

**Independent Performance Evaluation (IPE)
Report
on
Bangladesh Forest Industries Development Corporation (BFIDC)
For 2021-22**

Table of contents

Executive Summary	1
1. Introduction	1
2. Role and Functions	2
3. Core Business and Organizational Structure	2
4. Evaluation Parameters	4
5. IPE Process	11
6. Performance Evaluation Results	12
7. Interpretation of Results	15
8. Findings from the Audit Report 2021-22	16
9. Recommendation for Performance Based Incentives	16
10. Recommendation	17
11. Feedback from BFIDC	17
12. Conclusion	17
Annexure	
Annexure – 1: Financial Information	18
Annexure – 2: Non-Financial Information	21

Executive Summary

Finance Division, Ministry of Finance is implementing the programme “Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)”. The Scheme of Strengthening of State-owned Enterprises’ Governance is one of the components of SPFMS program. The objective of the scheme is to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). For this purpose, an Independent Performance Evaluation Guideline (IPEG) of SOEs and ABs has been prepared and approved by the Finance Division to evaluate the performance of SOEs and ABs independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 SOEs and ABs to conduct Independent Performance Evaluation for the fiscal year 2021-22.

Bangladesh Forest Industries Development Corporation (BFIDC) is included in the list of 10 selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2021-22. As per the result of IPE, Bangladesh Forest Industries Development Corporation has obtained a weighted average score of 2.28 out of 4.00 and graded ‘Good’ in FY 2021-22.

1. Introduction

The then Government of Pakistan established “East Pakistan Forest Development Corporation”. After independence, the Corporation was renamed as “Bangladesh Forest Industries Development Corporation (BFIDC)” under president’s Order No. 48 of 1972. Recently Bangladesh Forest Industries Development Corporation Act 2022 has been drafted. The objective of BFIDC is to extract timbers/rubber wood and other forest produces from forest land to meet the country’s demand of timber products such as veneered board, plywood, firewood, wooden electric poles, logs, railway sleepers etc. In 2021-2022, the Corporation has rubber plantation of 32,496 acres with approximately 3,856 thousand rubber trees that are producing raw rubber to meet the country’s demand for rubber. In 2021-22 BFIDC’s all the eight furniture and timber processing units made profit. Out of its 18 (eighteen) rubber garden 6 (six) earned profit and the rest 12 (twelve) incurred loss during evaluation period.

The entity plays important role in the socio-economic development of the marginalized village people by recruiting them in tree/rubber plantation programs, that also helps to reduce poverty of the country. Now a days, by using raw rubber, various essential commodities are being produced. Additionally, rubber trees fulfill countries timber demand also. Ministry of Environment, Forest and Climate Change has the oversight responsibility for BFIDC.

BFIDC produced 5,200 MT and 5,500 MT rubber during FY 2021-22 and 2020-21 respectively which was 5.46% less compared to previous year. Correspondingly the entity’s rubber sales were 5,100 MT and 5,050 MT respectively that was 0.99 % higher compared to the last fiscal year. Sales of Furniture & fixture were 180,000 cft and 286,000 cft in FY 2021-22 and 2020-21 respectively which was 37.06 % less compared to previous year. In FY 2021-22 and 2020-21 the entity exports rubber of USD 4,598,000 and USD 2,990,971 respectively that was 53.73 % higher than last fiscal year. Finally, BFIDC’s rubber/tree plantation helps the country by absorbing more carbon and prevents soil erosion.

2. Role and Functions

Bangladesh Forest Industries Development Corporation (BFIDC) mainly performs the following functions:

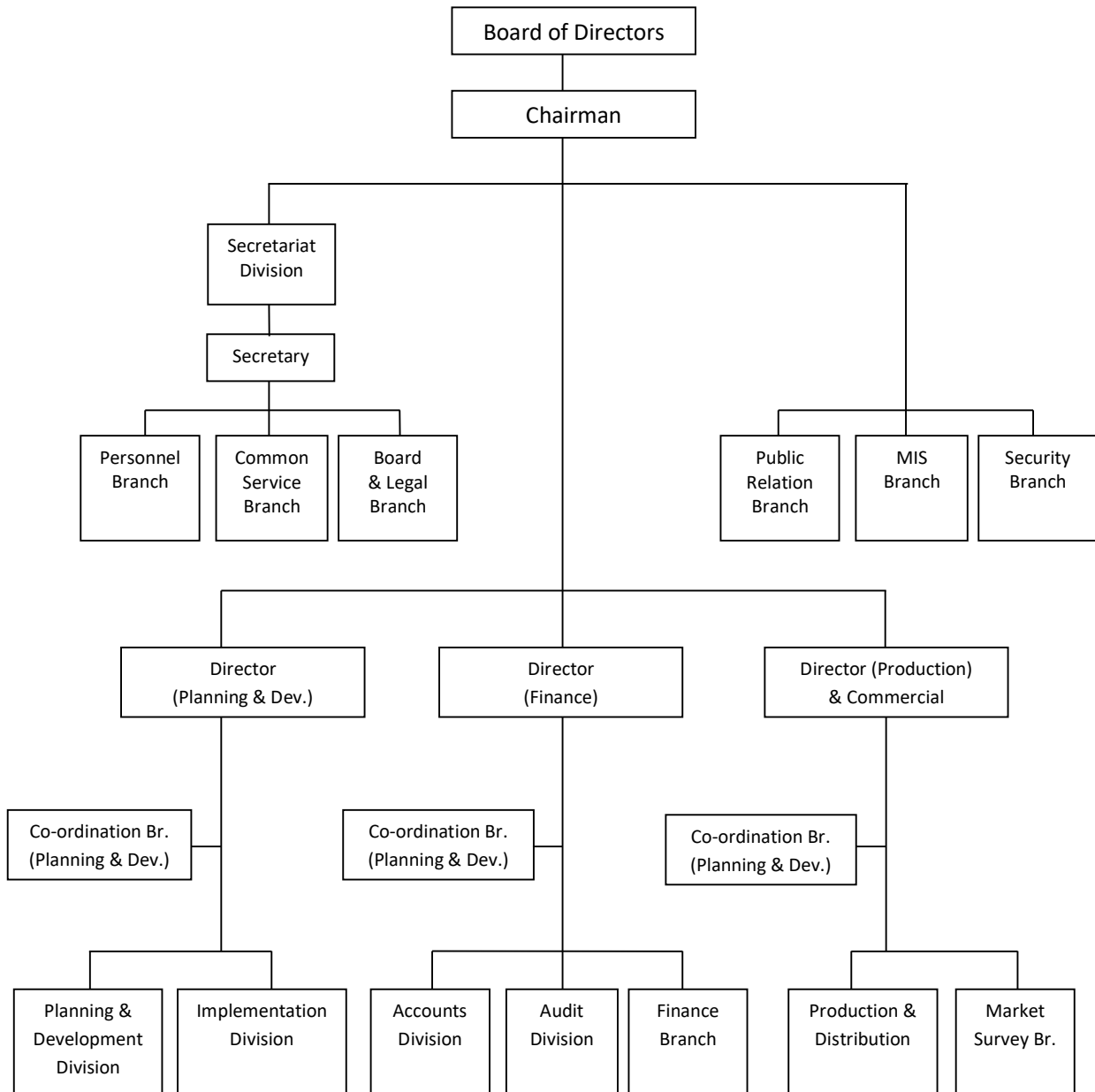
- i. Manufacture, supply and sell furniture and wooden products as per customer specification.
- ii. Form new nurseries for rubber plant.
- iii. Work for replantation and rehabilitation of rubber trees in rubber garden regularly.
- iv. Work for promoting the rubber marketing.
- v. Ensure the quality of extracted timber/wood through seasoning and treating timely.
- vi. Collect latex from rubber trees and produce rubber sheet (RSS) by rubber processing plant.
- vii. Sell rubber sheets at local market as well as export to international markets.

3. Core Business and Organizational Structure

Core Business:

- i. Develop the infrastructure for industrial units.
- ii. Plan for extensive rubber plantation with hybrid rubber plant.
- iii. Produce quality furniture and other wooden products based on market requirement.
- iv. Update the technology both for rubber processing and furniture manufacturing plant.
- v. Extract timber and rubber wood from forest land and rubber garden.

Organizational Structure:



4. Evaluation Parameters

Criteria: Business and Governance
Indices:A. Business Strategy and Social Responsibility

Table1(a): Standards of Indices A

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Entity Strategy							
	1a. Entity Strategic Plan	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Growth Trajectory							
	2a. Net Income Growth	QN	5	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
	2b. Sales Growth	QN	5	10% or more	8% to 9%	6% to 7%	4% to 5%	Below 4%
	2c. Other Growth	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Social Contribution	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 1(b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Entity Strategy						
	1a. Entity Strategic Plan	QL	5	93.00%	Excellent	4	Note-1
2	Growth Trajectory						
	2a. Net Income Growth	QN	5	45.78%	Excellent	4	AFS
	2b. Sales Growth	QN	5	6.99%	Good	2	AFS
	2c. Other Growth	QL	5	72.00%	Good	2	Note-2
3	Social Contribution <ul style="list-style-type: none"> • Environmental Contribution • CSR/WPPF • Training/Volunteering 	QL	5	81.00%	Very Good	3	Note-3
Sub-Total			25				

Note-1: With a view to restore degraded land and soil, land affected by desertification, drought and flood the entity has undertaken a long-term rubber/timber plantation plan up to 2030 to reduce land degradation. The entity has a plan for new rubber/tree plantation in 17,000 acres when land lease will be available from Forest Department. Besides, the entity has undertaken infrastructure development and modernization plan for all industrial units and plan to set up one new industry at Gazipur. So, the entity's strategic plan is aligned with National Strategic Plan, Government Policy Directives of FYPs, SDGs, Perspective plan 2041 and Bangladesh Delta Plan 2100.

Note-2: The entity has undertaken the following steps to upgrade their processing technology in FY 2021-22:

- i. Installed CNC Router Machine
- ii. Water Spray Booth
- iii. Lacquered Polishing Chamber

Note-3: BFIDC has undertaken following activities during FY 2021-22 that will have positive impact on environment and society:

- i. With 3,856 thousand rubber trees in 18 rubber garden the entity helped to save the environment from carbon sequestration and soil erosion.
- ii. Under WPPF the entity has a provision for TK. 14.47 million to distribute among the employees.

Indices: B. Operational Efficiency

Table 2(a): Standards of Indices B

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Product Delivery							
	1a. Product Benefit & Accessibility	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Labor Productivity							
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 0.20 million or more	Tk. 0.15 to 0.19 million	Tk. 0.10 to 0.14 million	Tk. 0.05 to 0.09 million	Below 0.05 million
3	Capital Productivity							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.05 or more	Tk. 0.04 to Tk. 0.049	Tk. 0.03 to Tk. 0.039	Tk. 0.02 to Tk. 0.029	Below Tk. 0.02
4	Production							
	4a. Input Use Efficiency (%)	QN	4	25% or more	23% to 24%	21% to 22%	19% to 20%	Below 19%
	4b. Inventory Turnover (Times)	QN	3	5.00 or more	4.00 to 4.99	3.00 to 3.99	2.00 to 2.99	Below 2.00
	4c. Asset Turnover (Times)	QN	5	0.15 or more	0.13 to 0.14	0.11 to 0.12	0.09 to 0.10	Below .09
	4d. Capacity Utilization (%)	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
Sub-total			25					

Table 2(b): Achievement of Indices B

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Product Delivery						
	1a. Product Benefit & Accessibility	QL	4	81.00%	Very Good	3	Note-4
2	Labor Productivity						
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 09 million	Fair	1	Note-5
3	Capital Productivity						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 03	Good	2	AFS
4	Production						
	4a. Input Use Efficiency (%)	QN	4	25%	Excellent	4	Annexure 1 SL 44
	4b. Inventory Turnover (Times)	QN	3	2.74	Fair	1	AFS
	4c. Asset Turnover (Times)	QN	5	0.12	Good	2	AFS
	4d. Capacity Utilization (%)	QN	3	89.29%	Very Good	3	Annexure 1 SL 43
Sub-total			25				

Note-4: Under sales procedure automation plan BFIDC uploaded the rubber sheet (RSS) selling price on their website at the beginning of every month for customer information and online order submission.

Note-5: BFIDC's Audited Financial Statements of 2021-22 shows that the organization did not disclose wages, salaries, depreciation and other information separately.

Indices: C. Financial

Table 3(a): Standards of Indices C

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
i. Financial								
1	Operating profit	QN	2	Tk. 100 million or more	Tk. 90 toTk. 99 million	Tk. 80 to Tk. 89 million	Tk. 70 toTk. 79 million	Below Tk. 70 million
2	Profit before Tax	QN	2	Tk. 300 million or more	Tk. 250 to Tk. 299 million	Tk. 200 to Tk. 249 million	Tk. 150 toTk. 199 million	Below Tk. 150 million
3	Return on Assets (%)	QN	2	2.5% or more	2.0% to2.49%	1.5% to1.99%	1.0% to1.49%	Below 1.0%
4	Return on Sales (%)	QN	2	14% or more	12% to13%	10% to 11%	8% to 9%	Below 8%
5	Return on Equity (%)	QN	2	7% or more	6% to 6.99%	5% to5.99%	4% to 4.99%	Below 4%
6	Net Worth Growth (%)	QN	2	5% or more	4% to 4.99%	3% to 3.99%	2% to 2.99%	Below 2%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
ii. Financial Risk								
1	Debt Equity Ratio (Times)	QN	3	1.5or less	1.51to 1.75	1.76 to 2.00	2.01 to 2.25	More than 2.25
2	Debt to Assets (Times)	QN	3	0.50or less	0.51 to0.65	0.66 to 0.80	0.81 to 0.95	More than 0.95
3	Current Ratio (Times)	QN	3	2.0 or more	1.75 to 1.99	1.5 to 1.74	1.25 to1.49	Below 1.25
iii. Transactions with Govt.								
1	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Debt Service Liabilities Paid	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 3(b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
i. Financial							
1	Operating profit	QN	2	Tk. (181.90) million	Under-performing	0	AFS
2	Profit before Tax	QN	2	Tk. 274.42 million	Very Good	3	AFS
3	Return on Assets (%)	QN	2	1.32%	Fair	1	AFS
4	Return on Sales (%)	QN	2	10.87%	Good	2	AFS
5	Return on Equity (%)	QN	2	5.88%	Good	2	AFS
6	Net Worth Growth (%)	QN	2	3.73%	Good	2	AFS
7	Capital Budget Utilization (%)	QN	2	10.97%	Under-performing	0	Annexure 1 SL 28 & 29
ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	3	3.46	Under-performing	0	AFS
2	Debt to Assets (Times)	QN	3	0.78	Good	2	AFS
3	Current Ratio (Times)	QN	3	1.13	Under-performing	0	AFS
iii. Transactions with Govt.							
1	Dividend Paid	QN	2	0%	Under-performing	0	Annexure 1 SL 30 & 31
2	Taxes Paid	QN	2	100%	Excellent	4	Annexure 1 SL 32 & 33
3	Debt Service Liabilities Paid	QN	3	0%	Under-performing	0	Annexure 1 SL 34 & 35
Sub-total			30				

Indices: D. Corporate Governance Practices

Table 4(a): Standards of Indices D

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Board Practices: <ul style="list-style-type: none"> • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	Control Environment and Process: <ul style="list-style-type: none"> • Entity's internal control systems for different departments <ul style="list-style-type: none"> • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) <ul style="list-style-type: none"> • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	Performance against the key Indicators of APA¹: <ul style="list-style-type: none"> • Total Performance score achieved on APA 	QN	4	100%	90%	80%	70%	60%

¹ Standard of APA Indicator is set on the basis of Annual Performance Agreement (APA) Guideline.

Table 4(b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	4	81%	Very Good	3	Note-6
2	Board Practices	QL	4	82%	Very Good	3	Note-7
3	Transparency and Disclosure	QL	4	82%	Very Good	3	Note-8
4	Control Environment and Process.	QL	4	81%	Very Good	3	Note-9
5	Performance against the key Indicators of APA	QN	4	97.50%	Very Good	3	Score of APA for FY 2021-22
Sub-total			20				
Grand Total (A+B+C+D):			100				

* Standard for Financial and Non-Financial indicators are set on the ofIPE process (Section 5, page 11).

Note-6: The entity has its own acts. It follows entity's rules and regulations, employee's service rules and citizen charter as corporate governance. BFIDC has a corporate secretary for the board.

Note-7: The entity's board of directors comprises of four members including chairman. All members of the board are nominated by the government. During FY 2021-2 twenty (20) board meeting were held and one hundred thirty nine (139) board decisions have been implemented. BFIDC has no board committee. As per BFIDC Act, there is no provision to appoint independent director for board.

Note-8: The entity discloses own Acts, Rules, Operations, Rubber Pricing, Accounts, Finance, name and biographies of Board Directors, Senior Managers, Audited Financial Statement, Citizen Charter, APA etc. on its website.

Note-9: To establish internal control system for different department BFIDC has Internal Audit Department that directly report to the Chairman. BFIDC board has the authority to mitigate the emergency situation, ensures all safety measures for safe working environment in all units as instructed by government time to time.

5. IPE Process

- i. Performances of non-financial indicators of Bangladesh Forest Industries Development Corporation (BFIDC) has been evaluated on the basis of information and documents of the inception report provided by BFIDC.
- ii. Actual performance of non-financial indicators is determined by the collective decision of ERT members.
- iii. According to IPEG, actual financial performances of BFIDC are to be evaluated on the basis of national best practices/standard. However due to non-availability of such standard and similar entities in the country, BFIDC's financial performance was compared with its last five years' performance on respective financial indicators.
- iv. Performances of all financial indicators are evaluated based on audited financial statements.
- v. Measurement tools used for financial indicators are suggested based on IPEG.
- vi. Grade and score are given as per IPEG.

6. Performance Evaluation Results

Name of SOE/AB: Bangladesh Forest Industries Development Corporation (BFIDC)
Fiscal Year: 2021-22

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
a	b	c	d	e	f
A	Business Strategy and Social Responsibility:	25			
1	Entity Strategy: • Entity Strategic Plan		5	4	0.20
2	Growth Trajectory: 2a. Net Income Growth		5	4	0.20
	2b. Sales Growth		5	2	0.10
	2c. Other Growth		5	2	0.10
3	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		5	3	0.15
	Sub Total		25		0.75
B	Operational Efficiency:	25			
1	Product Delivery: Product benefits and Accessibility		4	3	0.12
2	Labor Productivity: Added Value Per Employee		3	1	0.03
3	Capital Productivity: Added Value Per TK Value of Assets		3	2	0.06
4	Production: 4a. Input use Efficiency		4	4	0.16
	4b. Inventory Turnover		3	1	0.03
	4c. Asset Turnover		5	2	0.10
	4d. Capacity Utilization		3	3	0.09
	Sub Total		25		0.59

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
C	Financial:	30			
	i. Financial Performance:				
1	Operating profit		2	0	0.00
2	Profit before tax		2	3	0.06
3	Return on assets		2	1	0.02
4	Return on Sales		2	2	0.04
5	Return on equity		2	2	0.04
6	Net worth growth		2	2	0.04
7	Capital budget utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		3	0	0.00
2	Debt to assets		3	2	0.06
3	Current ratio		3	0	0.00
	iii. Transactions with Government:				
1	Dividend paid		2	0	0.00
2	Taxes paid		2	4	0.08
3	Debt Service Liabilities Paid		3	0	0.00
	Sub Total		30		0.34

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
D	Corporate Governance Practices:	20			
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary 		4	3	0.12
2	Board Practices: <ul style="list-style-type: none"> • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented 		4	3	0.12
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 		4	3	0.12
4	Control Environment and Process: <ul style="list-style-type: none"> • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises 		4	3	0.12
5	Performance against the key Indicators of APA: <ul style="list-style-type: none"> • Total Performance score achieved on APA 		4	3	0.12
	Sub Total		20		0.60
	Grand Total (A+B+C+D)	100	100		2.28

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Bangladesh Forest Industries Development Corporation (BFIDC) Scored 2.28 out of 4.00 in the year 2021-22.

7. (A) The performance of BFIDC is graded “Excellent” in the following areas:

- Entity Strategic Plan
- Input use Efficiency and
- Net Income Growth.

The performance of BFIDC is graded “Very good” in the following areas:

- Social Contribution
- Product Delivery
- Corporate Governance
- Annual Performance Agreement (APA)
- Capacity Utilization
- Board Practices
- Transparency & Disclosure
- Control Environment & Process.

The performance of BFIDC is graded “Good” in the following areas:

- Sales Growth
- Other Growth
- Net Worth Growth
- Return on Sales
- Debt to Assets
- Capital Productivity
- Return on Equity
- Assets Turnover.

The performance of BFIDC is graded “Fair” in the following areas:

- Inventory Turnover
- Labor Productivity
- Return on Assets.

The performance of BFIDC is graded “Underperforming” in the following areas:

- Capital Budget Utilization
- Debt Equity Ratio
- Current ratio.

7. (B) Other important aspects of Performance during FY 2021-22:

- i. BFIDC has incurred operating loss of Tk. 181.90 million.
- ii. The entity earned net Profit (after tax) of Tk. 198.96 million.
- iii. Entity Debt Equity Ratio (Times) 3.46 indicates high leverage that poses a fiscal risk to GoB.
- iv. BFIDC Capacity utilization (Based on targets) was 89.29% indicates that it is within the optimum level.
- v. BFIDC Current Ratio (Time) 1.13 which indicates entity is in a moderate position to meet its current liabilities in due period.
- vi. BFIDC Paid Taxes Tk. 75.47 million to GoB.
- vii. BFIDC did not pay Dividend and DSL to the government.

8. Findings from the Audit Report 2021-22

In BFIDC Audit Report 2021-22 the following anomalies are found:

- a) BFIDC did not maintain Deferred Tax account in their financial statement. (Audit Report 2021-22, Page – 7).
- b) 5 (five) Golden Handshake accounts shows more or less same amount under non-current assets as well as non-current liabilities and all those accounts are unadjusted for a long time.
- c) Twenty-seven (27) accounts under current liabilities and thirteen (13) accounts under current assets are carried forward with the same amount for a long time. The auditor had no comment on these pending accounts.
- d) Government Loan (ADP) of Tk. 533.75 million and Interest Payable on ADP loan Tk. 762.59 million shows under non-current liabilities with same amount for a long period.
- e) The organization did not provide entity's Cash Flow Statement in the Audit Report 2021-22.

9. Recommendation for Performance Based Incentives

Bangladesh Forest Industries Development Corporation has obtained a weighted average score of 2.28 out of a scale 4.00 and is graded 'Good'. Therefore, IPEC recommended non-financial incentive for the employees of BFIDC. Also, a certificate from Finance Division may be awarded to BFIDC for being graded 'Good' in IPE for the FY 2021-22.

10. Recommendation:

To improve the performance of BFIDC the following recommendations are made based on the finding of IPE:

- a) BFIDC should take initiatives to upgrade and adopt the modern technology for rubber processing and furniture manufacturing plant to reduce the process loss as well as produce modern design and quality rubber/furniture products.
- b) The entity shall undertake modern and appropriate business plan to export more rubber.
- c) BFIDC should train-up their manpower for a better and modern efficient operation.
- d) BFIDC is advised to form Board Committees, such as Audit Committee, Remuneration and Nomination Committee for internal control and compliance.
- e) BFIDC should prepare its financial statements (including cash flow statement) on the basis of IAS/IFRS guideline.

11. Feedback

Feedback received (vide memo #22.03.0000.115.29.001.23-313 dt.14/12/2023) from BFIDC is given below:

- i. A project is being implemented to establish a rubber processing plant with state-of-the-art technology.
- ii. A feasibility study is underway to set up a furniture manufacturing plant with modern technology and design by entity's own fund. After completion of the feasibility study, a project will be taken up with Government assistance.
- iii. A project is being implemented to build a rubber storage warehouse with state-of-the-art technology to maintain the quality of rubber in the warehouse.
- iv. Discussion has been initiated for signing memorandum of understanding (MOU) with Hatil, BUET, and IBA of the University of Dhaka for preparation of appropriate business plan for BFIDC.

12. Conclusion:

Based on Audited Financial Statements, data and documents of Bangladesh Forest Industries Development Corporation (BFIDC) Independent Performance Evaluation (IPE) report has been prepared for FY 2021-22. In the report it is found that BFIDC's financial performance is not satisfactory and non-financial performance is in moderate position. Hence, to improve the overall performance of BFIDC, the entity's operating performance should be improved by implementing modern technology for rubber and furniture sector. In addition, rubber plantation areas should be increased with hybrid rubber plants to procure more latex from rubber trees.

Bangladesh Forest Industries Development Corporation (BFIDC)
Financial & Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
1	Current Assets:		
	i. Inventories		
	• Material	399,361,577	547,049,022
	• Accessories/ Supplies	0	0
	• Work-in-Progress (WIP)	0	0
	• Others (including spare parts)	32,028,283	28,903,914
	• Finished goods	0	0
	ii. Receivable:		
	• Trade	0	0
	• Others	6,981,883,534	6,412,081,702
	iii. Cash and Cash Equivalent	1,274,299,914	1,083,494,947
	iv. Others Current Assets	2,149,152,160	1,730,507,837
2	Total Current Assets (i+ii+iii+iv)	10,836,725,468	9,802,037,422
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	740,955,609	808,859,106
	• Investments	2,599,123,652	2,419,330,179
	• Other non-current assets	922,080,926	922,080,926
4	Total Assets (2+3)	15,098,885,654	13,952,307,633
5	Current Liabilities:		
	i. Payables:		
	• Trade	0	0
	• Others	6,841,262,625	6,236,362,787
	ii. Other Current Liabilities	2,748,301,091	2,328,357,980
6	Total Current Liabilities (i+ii)	9,589,563,716	8,564,720,765
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	1,296,338,310	1,296,338,310
	ii. Other Non-Current Liabilities	826,769,560	826,769,560.00
8	Total Non-Current Liabilities (i+ii)	2,123,107,871	2,123,107,870
9	Total Liabilities (6+8)	11,712,671,587	10,687,828,637
10	Equity:		
	i. Share Capital	1,016,000	1,016,000
	ii. Capital Reserve	3,427,431	3,427,431
	iii. Capital Fund	1,712,270	1,712,270
	iv. Reserve & Surplus	2,431,565,626	2,431,565,626
	v. Retained Earnings/(Loss)	948,492,739	826,757,671
11	Total Equity (i+ii+iii + iv + v)	3,386,214,066	3,264,478,998
12	Total Equity and Liabilities (9+11)	15,098,885,654	13,952,307,635

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2021-22		2020-21	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue/Receipts	1,830,048,107	100%	1,710,514,337	100%
14	Less: Cost of Sales/Services	1,380,182,379	75.42%	1,144,380,583	66.90%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	449,865,728	24.58%	566,133,754	33.10%
16	Less: Operating Expenses:				
	i. Administrative Expenses	627,924,212	34.31%	495,012,480	28.94%
	ii. Marketing Expenses	3,840,310	0.21%	2,756,933	0.16%
17	Total Operating Expenses (i+ii)	631,764,522	34.52%	497,769,413	29.10%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	(181,898,794)	(9.94%)	68,364,341	4.00%
19	Add: Non-Operating Income	470,912,520		140,591,231	
20	Less: Financial Expenses	119,385		114,432	
21	Less: Other Non-Operating Expenses	0		0	
22	Less: Provision for WPPF	14,473,156		13,871,267	
23	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19-20-21-22)	274,421,185		194,969,873	
24	Less: Provision for Tax	75,465,826		58,490,962	
	i. Current tax	75,465,826		58,490,962	
	ii. Deferred tax	0		0	
25	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	198,955,359		136,478,911	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
26	Credit Sales	0	0
27	Credit Purchases	0	0
28	Capital Budget Allocation	9,990,000	13,110,000
29	Actual Capital Expenditure	1,096,000	190,000
30	Dividend Payable	0	0
31	Dividend Paid	0	0
32	Taxes Payable	75,465,826	45,544,000
33	Taxes Paid	75,465,826	45,544,000
34	Debt Service Liabilities (DSL) Payable	0	0
35	Debt Service Liabilities (DSL) Paid	0	0
36	Fees, Fine and Charges Payable	0	0
37	Fees, Fine and Charges Paid	0	0
38	New Government Investment:		
	• Equity	0	0
	• Debts/Loan	0	0
39	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	0	0
	• Subsidies	0	0
	• Other Transfer (Specify)	0	0
40	Operating Cash Surplus/(Deficit)	0	0
41	Added Value	449,865,729	566,133,754
42	Employees cost includes wages, salaries, bonus, provident fund contribution and other allowances	0	0
43	Capacity Utilization (%)	89.29%	0%
44	Input use Efficiency (%)	25%	0%
45	Number of Employees (NoS)	5,343	4,500
46	Performance score achieved on APA	97.50%	97.50%

Non-financial Information format

Sl.	Particulars	
A	Enterprise Information and Legal Framework	
2	Sector	Corporation
3	Name of Entity	Bangladesh Forest Industries Development Corporation
4	Number of Subsidiaries	N/A
5	Number of Branches	30
6	Website	www.bfidc.gov.bd
7	Email Address	bfidc.bd@gmail.com
8	Year of Incorporation	1959
9	Governing Law	LXVII of 1959
10	Other relevant Governing Laws & Regulations	
11	Incorporation Structure	
12	Listed in the Stock Exchange	
B	Ownership and Shareholder Protection	
14	Administrative Ministry	Ministry of Environment Forest & Climate change.
15	Structure of Organization	Autonomous
C	Strategy and Governance Information	
17	Board of Directors (Number disaggregated by gender and profile)	Chairman and three Directors.
18	Qualification of Board Members	Three Joint secretary as a board members & One Additional Secretary hold a chair.
19	Number of Independent Director	N/A
20	Chairman to be Independent of Board	N/A
21	Board Committees	N/A
22	Number of Board Meetings held	20 times in a fiscal year.
23	Board Sitting Fees	5000/-.
24	Executive Management	Chairman.

25	Selection process of Board Members	Appointed by the government.
26	Strategic Plan/Public Policy Goal (copy required)	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification drought and floods, and strive to achieve a land degradation neutral world. (Copy Attached)
27	Innovative work (Description)	Simplification of Rubber sales process. (Copy Attached)
28	Project Completion Rate: Actual Achievement /Target	
D	Ownership Structure	
30	Govt. Shareholding	
31	Private Shareholding	
32	Others	
E	Fiscal and Financial Discipline	
34	Who are the Primary Lenders to the Enterprise	
F	Controls, Transparency and Disclosure	
36	Latest Audited Financial Statement	2021 - 22
37	Audited by	K. M. Hasan & Co.
38	Risk Assessment Report	
39	Internal Control	Internal Audit Division works audit manual.
40	Timely public disclosure of financial statements	Yes
41	Measures for safe working Environment/Process (Description)	
G	Human Resources	
43	Number of employees	4500
44	Number of New Job Creation (Regular, Internship, etc.)	
H	Employee and Social Welfare	
46	CSR, WPPF, Provident Fund, Gratuity Fund etc.	Group Insurance, Donation.

Note: Above mentioned non-financial information to be provided for IPE.

IPE/22