CAPACITY BUILDING FOR PPP DEVELOPMENT

High-level Expert Group Meeting on Infrastructure – Public Private Partnership for Sustainable Development, Tehran, 11-13 November 2012

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Capacity Building entails imparting of knowledge and skills for success of PPP projects amongst persons involved both in public and private sectors. Primarily it becomes an exercise in human resource development in a specialised area covering multiple disciplines related to that field. The target persons would be those whose performance would be crucial for success in dealing with PPP projects.
Need for capacity building in Public Officials

- PPP projects are primarily for public good
- Traditionally they would be done by Government
- Conceptualisation, selection of the project done is Government domain
- Development, assessment and due diligence also done by Government
- Success primarily depends on performance and skills of public officials
- In case of default by private partner onus to take over PPP infrastructure rests with Govt.
Need for capacity building in Private Sector

- Similar concerns as in government plus company financial status more susceptible
- Substantial risks taken over a long tenure
- Financing is difficult with lack of long-tenor loans
- Working in conjunction with Government a relatively new experience
- Conflict resolution process still in nascent stage
Importance of PPP for India’s Growth Story

- Economic growth in 12th Plan (2012-17) projected at 10% (11th Plan target was 9%)
- Infrastructure spending expected to be 9.95% of GDP (11th Plan expected – 7.22%)
- Infrastructure finance need estimated at USD 1 trillion (11th Plan was USD 500 billion)
- Private financing of infrastructure projected at 50% - USD 500 billion (11th Plan expected - 37.5%)
- Represents need for scaling up private financing streams like PPP

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India’s experience

- Build capacity for PPP management – finance, evaluation, legal, process, construction oversight
- Create skills in managing partnership over extended tenures
- Increase capability for identification, and development of PPP projects
- Strengthen contract enforcement and regulatory systems
- Create long-term debt instruments
Policy initiatives taken in India for PPP support

- National PPP Policy, 2011
- PPP Rules, 2012
- Templates developed for common services
- National PPP Capacity Building Programme established
- India Development Fund initiated for long term debt and refinancing

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Capacity Building initiatives

- Nodal agency for promoting PPP in infrastructure established.
- A National Capacity Building Programme (NCBP) launched for capacity building.
- Set up PPP cells in both Centre and States
Capacity Building

As the term implies – Developing increased capacity to undertake PPP projects with reasonable success. How?

- Continuous process to improve environment for supporting PPP
- Usher in Laws, Rules, and reforms to facilitate PPP financing, regulation & user acceptability
- Provide equitable contract enforcement system

- Select / create organisation(s) for imparting PPP skills
- Design training programmes for programme / project level
- Training to cover target groups in both Govt. And private sector
- Develop cadre of trainers to broad base training

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National PPP Capacity Building Programme (NCBP) launched

- Government outsources capacity building to IDFC, an integrated financial institution
- IDFC sets up India PPP Capacity Building Trust (ICAP) for this purpose
- ICAP has run several training programmes for government officials
NCBP – Structured Development

- Training needs analysis
- Curriculum Design and Content Development
- Training of Trainers
- National Rollout by ATIs

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NCBP - Process

- **Training partners identified and MOUs signed:**
  - 14 Administrative Training Institutes (ATIs)
  - 3 Central Training Institutes (CTIs)
  - 5 Central Ministries
  - Selected Cities in 14 States

- **Curriculum Designed:**
  - Project identification & preparation
  - Project analysis & structuring
  - Tendering & contracting
  - Implementation & monitoring
NCBP – Process (contd)

Types of courses:
- Awareness course
- Sensitisation course
- Basic course
- Advanced course
- Course for senior decision makers

Observations of Training needs Assessment:
- Need for conceptual and operational aspects of PPP
- Junior officers needed document preparation, justification of PPP
- How to identify project suitability for PPP
Other Measures by Govt. Of India

- On Line Toolkits
- Model concession agreements
- Panel of Transaction Advisers
- IIPDF – Project development support
- IIIFCL – Long tenor loans & refinancing

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Private Sector capacity building addressed

- NCBP launched with access also to private sector
- PPP Policy, Rules laid down
- Long-tenor debt initiated
- Model Concession Agreements made to ensure transparency and equity in contract management and resolution of conflict.
- On-line toolkits also available for private investors
- On-line guidance also available on some country websites:
  - India       www.pppininida.com
  - Australia   www.infrastructureaustralia.gov.au
  - Republic of Korea http://pimac1.kdi.re.kr/
The path ahead......

- Substantial scaling-up is needed for which initiatives to build capacity must continue.
- Demonstration effect of successful PPP projects is the best advertisement for PPP.
- Countries in South and South East Asia have all been developing PPP projects independently and possess considerable knowledge and skills.
- Knowledge sharing amongst countries in the region becomes important for success of PPP in each country.
Asian Institute of Transport Development: A Profile

- Asian Institute of Transport Development (AITD) is an autonomous, non-profit institution.
- Special Consultative status with United Nations
- Collaborative agreement with UNESCAP
- Membership of countries from Asia-Pacific region
MINISTRY OF ROADS AND TRANSPORT
OF THE ISLAMIC REPUBLIC OF IRAN

(In the name of Almighty God)

I warmly welcome the creation of the AITD which operates as a non-governmental entity and consider it a body that paves the way towards strategy implementation of the development of the regional cooperation.

I am firmly committed to the enhancement of our relations and to the promotion of cooperation and mutual benefit.

/Signatures/

Akar Tarzaghi
Minister of Transportation

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AITD – Regional training institution

- Has conducted a number of courses, some in collaboration with UNESCAP, concerning PPP aspects for regional managers:
  - Development of Infrastructure – Financing and Project Management (2010).
  - Regional Workshop on Developing Bankable PPP projects for Infrastructure Development (2008).
AITD’s new campus at Dwarka, Delhi comprising 80 rooms, auditorium, library and meeting rooms will get operational within 2013 and countries in the region can avail of the facility for specialised professional training including PPP.
Thank you!

- Grateful to DEA, Government of India and IDFC for information inputs.

Sumant Chak
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