

## PRIVATE SECTOR INFRASTRUCTURE GUIDELINES (PSIG) Capacity Building

### BACKGROUND AND OBJECTIVE



Government of Bangladesh has taken the policy to encourage private sector investment in infrastructure through public-private partnership (PPP). Towards this policy, the country has adopted Private Sector Infrastructure Guidelines (PSIG), in October 2004, through a gazette notification. The Guidelines lay out detail procedure and conditions for releasing infrastructure projects to private sector applicable for the country. It is being used as a basis by a number of relevant Ministries and Executing Agencies in releasing infrastructure projects to private sector. The Private Infrastructure Committee (PICOM) has been formed to oversee the implementation of the Guidelines. The Board of Investment (BOI) is acting as Secretariat of PICOM.

PICOM, through BOI, engaged Infrastructure Investment Facilitation Center (IIFC) in June 2005 for providing technical advisory services in implementing the Guidelines.

### Capacity Building under PSIG

PSIG has specific provision for Capacity Building for the Line Ministries and the Executing Agencies for developing skills of government officials for BOT, BOO, BOOT projects particularly in the following areas;

- **Technical**
- **Financial and Commercial**
- **Legal and Regulatory**
- **Negotiation**

### THE NEED FOR CAPACITY BUILDING

Implementation of the Guidelines requires large-scale capacity building of relevant government officials as provided in Section 3.9 of the Guidelines. Investment Promotion and Financing Facility (IPFF) created by the Government under Bangladesh Bank, for lending in private sector infrastructure projects, also has specific provisions for such capacity building.



Capacity building and skill development for professionals would be critical for the success of PSIG and success of private infrastructure projects. There are issues that need to be addressed in a professional manner like concession agreements, negotiations, financing process and legal, technical and commercial issues. These are skills that are urgently required to expedite private sector investment in infrastructure. Officials also need to be updated with international developments in this area.

IIFC's agreement with BoI mandates for Capacity Building in a detailed and structured manner. IIFC is addressing this component from both short term and long term perspectives. Organizing workshops and seminars for the Government and other related officials is a core part of the capacity building strategy.

### STRATEGIES FOR CAPACITY BUILDING

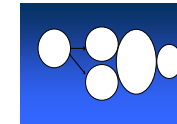


IIFC is in the process of consultation with stakeholders, local experts and institutions in forming strategy for capacity building and developing a curriculum for such capacity building. The strategies are to be formed for

the following broad issues.

- Institutional setup for carrying out capacity building plan
- Resource persons and institutions
- How to conduct training courses
  - training modules
  - modality of using training institutions and resource persons
  - modes of providing training
- Funding

### SUPPORT FROM LOCAL AND INTERNATIONAL INSTITUTIONS

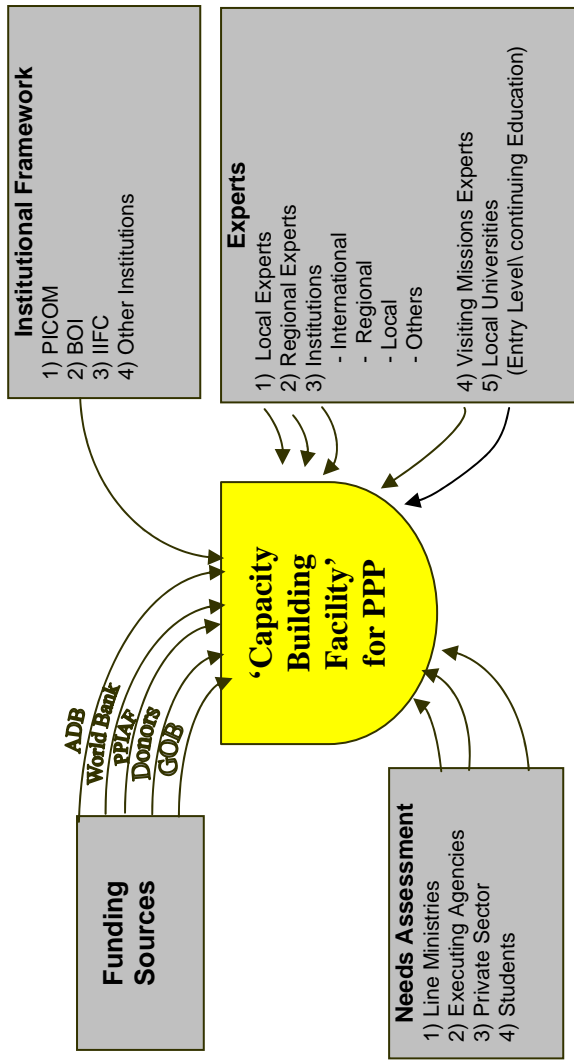


IIFC is keen to interact with local training institutions like Bangladesh Public Administration Training Center (BPATC) and other local similar training institutions in Bangladesh for implementing the capacity building plan.

From regional and international perspective, the South-Asian expertise could be a valuable support due to similarity in socio-economic and development growth needs. Networking with The Energy Research Institute (TERI) in India for resource sharing and knowledge transfer could be prospective.

There are other institutions like Melbourne University in Australia, the Institute for Public-Private Partnerships (IP3) in the USA and others who could make significant contribution to this effort.

Support from the visiting mission experts of the World Bank, the Asian Development Bank and other donor agencies could be approached for their rich knowledge bank and expertise.



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## CAPACITY BUILDING PLAN



A Capacity Building Plan is underway through consultation with stakeholders. Through a participatory method, a national Capacity Building programme will be developed based on need analysis.

The target audience at the initial stage might be limited to higher officials of relevant executing agencies and private sector of the divisional headquarters in Bangladesh. But in course of time the Capacity Building could be decentralized at the District or Upazila level. This will require sustained effort for longer time and more resource mobilization.

### Actions for Training

- Develop strategies for capacity building
- Develop training modules
- Receive and review expression of interest from experts and institutions
- Receive and review expression of interest from funding sources

## 'Capacity Building Facility' for PPP

The capacity building initiatives will continuously require funds for a long period (five to ten years). Therefore, a long term facility, "Capacity Building Facility for Infrastructure Development by Private Sector" is needed for the country for a sustainable and effective capacity building program.

The agreement with BOI and IPFF may provide some financing from GoB sources at the initial stage for carrying out capacity building activities by IIFC. However, in the long term, ongoing training of

officials will require on-going support from financiers.

The World Bank and Asian Development Bank and other donor agencies are highly expected to come forward with financial support for the 'Capacity Building Facility.'

## Target Audience for Capacity Building

- Relevant line ministries
- Executing agencies/departments
- Representatives from the local and foreign chambers of commerce
- Private sector group
- Representatives from the commercial banks and Bangladesh Bank
- Representatives from the judiciary
- Representatives from the Ministry of Finance, Ministry of Law, Justice & Parliamentary Affairs
- Donor agencies
- Representatives from national educational institutions
- Representatives from PICOM, BOI and IIFC

### Long-term Target Audience

- Government officials at the district and Upazila level
- Student Community for entry level and continuing education

