Rajasthan
Public-Private Partnership
Guidelines






PPP Cell
Planning Department
Government of Rajasthan

Contents

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1.0 PREAMBLE

Infrastructure is an important determinant of productivity, development, and poverty reduction. Sufficient capacity across infrastructure sectors leads to higher productivity, lower transport and logistics cost, and enhanced competitiveness. The Government of Rajasthan recognises that constraint-free infrastructure provisioning fosters economic and industrial activities conducive to development and inclusive growth. Typically, the Government of Rajasthan has sought to deal with infrastructure provisioning by implementing various programmes and projects departmentally and through its agencies. These are being financed through various sources including budgetary resources, grants and loans from Government of India (GoI), and bilateral and multilateral agencies. Budgetary provisions towards development and upkeep of these services have, however, remained inadequate over the years.

The Government of Rajasthan further recognizes that the private sector can play a prominent role in infrastructure development. Public-Private Partnership (PPP) is evidently emerging as the preferred route to leverage private capital as well as to induct private sector. A closer partnership between the public and private sectors can support sustainable development, reduce poverty, and ultimately foster greater prosperity.

Availability of additional resources, increased efficiencies, and access to advanced technologies are some oft cited reasons for encouraging PPPs. Expected consequences comprise reprieve from bearing the initial cost of design and construction, the transfer of certain preparatory works to the private entity, and scope for better design, construction and operation. The caveat is that all infrastructure projects may not be amenable to the PPP modality for various social, political, legal and administrative issues besides the lack of market appetite by the private sector.

To provide and support an increasing role for PPP – both in creating new infrastructure assets as well as in managing assets already created – Government of Rajasthan issues these guidelines. These guidelines seek to extend a transparent, consistent, and effective mechanism for PPP project development and procurement. The Government of Rajasthan is also contemplating a statutory framework for Public Private Partnerships in the State in the form of the Rajasthan Infrastructure Development Act.

2.0 PPP DEFINED

PPP means an arrangement between a government or statutory entity or government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or related services for public benefit, through investments being made by and/or management undertaken by the private sector entity for a specified period of time, where there is a substantial risk sharing with the private sector and the private sector receives performance linked payments that conform (or are benchmarked) to specified, pre-determined and measurable performance standards. (http://toolkit.pppinindia.com/pdf/ppp_toolkit_ user_guide.pdf)

3.0 FEATURES OF A PPP ARRANGEMENT

Essential features of a PPP arrangement may be elaborated as follows:

- PPPs are fixed-duration contractual arrangements between the public sector and a private sector party for the provision of public asset and/or public services for public benefit.
- The public sector or private sector are allocated the

associated project risks in an optimal manner,

- Public sector payments are based on performance standards set out in the contract, and
- Ultimate accountability of service delivery remains with the public sector.

4.0 SCOPE AND GUIDING PRINCIPLES

PPP could be considered both in new infrastructure projects and in managing existing infrastructure projects. Expansion, up-gradation and/or development of infrastructure would be guided by the extent of demand-supply gap for infrastructure, accent on balanced regional development and potential economic gains. Certain social infrastructure projects which may not offer adequate commercial incentive for PPP may be accorded precedence. The Government may adopt suitable compensation mechanisms such as provision of Viability Gap Funding (VGF), or annuity-based modality for such projects.

The Government would, where necessary and appropriate, consider levying user charges (tolls, fees, tariffs, cesses etc.) to cover costs of infrastructure provisioning and create a stable and dedicated financial source for construction/redevelopment/ rehabilitation/ replacement of project assets and their ongoing operations and maintenance. The focus would be to provide efficient, sustainable and high quality services at affordable prices to users. Recognising that economically weaker sections may require certain subsidies in user charges, the Government may also explicitly provide for such subsidies to PPP project(s), to ensure that the project remains economically viable.

The process of PPP project implementation would be appropriately backed by contractual arrangements. The Government would develop contractual frameworks to allow for optimal allocation of risks between the contracting parties, taking into account the legitimate concerns of private investors. The attempt would be to allocate risks to the party best suited to bear the risks.

The contractual arrangement for existing infrastructure projects would typically include, besides others, the following:

- Operations and Maintenance (O&M) contracts for defined periods, and
- Rehabilitate, Operate, Maintain and Transfer (ROMT).

The contractual arrangement, depending on nature of the project, for new infrastructure projects could include, besides others, the following:

- Design-Build-Finance-Operate-Maintain-Transfer (DBFOMT), and
- Design-Build-Finance-Operate-Transfer (DBFOT).

These are merely indicative lists. Multiple forms of contractual arrangements are possible and may be adopted, depending on the nature of the project. Preferred forms of PPP models require that either (i) ownership of the underlying asset remains with the public authority during the contract period or (ii) the asset is transferred back to the public authority after the termination of the concession. Where the public entity does not acquire an asset and ownership is normally not the supported form of PPP. Also, service contracts, Engineering-Procurement-Construction(EPC) contracts and divestiture of assets are not recognized as forms of PPP.

Where necessary the Government may also participate in the equity of any Special Purpose Vehicle (SPV) for the development and implementation of infrastructure

projects. The equity structure of the SPV would be decided on a case-to-case basis.

A transparent process would be followed in award of all contracts. In all cases, the award criteria would be spelt out upfront. Typically, the stages in process of award of contracts/concessions would include:

- Inviting Expressions of Interest (EOI) and/or Requests for Qualification (RFQ)
- Requests for Proposals (Technical and/or Financial) (RFP)
- Signing of Agreements

Selection would be based on objective technical / financial parameters.

It shall be the endeavour to price services to be commensurate with the real costs of service provision and sustainability of the project. Projects would be eligible for incentives and/or concessions proposed /available under existing/proposed sector-specific policies. The Government may also allow developing utilitarian services or other socially acceptable commercial activities, subject to applicable laws, on the infrastructure project site to enhance the commercial viability.

A large number of infrastructure projects are characterised by requirement of unencumbered land and/or monopolistic situations. Government of Rajasthan may facilitate expeditious acquisition of land for such projects, as per the applicable laws and policies.

5.0 INSTITUTIONAL ARRANGEMENT

A three-tier institutional framework comprising following is expected to provide an effective arrangement for these Guidelines:

5.1 Empowered Committee on Infrastructure Development (Approving Committee)

All projects undertaken in PPP mode would require approval of the Empowered Committee on Infrastructure Development (ECID) constituted under the chairmanship of the Chief Secretary, Government of Rajasthan. The other permanent members of the ECID are:

1. Principal Secretary, Finance Department
2. Principal Secretary, Industries Department
3. Principal Secretary, Planning Department (Member Secretary)
4. Principal Secretary to the Chief Minister
5. Commissioner, Bureau of Investment Promotion (Special Invitee)

Invitee members would include Principal Secretary/ Secretary of the concerned Administrative Department, when their related issues are discussed. Invitee members may also include other specialists or persons having specific knowledge related to the subject. Concerned Heads of Department and other officials may be invited to assist the Committee in deliberations.

The Terms of Reference (ToR) for the ECID are:

1. To approve the projects to be implemented on Public Private Partnership mode.
2. To finalize roadmap for project development and prescribe time limits for clearances of any PPP project,
3. To select the PPP and other infrastructure projects for which project development costs will be funded with the assistance of Rajasthan Infrastructure Project Development Fund.

4. To set the terms and conditions under which the funding will be provided and recovered.
5. To approve viability gap support for projects under the Rajasthan Social Sector Viability Gap Funding Scheme.
6. To decide issues pertaining to user levies including but not limited to prescribing mechanism and procedure for setting, revising, collecting and/or regulating user levies and to decide and settle disputes relating to user levies.
7. To resolve all inter-departmental issues relating to PPP projects and issues leading to bid processes, and
8. To issue necessary directions for developing PPP projects.

5.2 PPP Cell (Nodal Agency)

The PPP Cell in the Planning Department shall be the nodal agency to co-ordinate efforts of the State Government regarding projects entailing public-private participation. PPP Cell would also serve as the secretariat of ECID. It would also serve as the repository of all information relating to PPP in the State including best practices, guidelines, schemes, etc. The PPP Cell would be under the direct supervision of the Principal Secretary, Planning Department who would act as the State PPP Nodal Officer.

5.3 Respective Administrative Departments/Agencies (Implementing Agency)

Respective administrative departments/agencies of the Government of Rajasthan would be the implementing agencies responsible to identify, develop and execute projects under the PPP modality. Respective administrative departments would nominate one of the officers as nodal officer who will be the first contact point for PPP projects.

6.0 DETAILED STEPS FOR PPP PROJECTS

6.1 Identification of the Project

The concerned department/agency would analyze coverage of existing facilities/services, innovations proposed in facilities/services, assess gaps in requirement and provisioning of facilities/services, and describe nature and scope of projects to be developed/executed to fill space between provisioned and required facilities/services. This analysis may be followed with indicative examination of projects to be developed/ executed to identify project(s) which can be taken up on a PPP mode. Characteristically, the fundamental prerequisites in a project amenable to PPP are:

- Whether private participation in the delivery of a public service is permissible under the extant State and Sector legislations;
- Capacity to yield adequate internal rate of return and return on equity investment, with or without Government support;
- Offers value for money to the Government;
- Fixed concession period;
- Pre-determined user-charges/tariff;
- Pre-specified scope of work;
- Pre-determined bidding parameters, for example, viability gap funding/grant, premium, revenue sharing, lease rent, etc.;
- Availability of land for the project with the implementing agency; and/or
- All conditions, specifications and project agreements (also entailing risk sharing) to be frozen prior to inviting final bids.

6.2 Pre-feasibility Assessment

This shall include pre-feasibility assessment leading to a preliminary financial model, initial project structuring, ascertaining amenability to PPP modality, and indicative concession/contract period. Pre-feasibility assessment shall also entail evaluation of project bankability. The bankability of the project, amongst others, depends on:

- Estimated revenue generation during the project life,
- User fee tariff(s),
- Estimated project cost comprising cost of civil works, cost of other fixed assets, interest during construction, financing charges, contingencies, preoperative expenses, etc. (excluding cost of land, as cost of land and other pre-construction activities are usually borne by the public entity),
- Operation and maintenance cost, and
- Applicability and extent of availability of grant(s), subsidies, etc., including Viability Gap Funding, from the government.

Based on the above, profitability statement, cash flow, return on equity, IRR, payback period, etc. are prepared and sensitivity analysis is conducted for different contract / concession periods and other variables, as required.

Amenability of the project to PPP, the type of PPP model for the project and duration of contract/concession period shall be decided based on:

- Projected profitability during the project life,
- Adequacy of cash flow for payment of debt along with interest thereon and to meet operation and maintenance cost with other liabilities,
- Adequacy of IRR, and

- Adequacy of Return on Equity investment made by the proposed private participant.

It shall be endeavour of the concerned administrative department to make an assessment, in association with a Transaction Advisor/Consultant or otherwise, to ensure value for money for the government/public entity in executing the project on PPP format. The value for money assessment involves a number of different elements and how these are employed varies from project to project. The initial decision to proceed will take into account the best information available on similar projects in the recent past and may involve a comparison based on shadow bid emerging from financial analysis.

The concession period shall comprise the construction period and the period during which the private partner is permitted to levy fee and/or is liable for operating and maintaining the project. On expiry of the concession period, the assets created under the project are transferred to the Government.

6.3 Engaging Transaction Advisor(s)/Consultant(s)

Engagement of Transaction Advisor (TA)/Consultant is to facilitate project structuring, financial/legal/technical analysis and tender document/concession agreement preparation. The TA may be a firm/individual engaged to provide services to develop project on PPP format, indicatively entailing:

Initial Screening & Project Design Process

- Basic data collection and assessment including the Initial Screening,
- Project Structuring,
- Financial Analysis, and
- Preparation of Technical Specifications, Performance Standards and Scope of Works.

Project Development Studies and Procurement of Developer:

- Master Planning,
- Risk Assessment Study,
- Procurement Documents including the Project Information Brief, Development Controls & Technical Specifications, Request For Qualification (RFQ) and Request For Proposal (RFP),
- Formats for Bid Submission, Capacity Statement, Technical Bid and Price Bid,
- Legal documents such as Concession Agreement etc.,
- Prequalification of bidders,
- Evaluation of the Procurement Documents,
- Procurement of preferred bidder.

Presently, the options available to procure TA comprise:

- Open advertising route. Model documents of Request for Proposal for procuring Financial Consultants, Technical Consultants and Legal Advisers are available at–http://www.infrastructure.gov.in/pdf/financial_consultants.pdf, http://www.infrastructure.gov.in/pdf/ Model_RFP_ Selection.pdf and http://www.infrastructure.gov.in/pdf/RFP_Legal Page.pdf, respectively, or
- Through limited bidding amongst transaction advisors (at least five) empanelled by the Department of Economic Affairs, Ministry of Finance, GoI, if the cost of the proposed project is up to Rs. 250 Crore. For guidelines visit -http://www.pppinindia.com/pdf/User_Guide_for_Tr_Ads_final_approved.pdf. Presently, this panel of transaction advisors is under revision, or

- Engage PDCOR Limited (www.pdcor.com) on single source basis, as may be prescribed by the State Government, from time to time. For details visit - http://ppp.rajasthan.gov.in/(Orders and Circulars).

The concerned administrative department may also seek assistance (up to 75% of the transaction advisory cost) under the India Infrastructure Project Development Fund (IIPDF), if the project is eligible. In this case procurement of transaction advisor may be governed by the Scheme and Guidelines for India Infrastructure Project Development Fund –(http://www.pppinindia.com/pdf/scheme_Guidelines_India_Infrastructure_Project_Development_Fund-English.pdf).

6.4 Method for Procurement of Private Developer

Method for procurement of private developer shall entail either single-stage bidding or two-stage bidding. Concerned administrative department may opt for any of the procurement method, as per requirement and norms.

Single-stage bidding is generally suitable for small projects (typically with estimated project cost of up to Rs. 50 crores) with simpler project configuration. Under this, the Qualification Proposals (Technical and Financial Capability of the bidder) and the Financial Proposals are invited in two separate covers, but simultaneously. The bidding criteria for technical and financial capabilities of bidders and the bidding parameter(s) for financial proposal shall be clearly stipulated with evaluation methodologies thereof, in the Bidding Document. The technical capability shall reflect the project experience equal to at least one-and-a-half times the estimated cost of the PPP project. Financial capability shall be assessed in terms of:

- Net Worth : At least 25% of the estimated project cost.
- Average Turnover for last 3 years (optional) : At least 100% of the estimated project cost.

These are indicative threshold conditions for assessing technical and financial capabilities which may be decided on project-to-project basis. An advertisement shall be issued inviting bids, giving requisite notice, in at least one national and one regional newspaper.

Two-stage bidding, generally for large and complex projects, entails inviting the Qualification Proposal and Financial Proposal in two separate stages. In the first stage, Request for Qualification (RFQ) is made seeking the Qualification Proposals to pre-qualify and short-list suitable applicants who shall be eligible for participation in the second stage entailing Request for Proposal (RFP), to award the project. An advertisement shall be issued inviting RFQ, giving requisite notice, in at least one national and one regional newspaper. For complex and large project, a business newspaper having wide national circulation may also be considered.

6.5 Request for Qualification

In the two-stage bidding, criteria for technical and financial capabilities of bidders along with evaluation methodologies shall be clearly stipulated in the RFQ. The technical capability shall reflect the project experience equal to at least one-and-a-half times the estimated cost of the PPP project. Financial capability shall be assessed in terms of:

- Net Worth : At least 25% of the estimated project cost.
- Average Turnover for last 3 years (optional) : At least 100% of the estimated project cost.

These are indicative threshold conditions for assessing technical and financial capabilities which may be decided on project-to-project basis. A model document of Request for Qualification is available at http://www.infrastructure.gov.in/pdf/PreQualif_bidders.pdf.

A pre-application meeting is to be held to clarify the queries of the prospective applicants and to ascertain the market appetite. Engaged TA shall prepare the Request for Qualification (RFQ), facilitate requisite due diligence and assist the concerned administrative department in:

- Conduct of pre-application meeting,
- Evaluation of qualification applications and
- Short-listing eligible applicants.

6.6 Request for Proposal and Draft Concession Agreement

In the second stage of the two-stage bidding, Request for Proposal (RFP) is made seeking financial bids from the pre-qualified and short-listed applicants of the first stage. The bidding parameter for financial bid should normally be specified in a manner that requires the bidders to quote a single number. A model document of Request for Proposal is available at http://www.infrastructure.gov.in/pdf/Model_REQ.pdf.

Typically, the RFP comprises following sections:

- Introduction
- Instruction to Bidders
- Evaluation of Bids
- Fraud and Corrupt Practices
- Pre-Bid Conference
- Miscellaneous

The draft Concession Agreement and Project Feasibility Report/Information Memorandum shall also be provided by the concerned department along with the RFP, collectively constituting bidding documents. The bidding documents will, inter-alia, describe the terms and conditions of the agreement, rights and responsibilities of the parties, remedies, scope of project, standards and specification, implementation schedule, operation and maintenance standards during and at the end of the concession period, consequences of foreclosure of the project by the concessionaire, termination of the agreement by Government, etc. The bidding documents shall address various risks of the project appropriately, by properly allocating them between the parties. The bid documents, to be prepared with the help of the TA, shall be given to the bidders at least one month before the closing date for submission of the bids. A pre-bid meeting is to be held to clarify the queries of the short-listed applicants Overview of the frameworks of Model Concession Agreements for highways, ports, airports, etc. are available at http://www.infrastructure.gov.in/. In case of requirement of engaging **only** Legal Advisers for preparing the draft concession agreement, the concerned department may use the model Request for Proposal available at http://www.infrastructure.gov.in/pdf/RFP_LegalPage.pdf

6.7 Award of Concession

Bids shall be received from the pre-qualified and short-listed applicants. Engaged TA shall facilitate requisite due diligence and assist the concerned administrative department in:

- Conduct of pre-bid conference,
- Evaluation of bids, and

- Selecting the successful bidder for award of concession/contract.

After evaluation of the bids and approval of the award by all competent authorities, a Letter of Acceptance (LoA) of the bid will be issued by the concerned department in favour of the successful bidder. The LOA will, inter-alia, specify the formalities to be completed by the successful bidder for signing of the agreement. If the successful bidder is required to furnish performance security, or any other guarantee etc., prior to the signing of the concession agreement, it shall be stated in the LoA.

6.8 Signing of Concession/Contract Agreement

The Concession Agreement made available to the bidders with RFP/ bidding documents shall be signed. Role of TA gets over after this stage.

6.9 Appointment of Independent Consultant

The Independent Consultant helps to supervise and monitor the Project. Detailed scope of work and procedures for appointment of the Independent Consultant, if required, shall be mentioned in the concession agreement.

6.10 Fulfillment of Conditions Precedent

Conditions Precedents are the conditions which are to be fulfilled by the Concessionaire as well as the Implementing Agency. These have to be fulfilled prior to the start of the Concession (known as the Appointed Date). Normally, the time period for fulfilling the Conditions Precedent is 180 days from the date of signing of Concession Agreement. In case of non-fulfillment, penalty/damages need to be charged by either party as per the details mentioned in the bid documents.

6.11 Financial Closure by the Concessionaire

Financial Closure refers to the tie-up of the funds with Banks, Fls, etc. required to be arranged by the Concessionaire for the Project.

6.12 Execution of the Project

The Project is executed/constructed by the Concessionaire. Thereafter, Operations and Maintenance (O&M) is performed by the Concessionaire as per the conditions of the Concession Agreement.

6.13 Handover of Assets Back to the Government

At the end of the Concession Agreement, the Project, in sound condition shall be transferred by the Concessionaire to the Government, free-of-cost. For the purposes of transfer, the Project will consist of the assets built within the right-of-way with related facilities. The Concession Agreement will lay down the condition and/or standards the project will conform to at the time of its transfer to the Government.

6.14 Bid Security/Performance Security

Bids for the project shall be accompanied by a Bid Security/Earnest Money in the form of Demand Draft or Bank Guarantee of amount specified in the RFQ/Bid Documents. Normally, Bid Security amount shall be two per cent of the estimated project cost.

The Concessionaire will furnish Performance Security in the form of Bank Guarantee. Performance Security shall be for an amount equal to five per cent of the Estimated Project Cost.

The Government of India in the Department of Economic Affairs, Ministry of Finance has designed the PPP Toolkit, a web-based resource, to help improve decision-making for infrastructure PPPs in India. Toolkit covers five infrastructure sectors, namely, State highways, Water and Sanitation, Ports, Solid Waste Management, and Urban Transport (Bus Rapid Transport Systems). The Toolkit may be accessed at http://toolkit.pppinindia.com/.

7.0 PROCEDURE FOR APPROVAL

All Administrative Departments or State Public Sector Undertaking(s), statutory authorities or other entities under their administrative control will identify the projects to be taken up through PPPs and undertake preparation of pre-feasibility studies with the assistance of legal, financial and technical experts / consultants / transaction advisers, as necessary. The Administrative Department shall submit its proposal to the PPP Cell to seek in-principle approval of ECID. The format is specified at **Annex-I** which should be accompanied by the pre-feasibility report.

A meeting of the ECID will be convened within one month to consider the proposal for 'in principle' approval. In cases, where the PPP project is based on a duly approved Model Concession Agreement (MCA), 'in principle' clearance by the ECID would not be necessary. In such cases, approval of the ECID may be obtained before inviting the financial bids.

Following the 'in-principle' clearance of ECID, the Administrative Department may undertake formulation of project documents comprising the Expression of Interest/Request for Qualification, Request for Proposal, Project Feasibility Report/Information Memoranda, various agreements to be entered into with the concessionaire detailing the terms of the concession and the rights and obligations of the various parties, etc. The Administrative Department concerned would then forward the project documents for approval of the Planning Department, Finance Department, and Law Department. Thereafter, the Administrative Department

would seek clearance of the ECID before inviting the financial bids. The proposal for seeking clearance of ECID shall be sent (in six copies) to the PPP Cell in the format specified at **Annex-II** along with copies of all draft project agreements and the Project Report.

ECID will either recommend the proposal for approval of the competent authority (with or without modifications) or request the Administrative Department to make necessary changes for further consideration of ECID. Once cleared by the ECID, the project would be put up to the competent authority for final approval by the Administrative Department. Financial bids may be invited after final approval of the competent authority has been obtained.

8.0 FINANCIAL SUPPORT SCHEMES OF THE GOVERNMENT OF INDIA

8.1 Viability Gap Funding (VGF)

Some of the projects that may merit implementation, execution and management on PPP basis owing to their high economic and social relevance might lack market appetite due to low returns (IRR, Return on Equity, etc.). To facilitate commercial viability of such projects, GoI has devised Viability Gap Funding (VGF) Scheme. Under this, financial support (VGF) is in the form of a capital grant at the stage of project construction. The amount of VGF is equivalent to the lowest bid for capital subsidy, but subject to a maximum of 20 per cent of the total project cost. In case the sponsoring Ministry/State Government/statutory entity propose to provide any assistance over and above the said VGF, it shall be restricted to a further 20 per cent of the total project cost.

GoI has identified key sectors eligible for support under VGF. These are:

- Roads, bridges, railways, seaports, airports, inland waterways;
- Power;
- Urban transport, water supply, sewerage, solid waste management and other physical infra-structure in urban areas;
- Infrastructure projects in Special Economic Zones;
- International convention centers and other tourism infrastructure projects;
- Capital investment in the creation of modern storage capacity including cold chains and post-harvest storage; and
- Education, health and skill development, without annuity provision.

The Scheme and its guidelines are available at http://www.pppinindia.com/pdf/scheme_Guidelines_Financial_Support_PPP_Infrastructure-english.pdf.

8.2 Project Development Assistance

The implementing agencies have the following options for financing their project development costs.

India Infrastructure Project Development Fund (IIPDF)

a. Scheme is administered by the Department of Economic Affairs, Ministry of Finance, Government of India,

b. Assistance up to 75 per cent of project development cost is provided under the Scheme,

c. Selection of TA to be done through an open and transparent bidding process,

d. Commitment of meeting 25 per cent of project development cost by implementing agency,

e. Assistance is recoverable from concessionaire,

f. No recovery of assistance if bid process fails,

g. Recovery of assistance from implementing agency if bid process is not duly concluded,

h. Disbursement are made in installments, based on milestones achieved,

i. Eligible sectors: Sectors eligible under VGF Scheme and social sector (Health & Education), and

j. Application on prescribed format need to be sent to DEA, GoI.

The Scheme and its guidelines are available at http://www.pppinindia.com/pdf/scheme_Guidelines_India_Infrastructure_Project_Development_Fund-English.pdf.

9.0 SUPPORT SCHEMES OF THE GOVERNMENT OF RAJASTHAN

9.1 Rajasthan Infrastructure Project Development Fund (RIPDF)

The Government of Rajasthan has created a new Rajasthan Infrastructure Project Development Fund for providing project development costs of PPP and other infrastructure projects. This Rajasthan Infrastructure Project Development Fund with corpus of Rs. 25 crore, is managed by the Planning Department.

The project development funding under the Rajasthan Infrastructure Project Development Fund will be an interest free financial assistance and this will be recovered along with a success fee up to 40 percent of the funding from the successful private sector partner on award of the project as provided below:

1. In case of revenue generating projects, the advance plus 40 % of advance will be recovered)

2. Efficiency Enhancement/Cost Savings Projects where there is no or low private sector investment, the advance plus 25 % of advance will be recovered.

3. In case of non-revenue generating projects with high economic returns the project development funding may be considered merely as an interest free financial assistance to the project.

The Guidelines for RIPDF are available at http://www.ppp.rajasthan.gov.in/.

9.2 Rajasthan Social Sector Viability Gap Funding Scheme

For details of this scheme, visit http://www.ppp.rajasthan.gov.in/.

These Guidelines are to be treated as a dynamic mechanism. At an early stage, the objective is to stimulate PPP project identification and development. The purpose is to delineate the framework clearly to bring about predictability in the PPP procurement. With the progress in mainstreaming PPPs at the State level, other key areas such as implementation, monitoring and dispute resolution would be addressed

Annex-I

Memorandum for the Empowered Committee on Infrastructure Development

(for 'in-principle' approval)

1.	**General**	
1.1	Name of the Project	
1.2	Proposed Type of PPP (BOT, BOOT, BOLT, OMT etc.)	
1.3	Location (District/Town)	
1.4	Administrative Department	
1.5	Name of the Implementing Agency	
2.	**Project Description**	
2.1	Brief description of the project	
2.2	Justification for the project	
2.3	Possible alternatives, if any	
2.4	Estimated Capital costs with break-up under major heads of expenditure. Also indicate the basis of cost estimation	
2.5	Phasing of investment	
2.6	Project Implementation Schedule	
3.	**Financing Arrangements**	
3.1	Proposed sources of financing (equity, debt etc.)	
3.2	Indicate the revenue streams of the project (annual flows over project life). Also indicate the underlying assumptions.	

3.3	Indicate the NPV of revenue streams with 12% discounting	
3.4	Who will fix the tariff/user charges? Please specify in detail	
3.5	Have any FIs been approached? If yes, their response may be indicated	
4.	**IRR**	
4.1	Economic IRR (if computed)	
4.2	Financial IRR, indicating various assumptions (attach separate sheet if necessary)	
5.	**Clearances**	
5.1	Status of environmental clearances	
5.2	Clearance required from the Central/State Government and other local bodies	
5.3	Other support required from the State Government	
6.	**GoI/Government of Rajasthan Support**	
6.1	Viability Gap Funding, if required	
6.2	GoI/Government of Rajasthan guarantees being sought, if any	
7.	**Criteria for short-listing**	
7.1	Is short-listing to be in one stage or two stages?	
7.2	Indicate the criteria for short-listing (attach separate sheet, if necessary)	
8.	**Others**	
8.1	Remarks, If any	

Annex-II

Memorandum for the Empowered Committee on Infrastructure Development

(for final approval)

1.	**General**	
1.1	Name of the Project	
1.2	Type of PPP (BOT, BOOT, BOLT, OMT etc.)	
1.3	Location (District/Town)	
1.4	Administrative Department	
1.5	Name of the Implementing Agency	
2.	**Project Description**	
2.1	Brief description of the project	
2.2	Justification for the project	
2.3	Possible alternatives, if any	
2.4	Estimated Capital Costs with break-up under major heads of expenditure. Also indicate the basis of cost estimation.	
2.5	Phasing of investment	
2.6	Project Implementation Schedule (PIS)	
3.	**Financing Arrangements**	
3.1	Sources of financing (equity, debt etc.)	
3.2	Indicate the revenue streams of the Project (annual flows over project life). Also indicate the underlying assumptions	
3.3	Indicate the NPV of revenue streams with 12% discounting	
3.4	Who will fix the tariff/ user charges? Please specify in detail	

3.5	Have any FIs been approached? If yes, there response may be indicated	
4.	**IRR**	
4.1	Economic IRR (if computed)	
4.2	Financial IRR, indicating various assumptions (attach separate sheet if necessary)	
5.	**Clearances**	
5.1	Status of environmental clearances	
5.2	Clearance required from the State Government and other local bodies	
5.3	Other support required from the State Government	
6.	**GoI/Government of Rajasthan Support**	
6.1	Viability Gap Funding, if required	
6.2	GoI/Government of Rajasthan guarantees being sought, if any	
7.	**Concession Agreement**	
7.1	Is the Concession Agreement based on MCA? If yes, indicate the variations, if any, in a detailed note (to be attached)	
7.2	Details of Concession Agreement (Attached at **Appendix-A**)	
8.	**Criteria for short-listing**	
8.1	Is short-listing to be in one stage or two stages?	
8.2	Indicate the criteria for short listing (attach separate sheet if necessary)	
9.	**Others**	
9.1	Remarks, if any	

Annex-II
Appendix-A

Brief Particulars of the Concession Agreement

a. Administrative Deptt:
b. Name and location of the project:
c. Legal Consultant:
d. Financial Consultant:

S. No.	Items	Clause No.	Description
1.	**General**		
1.1	Scope of the Project (Please state in about 200 words)		
1.2	Nature of Concession to be granted		
1.3	Period of Concession and justification for fixing the period		
1.4	Estimated capital cost		
1.5	Likely construction period		
1.6	Conditions precedent, if any, for the concession to be effective		
1.7	Status of land acquisition		
2.	**Construction and O&M**		
2.1	Monitoring of construction; whether an independent agency/ engineer is stipulated		
2.2	Minimum standards of Operation and Maintenance		
2.3	Penalties for violation of prescribed O&M standards		
2.4	Safety related provisions		
2.5	Environment related provisions		

3.	**Financial**		
3.1	Maximum period for achieving financial close		
3.2	Nature and extent of capital grant/ subsidy stipulated		
3.3	Bidding parameter		
3.4	Provisions for change of scope and the financial burden thereof		
3.5	Concession fee, if any, payable by the Concessionaire		
3.6	User charges/fee to be collected by the Concessionaire		
3.7	Indicate how the user fee has been determined; the legal provisions in support of user fee (attach the relevant rules/ notification); and the extent and nature of indexation for inflation		
3.8	Provisions, if any, for mitigating the risk of lower revenue collection		
3.9	Provisions relating to escrow account, if any		
3.10	Provisions relating to insurance		
3.11	Provisions relating to audit and certification of claims		
3.12	Provisions relating to assignment/ substitution rights relating to lenders		
3.13	Provisions relating to change in law		

3.14	Provisions, if any for compulsory buy-back of assets upon termination/expiry		
3.15	Contingent liabilities of the government		
	(a) Maximum Termination Payment for Government/Authority Default		
	(b) Maximum Termination Payment for Concessionaire Default		
	(c) Specify any other penalty, compensation or payment contemplated under the agreement		
4.	**Others**		
4.1	Provisions relating to competing facilities, if any		
4.2	Specify the Dispute Resolution Mechanism		
4.3	Specify the governing law and jurisdiction		
4.4	Other remarks, if any		