

Framework Analysis for Managing Unsolicited PPP Proposals in Bangladesh: Advancing Transparency and Accountability

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Abstract:

This study investigates the management framework for Unsolicited Proposals (USPs) in Public-Private Partnerships (PPPs) in Bangladesh, focusing on enhancing transparency and accountability. USPs in PPPs allow private entities to propose innovative solutions to infrastructure challenges, but they often bypass competitive bidding, raising concerns about governance, public interest alignment, and Value for Money (VfM). As Bangladesh strives to achieve the goals outlined in its Perspective Plan 2021-2041 and Sustainable Development Goals (SDGs), effectively managing USPs in PPPs is critical to leveraging their potential while mitigating associated risks.

This study explores the current practices for handling USPs in PPPs, using the Dhaka Elevated Expressway (DEE) as a case study to highlight key challenges such as cost overruns, delays in operations, transparency and accountability issues. A mixed-methods approach was employed, incorporating document reviews of national policies, comparative analyses of international practices, and an in-depth evaluation of the selected case studies. This study also examined key issues including risk management, institutional capacity, and the alignment of USPs in PPPs with national priorities.

This study shows the significant gaps in governance frameworks, transparency and accountability, and risk-sharing mechanisms. Global examples for successful implementation of USPs in PPPs, such as South Africa's rigorous scrutiny of USPs for PPPs and Chile's Bonus system for USPs, provide valuable insights for improving practices for USPs in PPPs in Bangladesh.

This study concludes that a structured policy framework, enhanced institutional capacity, and stakeholder engagement are essential to maximize the benefits of USPs in PPPs while safeguarding public interests. These recommendations aim to ensure that USPs in PPPs contribute effectively to Bangladesh's infrastructure development and long-term sustainable economic goals.

Keywords: Public-Private Partnerships (PPPs); Unsolicited Proposals (USPs); Transparency and accountability; Value for Money (VfM); Risk Management; Dhaka Elevated Expressway; Bangladesh PPP Policy Framework

1. Introduction

The Public-Private Partnership (PPP) is a long-term contractual agreement between the public and private

sectors for the provision of public assets or services, where the private party assumes significant risks and management responsibilities. In Bangladesh, PPP model has gained considerable traction as a mechanism to address infrastructure deficits, enhance service delivery, provide innovative solutions, and drive economic growth. The Government of Bangladesh (GoB) has actively promoted PPPs, establishing the PPP Authority to facilitate and regulate PPPs projects (Bangladesh Public-Private Partnership Authority [BPPPA], 2022). PPPs have emerged as a crucial mechanism for addressing infrastructure deficits in Bangladesh, a country striving to achieve middle-income status and meet SDGs. Limited public resources necessitate innovative solutions to accelerate infrastructure development, enhance service delivery, and drive economic growth. Among various PPP models, Unsolicited Proposals (USPs) in PPPs offer private entities the opportunity to propose projects that address infrastructure challenges, potentially introducing innovation and efficiency in PPPs.

Despite their promise, USPs in PPPs pose significant governance challenges. These include risks of limited competition, lack of transparency, and potential misalignment with national development priorities such as the Perspective Plan 2021–2041 and the 8th Five-Year Plan. The absence of a robust framework for evaluating and managing USPs in PPPs has raised concerns about accountability, transparency and public value. According to Hodge & Greve (2007), a comprehensive policy framework is essential for managing USPs in PPPs effectively. Introducing mandatory compliance with environmental and social assessments as part of the submission process of USPs in PPPs (Rahman & Kabir, 2020). This will ensure that USPs in PPPs in Bangladesh align with the nation’s long-term sustainability goals and national development strategies, such as Vision 2041 and the SDGs.

Bangladesh, as a developing country, faces persistent challenges in financing and delivering public services. Without a structured policy framework, the benefits of USPs may be overshadowed by inefficiencies, mismanagement, and potential corruption. Addressing these gaps requires well-defined governance mechanisms to ensure USPs align with strategic goals, uphold transparency, and safeguard public interests. Basically, Bangladesh, concerns about corruption, lack of public trust, and inadequate evaluation mechanisms have highlighted the need for robust governance structures in PPPs proposals. The absence of clear guidelines and protocols for handling USPs in PPPs risks undermining the procurement process, raising questions about alignment with national development goals, public interest, and accountability.

1.1 Overview of PPP Projects in Bangladesh

PPP projects in Bangladesh can be categorized as:

Approved Projects: Over 80 PPP projects have been approved across various sectors, including energy, transportation, healthcare, and urban infrastructure, reflecting the government's commitment to addressing infrastructure gaps through public-private collaboration.

Completed Projects: A limited number of projects have been successfully completed, primarily due to challenges in execution, financing, and capacity constraints within both the public and private sectors.

Ongoing Projects: Numerous projects are currently at different stages of implementation, ranging from feasibility studies and tendering to construction, demonstrating the dynamic nature of Bangladesh's PPP initiatives.

The Key Sectors of PPP projects in Bangladesh are:

Transport and Connectivity: Major projects include expressways, bridges (e.g., DEE), and ports (e.g., Payra Port).

Energy and Power: Investments focus on renewable energy projects and independent power producers (IPPs).

Urban Development: Initiatives include waste management, water treatment plants, and smart city solutions.

Healthcare: Improve access to healthcare facilities and diagnostic centers under PPP models.

The Financing and Partnerships strategy for PPP projects includes both domestic and foreign private investors are engaged in PPP projects, with significant participation from international development partners like the WB, ADB, and JICA. The government VGF and other incentives to attract private sector involvement.

Bangladesh's PPP pipeline comprises 80 projects at various stages of development. The total estimated investment for these projects is approximately \$41.6 billion.

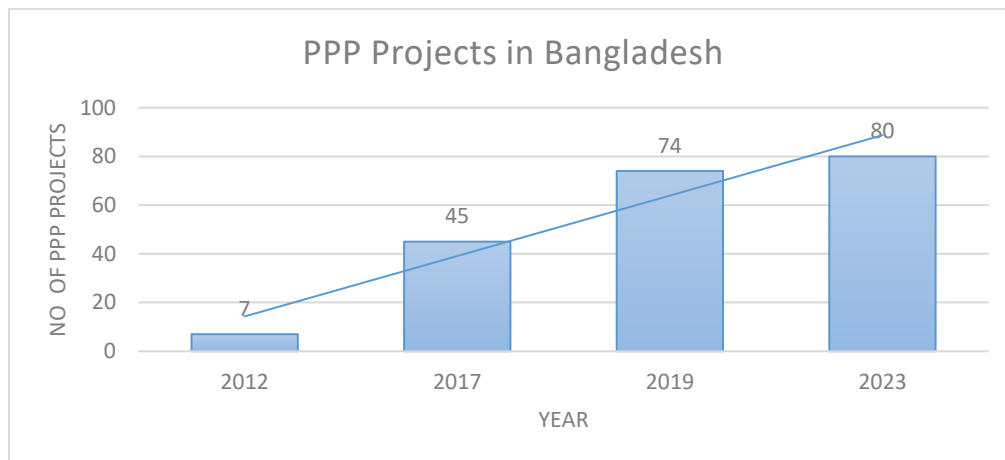


Fig: No of PPP projects over the year, Source: BPPPA annual reports 2023-24.

1.2 Institutional Framework of PPP in Bangladesh

The Bangladesh Public-Private Partnership Authority (PPPA), established under the Prime Minister's Office, is tasked with overseeing and facilitating PPP initiatives. The PPP Act of 2015 provides a comprehensive legal framework to regulate PPP activities, ensuring they align with national priorities. Various line ministries and agencies are actively involved in implementing sector-specific PPP projects.

Traditionally, the government engages the private sector in infrastructure development through a structured planning process. This involves a government agency identifying infrastructure challenges, preparing and developing projects in response (with the assistance of external advisors), and subsequently launching competitive tenders to select the most qualified private-sector bidder for implementation. In a USPs, a private entity proactively submits a proposal for an infrastructure or service project to a public agency without an explicit request or invitation from the government. According to the *Guidelines for Unsolicited Proposal, 2018*, an "Unsolicited Proposal" is defined as "a written proposal for the implementation of a PPP project submitted unilaterally by an Original Proponent on its own initiative and not in response to any formal government request." Therefore, USPs are characterized as submissions of project concepts initiated by private entities, unrequested by public procurement agencies.

1.3 Guidelines for Considering Unsolicited PPP Proposals in Bangladesh

In Bangladesh, the management of USPs necessitates a structured framework to uphold transparency, competitiveness, and alignment with national development priorities. The key considerations and steps for handling USPs include:

Alignment with Public Interest: USPs must address critical public infrastructure or service needs, ensuring they contribute to national development goals and the broader public good.

Transparency and Competitiveness: To prevent favoritism and ensure fairness, all proposals should adhere to transparent and competitive procurement processes, such as the Swiss Challenge or similar mechanisms.

Risk Assessment and Allocation: A thorough assessment is necessary to ensure that risks are equitably shared between public and private entities, fostering a balanced and sustainable partnership.

1.4 Criteria for Evaluating Unsolicited PPP Proposals in Bangladesh

To ensure that USPs in PPPs align with national development priorities and deliver public value, they should be evaluated using the following criteria:

Alignment with National Priorities:

- Does the proposal address critical infrastructure needs identified in national plans (e.g., Perspective Plan 2021-2041, 8th Five-Year Plan)?
- Is the project socially, economically, and environmentally beneficial?

Technical Feasibility:

- Does the proposal include a comprehensive and robust technical feasibility study?
- Are the design and implementation plan realistic, innovative, and aligned with best practices?

Financial Viability:

- Is the proposed financial model sustainable, minimizing dependence on public funds?
- Are the tariffs, tolls, or user fees affordable for the intended users?

Risk Allocation:

- Does the proposal clearly define risk-sharing mechanisms between the public and private sectors?
- Is the private partner equipped to manage financial, operational, and technical risks effectively?

Value for Money (VfM):

- Does the project offer superior value compared to traditional public procurement approaches?

Challenges and Gaps: Despite these criteria, challenges persist in ensuring effective risk management, fostering competition, and aligning USPs with long-term development goals. Addressing these gaps through a structured policy framework is essential for maximizing public value and private sector innovation.

This policy paper examines the impacts of USPs in PPPs on transparency and accountability in Bangladesh, emphasizing the urgent need for a policy framework that promotes fairness, efficiency, and alignment with national development priorities. This policy paper also proposes a comprehensive guideline for navigating the complexities of unsolicited PPP proposals by drawing on global best practices and localized insights to craft a sustainable pathway for managing USPs in PPPs in Bangladesh's infrastructure development.

1.5 Objective of the Study

The primary objective of this policy paper is to assess the current state of unsolicited PPP proposals in Bangladesh, identify the key challenges associated with transparency and accountability, and develop a strate-

gic framework for managing USPs in PPPs.

The key objectives:

- To evaluate the existing mechanisms and guidelines governing USPs in PPPs in Bangladesh and its alignment with national priorities.
- To identify key governance challenges, including transparency, accountability, and risk management in USPs in PPP implementation.
- To propose actionable recommendations for improving the management of USPs in PPPs to maximize public benefits and ensure sustainable development by enhancing transparency and accountability.

1.6 Justification of the Study

With Bangladesh's growing infrastructure demands and limited financial resources, USPs in PPPs present an opportunity to harness private sector innovation and investment in infrastructures. However, their unregulated nature risks undermining governance and public trust in USPs in PPPs. This study is essential for developing a structured framework to manage USPs in PPPs effectively, ensuring transparency, accountability, and alignment with public interest, and fostering sustainable infrastructure development in Bangladesh.

2. Literature Review

The evaluation of Unsolicited PPP Proposals has been a significant topic in the global infrastructure discourse. This literature review synthesizes insights from articles, documents, and case studies to identify research gaps, theoretical underpinnings, and practical applications.

A comprehensive review of international best practices and case studies highlights critical insights into managing USPs in PPPs. ADB (2018) and WB (2018) emphasize that while USPs in PPPs can bring innovative solutions to infrastructure development, the absence of transparency and robust regulatory frameworks often leads to inefficiencies, risks, and the circumvention of competitive bidding processes.

In South Africa, USPs are rigorously scrutinized to align with public interests, with a clear emphasis on accountability (WB, 2018). Chile employs a bonus system that balances private-sector incentives with public benefits. Similarly, the Philippines uses the Swiss Challenge method, mandating open re-bidding to maintain competition. These frameworks underscore the importance of blending flexibility with regulatory oversight. Global context and theoretical perspectives studies by the ADB (2018) and WB (2018) highlight USPs as a double-edged sword: while they can drive innovation and expedite project delivery, their unregulated nature poses risks to transparency and accountability. These studies emphasize the need for structured frameworks that integrate competitive mechanisms such as the Swiss Challenge or Bonus systems to ensure fairness.

In Bangladesh, the government has adopted measures such as the Swiss Challenge method to regulate USPs, enabling competitive rebidding (WB, 2021). However, Ahmed and Rahman (2020) argue that bureaucratic delays and limited institutional inefficiencies hinder its efficacy. They note delays, cost overruns, and limited public trust as recurring challenges that institutional capacity have undermined the effectiveness of this mechanism. Khan et al. (2019) identify corruption and lack of capacity within public institutions as critical barriers to effective USP management. The Bangladesh Institute of Bank Management (BIBM) identifies additional challenges, including flawed project selection mechanisms, excessive costs, corruption, delayed project completion, inadequate feasibility studies, insufficient government monitoring, and weak institutional capacity. Globally, PPP projects can originate through two main approaches: solicited and unsolicited

(PPIAF, 2014). Unsolicited PPP proposals are initiated by private entities rather than the government, often bypassing the traditional public planning process.

The DEE, a flagship USP project, serves as a critical case study. Despite its potential to address urban mobility challenges, the project has faced delays, cost escalations, and concerns over transparency and accountability. These challenges highlight the absence of robust evaluation and governance frameworks.

A review of the literature reveals gaps in aligning USPs with national development goals and ensuring robust risk-sharing mechanisms. Existing studies often focus on isolated aspects such as transparency or institutional capacity, leaving a gap in comprehensive analyses that integrate these dimensions. Furthermore, the lack of empirical data on the long-term impact of USPs in Bangladesh underscores the need for a holistic framework that prioritizes public interest while fostering private-sector participation.

By addressing these gaps, this study aims to contribute to the theoretical and practical understanding of USP management in Bangladesh, offering actionable insights for policymakers and practitioners.

2.1 Conceptual Framework of Unsolicited PPPs Proposal

The conceptual framework for this study focuses on operationalizing key variables such as Governance Mechanisms, Institutional Capacity, Private Sector Participation, Project Viability, Transparency and Accountability and Public Interest and Benefit that influence the effective management of Unsolicited PPP proposals in Bangladesh. It serves as a structured tool to examine the interplay between governance, institutional capacity, and project outcomes, providing measurable indicators for analysis. This conceptual framework provides a foundation for quantitative and qualitative analysis, ensuring a comprehensive evaluation of the USP management process in Bangladesh. It bridges theoretical constructs with practical applications, fostering insights into improving governance and achieving sustainable infrastructure development.

2.2 Theoretical and Philosophical Basis of Unsolicited PPPs Proposal

The theoretical underpinnings of managing Unsolicited PPP proposals in Bangladesh are rooted in governance, economic development, and project management theories. These frameworks are essential for evaluating the assumptions and arguments presented in this policy paper and forming a structured approach to USP management.

2.2.1 Governance Theory

Governance theory emphasizes the importance of transparency, accountability, and stakeholder engagement in public administration. In the context of USPs, governance theory highlights the risks of opaque decision-making processes and the potential for corruption. This theory supports the need for mechanisms like the Swiss Challenge and independent audits.

2.2.2 Public Value Theory

Public Value Theory, introduced by Mark Moore, focuses on creating value for society through public sector initiatives. In USP projects, this translates to delivering infrastructure and services that are socially beneficial, economically viable, and environmentally sustainable. The theory underscores the importance of aligning USP outcomes with the Perspective Plan 2021–2041 and the SDGs.

2.2.3 Principal-Agent Theory

This theory addresses the relationship between the government (principal) and private entities (agents) in PP-

Ps. It highlights the risks of misaligned incentives and information asymmetry, where private partners may prioritize profits over public benefits.

2.2.4 Human Capital Theory

Human Capital Theory emphasizes the role of institutional capacity and expertise in driving successful outcomes. Building human capital within PPP authorities and line ministries is critical for effective USP management.

2.2.5. Resource-Based View (RBV)

The RBV argues that competitive advantage arises from leveraging unique resources and capabilities. In the context of USPs, this theory advocates for fostering innovation and expertise within the private sector while ensuring these resources are effectively integrated into national development priorities.

These theoretical perspectives inform the study's conceptual framework by emphasizing: the need for governance mechanisms to ensure transparency and accountability; alignment of USPs with national and public value goals and strategies to mitigate risks of principal-agent problems and build institutional capacity. By integrating these theories, this study provides a robust basis for evaluating the effectiveness of USP management in Bangladesh and proposes actionable recommendations to advance transparency, accountability, and public benefit.

2.3 Analytical Framework

The analytical framework provides the methodological roadmap for examining the challenges and opportunities in managing unsolicited PPP proposals in Bangladesh. This framework is designed to integrate both qualitative and quantitative approaches, enabling a comprehensive evaluation of governance, transparency, and accountability in USP management.

3. Methodology

The methodology for managing unsolicited PPP proposals in Bangladesh integrates global practices with localized governance frameworks while addressing the unique challenges of the current process. This study employs a mixed-methods approach, utilizing both qualitative and quantitative secondary data to critically analyze the management of unsolicited PPP proposals. This methodology includes the following components:

Document Review:

- Conducting a thorough review of existing PPP policies, guidelines, and frameworks in Bangladesh, with a particular focus on unsolicited proposals in PPPS.
- Key documents analyzed includes the PPP Act 2015 and the *Guidelines for Unsolicited Proposals, 2018*, and relevant publications from the PPP Authority.
- Collect secondary data from publications by the WB, ADB, and other stakeholders.

Case Study Analysis:

- Analyzing the DEE as a representative of unsolicited PPP project, to understand key challenges about transparency and accountability and derive lessons learned from this case studied.
- Special focus areas include project management, risk allocation, and the roles of transparency and accountability in unsolicited PPP proposals execution.
- Identify critical success factors and governance gaps through indepth analysis.

Comparative Analysis:

- Compare Bangladesh's USP practices with international benchmarks, such as those in South Africa, Chile, and the Philippines.
- Identifying practices that ensure better governance, competitive bidding, and alignment with public interests.
- Highlight strengths and weaknesses in regulatory and procedural frameworks.

Thematic Analysis

Identify recurring themes from qualitative data, such as governance issues, institutional capacity, and public benefit considerations.

SWOT Analysis

Assess strengths, weaknesses, opportunities, and threats in the current USP management framework in Bangladesh.

This structured methodology allows for a critical assessment of the existing framework while identifying areas for improvement to enhance the management of unsolicited PPP proposals in Bangladesh.

4. Analysis of Unsolicited PPP Proposals

4.1 Global Perspectives of Unsolicited PPP Proposals

Globally, unsolicited PPP proposals are recognized for their potential to introduce innovative infrastructure solutions and leverage private sector expertise. However, the risks of limited competition and transparency are widely acknowledged (WB, 2018). According to WB, 2018 reports countries like Chile, South Korea, and South Africa have implemented structured frameworks, ensuring that USPs align with public objectives and undergo fair evaluation processes. For example, Swiss Challenge Method applied in Chile and India, is frequently recommended to maintain competition while respecting the rights of the original proponent. By allowing competing bids, the Swiss Challenge method enhances transparency and accountability (Silva et al., 2020). Risk Sharing method used in South Korea, a detailed risk-sharing model ensures that construction, financial, and operational risks are distributed to parties best equipped to manage them (Kim, 2019). According to the WB (2021), Bangladesh has adopted the Swiss Challenge method to promote competitive rebidding of unsolicited proposals and ensure fairness, bureaucratic delays frequently hinder the effectiveness of the process.

The best global practices for USPs for PPPs are:



- A bonus is an additional value applied to the original proponent's technical or financial offer
- This system gives the original proponent the right to match the lowest bid.
- The key element of this system is multiple rounds of tendering, in which original proponent has the vested right to participate.

The three widely accepted global method for Unsolicited PPP proposal can be shown the following ways:

Bonus System: The Bonus System provides an additional value or advantage to the original proponent's technical or financial offer during the bidding process.

Bonus Points: The original proponent is awarded a bonus, typically equivalent to a percentage or point addition to their evaluation score (e.g., 10% or 10 points as used in China and Korea).

Disclosure: The bonus and estimated reimbursable costs for proposal development are disclosed during bid issuance.

Application: During the bidding process, the original proponent may use their bonus points.

Transferability: In some countries like Chile, the bonus can be sold to another bidder.

Swiss Challenge: The Swiss Challenge method grants the original proponent the right to match the lowest or best bid submitted by challengers. Key features include:

Challenge Period: Challengers are allowed a set period to submit comparative proposals. For example, in the Philippines, challengers have 60 working days, while the original proponent has 30 working days to match the better bid.

Flexibility: The challenge period may vary based on the complexity of the project.

Best and Final Offer (BAFO): The BAFO system involves multiple rounds of tendering, ensuring the original proponent retains the right to participate. Practices differ across countries:

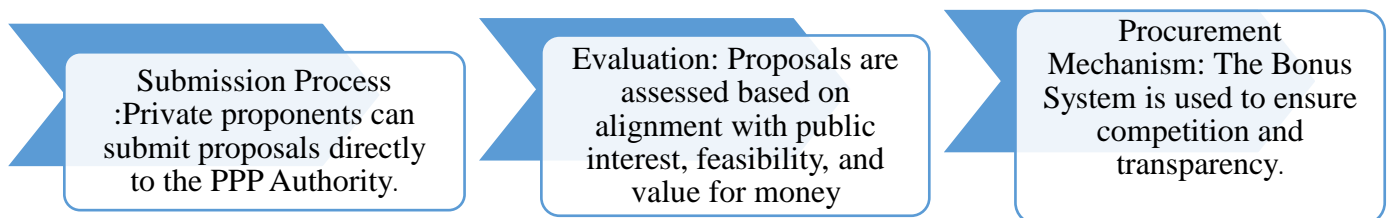
Shortlisted Bidders: In South Africa, the two best bids are invited for BAFO, with the original proponent automatically included even if not shortlisted.

Winning Margin: In Argentina, the original proponent wins automatically if their bid is within 5% of the best offer.

4.2 Analysis of Unsolicited PPP Proposal in Bangladesh perspective

These global approaches provide benchmarks for evaluating Bangladesh's framework for unsolicited PPPs, which operates under the Public-Private Partnership Act, 2015.

The Public-Private Partnership Authority (PPPA) oversees unsolicited PPP proposals. The government emphasizes alignment with national objectives such as the Vision 2041 framework and the SDGs (PPPA, 2018). In Bangladesh, the PPP Act, 2015 provides the legal foundation for PPP projects, including USPs. Later government circulated Guidelines for unsolicited Proposals, 2018 to encourage private-sector innovation and participation in infrastructure development. The Key elements for consideration of USPs include:



The opportunities of Unsolicited PPP proposals in Bangladesh are:

PPP Pipeline: USPs in PPPs may help governments identify and prioritize projects for the government planning process.

Innovation: USPs in PPPs may expand the range of potential solutions to address infrastructure gaps.

Early-Stage Project Assessment: USPs in PPPs may help the government assess the preliminary feasibility

of a proposed project.

Preliminary Indication of Market Interest: USPs in PPP can allow the government to assess market interest in specific projects and engage with the private sector regarding potential risks and opportunities.

The challenges of Unsolicited PPP proposals in Bangladesh are:

Public-Sector Capacity: USPs often exacerbate a lack of technical capacity to evaluate, prepare, procure and implement PPPs.

Institutional Capacity: USPs often exacerbate institutional challenges related to managing USP submissions and managing the fiscal burden.

Competition: Governments often struggle to attract market interest when competitively procuring a project that initiated as a USP.

Corruption: USPs are often associated with corruption, which can result in the projects not being in the public interest, or challenged for legal or political reasons.

4.3 The Process for Considering Unsolicited PPP Proposals in Bangladesh

Unsolicited PPP proposals in Bangladesh are submitted directly to the PPPA, which conducts an initial review to assess their alignment with public needs, financial feasibility, and potential for innovation (Ahmed & Rahman, 2020). The USPs Proposals examined under certain criteria then it proceeds to a detailed evaluation stage. The evaluation framework of USPs includes the following key components: Technical Feasibility, which examines whether project designs are practical and sustainable; Financial Viability, where cost-benefit analyses determine if projects are affordable for the government and equitable for users; and Environmental and Social Impacts, requiring a mandatory Environmental and Social Impact Assessment (ESIA) for high-impact projects (Khan et al., 2019).

4.3.1 Information Requirements for an Unsolicited PPP Proposal in Bangladesh

An USPs must provide sufficient information to enable the government to effectively evaluate its scope, viability, and the qualifications of the original proponent. According to the 'Guidelines for Unsolicited Proposals, 2018, the following components must be included in the submission:

Letter of Submission: A formal letter confirming the submission of the USPs. The original proponent submits the USPs to the Contracting Authority, with copies to the relevant Line Ministry and the PPP Authority.

Description of the PPP Project: An outline of the proposed PPP Project, including its scope and how its implementation will support the Contracting Authority in achieving its sector development goals. The Contracting Authority reviews the proposal and may engage with the original proponent to clarify the scope and provide guidance on meeting criteria.

Evaluation Outcome by the Contracting Authority: If the proposal is deemed acceptable, the Contracting Authority formally submits it with recommendations to the PPP Authority, copying the Line Ministry. If found unacceptable, the original proponent is informed in writing, with copies sent to the Line Ministry and PPP Authority.

Feasibility Study: Feasibility study of Unsolicited PPP proposal consists of:

Technical Proposal: A conceptual design, layout, and outline of the proposed PPP Project, clarifying its purpose, development, and operational framework.

Financial Proposal: A broad cost estimate and proposed revenue model; the estimated internal rate of return (IRR) with key assumptions underpinning the calculations.

Implementation Plan: An indicative plan broken down by major milestones, detailing how the project will be delivered;

Environmental and Social Safeguards: An overview of environmental and social issues requiring attention during the project lifecycle.

Description of the Original Proponent: An overview of the organization submitting the proposal; for a consortium, a description of the roles of each member, accompanied by a memorandum of understanding (MoU) or letter of intent (LOI) outlining their participation in the project.; Details of any instances of contractual non-performance or litigation involving the Original Proponent over the last five years.

4.3.2 Process for Submission of an Unsolicited Proposal:

Assessment by PPP Authority:

- The PPP Authority evaluates the proposal against the minimum information requirements outlined in Article 6.
- If compliant, the PPP Authority informs the Line Ministry and Contracting Authority.
- If non-compliant, the PPP Authority may request further information or reject the proposal, notifying the Line Ministry and Contracting Authority.

Follow-Up Actions:

- The Contracting Authority may request additional information from the Original Proponent based on the PPP Authority's feedback.
- The PPP Authority may engage with the original proponent for further clarification or guidance on criteria if necessary.

4.3.3 In-Principle Approval and Submission of Unsolicited Proposals:

In-Principle Approval: Upon receiving concurrence from the PPP Authority, the applicable Line Ministry submits the proposed project to the Approving Authority for In-Principle Approval.

The submission includes: A request to confirm the status of the original proponent as the USPs bidder. Approval of the competitive bidding mode, such as a bonus system (7% bonus system) or other methods recommended by the PPP Authority.

Submission of Unsolicited Proposals for Projects with In-Principle Approval:

Concept Notes for PPP Projects with In-Principle Approval are processed only if:

- The Contracting Authority and PPP Authority agree the Concept Note offers a significantly enhanced solution aligned with sector development plans.
- Consideration is given to costs incurred or contractual arrangements already made by the government for the project.
- If these conditions are met, the Concept Note follows the established procedures outlined in Articles 4-9.

PPP Project Development Phase:

Post-Approval Actions: After receiving In-Principle Approval, the PPP Authority and Contracting Authority address any terms or conditions imposed by the Approving Authority.

Support from the PPP Authority: The PPP Authority assists the Contracting Authority in project delivery, including the appointment of consultants when requested.

Preparatory Works: The Contracting Authority seeks the PPP Authority's concurrence on necessary preparatory actions, such as: conducting detailed feasibility studies; assessing VGF requirements, if applicable; and preparing procurement documentation, including RFQ, RFP, or IFB, and the PPP Contract.

Engagement with the Unsolicited Bidder: The Contracting Authority, PPP Authority, or consultants may request further clarifications or details from the Unsolicited Bidder on the submitted proposal.

Use of Proposal Information: The government may use information from the Unsolicited Proposal, excluding confidential pricing and technical details, to develop procurement documents such as RFQs, RFPs, IFBs, and PPP contracts.

Changes in Scope or Structure: If the feasibility study alters the project scope or delivery structure, the Contracting Authority consults the PPP Authority for guidance; and changes may be incorporated with PPP Authority approval, and the procurement process continues, retaining the Original Proponent's status as the Unsolicited Bidder. This phase ensures thorough project preparation, effective stakeholder engagement, and alignment with governance requirements.

4.3.4 Outcome of the PPP Project Development Phase

Decision on the Bidding Process: Following preparatory work during the project development phase, the Contracting Authority decides whether:

- To proceed with the bidding process based on the Unsolicited Proposal.
- Not to proceed with the bidding process for the proposal.

Notification and Approval: If the decision is not to proceed, the Contracting Authority must:

- Notify the PPP Authority of its decision.
- Seek approval from the Approving Authority.

Once approval is obtained, the Contracting Authority promptly informs the Unsolicited Bidder in writing of the decision not to proceed with the PPP Project. This process ensures transparency and proper governance in determining the viability of unsolicited PPP projects.

4.3.5 Resumption of Bidding Process for an Unsolicited Proposal

- **Right to Resume Bidding:** The Contracting Authority may resume the bidding process for an Unsolicited Proposal even after deciding not to proceed, as per Article 11, without any financial or other obligations to the Unsolicited Bidder.
- **Conditions for Re-Launching:** If the bidding process is resumed within 24 months of the decision not to proceed, the original proponent is invited to regain their status as the Unsolicited Bidder.
- **Non-Response from the Original Proponent:** If the original proponent fails to respond within the specified time in the invitation, they lose their status as the Unsolicited Bidder and associated benefits.

4.3.6 Validity Period for Unsolicited Proposals

Initial Validity: An Unsolicited Proposal remains valid for 18 months from the date of In-Principle Approval.

Extension: If no Formal Government Request is issued or rejection communicated within this period, the Unsolicited Bidder must resubmit the proposal within one month to secure an additional 18-month validity.

Retention of Status: The Unsolicited Bidder retains their status if a formal government request is issued within the extended period.

Return of Unsolicited Proposals: The Government has no obligation to return an Unsolicited Proposal, regardless of its decision to accept, reject, or process it.

Mode of Competitive Bidding: Competitive bidding for Unsolicited Proposals may use a bonus system or other methods recommended by the PPP Authority and approved by the Approving Authority.

Application of the Bonus System

Evaluation Process: The Evaluation Committee assesses all Proposals or Bids according to the PPP Act and relevant documents (RFP or IFB).

Bonus for Unsolicited Bidder: The Unsolicited Bidder receives a 7% bonus on their evaluation score to enhance their chances.

Selection of Preferred Bidder: After applying the bonus, the Bidder with the highest evaluated score is recommended as the Preferred Bidder.

4.4 Case Study: Dhaka Elevated Expressway (DEE)

The DEE represents one of the most notable examples of an unsolicited PPP project in Bangladesh. Designed to alleviate the severe traffic congestion in Dhaka, the project exemplifies both the potential and challenges associated with unsolicited PPP proposals. The project followed the Build-Own- Operate-Transfer (BOOT) model with a concession period of 25 years (Chowdhury & Hossain, 2021).

Objective of the Project: To reduce traffic congestion in Dhaka by providing a direct, elevated route connecting key areas of the city.

Original Proponent: An international consortium submitted the unsolicited proposal.

Total Length: Approximately 46.73 kilometers.

Investment Structure: Build-Own-Operate-Transfer (BOOT) model, with the concessionaire responsible for design, financing, construction, operation, and maintenance.

Cost: Estimated at USD 1.2 billion during inception.

Key Features of the Unsolicited Proposal

Alignment with Public Need:

- Addressed the critical demand for reduced traffic congestion and efficient urban transportation.
- Included an innovative alignment to minimize land acquisition.

Financial Proposal:

- Proposed a revenue model based on toll collection.
- Incorporated government support, including VGF.

Evaluation and Approval:

- The project underwent a detailed review by the PPPA and the concerned ministries.
- It adopted the Swiss Challenge method to invite competing bids.

Challenges Encountered of DEE:

Transparency Issues: The lack of initial stakeholder engagement and public consultation led to skepticism regarding project benefits and toll rates. Limited disclosure of feasibility studies and financial terms raised concerns over transparency.

Land Acquisition Delays: Prolonged land acquisition caused delays, increasing project costs. Delayed handover of land increased costs and timelines.

Bureaucratic Inefficiencies: Coordination among multiple agencies was slow, impeding progress.

Financial Risks: Heavy reliance on foreign financing exposed the project to exchange rate volatility (Rahman & Kabir, 2020).

Public Resistance: Concerns about affordability, resettlement and environmental impact affected public trust which hinders progress.

Lessons Learned from DEE:

- **Enhanced Evaluation Framework:** The need for a robust mechanism to evaluate technical, financial, and socio-environmental aspects of unsolicited proposals.
- **Improved Risk Allocation:** Clearer allocation of risks between the private sector and government could prevent delays and disputes.
- **Stakeholder Engagement:** Early and transparent engagement with stakeholders is essential to build trust and ensure alignment with public interests.
- **Institutional Strengthening:** Developing the capacity of government agencies to evaluate and manage unsolicited proposals effectively.

Other's issue:

- Early resolution of land acquisition issues is critical.
- Public engagement and environmental safeguards must be integral to project planning.
- The Swiss Challenge method requires robust management to attract competing bids (Chowdhury & Hossain, 2021)

Findings: The DEE highlights both the potential of unsolicited PPP proposals to address critical infrastructure gaps and the risks of mismanagement without proper oversight. Drawing from the DEE experience, Bangladesh must prioritize transparency, accountability, and capacity building in managing unsolicited proposals to maximize public benefit while safeguarding resources.

4.5 International Best Practices

Countries with well-developed USP frameworks offer valuable insights:

Chile: A rigorous pre-screening mechanism ensures that USPs align with national priorities before entering competitive processes.

South Africa: Public interest is safeguarded through mandatory feasibility studies and stakeholder consultations.

India: The Hybrid Annuity Model (HAM) provides a balance of risk-sharing in transport-related USPs.

Therefore, the data collected from document reviews and case studies will be analyzed thematically to identify common trends, challenges, and opportunities. These findings indicate that there is an urgent need for policy reform to improve transparency and accountability in the evaluation of USPs for PPPs proposals in Bangladesh. Additionally, lessons from international best practices suggest that enhancing stakeholder engagement and strengthening institutional capacity will be key to optimizing the outcomes of USPs in PPPs proposals in Bangladesh.

5. Challenges in Managing USPs in PPPs in Bangladesh

1. **Transparency Risks:** Potential for favoritism and lack of public scrutiny in proposal evaluation. So, risk of favoritism and lack of fair competition exists in USPs.

2. **Limited Competition:** USPs often bypass open bidding, reducing cost-efficiency.
3. **Capacity Constraints/Gaps:** Public institutions lack the technical and managerial expertise to evaluate complex USPs. Even, limited expertise within public institutions to evaluate complex proposals of USPs.
4. **Alignment Issues:** Some USPs focus on profitability rather than public interest, leading to a mismatch with development goals (Rahman & Kabir, 2020; Zhang, 2005). USPs may prioritize private interests over public needs.
5. **Procurement Delays:** Extended timelines for competitive tendering can discourage private investment.

6. Recommendations for Effective Management of USPs in Bangladesh

The key recommendations:

- **Strengthening the Regulatory Framework:**

Clear Guidelines for Submission and Evaluation: Develop standardized formats and detailed criteria for unsolicited proposals to ensure consistency and alignment with national objectives (Ahmed & Rahman, 2020). Additionally, it is essential to establish a comprehensive policy framework for evaluating and approving such proposals. Revise the PPP Act, 2015 to include detailed guidelines for USPs (PPPA, 2022).

Mandatory Transparency Measures: WB (2021) mentioned ensuring transparency and accountability requires the disclosure of all proposal evaluations, contracts, and risk-sharing arrangements.

Delegation of Authority: Clearly define the roles and responsibilities of the PPP Authority, ministries, divisions, agencies, and other stakeholders.

- **Enhancing Institutional Capacity**

Capacity Building: Provide regular training for PPP Authority officials and other stakeholders on technical, financial, and social evaluation methods (Khan et al., 2019). This ensures that public officials are equipped to comprehensively assess all aspects of unsolicited proposals.

Independent Review Bodies: Establish third-party review panels comprising experts from academia, industry, and civil society (Silva et al., 2020).

Leverage international expertise and partnerships: Need to leverage international expertise and partnership.

Partnerships: Collaborate with international organizations such as the World Bank, ADB, and IFC to access technical assistance and global expertise.

- **Public Engagement**

Community Consultations: Involve affected communities early in the evaluation process to identify and address potential social and environmental risks (Zaman & Hasan, 2022).

Digital Tools for Participation: Use online portals to allow public feedback on proposed projects and share progress updates. Use e-procurement systems to streamline USP submissions and evaluations (WB, 2018).

- **Risk Management**

Dynamic Risk Sharing: Regularly review and update risk-sharing agreements to reflect changes in market conditions and project status (Kim, 2019).

Contingency Plans: Develop robust contingency plans for risks like demand fluctuations or legal challenges.

- **Swiss Challenge Implementation**

The Swiss Challenge method, where the government invites counter-proposals, is crucial to ensure competi-

veness. Original proponents should have the right to match or improve competing bids (WB, 2018).

Streamlined Processes: Set strict timelines for Swiss Challenge evaluations to avoid delays.

Incentivizing Original Proponents: Offer financial or technical incentives to the original proponent for innovation and initiative.

- **Enhance Transparency**

Ensure transparency in USP-related processes by publishing decisions and evaluation outcomes. Utilize digital platforms, such as e-procurement systems, for competitive tendering and bid evaluation to enhance real-time transparency. Mandating the disclosure of project details and evaluation reports can further build public trust (WB, 2021).

- **Improving Stakeholder Engagement**

Engage civil society and affected communities in the evaluation process to ensure projects align with public needs. Early-stage consultations are critical for identifying and mitigating potential risks, as highlighted by Ahmed and Rahman (2020).

Public Awareness Campaigns: Increase transparency and build trust through regular stakeholder engagement.

- **Strengthening Governance**

Implement governance reforms, including capacity building for the PPP Authority and line ministries, to enhance efficiency and effectiveness. Establish independent oversight bodies to mitigate risks of corruption and inefficiency, as emphasized by Silva et al. (2020).

Adopt Performance-Based Contracts: Focus on outputs rather than inputs to ensure quality and accountability. **Integrate Public Participation:** Engage local communities in project planning to ensure alignment with public needs.

- **Enhancing Institutional Capacity**

Training Programs: Conduct workshops and certifications for government officials on USP evaluation and management, focusing on risk analysis, financial modeling, and stakeholder engagement. Invest in training programs and partnerships to enhance the PPP Authority's expertise (ADB, 2018).

Dedicated USP Unit: Establish a specialized unit within the PPP Authority to handle USP submissions and evaluations, ensuring faster decision-making. The government should introduce a sustainability rating system for USP proposals, where proposals with strong environmental and social performance are rewarded (WB, 2018). Ensure that private sector proposals include clear strategies for job creation, poverty reduction, and improved public service delivery for marginalized communities (ADB, 2018).

- **Encouraging Private Sector Innovation**

To drive innovation and efficiency in public service delivery, Bangladesh must establish mechanisms that encourage the private sector to present novel ideas without circumventing public needs. These mechanisms should:

Focus on innovative financing models such as the Hybrid Annuity Model (HAM) or public equity sharing, which allow both the government and private sector to share financial risks while ensuring that public services are not compromised (WB, 2018).

Facilitate innovation hubs that invite proposals for smart city solutions, renewable energy projects, and digital infrastructure to attract cutting-edge solutions to meet Bangladesh's infrastructure needs

- **Monitoring and Evaluation Framework**

To ensure the success of unsolicited proposals and their alignment with national goals, an effective monitoring and evaluation (M&E) framework is critical. Engage independent third parties to monitor project implementation, ensuring adherence to contract terms and performance benchmarks (Hodge & Greve, 2007).

Independent Oversight: The government should implement an independent oversight body, responsible for: Regularly reviewing the evaluation process and the final outcomes of USP projects to ensure they meet both technical and policy objectives.

Assessing whether the projects are on track with timelines, budgetary constraints, and performance benchmarks.

Performance Metrics: Establish key performance indicators (KPIs) for each USP project, including financial viability, social impact, environmental sustainability, and job creation.

Track these KPIs through real-time monitoring systems that use digital technologies to provide updates on project status, costs, and delivery timelines.

Transparency and Public Reporting: Public reporting on the progress of USP projects should be institutionalized which involves:

Requiring quarterly progress reports from private partners to be submitted to the PPP Authority, with summaries made available for public access.

Hosting annual review meetings with stakeholders, including government agencies, civil society organizations, and private partners, to assess the progress of major USP projects.

Third-Party Audits: Incorporating independent audits from third-party evaluators will help ensure that the projects are being managed efficiently and ethically. These audits should be compulsory at various stages of project implementation, from design to operational hand-back strategy.

Conclusion

The methodology for unsolicited PPP proposals in Bangladesh is evolving but remains constrained by transparency issues, limited institutional capacity, and weak stakeholder engagement. By adopting global best practices and addressing local challenges, Bangladesh can create a framework for USPs that fosters accountability, reduces corruption risks, and delivers sustainable development outcomes. However, localized solutions tailored to Bangladesh's socio-political context are essential for addressing current challenges and ensuring that unsolicited PPPs contribute effectively to national development goals.

Unsolicited PPP proposals hold great potential for addressing Bangladesh's infrastructure needs, especially when government resources are limited. The lessons learned from projects like the DEE demonstrate both the opportunities and pitfalls of unsolicited PPPs. Future success depends on the government's ability to build institutional capacity, enhance public trust through transparency, and encourage meaningful stakeholder engagement.

Finally, Unsolicited PPP proposals present an opportunity for private sector-driven innovation in Bangladesh's infrastructure development. By implementing a transparent, competitive, and efficient framework, the government can maximize the benefits of USPs while addressing potential challenges. Lessons from international best practices and local experiences like the Dhaka Elevated Expressway highlight the importance of robust policies, institutional capacity, and stakeholder engagement in ensuring the success

of USPs in PPPs in Bangladesh. Enhancing transparency and accountability is critical to restoring public trust, reducing corruption risks, and ensuring the long-term success of unsolicited PPP proposals in Bangladesh.

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