

PUBLIC PRIVATE PARTNERSHIP PROJECTS

BACKGROUND

PPP can take many forms though it is generally defined as a contract where the private sector is given the right by the public sector to *inter alia* build, operate, manage and/or deliver a service for the general public – roads, hospitals, schools, etc. PPPs combine the best of the public and private sector, while minimizing the shortcomings of either the exclusive public sector delivery of services or the “privatization” route. The intention is to develop a better infrastructure wherein the Government plays the role of a facilitator, setting the regulatory and legal frameworks in place whereas the private sector offers financial, technical and managerial support for such infrastructure projects. Thus, PPP projects are public projects involving private capital and/or initiative.

Madhya Pradesh is the pioneer in building roads under PPP in India. Urban sector, jails, sports, etc. are also now under the PPP Mode in MP. The Directorate of Institutional Finance (DIF) is the Nodal Agency for PPP Projects in MP. The PPP Cell under DIF offers all hand-holding in planning and bidding for PPP projects. In the last few years projects worth Rs. 8,600 crores have been awarded and projects of Rs. 5,000 crores are in the pipeline.

BENEFITS OF PPP

○ Inflow Of Private Investment	○ Freeing up Government Resources
○ Increase In Efficiency	○ Sharing of Project Risks
○ Assured Maintenance	○ Better Viability
○ Innovative Design & Construction Practices	

ESSENTIAL COMPONENTS

○ Fixed Concession period	○ Pre-determined user charges/tariff
○ Pre-determined scope of work for the Concessionaire	○ Pre-determined bidding parameters (VGF/Premium/Revenue Sharing/Lease Rent)
○ All conditions, specifications, & agreements frozen prior to inviting bids	○ Land required for the project available with the Implementing Agency

IMPLEMENTATION STEPS

1. Preparatory works for identification and conceptualization of the project (in-house, in association with PPP Cell).
2. In-principle approval of project from competent authority
3. RFP for Appointment of Transaction Advisor (TA) for either/all of the following tasks : Project Structuring, Financial/Legal/Technical analysis, Tender document/Concession Agreement preparation, etc.
4. Appointment of TA.
5. RFQ for the project (prepared by TA).
6. Pre-bid meeting (in association with TA).
7. Response to queries/comments of pre-bid meeting (in association with TA).
8. Preparation of Bid Documents (RFP and Concession Agreement, drafted by TA).
9. Invitation of Bids (in association with TA).
10. Pre-bid Conference (in association with TA).
11. Evaluation of Bids (in association with TA).
12. Award of Concession (Contract).
13. Signing of the Concession Agreement (in association with TA. TA's role gets over after this stage).
14. Financial closure, i.e., tie-up of funds with financial institutions.
15. Appointment of Independent Consultant for supervision and quality control during construction phase (if required).
16. Execution of the Project (Operations and Maintenance).
17. Handover of assets back to the Government.

PPP Briefs

BEST PRACTICES

• Careful planning of project	• Proper Legal & Regulatory Framework
• Solid revenue and cost estimate	• Strong political will
• User willing to pay & communication plan	• Proper allocation of risks
• Extensive feasibility study	• Competitive & transparent bidding
• Properly-drafted agreement	• Compliance with contractual agreement
• Develop in-house expertise	• Partnership implies risk-sharing and mutual trust

PPP CELL

DIRECTORATE OF INSTITUTIONAL FINANCE

‘C’ Wing, 1st Floor, Vindhyaachal Bhavan,
Bhopal – 462 004

Phone : 0755-2551199, 2552003

Fax : 0755-2551387

Web Site : <http://www.dif.mp.gov.in>

e-Mail : difbho@mp.gov.in

<i>Designation</i>	<i>Name</i>	<i>Contact</i>
Director (Nodal Officer)	Mr. Manish Singh	O – 0755-2441216 e-mail : difbho@gmail.com
Joint Director	Dr. Arun Paliwal	O – 0755-2430014 R – 0755-2554459 M – 094253-65435 e-mail : arunpaliwal1968@yahoo.co.in
PPP Expert (ADB)	Mr. Atul Garg	O – 0755-2553108 M – 099812-70057 e-mail : agarg@adb.org
MIS Expert (ADB)	Mr. Sanjeev Sharma	O – 0755-2553108 R – 0755-6534727 M – 092292-34727 e-mail : ssharma@adb.org