

Procedure for utilization of **Project Development Fund(PDF)**

1) In order to improve the transparency levels associated with PPP projects and provide comfort to investors and lenders, the opinion of a third party about the level of risk involved in PPP projects being offered to bidders would be extremely pertinent. It would also help the sponsoring agencies to adjust risk-sharing arrangements wherever necessary.

Currently, there is a lack of capacity in public institutions and officials to manage the PPP process. Since these projects involve long-term contracts covering the life cycle of the infrastructure asset being created, it is necessary to manage this process to maximize returns to all the stakeholders.

The costs of procuring PPPs and particularly the costs of Transaction Advisors are significant. The quality advisory services are fundamental to procuring affordable, value-for-money proposals. To provide financial support for quality project development activities, the Government of Assam vide Section 9 of PPP Policy, Assam-2008, made provision of Project Development Fund (PDF).

2) PPP Cell of P&D Department shall administer and utilize the Project Development Fund (PDF) fund. The fund will be budgeted under "Plan" head by P&D Department to make expenditure under specified Head of Account. P&D Department will sanction the PDF up to an amount of Rs.5.00 Crores in respect of individual project in PPP mode, as per provision of Sl. No. 24 of schedule-I of the D.F.P. rules (as amended) vide Finance Department Notification No. FEB.73/98/102 dtd. 13/10/2008. The Deputy Secretary/ Under Secretary, P & D Department (as the case may be) will be the DDO. The PPP Cell of P & D department, after ensuring progress on project development activity as per the milestones will release the fund.

3) Project development fund will be utilized under the following head viz. i) project development activities i.e., Cost of Transaction Advisor services including state share of IIPDF etc. and ii) Other PPP related expenditures as mentioned below:

i) Project Development Activities

Phase-1

1. Project Identification
2. Feasibility Study/Concept Report

Phase-2

1. Bid Process Management
 - i. Preparation of RFP/RFQ
 - ii. Preparation of Contract Agreements
2. Detailed Project Report (DPR) / Techno Economic Feasibility Report
3. Project Supervision.

ii) Other PPP related Expenditures:

1. Administrative Expenses of PPP Cell including office equipments and stationeries limited to 0.5% of total amount per PPP Proposal for PDF utilization.
2. Expenditure towards capacity building and publishing / announcing the various initiatives related to schemes / facilities under PPP mode of State/Central Government to the stakeholders and public at large by way of training and advertisement through newspaper / seminars / workshop / road shows / hoarding etc.

4.0 Steps to avail the State PDF assistance:

- 1) Approval has to be obtained from EC to appoint consultants to undertake project development activities.
- 2) Department/ PPP Cell seeking to engage consultants for **Phase-1** activities need to place the proposal before EC supported with **Concept Note**.
- 3) Department/ PPP Cell seeking to engage consultants for **Phase-2** need to place the proposal before EC supported with **Feasibility Report** and the relevant information in the prescribed format.
- 4) Department seeking 25% gap funding for proposals under IIPDF need to place the proposal before EC supported with Pre-Feasibility/Feasibility Report prepared through Transaction Advisor and the relevant information in the prescribed format designed by the PPP cell.
- 5) PPP Cell will place the PDF Assistance proposals before EC for In-Principle Approval.
- 6) In accordance with the EC approval, Department/ PPP Cell will initiate the transparent bidding process to engage Consultant.
- 7) Based on the response from bidding process, PPP Cell will examine the proposal for sanction.
- 8) The Consultant to be engaged only on sanction of the proposal by PPP Cell, Planning & Development Department.
- 9) PPP cell will release the fund on the basis of milestones.