



# PSIG Newsletter

Infrastructure Investment Facilitation Center

Issue 3, January 2006

## PRIVATE SECTOR INFRASTRUCTURE GUIDELINES

### Streamlining flow of private investment in infrastructure

Government of Bangladesh adopted **Private Sector Infrastructure Guidelines (PSIG)**, which is expected to significantly streamline development of infrastructure projects through private investment. The Guidelines was gazetted in October 2004. The Government, through issuance of the Guidelines, is highly keen to attract more private investment in the country, after gaining encouraging success in private sector participation in power, gas and telecommunications.

A major concern was absence of a policy with defined roles and responsibilities and procedures to identify, develop and process infrastructure projects for private investment. There were no guidelines for the Government's officials to follow to develop and monitor progress of private infrastructure projects. Private Sector Infrastructure Guidelines can bridge the gap through achieving the following objectives:

1. Establishing procedures to identify Private Infrastructure Projects.
2. Documenting guidelines, enabling procurement and implementation of Private Infrastructure Projects.
3. Establishing institutional arrangements to monitor and expedite the implementation of such projects at national level.



*Consultative Workshop on Private Sector Infrastructure Guidelines, 5 September 2003*

Government created the Private Infrastructure Committee (PICOM), headed by the Principal Secretary, to coordinate, monitor and expedite infrastructure projects involving private investment. Board of Investment (BOI) is acting as secretariat to PICOM.

### Implementing the Guidelines

BOI engaged Infrastructure Investment Facilitation Center (IIFC) as Technical Advisor to PICOM to assist in implementation of the Guidelines.

IIFC prepared a business plan for PICOM including the actions to be taken by BOI, for rapid operationalisation of the Guidelines. A nationwide capacity building and awareness program is being pursued after PSIG launching workshop.

## COAL POLICY

### for a more developed coal industry in Bangladesh

Energy Division of Ministry of Power, Energy and Mineral Resources engaged IIFC for framing the first Coal Policy of Bangladesh.

IIFC prepared the policy draft by putting significant amount of consulting efforts. The objective is to streamline development of coal fields in the country and to attract large scale investment in coal mining.

The policy provides guidelines for systematic development of the coal industry with focus on:

- Regulation
- Institutional framework
- Energy security
- Coal reserves
- Marketing and export of coal
- Pricing
- Infrastructure development
- Optimizing use of coal by power generation

## PRIVATE INVESTMENT FOR DEVELOPMENT OF LAND PORTS

IIFC has been assisting Bangladesh Sthala Bandar Kartripaksha to release the land ports of the country for private sector development. Concession agreements for four land ports have already been awarded to private sector:

- 1) **Sonamasjid** in Chapai-Nawabganj
- 2) **Bibirbazar** in Comilla
- 3) **Banglabandha** in Panchagar
- 4) **Hili** in Dinajpur.

Bangladesh Sthala Bandar Kartripaksha (BSBK) signed contracts with the winning investors for development and operation of the land ports on 25 years BOT concession, on 9 October 2005. **Biról** land port in Dinajpur is also in the process.

This is a significant milestone in the country considering that our local investors have stepped into investment in a critical infrastructure like these land ports. The ports are expected to further streamline the land trade between India and Bangladesh through private sector management and increase revenue to the government by reducing illegal trade in the border.



*Bangladesh Sthala Bandar Kartripaksha and a Private Investor signing agreement for development and operation of a land port, 9 October 2005*

In the next stage, the following land ports are planned to be released to private investors:

- 1) **Tamabil** in Sylhet
- 2) **Akahura** in Brahmanbaria
- 3) **Haluaghat** in Mymensingh
- 4) **Burimari** in Lalmonirhat
- 5) **Bhomra** in Satkhira
- 6) **Teknaf** in Cox's Bazar

## LEASING OPTIC FIBER CABLE NETWORK:

### By power grid company of Bangladesh

Power Grid Company of Bangladesh (PGCB) is leasing out Dhaka-Chittagong overhead optic fiber cable network (one pair) along its high voltage transmission lines. This is expected to reduce transmission cost for telecom traffic in the country with high bandwidth, larger connectivity and low installation cost.

Transmission capacity in Bangladesh is very limited as only Bangladesh Telegraph and Telephone Board (BTTB) and Bangladesh Railway, which is leased out to Grameen, have optic fiber cable (underground) in the country.

IIFC assisted PGCB in leasing out the fiber. Tender for the fiber was invited during October-November 2005 (with closing in 30 January 2006).

## NEW MOORING CONTAINER TERMINAL

Chittagong Port Authority (CPA) planned to engage private sector to operate the New Mooring Container Terminal (1 million TEUs per year) at Chittagong Port on landlord model-Supply Operate and Transfer basis. CPA is now carrying out civil construction of the terminal.

### New Mooring Container Terminal



After completion, the terminal is planned to be handed over to a private investor. The private investor will supply container handling equipment and operate the terminal for 20 years and return to CPA after the term. IIFC is assisting Chittagong Port Authority for engaging the private sector.

Bangladesh Bank and Board of Investment (in collaboration with the World Bank) hosted an

international workshop on infrastructure financing in Bangladesh on 29-30 August 2005, at Dhaka Sheraton. The workshop was facilitated by IIFC.



Workshop on Infrastructure Financing held at Dhaka Sheraton Hotel, 29-30 August 2005

The objective of the workshop was to bring experts from Asia and other regions to discuss policy and implementation issues related to promotion of private participation in infrastructure, in the context of Bangladesh's own development program. The workshop received wide response from investors and stakeholders of the country and attracted more than 300 participants.

### PRIVATE SECTOR POWER GENERATION AT CHITTAGONG EPZ

Bangladesh Export Processing Zone Authority (BEPZA) is inviting private sector to supply electricity to Chittagong EPZ through setting up 10 MW power plant on BOO basis. Seven investors have been pre-qualified. BEPZA engaged IIFC to assist in the next stage of selection (tendering process).

The project is expected to provide more comfort and un-interrupted supply of electricity to industries in the CEPZ.

### REMOTE AREA POWER SUPPLY SYSTEMS

Remote Area Power Supply Systems (RAPSS) is designed for introducing private sector investment in remote rural power generation and distribution. IIFC conceived the idea of RAPSS and has been assisting the Power Division for its implementation. Initially four projects, two on-grid and two off-grid, have been taken up.

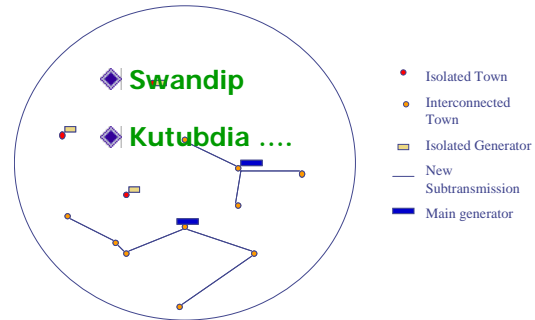
- On Grid Projects
  - 1) Hathibandha and Patgram upazillas of Lalmonirhat district

- 2) Debhata and Assasuni upazillas of Satkhira district.

Pre-qualification of investors for the on-grid projects is done. These two projects are ready to invite tenders.

#### • Off Grid Projects

- 1) Kutubdia Island of Cox's Bazar
- 2) Swandip Island of Chittagong



Pre-qualification for off-grid projects has been approved by the Power Division.

### CNG TO REMOTE ISLANDS

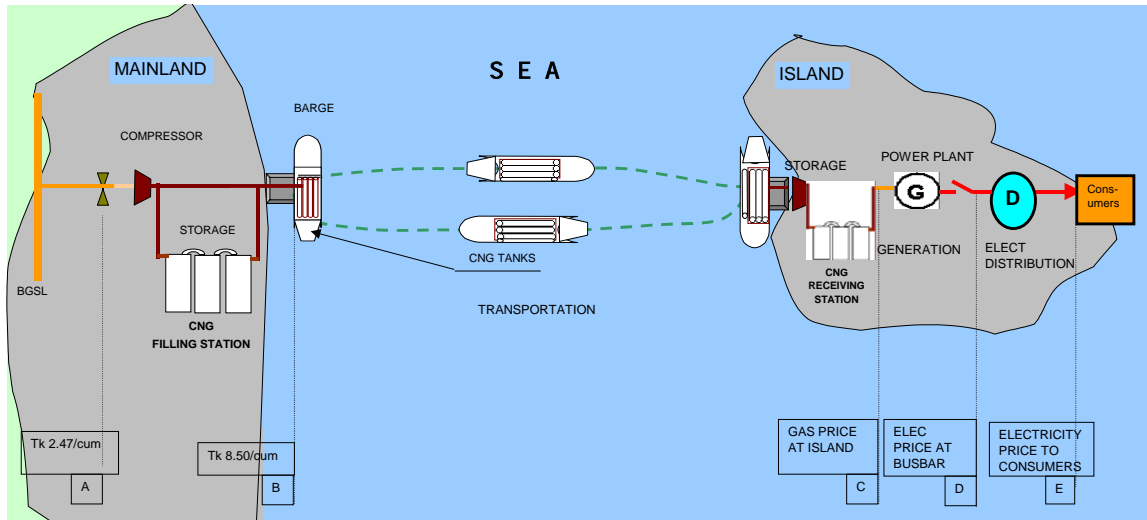
IIFC took an innovative initiative of CNG supply to remote islands for power generation under RAPSS. Besides power generation, CNG can also be utilized for other industrial and domestic uses. Initially, Swandip was



found suitable for receiving CNG.

CNG in the mainland is planned to be transferred to a special purpose floating barge along side the shore and transported through water-ways on the barges to the island. In the island there is a receiving station with storage tanks. From the storage tanks, CNG can be supplied for RAPSS and other uses. A business model for CNG transportation is shown on the opposite page.

## Business Model: CNG Transportation System



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