

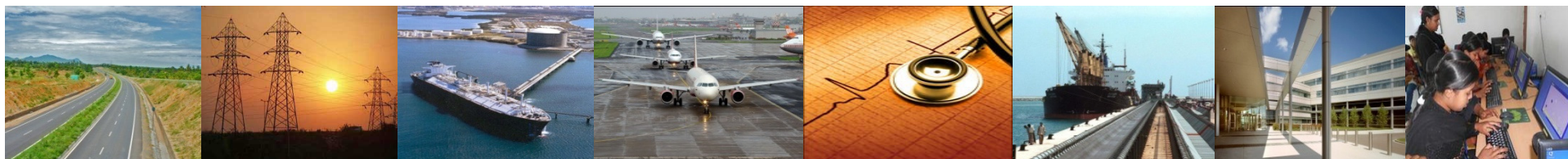


Introduction to TN Vision 2023 and Tamil Nadu Infrastructure Development Board



Contents

Sl. No	Section	Slide No.
1	TN Vision 2023	3
2	Strengthened Procurement Ecosystem	12
3	TNID Act, 2012	14
3	TNIDB Structure	18
4	TNIDB Approvals	20
5	Key Considerations	23
6	Project Monitoring under TNIDB	28
7	Post Award Governance of Projects	30
8	Implementation So Far	33



TN Vision 2023



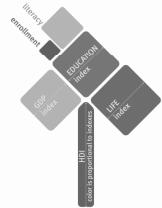
TN Vision 2023

The Vision for Tamil Nadu for 2023 is to become India's most prosperous and progressive state **free from poverty**, and where its people **enjoy all the basic services of a modern society** and live in **harmonious engagement with the environment** and with the rest of the world.

Key Outcomes of TN Vision 2023



The per capita income of TN's residents will reach \$ 10,000 per annum (at 2010 prices) by 2023 - in line with that of Upper Middle Income Countries



TN will attain a high standard of social development, with the Human Development Index of the state matching those of developed countries by 2023

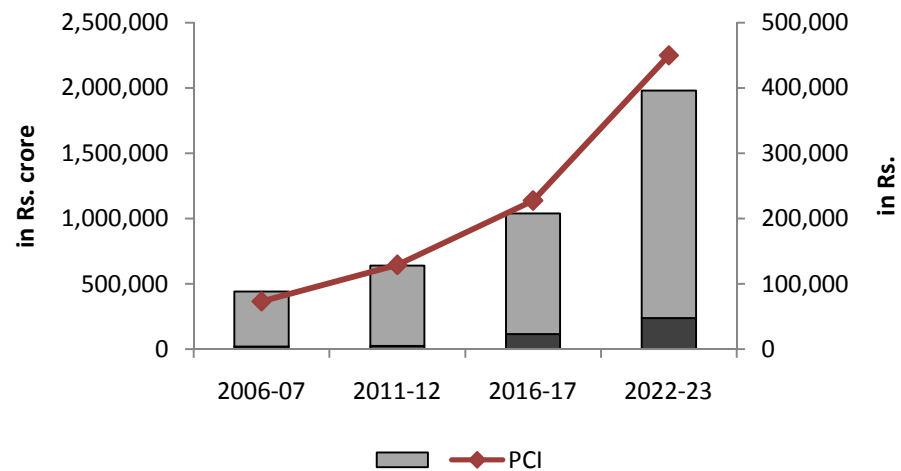


TN would provide to its residents, high quality infrastructure all over the state comparable with the best in the world

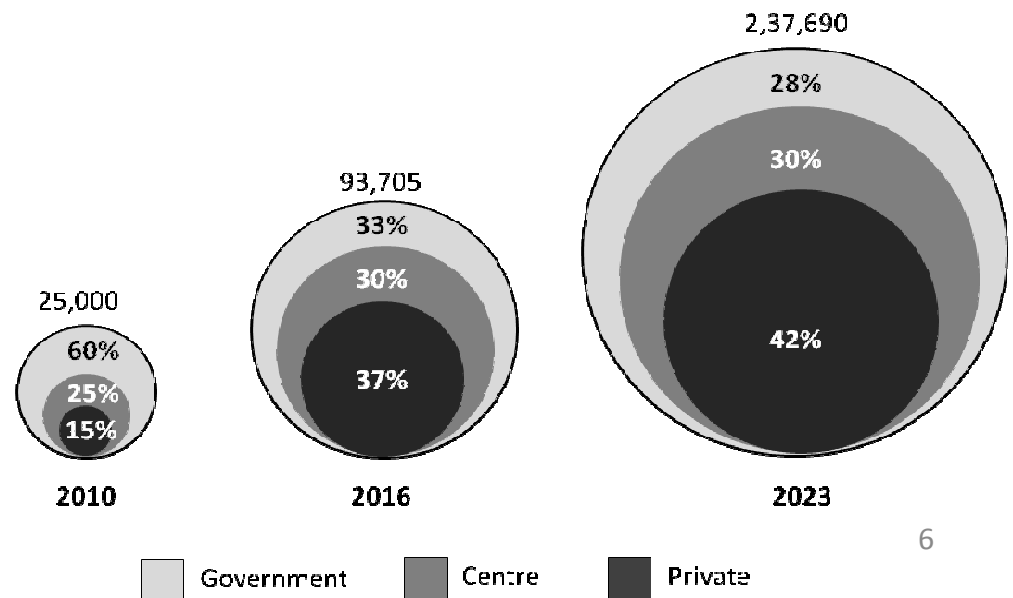
Vision 2023 sets aspirational targets

- Vision 2023 envisages infrastructure investment of Rs. 15 lakh crore
- Infrastructure spending as a percentage of GSDP is expected to rise from the current level of 5% to 11.5% by 2023
- 42% of financing for infrastructure is expected from the private sector
- Attracting private sector investment requires bankable project pipeline and effective project development framework

Expected Growth of GSDP and Infrastructure Spending



Envisaged Annual Investment in Infrastructure (in Rs. crore)



Ten outcomes and corresponding strategic themes

OUTCOME

1. Economic Prosperity	2. Inclusive Growth
3. Health for All	4. World Class Infrastructure
5. Healthy Investment Climate	6. Knowledge Hub and Innovation Capital
7. Peace Security and Prosperity	8. Nurturing Heritage and Preserving Ecology
9. Protection against Vulnerability	10. Improving quality of institutions and governance

STRATEGY

Increasing the share of manufacturing
Making SMEs vibrant
TN: The Knowledge Capital and Innovation Hub
Specialisation in service offerings
Thrust on skill development
Improving agricultural productivity
Transforming 10 cities into world class cities
Thrust on social welfare projects for inclusive growth
Develop signature infrastructure projects
Promote PPP in infrastructure project creation and service provision

Infrastructure development in the State is vital to achieve this Vision

The Vision targets span across multiple sectors

Considerations

Energy
Rs 389,335 Cr
<ul style="list-style-type: none"> ▪ High upfront costs; ▪ Seasonal variations in power demand; ▪ Fuel unavailability; ▪ Delay in obtaining clearances; ▪ Irregularity of subsidies

Transport
Rs 368,123 Cr
<ul style="list-style-type: none"> ▪ Cost overruns; ▪ Difficulties in traffic forecasting; ▪ Delay in obtaining right of way

Urban
Rs 263,350 Cr
<ul style="list-style-type: none"> ▪ High procurement cost; ▪ Difficulties in creating revenue streams; ▪ Low willingness to pay; ▪ Delays in environmental clearances; ▪ Multiplicity of legislations

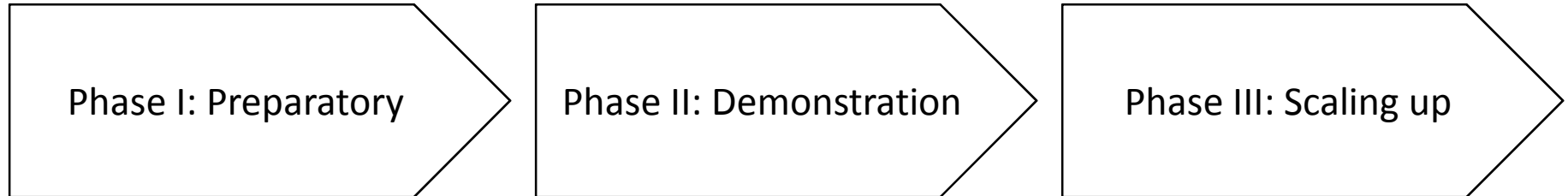
Considerations

Industrial
Rs 171,285 Cr
<ul style="list-style-type: none"> ▪ Frequent technological changes; ▪ Difficulties in ensuring uptake of services; ▪ Land acquisition

Agriculture
Rs 121,400 Cr
<ul style="list-style-type: none"> ▪ Lack of community participation; ▪ Difficulties in generating revenue streams; ▪ Lack of viable PPP models

Human Development
Rs 59,140 Cr
<ul style="list-style-type: none"> ▪ Responding to demographic changes; ▪ High transaction costs; ▪ Complexities in charging a user fee

The Vision will be implemented in three phases

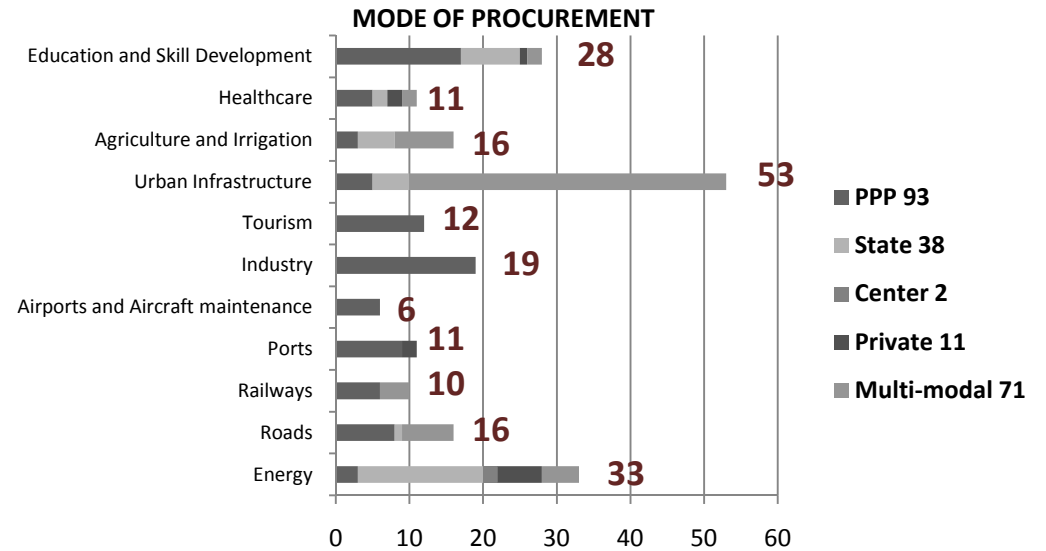


These phases are being realised through the following policy and institutional actions:

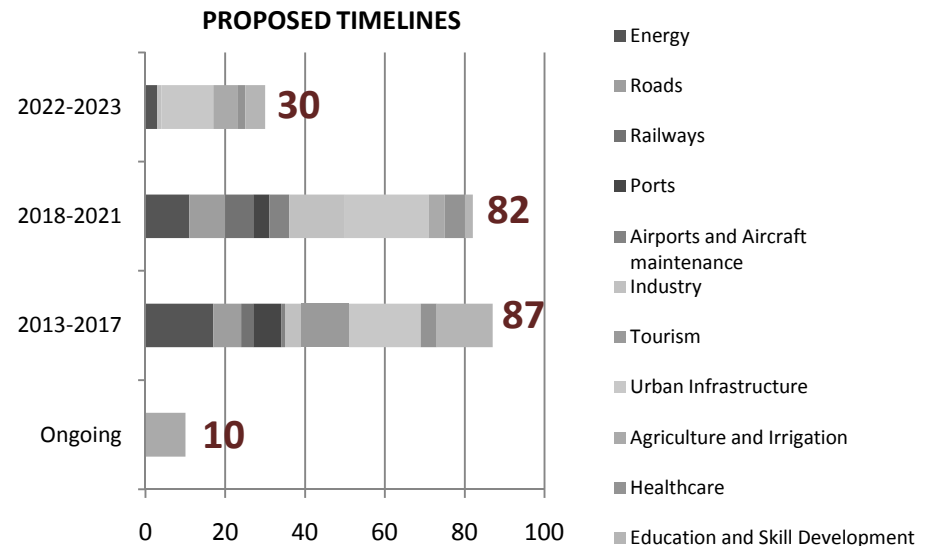
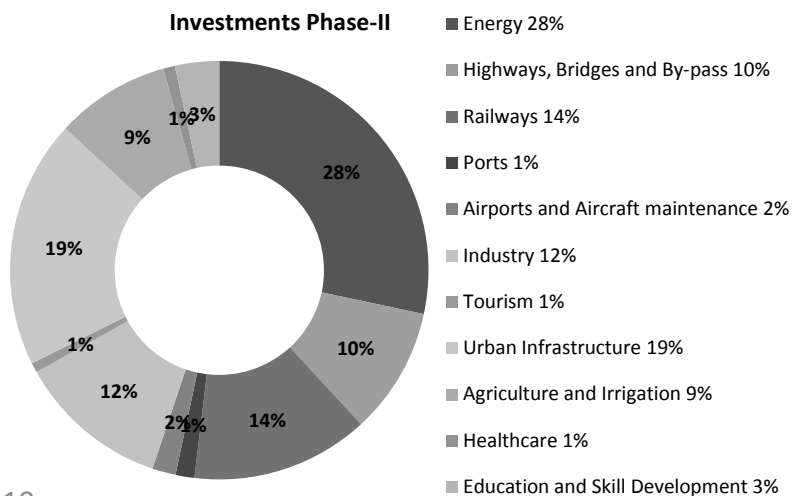
Signal policy commitment	Build capacity for infrastructure project management
Strengthen institutions	Create an enabling environment for PPPs
Improve investment climate	Effectively address potential social and environmental impacts
Facilitate efficient land-use planning and judicious allocation	Effectively engage GoI and other states
Develop a sharp focus on financial sustainability	Foster stakeholder engagement and communication

Vision 2023 Phase II: Procurement modes and timelines for proposed projects

- **217** projects proposed across **11** broad sectors
- Total investments expected at **Rs. 15,00,000 crore**, inclusive of proposed projects, investment in general and social infrastructure projects, and capital improvements



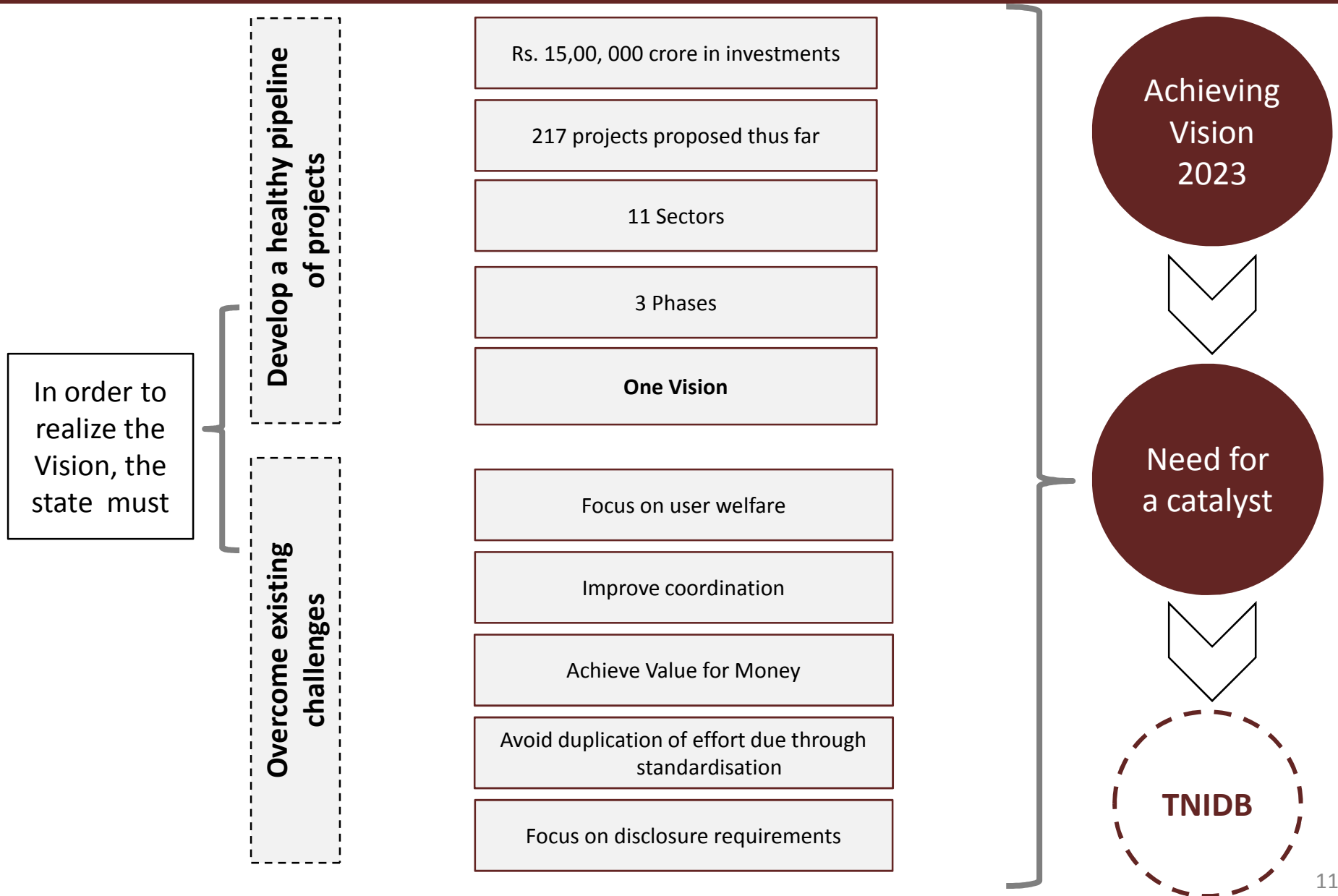
Note: 215 projects have been covered. Information regarding procurement currently not available for 2 projects



Note: 209 projects have been covered. Information regarding timelines currently unavailable for 6 projects

Challenging task ahead demands need for a Catalyst

TNIDB - A Game Changer for achieving the Vision



Strengthened Procurement Ecosystem

Enactment of the TNID Act 2012 and framing of TNID Rules, TNIDB Regulations and the TNTIT (PPP Procurement) Rules to provide for an enabling ecosystem for infrastructure projects


Key Objectives

- ▶ To improve the quality of project preparation, project development and project structuring
- ▶ To streamline and fast track project approvals
- ▶ To standardise the procurement processes
- ▶ To ensure proper procurement
- ▶ To address project implementation issues and enhance overall coordination among project stakeholders
- ▶ To address issues arising post COD during the entire project lifecycle


TNID Act 2012 and TNIDB

TNID Act, 2012

Enacted to provide:



an enabling and facilitative environment for financing, design, construction, maintenance and operation of infrastructure projects also through private sector participation, and



an institutional framework for identification, prioritization and implementation of such projects and related matters

Basic objectives

Develop pipeline of infrastructure projects

Improve quality of project preparation

Ensure proper assessment of Value for Money for PPP projects

Ensure stakeholder consultation

Ensure proper bidding

Provide state support where required

Enable project implementation and co-ordination

Manage post implementation monitoring

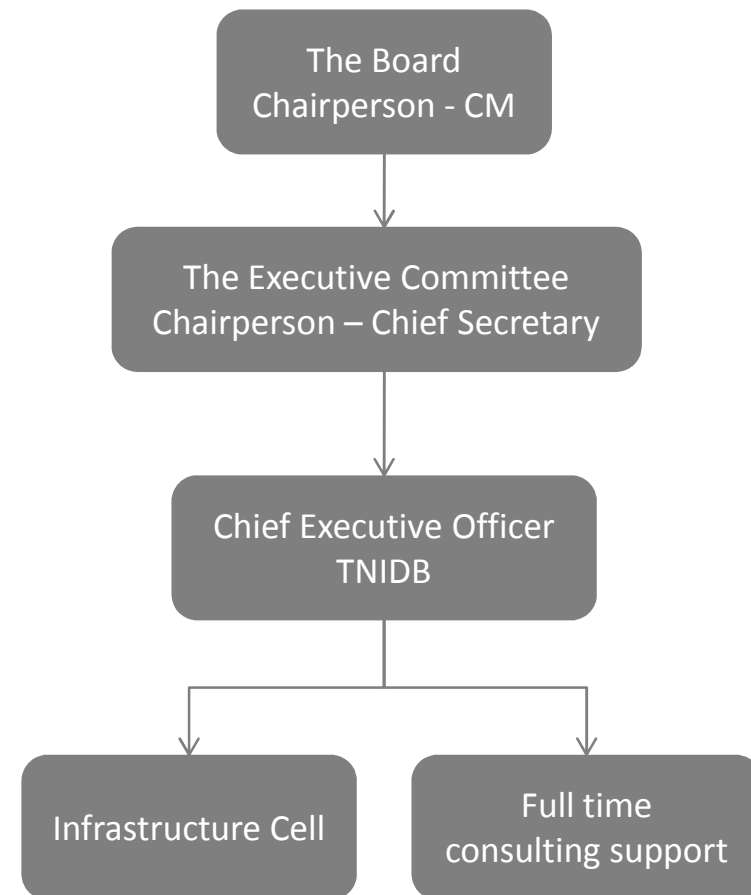
Applicability of TNID Act, Rules and Regulations

- 21 sectors in Schedule I of the Act
- Apply to all projects of a value exceeding Rs. 500 crore implemented by Public Sector
- All Public Private Partnership (PPP) projects with a project value in excess of Rs. 10 crore
- Does not apply to projects by Central Government or a CPSU, either independently or as a JV with State government
- Government may exempt a project from applicability of Act under Section 34

TNIDB Structure

TNID Board and bodies

- **TNID Board chaired by Honourable Chief Minister**
- **Executive Committee** chaired by **Chief Secretary**: Can include up to 5 non-official experts
- Other Committees can be appointed
- **Sub-Committee**: Finance Secretary, CEO and one more member
- **Chief Executive Officer**: ex-officio Secretary in Finance Department



TNIDB Approvals

TNIDB approvals (1/2)

Stage I: Project Concept



Stage II: Project Structuring



Stage III: Project Funding

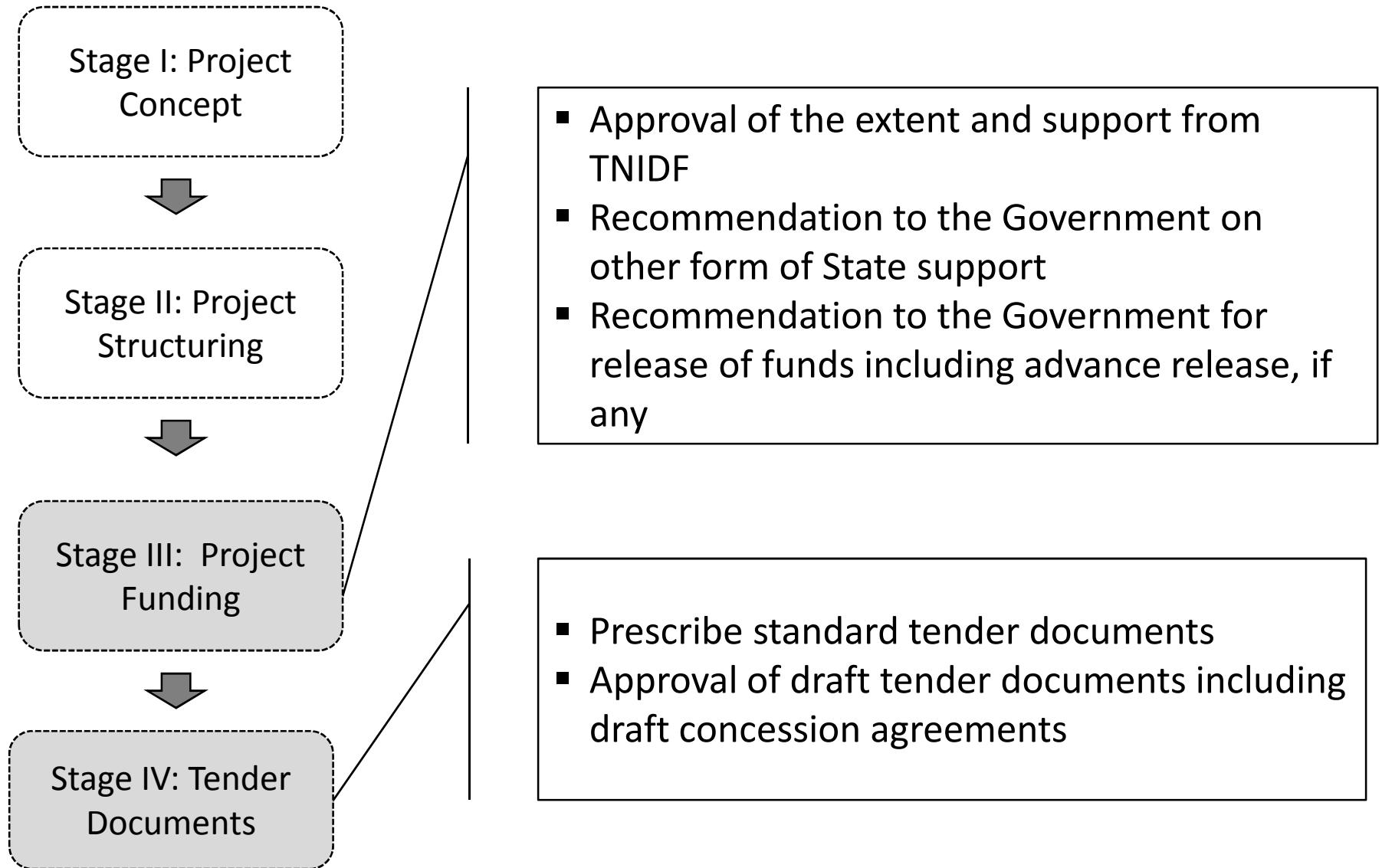


Stage IV: Tender Documents

- Scrutiny, evaluation and recommendation of projects
- Identification of projects
- Prioritisation of projects

- Designation of public agency for project implementation
- Determination the appropriate mode of implementation
- Determination of PPP type, if through PPP mode
- Finalisation of project scope and structure
 - Determination of the required public financial support and appropriate form of such support
 - Tender criteria
 - Appropriate concession agreement
- Recommendation to the Government

TNIDB approvals (2/2)



Key Considerations

Need for robust project preparation

Determines the *effectiveness* of implementation

Determines the *acceptability* in terms of cost after due consideration to social, economic and environmental aspects

Enhances the *amenability* of project plan to appraisal

TNID Act provides the enabling framework for improving upstream project preparation – Feasibility Study is Mandatory

Established support for project preparation through Project Preparation Fund

14 panels for technical / Engineering experts, feasibility and market study experts, Transaction advisors, legal and financial consultants

Choice of the appropriate mode

Public Procurement

Public Private Partnerships

Factors to be considered

- Cost-benefit analysis including social cost-benefit
- Cost effectiveness of PPP implementation determined through **VfM assessment**
- Clarity in specifying and measuring performance parameters and project outcomes
- Risk sharing possibilities with private sector participant
- Technological and managerial advantages due to private participation
- Realistic market and revenue assessment
- Levying affordable user charges
- Direct and contingent financial liabilities of Government are acceptable

VfM is mandatory for any Feasibility Study of project proposed for PPP implementation

Procurement of PPP projects (1/2)

Procurement of the services of the Private Partner under the TNID Act has to be through tender process under TNTIT Act

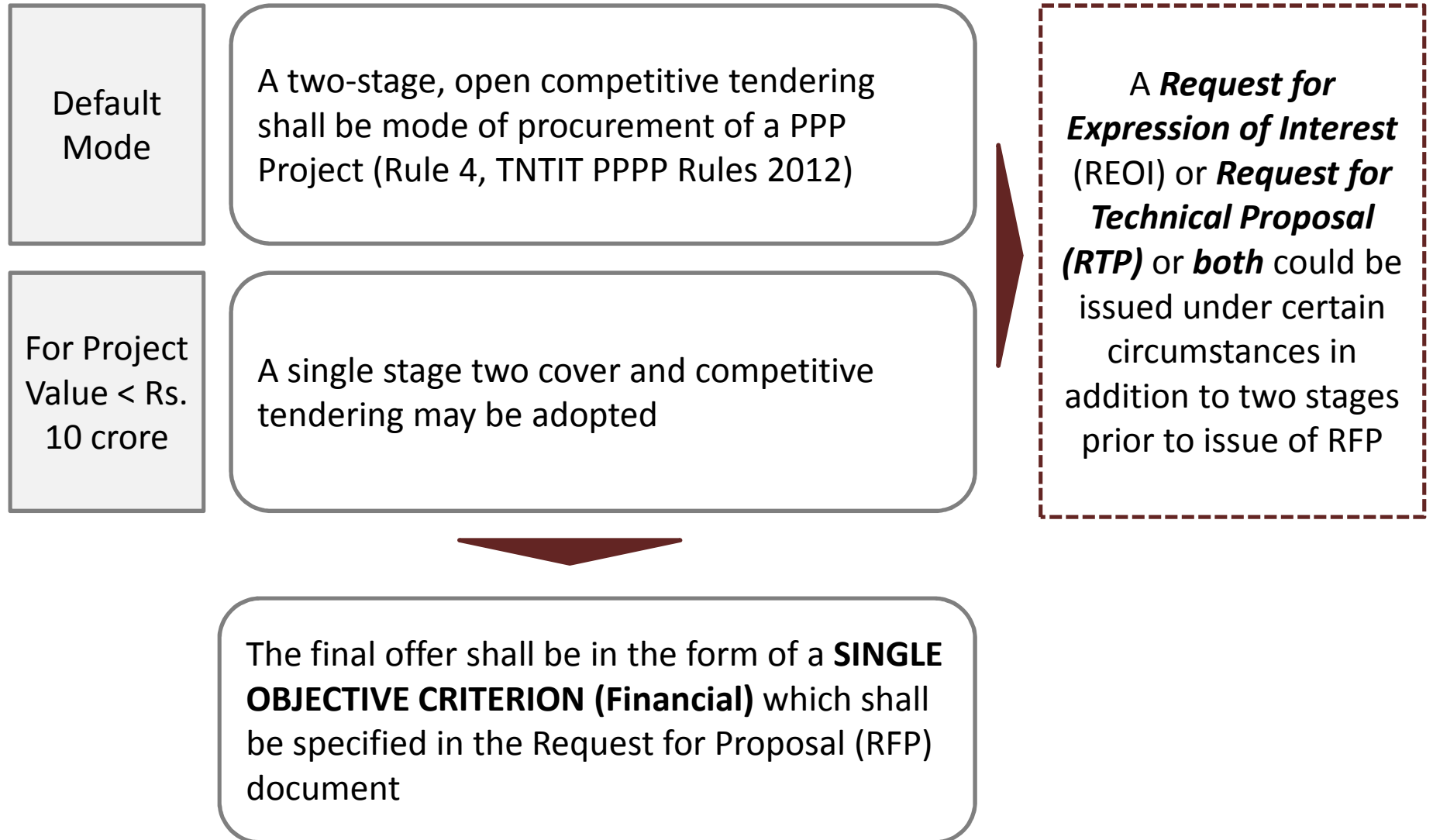
Until Standard Tender Documents are prescribed by the Board, the Sponsoring Agency shall submit draft tender documents for prior approval

For PPP projects, the Sponsoring Agency may follow the model documents prepared by the Union Planning Commission

The Sponsoring Agency may with the prior concurrence of the Board issue Request for Expression of Interest at any time

The Sponsoring Agency shall issue the Request for Quotations only after the project structure has been finalized and the financial support from TNIDF is approved

Procurement of PPP projects (2/2)



Project Monitoring

Project monitoring under TNIDB

Section 8 and Rule 8 empower the Board to monitor the implementation of projects

The Board may direct the sponsoring agency to appoint a Project Manager responsible for monitoring implementation of the project for its life cycle

GoTN, on recommendation of the Board may constitute an agency called the Project Management Facility for management and supervision of the project, in lieu of a Project Manager

Regulations provide for a detailed Project Management Plan

The Board is required to monitor the implementation, enforce CA, require submission of periodic reports and recommend corrective actions

If the Board finds bottlenecks due to impediments requiring policy changes, it may make recommendations to GoTN for appropriate corrective actions

Post Award Project Governance

Post award governance of projects (1/2)

Infrastructure projects esp. PPP projects usually complex and long term in nature.

Common Issues

- Changes in project assumptions compared to Feasibility Study/Detailed Project Study
- Gaps in Concession Agreement in addressing specific areas or provide detailing
- Assumptions on non mandatory, but “best effort” clauses

Interface between Public Agency and Concessionaire

- Delays in approvals and land acquisition
- Cost escalations compared to schedule
- Revenue or revisions in demand estimates
- Delays in payments
- Inability of concessioning authority to drive revenue collection
- Lack of neutral reviewer leading to disputes on performance on KPIs for both parties
- Scope of the concession

Interface between Concessionaire And Public

- Community opposition to the project during construction
- Community dissatisfaction with level of services, leading to active opposition, or poor revenue recovery

Post award governance of projects (2/2)

TNID Act provides for inbuilt monitoring mechanisms for *pre-empting* and *addressing* issues faced by projects in the post-award phase.

Project Managers for relatively smaller projects

Project Management Facility for large and complex facilities

- Fulfillment of conditions precedent
- Monitoring during construction and O&M stage
- Performance Management in monitoring of KPIs
- Risk Management
- Contingency Management
- Managing Relationships and Communication
- Project Administration including Financial Administration
- Information and Knowledge Management

Implementation so far...

Project related developments

Funding Approved

**Tamil Nadu
Infrastructure
Development
Fund (TNIDF)**

Fish processing park at Cuddalore

Fish processing park at Nagapattinam

SWM for Corporation of Chennai

**Project
Preparation Fund
(PPF)**

Tamil Nadu Road Sector Project- II (TNRSP II)

Development of Minor Port at Cuddalore

**Energy Efficiency Project for Street Lighting in Town
Panchayats of Erode, Tiruppur, Coimbatore and The
Nilgiris**

Projects cleared: High priority fast track

No.	Key Projects	Rs. in Crore
1.	High Priority State Roads Upgradation Project	10,000
2.	Madurai - Thoothukudi Industrial Corridor	40,000
3.	Restoration of Chennai Water Ways	10,000
4.	Ultra Mega Power Project – Uppur	10,000
5.	Solid Waste Processing Facility for Chennai	1,500
6.	Integrated Financial Services Centre (Financial City)	1,500
7.	Large Scale Skill Development Initiative	6,000
8.	Development of One Green / Brown Field Port, Cuddalore	2,000
9.	Greenfield Airport at Sriperumbudur	15,000
10.	Health City at Perundurai	2,000
11.	Chennai Desalination Plant	3,000
12.	New Water Reservoir in Thiruvallur District	500
13.	Development of Agriculture/Horticulture in Wastelands	Cost to be ascertained
Total		1,01,500

Project implementation progress

No.	Project	Implementation Progress
1.	Development of Fishing Harbour at Manakudi in Kanniyakumari District	<ul style="list-style-type: none"> • In-Principle Approval awarded for a Project Cost of Rs. 72.44 crore • Project Structuring Approval awarded • Project currently at RFQ stage
2.	Development of Fish Processing Park at Cuddalore, Tamil Nadu on DBFOT Basis under Public Private Partnership (PPP)	<ul style="list-style-type: none"> • Project Structuring Approval awarded • In-Principle sanction of Capital Grant from TNIDF • Project currently at RFQ stage
3.	Development of Fish Processing Park at Nagapattinam, Tamil Nadu on DBFOT Basis under Public Private Partnership (PPP)	<ul style="list-style-type: none"> • Project Structuring Approval awarded • In-Principle sanction of Capital Grant from TNIDF • Project currently at RFQ stage
4.	Solid Waste Management Project in Chennai (at Kuthambakkam)	<ul style="list-style-type: none"> • In-Principle sanction of Capital Grant from TNIDF • Capital Grant sanctioned for lesser of Rs. 100 crore or 20% of the Project Cost
5.	Solid Waste Management Project in Chennai (at Minjur)	<ul style="list-style-type: none"> • In-Principle sanction of Capital Grant from TNIDF • Capital Grant sanctioned for lesser of Rs. 80 crore or 20% of the Project Cost
6.	Development of existing Minor Port at Cuddalore in PPP mode	<ul style="list-style-type: none"> • Rs. 40 lakh sanctioned via TNIDB PPF
7.	Tamil Nadu Road Sector Project Phase (TNRSP) II	<ul style="list-style-type: none"> • Rs. 65 crore sanctioned via TNIDB PPF

Project agnostic developments

Launch of TNIDB Website – www.tnidb.tn.gov.in

Preparation of Model RFP for Appointment of Consultants for Preparation of Feasibility Report

Preparation of Model RFP for Selection of TA

Preparation of TNIDB Manual

Automation of TNIDB Workflow (In progress)

Toolkit for Value for Money Assessment

Financial Model Template

Thank you