

Requirements of Successful Infrastructure Projects

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Success of Infrastructure Projects depends on attained of planned objectives. Failures occur when the interface between the project and external stakeholders is strained.

Reduction of the Stress in managing these interface relationships is therefore the sine-qua-non for success.

Structure of the Presentation

Addressing some Issues in Five Major Areas

- Land
- Personnel
- Management of Project
- Contracting & Transparency
- Financing

LAND

Land Acquisition for Infrastructure

- ✓ Adequate to address purpose and no more
 - ✓ Additional land for future needs? Does the project
 - ✓ define the future period?
 - ✓ define the interim use of the land?
- ✓ Compensation Issues
 - ✓ Valuation - Why should it be anything than Market Value?
 - ✓ Mode of determination
 - ✓ Consent Award

Land - Compensation CONTD

- ✓ Process of determination of compensation
 - ✓ Expert Committee with Professional Support
 - ✓ Publication of valuation
- ✓ Relief, Rehabilitation and Resettlement
 - ✓ Particularly important in Green Field projects that uproots whole populations affecting the socio-economic life of the area
- ✓ Nature of Tenure
 - ✓ Free Hold
 - ✓ Lease Hold
 - ✓ My take - Make Land Lease Hold to avoid social conflicts

Land Acquisition - ACT or EnAct

My Take

Existing Land Acquisition Acts can address all the issues. What is needed are Policy correctives and revisions in Guidelines, Circulars, Norms, for New approaches, Institutional mechanisms of valuations, compensation systems.

New Legislation will undo 100 years of settled law

Land Regulator to monitor use and maintenance of Acquired land, lease rentals during project life cycle - Has the time for this idea come?

Human Capital

A good project can come to nought with the wrong choice of personnel.

○ Get the key guys in before the project commences - major problem of project and contract implementation in India

○ Plan for Project and O&M overlap to avoid conflictual situations - Delhi Airport Line

Management of Projects

- Procurement of Expertise
 - External Consultants
 - Accredited Testing institutions
 - Certification agencies
- There is a legal vacuum governing regulation of consultants. This must be bridged for access to international expertise, testing and certification that are vital to achieve world-class infrastructure as well as create world-class business opportunities for Indian

CONTRACTING

KEY ISSUES

- Procurement Norms must be transparent in both Public and Private sectors
 - Public Sector is regulated, Private sector is not
 - Reason why India as a country ranks poorly in Transparency in Procurement
 - Enabling Law to ensure that procurement is through a transparent process in private sector as well - UNCAC obligation and national interest to secure a better rating in the comity of nations

Contracting -Contd

- Relevance of FIDIC model agreements and other industry-wide model agreements
 - adoption
 - adaptation

Standard agreements make understanding and risk perception clearer leading to lower contract costs

- Arbitration
 - Needs to be developed as a Professional and credible body

FINANCING

- ◆ Project Regulator - Has the time come?
 - ◆ Every Funder wants to appoint his own consultant for appraisal
 - ◆ Project Regulator will assess project cost estimates and additional fund requirements for funding based on permissible Debt:Equity Ratio.
 - ◆ Will facilitate raising of funds in the market and from Fls.
 - ◆ Implementation of Contracts will be professional since cost estimates will be overseen by a project regulator.

THANK YOU FOR YOUR ATTENTION