and Presentation	Within 2 months after Deliverable-2	3rd Payment: 15% Value of the Contract Price.
Deliverable - 4	Economic Model Report and Presentation	Within 2 months after Deliverable-3	4th Payment: 15% Value of the Contract Price.
Deliverable - 5	Financial Policy Report and Presentation	Within 2 months 2 weeks after Deliverable-4	5th Payment: 20% Value of the Contract Price.
Deliverable - 6	Draft and Final Report and Presentation	Within 3 months after Deliverable-5	6th Payment: 20% Value of the Contract Price.

6. Expertise Required:

The consultant team will consist of both Key Expert and Non-Key Expert and will be engaged for the duration of consulting services. Key Expert and Non-Key Expert required to execute the Consulting Services are summarized in the following table:

Table: Key Experts and Indicative Expected Man-Months (MM)

SN	Position	No	MM	Total
1	Team Leader	1	12	12
2	HRD Expert	1	10	10
3	Financial Expert	1	10	10
4	Economic Expert	1	5	4
5	Legal Expert	1	5	6
Total		5	42	42

Table: Non-Key Experts and Indicative Expected Man-Months (MM)

SN	Position	No	MM	Total
2	Jr. HRD Expert	1	10	10
5	Jr. Financial Analyst	1	10	10
Total		2	20	20

N. B.: Firm may propose additional non-key expert as per requirement

7. Qualification and Experiences

The following tables provide minimum qualification for educational background and professional experiences.

Table: Qualification of Key Experts and Non-Key Experts

SN	Position	Qualification	Experience
1	Team Leader	Master's degree in business administrator/ Economics/ Development study or any other relevant field	<ul style="list-style-type: none"> • Minimum 15 years general Experience. • Minimum 8 years specific experience in financial, economic and HR advisory services. • Demonstrated experience of leading a multi-disciplinary team of large projects in public or private sector. • Experience of the management in govt. organization will be given preference.
2	HRD Expert	Master's degree in Business Administrator including professional degree in HRD or any other relevant field	<ul style="list-style-type: none"> • Minimum 10 years general Experience. • Minimum 5 years specific experience in HR advisory particularly in organizational policy development, organizational restructuring, HR training and development.
3	Financial Expert	Master's degree in Business Administration with major in finance or other relevant field; professional degree/certification will be given preference.	<ul style="list-style-type: none"> • Minimum 10 years general Experience. • Minimum 8 years specific experience in financial advisory, financial analysis, financial modeling, business plan development, feasibility study. • At least one experience of developing financial model for similar organization.
4	Economic Expert	<ul style="list-style-type: none"> • Master's degree in economics, Development Study from any reputed university 	<ul style="list-style-type: none"> • Minimum 10 years general experience • Minimum 8 years specific experience in economic advisory services, economic model development, economic analysis of different government organizations and large projects; • experience in economic and financial analysis of large projects will be an added advantage

SN	Position	Qualification	Experience
			•At least one year experience of developing economic model for similar organization.
	NON-Key Experts		
KN-1	Jr. HRD Expert	Master's degree in Business Administrator including professional degree in HRD or any similar field	<ul style="list-style-type: none"> • Minimum 5 years general experience in the similar position • Minimum 2 years specific other similar field experience in the similar field
KN-2	Jr. Financial Analyst	Master's degree in Business Administrator or any other relevant field.	<ul style="list-style-type: none"> • Minimum 5 years general experience in the similar position • Minimum 2 years specific experience in the similar field

7. Supporting Staff

The consultant team may employ supporting staff for the supervision of the sub-projects and operation of the project office, if required. The supporting staff may include:

1. Data collector
2. Typist

8. Procurement Method

The consulting firm will be selected according to the quality- and cost-based selection (QCBS) method under international competing process described in of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016, Revised November 2020 ("Procurement Regulations"), A weighting system of 80% for quality and 20% for cost will be applied.