

PPP NEWSLETTER

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Denmark Terminal Operator Intends to Develop Laldia Container Terminal Under G2G PPP Model



In a groundbreaking development, upon completion of detailed feasibility through transaction advisory services, the Chittagong Port Authority (CPA) and APM Terminals, a subsidiary of the Maersk Group, are set to negotiate a transformative Public-Private Partnership (PPP) for the development of the Laldia Container Terminal in Bangladesh. This historic collaboration is based on the signed Government-to-Government (G2G) Memorandum of Understanding (MoU) between Bangladesh and Denmark following the "Policy for Implementing PPP Projects through Government to Government (G2G) Partnership, 2017". The announcement was made during

the first G2G PPP Platform meeting between Bangladesh and Denmark, scheduled and took place on 3rd January 2024. This meeting marks a significant milestone in the strategic partnership between the two nations, leveraging the strengths of both public and private sectors for the development of crucial infrastructure. Md. Tofazzel Hossain Miah, Principal Secretary to the Honorable Prime Minister, Prime Minister's Office and the Chairman of the PPP Authority, graced the platform meeting as the chief guest.

The proposed Laldia Container Terminal, with a quay length of 450 meters, a berth depth of 10.5 meters, and a vessel

draft of 9.5 meters, is set to address the increasing demand for efficient and sustainable container handling services. The estimated investment of USD 300-400 million, coupled with Foreign Direct Investment (FDI), positions this project as a significant contributor to economic growth. The annual concession fee and revenue sharing per TEU promise sustained revenue streams for the CPA.

The expected benefits of the project include the generation of approximately 1000 employment opportunities, technology transfer initiatives, the introduction of smart port practices, control of net carbon emissions, reduced turnaround times for ships, achieving economies of scale, and fostering healthy port competition.

In a meeting held between the Honourable Prime Minister of Bangladesh, Sheikh Hasina, and the Chairman of the Maersk Group, Mr. Robert Uggla, on 27 August 2023, the commitment to the project was initially discussed. This collaboration between the Chittagong Port Authority and APM Terminals is poised to bring about transformative changes, setting new benchmarks for efficiency, sustainability, and technological innovation.

The Laldia Container Terminal project was officially placed in the first G2G PPP Platform meeting, where APM Terminals accepted the project under the G2G PPP model. This monumental step will pave the way for a collaborative journey towards realizing a more prosperous and sustainable future for Bangladesh's port operations.

Dr. Md. Mushfiqur Rahman, Secretary, and CEO of the PPP Authority, Prime Minister's Office, led the delegation of the Government of the People's Republic of Bangladesh. The delegation from Denmark was led by His Excellency Christian Brix Møller, Ambassador, Embassy of Denmark, Bangladesh. From Bangladesh side the meeting was attended by Mr. Md. Mostafa Kamal, Senior Secretary of the Ministry of Shipping and Chairman of both the Chittagong Port Authority and the Pyra Port Authority. From Denmark side, Ms. Lina Gandløse Hansen, Honorable State Secretary for Trade and Investment at the Ministry of Foreign Affairs of the Kingdom of Denmark, who participated virtually. Representatives from Denmark and senior officials from the Prime Minister's office and PPP Authority were also in attendance. During the platform meeting, the Chittagong Port Authority and the Pyra Port Authority presented some potential projects.

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IS GROWING,
BE A PART OF IT**

Editorial Note



Dr. Md. Mushfiqur Rahman
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Prime Minister's Office

I am delighted to announce that the PPP Authority (PPPA) under the Prime Minister's Office, Government of Bangladesh, is going to publish its Quarterly Newsletter covering the dynamic period from January to March 2024. I hope this initiative by the PPPA flourishes in achieving its envisioned objectives and consistently provides invaluable insights.

In the pursuit of national development and the well being of our citizens, quality public infrastructure and services play a pivotal role. Bangladesh is advancing so fast towards achieving its vision 2041 and Delta Plan 2100. That to keep sufficient pace with the growth rate and demand, the country needs a 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 public assets. To achieve this, the PPP Authority is working relentlessly.

This Quarterly Newsletter serves as a demonstration of the unwavering dedication and remarkable achievements witnessed during the first quarter of 2024. We take pride in showcasing the milestones reached, celebrating successes, and

commemorating significant national events that have shaped our collective journey. In the first quarter of 2024, the PPP authority also proudly observes International Mother Language Day, Independence Day, Bangabandhu Sheikh Mujibur Rahman's 104th Birth Anniversary, and National Children's Day. Moreover, it articulates our perspectives and philosophies, aimed at enhancing our collective understanding and strengthening our capacity to implement PPP projects more effectively.

As we step into the New Year, I extend my warmest wishes for continued success and prosperity to all stakeholders involved in our mission. May the spirit of resilience and innovation guide us as we navigate the opportunities and challenges that lie ahead?

I also extend my sincere gratitude to all those directly involved in crafting this Quarterly Newsletter, as well as those who have provided invaluable support behind the scenes. I express my heartfelt appreciation for their contributions to the publication's success.

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



PPP Authority Unveiled Annual Report Following Comprehensive Project Review Meeting

The Public Private Partnership Authority convened a meeting on January 21, 2024, to review the progress and status of the PPP projects. Mohammad Tofazzel Hossain Miah, the Principal Secretary to the Honorable Prime Minister and Chairman of the PPP Authority, chaired the meeting.



Dr. Md. Mushfiqur Rahman, Secretary and CEO of the PPP Authority, Prime Minister's Office, moderated the review meeting. Sheikh Yusuf Harun, Senior Secretary and Executive Chairman of the Bangladesh Economic Zones Authority (BEZA), Mr. Mokammel Hossain, Secretary of the Ministry of Civil Aviation and Tourism, Md. Monjur Hossain,

Secretary of the Bridges Division, Ministry of Road, Transport, and Bridges, Dr. Md. Humayun Kabir, Secretary of the Ministry of Railways, A. B. M. Amin Ullah Nuri, Secretary of the Road Transport and Highways Division, and Mr. Muhammad Ibrahim, Secretary of the Local Government Division, were present at the review meeting along with other high officials from Chittagong Port Authority, Civil Aviation Authority of Bangladesh, and Chittagong WASA.

The purpose of the meeting was to assess what has been accomplished to date and compare it with the planned activities, to identify roadblocks and challenges that hinder the implementation of projects, to work collectively towards resolving problems and providing solutions, and to make decisions on the next steps to accelerate the process of project development and implementation.

At the end of the review meeting, Mohammad Tofazzel Hossain Miah, the Principal Secretary to the Honorable Prime Minister and Chairman of the PPP Authority, unveiled the PPP Authority's Annual Report for the year 2022-2023.



PPP Authority Organized Workshop for Banks and Non-Bank Institutions to Foster PPP Project Financing

PPP Authority, Prime Minister's Office organized a workshop titled "Engagement of Banks and Non-Bank Financial Institutions in PPP Projects Financing" with the participation of Banks and Non-Bank Financial Institutions at the PPP Authority Bangladesh on February 5, 2024. The objective of the event was to create awareness within the banking and finance sector and encourage the banks and financial institutions to positively consider PPP projects as prospective financing opportunities.

Dr. Md. Mushfiqur Rahman, Secretary, and CEO of the PPP Authority, Prime Minister's Office, attended the workshop as the chief guest. Dr. Md. Mushfiqur Rahman mentioned the significance of the implementation of PPP projects for the socio-economic development of the nation. He also acknowledged the importance of timely finance to the projects by the banks and non-banking financial institutions. At the same time, he thanked all the participants in the workshop and asked for lending in the

upcoming projects.

The activities of PPP Authority, PPP project procurement process, existing PPP financing partnership MOUs, and suitable PPP projects for financing were discussed in detail in the workshop. The workshop ended with a commitment from all concerned participants to work together for improving the financing landscape for PPP projects through improving the present system.

Md. Abul Bashar, Director-General (Additional Secretary) of PPP Authority, presided over the workshop, while Mr. Nafiul Hasan, Director-General -1, Prime Minister's Office, Md Salauddin Tapadar, Additional Director, Bangladesh Bank and A.M Al-Amin, Consultant ADB, conducted the workshop on PPP project financing, PPPA regulatory framework, and PPP Projects pipeline.

Among others, officials and representatives from various financial institutions, Finance Division, ERD, and Bangladesh Bank attended the workshop.



The sixth Joint PPP Platform Meeting between Bangladesh and Japan

The sixth Joint PPP Platform Meeting between Bangladesh and Japan convened on March 18, 2024, at the Prime Minister's Office, marking another significant step in the collaborative efforts to enhance infrastructure development and economic growth through Public-Private Partnerships (PPPs). The Public-Private Partnership Authority (PPPA), Bangladesh, hosted the Platform meeting whereas Mr. Md. Tofazzel Hossain Miah, Principal Secretary to the Honorable Prime Minister, and Chairman of the PPP

Authority, graced the platform meeting as the chief guest. Dr. Md. Mushfiqur Rahman, Secretary, and CEO of the PPP Authority led the delegation of the Government of the People's Republic of Bangladesh. His Excellency Mr. IWAMA Kiminori, Ambassador of Japan to Bangladesh, led the delegation from Japan. Vice Minister Mr. SAKAKI Shinichi from Japan's Ministry of Land, Infrastructure, Transport, and Tourism graced the platform meeting, along with esteemed representatives from various ministries and private investors.





PPP Authority, Prime Minister's Office, and District Administration Office, Rangpur, Jointly Organized Workshop on Small-Scale PPP Projects in Bangladesh

The PPP Authority, Prime Minister's Office, and District Administration, Rangpur jointly organized a daylong workshop titled "Scope of Small-Scale PPP Projects at the Local Level in Bangladesh." The event took place on February 13, 2024, at the conference room of the Deputy Commissioner's office in Rangpur. Dr. Md. Mushfiqur Rahman, the CEO (Secretary) of the PPP Authority, graced the workshop as the Chief Guest. He also presented the key paper on Small-scale PPP projects for local development, highlighting the basic PPP concept, prospects, and challenges.

Mr. Mohammad Mobasswer Hasan, Deputy Commissioner of Rangpur, shared insights into potential PPP projects for Rangpur. He expressed his opinion that implementing these projects could significantly impact the development of the Rangpur District.

Mr. Md. Habibur Rahman, Divisional Commissioner of Rangpur, attended the workshop as Special Guest, while Mr.

Mohammad Mobasswer Hasan, Deputy Commissioner of Rangpur, presided over the event. Among others, Md. Abul Bashar, Director-General (Additional Secretary) of the PPP Authority, Mr. Mohammad Abdul Awal, Director of Investment and Promotion (Deputy Secretary), Additional Police Commissioner of Rangpur Metropolitan Police, SP of Rangpur, high officials from district government offices, local businessmen, and journalists attended the workshop.

The objective of the meeting was to discuss new projects, provide strategic directives to all parties in selecting small-scale PPP projects at local level, and discuss the way forward and prospects. The meeting concluded with a commitment from the participants to strengthen mutual cooperation and work together to implement small-scale PPP infrastructure projects in Bangladesh, especially in Rangpur.



The PPP Authority hosted a delightful "River Cruise Family Day Out - 2024" on February 10th, navigating the calm waters of the Shitalokkha River. Family members of the PPP Authority enjoyed a full day of activities, including games,

performances, and cultural programs. Amusement filled the air as everyone bonded amidst the scenic beauty, making precious memories that will last a lifetime.



The PPP Authority, Prime Minister's Office organized a daylong workshop titled "Identifying Potential Port PPP's in Bangladesh." The event took place on February 18, 2024, at the Payra Port Authority. Dr. Md. Mushfiqur Rahman, the CEO (Secretary) of the PPP Authority, graced the workshop as the Chief Guest while Rear Admiral Abdullah Al Mamun Chowdhury, NBP, BSP, ndc, psc, Chairman Payra Port Authority presided

over the workshop. Among others, Md. Abul Bashar, Director-General (Additional Secretary) of the PPP Authority, Mr. Md. Ali Azam Al Azad, Director, PMF (Deputy Secretary), and high officials from Payra Port Authority attended the workshop. After the workshop, Dr. Md. Mushfiqur Rahman, CEO of the PPP Authority, visited the construction site of Payra port along with the other guests.



PPP Authority, Prime Minister's Office, Bangladesh paid homage to the martyrs of the historic Language Movement by placing wreaths at the Central Shaheed Minar in Dhaka on the occasion of Amar Ekushey and the International Mother Language Day.



A Stakeholder Consultation Meeting was held on February 28, 2024, for the project "Improvement of Dhaka (Joydebpur)-Mymensingh Highway (N3) into an Expressway with service lanes on both sides through PPP.



PPP Authority, Prime Minister's Office organized a discussion and prayer session on the occasion of 104th Birth Anniversary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman and National Children's Day-2024 on March 17, 2024. PPP Authority also paid rich tributes to Father of the Nation Bangabandhu Sheikh Mujibur Rahman by placing wreaths at the portrait of Bangabandhu Sheikh Mujibur Rahman at the office premise.



PPP Authority organized a Presentation and Certificate Awarding Ceremony for the Exposure Visit of the Comprehensive Training Programme on PPP Practitioners on March 24, 2024.

INTERNATIONAL STAKEHOLDERS MEETINGS



A meeting with the representative of SRBG was held on January 31, 2024.



A meeting was held with the delegation from the Embassy of France on 06 February 2024.



A meeting was held with representatives of the World Bank Group on February 8, 2024.



A meeting was held with representatives of the ADB Mission in Bangladesh on February 14, 2024.



A meeting was held with representatives of KAJIMA Corporation on February 15, 2024.



A meeting was held with representatives of The World Bank Group on February 28, 2024.

Bridging the Gap: Unlocking Local Potential through Small-Scale PPPs



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As Bangladesh experiences rapid urbanization, the demands on its municipal services have intensified. Traditional avenues of public funding are strained to meet the growing infrastructure needs of urban areas. In response to these challenges, Public-Private Partnerships (PPPs) have emerged as a viable solution, leveraging the expertise and resources of the private sector. However, while large-scale projects have garnered significant attention, the potential of small-scale initiatives at the local level remains largely untapped.

At the heart of urban governance and service delivery in Bangladesh are Urban Local Bodies (ULBs). Comprising entities such as City Corporations and Pourashavas/Municipalities, ULBs play a pivotal role in overseeing urban development, infrastructure provision, and community services within their respective jurisdictions. These bodies serve as the cornerstone of local governance, tasked with addressing the diverse needs of urban populations while navigating the complexities of resource constraints and evolving urban dynamics.

Why Small PPPs?

Targeted Solutions: Small PPPs can address specific local needs, unlike large-scale projects with broader scopes. Examples include drainage improvement in a particular neighborhood or a new waste collection route in a market area.

ULB Participation: Smaller projects are more manageable for ULBs with limited experience in PPPs. They offer valuable learning experiences for future ventures.

Local Investors: Smaller projects attract local investors, fostering community engagement and economic development. Local businesses are more familiar with the specific needs and challenges of the area.

The Enabling Environment

Bangladesh has a supportive policy framework:

- The PPP Act (2015) and its amendments establish a PPP Authority and guidelines.

- The Local Government Acts (2009) entitles ULBs to undertake PPP projects.

Challenges and Solutions

Capacity Building: ULBs and relevant government institutions require training and technical assistance to develop and manage PPPs effectively. This includes project development, financial modelling, risk assessment, and contract management.

Policy Framework: Clear definitions for small-scale PPPs, sectoral coverage, and incentive structures are needed to attract private partners.

ULB Transformation: ULBs need to develop robust planning, financial management, and communication capabilities to engage the private sector effectively. This requires streamlining internal processes and building transparency.

Recommendations

Develop a Legal Framework: Enact a Municipality PPP Act and related procurement guidelines specifically tailored for small PPP projects. This should streamline processes and reduce administrative burdens for ULBs.

Define Small PPPs: Establish clear size and sector-based criteria for small PPP projects. Consider project value, complexity, and risk profile.

Sectoral Coverage: Develop a separate guideline for small-scale PPPs, encompassing a broad scope of municipal services.

Viability Gap Funding (VGF): Design VGF guidelines to make small PPPs financially attractive for private investors, especially for social services with lower revenue potential.

Unsolicited Proposals: Develop a framework for ULBs to consider unsolicited PPP proposals, encouraging innovation and private sector initiative.

Incentive Structure: Offer targeted incentives based on project sectors and community benefits.

Capacity Building Programs: Provide training and technical assistance to ULBs and government institutions on PPP development and management specifically for small-scale projects.

Stakeholder Engagement: Actively involve citizens and other stakeholders throughout the PPP process, from project identification to monitoring and evaluation.

The Way Forward

By embracing the recommendations outlined above, Bangladesh can unlock the latent potential of small PPPs, catalyzing a transformative shift in urban development. Empowered ULBs, supported by a robust policy framework and strengthened institutional capacities, will spearhead localized initiatives that address the unique needs of their communities. Through collaborative efforts with the private sector, Bangladesh can pave the way for sustainable urban development, ensuring that every citizen reaps the benefits of improved municipal services and infrastructure.

Empowering PPP Projects in Bangladesh: The Role of PPPTAF



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Public-private partnerships (PPPs) have emerged as a potent instrument for governments worldwide to catalyze economic development and advance infrastructure projects. Beyond mere funding, PPPs bring a range of additional benefits: they stimulate competition, attract valuable expertise, promote innovation & technology transfer, encourage better governance and public asset management.

PPP projects are typically long-term endeavors. However, the success of any PPP hinges on selecting the right project and a right bidder. Only well-crafted and meticulously executed PPPs can deliver the economic and infrastructural improvements that they promise. To ensure successful projects, they need to be sound not just technically but also economically, financially and environmentally.

After the enactment of the PPP Law in 2015, Bangladesh identified the necessity for a dedicated fund to support the early development stages of a PPP projects. Exercising the powers conferred by section 16 and 44 of the PPP Act 2015, the Government of Bangladesh established a revolving Fund to be called the PPP Technical Assistance Fund, abbreviated as "PPPTAF". Corresponding regulations, titled "Rules

for Public-Private Partnership Technical Assistance Financing, 2018" were crafted to precisely meet this requirement.

PPP Authority employs a multi-layered approach to ensure responsible utilization of the PPPTAF. Initially, proposals for Technical Assistance Service (TAS) are submitted by the implementing agency, then reviewed by the PPP Authority. The final green light however comes from an inter-ministerial committee, the CCEA, which considers the recommendations put forth by the PPP Authority.

The PPPTAF was initially established with a BDT 100 Crore grant from the government, envisioned as a revolving fund replenished by successful project tenders. However, recent revisions have increased the initial government contribution to BDT 200 Crore, with the flexibility for further growth if needed.

Transparency is fundamental to the management of the PPPTAF. As of today, BDT 130 Crore has been utilized from the fund. Detailed breakdowns reveal that about 91% of these funds were allocated directly to consultancy payments, ensuring that projects receive expert guidance. The remaining 9% comprises necessary expenses like training, seminars, advertising, travel and bank fees. Moreover, by 2022, relevant

government bodies had already repaid a quarter of the utilized funds, showcasing a commitment to fiscal responsibility.

The audit process for the PPPTAF entails a thorough review of financial records, procedures and documentation. This process is mandated by the PPP Act 2015 and the Rules for Public-Private Partnership Technical Assistance Financing, 2018. Regular reporting and auditing of the PPPTAF ensure that financial resources are effectively utilized to support PPP initiatives in Bangladesh.

PPP Authority is actively advancing its assessment of potential PPP project pipelines in Bangladesh. It has engaged renowned international and national technical assistance services (TAS) providers to evaluate the feasibility of more than 60 projects across various sectors. These sectors include energy, health, housing, industry, IT, tourism, transport, water, sanitation and hygiene. Clause 4 of rule 5 ("Sources of the Fund") of Public-Private Partnership Technical Assistance Financing, 2018, outlines that any development partner and/or any national and international financial institutions may contribute to PPPTAF. This implies that these entities can play a significant role in providing support and resources to PPPTAF, aiding its operations and objectives in the realm of public-private partnership technical assistance financing. However, it is important to note that such contributions must be in the form of grants and should not involve any conflicts of interest. Prior approval from the Government is also required for these contributions.

The Public-Private Partnership Technical Assistance Fund (PPPTAF) plays a crucial role in supporting the development of government-approved PPP projects, particularly when implementing

agencies face capacity constraints or require assistance in setting quality standards for a newly approved PPP project in the pipeline. Here are four recommendations to maximize the impact of PPPTAF:

1. Prioritize High-Caliber Expertise:

A significant portion (91%) of PPPTAF funds is dedicated to consultancy fees. Therefore, ensuring an unbiased and rigorous selection process for highly qualified Technical Assistant (TA) is crucial. TA expertise should match project needs rather than simply adhering agency structures or practices.

2. Cultivate Strong Project Foundations:

Establishing robust upstream support is strongly recommended to ensure that the most meritorious project proposals seamlessly transition into the project development phase. This approach can greatly enhance success rates and secure the sustainability of PPPTAF.

3. Foster Financial Sustainability:

PPPTAF serves as a project development facilitator rather than an alternative funding source. It is important to note that utilizing PPPTAF assistance is not obligatory. Agencies can view PPPTAF as a project development facilitator, not a substitute for alternative financing sources.

Furthermore, project development costs should be recuperated from the successful bidder. This cost recovery mechanism has the potential to strengthen PPPTAF's sustainability and reinforce the implementing agency's commitment to the project's ultimate success. By recouping these funds, PPPTAF can continue to support a robust pipeline of high-quality PPP projects across Bangladesh.

4. Expanding Resources for a Booming Pipeline:

To achieve the government's ambitious PPP goal, PPPTAF may require additional resources. As the number of projects grows, limited funds could potentially hinder their development. Moreover, Bangladesh's evolving PPP landscape may demand expertise beyond what is readily available within the government. Attracting highly skilled advisors—legal, commercial, project management, etc.—may pose a challenge due to competitive remuneration offered by the private sector. However, investing in top-tier advisors is crucial for successful project development. Furthermore, the weakening taka against the dollar could

further strain PPPTAF's capacity.

In conclusion, PPPTAF has proven its worth as a key driver of successful PPP projects in Bangladesh. To further amplify its impact and empower the government's ambitious PPP vision for 2041, PPP Authority can strategically seek additional resources. By collaborating with development partners and national/international financial institutions, particularly through grant-based contributions, PPP Authority can significantly enhance technical assistance. This expanded support can pave the way for a new era of development in Bangladesh, fueled by thriving partnerships.



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