Bangladesh: Building a national PPP Program

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PPP Authority
Prime Minister’s Office, Bangladesh
Bangladesh crosses 7 percent mark in GDP growth

The GDP grew at 7.05 percent so far in current 2015-16 financial year (FY16), Planning Minister AHM Mustafa Kamal said on Tuesday as he was briefing journalists after

<table>
<thead>
<tr>
<th>GDP at constant prices</th>
<th>Year on year % change</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Advanced Economies</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>USA</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Euro Area</td>
<td>-0.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Emerging Market &amp;</td>
<td>5.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Developing Economies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>7.8</td>
<td>7.8</td>
</tr>
<tr>
<td>India</td>
<td>5.1</td>
<td>6.9</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6.3</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: IMF World Economic Outlook (July 2015)
“Accelerating Growth, Empowering Citizens”

“To become a middle income country by 2021 and a developed country by 2041”
Understanding Public Private Partnerships

Key Features of a PPP

- Public Authority
- Private Entity
- Contract
- Long/Medium Term
- Public Service Delivery
- Infrastructure Asset
- Private Sector Risk Transfer
- Private Sector Returns
- Public Funding
- Private Finance

PPP Delivery Models

Low Private Sector Risk Transfer

- Public Supply Management
- Outsourcing
- Agreements
- Service Management Agreements
- Aftercare
- Leasing/Maintain
- Supply Operate and Maintain
- BOT
- DBFO/BOO
- Concession
- Joint Venture

Public Private Partnership

Traditional Procurement

Privatisation

High Private Sector Risk Transfer

- Private Supply Regulated Utility
- Privatisation

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Japan Bangladesh Joint Dialogue
History of partnerships with private sector

**Phase**

- **Project Based Initiative**
- **Sector Initiative**
- **Program Initiative**
- **Centrally Integrated Program Initiative**

**Policy**

- Up to 1995
  - 1996: Private Sector Power Generation Policy

- 1996 – 2004
  - 2004: Private Sector Infrastructure Guidelines (repealed 2010)
  - 2010: Strategy & Policy for PPP (repealed 2015)

- 2005 - 2009
  - 2010: Special Power Act

- 2010 - On going
  - 2015: Bangladesh PPP Act

**Projects**

- **Fertiliser JV** (e.g. KAFCO)
- **Health** (e.g. BIRDEM, Heart Foundation)
- **Power Projects** (e.g. Haripur 360MW & Meghnaghat 450 MW power plants)
- **Port Projects** (e.g. Teknaf Land Port)
- **Road Projects** (e.g. Hanif Flyover)
- **Multi-Sector Projects** (e.g. Transport, Port, Power, Health, Zones, Civil Accommodation, Housing, Tourism)
A New Framework for PPP: Key Reforms

- **Financial Support**
  - Injection of targeted and catalytic funding support

- **Institutional Changes**
  - Centralised regulatory unit and program champion

- **Capacity Development**
  - Public and private sector transaction execution capacity enhancement

- **Regulatory Changes**
  - Streamlined approval and integrated policy framework

- **Project Preparation**
  - Structured process with expert support for project development
The PPP Process

Process applied for implementation of PPP projects

1. Screen
   - Appoint subject matter experts

2. Expert Appt.
   - Pick projects suitable for PPP

3. Feasibility
   - Ensure technical and commercial viability

4. Structuring
   - Ensure bankability of bid documentation

5. Tender
   - Meet conditions precedent for financial close

6. Finance
   - Run efficient and transparent bidding process

7. Monitor
   - Monitor implementation; apply lessons learnt

CCEA Approval
Creating the Conditions for Investor Confidence

Establishing a certain, clear and transparent framework for Investors

PPP Act (Sep 2015)

Contract & Bid Documents

Transaction Advisors

Market Sounding

Investor Promotions

Pre-Bid Meetings

Change in Law

Force Majeure

Termination

Land Access Rights

Revenue Sharing

Concession Period

Project Implementation

Independent Engineer

Performance Guarantee

Compensation

Dispute Resolution

Rights, Duties & Obligations

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Government Support for PPP Projects

PPP projects are centrally monitored to ensure constraints are pro-actively addressed.

Key clauses to protect investment included in PPP Contracts.

Access to financing from dedicated Government owned banks.

Incentives Package being developed covering financial benefits and regulatory support.

Land Acquisition

Resettlement (if required) will be done by Government after due consultation and necessary compensation.

Full technical, commercial and financial studies carried out by internationally appointed consultants to ensure viability and bankability.

Long Term Financing Access

Government will identify land requirement and acquire at own cost.

All linked projects (e.g. utilities shifting) will be carried out by government at its own cost.

Incentive Package

Viability Gap Financing Subsidy

(Where required) Government can provide additional financial subsidy.

Detailed Feasibility Study

Linked Project Delivery

Centralised Monitoring

Investor Protection

PPP Program

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Bangladesh PPP Program Summary

In Principal Approval

PPP Projects by Sector

In Principal Approval

Project Development

Procurement

Contract Signed

* Estimated ** Approximately (Data as at January 2016) (excludes power sector projects - summary in annex)
Enhancing International Profile of the PPP Program

PPP Project Pipeline Update

1st Meeting of the Board of Governors

“Selected by UNECE to showcase case study of SDG 17 consistent PPP model”

March 2016

6TH PEOPLE’S REPUBLIC OF CHINA – ADB KNOWLEDGE-SHARING PLATFORM
WORKSHOP ON DEEPENING PUBLIC-PRIVATE PARTNERSHIPS IN ASIA AND THE PACIFIC

25-28 November 2014 Beijing

ASIAN DEVELOPMENT BANK
### PPP Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Contract Signed</th>
<th>Construction Start</th>
<th>Commercial Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Dhaka Elevated Expressway</td>
<td>December 2013 (revised)</td>
<td>August 2015</td>
<td>Dec 2018 (forecast 2nd tranche)</td>
</tr>
<tr>
<td>(3) Haemodialysis Centre at NIKDU</td>
<td>January 2015</td>
<td>August 2015</td>
<td>June 2016 (forecast)</td>
</tr>
<tr>
<td>(4) Haemodialysis Centre at CMCH</td>
<td>January 2015</td>
<td>August 2015</td>
<td>June 2016 (forecast)</td>
</tr>
<tr>
<td>(5) Kaliakor Hi-Tec Park (Lot 2 &amp; 5)</td>
<td>June 2015</td>
<td>February 2016</td>
<td></td>
</tr>
<tr>
<td>(6) Kaliakor Hi-Tec Park (Lot 3)</td>
<td>August 2015</td>
<td>October 2015</td>
<td></td>
</tr>
<tr>
<td>(7) Mongla Economic Zone</td>
<td>February 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PPP Projects Development: 2015 – 2016 (Indicative Timelines)

<table>
<thead>
<tr>
<th>PPP Projects</th>
<th>Sector</th>
<th>Development Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Shantinagar Mawa Flyover</td>
<td>Transport</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(2) Chittagong Railway Station Commercial Development</td>
<td>Civil Accomod.</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(3) Motel Upal</td>
<td>Tourism</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(4) Khanpur Inland River Port</td>
<td>Transport</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(5) Khulna Railway Station Commercial Development</td>
<td>Civil Accomod.</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(6) Chittagong Railway Hospital</td>
<td>Health</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(7) Laldia Bulk Terminal</td>
<td>Transport</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(8) Dhaka Chittagong Access Controlled Highway</td>
<td>Transport</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(9) Sabrang Tourism Zone</td>
<td>Zone.</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>(10) 5 Star standard hotel at Motel Sylhet</td>
<td>Tourism</td>
<td>Jul 15 – Jan 16</td>
</tr>
<tr>
<td>PPP Projects</td>
<td>Sector</td>
<td>Jul 15</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>(1) Dhirasram Inland Depot</td>
<td>Transport</td>
<td>Proc.</td>
</tr>
<tr>
<td>(5) Kamlapur Hospital</td>
<td>Health</td>
<td>Aprv.</td>
</tr>
<tr>
<td>(7) Comm Develop, Nasirabad, Chittagong</td>
<td>Civil</td>
<td>Devlpmt.</td>
</tr>
<tr>
<td>(8) Jhilmil Residential Area</td>
<td>Civil</td>
<td>Development</td>
</tr>
<tr>
<td>(9) LPG Bottling Plant</td>
<td>Energy</td>
<td>Aprv.</td>
</tr>
<tr>
<td>(10) Hatirjheel (Rampura Bridge)-Shekherjaiga-Amulia-Demra Road</td>
<td>Transport</td>
<td>Development</td>
</tr>
</tbody>
</table>
“We look forward to working in partnership with you in building the infrastructure foundation of Bangladesh.

Bangladesh is growing ... we invite you to be a part of it.”