In the run-up to Budget Day, public-private partnership (PPP) has created a buzz in the corporate elite. It is a scheme for a government service or private business venture which is funded and operated through a partnership of government and one or more private companies. The schemes are referred to as PPP. In some types of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. In other types, the scheme could be the other way round. The renewed underscore on PPP in infrastructure development, as indicated by different ministers in their statements, will make the 2009-10 budget special.

"However, PPP may remain a challenge if we can't put in the befitting legal support and institutions to identify appropriate projects, participation agreement, a timely funding plan with executionable private sector participation," Rashid says.

The leading economic analyst cautions optimists that the country's private sector is still too fragile to attract large capital and physically constrained to implement large projects. "It may warrant large global corporations to join in," he says.

Pre-budget discussions indicate that the government may come up with a brief guideline for PPP programmes under which the private sector would be allowed to make as high as 70 per cent of the entire investment in power and energy infrastructure projects. PPP programmes are crucial for the energy sector as the country is reeling from a huge power crunch.

The PPP scheme is expected to be different for social, healthcare and education projects. In these projects, the government will share the major part of the investment.

"It is very encouraging that the finance minister has signalled that PPP will form a major new element in the budget since, if done successfully, this has the potential to firstly leverage government funds by 3-4 times with private sector capital from both domestic and foreign infrastructure investors," says Ifty Islam, managing partner at Asian Tiger Capital Partners (AT Capital).

"It can also help overcome capacity constraints within the governments by utilising private sector experitise and knowledge in projects. Making PPP a core or central initiative is what makes the 2009-10 budget stand out," Islam says.

This is one of the ways the government can lay the foundation for Bangladesh becoming an 8 per cent plus growth economy in the longer-term, Islam hopes.

The budget to be announced on June 11 will be the first budget by the new government. The Awami League that leads the ruling coalition was voted to power on the strength of an election manifesto that lays out a vision for a prosperous 'Digital Bangladesh' by 2021.

"For obvious reasons this budget needs to reflect policy and financial measures that can initiate the realisation of the aspirations voiced in the manifesto," says Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS).

The government should fast-track poverty alleviation and economic emancipation through export growth.



The NBR must make sure that individuals and corporations pay their taxes.

The Star