players in public service. PPP has come a long way since its embryonic stage; developed genuine partnerships aimed at properly pricing scarce public resources and efficient sharing and managing risks. The new government of Bangladesh has shown enough positive intent to incorporate PPP in the coming fiscal budget 2009-2010. Although late, it is a very wise decision by the Finance Minister.

Finance Minister AMA Muhith, for the first time, proposed an allocation of Tk 2,500 crore for the public-private partnership initiative to implement different projects in infrastructure, health and education sectors. The money is for ensuring government partnership in equity and loan assistance from the government to different projects such as expressways, elevated expressways, sky-trains, and underground railways for large projects. Others are for link and approach roads to bridges, flyovers, underpasses and tunnels, university residential halls and hospitals.

This is definitely a special initiative from the Bangladesh government to involve private sectors in public service infrastructures. Though the concept is not new but the allocation of money for PPP projects is for the first time in our budget. PPP has become mandatory in United Kingdom since 1992. The HM Treasury 2003 stated that PFI (Private Finance Initiative) would be used for projects worth more than £20 million and not for large Information and Communication Technology (ICT) projects. Similarly, in Singapore, the government applies PPP projects where the value of the project is likely to be more than $50 Million.

It is observed that, PPP is most readily applied to financially free-standing projects; generates high revenue which allows the full cover of investment, debt service, operation and maintenance. Telecommunication, oil and gas, electricity etc. fall into this category. These projects are profit making and can be financially sustained. On the other side, there are projects that provide free services to the users. These are social projects such as schools, hospitals, water and sanitation etc. These are generally capital-intensive projects with low revenue generation; require long payback period. Due to unattractive economics, less private bodies participate into this project financing.

Between these two categories, there are economic projects which generate moderate revenue. Industrial estate parks, recreation centres, hotels and resort fall into this category. The revenue stream is normally subject to a purchase agreement which may be guaranteed by sovereign governments as the utilities financial strength is not sufficient enough to cover the debt repayment, operation and maintenance service. These projects typically require large sunk investment and longer period to recoup. Economic infrastructures are also more straightforward candidates for PPP than are social infrastructures because of the higher rate of return, favourable user charge and better market for bundling construction with provision of related services (IMF, Economic issue no. 40). However, many countries have implemented PPP into social infrastructure projects, gained high quality service and efficiency as well.

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**Legal factors**

In the legal factors in PPP, an implementation agreement (IA) is signed by the government with the project company. This is a crucial agreement as it ensures what the government will provide and guarantees for implementing the project. It is executed between the project company and the government to provide sovereign support as well as credit enhancement. Such an agreement is very important because it helps the project to get a needed guarantee from the government against political instability and financial uncertainties. In the Dabhol project, India it was agreed that arbitration would take place in the London courts. The tax holiday was set for 10 years. The state government of Maharashtra, as well as the central government of India, provided payment guarantees to the project vehicle for MSEB, which was a 15 per cent equity investor in the project. In the Hubco project, Pakistan a tax holiday was set for the whole life of the project. In our budget 2009-2010, the Finance Minister announced similar investment attractions like tax waivers or a payment of minimum tax under PPP initiative, duty-free facilities and tax holidays or a minimum tax on profits only for a specific period. These are the first and foremost attempts apart from establishing a comprehensive policy and regulatory framework for PPP.

Despite this, there should a handbook which provides a guideline on selecting, formulating and executing PPP projects. The Bangladesh government should publish a guideline on PPP as like Public-Private Partnerships Handbook by Ministry of Finance Singapore, Guideline