

A vertical decorative graphic on the left side of the slide. It features a map of Karnataka in the background, overlaid with various images of infrastructure projects: a modern building, a bridge, a road, and a landscape with a body of water.

Review of the TA programme on Mainstreaming PPPs at the State level and Central Infrastructure Ministries

**Presentation by
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Principal Secretary
Infrastructure Development Department
Govt. of Karnataka**

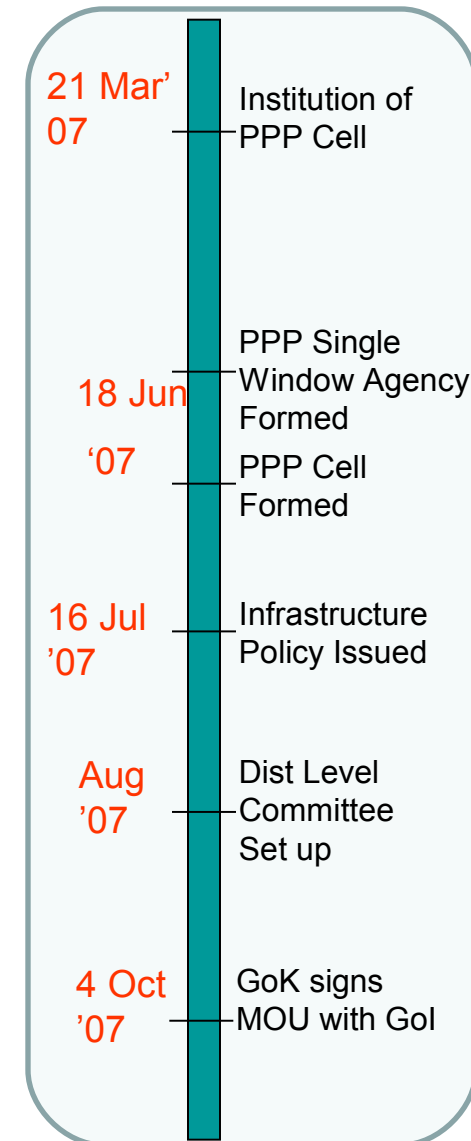
23 Mar, 2009

Content

- Assessment of Work undertaken
 - PPP Policy Assessment and Development work
 - Capacity Improvement
 - Guidelines Development
 - Project (Pipeline) Development
 - Management Systems
 - Project lists
 - Case studies
- Strategy for FY 10
 - On all above areas

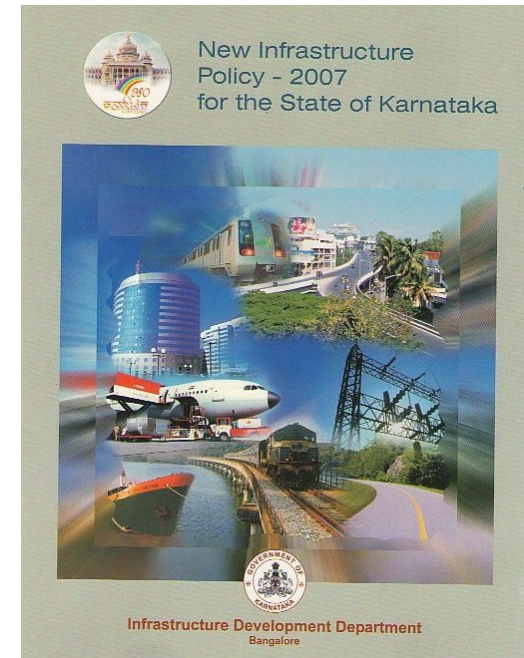
Policy and Developments

- Formulated First Infrastructure Policy in 1997
- New Infrastructure Policy issued in Jul 2007
- PPP cell set up in Jun '07
- Dist Level Committee Set up
- GoK Signs MOU with GOI for Tech Assistance
- Events
 - Govt Taking over on 26th May '08
 - Further on resources have been deployed to make these policy decisions effective



State Govt.'s PPP Policy/Legislation

- Government of Karnataka (GoK) issued infrastructure policy in 2007
 - Review is being initiated
- Objective
 - To provide a fair and transparent policy framework to facilitate and encourage Public Private Partnership (PPP) in upgrading, expanding and developing infrastructure in the State.
- Features
 - Touchstone Principles
 - Procurement Process
 - Contractual Structure
 - Regulatory framework
 - Incentives and Concessions
 - Assignment and Mitigation of Risks
- Features of New Single Window Policy
 - Single Window Agency clearance
 - State high Level Committee clearance
 - Viability Gap Funding introduced
- Swiss Challenge to encourage the initiator and innovator
- Covers 10 sectors



PPP Cell: Origins and Envisaged Role

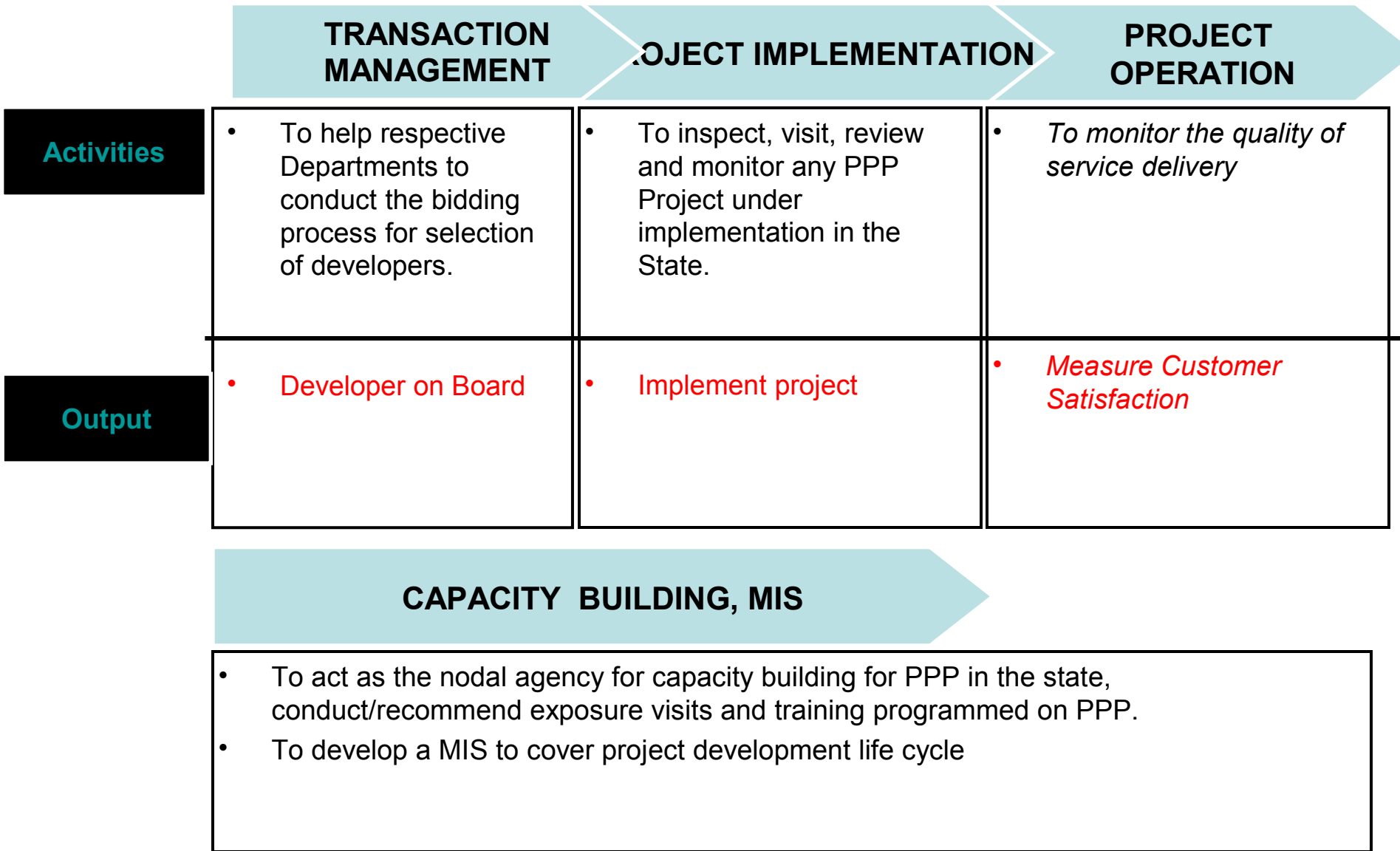
Challenges and Innovative steps

- Statutory basis for the formation of PPP Cell
 - Formed through the New Infrastructure Policy '07
- Mandate of the PPP Cell
 - To Mainstream PPP in Infrastructure Sectors
- Scope of Activities
 - Assist Line Departments in all phases of Project Development
 - Sector Study
 - Project Identification
 - Project Development
 - Transaction Management
 - Project Implementation
 - Monitoring Project Operation
 - Capacity Building and PPP related Training
- Role of PPP cell defined

Envisaged Role & Scope of PPP Cell-1

	SECTOR STUDY	PROJECT IDENTIFICATION	PROJECT DEVELOPMENT
Activities	<ul style="list-style-type: none"> Undertake Sector Study 	<ul style="list-style-type: none"> To identify, conceptualize and create a shelf of projects in consultation with the line Departments To Recommend suitable projects for implementation on PPP route. To assist different Government Departments in preparing the pre-feasibility reports through consultants. To develop internal evaluation guidelines in consultation with the respective Departments to evaluate and assess the projects whether the projects are to be funded by the State Government, or implemented with Private Sector participation. 	<ul style="list-style-type: none"> To appoint / select consultants to develop the projects in consultation with the concerned Department To assist the respective Departments in preparing the Detailed Project Reports. To interact with the Government of India and other funding agencies for obtaining their support. To recommend projects to Government of India for grants under Viability
Output	<ul style="list-style-type: none"> Identify Sector Requirement, Demand, Policy, Regulation, Legal Tariff 	<ul style="list-style-type: none"> Whether to Utilize Existing Asset/ Create new assets Technology to be adopted Create a Shelf of Projects 	<ul style="list-style-type: none"> Gap Funding Scheme. Develop viable projects further for private participation Project Ready for implementation

Envisaged Role & Scope of PPP Cell-2



Enablers for PPP

- Project development and MCAs
 - Review for Non-Metro Airport MCA at Delhi from GoK point of view.
 - Review of proposed State Support Agreement
- Assessment of
 - Consistency of SEZ policy and industrial policy with Infrastructure policy
- Development of Eco system
 - Empanelment of Transaction Advisors
 - 5 Members for conducting transaction up to Rs 50 Crore
 - 4 Members for conducting transaction of Rs 50 -250 Crore
 - Preparation for Empanelment of Independent Engineer/ Financial Auditor
- Development of Database of Developer Contacts for Targeting for Infra Projects including for 10000 KRDC Roads
 - Can be used by other State on Request



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Capacity Improvement

- Training of Officials
 - Three training programs conducted at Administrative Training Institute
 - 80 Officers trained
 - One More Scheduled for this month in coordination to KSHIP/ ATI
 - To complete target of 100 for the year
- Work Shops
 - Presentation on PPP at Health Dept Workshop on PPP Initiatives in Health Sector
 - Contribution to Workshop on PPP Initiatives in North Karnataka by Belgaum Division
 - Participated in Work shop on PPP framework for Road Sector at LBSNAA
- Info Dissemination
 - In Industry forums- 4
 - Visiting foreign Delegations – 3 Occasions

Guidelines Development

- Guidelines for Use of Transaction Panel in Karnataka
 - Based on central guideline and additional panel of Karnataka
- Formats issued for
 - project identification,
 - Single Window Agency approval
- Procedure on Formulation, Appraisal of PPP projects for the state (Working Draft)
- Procedure for Swiss Challenge (Proposed)

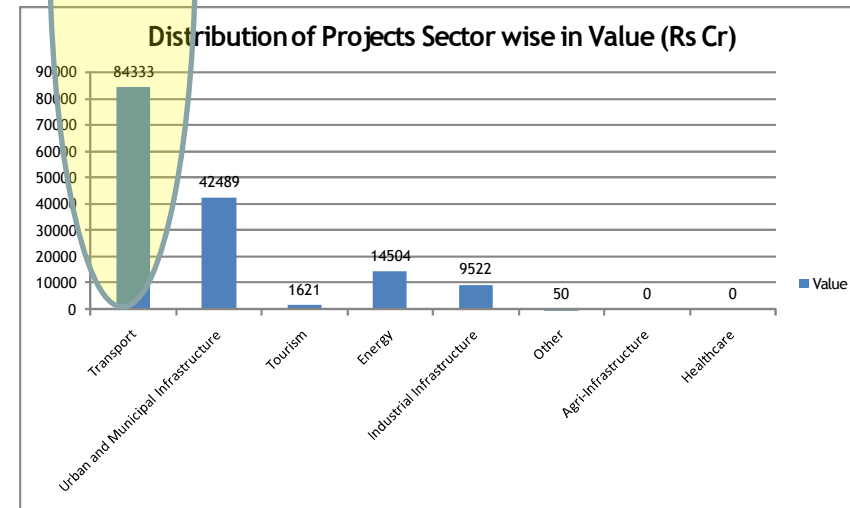
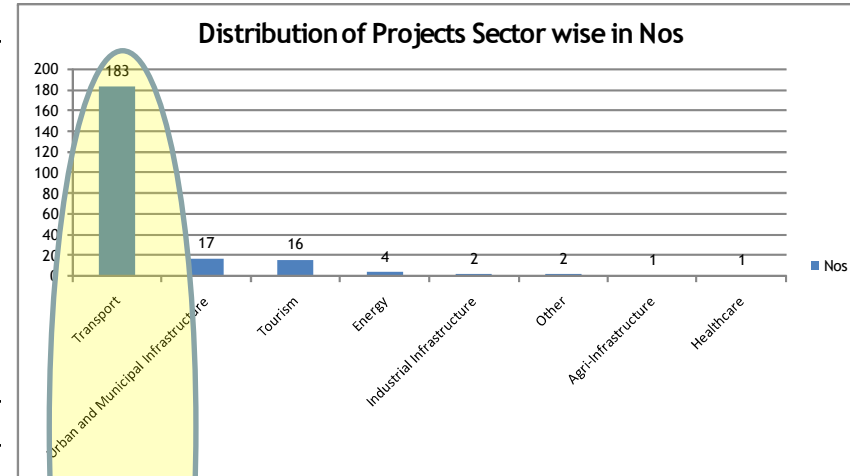
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Distribution- Sector Wise

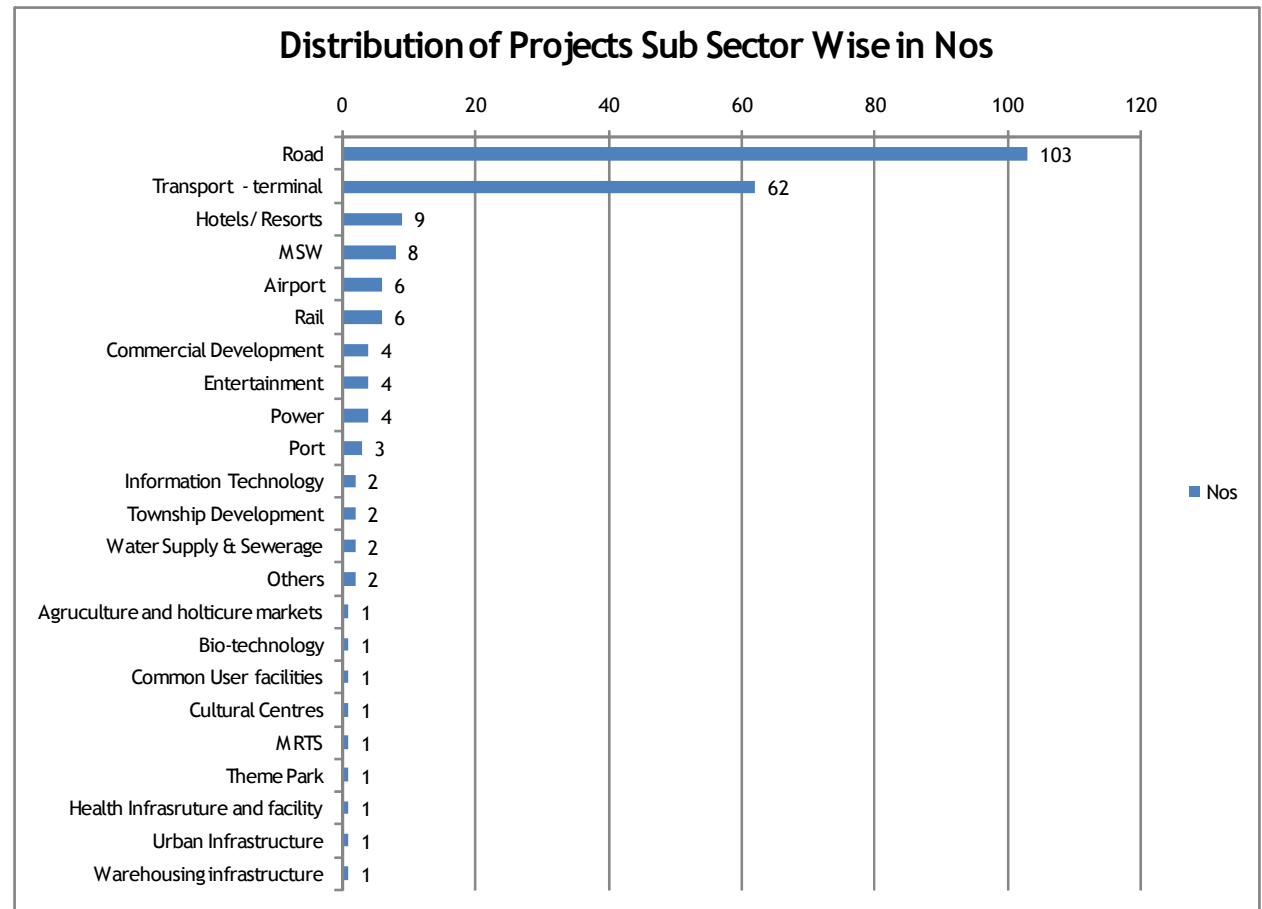
Sector	Nos	Value (Rs Cr)
Transport	183	84333
Urban and Municipal Infrastructure	17	42489
Tourism	16	1621
Energy	4	14504
Industrial Infrastructure	2	9522
Other	2	50
Agri-Infrastructure	1	NA
Healthcare	1	NA
Total	226	152519

- Of the 226 no of projects of value Rs 152519 Cr,
 - transportation is leading the way with 183 projects of value Rs 84333 Cr
 - followed by Urban and Municipal Infrastructure with 17 projects with 42489 Crores.
- Other Key sectors are Energy and Industrial infrastructure
- Many of the projects have come in Physical infrastructure
- In the next phase the focus will also be on social infrastructure-Education and Health. Consumer Infra- Tourism



Distribution- Sub-Sector Wise

- Projects are Spread over 23 Subsectors
- With 30 Project Proponents
 - Handling 1 to 63 projects
 - Each project of value ranging from few crores to 40000 crores

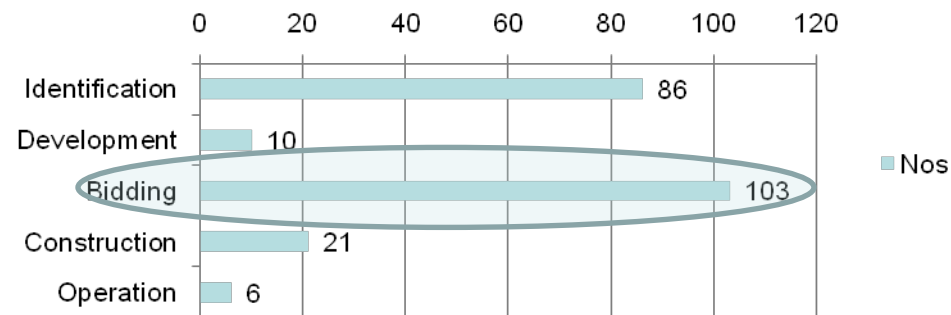


PPP Projects at different Stages

- Progress In Nov '08
 - 65% in Identification
 - 17% under Bidding Phase
- Progress In Mar'09
 - 38 % in Identification
 - 45% under Bidding Phase
- Largely possible due to
 - The launch of 52 packages of 10000 kM core road network development through out the state
 - Speeding up of project clearances etc

Stage	Nos	Value (Rs. in Cr.)
Identification	86	19971.32
Development	10	9464.50
Bidding	103	75562.23
Construction	21	44197.88
Operation	6	3322.78
Total	226	152518.71

Stage Wise distribution of Projects in Nos



Initiatives for Project (Pipeline) Development -1

- Identification- Through Ranking Study
 - 20 Sector Prefeasibility Studies Initiated
 - Impact: 20 Studies Estimated to generate 50-70 Projects
 - Another 26 List of studies Drawn up
- Project Preparation
 - Developing programs than projects
 - Coordination on several projects till bidding commences
 - Coordination for SH 132 Bidding
 - Documentation for NH 206
 - Drawing up Plan for 10000 KM road Network (Underway)
- Administrative Action
 - PPP Compilation Shared
 - Administrative action on 75 cases/ files (Conservative Estimate) related to PPP Projects
 - Operationalising the Cell activities
- Project Structuring
 - Review of the Bellary Bypass Concession Agreement vis-à-vis the Model Concession Agreement.

Project Prefeasibility

SL. No.	Name of the Projects
1	River Front Development in Karnataka
2	Development of Intermodal Transit Hubs at Belgaum, Hubli-Dharwad, Mysore, Bangalore (Dabaspet), Bellary and other places
7	Development of Honnavar Port to meet Iron Ore & steel sector needs to import coal etc (The requirement need to be reviewed given that Haldipur port is being proposed on swiss challenge)
8	Tumkur Solid Waste Management
9	Feasibility Study for Car Parking (including busses and passenger amenities) at Brundavan gardens in Mysore
12	Development of Modern Foot Over Bridges on PPP format for each City in Karnataka
13	Development of Multi-level Car Parking Plazas in major Cities of Karnataka, viz: Bangalore, Belgaum, Hubli-Dharwad & Mangalore
14	Water Supply, Sanitation & Solid waste Management as a single package for each city for Top 10 CMCs in Karnataka
21	Development of Agri-market and Logistics Hubs across the state
25	Development of urban entertainment centers in Major Cities of Karnataka
26	Development of Lake Conservation Projects
30	Development of Education Infrastructure across the state
31	Development of Health Infrastructure across the state
44	Rejuvenation of Urban Zones (Peta Area)
45	Eco-tourism feasibility at different places in Karnataka
46	River Development: Mangala Corniche

Project (Pipeline) Development -2

- Project funding Support
 - IIPDF Applications and follow up
 - To DEA on 12 Projects development Funding- Only 1 approved due to technical reasons
 - Viability Gap Funding (VGF)
 - For 3 projects, VGF funding of Rs 120 Crore received for 3 Road Projects
- Project Clearance
 - Conducting Fourth Single Window Agency
 - Conducting Fifth Single Window Agency
 - Fifth SWA doubled the no of projects cleared
- Project Evaluation
 - Review of Bijapur Tender Evaluation
- Selection of TA
 - Selection of Transaction advisors for Projects-4 Nos
 - Selection of Transaction advisors for projects-3 Nos (underway)

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Management systems

- Basic Database
 - Through Excel Sheet put in place
- Work plan drawn up for IT enablement
- Analysis of requirement
 - Centralized Project/program management System
 - Flexible Planning System
 - Issue & Change Management
 - Document Management
 - Resource Management
 - Cost Management
 - Work Collaboration
 - Early Warning Indicators
 - Reporting
 - Real-time Information access
- Discussion with Vendors initiated
- To proceed RFQ shortly
- Website Design
 - Design Completed by MIS Expert
 - Reviewed by PPP Expert
 - Internally Discussed
 - Vendor identified
 - To be completed in one month

Project List and Case Studies

- Project List has grown steadily from 39 in Jun'08 to 226 in Mar'08
 - With the resources joining
 - MIS expert- Mar
 - PPP Expert- Jun
 - Further Deputation of 4 Engineers- Nov-Feb
 - Govt Taking Over – Jun 08
 - Guidance of Nodal Officer
 - Putting enablers in place
 - Times lines of procurement being updated currently to be completed by 31 Mar'09
 - Verified Nos to be available shortly

Month	No of Project	Total No of Tech Personnel	Events
Feb'08	NA	1	<ul style="list-style-type: none"> • Director in place • MIS Expert Joins
Jun'08	39	2	<ul style="list-style-type: none"> • Govt Taking Charge after Governor's rule • PPP Expert Joins
Sep'08	~100	3	<ul style="list-style-type: none"> • Current Nodal officer takes charge • 2nd director takes charge
Nov'08	127	4	<ul style="list-style-type: none"> • MIS Expert withdrawn by parent organisation • 2 Engineers join
Feb'09	168	5	<ul style="list-style-type: none"> • Junior Programmer joins
Mar'09	226	7	<ul style="list-style-type: none"> • 3rd Director takes charge • 2 Engineers join

Project List

Sno	Name of the Project	Approx. Cost
1.	Project	INR 522 Cr.
2.	near BIAL (new airport)	INR 9000 Cr
3.	Mega Convention Hall (near Devenhalli, BIAL)	INR 540 Cr.
4.	Tourism - Dev. of Hotels, Theme park, restaurant, organised retail etc.	INR 400 Cr.
5.	Airports (Bijapur, , Shimoga, Hassan)	INR 800 Cr.
6.	Express Rail Link to BIAL	INR 3716 Cr
7.	Minor Ports - Dev. of Ports (Malpe, Honaver)	INR 2450 Cr.
8.	Roads - Construction of around	INR 5000 Cr.
9.	Roads - Construction of STRR and ITRR in Bang. Metropolitan Region	INR 5250 Cr.
10.	Roads – NHAI projects in the State	INR 11873 Cr.
11.	Transport - Commercial development of Bus stands and KSRTC properties	INR 2000 Cr.
12.	Township - Township Development at Bidadi (By DLF)	INR 40000 Cr.
13.	Bus and Transit Terminal facilities with commercial development by BMTC	INR 10016.03 Cr.
14.	Energy - Coal based power plants (3 nos.)	INR 5000 Cr. Each

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Flagship Program- 10000 KM Core Roads

- Honourable Chief Minister of Karnataka has launched MRDPK on 28th January 2009
- Development of 66,000 km of Roads of Core Road Infrastructure Development
 - Phase I – 10,000 kms – 52 Packages
 - Phase II – 40,000 kms
 - Phase III – 16,000 kms
- 12600 Km village roads also given to the developer
- The 10,000 km length proposed are having 10,000 PCU and above. Negative grants expected. Cost 32500 Crore
- Action is being initiated for the formulation of Karnataka Road Sector Policy 2009 comprising of
 - Karnataka Road Fund
 - Tolling Policy
- New Concepts
 - Use of Satellite imagery

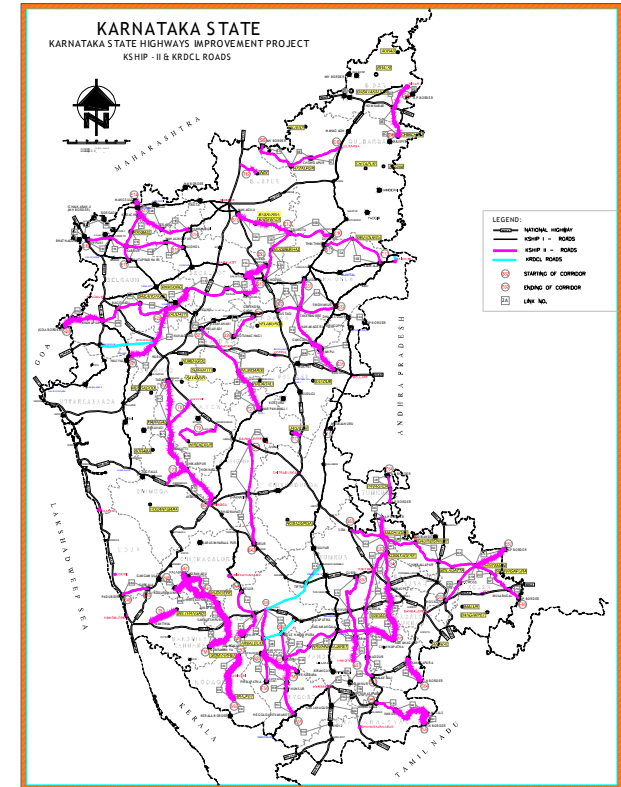


Image Fusion

FCC of Rural area in Northern Karnataka

Image fusion of LISS 4 and CARTO1 PAN with improved spatial and spectral discrimination.



Processed at
RRSSC-B

Flagship Program- 10000 KM Core Roads

- New Concepts
 - State Highways Authority to have development and planning rights over a length of 1 km on each side for 2L carriageway, 2 kms on each side for 4L carriageway and 3 km on each side for 6L carriageway
 - The first rights of development should be given to the developer at the rate of one acre for every 5 kms to provide for way side amenities
- A corpus fund of Rs.500 Cr. provided to KRDC is being proposed
- Multilateral Agencies will be tapped for funding- options to be availed by developer
- Banks being roped in to fund
- KRDC will work as a partner with a concessionaire for 66,000 km Core Road Network.
- KPWD, KRDC, IDD will provide all necessary support for implementation of project.
- **Status**
 - RFP MCA- Issued
 - 1st prebid conducted 28th Feb 09
 - Large bidder interest seen
 - 2nd Prebid scheduled shortly
 - Bid Submission April 17 '09



Selected Sectors- Aero

- PPP Projects - Airports
 - 1 Major Airport operational (BIAL)
 - 4 Minor airports under PPP modality
 - 3 Awarded (Shimoga and Gulbarga to Maytas, Hassan to Jupiter Aviation)
 - Bijapur: Project to be awarded shortly
 - Bellary: In Principle approval
 - Total Project Cost of 3300 Cr (USD 0.75 Bn)
- PPP envisaged for Bellary Airport
- Up-gradation of Airport at Hubli, Mangalore, Belgaum and Mysore.
- To allow Bidar Airforce airport for civilian use
- Karwar Airport to be taken up for Extension
- 11 Airstrips proposed in the state
 - 5 under implementation
 - District Admn. on land identification for rest 6
 - Agency identified for Transaction Advisory services
- 22 Helipads approved for encouraging Tourism



PPP Projects in Selected Sectors

- **PPP Projects - Tourism**
 - No of Projects – 16 Nos of
 - Value Rs 2126 Crs
 - For theme park, cultural centre, Entertainment (Golf Course, Aquamarine Park, Tourist Train, Facilities) projects
- **PPP Projects - Heritage Projects**
 - No of Projects – 39 Nos Identified
 - Era, Empire, personality Visits etc
 - Prefeasibility Study underway (INTACH Invited)
 - To specify Minimum Development Obligation
 - Important aspects that need to be built into the CA



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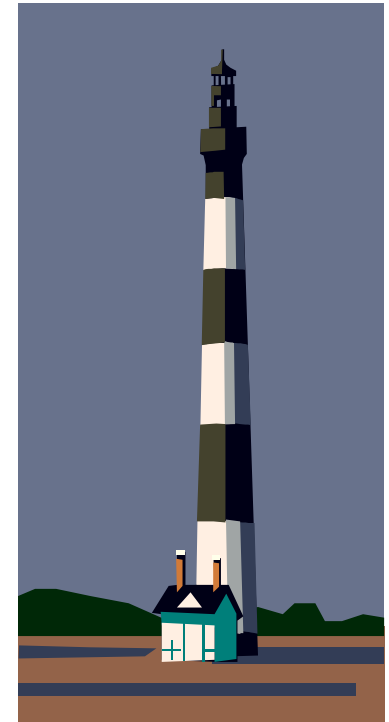
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Strategy for FY 10 (First Half)

- 7 strategic actions
 - Formation of PPP cell as a society with Resources and Funding mechanism
 - Setting up ATI as regional Hub for PPP training
 - Implementation of MIS to monitor and control programs
 - Program Approach to PPP Development
 - Further Development of Eco System
 - Knowledge Management
 - Development of Case Studies/ Case Templates

PPP cell as a society with Resources and Funding mechanism

<p><i>1. Institution Building</i></p> <ul style="list-style-type: none">- Need and Benefit- Broad strategy- Work Plan -Implementation- Responsibility Matrix	<p>Formation of PPP cell as a society to be registered under the societies act.</p> <ul style="list-style-type: none">• As the state nodal agency, a stronger and flexible cell improves the sustainability of the PPP program in the state• Registration of society, Building up of Organisation structure, Staffing and logistics, funding mechanism, with clear objectives, functions, mandate• To be set up in Six months• Government order to Go ahead• Govt Order on Funding Mechanism etc• Guidance of IDD Principal Secy with PPP Expert Assistance• Central / ADB assistance to solicited for the State Infrastructure Development fund
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ATI as regional Hub for PPP training

<p><i>2. Capacity Building</i></p> <ul style="list-style-type: none">- Need and Benefit- Broad strategy - Work Plan- Implementation - Responsibility Matrix	<p>Setting up ATI as regional Hub for PPP training</p> <ul style="list-style-type: none">• Requirement to train nearly 500 officers in the state for Capacity Building• Development of Curriculum,• Course Material for 3 day, 2 day, 1 Day program• Selection of PPP Faculty (Industry)• Train the Trainer Program• Funding Mechanism• To be set up in Three months• Drawing up detailed plan with ATI for having one program every month for first 6 months (for Karnataka only)• Drawing up detailed plan for other states• GoK (PPP cell in IDD) with Central/ ADB/ World Bank Assistance• 30 Days required of other PPP experts(volunteers) in the Region
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Develop and Implement MIS

3. MIS	Implementation of MIS to monitor and control programs
- Need and Benefit	<ul style="list-style-type: none"> Rs 150000 Crore investments are already in the pipeline, 5% cost escalation would cost the state 7500 Crore
- Broad strategy	<ul style="list-style-type: none"> To oversee planning, co-ordination and monitoring the implementation of on-going / proposed mega infrastructure projects Centralized Program management System for Monitoring and control, knowledge management, Early Warning Indicators
- Work Plan	<ul style="list-style-type: none"> Distributed Project management System for Planning, Issue & Change Management, Contract Management, Document Management, Resource Management, Cost Management, Work Collaboration Reporting to Various Levels through Dash board and MIS for all levels of Projects managers upto Head of State
-Implementation plan	<ul style="list-style-type: none"> To be set up in Three months Issue of RFQ Selection of Technology Selection of Implementation Consultant Drawing up off User Specification Selection of Vendor
- Responsibility Matrix	<ul style="list-style-type: none"> GoK with DEA/ ADB Assistance as this will have a impact on PPP projects in the country 60 days of other state MIS consultant required

Program Approach to PPP Development

4. Program Approach to PPP Development

- Need and Benefit
- Broad strategy

- Work Plan
- Implementation plan

- Responsibility Matrix

Develop Multiple programs in all Sectors with State wide impact

- The infrastructure requirement for the State is huge to make a difference to GDP.
- Program level approach to Prefeasibility, Transaction, Implementation and Operation
- Program level Best practices/ KPI
- To be set up in two months (Already started)
- Prefeasibility Study involving Multiple Places
- Appointment of Program managers
- Launch of at least 3 program level PPP projects in the state
- Packaging of projects with more than one impact city/place
- 10000 Km road network launched with 52 packages (Already in Bidding Phase)
- GoK (PPP cell in IDD)
- 60 days of other state PPP consultant(volunteers) required

Further Development of Eco System

<p><i>5. Development of Eco System</i></p> <p>- Need and Benefit</p> <p>- Broad strategy</p> <p>- Work Plan</p> <p>-Implementation plan</p> <p>Responsibility Matrix</p>	<p>Empanelment of Independent Engineers and Financial/ Risk Auditors</p> <ul style="list-style-type: none">• As the projects go into construction phase monitoring, financial auditing and risk analysis would reduce project risks• Selection of Panel for IE for each sector and Financial/ Risk Auditors through RFQ• Can be for a central panel• To be set up in three months (Initial work Started)• Option I: Through Appointment of Consultant (If it is a central panel) with Karnataka and other state PPP Expert assistance• Option II: Internally if only for Karnataka• GoK (PPP cell in IDD) / Central Assistance• 30 days of other state PPP consultant(volunteers) required
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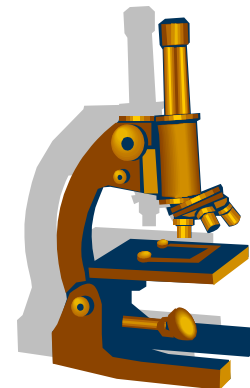
Knowledge Management

<p><i>6. Knowledge Management</i></p> <ul style="list-style-type: none">- Need and Benefit- Broad strategy- Work Plan- Implementation plan- Responsibility Matrix	<p>Conducting Work Shop in Transport Sector/ Regional Airports</p> <ul style="list-style-type: none">• Information dissemination• Learning for the State• Incorporation of learning for future state/ central- programs/ projects• Conduct 1 Day Workshop in Karnataka with Experts drawn from all across the country/ internationally• To be Conducted in four months• Program Schedule• Signing of Experts• Venue Booking• Others• GoK (PPP cell in IDD) with Central/ADB Assistance for signing up Speakers
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Development of Case Studies/ Case Templates

<p>7. Case Studies</p> <ul style="list-style-type: none">- Need and Benefit- Broad strategy- Work Plan- Implementation plan- Responsibility Matrix	<p>Development of Case Studies/ Case Templates</p> <ul style="list-style-type: none">• Case Studies for Training purpose• Case Templates for Financial modeling, VFM analysis and Public Sector Comparator• Undertake development through 4 Summer trainees (Cost of 2 Lacs)• To be developed in 3 months• Identify cases• Recruit Summer Trainees• Deliver Work Products (6 Case Studies, 4 Financial Models)• PPP Expert with Assistance of Summer Trainees• Funding for Summer Trainees
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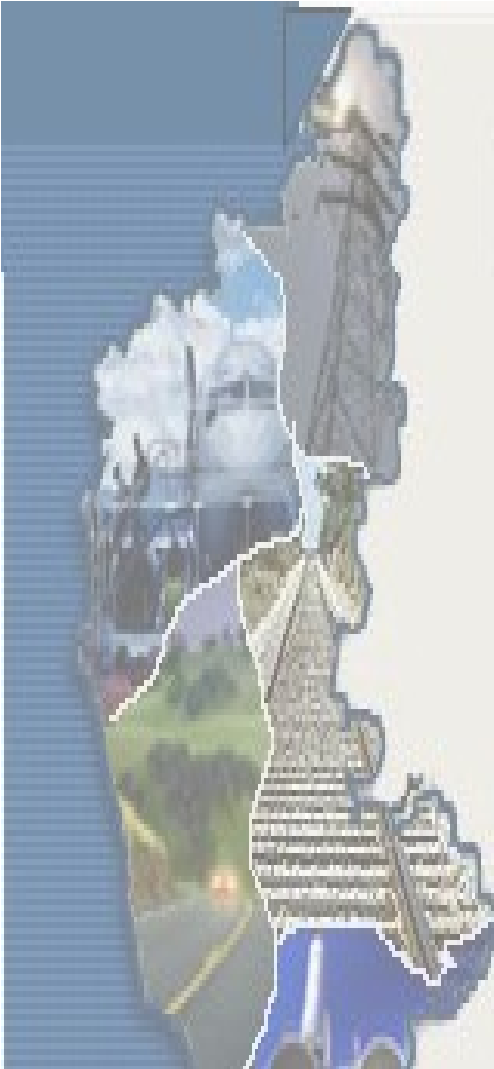
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- Challenges and Issues

Challenges and Issues

- Funding
 - Special funding for program based PPPs
 - Karnataka Infra Devp Fund
 - Project Development
- Skilled Resources

Thank You



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