

- The importance of investing in qualified, independent transaction advisors and selecting the project company through transparent and competitive procurement processes.
- In the event of conflict or crisis, both parties should be open to renegotiation to seek the

best available solution. Although the solution may not wholly reverse the damage that has already occurred, it can prevent or greatly mitigate future damages

Busses

4. City Bus Terminal, Sheberghan, Afghanistan



Photo Credit⁸

Background

Bus passengers in Sheberghan had to wait for buses outside on the main road, sometimes for hours, without access to public toilets or other facilities. There was also no organized parking space for drop-offs and pickups, which caused traffic jams and frequent road accidents. After receiving complaints from residents about the lack of a bus station in the city, the municipality decided to construct a modern bus terminal and to enter into a PPP for its operation and management to ensure its long-term sustainability.

Project Structure

The municipality built the bus terminal and made the project site available to a local private investor. Of the total USD 230,000 investment cost, the municipality contributed USD 50,000, a United States development aid agency contributed USD 120,000, and the private partner provided the remaining USD 60,000.

In addition to the operation and management of the bus terminal, the private partner was responsible for constructing 16 municipally owned shops adjacent to the bus terminal at no cost to the municipality. In return, the private partner leases the shops from the municipality at no charge for five years, during which time it may recover its initial investment in the project, plus a reasonable return, by subleasing the premises. After the initial five-year period, the private investor will begin making lease payments to the municipality, further contributing to the sustainability of the facility.

The bus terminal was inaugurated on 13 November 2013 and the project site comprises a canopy, shops, a restaurant, modern toilets, and other facilities. The municipality plans to use the lease revenue it will receive from the private partner for reconstruction projects throughout the city.⁹

Lessons Learned

This PPP promises not only to help address traffic problems and improve the comfort of bus passengers, it also should allow the municipality to generate revenue from leasing the shops to the private partner. This project shows how blending funding and financing sources (in this case combining contributions from public, bilateral development partner, and private sources) can help de-risk projects in more fragile contexts and jurisdictions with less developed PPP markets, where it may be more difficult to attract private investment. If successful, blended finance projects can serve as important demonstration projects that may help catalyze additional private investment, including wholly privately financed PPPs.

⁸ Julian-G. Albert (https://commons.wikimedia.org/wiki/File:Coach_buses_in_northern_Afghanistan.jpg), „Coach buses in northern Afghanistan“, <https://creativecommons.org/licenses/by/2.0/legalcode>

⁹ USAID. n.d. “Sheberghan Bus Terminal Includes Two Public-Private Partnerships”. ICMA. Accessed December 3, 2019. <https://icma.org/documents/sheberghan-bus-terminal-includes-two-public-private-partnerships>;

Wadsam. 2013. “Modern bus station to be established in Sheberghan”. Accessed December 3, 2019. <https://wadsam.com/afghan-business-news/modern-bus-station-to-be-established-in-sheberghan-343/>.