

**Local Government Engineering Department
Government of the People Republic of Bangladesh**

**Consultancy Services for Carrying Out Feasibility
Study and Review Study on Rural Growth Centre/Hat
Bazar under My Village My Town Project (MVMT)**



FINAL REPORT

PPP STUDY

SEPTEMBER 2022

PREPARED BY

EQMS



Solidaridad

DOCUMENT DETAILS

Document Title	Consultancy Services for Carrying Out Feasibility Study and Review Study on Rural Growth Centre/Hat Bazar under My Village My Town Project (MVMT)
Document Type	Final Report-PPP Study
Project Ref. No.	2051210516
Date	10/09/2022
Author	1. EQMS Consulting Limited (Lead Firm) 2. Idyllic Design, 3. Solidaridad Network Asia
Client Name	LGED
Country	Bangladesh

DISTRIBUTION LIST

Hardcopy	Softcopy	CDs	Other form
✓	✓	×	

DOCUMENT HISTORY

Version	Date	Description	Reviewed by	Approved by
V-1	10 September 2022	Issue for Client Review	GM, IBR	MS

SIGNATURE PAGE

10 September 2022

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1 INTRODUCTION

1.1 Background

In 1950, 30% of the total population were living in the city which is 55% in 2020 and prediction says the rate will reach up to 66% in 2050 globally. Rapid urbanization and migrating to urban areas for better livelihood made the city challenging to ensure good services. Cities become overpopulated and overburdened to confirm quality life.

The country is celebrating the 100 years of the great Leader's Birthday and 50th anniversary of Independence. Developing the Nation, the policy was made in 1971 by the leadership of Bangobondhu Sheikh Mujibur Rahman. In our constitution, article number 16, it is clearly mentioned about *“Rural Development and Agricultural Revolution: The State shall adopt effective measures to bring about a radical transformation in the rural areas through the promotion of an agricultural revolution, the provision of rural electrification, the development of cottage and other industries, and the improvement of education, communications and public health, in those areas, so as progressively to remove the disparity in the standards of living between the urban and the rural areas”*. The root inspiration and guidance now become the mission of changing perspectives. Now ample opportunities will be confirmed in rural development plans.

Addressing the challenges to incorporate opportunities in village, creating opportunities for the deprived, balancing economic development, doors of prospects for youth, fostering agricultural revolution, truly empowering women, gender parity and child welfare, and safeguarding the prosperities; “My Village-My Town” project is the factual countenance of intention.

The project plan reveals the beauty of rural landscape and its integrity, all the urban facilities shall be unified to spectacle rural culture and essence. Village will be a happening place and piece of land, a true reflection of “Golden Bangla”. Facilities of town in village will ensure the following facilities:

- Planned houses
- Paved road
- Aesthetical Bridges/culverts
- Utility line in House
- Electricity, Water, Sanitation
- Modern school/Institutes
- Shopping Mall
- Health Centre
- HatBazar/Growth Center
- Community Space
- Refreshment amenities
- Street LED Light
- Factories
- Waste Management

According to the Premier of Bangladesh, the rural development should not be a pocket and temporary. Renovating and reforming agricultural trends, rural development shall be total comprehensive and sustainable development. Agricultural products shall be marketed with fair price and storing for identical circulation. Citizens should obtain agricultural products easily within the optimum price. Culture and heritage should be prioritized and accounted for in widening the opportunities to rural people for encouraging the SMEs and entrepreneurship. Please describe about the background of the project.

Growth centers and hat bazars constitute the economic lifeline of rural economy. Since independence the role of **the rural markets in the economic development** of Bangladesh was remarkable. These

rural markets facilitate the supply chain for the goods and services produced and consumed by the **rural population** of Bangladesh. However, to meet the emerging challenges of **economic progression to middle income country**, better food and nutrition security, rural livelihood security and livability in villages, the economic infrastructure of the rural landscape needs to be more integrated and responsive.

Proper planning and development of these rural markets is essential for vibrant rural economy, effective trade, and linkage between rural and urban areas of Bangladesh. This will not only integrate the whole country into a seamless network but will also ensure secure and prosperous **livelihood for rural producers**, especially farmers.

Under this current study, **growth center and hat-bazar throughout** the country will be prioritized for development and locations will be selected for potential township development, land-pooling study will be conducted for making land available for rural markets, development proposal for collection centers and special markets will also be prepared.

1.2 Objective of the Study

1.2.1 General Objectives

The general objectives of this feasibility/ reviewing study are following:

- a) Identify and prioritize growth centers and rural markets for development to facilitate rural economy and product value chain.
- b) Explore public private partnership potential for increasing land availability for rural markets.
- c) Develop construction and management system for collection center and special bazar to support product value chain.
- d) Identify potential urban centers for future township development.

Study-01, 02, 08 & 09: Countrywide data compilation of growth centers and rural markets, prepare a framework/methodology for prioritizing growth center for development with an objective to generate accelerated rural economic growth considering development requirement up to 2040. Selecting growth-center for capacity extension with infrastructure, water supply and waste management.

- a) Review and update the current list of growth center and hat-bazar
- b) Develop a framework for selecting new GCs
- c) Identify and prioritize GCs for investment/capacity expansion.
- d) Identify potential urban centers with reference to the growth centers for potential future growth center development.

Study-03: Study for feasibility of adopting public-private-partnership (PPP) for land-pooling for rural markets to avoid land acquisition.

- a) Conduct feasibility of PPP to make more land available for rural markets.
- b) Develop effective Private Public Partnership mechanism to make more land available for rural markets.
- c) Development of guideline and agreement for PPP.

Study-04 and Study-05: Study on construction and management of agricultural product collection center and special bazaar.

- a) Develop construction and management strategies for effective provision of supporting infrastructure for collection center and special bazar for agricultural product.

Study-06 and Study-07: Feasibility study on agricultural product value chain, market infrastructure including cold storage for improvement of product value chain.

- a) Identify strategies and measures for rural market development for supporting agricultural supply chain
- b) Develop and design multipurpose specialized cold storage for rural markets

1.3 Study Area under the Assignment

According to the theory of urban and regional planning growth centre is considered as “growth pole”. In the interest of development of rural economy, there is a need to build urban centers with more economic activities near the villages with urban facilities. The Seventh Five Year Plan calls for the development of such growth-centric urban centers. Such city centers will be set up in a number of selected growth centers to implement the “My Village-My Town” pledge. Economic Zones, Industrial Areas, Growth Centers adjacent to Economic Corridor will be given priority in this regard.

In the 1980s, 1,400 rural hats and bazaars across the country were given the status of growth centers. Later, another 700 rural hat-bazaars got status as growth centers and 2,100 growth centers were identified as growth centres across the country. Each Upazila Sadar is considered as a Growth Center and 4-8 Growth Centers are determined in each Upazila.

In addition to this there are now 15,555 hat bazaars in the country excluding 2,100 identified growth centers. Almost all the growth centers and 2,250 hat bazaars of the country have been developed. The rural hat bazaars of Bangladesh have not been developed as planned way by the government initiative. These hats and bazaars have been developed at different times for social needs. Subsequently, some infrastructural development of the existing hat bazaar has been done under various projects. The amount of government land in many hatbazar is very limited. There is also less scope for expansion for development.

Goals:

1. Development of 400 urban growth centers across the country (with improved water supply, waste management, land use planning, electrification, improved communication, and education-health facilities).
2. Development of 520 modern growth centers/hat bazar across the country in a plan way.
3. Development of 500 hat bazaars from ongoing projects

1.4 Team Composition

Table 1-1: Team Composition

S/N	Name	Code	Position Assigned/Role
1	Dr. Md. Mustafa Saroar	MS	Team Leader cum Regional Planner
2	Indu Bhushan Roy	IBR	Deputy Team Leader-1 (Agricultural Marketing/ Economics Expert)
3	Md. Golam Mawla	GM	Deputy Team Leader-2 (Rural Infrastructure Expert)
4	Dr. AHM Mustain Billah	MB	Public Private Partnership Expert
5	Md. Ashraful Alum	AA	Senior Architect
6	AFM Ferdous	AFM	Urban Planner
7	Md. Moziball Hoque	MH	Agricultural Marketing Expert
8	Md. Tanvir Hossain Chowdhury	TH	Junior Architect
9	Md. Zahidul Islam	ZI	GIS Expert
10	Farah Shamima Sultana	FSS	Junior GIS Expert
11	Md. Jubayer Ahmed	JA	AutoCAD Operator
12	Engr. Md Najmul Hossen	NH	Project Manager

2 STUDY-03

2.1 PPP and its Salient Features

2.1.1 Introducing PPP Concept

Public-Private Partnership (PPP) is regarded as a method for procuring and delivering both public assets (new assets or upgrades of existing assets) and public services. PPP contracts include those intended to develop and manage new infrastructure, contracts to undertake significant upgrades to existing infrastructure (these are called infrastructure PPPs), and those under which a private partner manages existing infrastructure or only provides or operates public services (known as service PPPs).

There is no universally accepted definition for the PPP concept. In fact, the term PPP is sometimes used to mean any form of association or cooperation between the public and private sectors to reach a common goal.

PPP has many definitions from different viewpoints and perspectives. Different Multilateral Development Banks (MDBs) have defined it based on their own needs and management. But there are few things in common in every definition. Based on these definitions, it can be summarized that, “Public-Private Partnership” is a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.

Based on the definition provided by the Public-Private Partnerships Reference Guide, V3.0 (World Bank 2017), as a broad concept to be applied both to new or existing infrastructure and services, a PPP may be defined as:

“A long-term contract between a public party and a private party, for the development and/or management of a public asset or service, in which the private agent bears significant risk and management responsibility through the life of the contract, and remuneration is significantly linked to performance, and/or the demand or use of the asset or service”.

2.1.2 PPP Contract Types and Terminology

Most PPP projects present a contractual term between 20 and 30 years; others have shorter terms; and a few last longer than 30 years. The term should always be long enough for the private party to have an incentive to integrate service delivery cost considerations into the design phase of the project. This includes maintenance considerations as well, for the trade-offs between initial investment cost and future maintenance and operation costs to be optimized. The “whole-life” approach, considering whole-life costs and whole-life benefits, maximizes the efficiency of service delivery. It is at the core of the rationale for using PPPs for the delivery of public services. The precise length of the contract depends on the type of project and policy considerations. Policy makers need to satisfy themselves that the demand for the services delivered by the project will be sustained over the whole life of the contract; the private party should be able to accept responsibility for service delivery over its term; and the procuring authority should be able to commit to the project for its term. The availability of finance, and its conditions, may also influence the term of the PPP contract.

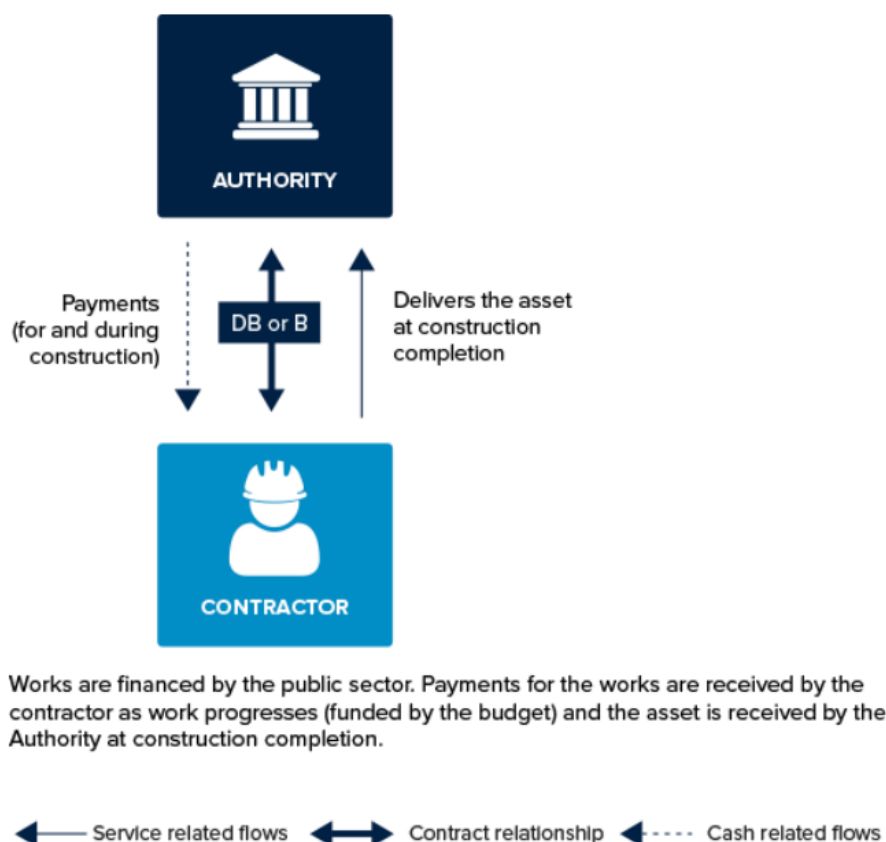
2.1.3 Traditional Procurement Options

Public works and public infrastructure are traditionally financed by the government. The source of funds for such traditional procurement is the public budget. Traditional procurement usually takes one of the following forms:

- **Build only (B)** contracts, in which a design has already been completed by a different entity and a

contract is tendered to build the infrastructure asset. This form is also sometimes referred to as Design-Bid-Build; and

- **Design-Build (DB)** contracts, in which a single contract is tendered for both the design and construction of the infrastructure asset. In some countries, B or DB contracts may also be referred to as Engineering, Procurement and Construction (EPC), especially when the asset to be built consists mainly of a plant. Another term that may be used to refer to the same scope of contract is Turnkey contracts, in which the price and construction term are fixed.



Note: B= Build; DB= Design-Build.

Usually, B or DB contracts are appropriate options for developing infrastructure, provided that the public sector has the skills, knows clearly what it wants as a technical solution, prefers to retain the maintenance responsibility over the life of the asset, and has available funds from the budget to pay for the works.

2.1.4 Functions of PPP

A central characteristic of a PPP contract is that it bundles together multiple project phases or functions. Nonetheless, the functions for which the private party is responsible vary and depend on the type of asset and service involved. Typical functions include:

- **Design** (also called engineering work)- involves developing the project from initial concept and output requirements to construction- ready design specifications.
- **Build, or Rehabilitate**- when PPPs are used for new infrastructure assets, they typically require

the private party to construct the asset and install all equipment. Where PPPs involve existing assets, the private party may be responsible for rehabilitating or extending the asset.

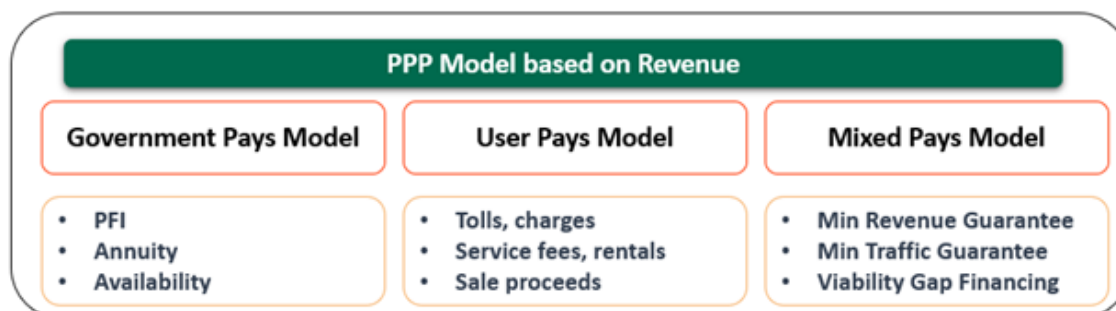
- **Finance-** when a PPP includes building or rehabilitating the asset, the private party is typically also required to finance all or part of the necessary capital expenditure.
- **Maintain-** PPPs assign responsibility to the private party for maintaining an infrastructure asset to a specified standard over the life of the contract. This is a fundamental feature of PPP contracts.
- **Operate-** the operating responsibilities of the private party to a PPP can vary widely, depending on the nature of the underlying asset and associated service. For example, the private party could be responsible for:
 - ✓ Technical operation of an asset, and providing a bulk service to a government off-taker- for example, a bulk water treatment plant
 - ✓ Technical operation of an asset, and providing services directly to users- for example, a PPP for a water distribution system
 - ✓ Providing support services, with the government agency remaining responsible for delivering the public service to users- for example, a PPP for a school building that includes janitorial service

2.1.5 Payment Mechanism

The PPP payment mechanism is a prime defining feature. The private party can be paid by collecting fees from service users, by the government, or by a combination of the two- with the common, defining characteristic that payment is contingent on performance.

The options for a payment mechanism can depend on the functions of the private party:

- **Under user-pays PPPs**, such as toll roads, the private party provides a service to users, and generates revenue by charging users for that service. These fees (or tariffs, or tolls) can be supplemented by government payments- for instance, complementary payments for services provided to low-income users when the tariff is capped, or subsidies to investment at the completion of construction or specific construction milestones. The payments may be conditional on the availability of the service at a defined quality level. The social returns generated by user-pays PPPs may benefit the broader population, not only those who directly use the asset. For example, the value of real estate near the PPP project may rise as economic activity increases in the area. Non-users are then free riding unless property taxes are adjusted.
- **In government-pays PPPs**, the government is the sole source of revenue for the private party. Government payments can depend on the asset or service being available at a contractually-defined quality (availability payments)- for example, a free highway on which the government makes periodic availability payments. They can also be volume-based payments for services delivered to users—for example, payment from hospital care effectively delivered.



These characteristics can be combined in various ways to create a wide range of PPP contracts. These contracts can be thought of as a continuum between the public and private provision of infrastructure—transferring increasing responsibilities and risk to the private sector.

The payment mechanism should be structured in such a way that the net remuneration of the private party is linked to performance.

2.1.6 Infrastructure Challenges and How PPP Helps

Infrastructure is critical for economic development, reducing poverty and inequality, creating jobs, and ensuring environmental sustainability. Infrastructure generates high social returns and is welfare enhancing. Governments are ultimately responsible for the provision of public services and the infrastructure required for their delivery. Infrastructure investment is often part of the social compact between a government and its citizens.

Inadequate infrastructure is a constraint on growth and impacts quality of life, particularly in developing countries. When the demand for infrastructure services outstrips supply, congestion or

service rationing occurs; the quality-of-service delivery is low or unreliable, and some areas are simply not served. As of 2016, it was estimated that:

- ✓ Over 2.4 billion people lacked access to improved sanitation
- ✓ At least 663 million people lacked access to safe drinking water
- ✓ Over one billion people lived without access to electricity
- ✓ At least one-third of the world's rural population was not served by an all-weather road

Degradation of infrastructure also implies that actual economic growth will be lower than forecasts, as forecasting methodologies typically assume stable infrastructure performance.

PPPs can help overcome some of these pervasive challenges, as illustrated below:

- ✓ Under the right circumstances, PPPs can mobilize additional sources of funding and financing for infrastructure.
- ✓ By subjecting potential projects to the test of attracting private finance, PPPs can enhance project selection.
- ✓ The incentives of the private sector can be aligned with the interests of the contracting authority throughout the entire life cycle of the project, including the implementation phase. This alignment occurs by tying-in the private operator's revenue to a set of pre-agreed performance indicators and by requiring the latter to invest significant, long-term capital.

2.1.7 PPP Value Drivers

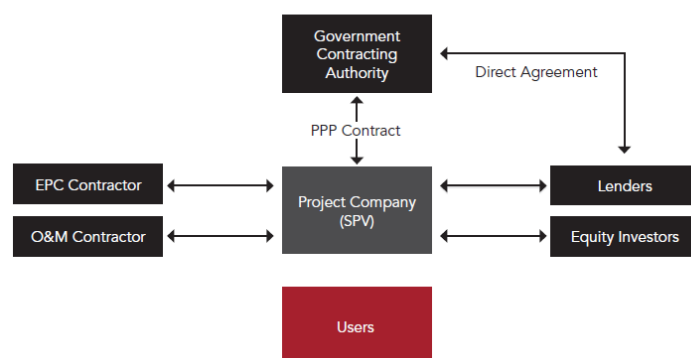
PPP value drivers are the mechanisms that can be used to improve value for money in infrastructure provision. They include the following:

- **Whole-of-life costing**- full integration, under the responsibility of one single party, of up-front design and construction with ongoing service delivery, operation, maintenance and refurbishment, can reduce project costs. Full integration incentivizes the responsible party to complete each project phase (design, build, operate, maintain) in a way that minimizes total costs and maximizes efficiency.
- **Risk transfer**- risk retained by the government in owning and operating infrastructure typically carries substantial, and often, unvalued, hidden cost. Allocating some of the risks to a private party that can better manage them, can reduce the project's overall cost to the government and minimize risk to the taxpayer.
- **Upfront commitment to maintenance, and predictability and transparency of whole-of-life costs**- a PPP requires an upfront commitment by the private operator to the whole-of-life cost of providing adequate maintenance for the asset over its lifetime. This commitment strengthens budgetary predictability over the life of the infrastructure and reduces the risks of funds not being available for maintenance after the project is constructed.
- **Focus on service delivery**- allows a contracting authority to enter a long-term contract for services to be delivered when and as required. The PPP firm can then focus on service delivery without having to consider other objectives or constraints typical in the public sector.
- **Innovation**- specifying outputs in a contract, rather than prescribing inputs, provides a wider opportunity for innovation by the private partner. Competitive procurement of these contracts incentivizes bidders to develop innovative solutions for meeting these specifications.
- **Asset utilization**- optimizing the utilization of assets for delivery of additional services leading to multiple revenue streams for the project. For example, the utilization of space in bus terminals for private vendors or unused space for advertisements.
- **Mobilization of additional funding**-charging users for services can bring in more funding, and can sometimes be done better or more easily by private operators than in the public sector. Additionally, PPPs can provide alternative sources of financing for infrastructure, where governments face financing constraints.
- **Accountability**-government payments are conditional on the private party providing the specified outputs at the agreed quality, quantity, and timeframe. If performance requirements are not met, service payments to the private sector party may be abated.

2.1.8 Finance Structures for PPP

The private party to most PPP contracts is a specific project company formed for that purpose- often called a Special Purpose Vehicle (SPV). This project company raises finance through a combination of equity- provided by the project company's shareholders- and debt provided by banks, or through bonds or other financial instruments. The finance structure is the combination of equity and debt, and contractual relationships between the equity holders and lenders. The below figure shows a typical contract structure for a PPP project. The government's primary contractual relationship is with the project company. This may be complemented by a direct agreement between contracting authority and lenders; although often this relationship is limited to the provisions in favor of the lenders included in the PPP agreement, such as step-in rights or senior debt repayment guarantees.

Typical PPP Project Structure



2.1.9 Where PPPs are Used

Public Assets and Infrastructure

This may include complete systems, but also parts of it, such as structures, plants, facilities or equipment generally necessary for the provision of a public service or subject to public use. Some examples are as follows:

- ✓ Facility buildings hosting the provision of justice, health, education, public security services, and culture (for example, theaters and convention centers);
 - ✓ Transport structures, facilities or systems used by the public for transportation purposes. This includes structures such as roads, bridges, and tunnels; complex facilities such as airport terminals; systems such as light rail lines or groups of lines (including the rail structures, electro-mechanical equipment, depot facilities, communication and signaling systems); and vehicles for public use/transportation of passengers.
 - ✓ Transportation structures, facilities or systems linked to a public service used by economic operators, including electricity or gas transportation, water transportation, passenger transportation (the rail track and related systems), and data transportation (in telecommunications);
 - ✓ Equipment or plants treating sewage, and those generating public goods such as power, gas, and water.
 - ✓ Buildings for social housing, that is, those intended to be rented to low-income families.
 - ✓ Housing or accommodation facilities to host public servants (for example, office accommodations); and
- Systems or equipment for testing or investigating for a public benefit, such as public security, forensic services, or defense force equipment.

Economic versus Social Infrastructure

Any infrastructure is a platform to provide a public service or use. Such infrastructure can include:

- ✓ A facility that hosts public servants/officials or hosts the provision of social service (for example, a hospital, a school, prison, or court).
- ✓ A platform that provides a transport or a utility service (for example, water or electricity), or is available for the users and the general public.

The former is usually referred to as social infrastructure, and the latter is regarded as economic infrastructure.

2.1.10 PPPs as a Financial Mechanism for Governments to Develop Projects

PPPs are an alternative method for financing the new development or upgrading of infrastructure. As an alternative to public finance, it may allow for the acceleration of infrastructure development. Another financial motivation for PPPs is that private sector financing may provide more financial flexibility for the government, regardless of the implications for a government's reported debt position. The "cash motivation" is usually the main driver in the case of many Emerging Markets and Developing Economies.

2.1.11 Conditions for Accessing the Benefits

Governments need to protect and maximize the potential benefits of the PPP tool and mitigate its potential risks and pitfalls. Otherwise, PPPs will create undue burdens to taxpayers rather than increase efficiency and reliability in public works and service delivery.

These benefits, especially those related to efficiency, will only be achieved if the project and contract meet the following conditions and the following actions are taken:

- **The project must be a sensible project:** A PPP will not perform miracles and will not make a good project out of a bad project, that is, a nonsensical or inadequate technical solution for a public need.
- **The project must be suitable:** PPP advantages will only be achieved in those projects that are suitable for PPP development. Some projects are not suitable to be PPPs.
- **The project must be prepared and appraised:** In particular, it must be commercially feasible, affordable, and duly tested as a PPP.
- **The project must be properly structured:** The potential efficiencies of a PPP will only be achieved with a suitable contract structure that allows the value drivers to emerge and become sustainable.
- **The project must be properly tendered:** PPP efficiencies will be lost if there is an improper procurement process that does not generate sound and reliable competition; and
- **The project must be proactively managed through the life of the contract:** PPP efficiencies may be lost during the contract life if there is improper contract management.

2.1.12 Characteristics of an Acceptable and Attractive Project

Each project must necessarily meet a number of conditions to be acceptable to the private sector. The private sector's willingness to bid and invest rests on the commercial feasibility (adequate risk/return ratios). This embeds a number of feasibility concerns, largely in line with the concerns of the government when procuring a PPP. The project and the contract must meet the following conditions.

Condition	Description
Economically feasible or sound	The project must be the most suitable solution for the need: a project which fails as an appropriate solution (for example, utilization is much below expectations) will produce a risk of diminishing commitment from the public sector, and may also compromise financial feasibility (for example, the case of demand/traffic-related projects).

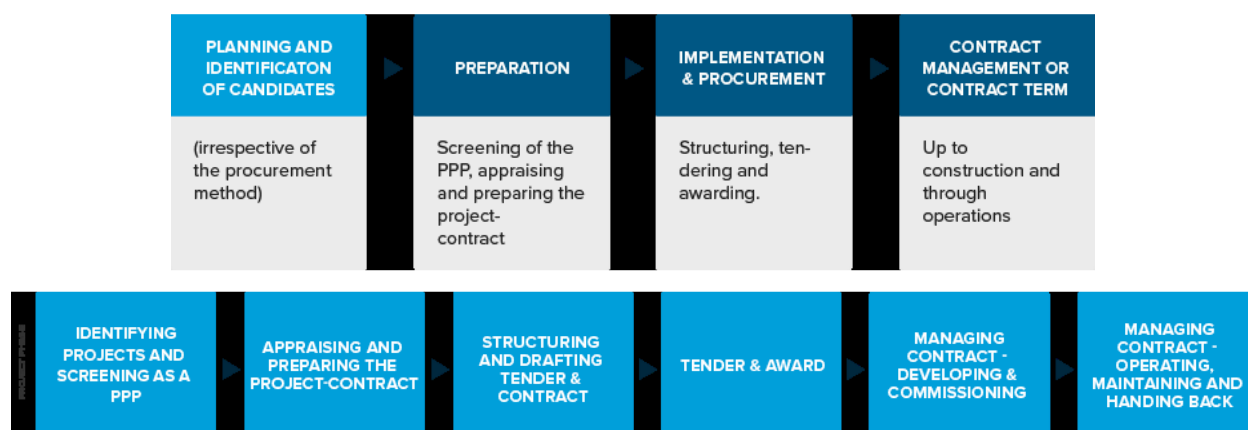
Condition	Description
Suitability as a PPP (PPP delivery will enhance VfM of the selected project)	If an unsuitable project is tendered as a PPP, it will have an artificial and inefficient risk structure that will likely result in no bids or failures in the later development of the project.
Technically feasible	From the perspective of a private partner, this means that commercial feasibility is not compromised by non-assumable technical risks.
Commercially feasible	This means that the upper limit for payments or the price of the contract is sufficient to cover all costs and those contingencies associated with the risk transfer structure.
Bankable	The lender community (and the investor community) must be willing to provide the finance required for the project.
Legally feasible	The contract solution or contract structure has to meet the legal framework requisites in a clear manner. This will avoid limitations on rights, creating grounds for nullifying the contract, or the likelihood of challenges by third parties.
Affordable	More subtly, a private bidder may be concerned about loose approval of projects by the government with a lack of realism in terms of real capacity to afford the project.
Duly prepared	Sufficient due diligence to identify and address all the material risks/obstacles has been applied. The government must be realistically capable of meeting its responsibilities (for example, acquisition of the right of way for a project). For those risks transferred to the private sector, information has to be consistent and available (environmental approval process, utilities allocation information, and so on).
Duly structured (contract) inherent in the commercial feasibility	Risks assigned to the private sector have to be assumable and manageable by them, and they also have to be implemented in the contract in a clear and objective manner. Payment mechanisms and performance regimes must be clear, objective and achievable. The contract must provide protection against disputes and potential breaches from the public side.
Duly structured (tender process/ RFP)	The project must be tendered on the basis of balanced capacity requirements and transparent selection criteria. Good/reputable players will demand high levels of capacity and project technical proposals to avoid unfair competition in the form of unrealistic and aggressive offers.

2.1.13 Overview of the PPP Process Cycle

The process as described in this section and developed through this study relates to the cycle of a PPP project. Normally this process starts with project identification and selection, and this occurs on a project-

by-project basis. However, when the government assumes a program approach, project identification and selection, as well as the screening of projects as PPP candidates, will typically occur as part of the development of a program.

The definition of each phase, including the name and the scope of each of them, is somewhat arbitrary. There is no universal consensus on what should be included in each phase or where each should start or end. Thus, there are differing views, for example, about how to define contract “structuring” and what exactly should be considered “structuring” or even “feasibility” of a project contract. Additionally, there are different views and approaches about what should be the final outcome of the appraisal activity; whether the appraisal of the project should be regarded as phase in itself and the investment decision taken before confirming the suitability and feasibility of the project as a PPP, or whether both activities and decisions can be better handled in the same phase. Below boxes shows different phases and steps.



2.2 Overview of PPP in Bangladesh

2.2.1 Development of PPP in Bangladesh (1970s - 2000s)

Like many countries, Bangladesh has a long history of working in partnership with the private sector in the delivery of public services. There are examples from the 1970s and 1980s in the health sector partnership between the public and private sectors such as BIRDEM and the National Institute of Cancer Research & Hospital. While in the early 1990s KAFCO was established as a joint venture multinational project for the production of fertilizer.

In the mid-1990's, the emphasis on working in partnership with the private sector gained further momentum by the adoption of a private sector-based power generation policy. Recognizing the market limitations on the availability of infrastructure finance, a financing entity named IDCOL was established in 1997 as a state-owned enterprise under the administrative control of the Economic Relations Division. Understanding there was a need for specialist expertise and support to develop and implement PPP projects, the government established an additional institution, IIFC to assist relevant Ministries, Divisions and/or Agencies to formulate and screen project proposals and provide technical assistance. To build on this initiative government introduced the Private Sector Infrastructure Guidelines in 2004 to widen private sector participation in other areas of infrastructure development.

The initiatives in mid-1990 yielded early success with the execution of 2 power plants, the Megnaghat Power Plant and Haripur Power Plant. Thereafter, there has been some success achieved in the power sector with the launching of several other power plants as well as successful projects in the telecommunication sector, and limited success in the port sector.

Although these initiatives had been successful in financing and implementing a few small-scale infrastructure development projects, the momentum generated in the late 1990s and early 2000s was unable to deliver a pipeline of PPP projects across multiple sectors that were critically needed to meet Bangladesh's significant infrastructure capacity gap.

2.2.2 Achieving Vision 2021

Bangladesh, having emerged as one of the global economic success stories and a frontier market, is seen to be among the Top-5 most resilient economies in the face of pandemic adversities. Being a rapidly growing economy with a consistent 7% annual GDP growth over the past decades, Bangladesh had a 5.5% GDP growth in 2020 even under the pandemic. The foundation for this path of socio-economic growth, success, and prosperity for Bangladesh has been set out in Vision 2021; the Vision that sees Bangladesh progress to a middle-income country by the year 2021. This high growth is expected to be maintained as we aim to become a developed nation by 2041.

In the SDG Financing Strategy, it is evident that an additional amount of 928.48 billion US Dollars would be needed to achieve our target and the government has identified five potential sources of filling up the gap of financing SDGs to achieve those 17 goals by 2030. Out of the 85% Domestic Financing, 5.5% target has been put on Public-Private partnership (PPP). So, with the private sector contributing 42 percent and PPP accounting for 5.5 percent, almost half of the total finance for SDGs will have to come from the private sector. This is why PPP Authority has a massive role to play in terms of attracting the private sector and giving them the right atmosphere to bring in the required investment to fulfill the SDG target of the country.

The Eighth Five Year Plan (8YFP, July 2020-June 2025) financing strategy would combine ADP allocations with a strong public-private partnership (PPP) effort, mindful of the resource constraints and high investment costs. The PPP institution will be strengthened with internationally competent staff with experience in negotiating and managing international PPP contracts. The 8FYP illustrates that the lessons of implementation of the Sixth and Seventh Plans suggest a rethinking strategy for the implementation of the large, complex, and capital-intensive projects through turnkey contracts to reputed international firms using multilateral development partners funding of PPP contracts. In the 8FYP, the government focused on ensuring sustainable financing in the power, energy, transport, tourism, ICT, education, housing, agriculture and food security and, the health sector through PPP.

2.2.3 Strengthening the PPP program in Bangladesh

PPPs can deliver a solution that provides services to citizens, enables the government to meet its responsibility of the provision of services while providing sufficient financial returns to the private sector. Hence well-structured PPP projects are widely acknowledged to deliver a 'win-win-win solution' that benefits all stakeholders. With the development of an internationally acknowledged foundation for public-private partnerships (PPPs), Bangladesh has built a project pipeline of \$35 billion to realize the government's vision of bringing about a transformational change to its infrastructure sector and delivering the quality and range of public services its citizen's demand.

The key contextual changes were related to focusing on the fine-tuning of an institutional framework and regulatory environment to promote the implementation of a PPP program rather than focusing on the implementation of individual projects. Taking a program-based approach would enable the government to establish a sustainable platform for PPPs that would be applied across several different sectors and attract investment from multiple players. Such an approach would also foster the opportunity for replication and therefore the ability to incorporate lessons learned to lead to projects that are better structured and can be delivered in a more accelerated manner.

2.2.4 Different Contractual PPP Models applied in Bangladesh

A number of different contractual models of PPPs have been developed globally and are widely applied in projects. Each PPP model represents a different allocation of risk and responsibility between the public and private sectors. These can differ with the size of investment by the private sector, the basis of the revenue stream, the responsibilities undertaken in relation to construction, operation, maintenance and service performance, ownership of the asset and the length of the contract period. Where the public sector retains too much risk or transfers most of it to the private sector then it falls outside the framework of a PPP.

The PPP models may be broadly categorized into two categories:

- a) PPP delivery models relate to the allocation of risk and responsibilities; and
- b) PPP revenue models relate to how the private sector investors shall be compensated.

The range of contractual models in relation to the delivery of PPP projects and revenue models that typically fall under the PPP framework is set out below. The optimal PPP model is determined on a case-by-case basis following the conclusion of the feasibility and market engagement study that will determine the optimum option to deliver the public sector objectives through a viable, bankable and sustainable project for the private sector.

2.2.5 Different Phases of PPP Projects in Bangladesh Context

The process of selection of a Private Partner for the delivery of PPP projects may be classified into 4 (four) broad phases.

Phases	Activities
1. Identification Phase	- Identification of a project to be delivered on a PPP basis by any government agency, line ministry, contracting authority and/or the PPP Authority OR submission of a concept note by an interested party to the agency/line ministry for delivering a PPP project. - Project screening by PPP Authority and In-principal approval by the Cabinet Committee of Economic Affairs (CCEA)
2. Development Phase	- Appointment of Project Delivery Team and Project Assessment Team - Carrying out feasibility study and appointment of transaction advisor
3. Bidding Phase	- Evaluation of the applications, proposals or bids obtained through a single-stage bidding process or a two-stage bidding process for selection of the private partner for the implementation of the project on a PPP basis - Negotiation of the PPP contract with the preferred bidder
4. Approval and Award Phase	- Obtain legal vetting from the Ministry of Law - Final approval of the PPP Contract from CCEA - Issuance of Letter of Award to the Preferred Bidder by the Contracting Authority with the support of the PPP Authority

After the selection of the Private Partner and award of PPP Contract, the Private Partner arranges finance and delivers the project, and the Contracting Authority shall monitor the implementation of the project.

2.2.6 Key Developments of the PPP Program since 2010

Much has been achieved in the development and implementation of the revised PPP program since 2010. The scale of work that was required was significant as it essentially involved setting up a completely revised framework for the program and putting in place a complete national transformation and change management program. Fundamental changes were brought in 5 core areas of the PPP program, to modernize it and ensure it could deliver the investment targets that had been set out in our development plans. These included institutional changes, regulatory reform, project development focus, capacity development and financial support mechanisms.

2.2.7 Institutional Changes

The PPP Policy 2010 paved the way for the establishment of the PPP Office, which was founded in 2011 by a gazette. The key impetus in the development of the program started in 2012. With the appointment of a Chief Executive Officer to the PPP Office for driving required initiatives to re-invigorate PPPs in Bangladesh; followed by establishing PPP Authority having significant autonomy on administrative and financial matters under the Prime Minister's Office. The PPP Authority in 2015 acted as the central point for promoting the PPP concept and in supporting Line Ministries and Agencies in developing PPP projects.

Several other institutions were also created to provide comprehensive support to ensure the success of the PPP program. The PPP Unit was established in the Finance Division to oversee, support and process requests for financing for the PPP program. The Bangladesh Infrastructure Finance Fund Ltd. (BIFFL) was established to provide lending support to PPP project sponsors.

The PPP Authority had also developed a network of focal points at all relevant Line Ministries to support the processing of PPP projects and started the process of establishing PPP cells at selected Agencies who were developing multiple PPP projects. A good member of PPP Cell has been established in several ministries and agencies.

2.2.8 Regulatory Changes

Specific guidelines were introduced for the development and procurement of PPP projects. The guidelines were designed to streamline arrangements for processing and approvals. The Cabinet Committee on Economic Affairs was given the responsibility for providing initial and final approval on PPP projects and the PPP Authority was given the responsibility to ensure that the regulatory framework was being duly followed by the Line Ministries and Agencies in developing their projects.

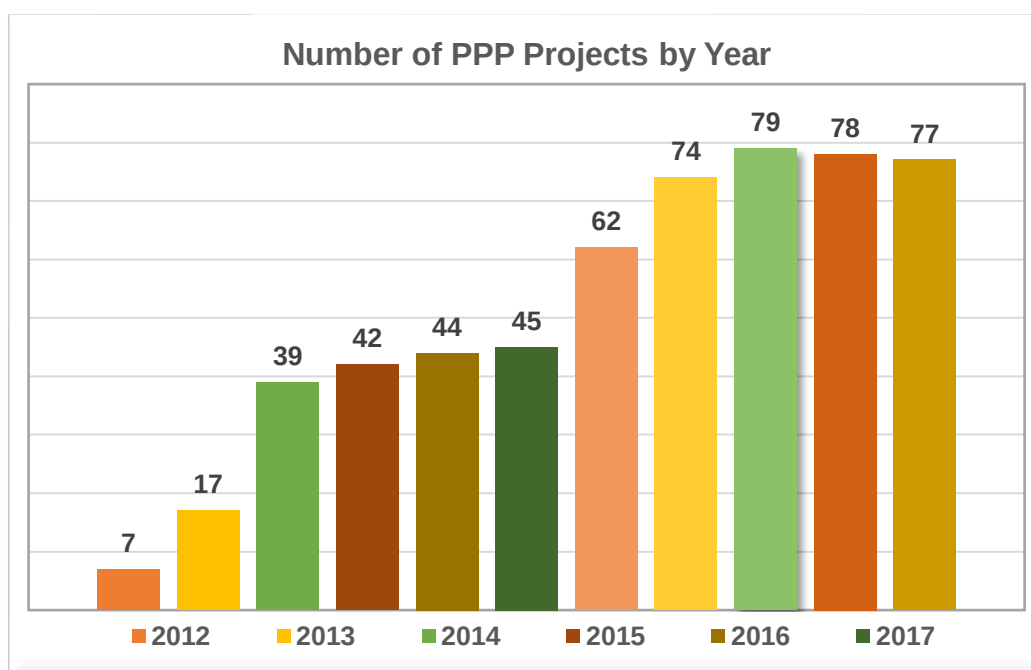
Policies and guidelines were also developed and gazetted for the application of the Public Private Partnership Technical Assistance Financing and Viability Gap Financing. A number of additional supporting documents were also created and revised including the PPP Screening Manual, PPP Project Proposal Form, PPP Technical Assistance Financing Form, Procurement Guidelines for PPP Projects, Guidelines for Unsolicited Proposals, National Priority Projects (NPP) Rules, the Bangladesh Public Private Partnerships Act, 2015 and Policy for Implementing PPP Projects through Government to Government (G2G) Partnership, 2017.

2.2.9 Project Development

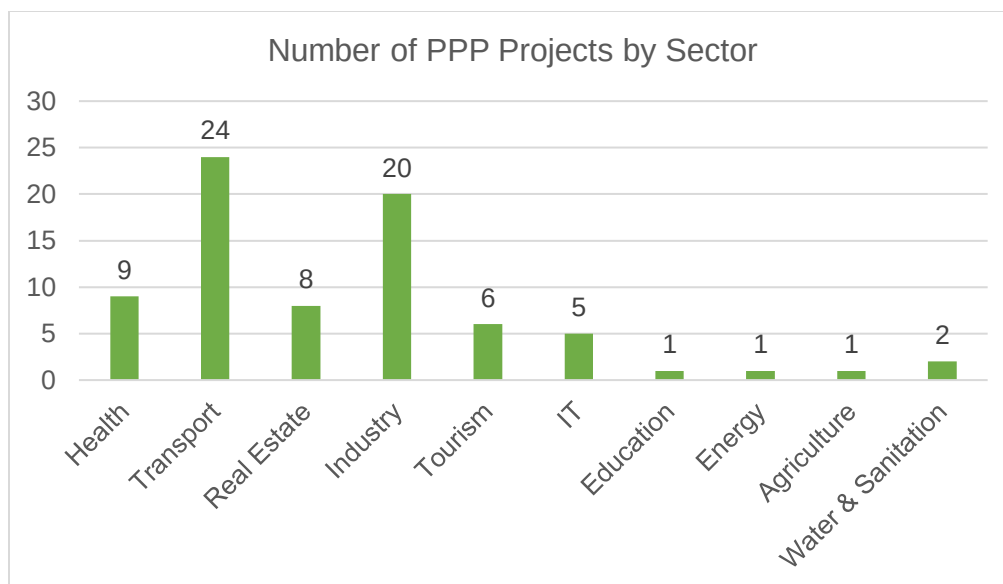
Fundamental to the success of PPP projects is the need to carry out detailed feasibility studies and market assessments. These have now been incorporated as part of the revised PPP process to ensure that potential viability constraints of projects could be identified at the outset and steps could be taken to overcome them.

To support this process, a structured mechanism was put in place for the appointment of internationally experienced transaction advisors and the development of projects based on key milestones consisting of a combination of inception overview, preliminary findings, draft feasibility outputs and final report.

After the enactment of PPP Policy, 2010 and the establishment of PPP Office in 2010, PPP Program has come a long way. Even though the pandemic has disrupted its endeavours, multi-billion dollars projects are still in the pipeline. As of now, a total of 77 projects are now at different phases of development and implementation. The actions taken by the PPP Authority are very impactful in Bangladesh as PPP provides a solution that delivers services to citizens and facilitates the government to meet its responsibility of provision of services while offering adequate financial returns to the private sector. The estimated investment for this pipeline in USD 35.42 billion.



In terms of the sectoral distribution of these projects, the pipeline covers almost all segments of the economy including social infrastructure. These projects range from infrastructure in roads, railways, bridges, seaports and container facilities to infrastructure in sustainable food and from agriculture to developing cold chain and storage facilities to the construction of green urban areas. Transportation is the largest portfolio. Opportunities are also available in health, social infrastructure, civil accommodation, urban development, industry, tourism, agriculture, climate and energy sectors.



These projects are in different stages of PPP project life cycle. Few are in operation while some are in construction phase. A couple of projects are to be signed with private partners soon while feasibility studies are being conducted for others.

Number of Projects: 77

Ministries and Agencies: 17 ministries, 26 agencies

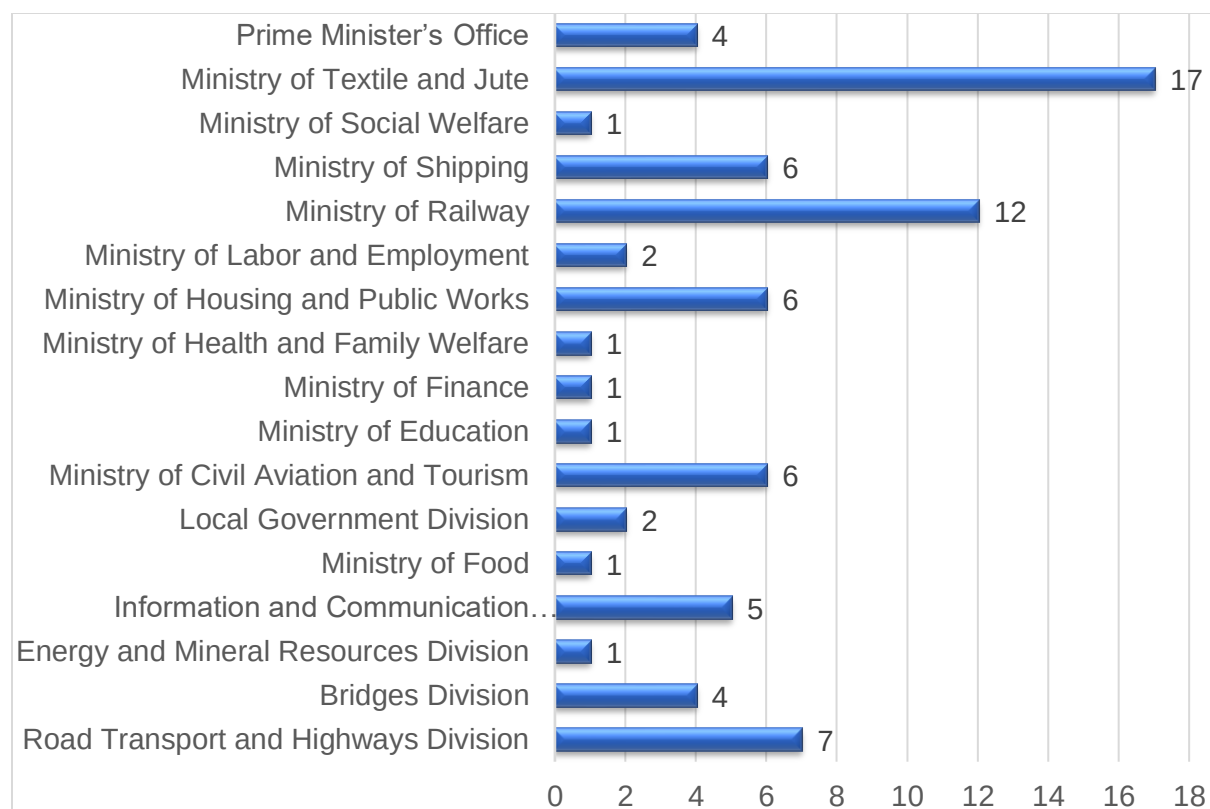
Stages of Development:

- Operation stage: 1
- Construction stage: 9
- CP Stage: 7
- Contract to be Signed: 1
- CCEA Final Approval: 2
- Procurement Stage: 16
- Feasibility Stage: 22
- Others: 19

Awarded projects and the pipeline represent investment above USD **35.42 billion**

A total of 26 Implementing Agencies under 17 Line Ministries are developing PPP projects in various mode of PPP. There are two projects under Local Government Division, which are:

- ✓ Development of Integrated Wastewater Management System for Gazipur City Corporation
- ✓ Light Rapid Transit System for Narayanganj City Corporation



2.2.10 Capacity Development

Development of a clear understanding of PPPs, its delivery structure, and the processes and procedures amongst all parties to a PPP arrangement are critical to ensure the successful and timely delivery of projects.

To support this initiative, the PPP Authority has been conducting a capacity development and awareness program for public sector officials, private sector stakeholders, local and international investors, and financial institutions through seminars, workshops, conferences, and marketing events. Over 2020-21, PPP Authority arranged 5 international PPP investment promotion activities and 18 local PPP investment promotion activities. About 850 stakeholders were engaged through different awareness and consultation sessions. About 480 public sector officials have received PPP training through a number of training events.

2.2.11 Financial Support

Through the introduction of the PPP Budget in the 2009/10 budget session, Bangladesh strongly demonstrated its interest and commitment to the development of PPPs. This approach has generated much interest amongst the local and international investor communities in the PPP program in Bangladesh.

The PPP budget was structured to provide a technical assistance fund to support PPP project development activities, establish a viability gap financing fund for the provision of a grant to enhance the commercial viability of PPP projects with high socio-economic value and establish BIFFL, a non-bank financial institution to broaden the availability to long term finance in the local market.

The technical assistance fund has been used to pay for transaction advisors to carry out the feasibility studies. Although VGF funds have not been utilized yet, agreement has already been reached for VGF to support the following Road projects:

- ✓ Dhaka Elevated Expressway
- ✓ Upgrading of Dhaka Bypass to 4 Lane (Madanpur-Debogam-Bhulta-Joydebpur)

2.2.12 PPP Similar Projects under Different Acts/Policy

While PPP Authority is developing PPP projects under PPP Policy, there are other sectoral acts, policies or guidelines under which the respective ministry or agency is developing PPP alike projects. All these acts or policies are designed to implement mega infrastructural project and attract Foreign Direct Investment (FDI). Private partner under these policies usually requires complex technical expertise and financial strength, so almost in every case there is a requirement for foreign partnership with local business communities. Even there is project where the local entrepreneur is absent for lacking technical experience and management capacity. These are:

Private Sector Power Generation Policy, 1996 (PSPGP 1996)

Private Sector Infrastructure Guidelines, 2004 (PSIG 2004)

Policy and Strategy for Public-Private Partnership (PPP), 2010 (PPP Policy 2010)

Bangladesh Hi-Tech Park Authority Act, 2010

Bangladesh Public-Private Partnership (PPP) Act, 2015

Bangladesh Private Economic Zones Policy, 2015 under Private Sector Development Support Project, 2015 (PSDSP 2015)

Private Sector LNG Terminal Construction, Import & Supply Policy, 2019

2.3 Small Scale PPP: Features, Challenges and Benefits

2.3.1 Background

All the current PPP projects implemented or are being implemented in Bangladesh are following existing PPP Acts or policies. For example, mega power projects are following Private Sector Power Generation Policy-1996, Mayor Hanif Flyover has been developed under Private Sector Infrastructure Guidelines-2004, LNG terminals are being operated under Speedy Supply of Power and Energy (Special Provision) (Amendment) Act 2010 and other mega projects, like Dhaka Bypass, First Dhaka Elevated Expressway and CRB PPP Hospitals are following PPP Act-2015 and associated procurement guidelines. These acts and policies are developed and enacted for mega infrastructure projects keeping in mind. These regulations mainly focused on Foreign Direct Investment for critical large projects where local technical expertise is less or none. The projects are of multi-million dollar in nature or even multi-billion in cases.

As the projects are technically complex, their route of implementation is also very sophisticated. Detailed feasibility study is a mandatory pre-requisite before proceeding with these projects under PPP delivery. Most of the cases, specialized internationally recognized Transaction Advisors are engaged to conduct the feasibility study and structure the revenue model and payment mechanism. This is a very costly assignment and time consuming. Even though the 2-stage approval requirement and vetting process are very lengthy, it can take even 2 to 3 years to get the approval process done for a PPP project.

So, if a small project is decided to be implemented under the PPP scheme following the existing act, policy and regulations, that might not be feasible due to high transaction cost compared to total project value. Hence, the value for money will be lost.

So, a dedicated policy or guideline will be required to implement small-scale PPP projects.

2.3.2 Small-Scale Project: Definition

Small scale PPP projects are projects that require less amount of investment. The threshold value may be fixed in the policy guideline. It may be BDT 50 crore as an upper limit. Any project that has total project cost within this limit may be termed as a small-scale project.

2.3.3 Features of Small-Scale Project

Apart from the project cost, there can be some distinct features of any small PPP project, such as:

- ✓ The project will have limited project cost, as said BDT 50 Crore maximum
- ✓ The project will be comparatively technically simple in nature
- ✓ Local entrepreneurs will have capacity and be able to develop and implement these projects
- ✓ Normally these will not require extensive and specialized knowledge and expertise
- ✓ The model will be easily replicable
- ✓ The tender process, contract structure and approval process will be simple in nature

2.3.4 Sectoral Distribution

Small scale PPP projects might be from any sector in any area. From the market structure of Bangladesh, these will be mostly local and regional in nature. These projects might be in the following forms:

- Municipal water supply
- Municipal waste collection and management

- Sewerage treatment and management
- Regional small road and bridge
- Community hall, shopping complex, social parks
- Healthcare centres and facilities
- Rural/Regional market (Hat Bazar) and growth centres
- Regional educational infrastructures
- Training centres and vocational institute
- Irrigation, cold storage, and agricultural value chain
- E-commerce, internet connectivity and computer facilities
- And many more

2.3.5 Challenges

PPP projects are complex in nature and require specialized knowledge and understanding. As this model is different from the conventional procurement method, the capacity of the line ministries, implementing agencies, field administration offices and private sector is very crucial. Unless all the stakeholders are properly trained up, PPP cannot be initiated and implemented. So, the capacity development must have to be ensured before initiating PPP model in project of small nature.

Again, as these projects are mostly local or regional in nature, business community from international markets or even from other regions will be less interested to come forward. So, capacity of each region is required to develop and manage their regional facilities. It may be a scene that local market does not have the capacity or not interested, and others are not coming to new region. In that case, a qualified private partner may be available or if available, competition is rare which will in turn reduce the benefit level or service quality.

2.3.6 Benefits

If the above fallbacks can be removed or overcome, there is an immense potential for doing small scale PPP projects under PPP model.in. It is obvious that private sector is more efficient in the management of infrastructure and assets than public bodies. Public fund is also limited as well as their resources. So, engaging private finance and private recourse will be very beneficial for the government.

Government has to only regulate the facilities but need not take risk of development, finance and management of their infrastructures for a long period. These will, rather, be a source of their income.

Also, these kinds of initiatives will enhance the quality of public services for the citizens and create a lot of employment at the local or regional level. The private sector will also have new business opportunities and will be able to take part in public services.

2.3.7 Why Separate Policy is Required

As already described, current PPP policy and guidelines require a long development period to assess the feasibility and two stage approval from the highest approving body of the government. Of course, these are perfect for mega projects with huge investments and complexity. As small-scale projects require less investment and they are not very complex, their feasibility is also simple, and less risk is associated. So, following existing guidelines will only increase the procedural complexity and the private sector will be demotivated to wait for a long development period. The procurement process is also very complex for such

small values projects and local developers will be less interested to comply with these steps. They will also not be able to understand the nature of PPP Concession Contract as their understanding is also less. That's why a separate and simple guideline is to be developed and implemented for such small projects.

2.3.8 Way Forward for Development of Small-Scale PPP Projects

Considering all the facts mentioned above, Government may decide to enact a new policy guideline for small scale PPP projects implementation. The total framework will cover all sectoral projects of simple and small nature. The framework shall cover the following at a minimum.

- A dedicated PPP Cell shall be formed within the Ministry/Agency with the necessary facilities and resources
- A Short development period and process shall be defined.
- One-step approval requirement. The Line Ministry might be the approving authority.
- A framework shall be developed for the feasibility study. So that every project follows the same format, and no external advisors are required each time for each project.
- A simple standard Financial Model be developed
- Simple standard tendering and negotiation methods shall be developed.
- A simple standard contract format shall be developed.

The PPP Act-2015 mandates PPP Authority under Prime Minister's Office to develop PPP related acts, policies, guidelines, and standard documents so LGED shall coordinate with PPP Authority for the development of the specific PPP guidelines for small-scale PPP policy. The policy shall cover all kinds of small projects rather than any specific sector and this will harmonize all sectoral projects to follow a standard systemic process. So, if any sector is missing in the current context but later it is identified as a potential sector for PPP, it can also follow the same policy and there is no need for a separate independent guideline.

A single policy will also help the contracting authority in other ways. It does not need to follow different rules for different sectors or projects. The same regulation can be followed for all sectors or projects, and this will help them create strong capacity internally.

2.4 PPP In Rural Market/Growth Centres: Different Options

2.4.1 Concept of My Village, My Town

Addressing the challenges to incorporate opportunities in the village, creating opportunities for the deprived, balancing economic development, doors of prospects for youth, fostering agricultural revolution, truly empowering women, gender parity and child welfare, and safeguarding the prosperities; "My Village-My Town" project is the factual countenance of intention.

The project plan reveals the beauty of rural landscape and its integrity, all the urban facilities shall be unified to spectacle rural culture and essence. The village will be a happening place and piece of land, a true reflection of "Golden Bangla". Facilities of town in the village will ensure the following amenities:

- Planned houses
- Paved road
- Aesthetical Bridges/culverts
- Utility line in House

- Electricity, Water, Sanitation
- Modern school/Institutes
- Shopping Mall
- Health Centre
- Hat-Bazar/Growth Center
- Community Space
- Refreshment amenities
- Street LED Light
- Factories

2.4.2 Background of Hat-Bazar and Growth Centre

One of the integral components of materializing My Village, My Town project is HatBazar/Growth Centre (HB/GC). These HBs are the centre point of village economy. HB/GC ensures the value chain of local agricultural products and goods to consumers, which creates economic activities and employment for the local people. Besides, GCs are village centres from where the village enjoys the urban benefits within it. Usually, the economic activities do not take place all over the land, rather it concentrates in a confined area, which can be called GC. The GC ensures that the required infrastructures are developed properly to boost the economic activities around it.

2.4.3 Current Underlying Issues with HB/GC

HB/GC requires an ample amount of land to run its day-to-day activities. This land is usually provided by the government through field administration such as Upazilla Parishad or Union Parishad.

The demand for HB/GC is rapidly increasing with the increase in population, economic activity expansion, technological advancement, and improved lifestyle of the people of village. So, the traditional way of conducting HB activities also requires development and infrastructural upgradation. For these modernization activities, more land is required to expand the existing facilities and services. But the government land may not be available near the vicinity of the HB/GC, so it needs to acquire the land from private land owners. This is very lengthy process and even may not be possible in some cases. Or if possible, the government has to pay a huge sum of money to the land owners.

To avoid this situation, the government is thinking of a different mechanism. It is considering Public-Private Partnership (PPP) model under which private land owners will be given the economic right of the HB/GC in exchange of land for the development of HB/GC or expansion of existing HB/GB.

There is also another serious concern in the current context of HB/GC operation. Private land owners also have parcel of land within the periphery of HB/GC. According to the current HB policy, if a private land is lying with the HB/GC for 3 years, it becomes khas land and private land owner loses his ownership. Following this case, he does not have ownership but the claim is always there or even they may file a case against the government for the automatic transfer of land. This situation further delays the whole process of HB/GC development. To bypass this adverse situation, the government decides to consider the private land owners as the partner so that they feel secured and interested in jointly developing the HB/HC.

2.4.4 Scope of the PPP in HB/GC

The concept of PPP in HB/GC will work uniquely. The land owners will be an integral part of the development of the HB/GC. They will be the private partner while government's field administration will act

as the public body. They will jointly contribute the land to develop, modernize, upgrade, reconstruct or renovate the HB/GC. The HB/GC will generate revenue from the sale/lease of the shops and space, earn money from parking and advertising and so many other relevant activities. Finally, the government and private partners will share the revenue based on their proportionate participation.

2.4.5 Benefit of PPP in HB/GC

Public-Private Partnership has its uniqueness in developing the PPP model. This will reduce the burden on the government to provide the full land and ensures quick borrowing of private land. The government will also not spend money in land acquisition. On the other hand, private land owners will also have economic ownership in the HB/GC and will not lose their land forever.

2.4.6 Component of Feasibility Study

To consider an HB/GC for further development, and improvement under this kind of PPP modality, it has to be assured that a proper feasibility study is completed. The study must show that it has adequate analysis for the suitability of placing PPP for it. The feasibility study should cover the following analysis as a minimum:

- a. Market demand analysis: If there is current and future increasing demand?
- b. Stakeholder analysis: Who are the key players, influencers, vested groups, power and interest of the stakeholders
- c. STEEPLE analysis: Social, Technical, Economic, Environmental, Political, Legal and Ethical feasibility
- d. SWOT analysis
- e. Impact of climate change and sustainability
- f. Understanding of PPP among stakeholders
- g. Capacity of private entrepreneur/ company to run hat/bazar: Technical, Financial, Managerial
- h. Willingness to share land: For private land owner
- i. Demand/Expectation of land owners in exchange of land
- j. Willingness to pay: For traders, shopkeepers, businesspersons
- k. Cost-Benefit Analysis

2.4.7 Different Models

Based on the feasibility of any specific HB/GC, it is found that, to be developed further under PPP model, there will be various options. The below table shows different factors that will be taken into consideration to decide which method will be used for a particular HB/GC. For each component of each row, there will be a unique PPP model in each case.

Only O&M	DBOM	DBFOM	HAM	
This is a service model PPP under which Private party will only be responsible for regular operation, maintenance, and management of the HB/GC	Under this model, Private partner will design and construct the HB/GC along with O&M	Private party will be responsible for design, construction, finance, operation, and maintenance of the HB/GC	Under Hybrid Annuity Model (HAM), the government will provide financial support to private partner during construction stage. The private developer will recover its investment from the government by receiving annuity payments over the contract period	
Land Pooling Not Required	Land Pooling Required: New land from outside current periphery	Land Pooling Required: Old land from inside current periphery		
The HB/GC does not require private land to develop or expand	The new development only requires land from private land owners who own land outside the current boundary of HB/GC	In this model, private owners have land within the current boundary of the HB/GC. The land may be disputed or clean, but the government has no claim over it.		
Green Field	Brown Field	Yellow Field		
Complete new construction required	Project is already there, only reconstruction, redevelopment or improvement required	Improvement or enhancement is required		
Fully Government Financed	Partially Govt Financed (VGF)	Fully Private Financed		

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Project Name: Consultancy Services for Carrying Out Feasibility Study and Review Study on Rural Growth Centre/Hat Bazar under My Village My Town Project (MVMT)

Government will provide full finance to develop the HB/GC	Government will provide a portion of the expenses, but a major portion will be provided by private investors.	Whatever the finance is required, private sector will arrange and manage all of that		
Revenue sharing by Government Fee collection by Government and shared with Private Partner	Revenue sharing by Private party Fee collection by Private Partner and shared with Public Body	Revenue sharing with Government control mechanism Fee collection by Private Partner but deposited to Public Body's account and then shared with Private Partner		
Open tender, fully open to private developer	Open tender, with provision to keep a provision of private land owners as pool	Direct negotiation with selected Private Developer	Direct negotiation with provision to keep a provision of private land owners as pool	Direct negotiation with only land owner's pool

Each HB/GC will fall under any of these models and subsequently, the final model will be decided based on the feasibility study.

2.5 Case Study-1 for Analysis of PPP Study (Chalakchar Bazar)

2.5.1 Location of Chalakchar Bazar

The Chalakchor Bazar is located at Chalakchor Union, Monohordi Upazila under Narshindi District. This is a historical bazaar which was established in British period. The bazaar is about 100 years old. It is the meeting place between 7 villages named Charmandaria, Lebutola, Barachapa, Khidirpur, Krishnapur, Kachipara, Chandanbari.

Chalak Chor Bazar relates to Narshindi Road (R211) which is a Regional Road and this Bazar also connected with Chalakchor Road (2007) and Barachapa Road (2001) under LGED.

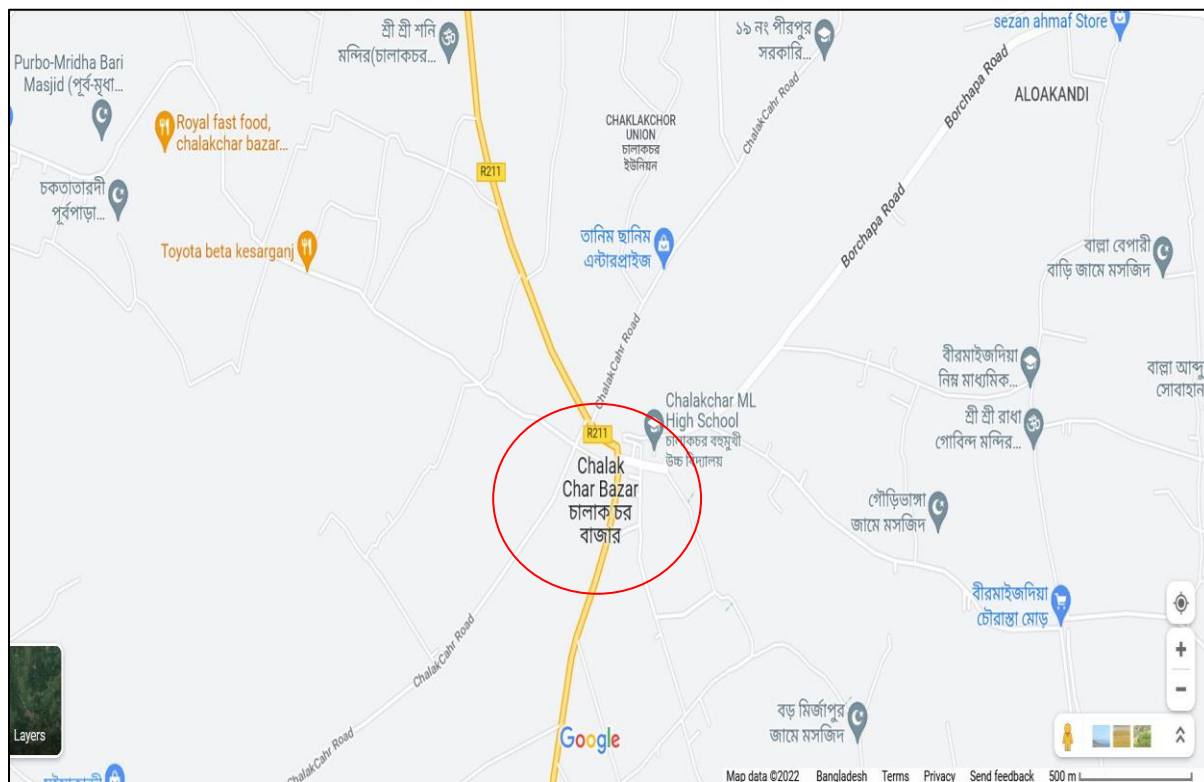


Figure 2-1: Location Map of Chalakchor Bazar

2.5.2 Current Status of the Chalakchor Bazar

The Chalakchar Bazar is known both for Wholesale and Retail Market. There are approx. 700 shops where 600 retail and 100 wholesale shops. The total businessman is approx. 700-800. Monday and Thursday are the weekly hat day of this Bazar. Daily different types of Product type have found in this bazar such as vegetables, fruits, fish, poultry, grocery, agro etc. Banana is the special attraction of this bazar. Whole year people can find banana from this bazar.

Types of Bananas:

- Amritosagar
- Chapa
- Shobri
- Gera
- Gopi

- Shop size: small: 3'x3', medium: 5'x5', large: 10'x12'
- Rent (Annually): small shop: 2000 tk, medium shop: 5000 tk, large shop: 10000 tk
- Total businessmen: Approx. 800
- Monthly income: retail: 15,000-30,000 tk
- Yearly income: 1,80,000 tk- 3,60,000 tk
- Loading, Unloading: morning, afternoon
- Peak hour: 3 PM to 9 PM
- MMC: Chalakchor bazaar shomiti

2.5.3 Strategic Importance

This Chalakchar Bazar is a very old bazar which the meeting place between 7 villages named Charmandaria, Lebutola, Barachapa, Khidirpur, Krishnapur, Kachipara, Chandanbari. Enough land is available for development the Bazar. This Bazar is also very near to Capital city so that people can easily sell their product to the Dhaka city. So, it will help the local farmer to promote their product in the whole country. Employment opportunity will increase, and economic growth will be higher day by day.

2.5.4 Plot Size & Land Ownership Details

Chalakchar Bazar is very large bazar in terms of its area and numbers of shops. Both private and government land is there. As per declared bazar periphery, government lease the bazar for one year to the highest bidder. The private shop owners rent their shop separately.

The proposed Chalakchar Bazar area for development is belongs to Government and the total land is approximately 36,121 sq. feet. Detailed cadastral survey will be required for mouza boundary identification and UNO and Upazila AC land must be involved to identify the government and private landowners list and their detailed information. The following plots and area are given below table

Table 2-1: Plot Numbers and area of the Proposed Chalakchar Bazar

Plot No	Landowner	Class	Area in Sqf
5221	Public	Bazar	34.19
5223	Public	Bazar	458.90
5224	Public	Bazar	2322.89
5225	Public	Bazar	3046.93
5226	Public	Bazar	250.12
5228	Public	Bazar	536.45
5231	Public	Bazar	692.61
5233	Public	Bazar	553.23
5234	Public	Bazar	693.08
5235	Public	Bazar	1344.04
5236	Public	Bazar	1278.45
5237	Public	Bazar	1410.55
5238	Public	Bazar	25.19
5233	Public	Bazar	21797.70

Plot No	Landowner	Class	Area in Sqf
5121	Public	Bazar	2.70
5229	Public	Bazar	816.99
5230	Public	Bazar	484.60
5232	Public	Bazar	373.10
Total Area			36121.728

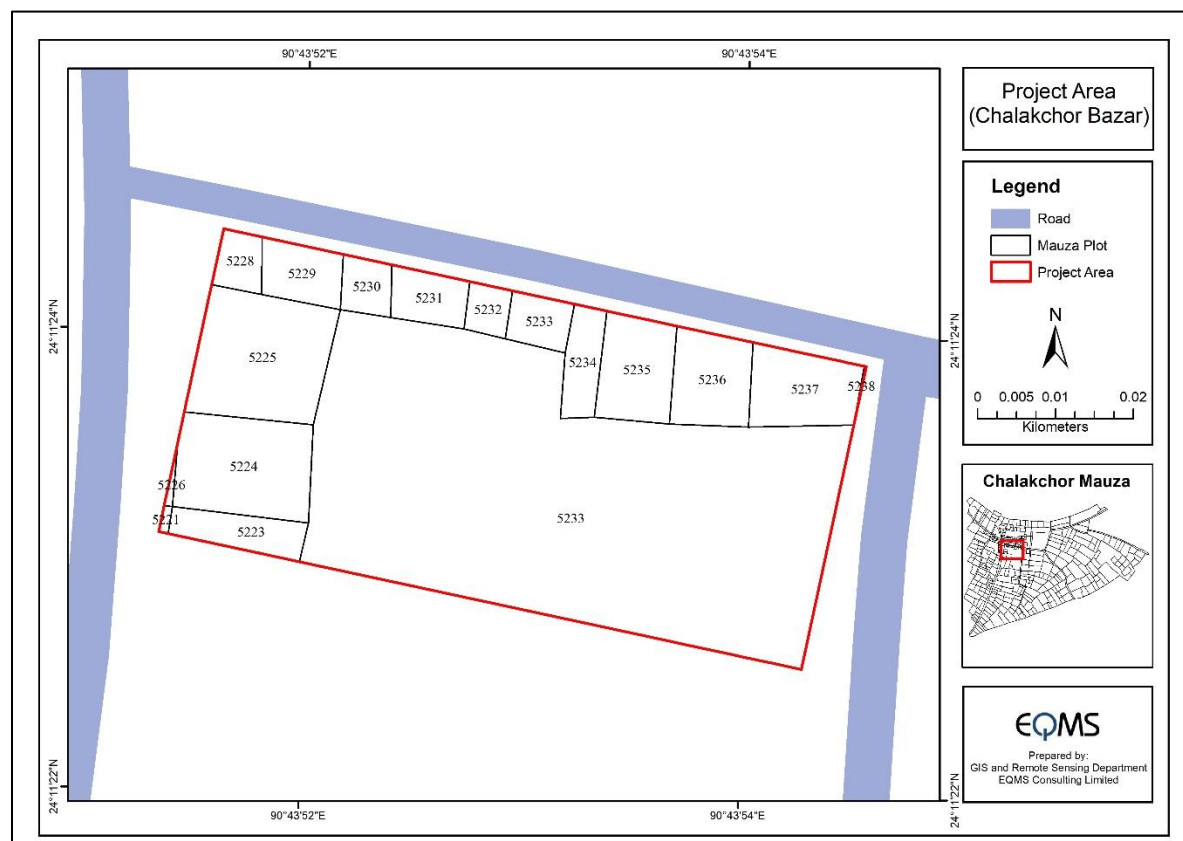


Figure 2-2: Plot Number Map of Proposed Chalakchar Bazar

2.5.5 Future Demand

The Chalakchar village is well known about Banana and Betel leaf. Banana, betel leaf & rice are the rising product of this bazar. Most of the farmers produce banana and the others produce betel leaves and rice.

2.5.6 SWOT Analysis

STRENGTH	OPPORTUNITY
- Meeting Place if Seven Unions - Better Transportation and Position - Popular for Special Bazar - Various type of Activity in full Year - Proposed future Pilot Village	- Potential for Business - Employment Opportunity - Land Sharing System

- Large Land Area

WEAKNESS

- Unplanned Functional Structure
- Waste Management Challenges
- No Toilet, Storage, Cold Storage
- Special Bazar has not Shed
- Traffic

THREAT

- Loosing of Productivity
- Multiple Type of Bazar in one Place

2.6 Case Study-2 for Analysis of PPP Study (Satmail Bazar)

2.6.1 Location of Satmail Bazar

The Satmail Bazar is located at 11 no Hoibotpur Union, Jessore Sadar Upazila under Jessore District. Satmail Bazar is very near to Jessore-Jhenaidah Road (N7). Kaliganj and Choramonkathi bazar is the nearest bazar from this satmail bazar.

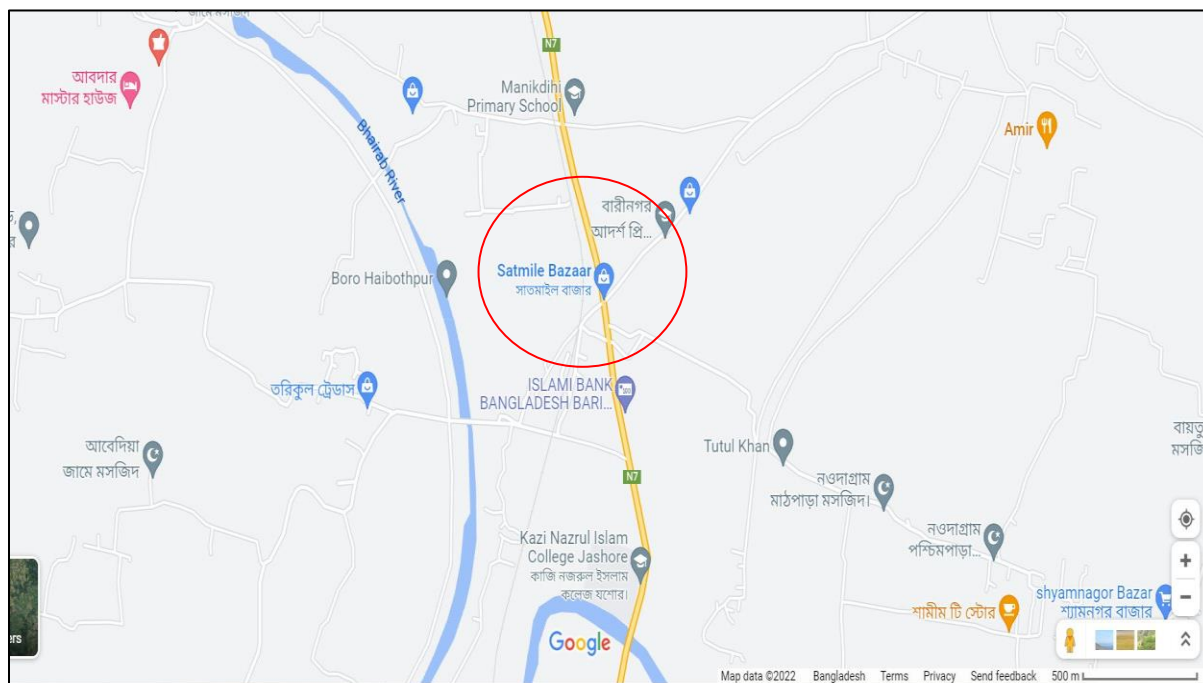


Figure 2-3: Location Map of Satmail Bazar

2.6.2 Current Status of the Satmail Bazar

The Satmail Bazar is known both for Wholesale and Retail Market. There are approx. 15 arrot have found at in the wholesale market. Sunday and Thursday are the weekly hat day of this Bazar. Daily different types of vegetables have found in this bazar such as pumpkin, gourd, radish, pointed gourd, yardlong bean and other seasonal vegetables etc.

- Shop size: small: 10'\10', medium: 10'\15', large: 20'\30'
- Rent (Annually): Approx. 5000 tk-10000
- Arrot: Approx. 15

- Monthly income: retail: 40,000-50,000 tk
- Yearly income: 4,80,000 tk- 6,00,000 tk
- Loading, Unloading: morning, noon
- Peak hour: Morning
- MMC: DCR

2.6.3 Plot Size & Land Ownership Details

Satmail Bazar is very promising wholesale bazar in terms of its location and trade. Both private and government land is there. As per declared bazar periphery, government lease the bazar for one year to the highest bidder. The private owner also builds structure/shop separately.

The proposed Satmail Bazar area for development is belongs to Government and the total land is approximately 1.60 acres. Detailed cadastral survey will be required for mouza boundary identification and UNO and Upazila AC land must be involved to identify the government and private landowners list and their detailed information. The following plots and area are given below table

Table 2-2: Plot Numbers and area of the Proposed Satmail Bazar

Plot no	Landowner	Class Name	Area (Acres)
482	Public	Vegetable Market (Wholesale)	.30
480	Public	Vegetable Market (Wholesale)	.34
481	Public	Vegetable Market (Wholesale)	.50
487	Public	Vegetable Market (Wholesale)	.31
485	Private	Vegetable Market (Wholesale)	.09
475	Private	Vegetable Market (Wholesale)	.01
474	Private	Proposed for Public	.05
Total Area			1.6

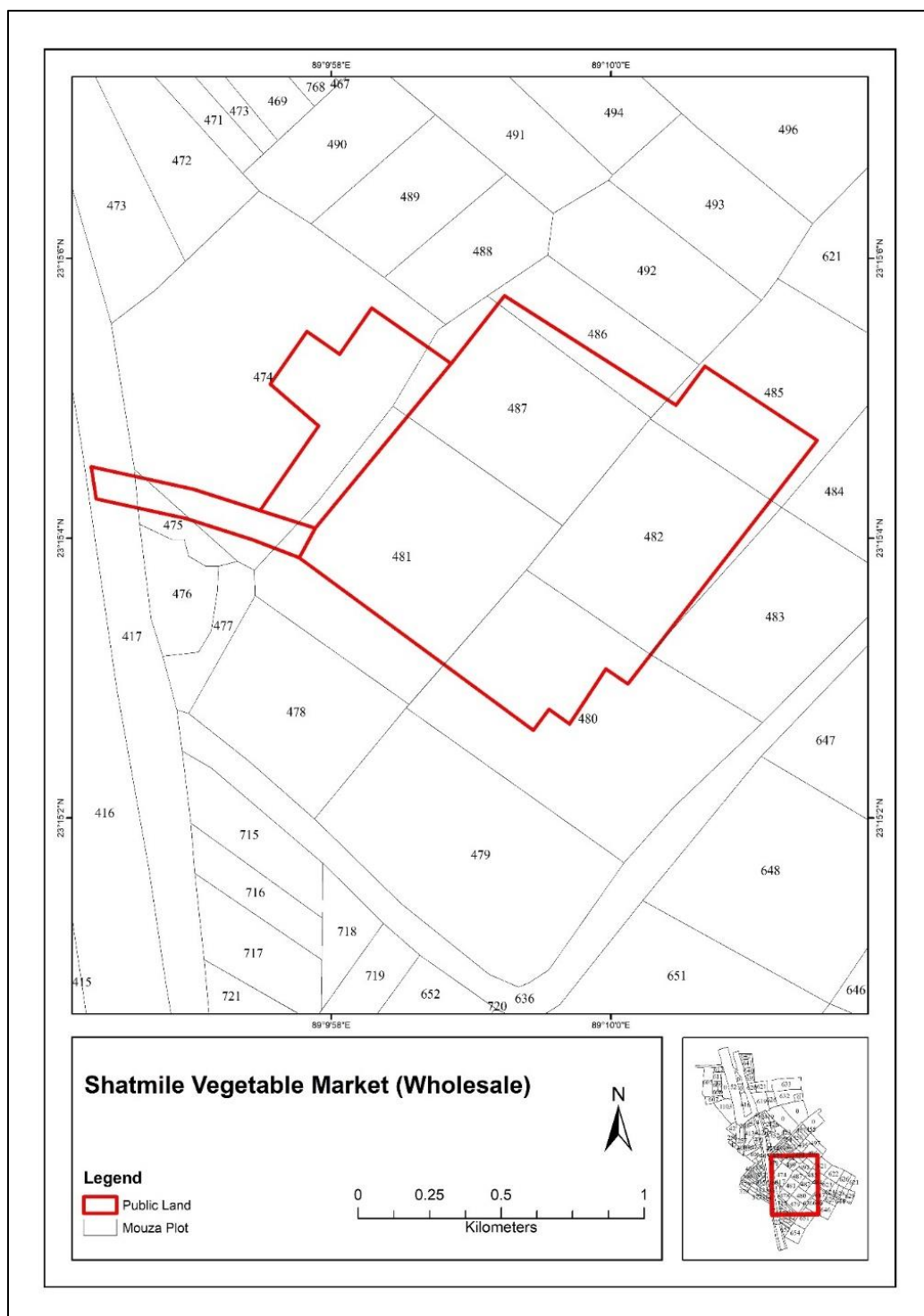


Figure 2-4: Plot Number Map of Proposed Satmail Bazar

2.6.4 Future Demand

The Satmail wholesale bazar is well known about vegetables like such as pumpkin, gourd, radish, pointed gourd, yardlong bean and other seasonal vegetables are the common product of this bazar. This wholesale market is the largest bazar of Jessore region.

2.6.5 SWOT Analysis

STRENGTH • Better Transportation and Position • Popular for wholesale Bazar • This market is active for whole year • Large Land Area • This region is very fertile for vegetables	OPPORTUNITY • Potential for Business • Export opportunity • Employment Opportunity • Land pooling is possible • Easily transport product at capital city
WEAKNESS • No Permanent Structure • Waste Management Challenges • Lack of sorting, grading & packaging area • Time consuming for loading unloading • Traffic movement	THREAT • Excess traffic may delay the export time • Political instability • Natural hazard like cyclone

2.7 Case Study-3 for Analysis of PPP Study (Gazihat Bazar)

2.7.1 Location of Gazihat Bazar

The Gazihat Bazar is located at Noapara Union, Debhata Upazila under Shatkhira District. Gazihat Bazar is very near to Shatkhira-Kaliganj Highway (Z7617). Nolata and Parulia bazar is the nearest bazar from this Gazihat bazar.

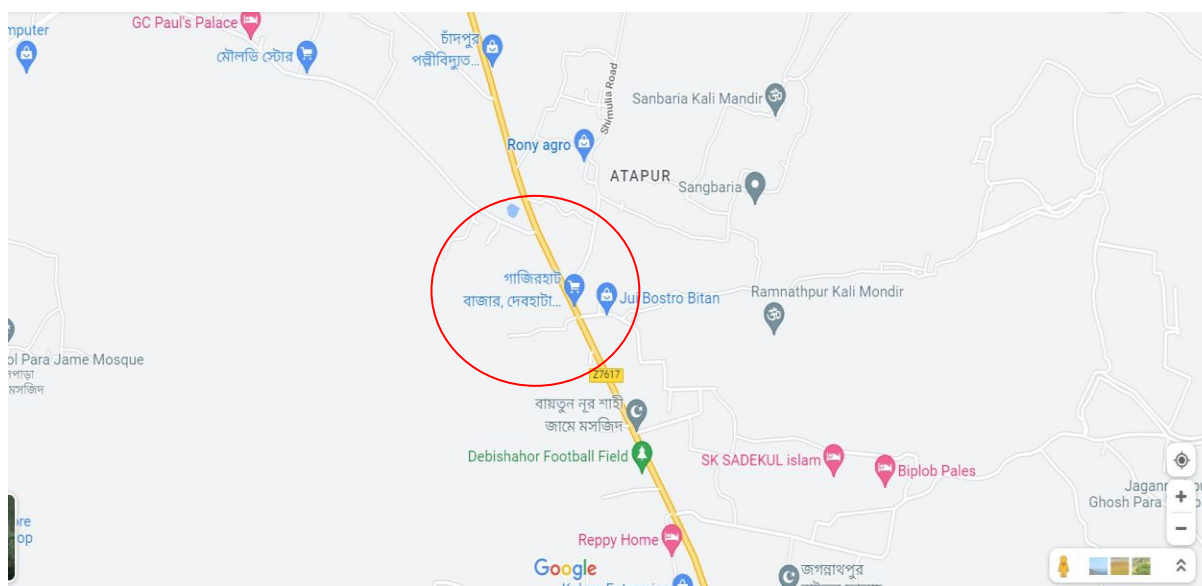


Figure 2-5: Location Map of Gazihat Bazar

2.7.2 Current Status of the Gazihat Bazar

The Gazihat Bazar is well known for fish market. The market was established in 2008. There are approx. 20 vegetables, 100 fish, 23 grocery, 10 fruits and 5 ice grinding have found at in the market. Total 1000

businessman are involved in this market. The peak season of this market is from April to February. At this time fish come from nolata, parulia, debhata, shatkhiria area.

- Shop size: small: 3'x4', medium: 4'x8', large: 8'x10'
- Rent (per day): small shop: 10 tk, medium shop:15 tk, large shop: 20 tk
- Total businessmen: 1000
- Monthly income: retail: 20,000-25,000 tk
- Yearly income: 1,50,000 tk- 3,00,000 tk
- Loading, Unloading: morning, afternoon
- Peak hour: morning
- MMC: Gazirhat bazaar shomiti
- Cost of each ice chunk: 130tk, for grinding it costs 160-180tk

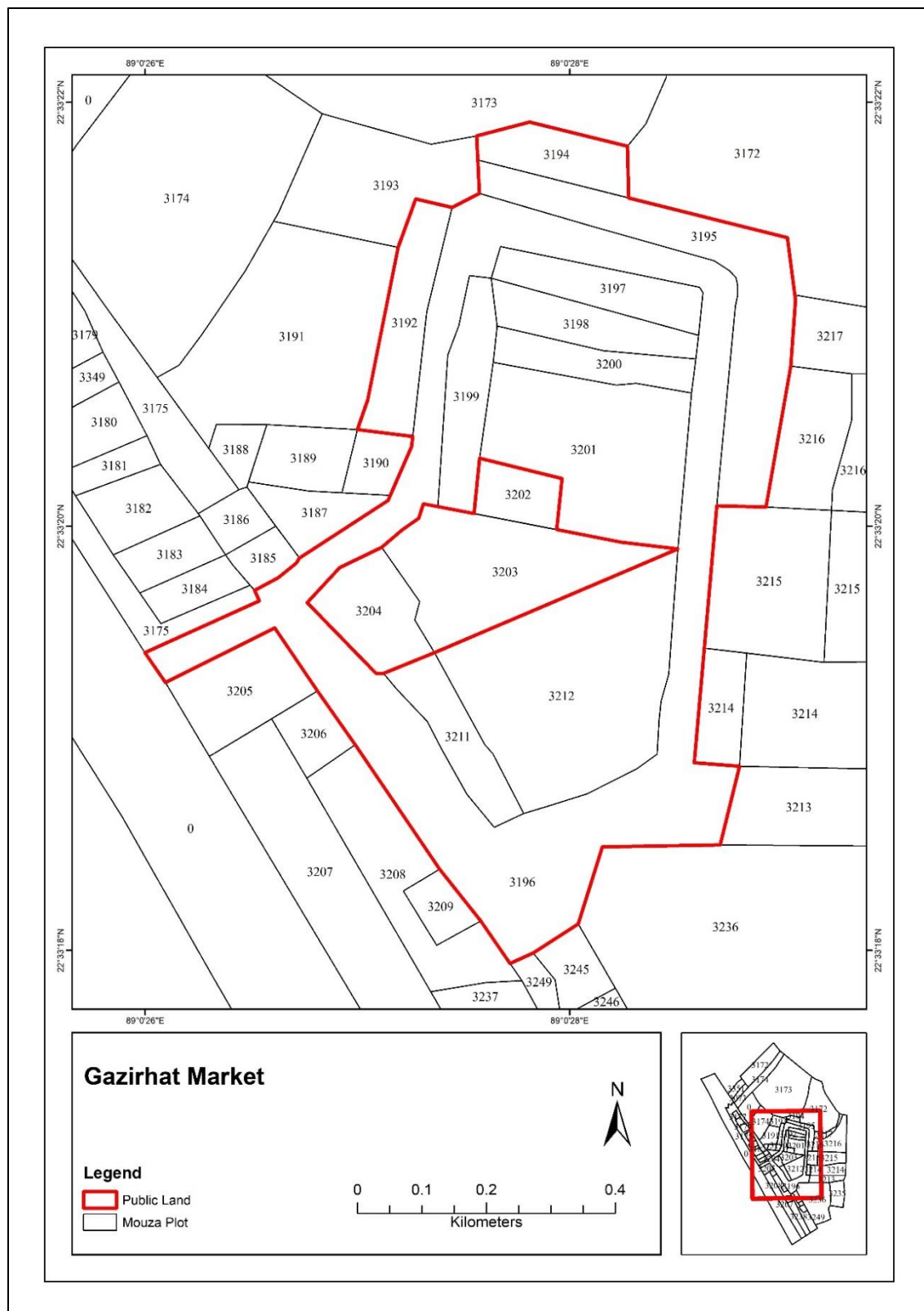
2.7.3 Plot Size & Land Ownership Details

Gazihat Bazar is very promising fish market in terms of its location and future business opportunity. Both private and government land has found in this bazar. As per declared bazar periphery, government lease the bazar for one year to the highest bidder. The private owner also builds structure/shop separately.

The proposed Gazihat Bazar area for development is belongs to Government and the total land is approximately 1.16 acres. Detailed cadastral survey will be required for mouza boundary identification and UNO and Upazila AC land must be involved to identify the government and private landowners list and their detailed information. The following plots and area are given below table

Table 2-3: Plot Numbers and area of the Proposed Gazihat Bazar

Plot No	Landowner	Class Name	Area (Acre)
3192	Public	Bazar	0.050
3195	Public	Bazar	0.122
3194	Public	Bazar	0.034
3211	Public	Bazar	0.038
3201	Public	Bazar	0.131
3200	Public	Bazar	0.032
3198	Public	Bazar	0.038
3197	Public	Bazar	0.041
3199	Public	Bazar	0.044
3212	Public	Union Land Office	0.184
3196	Public	Road	0.445
Total Area			1.16



2.7.4 Future Demand

The Gazihat market is well known about fish like such as golda and bagda shrimp and other common fishes are the main product of this bazar. This wholesale market is the largest bazar of Jessore region.

2.7.5 SWOT Analysis

STRENGTH • Close to Zilla Highway • Popular for fish market • Land availability • This region is well known for golda and bagda shrimp	OPPORTUNITY • Potential for Business • Export opportunity • Employment Opportunity • Land pooling is possible
WEAKNESS • Current Structure is not good • Lack of Drainage system • Lack of storage • Loading and unloading problem • Traffic circulation is poor	THREAT • Excess traffic may delay the delivery • Political instability • Natural hazard like cyclone, flood, storm surge

2.8 Case Study-4 for Analysis of PPP Study (Abu Torab Bazar)

2.8.1 Location of Abu Torab Bazar

The Abu Torab Bazar is located at Maghadia Union, Mirsharai Upazila under Chattogram District. Abu Torab Bazar is very near to Bartakia-Abu Torab Road. This bazar is very near to baratakia bazar and Dhaka-Chittagong Highway (N1).

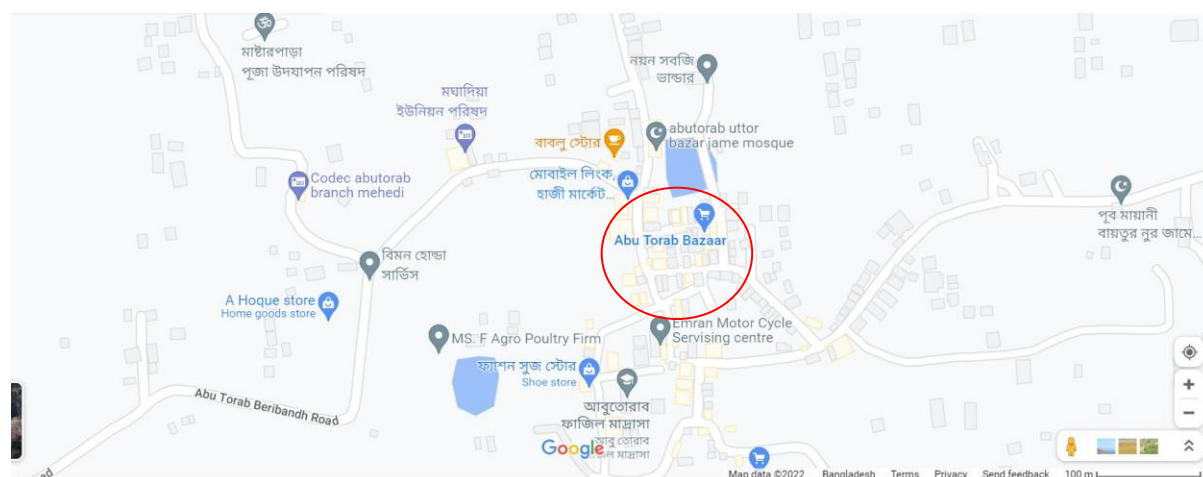


Figure 2-7: Location Map of Abu Torab Bazar

2.8.2 Current Status of the Abu Torab Bazar

The Abu Torab Bazar is known as Retail Market. Monday and Friday are the weekly hat day of this Bazar. Daily different types of Product type have found in this bazar such as vegetables, fruits, fish, poultry, grocery, agro etc.

2.8.3 Plot Size & Land Ownership Details

Abu Torab Bazar is very promising retail market in terms of its location and future business opportunity. Both private and government land has found in this bazar. As per declared bazar periphery, government lease the bazar for one year to the highest bidder. The private owner also builds structure/shop separately.

The proposed Abu Torab Bazar area for development is belongs to Government and the total land is approximately 0.774 acres. Detailed cadastral survey will be required for mouza boundary identification and UNO and Upazila AC land must be involved to identify the government and private landowners list and their detailed information. The following plots and area are given below table

Table 2-4: Plot Numbers and area of the Proposed Abu Torab Bazar

Plot No	Landowner	Class Name	Area (Acre)
52892	Public Land	Shops	0.55686
52891	Public Land	Shops	0.006006
52888	Bandobasto Joggo Land	Shops	0.030136
52887	Bandobasto Joggo Land	Shops	0.020545
52893	Bandobasto Joggo Land	Shops	0.01766
52897	Bandobasto Joggo Land	Shops	0.017581
52894	Bandobasto Joggo Land	Shops	0.014831
0	Bandobasto Joggo Land	Shops	0.009755
52895	Private Land	Shops	0.027196
52886	Private Land	Shops	0.024241
52896	Private Land	Shops	0.019778
52890	Private Land	Shops	0.019658
52889	Private Land	Shops	0.010569
Total Area			0.774816



Figure 2-8: Plot Number Map of Proposed Abu Torab Bazar

2.8.4 Future Demand

The Abu Torab village is well known about Retail Market. A huge number of people come here for their daily needs. An economic zone is going to established at mirsharai upazila. So approx 10 lac job opportunity will be expected from this industrial development. So near future this bazar will take a important role this region.

2.8.5 SWOT Analysis

STRENGTH - Popular bazar in this region - Various type of Activity in full year - Proposed future Pilot Village - Near to economic zone	OPPORTUNITY - Potential for Business - Land pooling may be possible - Employment Opportunity - Economic zone will boost growth
WEAKNESS - Unplanned Structure - Poor drainage system - No Toilet, Storage, Cold Storage - Traffic problem - Limited space	THREAT - Political instability - Multiple Type of Bazar in one Place - Social conflict

2.9 Public-Private Partnership Enterprise (PPPE): A New Avenue for Rural Market (Hat-Bazar) Development

New Public Management (NPM) is trying to enhance the performance of the public sector by adopting private sector engagement methods. For the win-win solution of public and private sector public-private partnership (PPP) is increasing popularity in the field of international development cooperation and sustainable development. The government of Bangladesh has recently issued a set of PPP guidelines to select and approve projects under PPP initiatives and establish a PPP authority for implementing PPP projects. Therefore, implementation of PPP initiatives, according to the budgetary allocations, the industrial policy, and the PPP guidelines, is now in a blooming stage at this time.

The Government has planned to increase 8% of GDP in the vision 2021 to make the country a middle-income country in the world. In order to achieve the Vision 2021 goal of Bangladesh becoming a middle-income country by 2021, will need to ensure a more rapid, inclusive growth trajectory. There has been some success in attracting private investment through the PPP route in the power, gas and telecom sectors. The Government seeks more investment in these and other sectors including rural market (Hat-Bazar).

This requires mobilizing huge investment in rural market infrastructure development. In order to get financing support and enhancing efficiency the government intended the private sector to join towards rural market infrastructure development. The government is ready to welcome both local and foreign investors. It is true that without participation from foreign investors rapid infrastructure development is a challenge including the implementation of election manifesto “My village my town”. Moreover, Bangladesh has to achieve SDGs by 2030 and Goal no 17 is 'Global Partnership for Sustainable Development'. Hence, PPPE might be treated as an important management instrument for rural market (Hat-Bazar) development.

PPPE is essential for rural market development considering the issues viz. shortage of government fund and accessing private capital, increased investment in rural development sectors and reduce the subsidy, better market access to agriculture commodity and create export opportunity, using private sectors capacities for better management. This effort will reduce stress on public sector budgetary constraints, improve the quality of service, promotion of knowledge, technical innovation and enhance entrepreneurship, promote business opportunities and profit-generating skill in the rural economy etc.

Experience of rural development including rural development through PPP from India, Philippine, Australia, and Nepal in this respect can be the guiding example for Bangladesh. In India, the Federation of Andhra Pradesh Chambers of Commerce and Industry and Indian Chambers of Commerce, etc. are extensively working for agriculture development. The efforts of these associations have been towards the production of high yielding varieties of crops, formulating innovative irrigation projects, production of medicinal, herbal and aromatic plants, improving cotton production, encouraging social forestry, fish farming, and development of wastelands, etc.

Despite the policy commitments of the government, PPPE did not roll in the field of rural development mainly due to the absence of an integrated policy and an institutional framework on PPP. But still, there is no clear idea/indications about the PPPE project in rural market (Rural Hat-Bazar) development in the Bangladesh context. From the very outset, the PPP projects implemented in Bangladesh are mostly related to infrastructure development, few are related to health and sanitation, ICT and social sector but sector related to rural market (Hat-Bazar) development are totally ignored. Against, this backdrop, “My Village My Town” project indented to break the ice in initiating to develop a PPPE-business model for growth center development.

2.10 The Potential Sectors of PPP in Rural Development

In Bangladesh, the potential sectors for PPP include rural development (including development of Hat-Bazar) rural housing, infrastructure, rural transportation, rural sanitation and pure drinking water, rural tourism, renewable energy and natural resource management, rural health and family welfare and rural education.

The probable challenging issues for PPP in rural development may be the lack of clear PPP policies and guidelines for the rural market development, lack of a proper institutional framework for rural development, lack of incentives provided by the governments to private actors.

Although PPP in rural market (Hat-Bazar) development may have some probable challenges at this time the win-win solutions could be useful for both government and private sectors. Therefore, to achieve SDGs by 2030, sustainable agricultural market development and the implementation of election manifesto “My village My town” the government might modify the existing legal framework and policy guidelines to govern the PPPE for rural market (Hat-Bazar) development. Potentially, PPPE in rural market (Hat-Bazar) development might be a worthwhile avenue for achieving sustainable economic growth and development for Bangladesh.

2.11 BOT Model (Build Operate and Transfer)

Private sector can be engaged (e.g., Financing for rural market infrastructure development, and land Management) after construction, the private sector will operate it for a certain tenure of 10-15 years. Meanwhile, the market will develop its own system to take over under their co-management system. This will require a tripartite agreement among the government, private investors and private landowner. In this case, Rules 3 and 5 Hat-Bazar (Establishment and Management) under Rules 2018 of the Ministry of Land may be followed with a few modifications as follows:

Present Rules		
Rule 3: Ownership	No land for Hat-Bazar can be used under private ownership. Any adjacent private land within the proximity of hat-bazar will be acquired.	In case of BOT model, the ownership related Rule 3 will not be applicable.
Rule 5 (1): Master Plan design to be unchanged.	Whoever the authority develop/ construct (pucca / semi pucca) Hat-bazar beyond the jurisdiction of Upazila Sadar, the plan and designed to be prepared by experienced engineer without any change in the Mater Plan of the market. Plan and design need to be approved by DC through AC land and Concerned UNO.	The procedure under this rule may be followed where there will be a win-win situations of public interest and profitability of the private investor under PPPE model (BOT).
Rule 5 (2): Approval of Land Ministry	Hat-bazar in <i>khass</i> land within the jurisdiction of Upazila Sadar can be established in public interest with GoB/ Private or under different foreign funding multistoried building can be built up. In case multistoried market construction, market construction proposal and source	The procedure may be followed where there will be private land before following the process there shall be a tripartite agreement among (Private Landowner, Developer/investor and Government-DC).

	of funding must with the approval of Ministry of Land.	
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2.12 Business Model

2.12.1 Khas Land

1. Present occupant will get a business space based on priority basis as recommended by Hat Bazar Land Pooling, Construction & Management Committee.
2. Tripartite Agreement among **Renter/lessee, Developer** and **DC (ADC)** in case of Khas land commercial space will be Rented or Leased out as indicated in the agreement where rent/lease value will be determined Hat Bazar Land Pooling, Construction & Management Committee at market price.
3. **Present Occupant/Renter/lessee** will get the alternate arrangement for the interim period of Construction of the Bazar, provided by the developer.
4. For farmers and small businessmen, a good portion of shops needs to be allocated for them. No one can install any temporary or permanent structure there.
5. As per shops position and size, committee will determine the shops lease/monthly rent. **Renter/lessee at market price.** The allotted or leased shop can't be used for sub-let/rent (the shop to the other businessman).
6. **Renter/lessee** will pay the shop rent within 1st week of every month as indicated in the agreement. And the rent will be adjusted every 3 years as spelled in the agreement.
7. The **Renter/lessee** will be paid the service charge for Utility Bill, Security, Cleaning etc. through Hat Bazar as the management system decided by Land Pooling, Construction & Management Committee.
8. The shops cannot be used for any other business as it is designed in the market plan.
9. Market Shops will be allocated as per the following ratio (excluding privately owned shops):
 - a) **50% shops** will be allocated for **general local candidates**
 - b) **20% shops** will be allocated for **direct affected businessman** who used to undertake business there before the new construction of bazar/market. Hat Bazar Land Pooling, Construction, Management, Maintenance, Transfer Committee will prepare make list of the preset occupant businessmen. **(It may vary during on spot survey)**
 - c) **10% shops** will be allocated for **female entrepreneurs.**
 - d) **5% shops** will be allocated for **elders/physical disabled peoples.**
 - e) **5% shops** will be allocated for freedom fighters or their children.
 - f) **10% shops** will be allocated for persons **who contribute to Art, literature, music, social service, education, sports, or others sector who are nominated by DC.** [As recommended in LGED proposed circular 4(b).]

2.12.2 Benefits or Cost Sharing Mechanism for Private Land Pooling

1. Ownership of private land owner will remain unchanged. The leasing/renting system to be abide by recommendations of the Land Pooling, Construction and Management Committee.
2. Private land owner will get 40-60% (as agreed upon between investors/ developers and land owners) shops excluding land price at market price.
3. The valuation of the property would be at Market Price.

4. Government/Private Investors (exclusively or joint venture) arrange financing for all the construction and development of the Market (Hat-Bazar) including necessary other infrastructure.
5. A Tripartite agreement shall be made among the private landowner, Developer (LGED)/Private Sector investors (exclusively or joint venture) and DC/ADC (revenue). It should spell the time frame of the completion of the market construction and development including meeting the deadline.
6. Developer will be responsible for alternate arrangement for running the market for both private land owner and others during construction of period.
7. The private land owner will pay the service charge for Utility bill, Security, Cleaning etc. as suggested by the Land Pooling, Construction and Management Committee. This Committee will define the service charge/fees for each shop as per government standard rules and procedures.
8. In case the developer fails the time frame for natural disaster or any unforeseen situations (*Such cases include, natural disasters, political chaos, unusual rise in prices of the building materials, delay in getting utility connection from the concerned authority, etc.*) these things will well spell in the agreement.
9. The Private land owner will be owned a pre-determined share of shops. However, the land owner if intends to dispose of his/her share, the new shop owner must abide by all the conditions of the market management as prevails.



বাজার নির্মাণে পিপিপি চুক্তিতে জমি হস্তান্তর



ব্যক্তিগত মালিকের একাধিক দোকানের সুযোগ



বাজার নির্মাণে অর্থায়ন



অধিগ্রহণ ব্যাতিত বাজার নির্মাণ

2.13 Committee Formation

2.13.1 Hat Bazar Land Pooling, Construction & Management Committee



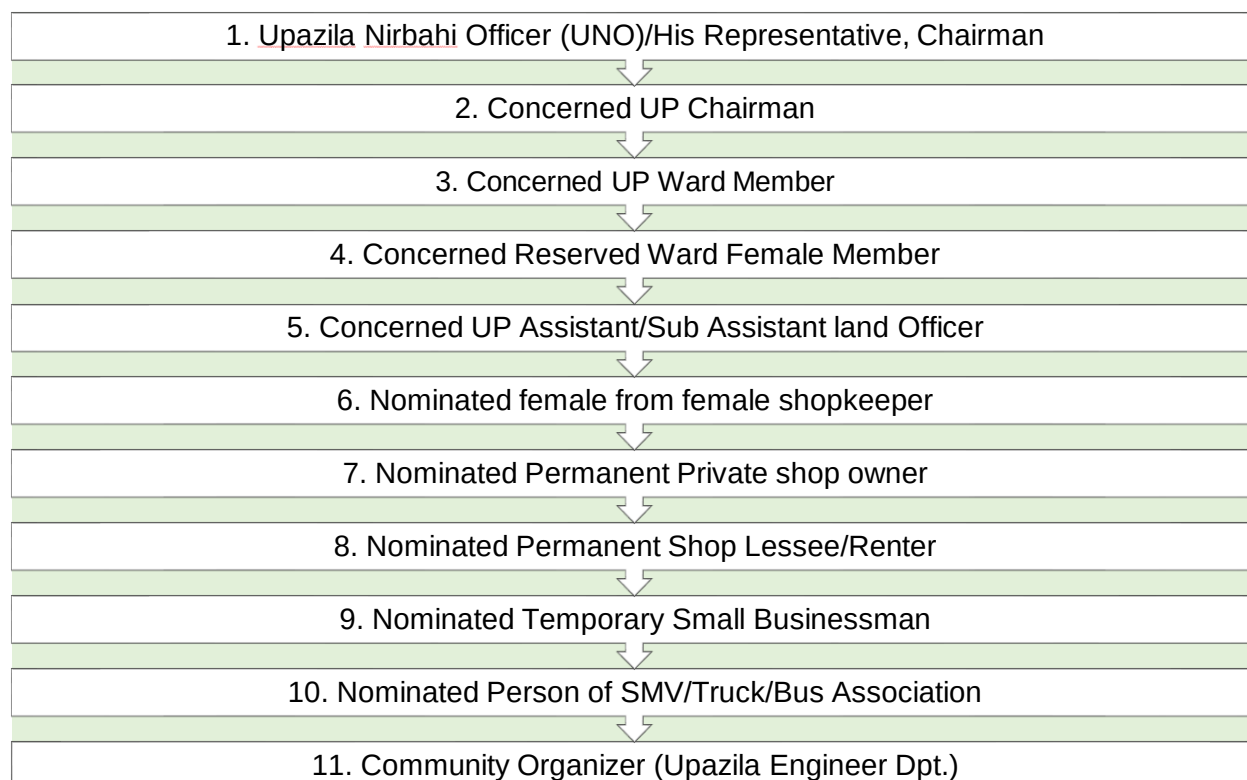
Note: Modified from LGED circular

2.13.2 Terms of Reference (ToR) of Hat Bazar Land Pooling, Construction & Management Committee

1. This committee will suggest which *khas* land and private land to be included for Hatbazat under PPPE. There should be no option for private land owner for opposing it if government feels it requires for public interest as recommended by this Committee.
2. Land pooling and business model framework to be presented in the respective community, locality with all challenges and opportunities in order to make the people convinced.
3. *Khas* Land Lessee/Current shop renter will be listed by this committee.
4. Chandina Viti & Toha Bazar users will be listed by this committee.
5. Identify private land and landowner necessary for market development.
6. Organize/Identify Business committee at local level wherever is necessary.
7. As per rules and regulations of Land Ministry, this committee will do overall supervision of Hat bazar/market construction undertaken by the developer.
8. Suggest Concept of Infrastructure, Business Opportunities, Entrepreneurship etc in consultation with expert professional and business community in respective locality.
9. Preparation of the lists of shops for by this committee: Recommendations will be submitted to Deputy Commissioner for next course of action.
10. As per shops position and size, committee will determine the shops lease/monthly rent at market price. Their recommendations will be submitted to Deputy Commissioner.
11. Proper management of assigned staffs for the Hat Bazar building.
12. The Hat Bazar building constructed by the developer shall be handed over to DC/ the said Committee.

13. The technical support of maintenance of the constructed building will be undertaken by developer for certain period and overviewed by LGED.
14. After taking the possession of the shops as distributed by the committee, lessee/renter/ private owner will form a **“in house management committee”** for maintenance (repair of door, window, electric line connection etc.) the shop in his own cost as suggested by the committee.
15. If private owner wishes to sell off his/her share of the shops, they need to get an no objection certificate from the Committee.
16. This Committee will define the service charge/fees of each shop. The renter/private owner will pay the service charge for Utility bill, Security, Cleaning etc. as suggested by the Committee.

2.13.3 Hat Bazar/Market Management Committee (MMC)



2.13.4 Terms of Reference (ToR) of Hat Bazar/Market Management Committee (MMC)

1. The committee has to make a yearly plan for respective Hat bazar overall improvement and maintenance using reserved money from lease/rent amount. The implementation plan will be submitted to respective authority.
2. Supervision of all activities of toll/rent collectors.
3. Preventing collection of tolls from buyers and sellers for goods exempted from paying toll.
4. To curb illegal and forced collection of tolls and to prevent harassment of buyers and sellers
5. To keep Hat bazar clean, ensure water supply, electricity & sanitation.
6. Established good drainage system and waste management system.
7. To help women/freedom fighters/elders/disabled buyers and sellers to buy and sell.

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8. The committee has to monitor that no one can construct any temporary or permanent structure that place is designated for farmers and small businessman.
9. This committee will do at least one meeting every month. In this meeting, the committee will give necessary recommendation Hat Bazar management, toll collection, maintenance and development and it to be send to Upazila Market Management Committee.

2.14 SWOT Analysis

Strengths

- a) Government need not to undertake the hassle for land acquisition, reduce the stress of budgetary constraints;
- b) Reduce the time for land pooling process;
- c) Best use of land at commercial purpose with public private partnership with people's participations;
- d) Improve the structural design and quality of services that happens usual in private sector or with private participations.
- e) Improve and ensure efficient management;
- f) Investor will feel encouraged to go for investment as they can get the land easily for future upgradation/expansion;
- g) Government & local administrative or market committee will support for market management, maintenance & supervision;

Weakness

- a) **Lack of regulatory framework:** There is no private land sharing mechanism in the Draft Hatbazar (Construction & Management) rules, 2018
- b) Lack of public awareness, private people are scared of losing their land ownership;
- c) PPPE projects are complex in nature and require specialized knowledge and understanding.
- d) Unless all the stakeholders are properly trained up, PPPE cannot be initiated and implemented.
- e) Renter/lessee/private owner will lose the shop position temporarily. Alternate arrangement need to be confirmed before construction.
- f) Private owners are not the member of previous MMC

Opportunities

- a) Private landowners will get easy capital support they require;
- b) Private sector will also have new business opportunities and will have easy access to public services.
- c) Private landowners will also have potential to promote their business; Able to make best economic use of the land;
- d) A private entity will be granted the opportunity to obtain a long-term benefits.
- e) Create a lot of employment opportunities and explore new business potentials;
- f) Private investors might be interested in funding for the easy systems.
- g) Utility services will be improved.

Threats

- a) As these projects are mostly local or regional in nature, business community from international markets or even from other regions will be less interested to come forward.
- b) **Concerned of missing the construction deadline:** In case the developer fails the time frame, the landowners are entitled to a rental compensation that is to be paid.
- c) **Syndications:** Unexpected names by influential people may be included in this list.
- d) Land dispute may delay the development
- e) Political instability, natural disaster, price hike may delay the development.
- f) Unrealistic rents can create social conflict over existing tenants/private owners.

2.15 Benefits of Small-Scale PPPE Project

1. By combining the effort of the public and private sector, a country's infrastructure will be developed within a short time, where efficient management and operating system will evolve. The public sector, private sector and general public of a country will get benefitted resulting in economic growth and sustainable development towards achieving SDG and achieving high middle income country by 2031 and developed nation by 2041.
2. Economic stability: The private sector is investing in infrastructure, so, govt is free from taking loans and pay interests. This will reduce pressure on govt and hold the interest rate and inflation.
3. Government is making all out efforts to encourage and invite private investors and FDI to invest where the Government will have only role of facilitator and regulator. This sort of model would create a precedence towards encouraging the investors for developing the infrastructure of the country.
4. Also, these kinds of initiatives will enhance the quality of public services for the citizens and create a huge employment opportunity at the local or regional level.
5. The private sector will also have new business opportunities and develop enterprises in the rural economy, which real challenge of the deployment model of the country i.e., urban based development.
6. This initiative may reduce debt burden of the country by less borrowing and taking loan etc.
7. This partnership models may reduce land acquisition hassle, which is costly in terms budgetary pressure and expensive in terms social unrest and commotions. On the other hand, private landowners will also economically beneficially getting easy finance and owner of readymade infrastructure.
8. This will make the land owner to become efficient entrepreneurs and owner of both asset and capital by selling or renting newly constructed shop;
9. Land acquisition is a complex, unpleasant and cumbersome process that include time-consuming, resettlement and rehabilitation issues. Partnership model improve people's social cohesion, enhance and promote co-management resulting increase in human capability;
10. The present Hat Bazar is totally un-organized and un-structured. This model will put the ball in motion to improve the quality of services and quality of work along with human capability in their working life.
11. The private sector is developing infrastructure and they will use the best and effective technologies.
12. Logical estimate of expenditure. The private sector will implement different aspects of the project such as designing, financing, construction, maintenance and management. It will possible to make a logical estimate of expenditure during the projects.
13. Achieving high growth rate; Developing infrastructure at an appropriate time will increase the economic growth rate. Additional investment and high production capacity lead to a higher growth rate.
14. Private sector will expand own business
15. PPP facilities can expand their business. The private sector can invest in profitable big projects.
16. Introduce to something new: The private sectors are innovative in the financing, management, construction, maintenance and management.
17. Accountability: The services are bought from the private sector; they are accountable to the public and government.
18. Government responsibility: Govt approves and supervises those projects; the private providers are abiding by their rules.
19. Safety: Since the private sector has to bear the cost of accidents and damage; they will use reliable and quality materials to ensure safety.
20. Meeting of the Election Commitment as pledged in the election manifesto of government during election campaign (2018). The implementation of the project will comply with the government political commitment, satisfy the social obligation including development imperative and environmental and natural conservation & climate change.

2.16 Challenges of Small-Scale PPPE Project

1. Absence of regulatory framework.
2. Policy conflict with present land management policy i.e., with present Hat-Bazar land **ownership** that needs to be resolved urgently.
3. PPPE projects are complex in nature and require procedural and specialized knowledge, skill and understanding.
4. As this model is different from the conventional Hat-Bazar construction and management model, which requires the capacity of the organizations like at policy level, implementing agencies, field administration offices etc. Understanding between public sector and private sector is very crucial. Unless all the stakeholders are properly equipped.
5. Roles and responsibilities of various parties/committee involved in a PPPE arrangement to yet be well spelled.
6. Lack of capacity development that needs to be ensured.
7. As these projects are mostly local or regional in nature, business community from international markets or even from other regions will be less interested to come forward.
8. Capacity of different region is different that needs to be customized and localized.
9. Shifting during construction phase the present renter/lessee will lose their customer temporarily and expense for shipment is very costly for them.
10. Present occupant can't have confidence of getting their position back.
11. Local political syndicates are very strong in case brining the private land owner on board. This needs political support.
12. Land dispute may delay the development
13. Current *Khas* land Lessee/shop renter identification will be very challenging.
14. Chandina Viti & Toha Bazar user should be listed by the AC land/UNO. Unless unexpected people may include in this list.
15. Unrealistic rents can create social conflict over existing tenants/private owners.

2.17 Recommendations

1. PPP projects are capital intensive; thus, matching assets, liabilities and cash flow is more important here.
2. Full support of the planning commission required on the entire process.
3. For competitive and transparent bidding there needs to establish a comprehensive and regulatory framework.
4. The legal framework must have the ability to ensure obligations to private sector partners and keep provision for cost recovery and the issue of compensation.
5. The government may finance those projects from various sectors with private investors.