Options for Private Sector Participation in Infrastructure - INDIA, WEST BENGAL

Grant Activity Description

Locating finance for funding infrastructure projects has always been a problem in India as well as in the various States. It was realized by the Government of West Bengal that their own finances were not enough as a funding source, and even loan and external borrowings have their limitations.

In order to explore this challenge further, the Government of West Bengal approached PPIAF for assistance in funding a study in West Bengal aimed at:

- bringing in key experts involved with successful PPP ventures
- holding interactive workshops/seminars with key stakeholders in presence of global experts
- undertaking field visits by a select group of key stakeholders and policymakers.

Once exposed to the ideas of the workshop and what has been achieved in other states/countries has been seen, the Government of West Bengal should be better informed when considering whether it would be willing to take the necessary steps to allow greater private sector involvement.

Objectives

The main objective of this activity is to sensitize officials on various aspects of private provision of infrastructure services, and to identify issues in this regard. Other objectives include:

- To have exposure to successful global experience sharing
- To urge private entrepreneurs to participate in infrastructure building
- To identify necessary modifications in government’s role by creating an enabling framework and formulating suitable policy

The key indicators of success would include:

- In the short term: (i) Identification of bottlenecks in applying successful models locally and (ii) the formulation of consensus on a possible short-term action plan
- In the medium term: Short-list projects that can be taken up
- In the long term: Identification of strategies for devising revenue models for short-listed projects

Major Conclusions and Recommendations

The workshop participants represented at the event came from nearly every group in the civil society. The methodology followed in the workshop was participatory with basic reform principles and international case studies being presented, followed by discussions focusing on their relevance in the context of West Bengal. The participants displayed keen interest in the concepts and case studies presented during the course of the workshop as was evident from the active participation during the interactive sessions.

Over one and a half days, the workshop provided an overview of risk, regulatory, legal, institutional issues and select experiences of Private Sector Participation (PSP) at the state, national and international level in the chosen sectors (highways, water and urban development), and also helped the stakeholders understand views and concerns on PSP in infrastructure services. Overall, the workshop was well received and served to meet the objectives originally envisaged, as indicated by the feedback from the participants.
Dissemination

The Workshop on PSP in Infrastructure was held on November 23rd – 24th 2002. A compilation of the presentations made at the workshop were prepared and are available shortly through the PPIAF website (http://www.ppiaf.org). There has already been extensive coverage of the event in the two most effective forms of media – newspapers and television.

Next Steps

As an immediate next step, the Government of West Bengal has drafted its PPP (Public Private Partnership ) Policy that was based on the learning from the workshop. The Government is very keen in finalizing the details of its PPP policy in infrastructure sectors. It intends to prepare a draft legislation on the subject. Adequate capacity building of the various stakeholders in the infrastructure sectors is also being felt. An application of a suitable PSP option in transport sector is also considered in the State of West Bengal.

Activity Information

| PPIAF Grant: | $74,000 |
| Co-Funding:  | $3,500 (Government of West Bengal) |
| Timing:      | Completed July 2003 |

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PPIAF Gridlines seek to disseminate emerging best practices in the area of private participation in infrastructure by summarizing PPIAF-funded activities.