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# Mainstreaming PPPs at the State level

## Review & Plans for Government of Orissa

June 5, 2008

# Description of PPP Strategy - Orissa

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- **State Legislation Regarding PPP**

- PPP Cell formulated Orissa PPP Policy 2007, approved & promulgated through a Gazette Notification by Govt. of Orissa to facilitate Infrastructure Development in the State under PPP mode.

- **Other Policy Statements Concerning PPP**

- To leverage State and Central Govt. funds to support Private investment and to create a conducive environment to utilize the efficiencies, innovativeness and flexibility of Private Sector to provide better infrastructure and service at an optimal cost.
- Setting up of a transparent, consistent, efficient administrative mechanism to create a level playing field for all participants and protect interest of all stakeholders.
- To prepare a shelf of projects to be offered for PPP and take them forward with assistance of the owner departments through a transparent selection process.

# Description of PPP Strategy for State

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## ther Policy Statements Concerning PPP

- Putting in place an effective and efficient institutional mechanism for speedy clearance of the projects.
- Provide necessary risk sharing framework in the project structure so as to assign risks to the entity most suited to manage them.
- Facilitate capacity building & training of officials.
- Putting in place an appropriate and robust regulatory / grievance redressal mechanism.
- Creation of Orissa Infrastructure Development Fund (OIDF) to facilitate implementation of the objectives of the Policy and to provide the required viability gap funding where the essential projects are presently unviable in addition to the VGF assistance of GoI

# Description of PPP Strategy - Orissa

## Focus Areas of State &/ PPP Cell

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### Sectors Focus

- Roads, bridges and bypass
- Ports and Harbors
- Airports, Airstrips and Heliports
- Inland container depots and logistics hubs
- Industrial Parks, Theme Parks like IT/BT Parks, Knowledge Parks, SEZs & Townships
- Water supply, treatment and distribution
- Power generation, transmission & distribution systems
- Solid waste management
- Sewerage & drainage
- Inland water transport
- Tourism and related infrastructure
- Healthcare facilities
- Education
- Trade fair, convention, exhibition, cultural centers
- Urban infrastructure including entertainment & recreational facilities
- Urban transportation systems
- Railway & Related Projects
- Agriculture Production and Marketing

# Description of PPP Strategy for State

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## – Geographic Focus

- Industrial Belt, Urban & Education hub, Mining area

## – Specific Project Type Focus: -

<i>Sector</i>	<i>No. of Projects</i>	<i>Approximate Cost(Cr.)</i>
<b>Road</b>	<b>9</b>	<b>2334</b>
<b>Port</b>	<b>3</b>	<b>7900</b>
<b>Railways</b>	<b>3</b>	<b>1163</b>
<b>Tourism</b>	<b>2</b>	<b>1044</b>
<b>IT</b>	<b>8</b>	<b>990</b>
<b>Industry</b>	<b>1</b>	<b>137</b>
<b>H&amp;UD</b>	<b>6</b>	<b>-</b>
<b>Aviation</b>	<b>2</b>	<b>-</b>
<b>Fisheries</b>	<b>1</b>	<b>8.5</b>
<b>Total</b>	<b>35</b>	<b>13576.5</b>

# PPP Cell

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- PPP Nodal Officer

(G.K. Dhal, Special Secretary PPP, reporting Chief Secretary, Joined Feb 08)

- PPP Specialist

(Lana Mohanty, reporting to Nodal Officer, Joined Oct 07, 14 yrs in infrastructure sector, involved in socio-economic study of project influence area, close co-ordination with Govt. depts for effective implementation.)

- MIS Specialist

(Subrat Sharma, reporting to Nodal Officer, Joined Sep 07, 24 years IT/ related service (ERP/ MIS) in Supply Chain, Logistics, Materials, HRD, Finance, Education & Training Management.

- Other officers / staff

2 consultants from DFID through E&Y for 10 months  
Technical Staff ( 1 – Supdt. Engineer(PWD) – intermittent basis  
Admin. staff (1 - Under Secretary, 1 - PS, 1 - PA )

# Assignment & Logistics

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- **Tasks assigned (Current & Envisaged)** to the PPP/MIS Experts: - To assist the State PPP Cell towards: -
  - Creating & updating the shelf of PPP Projects
  - Identifying, conceptualizing & structuring probable PPP projects & preparing a concept note including the need & benefits of doing under PPP mode, its main features, VFM test etc in consultation with line depts.
  - Testing projects for PPP amenability.
  - Capacity development & enhancement.
  - Sensitising line departments on various PPP schemes of Planning Commission, DEA etc.
  - Placing before the ECI/ HLCA the shelf of probable PPP projects for in-principle approval

# Assignment & Logistics Contd..

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- Selecting consultants in association with line depts to carry out ISR of projects cleared by ECI/HLCA.
- Putting up to ECI/ HLCA for approval and for further modalities including preparation of DPR, concessions required, land requirement of VGF, types of State support, VFM analysis, risk allocation etc.
- Creating, maintaining & updating a Databank of PPP Projects.
- Setting up Data Centre, LAN & other IT infrastructure & facilities.
- Collecting, collating & tracking information on PPP projects as per best practices.
- Data analysis for decision support.
- Sharing and exchanging information with line departments
- Planning, developing, hosting, maintaining & updating the PPP website of Orissa.
- Designing & monitoring setting up of Orissa PPP Technical Society office.

# Assignment & Logistics

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- Comment on Logistics and support services: -
  - Presently office space provided in the Staff Room attached to Special Secretary PPP.
  - New office (Technical Secretariat/ OPPTS) is being set up in a hired building.
  - Govt. of Orissa has sanctioned Rs 2 Cr for creating, maintaining the premises/ LAN/ Data Centre and also for hiring staff from manpower sourcing agencies.

# Review of PPP Projects to Date

- Overall PPP Projects
  - Total 35 Projects (pre & post –setting up of PPP Cell & PPP Institutional Arrangements)
  - Post-formation of PPP Cell, ECI/ HLCA, 10 projects have been referred to PPP Cell.
  - Additionally, PPP Cell proposed 7 projects in various sectors.
  - Proposal for few road projects for VGF Assistance received.

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Industry	Biotech Park	ECI cleared issuing of RFP - to shortlisted bidders. RFP being finalised as per the Govt. requirement.	DBO
Roads	Capital Region Ring Road	Project initially not viable even with 40% VGF Assistance. ECI cleared project study with revised concept. Project found commercially viable after reduction in length & reassessment of traffic. Being put up to ECI for appointment of consultant for DFR.	BOOT
Roads	Bhubaneswar - Paradeep Road	ECI cleared the project for feasibility study- with revised concept,	BOT

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Urban	Integrated Commercial cum Residential complex - Gajapati Plaza	ECI cleared signing of the concession agreement for the project with M/s Forum Mart, the highest bidder.	DBOOT
Industry	Setting up of ITIs/ ITCs	ECI approved for detailed study to explore the feasibility of setting up at Block level.	BOO
Tourism	Shamuka Project - 4 hotels, Master Developer	11 firms shortlisted after RFQ (4-hotels). ECI cleared issue of RFP for the two projects. For Master developer RFQ & RFP to be issued concurrently	DBFOOT
Urban	Integrated Residential Township in Bhubaneswar	ECI cleared issue of RFP. Social issues considered such as EWS, LIG flats to be provided as per price determined by Govt.	DBT

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Roads	Sambalpur-Rourkela Road	Executive summary has been submitted, social cost 267 Cr. VGF requirement projected. Report preparation in progress.	BOT
Roads	Joda -Bamebari	Executive summary has been submitted, VGF is not required. Report preparation in progress.	BOT
Roads	Koira - Tensa	Executive summary has been submitted, VGF is not required. Report preparation in progress..	BOT

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Urban	Commercial Complex, Bhubaneswar	Private Developer (DLF) selected. Development Agreement signed.	DBOOT
Commerce & Transport	Development of Modern Bus Terminals	RFQ issued for 4 places - Sambalpur, Dhenkanal, Angul & Cuttack – RFQ opened, 28 bids received. RFP being prepared.	DBO
Industry	International Convention Centre	RFP issued. Pre-bid queries answered. Bidders requested for extension.	DBOOT
Industry	IT & Corporate Tower CSPur, Bhubaneswar	Est. Cost Rs.130Cr. RFP document, Project structuring and Implementation framework finalized, Land to be transferred to IDCO.	DBO

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Road	Palaspanga-Bamebari Road	Being implemented through (KIDCO) at 68 Cr. 4 K.M. road completed	BOO
Port	Dhamara Port	Est.cost-Rs.2400Cr. Concession Agreement with ISP Ltd. On 02.04.98. Environmental, Pollution Board, rail traffic Clearance obtained. Financial closure achieved. Construction has commenced.	BOO
Port	Gopalpur Port	Est. cost - Rs. 720 Cr. Concession Agreement signed on 14.09.06 with M/s. OSL., Sara International Ltd. and Noble Group. Work is in progress. Commenced handling of Cargo.	BOO

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Industry	Knowledge Park, IT, SEZ & ITES at Gaudakasipur, Bhubaneswar	Est. cost – Rs.35.67Cr. 10 Firms submitted EOIs. Process for SEZ notification and next stage of bidding process to be initiated after transfer of land.	BOO
Industry	SEZ-IT/ITES/ BPO, Mancheswar Industrial Estate, Bhubaneswar	Est. cost – Rs.352.03Cr. Process for SEZ notification to be initiated after transfer of land	BOO
Industry	IT&Commercial Complex, Rourkela	Est.Cost – Rs. 76.06 Crore. Project awarded to Forum Mart after transparent bidding.	DBOO

# Review of PPP Projects to Date

<b>Sector</b>	<b>Project Name</b>	<b>Status</b>	<b>PPP modality</b>
Industry	IT&Commercial Complex – Berhampur	4 Firms short-listed. RFP to be issued after land related issues are sorted out.	BOO
Urban	Sahidnagar Enclave, Bhubaneswar	Residential component of the Project completed. Commercial part in progress.	DBT
Urban	Commercial Shopping Complex, Unit-IV, Bhubaneswar	The project construction has just started	DBOO

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Urban	A.C. Market Complex – Unit-IV, Bhubaneswar	Est. Cost Rs. 20.3 Cr. Work commenced. Joint Venture Project between BMC and M/s. Keshari Estates Private Ltd. The share of BMC is 35% and JVP is 65% of built up area.	DBOT
Railway	Haridaspur Paradip Rail link	Est. cost – Rs.594.34Cr. Project undertaken jointly with Rail Vikas Nigam Ltd., and user Industries. SPV Formed.	DBO
Urban	Integrated Commercial Complex at Bhubaneswar	Area: 10.74 Acres. UNITECH Ltd. selected as the developer after transparent bidding. 10.8 lakh Sft. Commercial space to be created. Est. Cost Rs500Cr.	BOO

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Port	Kirtania Port, Subarnarekha Mouth	MoU signed with Creative Port Development Chennai to develop as an all weather Port. Environment, Railway siding clearance applied.	BOOST
Industry	SEZ IT/ ITES (Infocity) at Bhubaneswar	Est. cost - 35.67 Cr. IT majors like WIPRO, TCS, MindTree, Genpact to be Anchor Tenant and Co-Developers. SEZ notified. Project SPV formed. TCS, WIPRO commenced work.	BOO
Industry	Multi-product SEZ, Paradeep (Marshagahi Tahasil of Kendrapara)	Est. cost - 712Cr. In principle approval for SEZ obtained. Land details being worked out.	BOO

# Review of PPP Projects to Date

## • Challenges and Main Issues to Date

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### – Sponsor Level

- Line Depts. not fully aware & appreciative of PPP
- Need sensitisation at all levels
- Capacity building necessary through training, workshop, field visits etc

### – Financing Level

- Availability of equity and long term debt
- Project preparation facility schemes have not been utilised by Line Depts
- Not many takers for VGF Assistance

### – Transaction Advisory Issues

- Quality of Transaction Advice/ documentation standards need improvement
- Full time availability?

### – Other

- Need for Subject Matter Experts from Line Depts. - to be oriented in PPP format
- Multiplicity of approach – need for synchronisation

# Status of implementation of MoU with DEA

<u>Activities</u>	<u>Status</u>
Setting up of PPP Cell	Completed
Appointment of a Secretary as Nodal Officer	Appointed
Creation of a Shelf of PPP Projects	Created
In 2007 – 08, Bid out 3 projects (2 sectors) worth 750 Crs.	Achieved
In 2008 – 09, Bid out 5 projects (3 sectors) worth 1250 Crs.	Expected to be achieved
Review Sector-specific Policies	Being done
‘Plan of PPP projects’ in conjunction with its annual Plan	PPP included in Plan (2008 – 09) Document
‘Single window’ with a fully empowered approval framework for providing all State level approvals, including for the financing of PPP projects	ECI & HLCA Constituted & started functioning

# Status of implementation of MoU with DEA

<u>Activities</u>	<u>Status</u>
State Govt. to provide counterpart staff support, office space, furniture, logistical, & admin support to implement the TA Project in the State.	Interim arrangement made with some staff. Additional arrangements being made
To put in place: - (a) sound legal, policy, regulatory, and institutional environments for infrastructure development through PPPs;	Orissa PPP Policy – 2007 addresses these requirements
(b) transparent policies and processes in licensing, financing, risk sharing, etc.;	
(c) a system of PPPs on a performance-payment basis; and	
(d) a dedicated infrastructure project development company, if one has not already been established.	To be done

# Status of implementation of MoU with DEA

<u>Activities</u>	<u>Status</u>
Adopt standard concession agreements for PPP projects in defined infrastructure sectors;	MCAs circulated to concerned departments. Adoption of MCAs through ECI planned.
Adopt competitive bidding procedures for bidding & awarding of infrastructure projects under defined rules & procedures as per best practices and GOI guidelines;	Being done through ECI. Formal documentation to be initiated.
Designate a State-level dispute resolution mechanism for the speedy resolution of disputes relating to PPP projects	ECI has been constituted as the empowered Body.
Adopt formal State policies on environment, resettlement and social safeguards with respect to the implementation of infrastructure projects, according to best international commercial practices.	Being initiated. Would need help/ guidance.

# Status of implementation of MoU with DEA

<u>Activities</u>	<u>Status</u>
<p>The State Govt. to <u>ensure stability of staff</u> deployed for the assignment in the PPP Cell to facilitate creation of a strong capacity for development and monitoring of PPP projects in infrastructure sector by the end of the TA Project. For sustainability of the impact of the TA Project, the State Govt. is to ensure institutionalization of capacities and procedures within the identified govt. depts &amp; the PPP Cell, through appropriate implementation of the recommendations of the TA Project.</p>	<p>Being complied for staff at operating level.</p>

# Forward Programme for PPP Mainstreaming

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- Focus Areas: Emergence of Orissa as a favourite investment destination. Investments worth around Rs.4 lac Cr. in the pipeline in fields like mining, metallurgy, power, ports, roads, railways, IT, tourism, healthcare, urban infrastructure, SEZs, etc.
  - Consequent spurt in demand for High Quality Infrastructure & Services.
  - Keenness shown by private sector for investment.
  - Putting in place of a PPP Policy facilitating private sector participation through enhanced comfort level for all stake holders.
  - Better RoI expected from infrastructure projects

# Issues and Challenges

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- Providing encroachment free land for the projects.
- Providing support for removal of utilities and stopping of future encroachments.
- Providing adequate legislative & administrative support
- Suitably structuring the concession agreements to insulate against future political / administrative changes keeping in view the long concession periods.
- Setting up of robust dispute redressal mechanism.
- Protecting rights of all Stake holders including exempt categories of users.

# Issues and Challenges

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- Availability of equity and long term debt.
- Availability of trained / skilled man-power to conceptualize, structure and implement PPP Projects.
- Large scale capacity building and training of personnel to conceptualize structure and implement infrastructure and service projects in the PPP mode.
- Continued Government and Concessionaire's interest in the projects keeping in view their long gestation and concession periods.

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# Thank You

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# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Road	Suakati – Dubuna Road	Length : 56 Km. Location : Keonjhar District. Cost : Rs. 112 Cr. Existing single lane road to be converted to two lane with paved shoulder. Study is in progress	BOO
Road	Tensa- Barsuan- Lahunipada Road	Length : 35 Km. Estimated cost : 35 Cr. Location : Sundargarh district. Existing single lane to be converted to two lane with paved shoulder. Study is in progress	BOO
Road	Chorada- Duburi Road	Length – 15 Km. Project Cost – 95 Cr. Existing two lane road is to be develop to four lane road with median. Study is in progress	BOO

# Review of PPP Projects to Date

<b>Sector</b>	<b>Project Name</b>	<b>Status</b>	<b>PPP modality</b>
Railway	Angul-Duburi-Sukinda Rail link	Length - 90 Km, Est. cost – Rs. 417.47 Cr. Formation of SPV in progress.	BOO
Railway	Gunupur-Theruvalli Rail link	Length - 79 Km. Est. cost –Rs. 151 Cr. Formation of SPV in progress. Will provide connectivity to Gopalpur Port from the Mining & Industrial area.	BOO
Airport	Jharsugda Airport	Est. Cost: Rs90 Crs. Existing Airstrip needs to be upgraded. PPP feasibility study to be undertaken.	BOO

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Aviation	Aviation Training Academy Bhubaneswar	Multi level training of Commercial Pilots, Aircraft maintenance, Ground staffs & cabin crew training. RFP received and evaluated. Selection of developer under finalization.	BOO
Health & FW	Nursing Schools	Vacancies exist in this sector. To take up feasibility study & float Eols for setting up in backward/tribal districts & decide on the State support. Sponsoring & financing of SC/ST students through the employment mission & other such schemes in the existing private nursing schools alongwith a bond for serving the govt. in their parent district.	

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Health	<u>Medical Colleges</u>	<p>Vacancies of doctors particularly in rural areas.</p> <p>Take up Feasibility Studies &amp; float Eols for setting up in backward / tribal districts &amp; decide on the State support to be provided for the same.</p> <p>Sponsoring &amp; subsidizing of students from rural districts &amp; other schemes in the existing Private Medical Colleges along with a bond for serving the govt. in their parent district.</p> <p>Land acquisition planned in Angul, Koraput, Mayurbhanj and Bolangir districts for setting up medical colleges.</p> <p>The Medical Colleges could be affiliated to the district hospitals.</p>	

# Review of PPP Projects to Date

Sector	Project Name	Status	PPP modality
Health	Health & Diagnostic Facilities	<p>Modern diagnostic facilities not present in most areas of the State</p> <p>Private sector be invited to set-up such diagnostic facilities as an adjunct to our existing medical infrastructure.</p> <p>A mutually beneficial Concession Agreement can be worked out.</p> <p>EOIs to be floated along with an ISR laying down the state support.</p>	BOO
IT	<u>Rural (Small Town) BPOs</u>	<p>Employment generation through vernacular call-centres, back-office operations.</p> <p>The industries operating in the state can tie up through the computer education centres, colleges, NGOs, SHGs through OCAC.</p> <p>An ISR can be commissioned for the same</p>	BOO