



Policy and Strategy for PPP in Bangladesh



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Historical Perspective

Previous Initiatives

TA project “Private Sector Infrastructure Development Project (PSIDP) to initiate the development of an enabling and conducive environment for PPP in 1997;

Establishment of Infrastructure Development Company Limited (IDCOL), a financing facility to provide long term debt financing for PPP project in 1998 ;

Establishment of Infrastructure Investment Facilitation Centre (IIFC), a Government own entity with the mandate to provide technical support for the development and implementation of PPP project in 1999;

Issuance of “Private Sector Infrastructure Guideline (PSIG)” with the intention to harmonize the proceedings for development of PPP in 2004;

Establishment of “Private Infrastructure Committee(PICOM)”, a high power Inter-Ministerial Committee with the objective to facilitate and promote PPP in 2004. The Board of Investment was assigned the Secretariat of PICOM with IIFC as technical adviser.

Weakness in Previous faramework

- ✓ PPP initiation was not clear;
- ✓ Procurement process was not well structured;
- ✓ Absence of consistent procedure to identify, formulate, appraise and approve the PPP project;
- ✓ lack of clarity on roles and responsibilities of various parties involved in a PPP arrangement;



PPP Policy and Strategy in Bangladesh:

Background

- Share of investment to GDP needs to be raised from current 24-25% to 35-40%
- To sustain GDP growth rate of 8% in 2016 and beyond, requires additional US\$ 58 Billion or BDT 4.8 Trillion from 2009-2016;
- Needs investment of private sector for infrastructure development/services.

Objectives:

Objectives of Policy and Strategy for PPP 2010 :

- Spell out The principles of partnership with private sector
- Define an institutional framework
- Ensure balance between risk and reward for both the government and private partners



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PPP

- A cooperative venture between Public and Private sectors through contract;
- Private Sectors supplies assets and/or services of a public nature;
- Traditionally which are usually provided for by the Government.

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- The Government-may be the main purchaser of services [BOT Annuity];
- Private operators may also sell services directly to private consumers[User fee].
- Both may be applied in a project.

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agreement, the Private Partner is obliged to the investment;

defines its requirements by way of output and does not specify the detailed engineering;

ctor assumes the associated risk in exchange for earn an adequate return.

ion is the heart of how PPPs are structured.