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Emerging issues in transport:

Finance and private sector participation

Finance and private sector participation

Note by the secretariat

Summary

Rapid economic growth in countries of the region has placed considerable stress on the infrastructure that provides economic and social services.

The financial requirements to develop and maintain this infrastructure are massive, however, and governments have found that they have had insufficient budgetary resources for the task. Consequently, they have had to reprioritize economic and social infrastructure in their budgetary allocation and external borrowing processes and seek alternative financing and delivery options for infrastructure development and maintenance.

The present document outlines the background issues and the activities of the secretariat in promoting investment in land transport linkages of international importance; highlights the importance of maintaining transport infrastructure assets and initiatives of a number of member countries in addressing the issue; and considers the issues and challenges involved in public-private partnerships. It proposes a number of activities at the national and regional levels that would support investment in transport infrastructure and services.

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I. Introduction

1. Over the last decade or so, the increased freedom to move goods, services, labour and capital across borders, associated with the globalization process, has resulted in many countries of the Asia-Pacific region experiencing rapid economic growth. This growth has placed considerable stress on the infrastructure that provides economic services, including transport, power, water and waste management. As a result, in some places, demand for physical infrastructure to support the associated increases in production and consumption has exceeded supply. This is referred to as an “infrastructure gap”.

2. Infrastructure gaps related to economic growth and development manifest themselves in the following: power brown/black-outs; high logistics costs; high vehicle operating costs and emissions on poorly maintained roads; road traffic congestion; inadequate railway services; shortages of irrigation, domestic and industrial water; and inadequate solid waste management systems.

3. Infrastructure gaps also manifest themselves in the following: low electrification rates; limited access to villages and markets (due to poor transport infrastructure services and logistics); limited access to improved drinking water and sanitation; and low levels of provision of health-care facilities and schools. Gaps of this nature tend to have a negative impact on social development, and, in an effort to close them, many governments have been implementing social development programmes aimed at reducing poverty, improving access to social and economic opportunities and improving the standard of living of their people.

4. The financial requirements for developing and maintaining the infrastructure necessary for such economic and social development are massive, and governments have found that current budgetary resources are insufficient for the task. Consequently, they are faced with the basic economic problem of allocating scarce financial resources among virtually unlimited wants.

5. Two options available to address this problem are, firstly, to recognize the importance of economic and social infrastructure investment projects in the development process and subsequently reprioritize it in the budget allocation and external borrowing process and, secondly, to seek alternative mechanisms for financing, developing, operating and maintaining infrastructure.

6. The present document considers (a) the promotion of investment in the Asian Highway, the Trans-Asian Railway and dry ports, (b) the financing of maintenance for existing transport infrastructure assets; and (c) the development of infrastructure through public-private partnerships (PPPs). The final section offers a number of issues for consideration.

II. Promoting investment in land transport linkages of international importance

7. The design standards for the Asian Highway include a classification system consisting of four classes. In 2008, the distribution of these classes was as shown in table 1. Over the period 2007-2008, significant improvements to road sections were made by member countries, with about 10,000 km having been upgraded, including about 5,000 km to Class I, 4,000 km to Class II, and 1,000 km from below Class III.

Table 1
Lengths of the Asian Highway by class

Highway classification	Length (km)	Percentage of total
Primary (access controlled highways)	20 698	14.6
Class I (4 or more lanes)	23 988	16.9
Class II (2 lanes)	56 491	39.8
Class III (2 lanes)	28 148	19.8
Below Class III	11 570	8.1
Other	1 181	0.8
Total	142 076	100.0

8. As with all networks, there is a need to periodically review the capacity of individual links and sections to ensure that their capacity is in line with traffic volumes.

9. Annex II of the Intergovernmental Agreement on the Asian Highway Network¹ states that “since Class III is also regarded as the minimum desirable standard, the upgrading of any road sections below class III to comply with Class III standard should be encouraged”. It was noted that there were still 11,570 km, or 8 per cent of the Network, below Class III. The annex also states that, for Class III, “the type of pavement should be upgraded to asphalt concrete or cement concrete as soon as possible in the future.”

10. In the case of the Trans-Asian Railway, member States have also been active in upgrading the network and constructing “missing links”. However, work is also required in a number of areas to upgrade the network. This work includes: upgrading links, including electrification or double tracking, and signalling systems; constructing new railroad connections; recommissioning lines and realigning tracks; constructing trans-shipment yards; and developing dedicated freight corridors, including provision for double stacking, as appropriate. Additionally, there remains 8,169 km of missing links in the network that need to be completed.

11. With the entry into force of the Intergovernmental Agreement on the Asian Highway Network on 4 July 2005 and the Intergovernmental Agreement on the Trans-Asian Railway Network on 11 June 2009,² the work of the secretariat has moved on to servicing the working groups associated with the two agreements, supporting the development of intermodal linkages, including the drafting of an intergovernmental agreement on dry ports, and promoting investment in land transport linkages of international importance. In response to Commission resolutions 60/4 of 28 April 2004 on the Intergovernmental Agreement on the Asian Highway Network and 62/4 of 12 April 2006 on the Intergovernmental Agreement on the Trans-Asian Railway Network, the secretariat produced two studies: Priority Investment Needs for the Development of the Asian Highway Network (ST/ESCAP/2424); and Priority Investment Needs for the Development of the Trans-Asian Railway Network (ST/ESCAP/2557). In the process, the secretariat identified unfunded investments of about \$18 billion in 25,587 km of the Asian Highway and \$24 billion in the 8,169 km of missing links of the Trans-Asian Railway.

12. The findings of these studies were submitted to the Asian Highway Investment Forum in 2007 and the Expert Group Meeting on Financing Transport Infrastructure in 2009. These meetings brought together representatives of member States, international and bilateral donors and organizations and the private sector to consider investment for developing and upgrading the two networks.

13. In recognition of the importance of the Asian Highway and the Trans-Asian Railway, the Asian Development Bank, in partnership with ESCAP, commenced in 2010 a technical assistance project entitled “Promoting regional infrastructure development” (project TA-7557). The principal tasks to be undertaken are: (a) updating the configuration of and prioritizing the Asian Highway and Trans-Asian Railway, including a set of priority projects; (b) enhancing the link between trade and transport; and (c) establishing a regional development facility.

¹ United Nations, *Treaty Series*, vol. 2323, No. I-41607.

² United Nations, *Treaty Series*, No. 46171.

14. The Asian Development Bank has played an important role in developing the networks, having financed 21 per cent of the Asian Highway and 8 per cent of the Trans-Asian Railway in its developing member countries.

15. In moving towards an international integrated intermodal transport and logistics system, there is a need to find ways and means of promoting the financing of the development and upgrading of the Asian Highway, Trans-Asian Railway and dry ports of international importance. It is envisaged that, during phase II (2012-2016) of the Regional Action Programme for Transport Development in Asia and the Pacific, the secretariat will continue its work in this area (see E/ESCAP/MCT.2/2).

III. Maintaining road infrastructure assets

16. In addition to developing and upgrading the Asian Highway, there is a need to maintain existing road assets. Failure to do so will impose additional costs which can significantly exceed the costs of timely maintenance.

17. These costs are imposed not only on the “owner” of the road (usually the government or a concessionaire in the case of a PPP) but also on road users.

18. From the owner’s perspective, it is generally recognized that every dollar spent on preventive maintenance saves three to four dollars in future road repairs. Since, in most countries, a large proportion of roads are “owned” by the government, this means that road maintenance makes good economic sense. It also means that delayed road maintenance can lead needlessly to higher levels of government expenditure.

19. From the road user’s perspective, the condition of the road has a significant impact on vehicle operating costs. If maintenance measures are delayed and the road reaches poor condition, then vehicle operating costs may increase significantly. When a road is allowed to deteriorate from good to poor condition, each dollar saved on road maintenance increases vehicle operating costs by between \$2 and \$3.³

20. Consequently, inadequate expenditure on road maintenance can significantly increase the costs to the owner of the road as well as road users.

21. It is generally recognized that, in many countries, the efficiency and level of resources allocated to the care of valuable road infrastructure assets is inadequate. For example, in the Asian Highway database, member countries have reported that 65 per cent of the surface was in “good” condition, 24 per cent was in “fair” condition and 11 per cent was in “bad” condition.

22. A publication of the Economic Commission for Latin America and the Caribbean (ECLAC) postulates that these problems have two fundamental causes:

³ World Bank, *The Impact of Poor Road Maintenance*; available from http://siteresources.worldbank.org/INTROADSHIGHWAYS/Resources/338993-1115316562809/10-poor_rd_maint.pdf.

(a) An inadequate system for financing road conservation. It is impossible to base guaranteed, stable and long-term financing for road conservation on funds which need to be allocated from the general government budget, especially if the decisions on this allocation depend on the annual political budget debate;

(b) An inadequate organizational set-up of road management. It is practically impossible for a government ministry to efficiently manage the road network of a country.^{4,5}

23. In an attempt to obtain adequate funding for road maintenance, a number of countries have established dedicated road funds. The principal sources of revenue for these funds are: levies on consumables, mainly fuel; tolls; annual vehicle licence fees; supplementary fees for heavy vehicles; and fines for overloading.

24. Within the ESCAP region, countries that have established road funds include: India (Central Road Fund); the Lao People's Democratic Republic (Road Maintenance Fund); Nepal (Roads Board Fund); Pakistan (Road Maintenance Account); and the Philippines (four special trust accounts in the National Treasury). In India, road funds have been established at the state level. Annex I summarizes the legal basis for the funds and their administration as well as the sources and distribution of the funds.

25. The World Bank reports on its website that, in Sri Lanka, a road maintenance trust fund was set up in the Central Bank and began full operation on 31 January 2007 and, in Bangladesh, a road fund advisory committee, with members from both the public and private sectors, was formed to guide the establishment of a new road fund.⁶ In March 2005, Bangladesh created the Road Fund Establishment Office to draft legislation and operational policies and procedures to make the proposed board functional.

26. More recently, in Indonesia, Law No. 22/2009 on Road Traffic and Land Transportation, among others, provides for the formation of a Road Preservation Fund Unit. It is envisaged that this Unit represents a first step towards better management of funds, collection and administration of road user charges and involving representatives of road users in the management of roads. In Viet Nam, a decree for a road maintenance fund has been drafted.

27. Roads and highways are particularly valuable national assets. Consequently, they need to be adequately maintained or conserved. In an attempt to raise the necessary maintenance funding, a number of countries in the region have introduced dedicated road maintenance funds. Such funds

⁴ Andreas Schliessler and Alberto Bull, *Road Network Management: Roads: A New Approach for Road Network Management and Conservation* (Santiago, Chile: Economic Commission for Latin America and the Caribbean, 1993), pp. 47-48 (available online at www.gtz.de/de/dokumente/en-road-network-management.pdf).

⁵ The authors of the publication chose to use the term "road conservation" rather than "road maintenance" because they found considerable confusion regarding the meaning of the latter and because they believed the term "conservation" was more appropriate to their purpose.

⁶ See <http://go.worldbank.org/G0UXMX7XD0>.

appear to be an effective means of mobilizing finances for road maintenance.

IV. Public-private partnerships

A. Overview

28. Between 1990 and 2009, the Private Participation in Infrastructure Project Database of the World Bank and the Public-Private Infrastructure Advisory Facility (PPIAF)⁷ recorded a total investment of about \$120 billion in public-private transport sector projects in the ESCAP region (see table 2). The countries attracting the highest levels of such investment included China (\$48.3 billion), India (\$28.7 billion), Malaysia (\$16.6 billion), Turkey (\$7.6 billion), Indonesia (\$4.0 billion), the Philippines (\$3.6 billion) and Thailand (\$3.6 billion).

Table 2
Total investment in public-private transport sector projects in Asia

Subregion	Years				Total
	1990-1994	1995-1999	2000-2004	2005-2009	
Central Asia			193	1 445	1 638
North-East Asia	6 690	12 074	9 267	20 310	48 340
South Asia	127	2 217	2 713	25 199	30 256
South-East Asia	6 863	11 878	5 715	4 717	29 173
South-West Asia	20	390	156	6 987	7 552
Total Asia	13 700	26 558	18 043	58 658	116 959

29. Table 2 shows that, while the second (1995-1999) and the fourth (2005-2009) time periods included the 1997 and the 2008 financial and economic crises, respectively, they were also the periods of greatest private participation. From 1995 to 1999, a total of \$26.6 billion was invested, and that more than doubled between 2005 and 2009, to \$58.7 billion. However, closer examination of the table shows the emergence of South-East Asia in the 1990s followed by its decline in the 2000s and the emergence of South Asia and, to a certain extent, Central Asia in the 2000s.

30. Some of the dollar figures for private investment levels are impressive; however, they are relatively small when compared with estimates of total transport infrastructure investment requirements. One such estimate places the national transport infrastructure needs of Asia-Pacific developing countries at \$2.9 trillion over the period from 2010 to 2020.⁸ If private participation continued at the same level as in the period from 2005 to 2009, it would represent only 4 per cent of the requirements.

31. Government planning and policy agencies, as well as a number of international financing institutions, have identified private participation as a major modality for meeting infrastructure needs. For example, the ADB

⁷ Available from <http://ppi.worldbank.org>.

⁸ Asian Development Bank Institute (ADBI), *Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and Sanitation in Asia and the Pacific: 2010-2020*, ADBI Working Paper Series, No. 248, September 2010.

“Strategy 2020”⁹ envisages a scaling up of private sector development and private sector operations to 50 per cent of its annual operations by 2020. However, in view of the massive infrastructure requirements, there is a need for a significant increase in private sector participation if such expectations are to be realized.

B. Constraints to public-private partnerships

32. While Governments may desire to engage the private sector in infrastructure development, the above overview suggests that actual engagement faces a number of constraints. In India, the Ministry of Finance has identified six such constraints:¹⁰

- (a) Inadequate advocacy to create greater acceptance of PPPs by stakeholders;
- (b) Weakness in enabling policy and regulatory frameworks;
- (c) Inadequate instruments and capacity to meet the long-term equity and debt financing needs of infrastructure projects;
- (d) Lack of capacity to manage the PPP process over the life-cycle of the project;
- (e) Lack of capacity of the private sector to fully meet the challenge of investing in a very large number of projects;
- (f) Lack of a portfolio of credible and bankable infrastructure projects which could be offered for financing to the private sector.

33. Within these constraints lie other issues and challenges, such as: (a) the financing of projects the full economic benefits of which cannot be captured; (b) the acquisition of land; (c) coordination between different governmental agencies at the sectoral, central, state and local levels; (d) governance; and (e) the negative perception of stakeholders as a result of previous projects that did not meet expectations.

C. Addressing the constraints

34. Many countries of the region have been taking measures to promote PPPs. These have included the development of legislation and regulations, issuance of guidelines on policy and procedures, establishment of PPP units or cells, development of model concession agreements, establishment of “viability gap” funding schemes¹¹ and development of financial instruments, along with enabling legislation and regulations, that more adequately match the needs of the infrastructure sectors. However, as illustrated in section A above, many countries have had limited success in attracting private sector participation.

⁹ Asian Development Bank, *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008-2020*, 2008.

¹⁰ India, *Public Private Partnerships: Creating an Enabling Environment for State Projects*, Ministry of Finance, Department of Economic Affairs, PPP Cell, 2008.

¹¹ A viability gap funding scheme is a grant to infrastructure projects undertaken through public-private partnerships with a view to making them commercially viable.

35. For some countries, this lack of success may be due to underlying economic, social and/or political fundamentals. In such cases, appropriate policies to address these fundamentals need to be developed and implemented so that an environment which is conducive to PPPs can be created.

36. For other countries, one or more of the six constraints listed in section B may be relevant. Consequently, there is a need for countries to adopt more comprehensive and integrated programmes that address these constraints.

37. The analysis in section A indicates that, over the last five years India has been one of the most successful countries in attracting the private sector. Measures that have been taken include: (a) standardizing bidding and contractual documents; (b) streamlining the PPP approval process; (c) providing technical assistance for the effective institutionalization of PPP cells at the state level, including a panel of prequalified transactions advisors; (d) establishing a project development fund; (e) grading projects prior to bidding; (f) making “viability gap” funding available; (g) establishing a company for long-term financing of infrastructure projects; (h) issuing rupee-denominated bonds; (i) comprehensive capacity-building; and (j) developing a one-stop site for information related to PPP initiatives in India. Annex II provides an extensive outline of many of the measures that India has adopted.¹²

V. Issues for consideration

38. There is massive demand for investment in the transport sector in terms of infrastructure and services as well as maintenance. Most countries are constrained by limited budgets, however. Some countries in the region have been successful in establishing innovative mechanisms for finance and investment, including PPPs and other revenue-generating approaches that have created new and expanded financing opportunities but the application of partnership processes is hampered by numerous constraints, including a lack of skills and experience in the areas of PPP project development, implementation, contract management and the streamlining of administrative processes.

39. The Ministerial Conference may wish to comment on the following national level actions:

1. Identifying and preparing proposals for priority Asian Highway, Trans-Asian Railway and dry port projects;
2. Establishing road maintenance funds;
3. Increasing the awareness of policymakers, the private sector and other stakeholders of the PPP modality as a means of developing infrastructure;
4. Entering into a policy dialogue with the private sector on the PPP modality;
5. Developing an administrative, legislative and regulatory environment conducive to PPPs, including instruments for financing transport infrastructure;

¹² India, *Public Private Partnerships: Creating an Enabling Environment for State Projects*, Ministry of Finance, 2008 (an earlier version of the document is available at <http://assamppp.gov.in/adb-dea.pdf>).

6. Building capacity in the public and private sectors to develop and implement PPP projects;

7. Standardizing contracts and PPP processes.

40. The Conference may also wish to comment on the following elements suggested for inclusion the Regional Action Programme for Transport Development in Asia and the Pacific, phase II (2012-2016).

Immediate objective: to promote regional cooperation between the public and private sectors for financing and maintaining infrastructure.

Outputs:

1. Studies on investment in Asian Highway and Trans-Asian Railway sections and in intermodal linkages, including dry ports, river ports and seaports;

2. Investment forums to promote partnerships and the sharing of experiences in financing the Asian Highway, Trans-Asian Railway, internationally recognized dry ports, river ports and seaports;

3. Assessment and promotion of policy options and initiatives for the financing of road maintenance;

4. Support for regional cooperation and networking among PPP units/programmes;

5. Assistance to member countries and institutions through the sharing of good practices and the delivery of PPP capacity development programmes;

6. Technical assistance in assessing PPP readiness.

Indicators of achievement:

1. Measures taken by member States to increase investment in transport and logistics infrastructure, including through public-private partnerships, in line with the secretariat's proposals and policy advice.

2. Measures taken by member States to incorporate recommendations for the maintenance of road transport.

3. Recorded exchanges of information and reports of meetings.

Annex I

Road funds in selected ESCAP member countries

Country and fund	Legal basis	Administrator	Source of funds	Distribution of funds
India Central Road Fund	Central Road Fund Act, 2000	Central Government - Ministry of Finance/Ministry of Road Transport and Highways	2.00 rupees per litre on petrol and high-speed diesel (HSD)	0.50 rupee for National Highways and 1.50 rupees as follows: 50 per cent of HSD for rural roads 50 per cent of HSD and all petrol as follows: 57.5 per cent for national highways 12.5 per cent roads at railway crossings 20 per cent for state roads 10 per cent for inter-state connectivity
Lao People's Democratic Republic Road Maintenance Fund	Established by Government in 2001	Road Fund Advisory Board	Fuel levy per litre Tolls Heavy vehicle surcharges Overload fines International transit charges	National, provincial and rural roads
Nepal Roads Board Fund	Roads Board Act, 2002	Roads Board Nepal	Tolls Fuel levy Vehicle registration	Routine, recurrent, periodic and emergency repairs and maintenance
Pakistan Road Maintenance Account	National Highway Authority Act, 1991 National Highways and Strategic Roads Maintenance Fund Account Regulations, 2002	National Highway Authority	Tolls: 92.0 per cent Weigh stations: 1.5 per cent Right-of-way Commercialization: 1.2 per cent Hoardings/billboards: 0.3 per cent Police fine collections: 5.0 per cent	Routine, periodic and emergency maintenance Rehabilitation Geometric and safety improvement New toll plazas and weigh stations Corridor management

Country and fund	Legal basis	Administrator	Source of funds	Distribution of funds
Philippines Four special trust accounts in the National Treasury	RA. 8794, An Act Imposing a Motor Vehicle User's Charge on Owners of all Types of Motor Vehicles and for Other Purposes, 2000	Road Board	Annual flat rate per vehicle according to vehicle type and weight	80 per cent Special Road Support Fund 5 per cent Special Local Road Fund 7.5 per cent Special Road Safety Fund 7.5 per cent Special Vehicle Pollution Control Fund

Annex II

Summary of the main initiatives of the Government of India to create an enabling environment for private sector participation in infrastructure development

1. Indian Infrastructure Project Development Fund

In order to support the development of credible and bankable public-private partnership (PPP) projects, the Government of India has established the Indian Infrastructure Project Development Fund (IIPDF) a revolving fund of 1.0 billion rupees. The fund will cover up to 75 per cent of the costs associated with PPP development transaction, such as feasibility studies, environmental impact assessments, financial structuring and the development of concession agreements. The fund also includes the costs of transaction advisors. Projects should come from sectors that are eligible for viability gap funding, but proposals that do not envisage using such funds can also be submitted. Expenditure is recovered from the successful bidder. However, if the bid fails, the expenditure is converted into a grant. If the bidding process is not concluded, then the entire amount is to be refunded by the sponsoring authority.

2. Technical assistance for effective institutionalization of PPP cells at the state level

The Government of India is providing technical assistance through the Asian Development Bank for a period of three years by providing “in-house” consultancy services to selected entities at the central and state levels. The assistance includes one PPP expert, one management information systems expert and a panel of legal experts on a retainer basis. The states that use this technical assistance must enter into a memorandum of understanding detailing the steps they will take to promote PPPs. The steps include: establishing a PPP cell, developing a compelling list of projects, establishing policies and regulatory and governance frameworks to enable transparent and effective private sector participation, preparing a “Plan of PPP Projects” in conjunction with its Annual Plan and committing to adopting standard concession agreements, adopting competitive bidding procedures, designating a state-level dispute resolution mechanism and adopting formal state policies on environment, resettlement and social safeguards.

3. Transaction advisors

A Panel of Transaction Advisors has been entrusted with the tasks of selecting advisors, enabling rapid access to firms that have pre-qualified and ensuring transparency and accountability. The firms have been assessed based on their competency level for providing advice. The Panel is available to central, state and municipal governments and is contracted directly by the authority. A guide for the use of the Panel has been prepared, and states can draw on the Indian Infrastructure Project Development Fund (see section 1 above) to recover expenditures related to the hiring of the advisors.

4. Pre-bid grading of projects

The pre-bid grading of a project was developed by Credit Analysis and Research Ltd. (CARE), Credit Rating and Information Services of India Ltd. (CRISIL),^a Fitch Ratings and ICRA Limited.^b It is a comment on the risks involved in undertaking the project. It includes a detailed analysis of various risk parameters, presented under the following headings: project related factors; contractual risk assessment; evaluation of bidding process/selection process; and broad financial parameters. It does not cover opinion on the credit risks associated with the rated instrument/issuer.

5. Standardized bidding and contractual documents

The Government of India has developed a number of standardized bidding and contractual documents. These include: model concession agreements, a model request for qualifications and a model request for proposals.

6. Streamlined PPP approval process

The approval mechanism for PPPs in the central sector has been streamlined through the setting up of the Public Private Partnership Appraisal Committee (PPPAC).

7. Viability gap funding

Viability gap funding is a grant for infrastructure projects undertaken thru PPPs with a view to making them financially viable. The bidding criteria for such projects are (a) the amount of viability gap funding required, and (b) the service provided against the payment of a predetermined tariff or user charge. In submitting these projects, the concerned government/statutory entity is required to ensure that: the tariff/user charge cannot be increased to eliminate or reduce the viability gap; the project term cannot be increased in order to reduce the viability gap; and the capital costs are reasonable and based on standards and specifications normally applicable to such projects. The total viability gap funding for a project under the scheme shall not exceed 20 per cent. However, the government/statutory entity that owns the project may provide an additional grant of up to 20 per cent.

8. India Infrastructure Finance Company Limited

The India Infrastructure Finance Company Limited (IIFCL) was created to provide long-term financing for infrastructure projects. In addition, an offshore subsidiary called India Infrastructure Finance Company (UK) Limited has been created to utilize a part of the foreign exchange reserves for infrastructure development. IIFCL will finance only commercially viable projects, including those that will become viable after receiving viability gap funding. The lead bank is required to present IIFCL with its appraisal of the project, which will form the basis for approval of funding. The loans have a term exceeding 10 years and are not to exceed 20 per cent of the project costs. A separate publication, entitled Scheme for

^a Standard and Poor's being the largest shareholder.

^b Moody's Investors Service being the largest shareholder.

Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited has been issued.

9. Issuing rupee bonds

Multilateral agencies, such as the Asian Development Bank, have been permitted to raise rupee bonds and carry out currency swaps to provide long-term financing for PPP projects.

10. Learning and knowledge sharing

In the area of learning and knowledge sharing, a series of workshops have been held: four regional workshops for Chief Secretaries on PPP; an international conference on meeting India's infrastructure needs; a programme on public private partnerships for development at the Indian Institute of Management, in Ahmedabad; a "PPP Nodal Officers' Round Table"; two regional workshops on mainstreaming PPPs in the urban sector; six regional workshops on risk pre-bid grading of projects; five training programmes on risk assessment and mitigation; and stakeholder consultations and workshops on PPP opportunities analysis for the health and education sectors.

11. Comprehensive framework for capacity-building

To intensify and deepen capacity-building for public functionaries, the Department of Economic Affairs of the Ministry of Finance is developing a comprehensive capacity-building programme in collaboration with the World Bank and other bilateral/multilateral agencies, which would be delivered through the Lal Bahadur Shastri National Academy of Administration, which is located in Mussoorie, Uttarakhand, as well as state administrative training institutes and central training institutes. The programme would target officials of central and state governments as well as parastatal and local government bodies across functional domains. It would include the conducting of a training needs assessment, the development of course content, the training of trainers and a roll-out of the programme with a number of demonstration modules. It is expected that this would enable the training institutes to develop the skills to manage/conduct multilevel and cross-sectoral training courses.

12. Website on public-private partnerships in India

The website <www.pppinindia.com> provides a one-stop shop for information related to PPP initiatives in India. It is aimed at bringing project and service providers together. It provides links to a number of websites related to PPP and infrastructure, including government contact points.

13. Online database

The website <www.pppindiadatabase.com> provides comprehensive and current information on the status and extent of PPP initiatives in India at the central, state and sectoral levels.
