



*Infrastructure  
For Growth*



## ▶ Scheme and Guidelines for assistance under KIPDF

▶  
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Government of Karnataka  
Infrastructure Development Department

▶ Scheme and Guidelines for assistance under  
**KIPDF**

**2011**

Developed by  
PPP Cell  
Infrastructure Development Department  
Karnataka  
Bangalore  
India  
[www.idd.kar.nic.in](http://www.idd.kar.nic.in)

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## 1. PREAMBLE

- 1.1. Infrastructure in India should not become a capacity constraint on 9-10% growth rate in the economy, which is feasible when investment in infrastructure grows to about 8-9% of the GDP compared to current 4-5%. Planning commission estimates that India will need USD 500 bn (USD 1000 Bn) of investment in infrastructure in 11<sup>th</sup> (12<sup>th</sup>) five year plan. Similar infrastructure growth constraint exists in Karnataka also.
- 1.2. Public Private Partnership mode has become the fast track vehicle for infrastructure development in Karnataka as envisaged in the Infrastructure Policy '07.
- 1.3. Lack of credible projects on offer to private investors has been identified as one of the major bottlenecks in promoting PPPs. Therefore, a more aggressive approach is needed for preparing a pipeline of credible bankable projects that can be offered to the private sector through competitive bidding process.
- 1.4. Quality advisory services are basic requirement to procure affordable and value-for-money PPPs. This requires Project Development comprising of Conceptualisation, preparation of (pre) feasibility reports, Detailed Project Report/ Techno-Economic Feasibility Reports, advisory services (for undertaking transaction among others (Marketing, Communication). The period for project development is between 1-2 years with fund ranging from 1-2 % of the project cost.
- 1.5. Karnataka currently has 105 no of PPP projects of value Rs 0.81 Lakh Cr in various sectors mainly Transportation, Urban and Municipal Infrastructure, Energy and Industrial infrastructure, among others. For providing financial support for quality project development activities in Karnataka, a corpus fund 'Karnataka Infrastructure Project Development Fund' (KIPDF), has been set up and made operational.
- 1.6. Karnataka Infrastructure Project Development Fund (KIPDF), with initial contribution of Rs. 10 Crore is set up and made operational. Although it is envisaged as a revolving Fund and would get replenished by the reimbursement of investment through success fee earned from successfully bid projects, should there be a need, it can be supplemented in subsequent years through budget support. The KIPDF would assist ordinarily up to 75% of the project development expenses. The assistance from KIPDF would ordinarily be in the form of interest free loan. On successful completion of the

bidding process, the project development expenditure would be recovered from the successful bidder.

- 1.7. The KIPDF's primary objective would be to fund potential PPP projects project development expenses including costs of engaging consultants and Transaction Advisors; thus increasing the quality and quantity of successful PPPs and allowing informed decision making by the Government based on good quality feasibility reports. The KIPDF will assist projects that closely support the best practices in PPP project identification and preparation as set out in the detailed guidelines issued by the PPP Cell of the Infrastructure Development Department.

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## 2.2. ACRONYMS AND DEFINITIONS

The following acronyms and definitions apply to the detailed guidelines issued in connection with the operation of KIPDF

**DEA:** Department of Economic Affairs, Ministry of Finance, Government of India.

**SLSLWA:** State Level Single Window Agency as notified vide GO bearing No. IDD/5/UIP/2006(P) dated 18.06.2007

**Eligible Sectors:** Sectors that are eligible as per Infrastructure Policy 2007 issued vide GO bearing No. IDD 32 IDM 2003 dated 16.07.2007 and any other sectors with the approval of the Government.

**GoI:** Government of India

**KIPDF:** Karnataka Infrastructure Project Development Fund

**Memorandum for Consideration (MFC-KIPDF):** The format in which information will be provided by the Sponsoring Authority while applying for assistance under KIPDF.

**Public Private Partnership (PPP):** Partnership between a public sector entity (Sponsoring Authority) and a private sector entity (a legal entity in which 51 percent or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and competitive procurement process.

**Project:** A project in any of the infrastructure sectors identified in the Infrastructure Policy 2007, for the purpose of this scheme.

**Project Development Expense:** The expenses incurred by the Sponsoring Authority in respect of development of each project as per the budget approved by the SLSWA.

**Sponsoring Authority (ies):** Administrative departments and the Heads of the Departments, Municipal or Local Bodies, Public Sector Undertakings or any other statutory authority.

**Technical Close:** The stage of execution of concession agreement, between the private sector developer and the Sponsoring Authority or its agencies, subsequent to selection of the private sector developer through a transparent and competitive bidding process.

**Transaction Advisors:** Consultants hired through a transparent system of procurement by the sponsoring authorities to assist them in designing the project and/or providing technical, financial and legal input for the project design and providing advice for the management of the process of procuring the private sector partner for the PPP project. These include Transaction Advisers selected from the panel of Transaction Advisers shortlisted by DEA from time to time, through a competitive and transparent bidding process duly following the procedure laid down in the KTPP Act and rules.

**VGF:** Viability Gap Funding under the Government of India's Scheme for Financial Support to PPPs in Infrastructure and the State Governments scheme for Viability Gap Funding.



## **3. The KIPDF and its Role**

### **Background of the KIPDF**

3.1 The Budget for the year 2010-11 provides for setting up of a Revolving Fund with a corpus Rs. 10 Crore to quicken the process of project preparation. Accordingly, the corpus fund titled "Karnataka Infrastructure Project Development Fund" (KIPDF) has been created to be operational in the Infrastructure Development Department with an initial corpus of Rs. 10 Crore for supporting the development of credible and bankable Public Private Partnership (PPP) projects that can be offered to the private sector. The KIPDF has been created with initial budgetary outlay provided in the state's budget 2010-11.

3.2 The KIPDF's primary objective would be to fund potential PPP projects' project development expenses including costs of engaging consultants and transaction advisors; thus increasing the quality and quantity of successful PPPs and allowing informed decision making by the Government. The KIPDF will assist projects that closely support the best practices in PPP project identification and preparation aiming to increase the quality and quantity of 'bankable projects' that are processed through the States' project pipeline.

### **The Purpose of the IIPDF**

3.3 The procurement costs of PPPs, and particularly the costs of Transaction Advisors, are significant and often pose a burden on the budget of the Sponsoring Authority. Infrastructure Development Department has identified the KIPDF, as a mechanism through which Sponsoring Authority will be able to source funding to cover a portion of the PPP transaction costs; thereby reducing the impact of costs related to procurement on their respective budgets. From the State Government's perspective, the KIPDF must increase the quality and quantity of 'bankable projects' that are processed through the various projects in pipeline.

3.4 The assistance from KIPDF will be available to the Sponsoring Authorities for PPP projects for the purpose of meeting the project development costs up to 75% which may include the expenses incurred by the Sponsoring Authority in respect of feasibility studies, environment impact studies, financial structuring, legal reviews and development of project documentation, including concession agreement, commercial assessment studies (including

traffic studies, demand assessment, capacity to pay assessment), grading and marketing of projects etc. required for achieving Technical Close of such projects, on individual or turnkey basis; but would not include expenses incurred by the Sponsoring Authority on its own staff.

3.5 The KIPDF is not a source of grant funding for the Sponsoring Authorities. The Fund will assist ordinarily upto 75 percent of the project development expenses to the Sponsoring Authority. On successful completion of the bidding process, the project development expenditure would be recovered from the successful bidder. However, in case of failure of the bid, the assistance would not be recovered. The Sponsoring Authority would be liable to refund the amount of assistance received, in case it does not conclude the bidding process for some reason or does not contract out the project after the bid process has been completed.

## **KIPDF Funding Sources**

**3.6 COMMITMENT OF AUTHORITY:** As commitment by the Sponsoring Authority to the procurement and ownership of the project is an essential requirement for a project's success, assistance under KIPDF funding will require co-funding by the Sponsoring Authority; generally to the extent of 25% of the total project development cost, which would include the cost of prefeasibility study to determine whether a project is amenable to PPP or otherwise.

**3.7 CONDITIONS NECESSARY:** Conditions necessary to utilise KIPDF will require the Sponsoring Authority to create and empower a PPP Cell for undertaking PPP project development activities (with Nodal officer and 2 Executives) and also for addressing larger policy and regulatory issues so as to deliver 5 number of PPP projects (or 1000 Crores project cost) in Sponsoring Authorities' shelf in 1<sup>st</sup> year and to go up by 20% every year. The authority needs to sign an MOU with the PPP unit for providing information on PPP projects (through website or otherwise) capacity building and targets to be achieved.

3.8 The corpus of the KIPDF shall comprise of initial budgetary outlay of Rs. 10 Crore by the State Government. This would be supplemented, should it become necessary, through budgetary support by the Finance Department from time to time.

3.9 As the KIPDF matures, funding from the multilateral and bilateral agencies would be attempted. Other interested agency(ies), as approved by DEA and State Government including the bilateral agencies, would be permitted to participate in the KIPDF subject to extant Government instructions on the subject. Contributions from entities that may have a conflict of interest in the decision making of the KIPDF shall not be approved.

**3.10 FUND REQUIREMENT:** It is estimated that 50 projects need to be developed each year with project development cost in the region of 0.5 Crores to 3 Crores. Taking an average cost of 1 Crore per project, the required development cost would be Rs 50 Crores. The required infrastructure investment plan for GoK would be around Rs 18000-20000 Crore per year (8-9% of the State GDP) to achieve a growth rate of 9%. Assessing alternatively, if 50% of the fund requirement is met through PPP projects and 1% of which will be spent towards project development, the later would require Rs 90 Crores. Hence a fund amount of Rs 10 Crores is proposed for the first year, which needs to be scaled up in subsequent years to Rs 50 Crores.

**3.11 KIPDF FUNDING SOURCES:** The following sources are proposed to fund KIPDF;

- GoK budgetary support of 10 Crores
- Other Multilateral and Bilateral agencies to be tapped in future

3.12 Within the validity of the KIPDF, the Fund will include any or all accretions to the KIPDF. If it is decided by the Government to close the KIPDF at any time in the future, the balance on that date will be distributed among the Contributors in the same proportion as the original contributions made by them.

**KIPDF ORGANISATION STRUCTURE:**

3.13 The operation of KIPDF will be administered by the State Level Single Window Agency headed by Chief Secretary. The state PPP unit (Public Private Partnership Cell / PPP Society) of the Infrastructure Development Department (IDD) Government of Karnataka will provide the required support for administration of KIPDF.

**3.14 KIPDF APPROVAL PROCESS:** It is envisaged that the approval process for KIPDF funding by the competent authority would be communicated within 30 days of the receipt of the completed application by the nodal agency.

3.15 The SLSLWA would set milestones for disbursing and recovering (wherever appropriate) the funding.

3.16 Disbursements by the KIPDF will be made in instalments based on milestones achieved. These milestones would be those set out in the MFC and approved by the EI.

## 4. OPERATIONAL MANAGEMENT

4.1 KIPDF is envisaged as a revolving fund and it would get replenished by the reimbursement of 'investment' through success fee earned from out of the successfully bid projects. The KIPDF would assist ordinarily up to 75% of the project development expenses. The assistance from KIPDF would ordinarily be in the form of interest free loan for a limited period up to 12 months, beyond which the permission of Single Window Agency (SWA) is required to be obtained. On successful completion of the bidding process, the project development expenditure(fee) would be recovered from the successful bidder which is shared in the ratio of 75% and 25% among KIPDF and the Sponsoring Authority. The actual expenditure would also be shared in the ratio of 75% and 25% among KIPDF and the Sponsoring Authority. Recovery of the project cost from the successfully tendered projects shall be at 1.0% if the project cost is up to 100.00 Crores, 0.75% if the project cost is between 100 to 1000 Crores and @ 0.50% limited to Rs. 20.00 Crores if the project cost exceeds Rs. 1000 Crores. However, in case of failure of the bid, the assistance would not be recovered.

4.2 The Sponsoring Authority would be liable to refund the amount of assistance received, in case it does not conclude the bidding process for some reason within 12 months (18 months with permission of SLSWA) or does not contract out the project after the completion of bid process.

### Funding from KIPDF

4.3 To seek project development funding from the KIPDF, the Sponsoring Authority will apply to the PPP Cell / PPP Society through a Memorandum for Consideration (Annexure-II). Funding by the KIPDF will be considered only if the following requirements are met:

1. The funding is used on a single project, which is approved by the SLSWA or any sub-committee appointed by it.
2. Funding is required for the payment of Transaction Advisors appointed by the Sponsoring Authority, usually in a two-phase appointment: the first phase is the preparation of the pre-feasibility study and its subsequent approval by the SLSWA

and the second phase is the procurement of the PPP developer in compliance with these Guidelines.

3. The funding by KIPDF will be used for phase two funding of Transaction Advisors, that is, after SLSLWA approval for the MFC, based on the pre-feasibility study, and where the Transaction Advisors are paid according to fixed milestone deliverables.
4. In order to achieve the aforesaid objectives, PPP Cell / PPP Society would, inter alia, screen identified proposals for conducting detailed feasibility studies. For this purpose, the Sponsoring Authority shall prepare a MFC with respect to each such proposal. The MFC would provide justification for undertaking detailed feasibility studies to be taken up for financing out of the corpus of the Fund in the prescribed pro-forma.
5. The MFC shall contain the financial details of the project. Ordinarily, three types of projects can be posed for funding under the KIPDF:
  - i. Revenue Generating Commercial Projects (Concession/BOOT or its variants/Lease contracts): A project FIRR of 20 percent or more on the private sector investment should be demonstrated. If the FIRR is below 20 percent even with VGF of up to 40 percent (maximum of 20 percent from VGF Scheme of Gol and 20 percent from the State Government) then the Project shall not ordinarily be presented before the SLSWA.
  - ii. Efficiency Enhancement/Cost Savings Projects (Management or Service contracts or Engineering, Performance based O&M contracts): Where there is no or low private sector investment, the financial savings/enhanced revenues should ordinarily be able to recover payouts by government within eight to ten years of completion of the project. Annuity based project would also be covered under this category.
  - iii. Non-revenue generating projects with high economic returns (e.g. Sewerage System): In case of project undertaken in PPP formats based on Economic Returns considerations, the project eligibility will be based on sector preferences to be established by the concerned administrative departments and would be based on annuity payments by the Sponsoring

Authority / State Government.

6. The MFC shall further state the cost likely to be incurred, the duration over which the same is to be incurred and how the same is perceived to be recovered by the Sponsoring Authority.

7. Proposals that do not envisage VGF can also be submitted for funding.

8. Proposals for funding under these Guidelines would cover the entire gamut of PPP projects, i.e. BOT (Toll), BOT (Annuity), long term management contracts etc. The decision of the SLSLWA about the eligibility of a project shall be final.

4.4 The KIPDF will provide financial assistance once an application by the Sponsoring Authority is been approved by the SLSWA and conditions as precedent to funding have been fulfilled.

## **Evaluation Procedures and Timeframe**

4.5 Applications received by tenth day of a month shall be considered and decided in the meeting of the SLSWA in the first week of the succeeding month.

4.6 The possible decisions are: unconditional funding approval, approval subject to certain conditions or no funding (the conditions may also include confirmation of project details before a commitment of funding, and an assessment of the affordability and value-for-money implications of recovering procurement costs as a success fee from the project).

4.7 An agreement including all funding conditions will be signed by the authorized signatory from PPP Cell and the Sponsoring Authority. The assistance from the KIPDF will be released to the Sponsoring Authority in accordance with the signed funding agreement.

4.8 The evaluation of the application would be based on the following:

- i. Availability of funds and the financial strengths of the Sponsoring Authority.
- ii. The sector
  - Is the proposed PPP in an eligible sector?
  - Is the proposal fully in compliance with the definition of PPP?
  - Is the project reflected in the Sponsoring Authorities' planning framework?

iii. The project

- Has the project been properly defined and ring fenced?
- Has the Transaction Advisor been selected in accordance with the provisions of these Guidelines?
- Are the milestones for Transaction Advisor payment such that the project is at risk of not reaching technical closure?
- Are the Transaction Advisor costs proportional to project value? (Sector specific)
- What is the ability for the project to:
  - a. Generate private sector capital investment?
  - b. Generate system improvements in non-capital investment projects?
  - c. What are the service delivery outcomes and improvements on the current outcomes expected from the project?
  - d. What capacity and appetite is there in the private sector for it to participate in the project?
  - e. What is the project procurement history and does this reflect adequate commitment to the project on the part of the Sponsoring Authority?

iv. Funding

- Has a cash flow been submitted and verified by the PPP cell of the Sponsoring Authority?
- Has the project profile been established and is likely to be accepted by all the stakeholders?

4.9 In all cases, the decision to fund or not to fund the project will be at the discretion of the SLSWA.

4.10 The Sponsoring Authority shall be responsible for regular monitoring of the project development and compliance with the milestones as approved by the SLSWA.

## **Recovery of Project Development Funding with Returns**

4.11 Project development funding, ordinarily, will be an interest free financial assistance to meet the project development expenses. This is expected to be recovered from the successful private sector partner on award of the project. The Sponsoring Authority will recover the project



development expenses from the developer as per the table below. The Sponsoring Authority must provide a plan for the same in the bid documents and to KIPDF.

Sl.No.	Type of Projects	Recovery as %age of Size of the Project		
		Project Size: Upto 100 Cr	Project Size: >100 to 1000Cr	Project Size: >1000 Cr
1	Revenue Generating Commercial Projects (Concession/BOOT or its variants/Lease contracts)	1% of Project Cost	0.75% of Project Cost	0.5% of Project Cost limited to Rs 20 Crore
2	Efficiency Enhancement/Cost Savings Projects <sup>1</sup> :	0.75% of Project Cost	0.75% of Project Cost	0.5% of Project Cost limited to Rs 20 Crore
3	Non-revenue generating projects with high economic returns (e.g. Sewerage System)	0.5% of Project Cost	0.5% of Project Cost	0.5% of Project Cost limited to Rs 20 Crore

4.12 The Sponsoring Authority would reimburse 75% of the Bid development fee received from developer to KIPDF after allocating for 75% of the total costs to KIPDF in a manner that the fee received by the latter are higher than the costs incurred.

## Risk Management

4.13 In order to fulfil its mandate of the KIPDF, the selection of projects is the most important risk mitigation measure. The KIPDF is not intended to recover all disbursed funds; in fact, a non-recovery rate of 25 percent of the funds disbursed is assumed. This allows the KIPDF to also fund projects that are innovative either in terms of sector or service provided at State or local level.

<sup>1</sup> Management or Service contracts or Engineering, Procurement and Construction (EPC) contracts with limited period performance based O&M contracts

# Annex – I

## Memorandum for Consideration

### Under Guidelines for KIPDF

#### 1. Introduction

The MFC is an application to be made by the Sponsoring Authority to seek project development funding from the Karnataka Infrastructure Project Development Fund set up by the Infrastructure Development Department. The information sought in the MFC and the rationale is given below. Annexure 11 includes an Application Form to be completed for the MFC and Annexure III provides a typical Table of Contents for the Preliminary Report to accompany the MFC.

#### 2. Project Proposal

The Sponsoring Authority, with the aid of the PPP Cell or otherwise, will highlight the broad contours of the project and issues related to its implementation framework in the proposed PPP option. The proposed project development activities, budget and time lines will form a part of the report.

- a. **Technical Information:** The technical information will include the need for the project, the components, their preliminary capacity/sizing and block cost estimates for investment sought through PPP options. In case of PPP options like Service, Management or Lease Contracts, the investment required for rehabilitation or efficiency improvement measures need to be stated, the absence of which will hinder structuring performance based contracts.
- b. **Environmental and Social Aspects:** On one hand, the information must list the applicable steps required to obtain environmental clearance under the Environmental Rules and Regulations issued by competent authority from time to

time. On other hand, the information should also bring out if there are any environmental or social risks that can impact/delay/ hinder the project deliverables from considerations of efficient use of assets created under a PPP framework. This should be addressed from an investment risk perspective.

- c. **Financial Analysis:** Financial analysis of the investment proposed for the landed cost of the project must highlight the sources of investment, drawdown period, the revenues over the project contract period (due to tariffs for services and/or due to savings arising out of efficiency gains) and Internal Rate of Return (IRR) on Economic/Project/Equity IRR considerations. In case of non-revenue generating projects, the Economic IRR must be mentioned.
- d. **Legal Aspects:** This must bring out the provisions under the relevant Acts/Rules that grant authority to the Sponsoring Agency for developing and implementing the project under the proposed PPP option and the proposed decision-making steps to award the PPP contract. The objective is to ensure that the Sponsoring Authority by itself or through an identified Competent Authority has the necessary authority to approve the proposed project development and implementation framework. In case of any need to amend the legal framework, the same must be mentioned.
- e. **Risk Identification:** A preliminary assessment of the project risks during different phases of the project-development, construction and implementation-must be summarized. This will form the basis for structuring possible mitigation measures/structures in detail during project development, hence an indicative summary is considered adequate at the preliminary stage. This is to ensure that the cost of capital/investment sought from the private sector investor is minimal and based on informed risk mitigation structures rather than perceived risks with mitigation measures not mentioned.
- f. **Proposed PPP Implementation Structure:** Typically, the intent of systematic project development with funding support is to seek private sector investment and management skills so that the Sponsoring Authority can structure performance based service delivery, while allowing the private sector to recover the

investment with appropriate returns. In case of Greenfield projects, options such as Build, Own, Operate & Transfer (BOOT), BOT and its variants or Concession or Lease Contracts are possible. However, in case of existing projects, where significant rehabilitation or replacement of assets is necessary for asset performance improvement, management or service contracts (that bring in private sector efficiency and management skills with investment mostly by the public sector) may be the first step toward establishing efficient asset base and operational systems for the project assets for subsequently enabling larger investments through BOOT type contracts. Hence, the financiability of the proposed PPP option must be highlighted.

- g. **Regulatory Aspects:** The preliminary report accompanying the MFC must mention the existing regulatory mechanism, as applicable, in case tariffs are to be structured in the PPP options. In the absence of regulatory mechanism, proposed steps for regulation by contract must be indicated.
- h. **Project Development Cycle:** The information will include the proposed project development activities and time lines starting from the appointment of consultants and advisors culminating in the selection of the private sector partner through a transparent and competitive procurement process. The role of different government agencies, role of consultants and advisors should be briefly included.

### 3. Budget for Project Development

The budget for project development should include an estimate of:

- Surveys and investigation expenses.
- Consultant fees covering technical, environmental & social, legal, financial studies and project documentation, as may be needed.
- Fee for grading of projects, if any.
- Transaction Advisor fees.
- Consultant fees covering risk assessment/identification.
- Out of pocket expenses for procurement process documentation, advertising, marketing road shows/investor meetings, etc.

- It would not include expenses incurred by the Sponsoring Authority on its own staff, etc.

#### **4. Duration of Funding and Drawdown Requirements**

An indicative quarterly budget with milestone-linked payments for each project activity should be indicated.

#### **5. Plan for Recovery**

Plan for Recovery of Project Development funding with Returns should be indicated.

## Annex – II

### MFC Application form

Nature of Assistance : Project Development funding for Rs.....  
Is Viability Gap Fund (VGF) also sought separately? Yes/No

Project Name :

Sector :

Sponsoring Authority :

Location. :

(State/District/Town)

Implementing agency :

(if different from above as  
in case of SPV)

Need for the Project :

Brief Project Description :

PPP Structure for Project Implementation : BOOT/BOT (its variants) / Concession / Lease Management / Service / EPC along with Performance based O&M Contract

Project Implementation Milestones : List key milestones

Likely impact (s) of the project :

Project Financial Structure : **A) Details of Project Cost**

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**Item**

**Rs. Lakh**

Land

Building

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Equipments  
 Any other (Specify)  
 Total Project Cost

---

### **B) Proposed Means of Financing**

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<b>Source</b>	<b>Rs. Lakh</b>
Private Sector	
State Government	
Sponsoring Authority	
Government of India (VGF)	
Any other (Specify)	
Total	

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IRR Estimates : Economic IRR  
 (as applicable) Project IRR  
 Equity IRR

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<b>Item</b>	<b>Rs. Lakhs</b>
Surveys and Investigations	
Consultancy fees:	
Technical	
Environmental & Social	
Legal	

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Financial  
Any other  
Total Consultancy  
Fees  
Transaction Advisory  
Fees  
Marketing and  
Procurement  
Related Expenses  
Any other

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Total Estimated Project  
Development Expenses KIPDF  
Contribution @ 75%

Enclosures :

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Signature and name of the authorised signatory of the

Sponsoring Authority

Date:



## **Annex-III**

# **Table of Contents of the Preliminary Report accompanying the MFC**

### **I. Introduction**

### **2. Existing Project Scenario**

(including need for rehabilitation, up gradation, improvement and/or incremental investments-to bring out the need of the project)

### **3. Project Proposal**

(covering broad project concept and components, block cost estimates, revenue structures, etc-See Annexure I)

### **4. Preliminary Project Assessment**

4.1 Technical feasibility

4.2 Environment and social acceptability

4.3 Financial & commercial viability

4.4 Legal framework

4.5 Risks (during development, construction and operation implementation)

4.6 Contractual & implementation structures

### **5. Project Development Activities**

5.1 Project development cycle

5.2 Timelines

5.3 Surveys and investigations

5.4 Technical/Environmental & Social/Financial/Legal consultants, their scope of work

5.5 Transaction Advisors, their scope of work

5.6 Marketing

5.7 Procurement process

5.8 Others (Please specify)

## **6. Funding Requirements for Project Development**

6.1 Budget for Project Development expenses

6.2 Drawdown (indicative quarterly budget and estimated milestone linked payment for each activity)

## **7. Plan for Recovery**

Plan for Recovery of the Project Development funding with Returns

## **8. Recommendations**

## **Annex – IV**

# **Evaluation of KIPDF Application**

<b>Sl.No.</b>	<b>Evaluation Parameter</b>	<b>Department Opinion</b>	<b>Secretariat to Single Window Agency</b>
1	<b>Availability of funds and the financial strengths of the Sponsoring Authority</b>		
2	<b>The sector</b>		
	<ul style="list-style-type: none"> <li>▪ Is the proposed PPP in an eligible sector?</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Is the proposal fully in compliance with the definition of PPP?</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Is the project reflected in the Sponsoring Authorities' planning framework?</li> </ul>		
3	<b>The project</b>		
	<ul style="list-style-type: none"> <li>▪ Has the project been properly defined and ring fenced?</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Has the Transaction Advisor been selected in accordance with the provisions of these Guidelines?</li> </ul>		
Infrastructure Development Department (PPP Cell)	<ul style="list-style-type: none"> <li>▪ Are the milestones for Transaction Advisor payment such that the project is at risk of not reaching technical</li> </ul>	Page 2	

	closure?		
	<ul style="list-style-type: none"> <li>▪ Are the Transaction Advisor costs proportional to project value? (Sector specific)</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ What is the ability for the project to:</li> </ul>		
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>a. Generate private sector capital investment?</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>b. Generate system improvements in non-capital investment projects?</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>c. What are the service delivery outcomes and improvements on the current outcomes expected from the project?</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>d. What capacity and appetite is there in the private sector for it to participate in the project?</li> </ul> </li> </ul>		

	<p>e. What is the project procurement history and does this reflect adequate commitment to the project on the part of the Sponsoring Authority?</p>		
<b>4</b>	<b>Funding</b>		
	<ul style="list-style-type: none"><li>▪ Has a cash flow been submitted and verified by the PPP cell of the Sponsoring Authority?</li></ul>		
	<ul style="list-style-type: none"><li>▪ Has the project profile been established and is likely to be accepted by all the stakeholders?</li></ul>		

## Annex – V

### Schedule of Disbursement and Recovery

Sl.No.	Milestone	Amount (in Rs.)	Date
<b>Disbursement</b>			
1	Feasibility Study		
2	On Selection of Transaction Advisor		
	▪ Phase I		
	▪ Phase II		
	▪ Phase III		
3	Marketing of the Project		
4	On Selection of Independent Engineer		
TOTAL			
<b>Recovery<sup>2</sup></b>			
1	Contract Award and Receipt from Successful Bidder		
TOTAL			

**Signature and name of the authorised signatory of the  
Sponsoring Authority**

**Date:**

<sup>2</sup> Recovery to be undertaken in one phase within 1 month of the receipt of the amount from successful bidder, unless the amount is received in more than one phase from the successful bidder.