

Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

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**Empowered Institution for the Scheme to Support Public Private Partnerships in
Infrastructure**

21st Meeting on February 12, 2010

Record Note of Discussions

The twenty first meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs, was held on February 12, 2010 to discuss the proposal from Government of Rajasthan (GoR) to proceed with shortlisting of bidders for establishment of new senior secondary schools in Rajasthan in the PPP framework. The list of participants is annexed.

2. At the outset, the Chairperson welcomed the participants and noted that the proposal from GoR was an innovative attempt to engage in PPPs for development of senior secondary education in rural areas. It was the first social sector project which had come for VGF support.

3. The representative of GoR made a presentation on the project. It was indicated that the State Government was keen to expand infrastructure for secondary school education in rural areas and improve the quality of education delivery through private sector participation. Accordingly, the State government proposed to establish 165 new senior secondary schools, with classes from VI to XII and with two sections in each class in the PPP framework. In the first phase, establishment of 50 schools in ten districts of the Ajmer & Udaipur Divisions of Rajasthan is proposed. The schools to be constructed would be managed and operated by the private developer for a concession period of 30 years in the BoT framework. The State Government would provide capital assistance @ Rs 500 per sq ft of constructed area subject to maximum of Rs 5.0 Million per school (approximately 20 percent of the total project cost). The private partner would have full independence in the matters of teacher recruitment and running of school subject to affiliation byelaws of affiliating boards and State Government regulations. To shortlist bidders, the project RfQ had been developed based on the model RfQ, with certain modification to align it to the social sector/ education project's requirements. Comments had been received from DEA in the project RfQ which had been incorporated in the project document.

4. Adviser, Planning Commission welcomed the utilisation of PPP framework in the school education sector and informed that Planning Commission was working with Ministry of Human Resource Development to develop PPP framework for the education sector. While welcoming the first project in the social sector seeking VGF under the Scheme to Support PPPs in Infrastructure, he expressed concerns about

considering the proposal in the meeting of the EI since the sector was not currently within the eligible sectors for grant of VGF under the Scheme. It was suggested that before being considered eligible for grant for VGF support, the sector should be included as an eligible sector after consideration by the Empowered Committee and thereafter approval by the Finance Minister.

5. Joint Secretary, DEA informed that the Chief Secretary, GoR has requested that VGF support may be extended to the State's initiative. The State Government has been advised to provide the project documents prescribed under the Scheme to consider the proposal for VGF support. However, at the current instant, the State Government was not seeking 'in principle' approval for VGF under the Scheme. The State Government had sought permission to proceed with the shortlisting of bidders while the project documents were being prepared. The shortlisting was proposed to be undertaken on the basis of the RfQ which was based on the Model RfQ of Government of India. The permission to proceed with shortlist process would not constitute grant of 'in principle' approval of VGF under the Scheme. Accordingly, RfQ document, based on the Model RfQ could be considered for clearance and the State Government may be allowed to proceed with shortlist process. It was pointed out that many Sponsoring Authorities at earlier occasions had sought permission to proceed with shortlisting of bidders while the project documents were under finalisation. Such requests had been supported. It was pointed out that in a recent project on power distribution in Jhajjar, Haryana, the State Government has completed the process of shortlisting prior to seeking approval for VGF from GoI.

6. Joint Secretary, DEA informed that Ministry of Human Resource Development (HRD) had also not expressed any reservations on the RfQ document from the educational angle. It had advised that Rajasthan Government may keep in mind the location of the Model Schools coming up under the centrally sponsored scheme of Model Schools while deciding the location of the 50 schools in order to ensure proper convergence and avoid over capacity.

7. Adviser, Planning Commission stated that their dissent at discussing the RfQ of the project may be recorded. It was suggested that the complete set of project documents as prescribed under the Scheme may be provided to Planning Commission to enable them to examine the project and give comments regarding grant of 'in principle' approval for VGF support.

8. The representative of DEA informed that there were earlier precedents wherein the RfQs of the projects have been considered on merit and the Sponsoring Authorities have been permitted to proceed with the shortlisting of bidders by the Empowered Institution (EI) while the project documents such as the Concession Agreements and standard specifications were being finalised. These instances include the discussions on Mumbai Metro line 2, Hyderabad Metro Rail and High speed rail link, Bangalore. The permission to proceed with the shortlisting did not constitute an approval for VGF funding. Accordingly, the same approach may be made applicable for the instant proposal.

9. Chairman, EI noted that in the interest of increasing access, equity and excellence in education, there was broad endorsement for inclusion of the education sector within the ambit of the PPP framework and as an eligible sector for VGF support under the Scheme. There was little likelihood of the social sector being excluded under the Scheme after being considered by the Empowered Committee. Accordingly, the process of allowing GoR to shortlist bidders and DEA taking steps to incorporate social sectors under the VGF Scheme could be undertaken as parallel activities. Ministry of HRD have also supported the initiative of GoR. Keeping in mind, the overall acceptability, the matter may be placed before the Empowered Committee for inclusion of social sectors as eligible sectors under the VGF Scheme.

(Action: DEA)

10. Chairman, EI observed that in view of the fact that precedents existed where the Sponsoring Authorities have been allowed to proceed with the shortlist process by the EI while the project documents required under the Scheme were under finalisation, in this case also, the State Government may be permitted to proceed with the issue of RfQ and expedite the submission of complete project documents to the members of EI. The permission to proceed with the shortlisting of bidders would not, however, constitute an approval for VGF support.

(Action: GoR)

11. The meeting ended with a vote of thanks to the chair.
