

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা
কর্তৃপক্ষ কর্তৃক প্রকাশিত

সোমবার, আগস্ট ২, ২০১০

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
প্রধানমন্ত্রীর কার্যালয়
প্রজ্ঞাপন

তারিখ, ১৭ শ্রাবণ ১৪১৭/০১ আগস্ট ২০১০

পত্র সংখ্যা ০৩.০৬৮.০১৪.০৩.০০.০০৫.২০১০(অংশ-২)-৩২৩—গণপ্রজাতন্ত্রী বাংলাদেশ সরকার দেশের অর্থনৈতিক উন্নতি ত্বরান্বিত করার লক্ষ্যে সরকারি-বেসরকারি অংশীদারিত্ব (পিপিপি) উদ্যোগ বাস্তবায়নের জন্য এতদ্বারা Policy and Strategy for Public-Private Partnership (PPP), 2010 এবং ইহার আওতায় প্রণীত Guidelines for Formulation, Appraisal and Approval of Large Projects, 2010; Guidelines for Formulation, Appraisal and Approval of Medium Projects, 2010; ও Guidelines for Formulation, Appraisal and Approval of Small Projects, 2010 জারী করিল।

২। ইহা জনস্বার্থে জারী করা হইল এবং অবিলম্বে কার্যকর হইবে।

রাষ্ট্রপতির আদেশক্রমে

মোঃ আবদুল আজিজ
মহাপরিচালক।

(৭৯৬৫)

মূল্য : টাকা ১৪.০০

**POLICY AND STRATEGY FOR
PUBLIC-PRIVATE PARTNERSHIP (PPP), 2010**

1 BACKGROUND

In order to achieve the Vision 2021 goal of Bangladesh becoming a middle income country by 2021, we will need to ensure a more rapid, inclusive growth trajectory. To reflect the aspirations of the people the target of the government is to raise the GDP growth rate to 8 percent by 2013. To achieve this GDP growth rate, the share of investment to GDP needs to be raised to 35-40 percent. At present average investment GDP ratio is 24-25 percent, which is lower than the national savings ratio. One estimate suggests that to sustain GDP growth rate of 8 percent in 2013 and beyond requires additional USD 28 billion or BDT 1.96 trillion for 2010-2015. To reduce the investment deficit, participation of the private sector through public-private partnership (PPP) is an important route. In order to create an enabling environment for attracting private investments on a sustained basis, GOB has taken a series of measures. Previously, the GOB had issued the Bangladesh Private Sector Infrastructure Guidelines (PSIG) for implementing the PPP Projects. There has been some success in attracting private investment through PPP route in the power, gas and telecom sectors. The Government seeks more investment in these and other sectors such as ports, roads, railway, water supply, waste management, tourism, e-service delivery etc.

For the first time in the country, the Government through its national budget FY 2009-10 introduced the concept of PPP budget. This is a very strong statement and commitment for the development of PPP in the country. In addition, the Government issued a position paper on PPP, titled, “Invigorating Investment Initiative Through Public-Private Partnership” dated June 2009. The PPP Budget aims to provide support for upfront development of PPP projects, create a mechanism for targeted subsidies and set long term financing of PPP projects.

The government has taken a two-pronged strategy for building public-private partnership: one is to attract investment for projects, where building new infrastructure and expanding existing infrastructure is the major component; the second is to attract innovation and sustainability of public service delivery to the citizens. While the government is committed to launch public-private partnership in a big scale, the essential ingredient to that Endeavour is to set up a forward-looking strategy and a framework for operationalisation of public-private partnership as well as clear-cut procedural guidelines for the sake of ensuring transparency and building confidence among the private sector players.

A wide spectrum of PPP arrangements exists, differing in purpose, service scope, legal structure and risk sharing. The choice of the PPP arrangement for a particular project will depend on social and economic importance and potential value for money to be generated under such arrangement.

PPP fosters economic growth by developing new commercial opportunities and increasing competition in the provision of public services, thus encouraging crowding-in of private investment. Successful application of PPP concept through this “Policy and Strategy” document is likely to open up the doors for increased flow of investment from both local and foreign investors.

2 OBJECTIVES

Presently, initiation and approval process of PPP projects in Bangladesh are unclear. Procurement processes for PPP projects are less well known and understood compared to similar projects included in the Annual Development Programme (ADP). A major cause for the lack of private sector participation in PPP projects is the absence of consistent procedures to identify, formulate, appraise and approve PPP Projects.

In this context, the objectives of this Policy and Strategy are to :

- a. spell out The principles of partnership with private sector for undertaking various projects related to infrastructure as well as public service delivery;
- b. define an institutional framework, which is conducive and efficient in handling the PPP projects as well as effective to protect public interest; and
- c. ensure balance between risk and reward for both the government and private partners while aiming to keep the undertaking attractive for the private sector.

3. CONCEPT OF PPP

- a. Public-private partnership (PPP) projects normally cover public good provisions characterised by indivisibility and non-excludability, natural monopoly characterised by declining marginal cost (and associated average cost), and lumpy investment characterised by long gestation period;

- b. PPP is a win-win relationship between the government and various private sector players for the purpose of delivering a service by sharing the risks and rewards of the venture under a contractual obligation;
- c. A project under PPP may include all stages of lifecycle starting from ideation, design, construction of infrastructure, where necessary and up to delivery of services and maintenance;
- d. In the PPP projects, the private sector is the active party who undertakes activities, depending on the model, starting from the stage of conception and up to the stage of operation and maintenance; and
- e. In most of the cases, PPP allows private sector into areas of business, where the government holds control over infrastructure or service before such partnership. The public sector retains a significant role in the partnership, either as the sole purchaser of the services provided or as the main enabler of the project. The private party commonly provides the detailed design, construction, operation and financing for the PPP project, and is paid according to the performance.

4 APPLICABILITY OF PPP

- a. **Applicability of PPP:** Any project that generates public goods and services may be considered under the public-private partnership, if at least one of the following circumstances exist for the project :
 - i. The implementation of the project is difficult with the financial resources or expertise of the government alone;
 - ii. Private investment would increase the quality or level of service or reduce the time to implement compared to what the government could accomplish on its own;
 - iii. There is an opportunity for competition, where possible, among prospective private investors, which may reduce the cost of providing a public service;
 - iv. Private investment in public service provides an opportunity for innovation; and
 - v. There are no regulatory or legislative restrictions in taking private investment in the delivery of public service.

- b. **Non-applicability of PPP** : The following action/activities will not fall under the PPP purview :
- i. Outsourcing of a simple function of a public service;
 - ii. Creating a government owned enterprise (State Owned Company);
and
 - iii. Borrowing by government from the private sector.

5 SECTORAL COVERAGE OF PPP

Any project fulfilling one or more of above-mentioned applicability criteria in any economic sector, according to the International Standard Industrial Classification (ISIC) of all Economic Activities, Revision 4, specified by the United Nations, is eligible for PPP. However, the priority sectors are :

- (a) exploration, production, transmission, and distribution of oil, gas, coal and other mineral resources (ISIC 05-09);
- (b) oil refinery, and production of LPG (ISIC 19);
- (c) production of fertilizer (ISIC 20);
- (d) power generation, transmission, distribution and services (ISIC 35);
- (e) airports, terminals and related aviation facilities (ISIC 42 and 51);
- (f) water supply and distribution, sewerage and drainage, effluent treatment plans (ISIC 36-39);
- (g) land reclamation, dredging of rivers, canals, wetlands, lakes and other related facilities (ISIC 42);
- (h) highways and expressways including mass-transit, bridges, tunnels, flyovers, interchanges, city roads, bus terminals, commercial car parking etc. (ISIC 42 and 49);
- (i) port development (sea, river and land) including inland container terminals, inland container depot and other services (ISIC 52);
- (j) deep sea port development (ISIC 52);
- (k) telecommunication systems, networks and services including information and communication technology (ICT) (ISIC 60-63);

-
- (l) environmental, industrial and solid waste management projects; (ISIC 38-39) railway systems, rolling stock, equipment and facilities (ISIC 49);
 - (m) tourism industry (ISIC 79);
 - (n) economic zone, industrial estates and parks, city and property development, including services to support commercial and non-commercial activities (ISIC 81-82);
 - (o) social infrastructure e.g. health, education, human resource development, research and development, and cultural facilities, (ISIC 85-88);
 - (p) e-service delivery to citizens (ISIC 85);
 - (q) Poverty Alleviation Projects (ISIC 84);
 - i. Pourashava and village water supply (ISIC 36);
 - ii. Remote Area Power Supply Systems (RAPSS), Rural gas supply (ISIC 35);
 - iii. Rural Internet projects (ISIC 61);
 - iv. River passenger terminals /landing stations (ISIC 52);
 - v. Rural health services and hospital (ISIC 86);
 - vi. Irrigation and other agricultural services (ISIC 36);
 - (r) other urban, municipal and rural projects that the Government views as priority areas for development so as to support economic development activities.

6 ELIGIBILITY OF PRIVATE SECTOR

Any for-profit or not-for-profit entity legally registered in Bangladesh or abroad at the time of submission of proposals in response to Request for Qualification or unsolicited proposals is eligible for participation in PPP projects. However, at the time of contract awarding, the foreign entity is required to be registered as a legal entity in Bangladesh.

Detailed and specific eligibility criteria will be specified in relevant Request for Qualification (RFQ) and Request for Proposal (RFP) documents for any specific partnership.

7 CLASSIFICATION OF PROJECTS BY INVESTMENT SIZE

In view of the different sizes of PPP projects that will be carried out, and in order to ensure the quick approval and implementation of all projects, PPP projects shall be classified into three groups : Large, Medium and Small. The threshold investment values may be reviewed, as and when required, and modified by the Cabinet Committee on Economic Affairs (CCEA).

7.1 Large Project

A project, which is estimated to have a total investment above BDT 2.5 billion (as identified in the pre-feasibility report), excluding on-going capital for expansion, shall be classified as a Large project.

7.2 Medium Project

A project, which is estimated to have total investment between BDT 500 million and 2.5 billion (as identified in the pre-feasibility report), excluding on-going capital for expansion, shall be classified as a Medium project.

7.3 Small Project

A project, which is estimated to have total investment below BDT 500 million (as identified in the feasibility report), excluding on-going capital for expansion, shall be classified as a Small project.

8 TYPES OF FINANCIAL PARTICIPATION OF THE GOVERNMENT IN PPP PROJECTS

The financial participation of the government in the PPP projects may be in at least 3 forms, depending on the nature of the projects and models of PPP adopted for a particular type of project.

The detailed procedure and guidelines for all forms of financial participation by the government will be issued and specified by Finance Division with the approval of the CCEA.

Technical Assistance Financing : The Technical Assistance Financing is designed for the following purposes :

- Pre-feasibility and Feasibility study for projects;
- Preparation of RFQ and REP documents for projects;
- Preparation of concession contracts for projects;

-
- PPP related capacity building in the line Ministries/implementing agencies and other relevant agencies;
 - PPP related awareness building such as road show, exhibition etc.

Viability Gap Financing : Viability Gap Financing (VGF) is meant for projects where financial viability is not ensured but their economic and social viability is high. VGF could be in the form of capital grant or annuity payment or in both forms. VGF in the form of capital grant shall be disbursed only after the private sector company has subscribed and expended the equity contribution required for the project. The VGF is to be managed by the Finance Division and is for disbursement to the PPP Project Company, upon request by the line Ministry/implementing agency, as per the terms of the concession contract.

Infrastructure Financing : The infrastructure financing is an arrangement for extending financing facilities for the PPP projects in the form of debt or equity through specialized financial institutions such as Bangladesh Infrastructure Finance Fund (BIFF) and Infrastructure Development Company Limited (IDCOL). The government may participate in such financing arrangements through necessary budget provision.

9 LINKED COMPONENTS OF PPP PROJECTS

Depending on the nature of PPP projects, the line Ministry/implementing agency may consider financing and implementation of linked activities such as acquisition of land, rehabilitation and re-settlement, provision of utility services, construction of approach roads to the main highways and activities of similar nature in the following two forms :

- a. the financing will be part of PPP project. The implementation may be done by the private investor or by the relevant line Ministry/implementing agency, as appropriate.
- b. the financing as well as implementation will be done by the government. Necessary budgetary provision will be kept in the ADP. Implementation will be expedited by the government.

10 INCENTIVES TO PRIVATE INVESTOR

The government is keen to provide various fiscal and non-fiscal incentives to the private investors for launching PPP projects in priority sectors. All incentives in PPP, including fiscal and monetary incentives are to be considered and granted by the government, through the appropriate agencies of the government. The incentives may be in the areas of reduction of cost and protection of return to the private sector.

10.1 Fiscal Incentives

All PPP projects will receive the applicable incentives, provided by the government from time to time which may, inter alia, include :

- Reduced import tax on capital items under PPP projects; and
- Tax exemption or reduced tax on profit from operating/managing for a specific time period.

10.2 special Incentives

Any specific project may get special unique incentives with the approval of the CCEA which shall be declared in the RFP documents. Special incentives may be extended to PPP projects targeted for rural or/and underprivileged population. Special incentives may be given to non-resident Bangladeshis (NRBs) to invest in PPP projects.

11 INSTITUTIONAL FRAMEWORK FOR PPP

For accelerating identification, formulation, appraisal, approval, monitoring and financing of PPP projects, a simplified and dedicated institutional framework is required. This institutional framework is designed to streamline the approval process, to ensure a smooth and linear process of approval.

11.1 Structure

The institutional framework for developing strategy, identification, formulation, appraisal, approval, monitoring and evaluation of PPP projects is presented below :

- i. Public-Private Partnership Advisory Council (PPPAC);
- ii. Cabinet Committee on Economic Affairs (CCEA);
- iii. Office for Public-Private Partnership;
- iv. Line Ministry/implementing agency;
- v. Finance Division; and
- vi. Planning Commission.

11.2 Public-Private Partnership Advisory Council (PPPAC)

A PPP Advisory Council (PPPAC) is to be established that will advise on the overall PPP policy and give broad guidance on PPP affairs. The composition of PPPAC will be as follows :

1.	Prime Minister	Chairperson
2.	Finance Minister, Ministry of Finance	Vice- Chairperson
3.	Minister, Ministry of Planning	Member
4.	Minister, Ministry of Local Government, Rural Development and Cooperatives	Member
5.	Minister, Ministry of Industries	Member
6.	Minister, Ministry of Commerce	Member
7.	Minister, Ministry of Communications	Member
8.	Minister, Ministry of Posts and Telecommunications	Member
9.	Minister, Ministry of Shipping	Member
10.	Minister, Ministry of Law, Justice and Parliamentary Affairs	Member
11.	Minister, Ministry of Housing and Public Works	Member
12.	Minister, Ministry of Health and Family Welfare	Member
13.	Minister, Ministry of Foreign Affairs	Member
14.	Minister, Ministry of Education	Member
15.	Advisor (Economic Affairs) to Prime Minister	Member
16.	Advisor (Power, Energy and Mineral Resources) to Prime Minister	Member
17.	Executive Chairman, Board of Investment	Member
18.	Minister, Ministry of Power, Energy and Mineral Resources	Member
19.	Minister, Ministry of Science and ICT	Member
20.	Governor, Bangladesh Bank	Member
21.	President, Federation of Bangladesh Chambers of Commerce & Industries (FBCCI)	Member
22.	President, Foreign Investors Chamber of Commerce and Industry (FICCI)	Member
23.	Principal Secretary, Prime Minister's Office	Member-Secretary

The Role of the PPPAC :

- a. To provide guidance to Office for Public-Private Partnership, line Ministries, when necessary, for accelerating PPP Projects;
- b. To provide advice on any possible bottlenecks relating to inter-ministerial coordination for implementation of PPP projects; and
- c. To review and ensure achievement of PPP targets at a national level.

The PPPAC will meet at least once every year. The Chairperson or Vice-Chairperson may convene and chair the meeting. Prime Minister may include or exclude any person in the PPPAC.

11.3 Cabinet Committee on Economic Affairs (CCEA)

“Cabinet Committee on Economic Affairs” or “CCEA” means the committee established by the Government under Clause 18 of the Rules of Business, 1996.

The Role of CCEA related to PPP :

- a. To approve guidelines and procedures related to formulation, appraisal and approval of PPP projects and their modifications;
- b. To approve various model documents for general use and use for specific types of PPP projects and their modifications;
- c. To approve the procedure and guidelines for financial participation of the government in PPP projects to be issued by the Finance Division;
- d. To review and modify the classes and threshold investment values of PPP projects;
- e. To review contingent liability and impact on macroeconomic fundamentals for Large PPP projects;
- f. To recommend for enactment of PPP-related policy, laws, rules, regulations as and when required;
- g. To approve special and pro-poor incentives to PPP projects proposed by the line Ministry/implementing agencies;
- h. To provide ‘In Principle’ approval for Medium and Large PPP projects;
- i. To approve selected bidder for Large PPP projects after Request for Proposal stage;
- j. To approve termination of PPP contract as proposed by the line Ministry; and
- k. To approve organizational structure and ToR of Office for PPP.

11.4 Office for Public-Private Partnership

For the promotion and efficient handling of PPP projects, an Office for PPP shall be established, through resolution or by legal instrument, as a separate office under the Prime Minister's Office. The Office for PPP will be formed as an autonomous unit having significant autonomy on administrative and financial matters in discharging its mandated functions.

The Office for PPP is the central point of promoting the PPP concept. It supports line Ministries in identifying, formulating, selecting, contracting and monitoring implementation of PPP projects. The Office for PPP will also coordinate among various government and private agencies for fast tracking PPP projects.

The Office for PPP will consist of officials recruited from public sector and private sector, selected on a competitive basis, having knowledge and expertise on infrastructure/PPP projects. The Office for PPP shall be headed by a Chief Executive Officer (CEO). The CEO of the Office for PPP shall report directly to the Hon'ble Prime Minister.

The Role of the Office for PPP :

- a. To initiate, develop, formulate PPP projects;
- b. To actively promote PPP to various potential investors;
- c. To maintain a panel of experts for PPP projects;
- d. To conduct pre-feasibility, feasibility studies and prepare relevant bidding documents, when necessary;
- e. To secure annual technical assistance financing for conducting pre-feasibility, feasibility studies and preparation of relevant bidding documents;
- f. To seek appraisal for VGF for PPP projects;
- g. To propose for approval of various laws, rules, regulations, model documents, guidelines, procedures for general use and use for specific types of PPP projects;
- h. To support line Ministries/implementing agencies in tendering and selection of investors;

- i. To undertake awareness creation activities and build capacity in line Ministries and implementing agencies on PPP affairs;
- j. To monitor PPP projects including the linked components;
- k. To facilitate risk mitigation measures for private investment; and
- l. To maintain an up-to-date internet portal with public access to laws, rules, regulations, model documents, and short description and scope of negotiated PPP projects, and secure access to private participants for tracking progress of processing of specific PPP projects.

11.5 The Line Ministry and Implementing Agency

The line Ministries and implementing agencies are primarily responsible for the identification, formulation, pre-qualification, tendering, contract award and overseeing the implementation of PPP projects on the basis of concession agreements. The line Ministry/implementing agency is empowered to recommend special incentives as deemed necessary for attracting investment. The capacity of line Ministries/implementing agencies will be strengthened and appropriate steps will be taken in this regard.

11.5.1 Qualification and Tender Evaluation Committees (QTEC)

For decision making from the Ministry, a Qualification and Tender Evaluation Committee (QTEC) shall be formed for each PPP project.

The QTEC will be proposed by the Secretary of the relevant line Ministry and approved by the respective Minister.

11.6 Finance Division

The Finance Division is primarily responsible for examining PPP proposals from financing perspective and managing various financial participation of the government in PPP projects. A PPP Unit will be established in the Finance Division for this purpose.

The Role of Finance Division related to PPP:

- a. To issue procedure and guidelines for financial participation of the government approved by the CCEA ;

-
- b. To approve annual allocation for technical assistance for PPP projects and capacity building within the government ;
 - c. To arrange annual allocation for VGF for PPP projects ;
 - d. To appraise and approve funds for VGF for the selected projects as per concession agreement ; and
 - e. To channelize funds for infrastructure financing through specialized financial institutions.

11.7 Planning Commission

The Planning Commission is primarily responsible for inclusion of Linked Components of PPP projects into the ADP, where applicable.

The Role of the Planning Commission :

- a. To expedite the Linked Components which are included in the ADP to ensure timely progress of the relevant PPP projects, and develop necessary procedures for expediting; and
- b. To review ADP in order to avoid duplication of efforts/projects regarding any PPP implementation.

12 FORMULATION, APPRAISAL AND APPROVAL OF THE PPP PROJECTS

12.1 Project Size

Large Projects : Final approval authority of Large PPP projects is CCEA. The detailed procedure of formulation, appraisal and approval of Large projects shall be proposed by the Office for PPP and approved by CCEA.

Medium Projects : Final approval authority of the Medium Projects is Finance Minister. The detailed procedure of formulation, appraisal and approval of Medium Projects shall be proposed by the Office for PPP and approved by CCEA.

Small Projects : Final approval authority of the Small Projects is respective Minister of line Ministry. The detailed procedure of formulation, appraisal and approval of Small Projects shall be proposed by the Office for PPP and approved by the CCEA.

12.2 Unsolicited Proposals

For appraisal and approval of unsolicited proposals, competitive bidding such as ‘Bonus System’, ‘Swiss Challenge System’ or other appropriate methods shall be followed where the options and competitiveness of the unsolicited proposals could be put to open test by inviting competitive proposals.

In the Bonus System, the proponent of the unsolicited proposal is given bonus points in relation to the evaluation. Swiss Challenge System enables the government to attract counter proposals on and unsolicited proposal during a designated period. The original proponent then has the right to counter-match the most attractive counterproposal.

13 EXIT POLICY

The contract for a PPP project will include an Exit Clause which specifies the terms and conditions of exit of a current private investor, possible transfer of ownership to a new investor, or partial or complete divestiture of ownership to capital markets. Such terms and conditions will identify the minimum duration after the commercial operations date during which an exit is not allowed.

14 DISCLOSURE OF INFORMATION RELATED TO PPP

The laws, rules, regulations, model documents, and short description and scope of negotiated PPP projects will be made publicly available through various channels including the internet. Each private investor participating in a PPP project (through bidding on RFQ, RFP or through an unsolicited proposal) shall be able to track the status of processing through secure internet.

15 INVESTMENT TARGET THROUGH PPP IN FIVE YEAR PLAN

Infrastructure investment deficit will be identified in the Five-year Plan and year-wise target for financing under PPP for each relevant economic sector shall be determined. Though public investment in infrastructure will still be predominant, the share of private sector investment will gradually be increased.

16 RESCIND AND SAVINGS

After adoption of this new Policy and Strategy for Public-Private Partnership (PPP) in Bangladesh, the Bangladesh Private Sector Infrastructure Guidelines (BPSIG), 2004 shall be rescinded. However, the action already taken under the BPSIG, 2004 shall be deemed to have been taken under this Policy.

**GUIDELINES FOR FORMULATION, APPRAISAL AND APPROVAL OF
LARGE PROJECTS UNDER PUBLIC-PRIVATE PARTNERSHIP (PPP),
2010**

1 APPLICABILITY OF THE GUIDELINE

These guidelines are applicable to all PPP projects identified by the line Ministries, statutory authorities and other entities under their administrative control as well as Office for PPP.

The procedure specified here is applicable to the Large PPP projects. A project, which is estimated to have a total investment above BDT 2.5 billion (as identified in the pre-feasibility report), excluding on-going capital for expansion, shall be classified as a Large project.

2 PROCEDURE OF PROJECT IDENTIFICATION, FORMULATION, APPRAISAL AND APPROVAL

2.1 Project Identification

- (a) Line Ministry/implementing agency identifies the projects to be taken up through PPPs.
- (b) Office for PPP can also independently identify PPP projects. In this case, the Office for PPP needs endorsement of the proposal by the line Ministry/implementing agency.
- (c) A private investor may submit an unsolicited proposal with pre-feasibility and/or detail feasibility studies to the line Ministry/ implementing agency/Office for PPP.
- (d) The Office for PPP in consultation with the line Ministry/ implementing agency conducts pre-feasibility studies, if necessary.

2.1.1 Output of the Project Identification Phase

- (a) List of project proposals including unsolicited proposals;
- (b) Pre-feasibility reports for each of the projects.

2.2 'In Principle' Approval by CCEA

- (a) Office for PPP submits the proposals with recommendations to CCEA.
- (b) CCEA gives 'In Principle' approval to the proposals.

2.2.1 Output of the 'In Principle Approval' Phase

- (a) List of 'In Principle' approved Project proposals.

2.3 Feasibility Study and Preparation of Documents

- (a) Office for PPP appoints consultants from a pre-selected panel of consultants or through and independent bidding process.
- (b) The consultants conduct detailed feasibility study (DFS).
- (c) Finance Division appraises the requirements of VGF, if any, as identified in the DFS and proposed by Office for PPP in consultation with line Ministry/implementing agency.
- (d) The consultants prepare RFQ and RFP (including draft concession agreements) documents and other related documents as required.

2.3.1 Output of the Feasibility Study Phase

- (a) Detailed feasibility studies (DFS) of the projects.
- (b) RFQ and RFP documents, draft concession agreements, other related documents, as required.
- (c) Estimate of VGF requirements for proposed projects.

2.4 Request for Qualification (RFQ)

- (a) Line Ministry/implementing agency calls for RFQ.
- (b) The Qualification and Tender Evaluation Committee (QTEC) established by the line Ministry/implementing agency shortlists investors based on screening criteria as provided in the RFQ documents.
- (c) If the RFQ is based on an unsolicited proposal, the initiator of the said proposal will be treated as automatically pre-qualified.

2.4.1 Output of the Request for Qualification Phase

- (a) Evaluation report containing shortlisted investors.

2.5 Request for Proposal (RFP)

- (a) The line Ministry/implementing agency issues RFP, with appropriate modifications by the Office for PPP, if required, to the shortlisted private investors.
- (b) The relevant Qualification and Tender Evaluation Committee (QTEC) evaluates the investors' proposals based on the technical responsiveness criteria and screens out the non-responsive proposals.
- (c) The QTEC prepares the RFP evaluation report with a ranking of the technically responsive investors based on the financial evaluation criteria.
- (d) Line Ministry/implementing agency issues letter to the selected bidder to initiate the negotiation process.

2.5.1 Output of the Request for Proposal Phase

- (a) RFP documents.
- (b) Evaluation report containing shortlist of technically responsive investors.
- (c) Letter to the selected bidder to initiate negotiation.

2.6 Negotiation and Contract Award

- (a) The line Ministry/implementing agency negotiates the contract with the selected bidder and sends it to the Legislative and Parliamentary Affairs Division for vetting.
- (b) After vetting, the line Ministry/implementing agency seeks approval of the CCEA.
- (c) After approval by CCEA, the line Ministry/implementing agency signs the contract with the selected bidder.

2.6.1 Output of the Negotiation and Contract Award Phase:

- (a) Vetting of contract by Legislative and Parliamentary Affairs Division.
- (b) Final approval by CCEA.
- (c) Contract signed for implementation.

2.7 Monitoring and Evaluation

- (a) The line Ministry/implementing agency monitors project implementation and fulfillment of contractual obligations based on key performance indicators (KPI) mentioned in the signed contract and reports periodically to the Office for PPP.
- (b) Office for PPP conducts independent monitoring of project implementation and fulfillment of contractual obligations of the private investors and reports periodically to the CCEA.
- (c) Office for PPP independently also monitors the progress of all the linked components of PPP projects, if any.
- (d) Principal Secretary, with assistance from Office for PPP and relevant Ministries/agencies, resolves complexities or delays in implementation of linked components of PPP projects.

2.7.1 Output of the Monitoring and Evaluation Phase

- (a) Periodic Progress report of PPP projects prepared by Office for PPP;
- (b) Monitoring and Evaluation report of each project prepared by respective line Ministry/implementing agency.

3. TIME REQUIREMENT FOR EACH PHASE

#	Phase	Indicative Time Frame
1	Project identification	On-going
2	'In Principle' Approval by CCEA	2—4 weeks
3	Feasibility Study	8—20 weeks
4	Request for Qualification	4—8 weeks
5	Request for Proposals	8—12 weeks
6	Negotiation and Contract Award	4—8 weeks

It is important to recognize that the abovementioned time schedule will generally be maintained but may be relaxed under special circumstances.

**GUIDELINES FOR FORMULATION, APPRAISAL AND APPROVAL OF
MEDIUM PROJECTS UNDER PUBLIC-PRIVATE PARTNERSHIP
(PPP), 2010**

1. APPLICABILITY OF THE GUIDELINE

These guidelines are applicable to all PPP projects identified by the line Ministries, statutory authorities and other entities under their administrative control as well as Office for PPP.

The procedure specified here is applicable to the Medium PPP projects. A project, which is estimated to have total investment between BDT 500 million and 2.5 billion (as identified in the pre-feasibility report), excluding on-going capital for expansion, shall be classified as a Medium project.

2. PROCEDURE OF PROJECT IDENTIFICATION, FORMULATION, APPRAISAL AND APPROVAL

2.1 *Project Identification*

- (a) Line Ministry/implementing agency identifies the projects to be taken up through PPPs.
- (b) Office for PPP can also independently identify PPP projects. In this case, the Office for PPP needs endorsement of the proposal by the line Ministry/implementing agency.
- (c) A private investor may submit an unsolicited proposal with pre-feasibility and/or detail feasibility studies to the line Ministry/implementing agency/ Office for PPP.
- (d) The Office for PPP in consultation with the line Ministry/implementing agency conducts pre-feasibility studies, if necessary.

2.1.1 Output of the Project Identification Phase

- (a) List of project proposals including unsolicited proposals;
- (b) Pre-feasibility reports for each of the projects.

2.2 'In Principle' Approval by CCEA

- (a) Office for PPP submits the proposals with recommendations to CCEA.
- (b) CCEA gives 'In Principle' approval to the proposals.

2.2.1 Output of the 'In Principle Approval' Phase

- (a) List of 'In Principle' approved project proposals.

2.3 Feasibility Study and Preparation of Documents

- (a) Office for PPP appoints consultants from a pre-selected panel of consultants or through an independent bidding process.
- (b) The consultants conduct detailed feasibility study (DFS).
- (c) Finance Division appraises the requirement of VGF, if any, as identified in the DFS and proposed by Office for PPP in consultation with line Ministry/implementing agency.
- (d) The consultants prepare REQ and REP (including draft concession agreements) documents and other related documents as required.

2.3.1 Output of the Feasibility Study Phase

- (a) Detailed feasibility studies (DFS) of the projects;
- (b) REQ and RFP documents, draft concession agreements, other related documents, as required;
- (c) Estimate of VGF requirements for proposed projects.

2.4 Request for Qualification (RFQ)

- (a) Line Ministry/implementing agency calls for RFQ.
- (b) The Qualification and Tender Evaluation Committee (QTEC) established by the line Ministry/implementing agency shortlists investors based on screening criteria as provided in the RFQ documents.
- (c) If the RFQ is based on an unsolicited proposal, the initiator of the said proposal will be treated as automatically pre-qualified.

2.4.1 Output of the Request for Qualification Phase

- (a) Evaluation report containing shortlisted investors

2.5 Request for Proposal (RFP)

- (a) The line Ministry/implementing agency issues RFP, with appropriate modifications by the Office for PPP, if required, to the shortlisted private investors.
- (b) The relevant Qualification and Tender Evaluation Committee (QTEC) evaluates the investors' proposals based on the technical responsiveness criteria and screens out the non-responsive proposals. The private investor, whose proposal went for RFP, qualifies automatically for technical responsiveness.
- (c) The QTEC prepares the RFP evaluation report with a ranking of the technically responsive investors based on the financial evaluation criteria.
- (d) Line Ministry/implementing agency issues letter to the selected bidder to initiate the negotiation process.

2.5.1 Output of the Request for Proposal Phase

- (a) RFP documents
- (b) Evaluation report containing shortlist of technically responsive investors
- (c) Letter to the selected bidder to initiate negotiation

2.6 Negotiation and Contract Award

- (a) The line Ministry/implementing agency negotiates the contract with the selected bidder and sends it to the Legislative and Parliamentary Affairs Division for vetting.
- (b) After vetting, the line Ministry/implementing agency seeks approval of the Finance Minister.
- (c) After approval by the Finance Minister, the line Ministry/implementing agency signs the contract with the selected bidder.

2.6.1 Output of the Negotiation and Contract Award Phase

- (a) Vetting of contract by Legislative and Parliamentary Affairs Division.
- (b) Final approval by the Finance Minister.
- (c) Contract signed for implementation.

2.7 Monitoring and Evaluation

- (a) The line Ministry/implementing agency monitors project implementation and fulfillment of contractual obligations based on key performance indicators (KPI) mentioned in the signed contract and reports periodically to the Office for PPP.
- (b) Office for PPP conducts independent monitoring of project implementation and fulfillment of contractual obligations of the private investors and reports periodically to the CCEA.
- (c) Office for PPP independently also monitors the progress of all the linked components of PPP projects, if any.
- (d) Principal Secretary, with assistance from Office for PPP and relevant Ministries/agencies, resolves complexities or delays in implementation of linked components of PPP projects.

2.7.1 Output of the Monitoring and Evaluation Phase

- (a) Periodic Progress report of PPP projects prepared by Office for PPP.
- (b) Monitoring and Evaluation report of each project prepared by respective line Ministry/implementing agency.

3 TIME REQUIREMENT FOR EACH PHASE

#	Phase	Indicative Time Frame
1	Project identification	On-going
2	'In Principle' Approval of CCEA	2—4 weeks
3	Feasibility Study	6—12 weeks
4	Request for Qualification	4—8 weeks
5	Request for Proposals	6—10 weeks
6	Negotiation and Contract Award	4—8 weeks

It is important to recognize that the abovementioned time schedule will generally be maintained but may be relaxed under special circumstances.

**GUIDELINES FOR FORMULATION, APPRAISAL AND
APPROVAL OF SMALL PROJECTS UNDER PUBLIC
PRIVATE PARTNERSHIP (PPP), 2010**

1 APPLICABILITY OF THE GUIDELINE

These guidelines are applicable to all PPP projects identified by the line Ministries, statutory authorities and other entities under their administrative control as well as Office for PPP.

The Procedure specified here is applicable to the Small PPP projects. A project, which is estimated to have a total investment below BDT 500 million (as identified in the feasibility report), excluding on-going capital for expansion, shall be classified as a small project.

2. PROCEDURE OF PROJECT IDENTIFICATION, FORMULATION, APPRAISAL AND APPROVAL

2.1 *Project Identification*

- (a) Line Ministry/implementing agency identifies the projects to be taken up through PPPs.
- (b) Office for PPP can also independently identify PPP projects. In this case, the Office for PPP needs endorsement of the proposal by the line Ministry/implementing agency.
- (c) A private investor may submit an unsolicited proposal with pre-feasibility study and/or detail feasibility report to the line Ministry/implementing agency/Office for PPP.

2.1.1 Output of the Project Identification Phase

- (a) List of Project proposals including unsolicited proposals;

2.2 *'In Principle' Approval by Line Minister*

- (a) The Line Minister gives 'In principle' approval to the proposals, submitted by the line Ministry, statutory authorities and other entities under its administrative control.

- (b) The Line Minister also gives ‘In Principle’ approval to the proposals, submitted by the private investors and Office for PPP.

2.2.1 Output of the ‘In Principle Approval’ Phase

- (a) List of In Principle’ Approved Project proposals.

2.3 Feasibility study and Preparation of Documents

- (a) Office for PPP appoints consultants from a pre-selected panel of consultants or through an independent bidding process.
- (b) The Consultants conduct detailed feasibility study (DFS).
- (c) Finance Division appraises the requirements of VGF, if any, as identified in the DFS and Proposed by Office for PPP in consultation with line Ministry/implementing agency .
- (d) The Consultants prepare RFQ and RFP (including draft concession agreements) documents and other related documents as required.

2.3.1 Output of the Feasibility Study Phase

- (a) Detailed feasibility studies (DFS) of the Projects;
- (b) RFP documents, draft concession agreements, other related documents as required;
- (c) Estimate of VGF requirements for proposed projects.

2.4 Request for Proposal

- (a) The line Ministry/implementing agency issues RFP, with appropriate modifications by the Office for PPP, if required, to the shortlisted private investors.
- (b) The relevant Qualification and Tender Evaluation Committee (QTEC) evaluates the investors’ proposals based on the technical responsiveness criteria and screens out the non-responsive proposals. The private investor, whose proposal went for RFP, qualifies automatically for technical responsiveness.

-
- (c) The QTEC prepares the RFP evaluation report with a ranking of the technically responsive investors based on the financial evaluation criteria.
 - (d) Line Ministry/implementing agency issues letter to the selected bidder to initiate the negotiation process.

2.4.1 Output of the Request for Proposal Phase

- (a) RFP documents submitted by the private investors;
- (b) Evaluation report containing shortlist of technically responsive investors;
- (c) Letter to the selected bidder to initiate negotiation.

2.5 *Negotiation and Contract Award*

- (a) The line Ministry/implementing agency negotiates the contract with the selected bidder and sends it to the Legislative and Parliamentary Affairs Division for vetting.
- (b) After vetting, the line Ministry/implementing agency seeks approval of the Line Minister.
- (c) After approval by the Line Minister, the line Ministry/implementing agency signs the contract with the selected bidder.

2.5.1 Output of the Negotiation and Contract Award Phase :

- (a) Vetting of contract by Legislative and Parliamentary Affairs Division.
- (b) Final approval by the Line Minister.
- (c) contract signed for implementation.

2.6 *Monitoring and Evaluation*

- (a) The line Ministry/implementing agency monitors project implementation and fulfillment of contractual obligations based on key performance indicators (KPI) mentioned in the signed contract and reports periodically to the Office for PPP.
- (b) Office for PPP conducts independent monitoring of project implementation and fulfillment of contractual obligations of the private investors and reports periodically to the CCEA.

- (c) Office for PPP independently also monitors the progress of all the linked components of PPP projects, if any.
- (d) Principal Secretary, with assistance from Office for PPP and relevant Ministries/agencies, resolves complexities or delays in implementation of linked components of PPP projects.

2.6.1 Output of the Monitoring and Evaluation Phase

- (a) Periodic Progress report of PPP projects prepared by Office for PPP;
- (b) Monitoring and Evaluation report of each project prepared by respective line Ministry/implementing agency.

3. TIME REQUIREMENT FOR EACH PHASE

#	Phase	Indicative Time Frame
1	Project identification	On-going
2	'In Principle' Approval by Concerned Minister	2—4 weeks
3	Feasibility Study	4—8 weeks
4	Request for Proposals	4—8 weeks
5	Negotiation and Contract Award	4—8 weeks

It is important to recognize that the abovementioned time schedule will generally be maintained but may be relaxed under special circumstances.