

## EXECUTIVE SUMMARY

There are good prospects for Canadian companies in the telecommunication sector of Bangladesh. In spite of pressing demands in other sectors, over US \$ 200 Million was provided as foreign funding for projects in this sector during the last nine years. The Government is determined to develop this sector on a priority basis, and different bilateral and multi-lateral donors are showing interest in assisting it in this task. While business in Bangladesh is competitive, the combination of Canadian expertise and off-shore financing provides attractive commercial opportunities in the next decade.

Development of this vitally important sector in Bangladesh is still in its nascent state. Presently telephone density is estimated to be only 0.2 per hundred persons, which is lower than even the average of the developing countries. Substantial part of the actual demand is suppressed by supply constraints. The recent process of decentralization of administration has further increased the demand in the sector, especially in the rural areas of the country. The Government is firmly committed to bring the entire country under its telecommunication network at the earliest.

Future demand in the sector consists of two distinct categories, namely growth induced demands and replacement of existing equipment with the state of the art. Both these two components of demand apply to all types of telecommunication equipment and services.

The Bangladesh Telegraph and Telephone Board, a government organization, is responsible for the development of the sector and is thus the focal point. There are many other organizations, like the defense forces, security forces, civil aviation, railway, navigation, which also procure telecommunication equipment and services regularly. Organizations of the entire sector are described in the report. Planning and procurement procedures followed by these organizations are also discussed.

Bulk of the projects in Bangladesh is implemented by the public sector. Projects are appraised by the Government through the Planning Commission and funds are allocated by it on the basis of annual cash flow shown in the project documents. The process of approval of projects and allocation of funds are discussed in the report.

Foreign assistance is an integral part of project implementation in the country. The past trend of financing by foreign donors and in local currency is analyzed to give an idea about priority attached to the sector and the donor focus on it.

Aims of the Government for development of this sector are analyzed and specific goals to be achieved in the Fourth Five Year Plan (1990-1995) are identified. This includes, among others, expansion of telephone lines by at least 300,000 lines, digitization of at least 60% of the existing transmission network (Microwave and UHF), digitization of 60% installed capacity of telephone exchanges, nation wide dialing facilities up to the level of Upazilla ( sub-districts - the lowest end of the administrative structure) telephone facilities in rural areas, modern-