



PPP NEWSLETTER

October- December 2022 | Vol. 5



A Quarterly Publication of **Public Private Partnership Authority**

It gives me immense pleasure to announce that PPP Authority under Prime Minister's Office, Government of Bangladesh (PPPA) is going to publish its Quarterly Newsletter for the period October to December 2022. I wish this endeavor of PPPA will flourish the intended purpose and continue to enrich. Quality public infrastructure and services are prerequisite for well being of the people, ease of life, sustainable development of the country as well as inclusive Value for Money for the government's effort. Bangladesh is advancing so fast towards achieving its vision 2041 and Delta Plan 2100. To keep sufficient pace with this growth rate and demand, the country needs huge amount of investment in public infrastructure and services. It is impossible for the government alone to provide this amount, so it requires the participation of private sector investments towards the public assets. To achieve this, PPP Authority is working relentlessly. This regular periodical shows the activities that we have performed during the last quarter of 2022. All remarkable achievements, our success and other important events are covered in this volume. It also depicts our thoughts and ideas on how to improve our understanding and capacity to implement PPP projects in a better way.

Finally, I want to thank all those who have been directly associated with the publication of the Quarterly Newsletter and who were indirectly assisting them. I wish the continued publication of the letter.

"Bangladesh is growing, let's everybody be a part of it."

Dr. Md. Mushfiqur Rahman
Secretary and Chief Executive Officer

ADB LAUNCHED PPP MONITOR PUBLICATION FOR BANGLADESH



The Asian Development Bank (ADB) launched the Bangladesh edition of its flagship publication, the Public-Private Partnership (PPP) Monitor on December 2022. Planning Minister M. A. Mannan was present at the launching ceremony. Also present was Ashok Lavasa, vice president for private sector operations and public-private partnerships at ADB, F Cleo Kawawaki, head of ADB's PPP Office, and Md Mushfiqur Rahman, CEO of Bangladesh PPP Authority. The PPP Monitor provides investors with business intelligence on the enabling environment, policies, priority sectors, and deals to facilitate informed investment decisions in Bangladesh. It is also a diagnostic tool for governments in identifying gaps in legal, regulatory, and institutional frameworks or issues, in particular sectors or with its financial markets. The PPP Monitor tracks the development of the PPP business environments as well as the challenges of doing PPPs in Bangladesh, with the goal of increasing the level and quality of private sector participation in infrastructure by serving as an active platform for dialogue between the public and private sectors. In particular, it enables us to identify the opportunities and the priority areas for potential ADB interventions to help PPP play an increasing role in delivering Bangladesh's infrastructure requirements. Ashok Lavasa, ADB Vice President for Private Sector Operations and Public-Private Partnerships remarked in his opening speech that Public-Private Partnerships is the bridge to our

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public and private sector operations to deliver holistic ADB solutions. ADB has been supporting the Government of Bangladesh in its PPP programme for around 10 years, helping to improve the enabling environment and deliver capacity building, transaction advisory, financing and also supporting Government contracting agencies with post-financial close contract management.



He also said that ADB has supported the country's PPP program since the very inception ranging from institutional set-up of the country's PPP Authority, development of the PPP framework and legislation, capacity augmentation of key public sector organizations such as PPP Authority and Roads & Highways Division, providing transaction advice on pathfinder road PPP projects, and developing innovative structures to

facilitate long-tenor local currency lending through BIFFL and IDCOL. The impressive progress made until 2018 led to PPP Authority being recognized in 2018 as the Government PPP Promoter of the Year by the prestigious Partnership Bulletin. We are hopeful that such global awards followed by track record of successful project deliveries would motivate the government to reinvigorate their focus on PPPs. OPPP's 3 advisory mandates on road PPP projects, two of which have successfully achieved commercial close, have the potential to mobilize an aggregate of over \$1 billion private sector investments. We would like to build upon our learnings and achievements till date and focus our support on other important sectors such as water supply, wastewater treatment, health sector, renewable energy etc.

PPP Monitor Bangladesh, now available on the ADB website, shows that Bangladesh is a relatively mature PPP environment, and the government has made great strides with a strong institutional and regulatory framework.

However, further steps are needed to make PPPs more viable and there is a need to build the government's capacity to bring in more PPPs through competitive tendering – delivering value for money for the government, the ADB said.

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MOHAMMAD TOFAZZEL HOSSAIN MIAH

Principal Secretary to The Prime Minister

Senior Secretary Tofazzel Hossain Miah has been appointed as the principal secretary to the prime minister on December 8, 2022 and by virtue of the post he is also the new chairman of the PPP Authority according to Section 10 of the PPP Act, 2015. Prior to this, he served in the same office for more than six years holding different capacities like Senior Secretary, Secretary, Director General, and Private Secretary to the Hon'ble Prime Minister. He started his career in Bangladesh Civil Service (BCS) in 1991 and, since then, in his long career he has played an exemplary role in the making of policy, strategy, planning, guideline, and decision of the government by working in several important offices of the government. Besides, working in various capacities at the field level of administration of Bangladesh, he has shown remarkable success in implementing the decisions taken by the government. The offices at the ministerial level that he has served are the Prime Minister's Office, Ministry of Public Administration, Bangladesh Investment Development Authority (BIDA), Ministry of Primary and Mass Education, Power Division, Local Government Division, etc. On the other hand, in the field administration, he has admirably served as the Deputy Commissioner (DC), Additional Deputy Commissioner (ADC), Upazila Nirbahi Officer (UNO), First Class Magistrate, Assistant Commissioner (Land), etc. He has been conferred various awards by the government for his creditable performance in the discharge of official duties.

Mohammad Tofazzel Hossain Miah was born on July 5, 1964, in Muslim family in Pirojpur district. He obtained a BA (Hons) and a Master's degree in

English Literature with distinction from the University of Dhaka. He went on to study at BRAC University, where he received another MSc degree in Early Childhood Development (ECD).

Tofazzel has exposure to many trainings both at home and abroad. He received specialized training in leadership from Harvard University in the USA and had been acclaimed for his distinctive attainments. He had undergone training in Project Management and Governance in UK, Vietnam, and India. In Bangladesh, he is trained in land management, office management, law and administration, good governance, rural development, poverty alleviation, etc. He was widely appreciated and awarded certificates for his scholarly performance in the training undertaken, especially the Leadership training at Harvard University in the United States and the Land Administration training received within the country. At the same time, he regularly imparts training on governance and development issues and conducts training sessions as a resource person in training programs of various training institutes, government, and private organizations.

Mohammad Tofazzel Hossain Miah is a prolific writer. He has authored books and several articles on the reverent Life and Leadership of the Father of the Nation of Bangladesh Bangabandhu Sheikh Mujibur Rahman and also on the inclusive socio-economic advancement of Bangladesh. He was actively involved in writing 'Bangladesh Investment Handbook: A Guide for Investors' published by Bangladesh Investment Development Authority. He regularly writes on Bangladesh's contemporary economic affairs like investment environment and opportunities, investment and trade growth, export diversification, enhancing productivity capacity, overall economic growth, economic policy-strategy formulation, etc. His long diverse experience of working in almost all capacities of the government at the ministerial level and the field level of administration, remarkable achievements in academic pursuits and trainings, and consistent study on the current economic affairs have made him well conversant on issues related to the overall development of Bangladesh. Moreover, he edited the book titled 'Sheikh Hasina: Selected Sayings' which comprises some of the significant directives and inspiring sayings by the Hon'ble Prime Minister of Bangladesh Sheikh Hasina.

DR .MD MUSHFIQR RAHMAN JOINS CHIEF EXECUTIVE OFFICER OF PPP AUTHORITY



Dr. Md. Mushfiqur Rahman
Secretary and CEO

Dr. Md. Mushfiqur Rahman joined Public Private Partnership Authority (PPPA) of Prime Minister's Office as its Chief Executive Officer on 2nd November 2022. He was promoted to the rank of Secretary to the Government on 31st October 2022.

Dr. Rahman had joined the Bangladesh Civil Service (Administration) in 1994. He previously held the position of Director General of the Islamic Foundation. Apart from serving in the Cabinet Division as Additional Secretary, he worked for the Road Transport and Highways Division and Ministry of Cultural Affairs. He worked successfully as a Deputy Commissioner of Netrokona and contributed greatly to different types of innovative

and service-oriented activities. Furthermore, he effectively proved his worthiness on the implementation of development activities of the government like information and communication technology-based e-service, education development activities, disaster management program, and social safety net program. Dr. Md. Mushfiqur Rahman is married and has only one son. He bears a brilliant academic result in all the academic examinations throughout his life. He completed his Doctor of Veterinary Medicine and MSc in Microbiology course from renowned Institute, Bangladesh Agricultural University, Mymensingh. He also obtained MA in Governance and Development from BRAC University, Bangladesh. Later, he achieved his Ph.D. from Bangladesh Agricultural University. He has many research papers published in national and international journals.

During his service, Dr. Rahman successfully completed multiple professional trainings from home and abroad and visited many countries like United Kingdom, Japan, Sweden, Sri Lanka, Spain, China, India, Thailand, Australia etc. Beside attending national events, he attended many international events where he provided valuable opinion development administration, good governance, development policies and regulations.



Dr. Md Mushfiqur Rahman, CEO of PPP Authority Bangladesh placed Wreaths at the portrait of Father of the Nation Bangabandhu Sheikh Mujibur Rahman in front of Bangabandhu Memorial Museum in Dhanmondi 32, Dhaka on December 3, 2022.

"BANGLADESH NEEDS PRIVATE PARTICIPATION IN THE INVESTMENT IN INFRASTRUCTURE TO MEET THE GAP IN THE REQUIRED AMOUNT. THIS IS WHY WE NEED PPPS IN INFRASTRUCTURE."



A. M. Al-Amin
PPP Specialist

Infrastructure is the basic system of a country or region which total connectivity and services depend on. The whole world's all activities are directly or indirectly running on this infrastructure, whether physical or digital. Infrastructure directly provides essential services, such as water and energy, to individuals and businesses. It also connects us to key services, such as healthcare and education, and enables us to participate in social and economic activity, by facilitating travel to work or cultural spaces. Infrastructure also protects people from climate-related hazards and helps them respond more effectively during and after crises. Infrastructure shapes the economy of a nation, generates employments and fulfills political mandates.

No matter it is economic, social or environmental infrastructure, we need quality system to get the most benefit of it. Unless any country ensures sustainable and fit-for-purpose infra, it cannot meet the need of the people, which directly hits the economy of the nation.

Infrastructure is very costly to prepare, develop and construct as well as needs efficient mechanism to manage, i.e., operate, maintain, rehabilitate, renew even to decompose it. As infrastructure is usually long-term fixed asset that

requires public land and attention, before taking infrastructure initiative we need to focus on the intended outcome and socio-cultural aspects of it. Based on different analysis, such as techno-commercial-socio-cultural, government has to prioritize and take decision which infrastructure has to build.

The whole world is thirsty for new investment in infrastructure. The growth of population, change in lifestyle, evolution in technology and need to adapt climate vulnerabilities are the basic underlying reasons for it. But the budget is limited for any country. It cannot spend all of its money to build new roads, bridges, ports, hospitals, airports, and so on. Again, existing infrastructures are also deteriorating in its capacity and cannot provide adequate services. Ageing infrastructures need attention to rehabilitate, renew, repair or decommission. These also need huge investment. That is why investment and infrastructure are closely interrelated. Between 2017 and 2040, 94 trillion USD in infrastructure investments are expected to be required globally. To achieve the sustainable development objectives for water, sanitation, and energy by 2030, an additional 3.5 trillion USD will be required. The global infrastructure gap might reach 18 trillion USD by 2040 if present trends in infrastructure investment continue. According to World Bank, the global urban infrastructure investment gap alone is estimated to be over US\$4.5 trillion per year, with a premium of 9-27% is required to make infrastructure low carbon and climate- resilient. It is more challenging in fast growing economies like Africa and Asia than the mature economies. The African Development Bank estimates that the African infrastructure financing gap ranges between \$68 and \$108 billion and the Asian Development Bank estimates a \$907 billion infrastructure financing gap for Asia. Separate reports by ADB and GIHub published reports on the current trends of the investment in infrastructure in Asia and Bangladesh.

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Investment Need & Deficit (Asia 2016~30, Bangladesh 2015~30)

Sphere	Asia	Bangladesh
Total Infra Investment Required	26 Trillion	384 Billion
Avg Requirement/year	1.7 Trillion	24 Billion 20 Billion (2019)
Current Trend	880 Billion/Year	14 Billion (2019)
Gap	880 Billion/Year	From Avg: 10 Billion As of 2019: 6 Billion
Source	ADB	ADB / GIHub

The financing of infrastructure (how to pay up front) and funding of infrastructure (how to repay the initial financing structure) are frequently distinguished in the literature. Infrastructure development is often supported in one of three ways: through public balance sheets (such as tax revenue or public debt), through private participation in public infrastructure (such as through debt or equity investment), or through privately owned infrastructure (fully financed, operated, and constructed by private firms; the government may still play a role through e.g. granting concessions). Later, infrastructure might be paid for using user fees or government money, for example. In reality, the public sector dominates infrastructure spending, with public balance sheets accounting for about 90% of investments in low- and middle-income nations, whereas primary market private sector investment in infrastructure has decreased over the past ten years. Governments require long-term funding plans, increased tax revenues, and a focus on socially and environmentally sustainable infrastructure if they are to close their national infrastructure investment gaps. The COVID-19 epidemic is placing increasing pressure on public budgets; thus, governments cannot continue to rely solely on public investment. So, it is evident that country needs private participation in the investment in infrastructure. Otherwise, the gap in the required amount cannot be met. This is why we need PPP in infrastructure in Bangladesh.

If we see our 8th Five Year Plan, we will see that priorities have been put on developing projects in Power & Energy, Transports, Roads & Bridges,

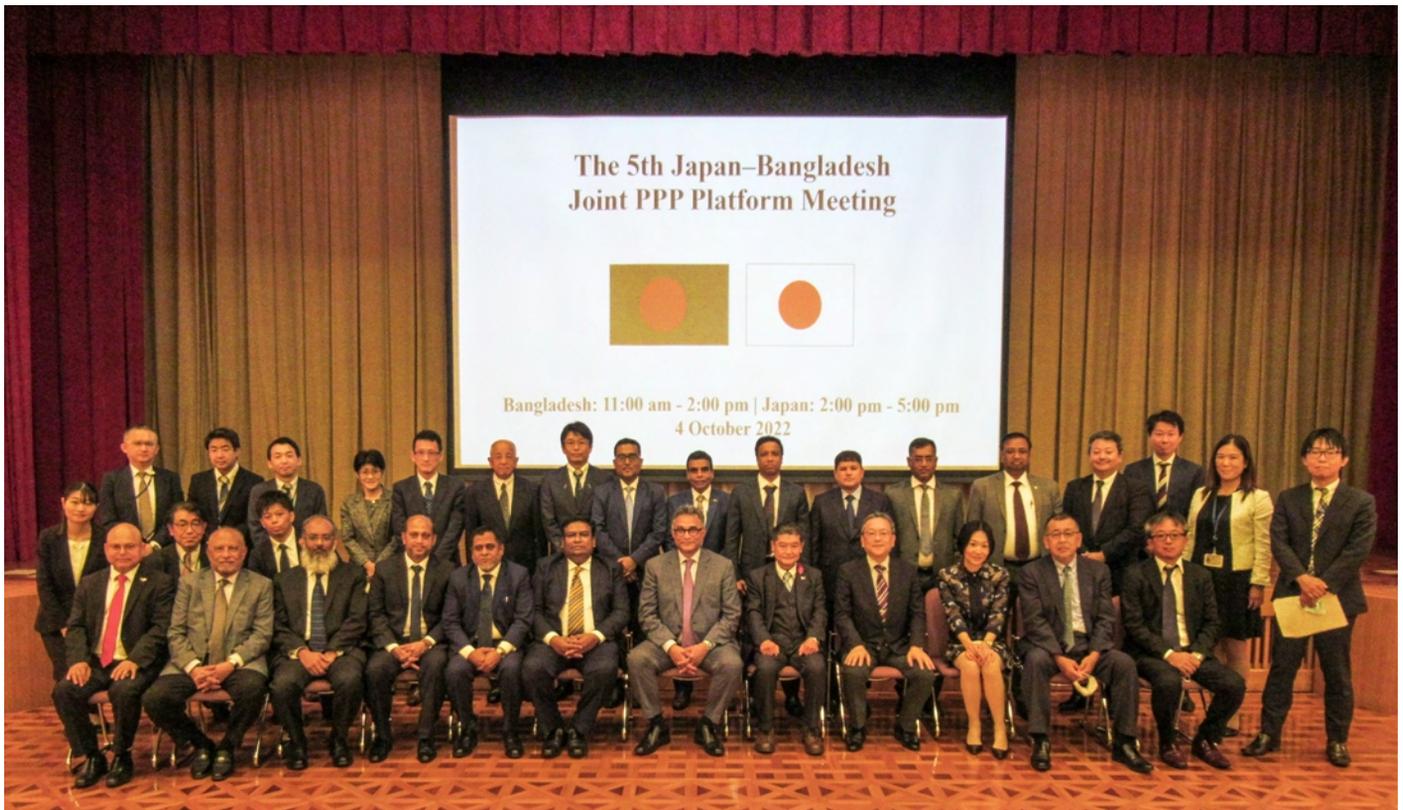
Tourism, ICT, Housing, Urban Health, Education, Agriculture and Food Security through PPP modality. It also sees PPP as a mechanism to increase FDI to Bangladesh. Perspective Plan of Bangladesh 2021-2041 clearly mentioned that PPP will be a strategy to be in place to succeed this plan.

“It envisages that 36.36% of GDP will have to come through PPP & Private Investment specially in Transport, Water & ICT focused sectors. Our SDG Financing strategy has also identified PPP as the 5.5% contributor of the total financing need.”

Moreover, Bangladesh Delta Plan accounts for 2.5% of total GDP for the implementation of the plan. So, financing the needed 2.5% of GDP per annum for the BDP 2100 including O&M will be a challenging task that will require new and innovative arrangements to encourage private sector participation. That’s why the Plan envisages private sector involvement in the total operations of about 20% of their overall spending (0.5% GDP).

Then a question comes why we need private investment in infrastructure through PPP. Through PPP model, we can utilize the private financing to meet the current financing gap in the budget, we can also benefit from private sector innovation and expertise. Private sectors are also efficient in managing certain risks which are inherent to the infrastructures, like design risks, construction risks, O&M risks, etc. PPP can also ensure higher quality and timely provision of public services.

BULLETIN BOARD



The 5th Japan- Bangladesh Joint PPP Platform Meeting held on 04 October 2022



Dr. Md. Mushfiqur Rahman, CEO of the PPP Authority Bangladesh congratulated to the newly appointed Principal Secretary to the Honorable Prime Minister Mr. Md. Tofazzel Hossain Miah.

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Memorandum of Cooperation (MOC) signed in Tokyo with State Minister for Land, Infrastructure, Transport and Tourism (MLIT) of Japan Mr Iishi Hiroo and Principal Secretary to the HPM Dr Ahmad Kaikus present. CEO Mr Muhammad Ibrahim and Vice Minister of MLIT Mr Hayashi Toshiyuki signed on behalf of respective governments



The US Department of Commercial Law Development Program (CLDP) under United States Department of Commerce organized two daylong training programs on PPP Procurement Strategy & Value For Money in association with the PPP Authority, Prime Ministers Office on December 11-12, 2022.



A workshop on “E- Governance and Innovation Plan” has been held in PPPA Conference Room on November 30, 2022. The workshop has been presided by Dr. Md. Mushfiqur Rahman, CEO Of PPP Authority. Mr. Md Mahbubur Rahman from ICT Division conducted the Session followed by an open discussion. Finally, the chair concluded the workshop with vote of thanks to all participants in the workshop.



A workshop on “ Fourth Industrial Revolution and its impact on Bangladesh ” has been held in PPPA Conference Hall on December 14, 2022. The workshop has been presided by Dr. Md. Mushfiqur Rahman, CEO Of PPP Authority. Mohammad Salahuddin, National Consultant of A2i conducted the Session followed by an open discussion. The chair concluded the workshop with vote of thanks to all participants.

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PPP Project review meeting held to assess the implementation and progress of the projects of Roads and Highway Department on December 21, 2022 at PPP Authority.



PPP Project review meeting held to assess the implementation and progress of the projects of Ministry of Railways on December 29, 2022 at PPP Authority

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INTERNATIONAL STAKEHOLDERS MEETING



His Excellency Ito Naoki, Ambassador of Japan visited Public Private Partnership Authority to discuss issues of mutual interest on October 31, 2022



Delegates from the International Monetary Fund (IMF) made a courtesy call to PPP Authority on November 3, 2022

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Mr. Moazzam Mekan, Hub Leader, South Asia Transaction Advisory Services paid a courtesy visit to PPP Authority Bangladesh on 7th December 2022



Delegates from the SOJITZ Asia Pte. Ltd made a courtesy call to PPP Authority on December 13, 2022.

ENGAGING THE PRIVATE SECTOR EFFECTIVELY FOR INFRASTRUCTURE BUILDING THROUGH PPP



M MURSHED HAIDER
PPP Expert, CP3P(Certified)

Public-Private Partnerships (PPPs) offer an amazing array for any government looking to improve infrastructure and the delivery of social services to its citizens. PPPs can also help to accelerate economic growth and the eradication of poverty. For Bangladesh, PPP is an important tool to secure funding and expertise for infrastructure development. For over a decade now, the government of Bangladesh has invested greatly in building PPP frameworks to provide a conducive environment for the implementation of projects with private sector players. However, given the current PPP environment in Bangladesh, it is vital for the government to reconsider how it might interact with and manage private sector actors in the infrastructure sector. One of the main difficulties facing PPP projects in Bangladesh is raising private sector investment, particularly long-term funding. Although 17 infrastructure projects have PPP contracts, the majority of them have not yet reached financial closure. Additionally, there was little competition for several projects during the bidding process. Unfortunately, it will be increasingly difficult for the government to unlock private sector investment in the coming days if we do not get it right quickly.

Without a clear and stable framework of policies, laws, regulations, institutions, and procedures, the

private sector typically hesitates to enter partnerships with the government. Although the government of Bangladesh is steadily building up the experience, knowledge, and institutions needed to foster a PPP climate favorable to partnering with the private sector, there still seems to be a gap between them. The business sector frequently lacks enough knowledge of government infrastructure plans. Even though some ministries have made their project pipelines public, some of this data is abstract and insufficient to support the private sector's ability to make wise investment choices. By communicating with the private sector in a language they can comprehend, the government can perform better. The government might put its infrastructure projects together and advertise them to specific market players that are most qualified to take part in such projects. For instance, if a government wishes to build ports, roads, and bridges, these projects can be attractively packaged and given to the private sector, that are currently working on projects of a similar nature.

The government must give the private sector the freedom to create and propose infrastructure projects that are consistent with its strategic objectives. The private sector can be rewarded and compensated for innovative suggestions, and a dedicated fund can be established to assist in the drafting of infrastructure PPP project proposals. Most of the unsolicited PPP projects could not move due to lack of ownership by the government and for not providing the proper incentives for the private sector.

Since the government of Bangladesh is still implementing its first-generation PPP projects, it is crucial that it put up conscious effort to ensure the success of these pioneer initiatives. Governments must make sure that these initiatives establish a precedent that would make it easier for government to attract private investment at more favorable terms in the future. The PPP contractor (i.e., the private sector, including its investors, lenders, subcontractors,

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insurers, and so on) and the public entity entering the PPP contract are the only two parties to whom the risks can be transferred (ultimately, this risk rests with the users or taxpayers). Therefore, risks must be distributed fairly to be appealing to lenders and the private sector investors.

In order to determine how much it will cost private sector companies to prepare and submit a bid and whether it is worthwhile for them to participate in the process, they also need to have a thorough understanding of the bid process. All of the following information needs to be very clear and

transparent: whether and when detailed designs are required; how long the bidding process will last; how workable, competitive, and transparent it will be; how the public authority will manage the partnership over time; what, if any, impact sector regulation will have on their contract; how the contract work will be supervised; and, most importantly, how committed the government is to the project.

Partnerships between the public and commercial sectors can significantly improve citizen living standards and boost competitiveness of the economy of Bangladesh. As crucial as pursuing privatization and restructuring of state-owned firms is creating an atmosphere that encourages competition in the private sector. Therefore, it is essential to keep decreasing the skewed regulations and interventions that affect the market, particularly in areas where state-owned corporations compete with private businesses. To prevent favoritism and reduce distortions in the competition for PPP projects, it is imperative to strengthen competitive neutrality and limit governmental help.



Prime Minister's Office