

Clarification of Bidder's Query for Bidding of Shreehatta Economic Zone, Moulvibazar

Sn. No.	Question from Potential Bidders	Response by BEZA
1.	Utility services are not cited in the Tender/Bid documents. Is there any scope to discussion about utility services in Bid-documents?	(i) Utility services like Electricity, Gas, Water supply etc. will be ensured at the Economic Zone. (ii) It is the duty of BEZA to bring utility services (Electricity, Gas, Water supply etc.) at the door steps of Economic Zones (EZ). All these issues will be mentioned in the 'Developer Agreement'.
2.	Who will establish the boundary wall of the Economic Zone?	The Developer will construct the boundary wall of the Economic Zone. As the Economic Zone is the custom bonded area, so Developer has to construct the Custom Fence around the Zone.
3.	Who will use the BEZA owned water bodies (opposite of the highway)? Does BEZA charge any fee/money for using this water bodies?	i) BEZA owned water bodies (opposite to the highway & Economic Zone) was not included in the bidding process. (ii) No money/ fees will be charged at this moment.
4.	May we get feasibility study/ Master Plan and AutoCAD drawing of Shreehatta Economic Zone beforehand?	(i) Feasibility study report is available at BEZA website (ii) As AutoCAD drawing is prepared for BEZA; so, it is not possible to give this document to any bidder. (iii) Soil test report may be given to bidder on demand.
5.	Is the indicative plan of the master plan is obligatory to follow for the Developer? or Open for the Developer?	(i) No. It is not obligatory for the Developer to follow the BEZA's indicative plan. (ii) But after signing 'Developer Agreement' Developer will undertake feasibility study and prepare a 'Master Plan'. Accordingly, they will prepare a business plan for distributing plot for the unit investors. (ii) Developer will formulate the 'Master Plan' for unit investors and implement accordingly.
6.	Importance is given to Developer and unit investors in the tender document. Is there any scope to deliver opportunities for service providers in Shreehatta Economic Zone?	i) In BEZA Act, opportunities are also given to service providers. Bank, Financial Institutions, residential area and other service sectors may also to be established there. (ii) Service industries/ sectors (Healthcare/ hospital, Hotels and lodging, Business services like business software developers, Engineering and management services (including consulting) providing offices may also be established to operate business.

7.	A number of incentive packages are mentioned in the meeting. Are these incentives similar to PPP incentives?	(i) The PPP office, Hi-Tech Park etc has been preparing incentives packages following BEZA's incentives. In fact, BEZA's incentive package is the best possible incentive package till today.
8.	Is income tax exempted on Capital Gain? Will it mention in the agreement?	(i) It is Exempted vide SROs of NBR.
9.	How much electricity will be available for Shreehatta Economic Zone?	It will depend on industries to be established in the Economic Zone.
10.	Can Investors generate Electricity in the Shreehatta Economic Zone?	(i) Electricity can be generated by using liquid fuel. No Gas will be spared for electricity generation though we will have dedicated Gas in Shreehatta Economic Zone for the Unit Investors.
11.	Is VAT exempted on utility services?	80% VAT is exempted on utility services in EPZ. BEZA has also being trying to do so for Economic Zones.
12.	Do we have to take license/permission for using electricity from Bangladesh Energy Regulatory Commission (BERC)?	No
13.	How many cases Developer can negotiate with BEZA?	There are some non-negotiable issues like Finance, Revenue sharing etc. But BEZA can discuss this matter with Developer.
14.	Why BEZA undertake Developer Agreement rather than Concession Agreement?	'Developer Agreement' is mentioned in BEZA's legal document. Based on this legal document, RFP was issued. Developer Agreement is used in a little bit broader sense and which can lead more advantage than concession agreement particularly on Revenue sharing or undertaking business deal.
15.	Why in some cases (income tax) investors have to go to BOI?	(i) BEZA is exempted from BOI Act.
16.	Can we borrow loan from Bank	(i) Yes, investors can borrow from Banks or financial

	using ‘Developers Agreement’?	institutions using ‘Developers Agreement’. (ii) But Mortgage of BEZA land can’t be possible. Only leasehold interest on leased land can be mortgage.
17.	Do ‘Developers Agreement’ require registration?	Yes, ‘Developers Agreement’ will be registered under Registration Act of Bangladesh at Sub-registrar office.
18.	Design & Build is kept together, is it possible to separate it? Is it possible to calculate 50 years after completion of all development activities?	For submission of Bid, bidder should follow the current provisions as in the RFP. Fifty (50) Years duration will be calculated from effective date of the ‘Developers Agreement’.
19.	How Financial Discounting Parameter will be made?	(i) Financial discounting on best practices will be followed. .
20.	How to organize and submit bid documents?	Bid document contains sections relevant to organizing the bid and its submission, please refer to ITB section-1, section-2, section-3, section-4. Technical and Financial Proposals should be composed separately including soft copies in CDs’ and to be submitted in separate envelop as these will be opened separately.
21.	We understand that, the land will not be given as security, but the assets built up on the land should be allowed. The language is a bit negative, and we would appreciate if you would re-word it to look better. (Form of Agreement Article 3.5)- (Mr. Niamul).	Yes, developer and unit investors may use their assets built except the land which is owned by BEZA. Any language is negative, may be written in positive during negotiations without hindering the merit of the bid.
22.	Design and Build should be separate dates, as we cannot start our actual construction work unless you handover the ready land along with all the necessary permits / permissions are acquired. (Developer Agreement Definitions and Article 2 of Developer	In appendix 1, clause-11, the time for completion of design has been separated from build starting date as the time for completion for design shall be 60 days from the effective date. It means that after 60 days from effective date actual building activities will start at phases.

	Agreement) -Mr. Niamul	
23.	In conjunction to point #2 above, the tenure should start from the date of the "build date". (Article 2 of Developer Agreement) -(Mr. Niamul).	The tenures shall start from the date of effectiveness of the Developer agreement i.e. on signing the developer agreement (Article 2.1.1 of Developer Agreement).
24.	The government must ensure that the land is suitable for constructing buildings for industries and housing. We as developers are willing to invest on the structures above the land. So, the Govt is requested to clarify that the Site will be properly built for the purpose, and clearly mention this in the Obligations of the Authority. (Article 4 of the Developer Agreement) -(Mr. Niamul).	BEZA will develop the land to make suitable to start the construction works. There is scope of negotiation on this issue.
25.	The Developer should also have tax free status similar to the tenants during the course of the Developer Agreement; otherwise it is difficult to attract foreign investors as Developers. (Article 4.3 of the General Agreement) - (Mr. Niamul).	Yes, the Developer would enjoy tax exemptions according to SROs' published by the NBR.
26.	The Developer should have full freedom to engage contractors for their work, and should not need approval from Authority. Developer is already committed under this agreement to fulfill the works necessary. Adding the Authority in the loop creates a bureaucratic hurdle, which should be avoided. (Article 4.3 of the Developer Agreement) -(Mr. Niamul).	The Developer may engage contractors under own responsibility which should be proposed in the proposal (RFP).
27.	As Developers, when we sign agreements with Tenants, we should be able to give assurance to the Tenant that even after the	The Developer may assure tenants about continuity of their business subject to satisfactory performance.

	Developer Agreement with the Govt expires, the BEZA authority will take over those agreements with Tenants in good faith to ensure continuation of their project. Please clarify this issue. -(Mr. Niamul).	
28.	We further request that, all the incentives that are provided to the Tenant and Developer on behalf of the government to attract FDI, should be mentioned clearly in the agreement, and should become an integral part of the agreement. -(Mr. Niamul).	Contract issues could be discussed during negotiations. However, the Developer should be aware of laws of the land including SROs by the NBR.
29.	Furthermore, when FDI enters the country, they would like assurance that, these incentives that are given to them, shall remain in force for the duration of the agreement. Otherwise, it appears as a risk to the Tenant / Developer, that there might be changes in law that is detrimental to their financial interest. -(Mr. Niamul).	BEZA Incentive packages aim to promote private sector business including FDI. The incentives which already declared will remain in place as mentioned in SROs'.
30.	Article 11(b) of the Appendix 1: Special Conditions of the Developer Agreement clearly imply that 100% of the site should be ready by 36 months, and gives out 4 phases. It is not practical to think that 100% of the entire land will be ready by 36 months. Can we discuss this in the negotiation stage? -(Mr. Niamul).	Yes.
31.	In Article 1.3 of Appendix 2: Terms and Procedure of Payment, it is mentioned that the rental would be calculated on the land released to the Developer. In reality, this is not possible due to many things,	As per RFP provisions the land lease payment would be on gross land released to the developer.

	such as - a large portion of the land is waterbody, there will be much are used for roads, parks, greenery, sidewalk, religious places etc. which will be non-earning land. So, the share between Developer and Authority should be on the "leased / rented" portion of the land / buildings. -(Mr. Niamul).	
32.	Also in Article 1.3 of Appendix 2: Terms and Procedure of Payment, it seems that the Authority expects payment of the lease money as soon as it is due from the Tenant. In reality, the Developer and Authority will work as partner, and the Tenant should not feel there is a difference. So, even in case of payment, any due by Developer to Authority, should be subject to receiving such payment from Tenant. Please clarify.-(Mr. Niamul).	All the payment including lease money shall be made according to appendix-2of Developer Agreement as per Terms & procedure of payment.
33.	Will the time extension be made?	No. The deadline for submission of bid will remain on 31/05/2016.
34.	Please indicate whether Central Laboratory and Warehouse Facility development is required under ITB Sec B (i) (a).	The developer may propose in consistence with the proposed Master Plan.
35.	Under ITB Sec B (i)(a)(ii) and (iii) detailed description of the building is to be provided. We request you to clarify the extent of detailed information required regarding the buildings of the EZ.	Please describe in brief for each type of building for land use categories.
36.	We understand that the experience set under ITBSec3.5 is mandatory for Bidders of the project. Please confirm, in case of Consortium, that the qualification criterion set therein would be for the aggregate experience of the members of the consortium.	The bidder should satisfy ITB section 3.5 as well as ITB section 3.6 when the bidder is a JV or Consortium.
37.	As per ITB Sec 5.4, we understand that a weight of 70% will be accorded for the evaluation of the Technical Proposal of the Bid.	ITB section 3.3b depends on the technical parameter, bidders may go through.

	<p>This weight is apportioned by the 07 categories under the section from "a" to "g", where the methodology and technical parameters of the comparative evaluation are not defined. Therefore, we request detail guidelines of the evaluation methodology to understand the basis of point allocation at time of bid evaluation i.e. whether total employment generation, energy intensity, etc. would be considered.</p>	
38.	<p>As per Article 2, Clause 2.1 of the Draft Developer Agreement, the Bidder has to declare the amount of investment that has to be made in the establishment and operation of the Economic Zone over a period of 3 years. Please clarify whether this would be considered as the minimum amount of investment that has to be made by the developer. Also define the impacts in case the actual investment over 03 years is less than the amount declared under this clause 2.1.</p>	<p>The amount of investment would be determined based on the bidder's financial proposal & subsequent negotiation of contract with the successful bidder's financial proposal.</p>
39.	<p>We understand that there is no clause that defines the Chance Find Procedure in case discovery or finding of any archeological site during the development of the EZ in the specified area. Please define through an additional clause the responsibilities and obligations of Chance Find Procedure in the Developer Agreement.</p>	<p>This issue can be discussed during the negotiation of contract with the successful bidder.</p>
40.	<p>We understand that SEZ Law allows for exemption from approvals from the following Authorities/Acts via SRO issued by BEZA. Please indicate that whether these SROs/Gazettes have been issued or are expected to be issued for the following Authorities/Acts:</p>	<p>Government may exempt any time.</p>

	<p>a. Municipal Taxation Act, 1881.</p> <p>b. Explosives Act, 1884.</p> <p>c. Stamp Act, 1899.</p> <p>d. Electricity Act, 1910.</p> <p>e. Boilers Act, 1923.</p> <p>f. Foreign Exchange Regulation Act, 1947.</p> <p>g. Income Tax Ordinance, 1984.</p> <p>h. Building Construction Act, 1952.</p> <p>i. Land Development Tax Ordinance 1976.</p> <p>j. Local Government (Union Parishad) Act, 2009.</p> <p>k. Fire Prevention and Extinction Act, 2003.</p> <p>l. Value Added Tax, 1991.</p> <p>m. Bangladesh Labour Act, 2006.</p> <p>n. Local Government (City Corporation) Act, 2009.</p> <p>o. Local Government (Municipalities) Act, 2009.</p> <p>p. Department of Environment of the Government of the People's Republic of Bangladesh.</p> <p>q. Forest Department of the Government of the People's Republic of Bangladesh.</p> <p>r. Sylhet Sadar Upazilla.</p> <p>s. Ministry of Power of the Government of the People's Republic of Bangladesh.</p> <p>t. Bangladesh Energy Regulatory Commission.</p> <p>u. Bangladesh Inland Water Transportation of the Government of the People's Republic of Bangladesh.</p> <p>v. Bangladesh Water Development Board of the Government of the People's Republic of Bangladesh.</p> <p>w. Civil Aviation Authority of the Government of the People's Republic of Bangladesh, in case of flight path and transmitter.</p> <p>x. Department of Public Health Engineering of the Government of the People's Republic of Bangladesh.</p> <p>y. Office of the Electrical Adviser and Chief Electric Inspector of the</p>	
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	Government of the People's Republic of Bangladesh as power has to be distributed from the central transmission of the EZ to Unit Users.	
41.	As per Section 1.10 (a) (viii)(A) of the General Condition, members of JV/Consortium shall at all times comply with their shareholding in the company. On the other hand, as per Section 1.1.13. 1.3.10(4), (b) & (c) of the General Condition all members of the JV/Consortium are required to hold the shareholding percentage unchanged in the JV's total equity until the completion of the fourth and final phase of the EZ development after which the Members may divest or change percentage of its shareholding of the JV with prior approval from the Authority. This sections conflict each other and consideration shall be given to the flexibility of the transfer of shares of the EZ Developer.	The contract will be finalized upon the negotiation with the successful bidder. Any conflict will remove from the agreed contract.
42.	Please clarify whether Utility Suppliers', like gas, water and electricity, consent has been obtained towards the development of the project. Also clarify, whether such consent states the supply quality, supply quantity, timing and availability of the utilities to the EZ site. Please define the compensation if the project completion is delayed due to the unavailability of the utilities mentioned to the EZ site.	BEZA assure the availability of Gas, Water & electricity through respective state owned agencies. The bidder should evaluate the service level and impacts on project implementation.
43.	Please clarify the infrastructure of the river connection to the EZ Site. If there is no such infrastructure, please define the responsibility of the right-off way to the river from the EZ Site.	Shreehatta EZ is directly connected through Dhaka-Sylhet National Highway. Any waterway connectivity is secondary. The developer may propose jetty connectivity in their RFP.
44.	Please explain the status of the establishment of Rail Link and ICD at Sreemangal as this will affect the marketing strategy of the	No rail link, ICD is planned at Shremongal under this bid.

	EZ Developer to attract industries for the EZ.	
45.	Please provide detail status of the Ashuganj River Port as it is of concern for developing the supply chain to the EZ Site.	The developer may check respective agencies regarding Ashuganj river port, BEZA has no plan under this bid.
46.	Development of the EZ would lead to development of the area nearby the EZ site. Migration of the labour and traders to the nearby area would create accommodation, utility supplies and sanitation demand. Please clarify the urban infrastructure status and development plans of the nearby area and define how this increasing demand would be handled after the development of the EZ.	The developer will be responsible for the EZ area only.
47.	Please provide details whether land acquisition by BEZA would be done as per Equator Principle or not. This principle requires restoration of the land occupant to a new location. If not, then please explain liable authority of such restoration and the remedies thereof.	Shreehattaa EZ will be developed on BEZA's own land. No question of land occupants are there.
48.	Please explain whether leasehold rights of the EZ Developer are transferable to the lenders of the EZ Developers.	Developer right is as an operator of the EZ. The lease hold right remain with EZ developer. Developer will allocate plot to unit investors & unit investors may get user right of the plot. Developer himself/herself may also invest in EZ.
49.	Under Sec 4.1 (d) of the Escrow Agreement, please define O&M in more detail as insurance and other operating expenses shall also be included under such account.	The successful bidder may propose defining the change in detail during negotiation of contract.
50.	We understand that a Performance Security of 1% of Total Investment amount is required from the Developer with a validity of 15 years. As banks or financial institutions consider such instruments as open ended and require 100% margin as practice, we therefore request you to amend the feature of the Performance Security with an annual renewal option which can be continued for 15 years.	The successful bidder must submit a performance security with a validity of 15 years at a time, no renewal system will be considered.

<p>51.</p>	<p>We understand from the Pre-Bid meeting that the Draft Developer Agreement can be amended during post bid negotiations where the primary financial parameters like upfront payment, revenue share and land lease payment cannot be changed. Please indicate the clause of the RFP under which such amendment shall be requested during the bid.</p>	<p>Please refer to the RFP that contains a ‘Draft Developer Agreement’. The Word itself has meaning that the clauses are amendable; however the mandatory clauses including financial parameters do not change under any competitive bid.</p>
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(S. M.Shawkat Ali)
Executive Member (Planning & Dev.)
Bangladesh Economic Zone Authority.