



Report for Train the Trainers (TOT) Programme on
“PPP intervention for creating Sustainable Rural Infrastructure and provisioning of quality services”



Date: 24 and 25th February 2020

Venue: RWSS Circle Office, Khandagiri, Bhubaneswar, Odisha

Organizer: CUTS Institute for Regulation and Competition (CIRC)

Co-ordinator: Mr Radha Krishna Tripathy, Senior Fellow, CIRC

Trainers:

1. Mr Radha Krishna Tripathy, Senior Fellow and PPP expert, CIRC
2. Mr Krushna Chandra Satapathy, Director, Directorate of PPP cell, Government of Odisha
3. Mr Sushant Panda, Company Secretary & Joint GM Finance, Police Housing Corporation, Odisha

4. Mr Manas Ranjan Das, Head of Department, Civil Engineering, SOA university, Bhubaneswar, Odisha
5. Mr Partha Tripathy, PPP Expert, International Finance Corporation

Participants:

1. District Sanitation Consultants
2. Engineers including assistant Executive Engineers, junior engineers from Rural Water Supply and Sanitation (RWSS) from different districts
3. Surveyors and Estimators, RWSS

Programe Highlights:

The venue for the training was at RWSS circle (state water testing laboratory), Khandagiri, Odisha. The conference hall at RWSS office was very big and spacious. It was comprised of all amenities required for making presentation and display units. The seating arrangement was round table type so that effective participation could happen.

The participants were gathered at the venue at around 10.30AM and were seated in the hall. Mr Radha Krishna Tripathy welcomed the participants to the training event and after a brief introduction of himself and the organisation highlighted the objective and the purpose of the training to them. As most of the participants were from RWSS divisions dealing with water and sanitation, there was instant connect with them regarding the issues and challenges being faced by them in the ground.

After the welcome and introduction, Mr Tripathy asked the participants to highlight ground issues being faced by them while dealing with local community, implementing any projects and at the level of operation and maintenance.

Highlights of the local issues being faced by the RWSS officials and sanitation consultants:

- Availability of man power is one of the major issues being faced by the RWSS officials while dealing with several problems associated with O&M of the project and ambitious target of the state government to supply clean water and sanitation facilities.
- Self Employed Mechanics (SEM) who are deployed by Gram Panchayats to manage pumps and operation timings are paid very less, an honorarium of only INR 2500 per month to operate the unit 6 to 8 hours per day which is a meagre amount and do not incentivize them to work properly.
- The lack of technical knowhow for SEMs are quite evident as pumps and motors are being burnt frequently over trivial matters like high voltage, excess running of motors, over loading etc
- There are several issues related to payments to SEMs also. They are not getting paid regularly by GPs and there are frequent complaints to the RWSS offices regarding this.
- As most of the appointments are political nominees from GPs, the political rivalry becomes the key issue while handling such matters, due to which the service suffers
- Sometimes energy bills are quite high and not being paid regularly by the GPs. Nonpayment results in power cut which hampers the water services.
- 1% maintenance cost which is parked at the GP level is not used effectively and thus, quality suffers a lot
- Training of the technicians and SEMs should be a regular feature which is completely absent in the system resulting in break down and supply hindrances.

- People from the community blame RWSS officials for any service disruption, threaten them at times, block the roads and demand intervention of senior executives. The political nature of the services makes life difficult for government servants.
- While most of the O&M function is outsourced to GP with financial powers, RWSS officials are at the receiving end all the times.
- Water wastage and pilferages are two of the major issues for which villagers need to be trained on a continuous basis.
- Water becomes a subject of internal community conflicts at many places because of several reasons like geographical distribution of water, water scarcity at summer seasons, uneven water pressure at several places.
- On sanitation side also, because of no water provisioning, in the toilets, these are not functional at several places and used as store houses for the villagers.

It was quite evident that the system runs in a traditional approach and there is no intervention of technology for monitoring purposes. People manage and struggle on a daily basis to get water and proper service provisioning of water supply is a dream to all. RWSS officials also struggle to manage the systems in a better way due to lack of man power, GP's ill managing financial and operational responsibility and lack of proper training at the GP and community level. Most of the times, the system functions on a compromising note from all stakeholders and somehow it is only managed to focus on short term solutions rather than an effective long term solution. Overall, RWSS officials are very receptive about private party managing the O&M of water supply and services but cautioned that it requires huge training and capacity building and awareness efforts at village level.

After a brief discussion on the issues and challenges, the session started with Mr RK Tripathy leading with the proceedings.

Inaugural Session: Mr R K Tripathy, Senior Fellow, CIRC

Topic: Brief about the project, Basic structure and features of PPP model

Highlights:

Mr Tripathy introduced the project to the audience. He briefed that the study project was done in assistance with UNICEF and support from Department of Drinking Water and Sanitation under Ministry of Panchayati Raj and Rural Development, Odisha government. Initially the project which was started with Banapur in Khurda district spread out to 6 different clusters for scaling up.

On the basis of the perceptual survey at different places, two different models were proposed to the government for PPP intervention at a pilot basis. Out of the two models, the state government has evinced interest for adopting operation and management contract model for pilot testing in 1 cluster. The cluster is yet to be decided by the government.

Apart from this, Mr Tripathy discussed about the basic structure of PPP, definition of PPP and how it is different than the traditional procurement method.

Session 2: Lecture by Dr. Manas Ranjan Das, HOD, Civil engineering Department, SOA University

Topic: Developing public infrastructure through private finance: case for piped drinking water supply in Odisha

Highlights:

Dr Manas Ranjan Das discussed about different piped drinking water projects in and around Bhubaneswar. He discussed about the technical and designing issues that can be a challenge in implementing a projects, more so often in hilly terrain areas. He has stressed on the technology part to drive home the point that most of the leakages and pilferages can be addressed through right technological intervention.

He stressed on the collaboration of government and institutions on research related to water supply, quality issues and technological interventions which can be taken up in a PPP mode too. As there is dearth of data, right information, planning and decision making takes back stage in the government. A partnership model and continuous engagement with research institutions like academic institutions, engineering collages can go a long way to address these challenges.

Session 3: Mr R K Tripathy, Senior fellow, CIRC

Topic: Various case studies from India and abroad on social sector PPP projects and its analysis

Highlights:

Mr Tripathy discussed about several case studies to drive his point on the PPP intervention in social sector projects. The case studies discussed cater to various social sectors such as education, school infrastructure, health care, solid waste management and street lighting. African successful water sector case studies were being discussed in the session too. The focus was to provide them insights on how the rural water infrastructure in Africa is changing after the government moved to PPP in water sector infrastructure and service provisions. Several other water sector case studies that are urban center focused were also discussed in the session such as Pune municipality piped water supply.

Through the case studies, the working model of PPP, service provisioning matters, payment structure, funding issues, benefits and stakeholders responsibility were discussed in details. Participants had taken good interest in listening to the case studies and participated overwhelmingly in the discussion. Specifically, the street light case study that was implemented by Bhubaneswar Municipal Corporation drew their attention and they discussed in detail the modalities and the revenue sharing pattern with the private players in detail. The day ended with light snacks and tea and participants discussing about the local challenges and how the model can be worked out in a rural set up.

Second Day of Training, February 25, 2020:

Day 2 of the training programe started with recap of day 1 module and presentation by Mr R K Tripathy. Previous day's discussion and lectures were discussed. The entire proceedings were recapitulated in a point to point manner. Mr Tripathy asked the participants for their queries and these were discussed in brief by him. Many participants expressed their satisfaction on previous day's training materials and lectures. The session got little delayed due to rains.

2nd Session: Mr Krushna Chandra Satapathy, Director, PPP Cell, Finance Department, Government of Odisha

Topic: The status of PPP projects in Odisha, institutional and operational arrangements, challenges ahead

Highlights of the session:

Mr Satapathy highlighted about the national infrastructure project pipelines and stressed on the need of additional investment required to reach the target which cannot be done only by the central government. Among others, he highlighted about the rural infrastructure vision 2025. He highlighted the structural framework of PPP in the state of Odisha and briefed about the projects that are planned, executed or in the pipeline to be developed through PPP mode.

He emphasized that government of Odisha is committed to attract investment through PPP mode and are looking for various alternative channels to raise funds for the project. Drinking water and sanitation is one of the major area of the state government where they are pro-actively looking to award several projects under PPP mode. He opined that this is the opportune time to get people involved in PPP projects and impart training to the state officials on the need and models of PPP.

3rd Session: Mr Partha Tripathy, PPP expert, Project Advisory, IFC

Topic: Issues and Challenges in PPP project implementation

Highlights:

Mr Partha started his lecture on the basic definition of PPP and covered the complete gamut of PPP by deciphering it from the project inception to project completion and evaluation and monitoring. He highlighted the issues and challenges being faced while implementing the PPP in the ground. He could correlate his experience with Odisha government while implementing several projects in the state and how and where they encountered issues while designing the PPP.

While highlighting several issues and challenges, he emphasized that a PPP project is very complex in nature and needs a better understanding of the risks that each partner would carry while delivering the project. In the case of drinking water supply and waste water management, the challenges are very fundamental and local in nature. Being a political sensitive matter, winning over people confidence and their trust is paramount in success of the project. The session ends with a question of how PPP project can be structured and what would be the bid criteria for establishing a CT scan diagnostic center in a district. Participants were asked to provide solutions to the case study presented to them. The session broke out for lunch.

Session 4: Mr Partha Tripathy, PPP expert, Project Advisory, IFC

Topic: Project Development Process, Project Life Cycle, Key Stages of Project Development and Sector Study: Project Preparative Principles for Selection

Highlights:

Taking an example of health service provisioning in rural sector, Mr Partha described the complete project development process, its life cycle costing, bidding parameters etc. The case study of setting up of a diagnostics center allowed the participants to participate in the discussion vigorously. Among the various models suggested by the participants, a PPP model was structured taking the characteristics of a PPP model and it was discussed why other models may not qualify for a PPP project definition. The modelling part and the various contract structure along with possible ligations and contract sanctity was discussed in details.

The participants came up with different suggestions on how to structure the model for a rural intervention of PPP project with government funding. They were also of the opinion that the services should not be

made completely free for the beneficiaries and token amount should be collected to make them responsible and engage them effectively in the system.

Session 5: Mr Sushant Panda, Company Secretary & Joint GM Finance, Police Housing Corporation, Odisha

Title: Project Financing for PPP projects

Highlights of the session:

Mr Panda, given his background and huge experience in the finance sector started his session in a very light atmosphere, discussing about the operational procedure difficulties being faced daily at the state government departments. He highlighted that while planning for the projects are good at the executive level, its implementation in the ground lacks that very initiative due to red tapism and lethargic attitude at some level.

A file cannot move with proper orders and procedures from the top, thus delaying the complete process. The delay in time cause further escalation of prices for any project and this is the major reason for many project failures. Highlighting about the project financing nature of any PPP project, he made a solid presentation on the debt equity structure of the project and described how financing is a major challenge in a PPP project which is long term and very costly. He also highlighted various ways and means to tap project funding for the PPP initiatives especially for rural areas.

Closing Session: Mr R K Tripathy, Senior Fellow, CIRC

Topic: The role of district level officials, block level officials in implementing a PPP project at cluster/district level and The role of community in monitoring PPP projects , difference between contractor and PPP “partner”

Highlights:

In the closing session, Mr Tripathy summarized the day’s discussion and training into major points and discussed briefly about the points raised by several experts and asked the participants for any clarification. He emphasized that after 2 days deliberation on the PPP model and its various components, characteristics, participants would be in a better position to correlate the entire model and structure in their work areas and how this is going to affect their existing work in their workplace. Talking about the state government initiative, he made it clear that at this point of time, several suggestions from experts, private players and other state holders are collated and the models are redesigned for its suitability to be implemented in a pilot cluster.

Once the government decides to implement the PPP model in a pilot cluster, the existing value chain and work force will be taken into confidence and exhaustive training will be imparted to them about their role and responsibilities. The training programme would make the participants understand about the utility of a PPP model and will help them connect with ground level people, community, PRI members to further sensitize them about the benefits of the PPP model. The idea is to distinguish that PPP is not privatization and it is only an instrument to provide quality services through private intervention. While the responsibility lies with the private player to provide quality services with payments linked to service level parameters, the government will be fully accountable for the projects.

The training programe ended with vote of thanks to all the speakers, state government, UNICEF, RWSS department for the arrangements and all the participants. The feedback from the participants were very encouraging and they stressed on similar training on various subjects regularly at district and block levels so that each and every ground worker know the initiatives of the government and they should be better prepared to take any future challenges in an effective manner. At last a group photo for the training was taken as a memory.

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