Unmasking Stakeholders interest for Public Private Partnership (PPP) in Bangladesh

*Is it for Public benefit or Private Control of Public Resources?*

S. Jahangir Hasan Masum
Introduction

Bangladesh with an area of 147,570 sq km is bordered by India to the north-east and west, Myanmar to the south-east, and the Bay of Bengal to the south. Bangladesh is one of the most densely populated countries in the world and its population is still growing by over 2 million people per year. The People’s Republic of Bangladesh is currently ruled by the Parliamentary form of government, headed by Prime Minister. Between 1980 and 2010 Bangladesh’s Human Development Index (HDI) rose by 2.0% annually from 0.259 to 0.469.

According to FAOSTAT, Bangladesh is one of world’s largest producers of Rice (4th), Potato (11th), Mango (9th), Pineapple (16th), Tropical Fruit (5th), Onion (16th), Banana (17th), Jute (2nd), and Tea (11th). The per capita income in 2010 was US$641 compared to the world average of $8,985. But, if purchasing power parity (PPP) is taken into account, Bangladesh’s economy is the 44th largest in the world at US$257 billion according to the IMF. Among the highest remittance recipients of the world, Bangladesh ranked 12th in 2008, 8th in 2009 and 7th in 2010.

Economic Development trend of Bangladesh

In the last five years, 2005-10, the economy has apparently become noticeably more stable. Despite global financial crises, Bangladesh achieved 5.7 percent real GDP growth against 5 percent negative growth of global economy in 2008-09. This trend continued in FY 2009-10 and 6.1 percent real GDP growth was achieved. The share of industrial sector to GDP increased steadily and reached to 30 percent in 2009-10 from 25 percent in 1999-2000. Industrial production growth has averaged more than 8.7% and inflation had averaged to 4.7 percent over the last 5 years, 2005-2010. Bangladesh’s Sixth Five-Year Plan (2011-2015) has been designed with the goal of achieving an average growth of around 8 percent.

<table>
<thead>
<tr>
<th>Economic Development Indicators of Bangladesh</th>
<th>2000</th>
<th>2005</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (current US$) (billions)</td>
<td>47.12</td>
<td>60.28</td>
<td>79.55</td>
<td>89.36</td>
<td>100.08</td>
</tr>
<tr>
<td>GDP growth (annual %)</td>
<td>5.9</td>
<td>6.0</td>
<td>6.2</td>
<td>5.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Inflation, GDP deflator (annual %)</td>
<td>1.9</td>
<td>5.1</td>
<td>8.8</td>
<td>6.5</td>
<td>6.4</td>
</tr>
<tr>
<td>Exports of goods and services (% of GDP)</td>
<td>14</td>
<td>17</td>
<td>20</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Imports of goods and services (% of GDP)</td>
<td>19</td>
<td>23</td>
<td>29</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Workers’ remittances and compensation of employees, received (current US$) (millions)</td>
<td>1,968</td>
<td>4,315</td>
<td>8,941</td>
<td>10,521</td>
<td>10,852</td>
</tr>
<tr>
<td>Foreign direct investment, net inflows (BoP, current US$) (millions)</td>
<td>280</td>
<td>813</td>
<td>1,010</td>
<td>713</td>
<td>968</td>
</tr>
<tr>
<td>Net official development assistance and official aid received (current US$) (millions)</td>
<td>1,172</td>
<td>1,318</td>
<td>2,061</td>
<td>1,227</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Development Indicators database, December 2010

The History of Public Private Partnership (PPP) in Bangladesh

Private sector power generation policy in 1996 introduced Public Private Partnership (PPP) in Bangladesh. In 1998-99 two mega power plants development initiatives were taken involving private sector. In 2004, government issued “Bangladesh Private Sector Infrastructure Guidelines (PSIG)” and established a national committee “Private Infrastructure Committee (PICOM)” for promoting and progressing private infrastructure projects under PPP. In 2007, the Bangladesh Bank (BB) launched the five-year-term Investment Promotion and Financing Facility (IPFF) project with US$50 million fund provided by the World Bank through public-private partnership (PPP) for developing captive power plant, port, internal container terminal, highways & expressways, airports and water supply & distribution. In 2008, policy to promote private sector participation in power sector was formulated. In 2009, government formally incorporated Public–Public Partnership ‘expenditure heads’ to the National Budget to facilitate new projects under PPP during 2009-10 financial years. In 2010, the Government of Bangladesh adopted the Policy and Strategy for Public–Private Partnership (PPP) 2010.
Institutional Frameworks for Public Private Partnership (PPP) in Bangladesh

The institutional framework of the PPP will be a 22-member national PPP Advisory Council (PPPAC), cabinet committee on economic affairs, office of the PPP, line ministry or executive agency, finance division and planning commission. The PPP Advisory Council (PPPAC) will advise on the overall PPP policy and give broad guidance on PPP affairs under the direct supervision of the Prime Minister. Cabinet Committee on Economic Affairs (CCEA) has been established by the Government under Clause 18 of the Rules of Business, 1996. CCEA is the final approval authority of Large PPP projects. Final approval authority of the Medium Projects is Finance Minister. Final approval authority of the Small Projects is respective Minister of line Ministry.

In Bangladesh, PPP projects are classified into the three groups in terms of total investment excluding on-going capital for expansion: Large Project (investment above BDT 2.5 billion), Medium Project (investment between BDT 500 million and 2.5 billion) and Small Project (investment below BDT 500 million). Government is expected that PPP will cover 18 sectors including energy, power, fertilizer, port economic zones, e-service delivery, and poverty alleviation projects.

In 2011, Government established Office for Public-Private Partnership (PPP) under the control & supervision of the Prime Minister's Office, for implementation of PPP in Bangladesh. PPP Office supports line Ministries in identifying, formulating, selecting, contracting and monitoring implementation of PPP projects. The Office for PPP also coordinates among various government and private agencies for fast tracking PPP projects. The Chief Executive Officer (CEO) of the Office for PPP shall report directly to the Prime Minister.

Public Private Partnership (PPP) Intoxicated Governance in Bangladesh

Government approach & initiatives for promoting Public Private Partnership (PPP) in Bangladesh reveals that government is quite intoxicated by the PPP. The current government considers that PPP as one of the most important tool for rapid economic growth and also to make Bangladesh an industry based middle-income country by 2021. Bangladesh government has undertaken infrastructure projects on a massive scale and adopted the public-private partnership (PPP) policy to facilitate building more robust infrastructures in a short timeframe.

The government incentives in PPP will be in the areas of reduction of cost and protection of return to the private sector. All PPP projects will receive Tax exemption or reduced tax on import and profit from operating/managing for a specific time period under PPP projects. PPP projects targeted for rural or/and underprivileged population may get special unique incentives. Special incentives may be given to non-resident Bangladeshis (NRBs) to invest in PPP projects.

The Government took initiatives to attract private investment from domestic resources and Foreign Direct Investment (FDI) in major infrastructure sectors like power, energy, roads and railways through the PPP process. To strengthen PPP initiative and attract investment from home and abroad, the government has created Bangladesh Infrastructure Finance Fund (BIFF) which is expected to commence its function in FY 2011-12. The government has prepared a list of projects under PPP, and finding more innovative areas to bring under joint efforts of the public and private sector partnership and also appointing a new chief executive officer (CEO) for the government's PPP cell.
PPP Promotions: The new panacea for Developing Bangladesh??

“We have already successfully used the PPP concept by setting up KAFCO urea fertilizer factory and other projects like New Muring Container Terminal in Chittagong port, modernization of land ports at Shatmasjid, Banglabandha, Hili, Bibir Bazar and Birol”. Dilip Barua, Industries Minister of Bangladesh

“Bangladesh needs huge investment to achieve 8 to 10 percent economic growth in future and Public Private Partnership (PPP) initiatives could be the best option for it. Unless investment is raised from the present level of 25 percent to Gross Domestic Product (GDP), how do we expect 8 to 10 percent economic growth. For achieving the target of growth, there is a need for creating assets where the PPP models can play an import role... and PPP could be a good option in developing land ports, sea ports, river ports and highways. PPP is doing very well despite some pessimistic comments,” AMA Muhith; Finance Minister of Bangladesh

“PPP initiatives are by now a widely adopted mode of physical infrastructure investments in both developed and developing countries. Recent worldwide heightened concerns about sustainability of public debt levels in advanced economies indicate that PPPs are likely to be the dominant mode of infrastructure investments in the coming years everywhere. The development strategies and investment programmes of Bangladesh government already include PPP as a major role in much needed new infrastructure investments”. Atiur Rahman, Bangladesh Bank Governor

“There’s been a remarkable progress in the export sector with 41.7 percent growth. We need US$ 28 billion investment more under the Public-Private Partnership to continue this growth,” A.K. Azad, President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Confusing and inefficient PPP initiatives in Bangladesh

Government has urged the private sector to meet the challenge of investing over Tk 10 trillion for implementing the upcoming sixth five-year development plan. The government allocations of Tk 25 billion for 2009-2010 and another Tk 30 billion for 2010-2011 in the national budget to strengthen PPP initiative and to attract investment were meaningless exercises as private sector showed no interest for government budget allocation for PPP. Private sector experts opined that the country could not achieve any success in PPP in the last two years, as the framework was centralized to the Prime Minister’s Office (PMO). The lack of skilled professionals for handling the PPP issues also a factor for no progress in PPP.

Bangladesh experience on land ports development under Built-Operate-Transfer (BOT) arrangement through private sector for better and efficient storage and handling of cargo seems very unpleasant.

<table>
<thead>
<tr>
<th>Land Port</th>
<th>District</th>
<th>Date</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birol port</td>
<td>Dinajpur district</td>
<td>17 May 2005</td>
<td>to handle imports of rice, wheat, sugar, fruits &amp; food items from India</td>
<td>no development work started</td>
</tr>
<tr>
<td>Banglabandha port</td>
<td>Panchagar district</td>
<td>17 May 2005</td>
<td>handling import from Nepal</td>
<td>Currently not operational as India is not allowing Nepalese trucks to come into Bangladesh through Indian corridor and there is no active tri-partite commercial agreement amongst the three countries.</td>
</tr>
<tr>
<td>Bibirbazar port</td>
<td>Comilla district</td>
<td>17 May 2005</td>
<td>handling import from India</td>
<td>The operator has in the meantime developed the port with desired facilities, but, the facilities are remaining idle as India is not allowing Indian trucks to come into Bangladesh through this port</td>
</tr>
<tr>
<td>Hilli port</td>
<td>Dinajpur district</td>
<td>17 May 2005</td>
<td>handling import from India</td>
<td>The operator has partially developed the port and the port is operating with limited facilities</td>
</tr>
<tr>
<td>Sonamashjid port</td>
<td>Chapai Nawabganj district</td>
<td>17 May 2005</td>
<td>handling import from India</td>
<td>The private operator developed the desired facilities and currently running as a vibrant port.</td>
</tr>
<tr>
<td>Teknaf Land Port</td>
<td>Cox’s Bazar district</td>
<td>11 August 2005</td>
<td>handling import from Myanmar</td>
<td>The operator did not develop the required facilities with desired quality and standard</td>
</tr>
<tr>
<td>Tamabil Land Port</td>
<td>Sylhet district</td>
<td>11 August 2005</td>
<td>handling import from India</td>
<td>Due to litigation for land acquisition further progress has not been possible.</td>
</tr>
</tbody>
</table>
Despite the government’s repeated commitments and efforts, not a single PPP project was undertaken in 2010-11. Nevertheless, the government has planned to implement 16 projects; 13 in the power sector and three in the housing sector under the PPP in 2011-12. The installation of a 245 MW power plant is underway on Built, Own, Operate (BOO) basis with public-private joint investment under the supervision of the Rural Electrification Board to mitigate power shortages. In addition, IDCOL (Infrastructure Development Company Limited) has installed solar power systems with a capacity to generate 45 MW electricity in nearly one million households and business enterprises till April, 2011. The company has planned to install 2.5 million solar power systems with a capacity to produce 125 MW of electricity by 2014. The Chittagong Port Authority has invited private sector participation to operate a newly developed container terminal and general cargo berths, on a Supply-Operate-Transfer (SOT) basis. On July 20, 2011 the Government has decided to build the second Padma bridge on a ‘Built, Own, Operate & Transfer (BOOT)’ basis under a ‘Public Private Partnership’ (PPP) project. Government decided to develop the security system at Hazrat Shahjalal International Airport as well as two incomplete jetties at the Mongla port under the PPP. On the other hand, government also showed efforts for reducing dependency on the private sector, especially on power sector. Government considers that more power plants should soon be set up in the public sector to help reduce dependence on the private sector. To achieve this, the government has approved setting up of seven power plants partly with hard-term loans (foreign suppliers’ credit) to lessen the pressure on foreign exchange reserve and lower dependence on the private sector. Recently, the government rejected proposals for establishing a multi-billion dollar deep-sea port on the southern Island of Sonadia in Cox’s Bazaar and for purchase of a US $ 3.50 billion oil tanker under PPP initiatives, pointing that the government has not set up a full PPP cell yet and no chief executive has been appointed to run its office.

Many big infrastructure projects, which were to be implemented under the PPP, have now remained stuck up in files. However, government is working fast to devise regulatory frameworks for accelerating PPP. Bangladesh is at the final stage of formulating The Competition Act, 2010 with a view to ensuring fair competition in the free market economy and preventing all forms of anti-Ensuring Fair Competition arrangements. A Competition Commission will be formed and its terms of reference will be determined under this Act.

**Official Development Assistance (ODA) for private sector development through PPP**

PPPs are increasingly seen as an adequate modality of development cooperation by many development agencies. The Top Ten International Development Agencies (*The T10 IDA includes Groupe Agence Francaise Developpmente, Danish International Development Organization, Department for International Development, Dutch Humanitarian Aid, Deutsche Gesellschaft für Technische Zusammenarbeit, Japan International Cooperation Agency, Millennium Challenge Corporation, Swiss Agency for Development and Cooperation, Swedish International Development Corporation, and United States Agency for International Development*) are embracing some type of public-private partnership initiative. United States Agency for International Development (USAID) created a new model for public-private partnerships called Global Development Alliances (GDAs) for improving social and economic conditions in developing countries. Since the inception of this model, USAID has formed more than 900 alliances with over 1700 partners. The Top Ten IDAs are encouraging governments of the developing countries to increase public-private partnerships (PPP) for addressing their
Coastal Development Partnership (CDP)

infrastructure development needs. As a response, governments of the developing countries are working hard to create an enabling environment for private sector participation through PPP.

Previous Bangladesh experience suggests that government response quickly where they see the opportunity to get fund. International Financial Institutions (IFIs) & donor agencies are the key source of funds for the government and should be considered as key stakeholders for PPP. Foreign aid intervention is supporting the private sector development through market-oriented reforms and provides equity, loans or guarantees for private sector participation in the development sectors.

In Bangladesh, several International Development Agencies are already boosting financial support and technical advice on PPP as a modality for development cooperation, including both ODA co-funding and other types of financial support such as equity, loans and guarantees provided by development finance institutions. For example, DFID is giving £13.5 million to the World Bank’s Bangladesh Private Sector Development Support Project, through which the bank is lending the Government of Bangladesh $120 million to develop more Export Processing Zones (EPZs) across the country. DFID is acting as a catalyst for private participation in financing and delivery of infrastructure services to help to mitigate risks. A significant portion of DFID’s funding in this sector has been channeled through the World Bank group. Between 2000 and 2006, DFID spent $120 million in private sector infrastructure, paving the way for some $2.6 billion of private investment in the infrastructure of poorer developing countries.

"We are willing to increase our aid to Bangladesh in the coming years and planning more attractive programmes in the form of public Private Partnership (PPP),"

Toda Takao, Chief Representative of Japan International Cooperation Agency

The Japan International Cooperation Agency (JICA) is very receptive about participating in the government’s public-private partnership (PPP) projects using a hybrid model. With the hybrid model, foreign donors can come in and fund heavy infrastructure projects such airport and railroad developments, while counterpart funding will be provided by a private sector consortium once operations of these new airports and trains commence. JICA has started formulating project plans based on proposals from the private sector relating to public-private partnership (PPP) infrastructure projects to be implemented by both the public and private sectors.

Bilateral aid to Bangladesh has shown a declining trend whereas multilateral aid has increased positively over the years. A significant percent of the total foreign aid goes back to the foreign countries in the form of import payment and payments to foreign consultants.

Asian Development Bank (ADB): The PPP Facilitator in Bangladesh

The Asian Development Bank (ADB) is the key driver for promoting PPP in Bangladesh. The Government of Bangladesh, supported by the Asian Development Bank, is in the process of operationalizing its new PPP Program. According to the ADB’s Bangladesh Country Operations Business Plan (COBP) 2012-14, ADB will support & promote public-private partnerships (PPPs) to bring more capital and identify early candidate projects during 2012–2014. ADB’s Bangladesh Country Partnership Strategy (CPS) for 2011-2015 also prioritized private sector development through public-private partnerships for addressing major infrastructure constraints and skills gaps. The Technical Assistance Special Fund of ADB already supporting the Government of Bangladesh to operationalize
Coastal Development Partnership (CDP)

the National PPP framework 2010 through the Office for public-private partnership (PPPO), and the Ministry of Finance public-private partnership unit (MOF PPP Unit).

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**A Classic Example of PPP trap through IFI persuasion**

*“No Cost option turned into more than one fourth cost burden on the Government”*

*Asian Development Bank (ADB) supported Dhaka-Chittagong Expressway PPP*

In 2008, Asian Development Bank funded the feasibility study for the Dhaka-Chittagong Expressway project. The study concluded that a project with an estimated cost of US$1.47 billion is financially viable and that can be implemented on a PPP (Build, Operate, and Transfer-BOT) basis with a concession period of 28 years at no cost to the government. A fixed amount of toll will be collected from vehicles using the expressway. In 2011, ADB provided US$10 million technical assistance loan for Dhaka Elevated Expressway Public-Private Partnership. The government signed an agreement with Italian-Thai Development Public Company Ltd for the construction of the expressway. The main expressway will stretch over 21 kilometers with two links stretching five kilometers. The construction is due to be completed in three and a half years (by the end of 2014). The estimated cost of the public-private project (PPP) is about Tk 87 billion, of which the government will contribute 27 percent and the contractor will invest 73 percent of the total costs. The Contractor will collect toll for 25 years to get back its investment plus profit. The affected land owners will be given plots and flats alongside cash as compensation.

Since 2008, ADB has been supporting Public-Private Infrastructure Financing Facility for Energy/Renewable Energy in Bangladesh (ADB PID 40517; 02 Oct 08 - 31 Dec 13). The Public-Private Infrastructure Development Facility (PPIDF) includes an $82 million loan from ADB’s ordinary capital resources (OCR), an $83 million equivalent loan from ADB’s special funds resources and a technical assistance grant of $500,000 for capacity building and supporting project implementation. Government of Bangladesh will use ADB funds for providing finance to the private sector-sponsored infrastructure subprojects through the Infrastructure Development Company Limited (IDCOL), especially in the energy sector in rural & semi-urban areas. IDCOL will also finance the set-up of renewable energy systems such as solar home systems and/or biomass installations through a microfinance-based, direct sales program using ADB funds. ADB had also supported eight private sector projects worth $242.18 million, including the Meghnaghat Power Project; the first build-own-operate power project in the country and Grameen Phone to expand mobile phone services in rural areas.

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**The World Bank: The Aggressive Promoter of PPP in Bangladesh**

The World Bank’s new Country Assistance Strategy (CAS) for Bangladesh for 2011-2014 envisions doubling support to help Bangladesh to reduce poverty to 15% of the population and achieve Middle Income Status by 2021. The World Bank’s present portfolio in Bangladesh amounts to US$4.8 billion and includes 28 projects. The 2011 fiscal year is expected to be a peak year, with new commitments of over US$2 billion, including a record US$1.2 billion for the Padma Multipurpose Bridge Project. International Development Association (IDA) commitments to Bangladesh have grown rapidly in the past five years, topping US$1 billion for the first time in fiscal year (FY) 2009. IDA has supported public-private partnerships in small power plants in Bangladesh. On March 1, 2011, The World Bank approved the Bangladesh Private Sector Development Support Project to facilitate investment in growth centers in the emerging manufacturing and services sectors of the economy of Bangladesh with the aim of generating jobs.
Bangladesh has the largest investment climate program within the World Bank Group. IFC is further deepening the investment climate efforts in two areas of focus: regulatory simplification and private investment generation."

Pierre Guislain, Director of the joint World Bank-IFC Investment Climate Department

The World Bank (WB) has consistently been promoting that the PPP initiative could fill the existing huge infrastructural gaps in the country. The World Bank (WB) initiated the Investment Promotion and Financing Facility (IPFF) project to introduce longer term financing for private sector led infrastructure initiatives within the Public Private Partnership (PPP) framework. The IPFF Project Team along with the team in Bangladesh Bank, the implementation agency, are working together to increase awareness among the private sector and financial institutions of the IPFF facility and of overall PPP agenda in the country. In 2010-2011, 19 PPPs were created country wide and $63 million private sector infrastructure investments realized using Investment Promotion and Financing Facility (IPFF). The WB also assisted the Government of Bangladesh (GOB) to create Infrastructure Development Company Limited (IDCOL) for extending long term funding to infrastructure projects. WB extended US $235 million loan to GOB, from which the GOB then extended it to IDCOL. Although the fund was set up, there was an insufficient pipeline of PPP projects and as a result, IDCOL was unable to lend about US$ 154 million that was later restructured to fund flood rehabilitation projects.

Public-Private-Partnership (PPP) with local private investment: Bangladesh model

The Automation of the National Board of Revenue (NBR) could be an encouraging effort to enhance public sector service quality while developing capacity of the local private sector. A taskforce report suggested that full automation of customhouses would help double the revenue in two years, check evasion of revenue, reduce cost of doing business by at least 70 percent, save customs processing time by 80 percent and ensure transparency and level-playing field for business and better risk management. In 2008, Chittagong Customhouse introduced the automated system in providing online services for processing export and import activities. Both the Dhaka and Chittagong customhouses generate a round Taka 150 billion every year as revenue from its operations.

Dhaka Chamber of Commerce and Industry (DCCI) implemented the automation project for the National Board of Revenue (NBR) under the public-private partnership (PPP) programme and technical assistance from a private IT firm, Datasoft. The cost for documentations has also come down to Taka 50 for each service while Taka 180 was charged for the same job under the previous system. With this system, shipping agents, freight forwarders and other stakeholders can now submit the Import General Manifest (IGM) and Export General Manifest (EGM) online from their offices or houses that are helping them save time and money. For instance, the businessmen earlier can submit the IGM and the EGM during office hours whereas the automated system allows round-the-clock entry of such documents. Exporters and importers are also allowed to handle documents directly after obtaining the self-clearing license. However, one has to show a minimum turnover of Taka 20 crore with the customhouse and bank documents certifying sound financial transaction of five years for obtaining the self-clearing license and unique user ID for completing the procedures online. The self-clearing system help complete all customs formalities in only six steps against about 42 steps one had to go through under the previous system.
Conclusion

The World Bank and the Asian Development Bank (ADB) are the key drivers for promoting public-private partnership (PPP) in Bangladesh. The rise of International Financial Institutions guided public-private partnerships (PPPs) envisages that government is inclining towards markets. The government of Bangladesh is keen to provide various fiscal and non-fiscal incentives to the private investors for launching PPP projects in priority sectors. However, the government is not yet capable to handle PPP effectively and government could easily into the PPP traps of the International Financial Institutions (IFIs) like World Bank and ADB. If the government cannot improve its administrative efficiency and capacity for negotiation, the public-private partnership will transform into Private Control of Public Property.

“Even though the number of approved PPP projects in last two years is not quite significant, we are hopeful that in the long run we will be able to build a sustainable institutional infrastructure and efficient management of PPP.”

Finance Minister, the budget speech 2011-12, 9 June 2011

“To implement the PPP concept, we need to educate the private sector, government servants and policy makers. PPP initiatives must cover key areas like health and education and development of infrastructural sector.”

Faroq Sobhan, President and CEO Bangladesh Enterprise Institute (BEI)

“PPP is not going to be a panacea for Bangladesh. The experience about the issue is mixed around the world. We are encouraged by the fact that the government has set up a PPP cell. It will however take sometime before it makes any meaningful contribution to infrastructure development in the country.”

David Cowen, chief of the International Monetary Fund’s delegation to Bangladesh

Official Development Assistance (ODA) for private sector promotion is a relatively new phenomenon in Bangladesh and it is important to explore the interface between aid and the private sector in Bangladesh, examining the effectiveness of aid in terms of promoting private sector interests. With ODA, the government would only pay a 1-percent interest rate spread over 30 years, while the private sector is subject to bank rates of 7-8 percent, for the same period. Development agencies must ensure that ODA is used to support the local economic development of Bangladesh and is not diverted to promote the private firms from the donor countries.

Privatization, public-private partnership programs (PPP) and private participation in infrastructure (PPI), all are controversial issues of the free market economy. Government must consult with citizens prior to putting any public resource into the free market under the private sector through any Public-Private Partnership scheme. Active participation of local communities and stakeholders is a necessary pre-condition for implementing PPP successfully has not received the deserved attention. The privilege seeking behavior of the private sector in Bangladesh is not congenial for PPP process. The current PPP paradigm encourages short term thinking by the private sector. The private sector should demonstrate better corporate governance for any future public service delivery through PPP. Otherwise, PPP would provide private sector a practical tool to control over public resources without going through the more controversial process of outright privatization. Government should consider alternatives to PPPs such as Public-Public Partnerships or Public-Community Partnerships.

PPP or Public-Private Partnership is neoliberal market-driven reform strategy for development which assumes that market-based solutions are always best, regardless of the problem. The global financial crisis unveils how over reliance on the private/corporate sector as a provider of services undermining the government’s responsibility to provide public security in the developed countries.
Coastal Development Partnership (CDP) is a not-for-profit, public interest serving progressive development & environmental activist organization, working in Bangladesh. On January 01, 1997, CDP was instituted as a coordinating secretariat for a network of NGOs trying to relieve the sufferings of the people of the waterlogged areas in the southwest coastal region of Bangladesh. Begun as an information exchange and meeting place for advocacy NGOs, gradually CDP became part of the broader environmental movement. CDP has achieved expertise to assist both national & international development process on Climate Change, Food Sovereignty, Sustainable Agriculture, Responsible Aquaculture, Pro-poor Environmental Governance, Biodiversity & Nature Conservation, Women Rights & monitoring International Financial Institutions (ADB, World Bank) and UN negotiations.

CDP works with socially excluded, poor, marginalized indigenous, rural & coastal community and grassroots NGOs/CBOs who are working with the marginalized extreme poor, socially excluded & indigenous communities. CDP also works with the leading academic institutions, and civil society groups to ensure development effectiveness.