



Newsletter of Private Infrastructure Committee (PICOM), Government of the People's Republic of Bangladesh

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New Executive Chairman of Bol



The Government appointed Dr. S A Samad as the Executive Chairman of BOI in the rank and status of Minister on 30 August 2009. A former Principal Secretary, Dr. Samad has more than 35 years' experience as a civil servant, economist, academic and development consultant. He held various positions including Economic Advisor to the Honorable President of Bangladesh, Secretary, Energy & Mineral Resources, Secretary, Posts & Telecommunications and Program Director/Coordinator (Economic

Management & Information Technology) of the United Nations Asia Pacific Development Centre. He was professor of economics, business administration division, at the Hankuk University of Foreign Studies, Korea, for the period 2007-2009.

He is currently making significant contribution towards invigorating the nation's PPP program.

Government Adopts a Public Private Partnership (PPP) Budget

for providing government commitment in promoting a sustainable PPP environment

Government of Bangladesh for the first time has adopted a PPP budget parallel to the traditional development and revenue budget. Tk. 2500 crore has been allocated under this budget in 2009-2010 fiscal year. PPP budget has been segregated under three heads- Loan or Equity, Viability Gap Funding (VGF) and PPP Technical Assistance Fund (PPPTAF).

Following on from the budget declaration, Cabinet Division has already decided to restructure PICOM, to form a PPP Cell and PPP Advisory Committee and to revise and update Private Sector Infrastructure Guidelines to materialize the objectives of the PPP budget.



Capacity Building and Awareness Creation Initiatives on Public-Private Partnership

Board of Investment (BOI) is acting as the Secretariat to the Private Infrastructure Committee (PICOM), which is the central body of the government overseeing the PPP initiatives in the country. BOI has been organizing a series of trainings and awareness creation workshops on PPP for the last two years. Ten such events were organized from July 2008 to December 2009. A list of the events is provided in Page 8. Among them the recent events are provided in the next page.

Editorial

PICOM Newsletter: Capacity Building on Public Private Partnership

We are pleased to announce the publication of the third issue of PICOM Newsletter after successful dissemination of the second issue. It is encouraging to see that both the public and private sector have shown keen interest on public-private-partnership (PPP) for ensuring development of infrastructure in a faster track. As a sign of their interest on the concept, participants have responded positively in the trainings and workshops organized under the PICOM spectrum.

The focus of this issue is on capacity building on PPP. In addition to that, we have provided short description and present status of different infrastructure projects. PICOM activities are also being highlighted in this issue.

We hope that this newsletter will be a valuable source of information on PPP in Bangladesh and on the progress so far achieved by the ministries, executing agencies, business houses and investors dealing with infrastructure in our country.

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Training on Basics of PPP Environment

A two-day long training for the officials of the central agencies of the government and private sector involved in the development and planning process was arranged by BOI on 28-29 October, 2009 at Hotel Sheraton, Dhaka. Officials of Planning Commission, Finance Division, banks, leasing companies and Infrastructure Investment Facilitation Center (IIFC) participated in the training. The objective of the training was to familiarize Public Private Partnership concepts to be incorporated in the national planning process. Broad aspects of PPP were covered in the training including the overview of PPP concept, institutional arrangements for PPP, relevant stages prescribed in the Private Sector Infrastructure Guidelines (PSIG) and tendering approaches and investor selection process. The importance of adopting PPP projects in the national planning process was also highlighted in the workshop.



Chief Guest Mr. Abu Reza Khan, Executive Member, BOI & Member Secretary, PICOM (Additional Secretary to the GOB) is seen with Mr. Abul Quasem PD, IPFF Cell & Executive Director of Bangladesh Bank and Md. Ashraf Shameem, Director, BOI at Hotel Sheraton

Workshops on Private Sector Infrastructure Guidelines

BOI has been arranging a number of workshops under the Investment Promotion and Financing Facility (IPFF), to create awareness on the Private Sector Infrastructure Guidelines in all the cities of the country primarily at divisional level. Apart from the workshops at Dhaka, the following workshops were held in the following cities:

- Chittagong, 28 August, 2008
- Khulna, 18 November, 2008
- Sylhet, 12 February, 2009
- Cox's Bazar, 30 April, 2009

These workshops helped to reach the local authorities and to know about the problems of initiating and implementing infrastructure development projects in the divisional cities. The workshops were sources of great encouragement to the officials of the divisional cities in taking up new PPP projects. The participants felt that, this will help in reducing the burden on the government budget in future.



IRTI Training on Public Private Partnership

Board of Investment (BOI) and Islamic Research and Training Institute (IRTI) of Islamic Development Bank (IDB) jointly organized an international training on Public-Private Partnership. The program was held from 10 to 14 August, 2008 at Hotel Sheraton, Dhaka, Bangladesh. IIFC facilitated the event. National and international PPP experts were invited as resource persons in the training. Dr. A B Mirza Azizul Islam, former Advisor for Finance and Planning chaired the workshop, as Chief Guest.

The main purpose of the training was to provide an understanding about the complexities of PPP arrangements. In the program, coordination amongst IDB member countries in developing PPP projects was suggested. The training offered an opportunity to share country and project-specific experiences to the participants.

Lectures and technical papers were presented focusing on the existing guidelines, present and future private infrastructure projects and the sources of financing of the projects. The participants were from different ministries, executing agencies, regulatory bodies, private sector and financial institutions.



Dr. Osman Babiker Ahmed (from left), IRTI, IDB and officials from BOI in the IRTI Training on Public Private Partnership held on 10-14 August, 2008 at Hotel Sheraton, Dhaka.

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Policy Guidelines for Enhancement of Private Participation in the Power Sector, 2008

The government has approved **Policy Guidelines for Enhancement of Private Participation in the Power Sector, 2008**. The policy allows private entrepreneurs to set up power plants on their own or in joint venture with public sector, rehabilitating the existing and old and inefficient ones. Under the policy, the investors will have the liberty to establish and operate private power plants subject to obtaining license from Bangladesh Energy Regulatory Commission (BERC). But the investor has to find its own clients to sell the electricity from their plants at a rate to be fixed through negotiation.

Given the depleting reserves of natural gas, the new power plants should preferably rely on coal, imported gas, liquid fuel or renewable energy sources like solar wind, hydro, biomass, municipal waste, and others as fuels, instead of domestic natural gas.



New Infrastructure Projects

A power Plant of 240 MW at Siddhirganj is on the way to Operation for coping up with power demand

A new power plant of 240 MW capacity has been set-up at Siddhirganj (20 km from Dhaka) with financial assistance from ADB. Electricity Generation Company of Bangladesh (EGCB), the government owned company, is implementing the project. The Bharat Heavy Electricals Limited (BHEL) installed the power plant. The state-owned Bangladesh Power Development Board (BPDB) will purchase electricity from EGCB at a commercial rate. ADB provided US\$109.86 million for installing the plant having two units with a power generation capacity of 120 MW each. It is expected to start commercial operation by early 2010. For smooth operation of the plant, EGCB is in the process of appointing a private operation and maintenance (O&M) contractor.



New Mooring Container Terminal

for meeting the challenge of increased export and import

Chittagong Port Authority (CPA) is in the process of engaging a private terminal operator through PPP under a Supply-Operate-Transfer (SOT) scheme. It is expected to increase efficiency and reduce costs to the port users. The private operator will be allowed to operate the terminal for a period. Upon expiration of the SOT contract, the private operator will transfer all infrastructure and equipment to CPA. The estimated cost of the project is \$165 million. Several companies responded to the request for pre-qualification and four investors were pre-qualified. Currently the project is in the tendering phase. The proposed container terminal is expected to be in operation from 2011. CPA currently handles about 32 million tons of import and export cargo and 1 million TEUs of container annually. The Port has been witnessing a high rate of growth in both cargo and container throughputs for the last fifteen years.



Kaliakoir Hi-Tech Park for a solid footing towards digital Bangladesh

Government is going ahead for establishing the Kaliakoir Hi-Tech Park to provide a solid base for IT infrastructure. IT industry in Bangladesh witnessed a growth rate of around 56% in the past two years, and was worth \$117 million in 2007.

The project is being implemented by Bangladesh Computer Council (BCC) with oversight of the Ministry of Science, and Information & Communication Technology (MoSICT). The area of the site is about 276 acres. It is located at Kaliakoir, 40 kms north from Dhaka. The proposed park is well connected with Dhaka City through Dhaka-Tangail Highway.

Under an initiative of the Government of Bangladesh and DfID coordinated by the Board of Investment, a pre-feasibility study of the project has been conducted by a consultant

consortium of PricewaterhouseCoopers, Mahindra Consulting, Devcon and IIFC. While preparing the master plan, the zoning concept and the essence of cluster approach were taken into consideration. There will be industrial plots, commercial area and social infrastructure in the park.



Layout plan of Kaliakoir Hi-Tech Park



Akhaura, Bhomra & Tamabil Land Ports to be developed by Private Sector for enhanced trade facilitation with bordering countries

Bangladesh Sthala Bandar Kartripaksha (BSBK) short listed potential investors for developing Bhomra, Tamabil & Akhaura land ports through PPP. Bhomra is about 15km from Satkhira district town and 355 km from Dhaka. Tamabil is situated at Goyanghat upazila of Sylhet district and Akhaura at Mogra union of Brahmanbaria district. The proposed area of each port is about 15 acres. The ports will be awarded to private sector for 25 years. BSBK is also thinking to develop land ports at Bilonia in Feni, Jibon Nagar in Chuadanga, Shewla in Sylhet and others through PPP. There are thirteen land ports under BSBK of which Hili, Sonamasjid, Bibirbazar, Birol, Teknaf and Banglabandha have already been awarded to private sector and are operational.



99 MW Power is to be added with the Grid through Private Sector Bangladesh Bank steps for mitigating the power crisis

Bangladesh Bank provided Tk. 168 crores as on-lending facility from Investment Promotion and Financing Facility (IPFF) for development of three Power plants, 22 MW each, in Tangail, Feni and Narsingdhi districts. The power plants started commercial operation from November 2008 (Tangail), February 2009 (Feni) and December 2008 (Narsingdhi) respectively. Doreen Power Generations and Systems Limited (DPGSL) developed these three power plants.

IIFC as technical advisor of Bangladesh Bank through IPFF was engaged in the assessment of those power plant projects from financing and environmental viewpoint. In this regard, IIFC, as technical advisor, submitted appraisal reports for those projects to Bangladesh Bank and the World Bank.

Bangladesh Bank is expected to provide Tk. 780 million for development of two more plants in the pipeline; these are waiting for IPFF lending. One of them with a capacity of 11 MW belongs to Doreen Group at Feni and the other one with capacity of 22 MW to Regent Power Ltd. at Barabkunda.

PICOM Activities

Achieving progress in adopting private infrastructure projects



PICOM Meetings

The Private Infrastructure Committee (PICOM) held thirteen meetings since its inception from 5 October, 2004. Proceedings of first nine meetings can be found in the first and second issue of the PICOM Newsletter. Brief proceeding of the last four meetings are presented in the following paragraphs:

13th Meeting

The thirteenth meeting was held on 7 October, 2009 at the Prime Minister's office. The Principal Secretary and Chairman of PICOM, Mr. M A Karim presided over the meeting. The meeting primarily focused on issues related to PICOM restructuring, formation of PPP Cell and PPP Advisory Committee and PSIG revision, as decided in the cabinet meeting held on 14 September, 2009. In the meeting, it was decided to revise PSIG and a committee was formed to oversee the revision in this regard. IIFC was requested to prepare the revised guidelines. The following decisions were also made in the meeting:

- Necessary steps to be taken for the implementation of PICOM Business Plan.
- PICOM Website to be updated
- PIPL listed projects to be inspected for implementation progress
- Necessary steps to be taken urgently for managing required human resources and logistic support.
- Local Government Division will take steps to resolve the issues arisen in Jatrabari-Gulistan Flyover Project
- Appropriate pre-feasibility/feasibility study to be conducted by the government prior to taking any private infrastructure project.

12th Meeting

The twelfth meeting was held on 14 June, 2009. The then Principal Secretary and Chairman of PICOM, Mr. M Abdul Aziz presided over the meeting. Issues related to New Mooring Container Terminal were discussed in the meeting for its faster implementation.

11th Meeting

On 5 April, 2009, the eleventh meeting was held. The meeting was presided over by Mr. M Abdul Aziz, as the Chairman of PICOM. The PICOM business plan was approved in the meeting. Mr. Nazrul Islam, CEO and ED of IIFC presented the plan. Issues related to Elevated Expressway and New Mooring Container Terminal were also discussed.

10th Meeting

The tenth meeting was held on 20 October, 2008. Former Cabinet Secretary and Chairman of PICOM, Mr. Ali Imam Mojumder presided over the meeting. The committee discussed the following three projects:

- Development of Elevated Express Way in Dhaka through Private sector initiative
- Management and Operation of New Mooring Container Terminal through SOT and
- Development of Jatrabari-Gulistan Flyover at Dhaka through BOOT.

PICOM Website

This website provides information regarding PICOM activities, PSIG and the projects under PICOM. The website details out the stages and procedures of releasing infrastructure projects to private sector. It is expected that all relevant stakeholders would find the website useful.

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As the technical advisor to PICOM, IIFC has been provided with the responsibility to supervise the website developer, for the development and maintenance of the PICOM website. The development includes creation of interactive part of the site, increase contents such as publications, events – current speeches, presentations, implementation status (projects), update the PICOM meetings’ decisions etc.

The address of the website is www.picom.gov.bd



News-flash on Infrastructure

- The PICOM Business Plan has been approved at the 11th meeting of PICOM. IIFC, being technical adviser to PICOM, prepared the Business plan.

The objective of the PICOM Business Plan is to ensure rapid implementation of the Private Sector Infrastructure Guidelines (PSIG). The PICOM business plan will also provide a guideline of future course of action and strategies to be taken up by PICOM or the Board of Investment as the Secretariat to PICOM to implement the PSIG.

- Tk. 2500 crore allocated for PPP budget in 2009–2010 fiscal year. This is the first time ever budget on PPP, parallel to the traditional development and revenue budget. The budget has been segregated in three heads– Loan or equity, Viability Gap Funding (VGF) and PPP Technical Assistance (PPPTA)

(PPP Budget Position Paper, June 2009)

- The government has approved the policy for private participation in power sector to set up power plants to feed only bulk consumers. Through the policy, the private entrepreneurs will be allowed to set up individual and joint venture power plants, rehabilitate the existing old and inefficient ones. *(The New Age, 25 November, 2008)*

- A new power plant having a capacity of 240 MW is set to initiate power generation at Shiddhirganj. *(The Financial Express, 1 November, 2008)*

- Bangladesh Telecommunication Regulatory Commission (BTRC) issued the final guidelines of the National Telecommunication Transmission Network (NTTN) for private sector applicants seeking license for such business. Based on the Guidelines, BTRC will issue licenses to build, operate and maintain nationwide optical fibre telecommunication network. The license acquisition fee for NTTN services will be Tk. 30 million while its annual acquisition fee will be Tk. 2.5 million.

(The Financial Express, 1 December, 2008)

- The government is formulating the national ICT Roadmap under The Economic Management Technical Assistance Programme (EMTAP) of BCC, funded by the World Bank. Under the purview of EMTAP a draft e-Governance strategy for Bangladesh has been prepared.

(The Independent, 21 November, 2008)

- Bangladesh Energy Regulatory Commission (BERC) has decided to give licenses to 25 small companies for generation, transmission and distribution.

(The Financial Express, 24 October, 2008)

- The government has planned to adopt the country’s first Coal Sector Master Plan (CSMP).

(The Financial Express, 7 August, 2009)

- The government has decided in principle to establish a ‘Gas Development Fund’ to facilitate hydrocarbon exploration and production. *(The Financial Express, 4 February, 2009)*



Private Infrastructure Projects

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Approved for Listing in Private Infrastructure Project List

	Project	Executing Agency	Enlisted in PIPL	Present Status
1	Gulistan-Jatrabari Flyover	Dhaka City Corporation (DCC)	30-Dec-04	Project under construction
2	Sonamasjid Land Port	Bangladesh Sthala Bandar Kartripaksha (BSBK)	20-Apr-05	Project Operational
3	Hili Land Port	BSBK	20-Apr-05	Project Operational
4	Bibirbazar Land Port	BSBK	20-Apr-05	Project Operational
5	Banglabandha Land Port	BSBK	20-Apr-05	Project Operational
6	Birol Land Port	BSBK	20-Apr-05	Project Operational
7	Operation and Management of the New Mooring Container Terminal	Chittagong Port Authority (CPA)	20-Apr-05	Under tendering
8	Tamabil Land Port	BSBK	31-Jul-05	Invitation for tender under process by BSBK
9	Burimari Land Port	BSBK	31-Jul-05	Invitation for tender under process by BSBK
10	Akhaura Land Port	BSBK	31-Jul-05	Invitation for tender under process by BSBK
11	Haluaghat Land Port	BSBK	31-Jul-05	Invitation for tender under process by BSBK
12	Bhomra Land Port	BSBK	31-Jul-05	Pre-qualification is completed
13	Teknaf Land Port	BSBK	31-Jul-05	Project Operational
14	Procurement of Power by Chittagong Port Authority	CPA	24-Oct-05	Withdrawn from the Private Infrastructure Project List
15	100,000 flats for lower and lower-medium income people in Dhaka city	Rajdhani Unnayan Kartipakkha (RAJUK)	24-Oct-05	Engagement of PPP consultant planned
16	2 nd Dhaka-Chittagong National Highway Project on BOOT basis	Roads and Highways Department	19-Nov-05	Project under Development
17	1200T Slipway Project of Marine Workshop on ROT basis.	CPA	23-Mar-06	Project under Development actively by CPA
18	Establishment of Underground Metro Rail (Subway) System in the Dhaka city through BOT	Ministry of Communication	6-Sep-2006	Project under Development
19	Development of Two Incomplete Jetties of Mongla Port Authority through BOT	Mongla Port Authority	24-Apr-07	Project under Development
20	Elevated Expressway in Dhaka City	Bangladesh Bridge Authority	15-Jul-09	Project under Development

The list of trainings and workshops held under the purview of PICOM from July 2008 to December 2009

- Workshop for awareness creation on Private Sector Infrastructure Guidelines at Hotel Peninsula Int., Chittagong, 28 August, 2008.

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- Training on Bangladesh Private Sector Infrastructure Guidelines at Hotel Sheraton, Dhaka, 21–22 October, 2008.
- Awareness creation workshop on Private Sector Infrastructure Guidelines at National economic Council, Agargaon, Dhaka, 30 October, 2008.
- Workshop on Private Sector Infrastructure Guidelines at Royal Hotel, Khulna, 18 November, 2008.
- Training titled “Basics of PPP Environment” at Hotel Sheraton, Dhaka, 25–26 January, 2009.
- Workshop for awareness creation on Private Sector Infrastructure Guidelines at Rose View Hotel, Sylhet, 12 February, 2009.
- Training on Bangladesh Private Sector Infrastructure Guidelines at Hotel Sheraton, Dhaka, 4–5 March, 2009.
- Workshop for awareness creation on Private Sector Infrastructure Guidelines and Tourism sector at Hotel Seagull, Cox’Bazar, 30 April, 2009.
- Training on Basics of PPP Environment at Hotel Sheraton, Dhaka, 28–29 October, 2009.

You are invited to visit PICOM website www.picom.gov.bd to explore more about PICOM and infrastructure projects. For further details, please contact over telephone or e-mail to:



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