

**Encouraging Public Private Partnership  
Optional Reform  
Under JNNURM**

## 1. The Reform

Cities are experiencing increasing pressure to provide accessible and affordable infrastructure and basic services due to rapid urbanization. At the same time, they are increasingly constrained in mobilizing the required financial and technical resources. Many cities do not have executive capacity to cope with the rising demand for water supply, sewerage, drainage, electricity supply, roads and solid waste management etc. Public Private Partnership (PPP) is considered a viable alternative to overcome the systemic problems and to infuse efficiency into the operation and maintenance of infrastructure, while bringing in much-needed capital to supplement public funds.

The focus of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is to allow cities to become engines of economic growth through integrated development of infrastructure. The Government of India not only recognizes the huge effort that would be required to roll out this ambitious programme but also the need to supplement the institutional capacity of ULBs to manage expeditious implementation in a time bound manner.

In order to promote PPPs for infrastructure development, Government of India has already initiated a number of steps. These include: (i) establishment of a PPP cell in the Department of Economic Affairs in the Ministry of Finance; (ii) setting up the India Infrastructure Finance Company Limited; (iii) creating a viability gap fund; (iv) forming an inter-ministerial group to determine pre-qualification of bidders under PPP; and (v) preparing PPP toolkits and model concession agreements.

### Government of India's Definition Of PPP

While there is no single definition of PPPs, they broadly refer to long-term, contractual partnerships between the public and private sector agencies, specifically targeted towards, designing, financing, implementing, and operating infrastructure facilities and services that were traditionally provided by the public sector. The development, financing and operations of public utilities and infrastructure facilities by the private sector under terms and conditions agreeable to both the government and the private sector is called Public Private Partnership (PPP).

**"The Public-Private Partnership (PPP) Project means a project based on contract or concession agreement between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges."**

*Source: Facilitating Public-Private Partnership for Accelerated Infrastructure Development in India; Regional workshop of Chief Secretaries on Public-Private Partnership, Ministry of Finance, GOI, 2006.*

However, PPP is not a panacea for all infrastructure gaps. PPP is just one of the tools that the public sector can use to facilitate infrastructure delivery in some specific cases/situations. By making best use of the full range of PPP models available, public sector entities can maximise the likelihood of meeting its infrastructure objectives. PPP does not mean reduced responsibility and accountability of the government. They still remain public infrastructure projects committed to meeting the critical service needs of citizens. The government remains accountable for monitoring service quality,

determining user charges/pricing, and ensuring cost-effectiveness of the partnership. Government remains actively involved throughout the project's life cycle. Under the PPP format, the government role gets redefined as one of facilitator, enabler, concessioning, monitoring and supervising authority. While the private partner plays the role of financier, builder, and operator of the service or facility.

## 2. Rationale for reform

Infrastructure projects are complex, involving different stakeholders, and require significant preparatory work referred to hereafter as project development. When properly structured or made “bankable”, PPP projects should meet the requirements of the government for service provision, with respect to standards, levels and quality of service etc. They also should reduce the project’s exposure to risks and attract private investments. Jawaharlal Nehru National Urban Renewal Mission is designed to encourage the involvement of the private sector in service delivery and management. It accordingly encourages participation of business, industry, civic groups and communities in local decision-making. The following factors have created demand for private capital as well as greater interest of private sector in urban infrastructure development: (i) part-grant financing by the JNNURM (which is likely to increase the bankability of a number of large urban infrastructure projects) and (ii) the financing gap/needs to meet the project costs.

### Local-Self Governments and PPP

Local governments may consider partnerships with the private sector when any of the following circumstances exist:

- Opportunities to foster economic development;
- Involvement of a private partner would allow the service or project to be implemented sooner than if only the local government were involved;
- Project or service provides an opportunity for innovation;
- Private partner would enhance the quality or level of service from that which the local government could provide on its own;
- Opportunity for competition among prospective private partners;
- Support from the users of the service for the involvement of a private partner;
- Service can be measured and priced easily.
- Service or project can be recovered through the implementation of user fees;
- Track record of partnerships between local government and the private sector
- Project cannot be provided with the available financial resources or expertise of the local government.

*Source: Report of the PPP sub-Group on Social Sector, Planning Commission, GOI, 2004.*

The types of services that could be provided through PPP will, however, vary from one local government to the other based on their needs and priorities. The choice of the PPP model will depend on the city-specific objective. For instance, the objective could be as diverse as expansion of infrastructure facilities while reducing the cost of new investments, or to control the extent of tariff increase through increasing efficiency, or develop alternate sources of water, or to turn around customer management services. The collaboration between the public and private sector could take any one of the following forms:

- Public funding with private service delivery and private management.
- Public as well as private funding with private service delivery and private management.
- Public as well as private funding with public/private service delivery and public/private/joint management.
- Private funding with private service delivery and private management.

Public–private partnerships should not be seen as public partnerships and private projects. They should rather be viewed as private partnerships and public projects....

Dr Montek Singh Ahluwalia, Deputy Chairman,

### 3. Implementation of Reform

Experience to date in India, and internationally, shows that there is no unique formula for developing a sound PPP framework. However, successful programs are characterized by clear policy and legal frameworks for PPPs, competent and enabled institutions that can appropriately identify, procure and monitor PPPs, and efficient oversight and dispute resolution procedures.

This reform is required to be handled at both State and City levels. Whereas, the role of the state is to create an enabling environment with an aim to expand, broaden and deepen private sector investments in infrastructure, the role of city is to develop and implement PPP projects in a process oriented approach.

Minimum Essential Requirements for Creating Enabling Environment at State Level	
Component	Description
Formulation of PPP Policies, and governance framework  <i>Responsibility :State</i>	A clear policy advocating the use of PPPs, as well as situations under which PPP structures would be encouraged, ensures commitment and support for the program. Set policy to encourage discussion on key issues among different stakeholders, furthering better understanding of PPP methods, their advantages and disadvantages. The policy framework need to define sectors where PPP can be used, role of different institutions in a PPP program, procurement procedures and processes etc. State policy (and the supporting legal and regulatory framework) should provide ULBs with maximum flexibility to select the forms of private sector participation best suited to meet specific project objectives. Examples from Gujarat, Andhra Pradesh can be looked at for developing a broad policy framework for PPP. Implementation of the State's policy framework should be the responsibility of ULBs and would need to take into account local conditions.
Setting up of PPP cell  <i>Responsibility :State</i>	Competent and enabled institution that can identify which projects are best done as PPPs and whether they are priorities, and then procure and properly monitor them. The responsibilities of this cell could include: <ul style="list-style-type: none"> <li>• Streamlining PPP approval process</li> <li>• Developing PPP toolkits</li> <li>• Model concession agreements (MCAs)</li> <li>• Bidding documents and project preparation manuals.</li> <li>• Assist in developing policies, regulatory and governance framework at state level for infrastructure projects</li> <li>• Risk &amp; revenue sharing framework</li> <li>• Assist ULBs to prepare, evaluate and appraise PPP projects</li> <li>• Design state-level dispute resolution mechanism</li> </ul> <p>The approach from state to state can vary. It can be dedicated institution for urban sector projects; cross sectoral PPP advisory units or special cell with in line department or sectoral agency. Gujarat, AP, Punjab and UP have been pioneers in establishing cross sectoral cells, whereas states like Karnataka, Rajasthan have developed urban sector facilitation entities and have partnered with private companies to provide advisory services such as enabling frameworks, project development, structuring and funding for accelerating the development of infrastructure.</p>
Formulating Legal and Regulatory Framework	It is necessary to review the existing legislation to ensure urban local

<p><i>Responsibility :State</i></p>	<p>bodies have the needed powers to procure and implement services under PPPs. Model Municipal Law prescribed by Government of India recognizes the problems in existing municipal laws of the states. Many current laws which act as barriers rather than catalysts to facilitating the private sector participation in infrastructure development and operations. It suggests that states should review their existing legislations and provide for the following for encouraging private sector participation in urban infrastructure:</p> <ul style="list-style-type: none"> <li>• amendment of duties and functions of the Municipalities whereby scope would be created for performance of functions by the Municipalities/parastatal agencies/private sector;</li> <li>• provisions for governing costing and pricing of services based on economic principles, and the basis for any cross-subsidies would have to be specified;</li> <li>• Provisions so that the Municipalities may attract funds from capital markets, including issuance of municipal bonds, and related provisions like the municipal rating methodology, credit enhancement measures and the eligible issuers of bonds;</li> <li>• Provisions for constitution of State-level financial intermediaries for urban infrastructure finance where municipalities are unable to access funds from the markets directly;</li> <li>• provisions for introduction of accrual-based system of accounting to ensure transparency in financial transactions, and also to ensure creditworthiness of municipalities;</li> <li>• provisions would also have to be made for the role of rating agencies which would be important for assessing creditworthiness of municipalities; and</li> <li>• provisions for constitution of Regulatory Authorities which may function independently and may not be subject to directions by the Municipalities or even by the State Governments.</li> </ul> <p>These provisions would either be by way of amendment of the relevant provisions in the conventional municipal laws, in terms of new provisions, or by way of new State enactments. For instance, Gujarat has passed Gujarat Infrastructure Development Act, 1999 which provides force of law to the provision of entering into a concession agreement with private sector developer.</p>
<p>Formulating Procedures and Guidelines <i>Responsibility :State/Center</i></p>	<p>Procedures and guidelines should provide specific rules on how projects are to be selected for pursuit through PPPs. The state should also prepare a framework for evaluating the revenue and return of the project, procedures for granting approvals relating to environment, land acquisition, railways, airport authorities etc. State should develop and disseminate model contracts and other model documents etc. for example, National Highway Authority of India has developed standard documents including model contracts for the road sector.</p>
<p>Methodology for Selection of Private Sector Partner</p>	<p>Selection of <i>Private Sector Partner</i> can be done in any of the following ways.</p> <p><b>Competitive Bidding:</b></p> <p>a. Well publicized and a well-designed bid process to ascertain financial, technical and managerial capabilities of the service</p>

	<p>provider or the developer.</p> <p>b. Selection of the developer/service provider could be structured such that the selection parameter is one or a combination of the following:</p> <ul style="list-style-type: none"> <li>- lowest capital cost of the project,</li> <li>- lowest operation and maintenance cost,</li> <li>- lowest bid in terms of the present value of user fees,</li> <li>- lowest present value of grant from government,</li> <li>- highest equity premium,</li> <li>- highest upfront fee,</li> <li>- highest revenue share to the government, and or;</li> <li>- shortest concession period</li> </ul> <p><b>Swiss Challenge Approach</b></p> <p>The swiss challenge approach is used in situations wherein an ULB receives <i>suo-motu</i> proposals from private sector players. Typically, these proposal include:</p> <ul style="list-style-type: none"> <li>- all details regarding its technical, financial and managerial capabilities,</li> <li>- all details regarding technical, financial and commercial viability of the project/programme</li> <li>- all details regarding expectation of government support/concessions.</li> </ul> <p>The government may examine the proposal and if the proposal belongs to the declared policy of priorities, then it may invite competing counter proposals from others (in the spirit of ‘Swiss Challenge’ approach) giving adequate notice. In the event of a better proposal being received, the original proponent is given the opportunity to modify the original proposal. Finally, the better of the two is awarded the project/programme for execution.</p> <p><b>Competitive negotiation (direct or indirect)</b></p> <p><i>Competitive negotiation</i> (direct or indirect) is considered a variant of competitive bidding. The government specifies the service objective and invites proposals through advertisements. The government then negotiates/finalizes the contract with the selected bidders. The government agency (or the local authority) may select the service provider/developer through <i>competitive negotiation</i> in the following cases:</p> <ul style="list-style-type: none"> <li>- social sector projects and programmes involving VOs/NGOs/Local Community;</li> <li>- project involving proprietary technology or a franchise;</li> <li>- linkage project related to a mega project or a major activity;</li> <li>- projects and programmes which failed to solicit any response to a bidding process;</li> <li>- suo-moto proposal from a private participant.</li> </ul> <p>The state governments need to define methodology for selection of private sector partner. Particularly with respect to unsolicited bids.</p>
<p>Developing and Dissemination of Guidance Materials including Change Management</p>	<p>Commercial viable infrastructure projects are now a necessity and to achieve the same a systematic plan for change is required:</p> <ul style="list-style-type: none"> <li>• Public information dissemination</li> <li>• Design and execute PSP transactions competitively and</li> </ul>

<p><i>Responsibility: State/ULB</i></p>	<p>transparently</p> <ul style="list-style-type: none"> <li>• Manage public-private partnerships through independent and regular monitoring</li> <li>• Oversight and contract management</li> <li>• Measure and benchmark performance</li> <li>• Managerial improvements</li> <li>• Technical improvements</li> <li>• Community awareness and participation</li> </ul>
<p>Selection of Transaction Advisor <i>Responsibility :State/ULB</i></p>	<p>Transactions are more likely to achieve financial closure and be sustainable if they are transparent in the broadest sense: clear, predictable and competitive. Unlike conventional projects, PPP projects require considerable efforts in evolving project documentation, developing institutional arrangements for project structures, securing approvals and clearances from stakeholders, financial structuring, selecting a contractor, operator or concessionaire and ensuring overall financial closure. The first step to develop PPP projects is to appoint transaction advisors to carry out above mentioned tasks. Department of Economic Affairs, Government of India has already empanelled transaction advisors and States can select the advisors from the list based on their requirements. The transaction advisor should help ULB in selecting the Private Sector Partner for ULB.</p>

#### 4. Steps to implementing the reform at City Level

ULBs will have to take the following steps while initiating the implementation of this reform:

- 1) Creation of PPP unit at ULB level: ULBs can either take support from State ULB cell or create an independent PPP unit at the ULB level, with authority to implement key decisions to facilitate and encourage PPP projects at local level.
- 2) Project identification and prioritization: ULBs, in consultation with the PPP Cell, shall categorize projects which could be implemented through PPP framework and those which could be implemented otherwise by carrying out pre-feasibility analysis based on demand and supply gaps, inter-linkages and any other relevant parameters and create a project shelf.
- 3) Project conceptualization and scoping: The PPP unit needs to conceptualize the broad parameters of the project and go for preparation of preliminary feasibility reports for the identified projects. These reports should establish the need for the project, and broad scope of the project including broad level project cost estimation etc.
- 4) Approval of projects for development under PPP Mode: Based on the broad scope of project, ULB should take necessary approvals at city and state levels for development of project under PPP mode or suggest modifications/changes to the proposal. These will help in ensuring that issues such as affordability of the PPP to the government, value-for-money, overall fiscal costs, and public legitimacy concerns are addressed properly.
- 5) Identify main PPP options: There is no single method of private sector participation, although economic benefits generally increase with the volume of assets under private control and the extent of competition. The options depend on city’s creditworthiness, the extent of political commitment, and investor interest. Different PPP structures could be explored based on:
  - Extent of funds that could be diverted from public sources and those required from the private sector
  - Asset ownership

- Extent of autonomy delegated to the private sector;
- Service levels targeted
- Willingness to pay and affordability of consumers,
- Risk-return profile of the project/service
- Duration of the contract;
- Contractual relationship with the consumer.

Service contracts and O&M contracts are good first steps in involving the private sector as these can be implemented quickly, help establish credible baseline and provide incentives to bring about efficiency by defining specific performance targets. Moreover, these structure enable ULBs to bring in operational efficiencies, without diluting ownership or altering user charges etc.

- 6) Finalizing transaction advisor: First step in developing the project in PPP mode should be to engage a reputed and qualified transaction advisor to assist them in preparing TOR for the assignment, design the project components, selection of a techno-commercial option, financing and implementation structure, finalizing the PPP option, to pre-qualify eligible private partners, prepare bid documents, manage the bidding process, evaluate final bids, draft concession documents and assist ULBs in negotiation and finalization of concession agreement and complete handing over process to the selected private partner. This transaction advisor will also help in creation of PPP cell at ULB level and build capacities for PPP transaction.
- 7) Financial analysis for viability and sustainability: The analysis for financial viability and sustainability shall be undertaken with regard to meeting funding requirements. Depending on the means of finance proposed by the ULB and identified for implementation, the financial analysis shall be undertaken to meet such criteria. Financial analysis should be undertaken to structure the project and evolve the optimum financial plan.
- 8) Preparation of detailed project report: Once necessary approvals are obtained the ULB should prepare a detailed project report. The DPR besides engineering designs and financial analysis should include demand assessment, environmental assessment, cost estimates, risk management mechanism etc. PPPs often do not require a DPR; they can be bid out based on a feasibility report. DPRs are pre-requisite in case of centre and state investment support, for instance in case of JNNURM or UIDSSMT state and centre approvals are based on DPR. In case of private sector funding, the DPRs are prepared by the selected private partner. This gives the private partner design and detailed engineering flexibilities to incorporate efficiencies, while the ULB is approving authority. The project documents would vary depending on the sector and type of project.
- 9) Developing PPP framework: The key elements of PPP need to be defined discussed and agreed upon. Urban local bodies have to be clear of the project's objectives, what is expected from the private sector, and what price the public would be willing to pay for the quality of service(s) envisaged. This will include taking into consideration the following aspects:
  - Outlining the objectives for PPP
  - Defining the basic principles of partnership
  - Defining the scope and functions of each stakeholder in the arrangement
  - Identifying key stakeholders, their roles and relationships
  - Defining the levels of service, and how different target segments are to be reached
  - Identifying potential financing mechanisms
  - Defining legal and regulatory framework
  - Identifying the major risks and their proposed mitigation measures.
- 10) Designing, Evaluating and Managing Bid process : PSP transactions must be executed in a transparent and professional manner. Competition through a well-designed tendering process, which enjoys broad public support, will ensure the best outcome for consumers and ULBs. Drafting of bidding documents and contracts, including design of the bidding process, bid-evaluation criteria, and the selection and closing process must be decided and communicated to all potential bidders. Following needs to be take care while designing and evaluating the bid process:

- Inviting Expressions of Interest (EOI) through national and international advertisement depending upon the size and nature of project.
  - Preparing a short-list of qualified firms (3-6) based on specified criteria.
  - Requesting proposals from short-listed firms (technical and financial) based on the Terms of Reference (ToRs) and evaluation criteria provided to them
- Basing the selection on quality and cost (QCBS).
- The technical proposals are evaluated first, based on pre-specified criteria.
  - The financial proposals are opened for those firms that meet the minimum technical score.
  - The final selection is based on a composite score that weighs the technical and the financial bids with a significantly higher emphasis on quality.
- 11) Selection of private sector partner: The selection of designated operator/contractor for the project is undertaken based on technical and financial evaluation of bidders based upon specific criteria laid in the RFP.
  - 12) State government approval: The ULB shall obtain the necessary State government approval before implementation. The final DPR should show evidence of appropriate approvals (government order, policy, cabinet approval, enactment of laws and amendments etc.) to demonstrate the state commitment to provide investment support to the project as well as its commitment to reforms.
  - 13) ULB level approvals: ULB should also obtain necessary statutory approvals required from other agencies or government bodies and obtain such approvals and permissions, NOCs and clearances on a project-specific basis.
  - 14) Development of contractual structure and preparation of concession agreement. The concession agreement will specify the terms of the concession granted to the private party and will include the rights and obligations of all parties, risk dispute agreements etc. There could be associated agreements based on specific requirements.
  - 15) Finalizing agreements: The agreements should have clear defined outcomes and service levels defined along with role and responsibilities of each partner. The core terms and conditions of the contract through structured sharing of technical, financial, legal and institutional information and keeping the public and other stakeholders abreast of developments particularly on service level agreements should be the responsibility of PPP cell.
  - 16) Monitoring performance and costs: The PPP cell should monitor the progress of PPP projects regularly. All the departments/agencies responsible for implementation of PPP projects will keep the PPP Cell informed regarding the latest development. PPP unit can appoint an independent monitoring consultant to monitor progress, quality and other relevant specifications agreed upfront.
  - 17) Developing and managing payment mechanism: to private partner: PPP cell should develop the payment mechanism to the private developer based on the progress agreed upon and should monitor it regularly.
  - 18) Implement training programs: Implementation of training programs and bringing new knowledge to the PPP unit and ULB should be regular process and should be made part of the deliverable of the private development partner.
  - 19) Public information dissemination: It is essential to keep the public informed about the key aspects of the transaction. The purpose is not only to solicit feedback from those affected, but also to use it as an opportunity to publicize the good features of the transaction, and the steps being taken to ensure transparency. This would help build public support and therefore protect the transaction from possible future disputes.

### 3. Measuring Achievement/Outcomes

Consistent with the policy framework, the contract for service provision in a specified geographical area would define public service obligations for all consumers, including low-income and vulnerable consumers. These outcomes could include:

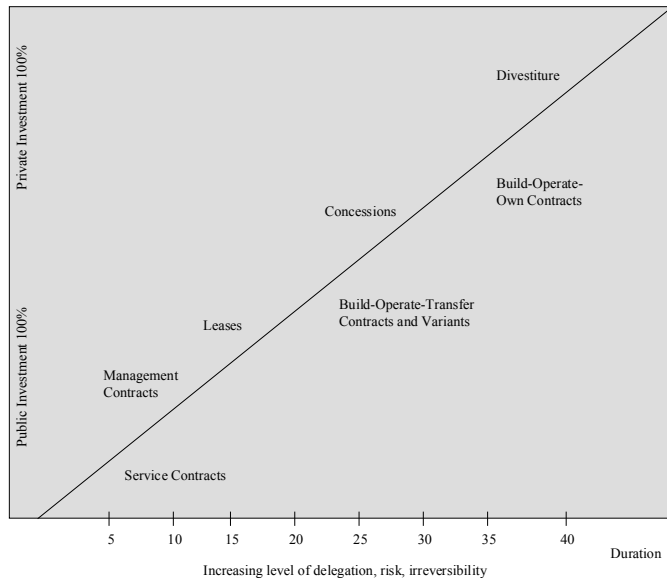
- Improved service delivery
- Improved economic efficiency in use of capital investment and service operation
- Improved coverage and performance targets
- Improved citizen conveniences
- Improved grievance redressal mechanisms

In summary, PPP is a means to mobilise private investments and introduce efficiency in service provision. Creating a reasonable mix of public and private sector service is to improve service delivery, bring technical and management expertise, improve performance, and monitor to ensure accountability in delivery of services. Lastly, private sector participation should not be seen with a view to privatize but to introduce investments and efficiencies in the overall service delivery.

**Annexure I: Spectrum of PPP Options**

The spectrum of PPP options (see Figure 1) ranging from Service Contracts; Management contracts; Leases; Build-Operate-Transfer Contracts and Variants; and Concessions are available to choose from when a public sector agency decides to collaborate with a private partner to improve the delivery of urban services. While these are considered to be the indicative options, it is important to note that, in practice, PPP arrangements are often variations or combinations of the above. At one end are those contracting options in which the government retains full responsibility for operation & maintenance, capital investment, financing, and commercial risk; at the other are those options in which the private sector assumes a greater share of the responsibilities and risks.

Figure 1  
The Range of PSP Options



The choice of option in a given situation depends upon various factors such as: the degree of control desired by the ULBs; ability of the ULBs and private sector to provide the desired service at specified and acceptable level of quality; legal framework for private investment; regulatory mechanism; and potential of attracting financial resources from both the public and private sectors.

Service and fee-based management contracts may be implemented without adequate baseline information, cost-reflective tariffs, or performance monitoring systems in place. Predictable regulatory frameworks and reliable databases are essential for leases, concessions and divestitures. Benefits accruing from PSP grow as increasing responsibility and risk is placed on the private partner. Thus, while service and management contracts involve less institutional change they also garner lower benefits in terms of increasing coverage, efficiency and consumer-orientation. In practice, hybrids are becoming more the norm than the exception, with the private sector taking some commercial risk under management contracts and being responsible for some investments under leases.

Concessions are best suited to solve comprehensively the supply problems in most Indian urban areas. But given the prevailing market conditions, they may be unfeasible in the short term. Private sector involvement will probably be introduced in phases under well-designed management or lease contracts, and evolve to concessions at a later date.

Management contracts can be cost-effective if used to leverage deeper forms of PSP. Until qualified and reputable private operators emerge in India, such contracts are likely to be costly. Management contractors should have the right and responsibility to use resources optimally, improve service quality, and prepare the ground for more effective forms of PSP. They should be considered as an interim stage in the reform process as the sector moves towards concession arrangements.

For successful implementation of different PSP options, an analysis of various pre-conditions is necessary. These include: stakeholder support and political commitment, cost recovery and pricing, information base about the system and regulatory framework. Service contracts require limited information on an existing system and minimal monitoring capacity; whereas, options such as build operate and transfer (BOT) and Concession require high political support, a good information base about the existing system and a strong regulatory framework. A public agency may start with a service or management contract and progressively introduce more complex options by transferring more responsibilities to the private sector.

Sector	Possible Intervention	Possible Structures
<b>Water Projects</b>	<ol style="list-style-type: none"> <li>1. Management of Existing Water Distribution System</li> <li>2. Augmentation/Development of New System by tapping identified sources</li> <li>3. Construction, Operation and Maintenance of Water treatment plant</li> <li>4. Expansion of Water distribution network in unserved areas</li> </ol>	<p><u>For Existing System:</u></p> <ul style="list-style-type: none"> <li>• Performance based management &amp; service contracts</li> <li>• Lease contract</li> <li>• EPC contracts along with Performance based O&amp;M contracts</li> </ul> <p><u>For New System:</u> BOT/Concession</p>
<b>Solid Waste Management</b>	Segregation, Collection; Transportation and Disposal (sanitary landfills, composting, integrated waste-to energy projects),	<ul style="list-style-type: none"> <li>• Service Contracts</li> <li>• Management contracts</li> <li>• Community Participation for Collection and Segregation of Waste</li> <li>• PPP formats for solid waste management</li> </ul>
<b>Sewerage/ Storm Water drainage System</b>	<ol style="list-style-type: none"> <li>1. Renovation in Old City Areas</li> <li>2. New System in unserved areas</li> </ol>	<p><u>Existing System:</u></p> <ul style="list-style-type: none"> <li>• Annuity Contracts</li> <li>• Performance based contracts for Construction &amp; O&amp;M</li> </ul> <p><u>New System:</u></p> <ul style="list-style-type: none"> <li>• Plain Vanilla EPC contracts</li> </ul> <p>Other PPP models such as Design, Build Finance Transfer (DBFT)</p>
<b>Traffic &amp; Transportation</b>	<ol style="list-style-type: none"> <li>1. Bus Terminal</li> <li>2. Construction of New Ring Roads/ Bypass/ Bridge</li> <li>3. Laying/Improvement/ Widening</li> <li>4. Intersection Improvements</li> <li>5. Parking Lots</li> <li>6. Auto/Taxi stands</li> <li>7. Transport Nagar</li> <li>8. Ware house, Truck Parking, Fuel Station, Service Center, Office complex</li> </ol>	<ul style="list-style-type: none"> <li>• PPP (BOT/BOLT/DBFO)</li> <li>• BOT model with tolls/shadow tolls</li> <li>• O&amp;M contracts</li> <li>• EPC contracts</li> <li>• EPC + O&amp;M contracts</li> <li>• BOT (Lease/ DBFO)</li> </ul>
<b>Lake Conservation and Improvement for recreation</b>	Lake Cleaning, promoting tourism, recreational activities	<ul style="list-style-type: none"> <li>• Service and O&amp;M contracts for Lake cleaning</li> <li>• PPP formats for Treatment plants/ Solid Waste Management/ Sewerage Networks</li> </ul>

		<ul style="list-style-type: none"> <li>• Tap MoEF/MoS schemes</li> </ul>
<b>Urban Renewal (Environment Improvement &amp; City Beautification)</b>	Inner City Areas -Shifting of non-conforming commercial/industrial uses - renovation of water/ sewerage/SWM system	<ul style="list-style-type: none"> <li>• BOT models for commercial projects</li> <li>• Service/Management contracts for upgrading existing system</li> </ul>
<b>Social Infrastructure</b>	Community Halls, Public Spaces, Slaughter Houses, etc	<ul style="list-style-type: none"> <li>• Management/Service contracts</li> <li>• Annuity Models</li> </ul>
<b>Street Lighting</b>	Street Lighting	<ul style="list-style-type: none"> <li>• Performance based Contract for Supply, installation, O&amp;M for 2/5 years period</li> </ul>

**Annexure II**  
**Development of Projects on PPP Format: Roles and Responsibilities during Project Development**

Sr. No.	Activity	Role of PPP unit	Role of ULB/State Government
1.	<b>Initial Screening Report (ISR)</b>	<ul style="list-style-type: none"> <li>○ Preparation of pre feasibility report, delineating Project Concept, Issues related to Technical, Environmental, Social, Legal and Financial viability and formulation of implementation strategy for private sector participation</li> <li>○ Project development framework and timelines</li> </ul>	<ul style="list-style-type: none"> <li>○ Approval of pre-feasibility report comprising of Project Implementation framework, budget for project development and timelines</li> <li>○ Form a Committee to facilitate fast approval process</li> </ul>
2.	<b>Project Report and Financial Analysis</b>	<ul style="list-style-type: none"> <li>○ ToR for specific technical studies (if necessary)</li> <li>○ Procurement of Consultants</li> <li>○ Advise and supervision of Technical Consultants</li> <li>○ Review and comments on Consultants' outputs</li> <li>○ Development of financial model to establish commercial viability</li> <li>○ Risk Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>○ Procurement of Consultants</li> <li>○ Make available data / information to the Consultants</li> <li>○ Facilitate information from other Govt departments, if necessary</li> <li>○ Approval to technical studies</li> </ul>
3.	<b>Formulation of Bidding Strategy</b>	<ul style="list-style-type: none"> <li>○ Analysis of PSP options</li> <li>○ Consultations with potential developers and select best option</li> <li>○ Bidding structures and evaluation strategy</li> <li>○ Preparation of Term Sheet for Concession Agreement or other Contractual Agreements</li> </ul>	<ul style="list-style-type: none"> <li>○ Provide statutory approvals for short-listing</li> </ul>
4.	<b>Request for Qualification</b>	<ul style="list-style-type: none"> <li>○ Devise Qualifying Criteria and Selection Methodology for the Developer</li> <li>○ Preparation of Expression of Interest / Request for Qualification (EOI/RFQ)</li> <li>○ Advertisement and Project Information Document (as required)</li> <li>○ Marketing the Project to potential Developers / Investors</li> <li>○ Managing pre-bid conferences</li> <li>○ EOI/RFQ bid evaluation report</li> <li>○ Recommend short-listing of Bidders to the Government</li> </ul>	<ul style="list-style-type: none"> <li>○ Provide statutory approvals</li> </ul>
5.	<b>Request for Proposal</b>	<ul style="list-style-type: none"> <li>○ Preparation of Request For Proposal (RFP) document, outlining the complete scope of the Project, the scope of work, risk sharing methodology, selection methodology etc.,</li> <li>○ Preparation of appropriate contracts such as:               <ul style="list-style-type: none"> <li>– Concession Agreement</li> <li>– EPC Contract</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Approvals/Clearances from all stakeholders on project documentation</li> <li>○ Government approval on bidding process</li> </ul>

Sr. No.	Activity	Role of PPP unit	Role of ULB/State Government
		<ul style="list-style-type: none"> <li>– O&amp;M / Management Contract</li> <li>○ Preparation of Project Information Memorandum (PIM)</li> <li>○ Dissemination of PIM information with Potential Developers, Strategic Investors &amp; Lenders</li> <li>○ Managing pre-bid conferences</li> <li>○ Evaluation of bids and submitting Bid evaluation report</li> </ul>	
6.	<b>Selection of Preferred Bidder</b>	<ul style="list-style-type: none"> <li>○ Assist Government in negotiations and selection of the Preferred Bidder</li> <li>○ Finalization of Contract documentation</li> </ul>	<ul style="list-style-type: none"> <li>○ Take part in negotiation with selected bidder</li> <li>○ Approvals/Clearances from the Government, Cabinet, etc.</li> <li>○ Approval on government support, if any</li> </ul>