



Infrastructure Planning and Management

Infrastructure Players



Agenda

- Organizations Involved in Infrastructure Projects
 - Governments and Government Agencies
 - EPC Contractors
 - Financiers
 - Project Affected Communities and NGOs
 - Insurance and Guarantee Providers
 - Project Sponsors
 - Regulators



Players in an Infrastructure Project

- Infrastructure Projects are often more complex than conventional civil engineering projects such as residential and commercial structures and as a result involve a multitude of players
- The figure on the next slide describes the various players and the relationships between them

Infrastructure Projects

Transformations in Shaping Engineering Projects

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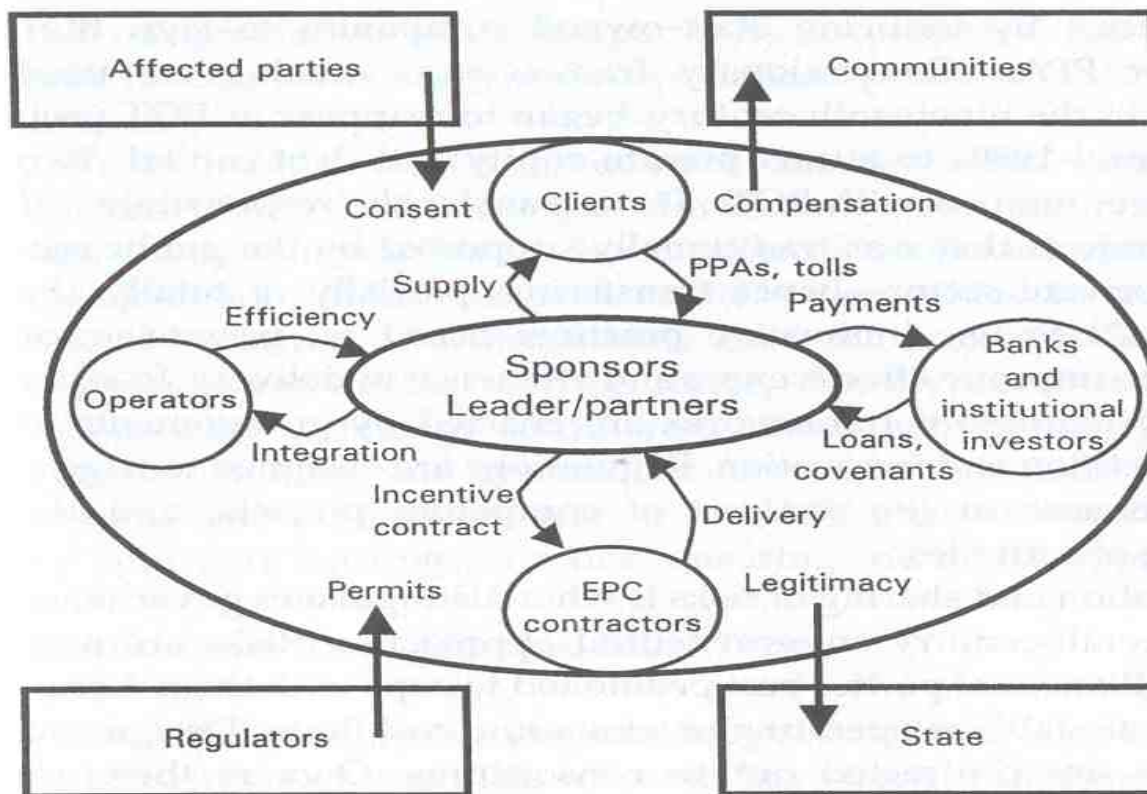


Figure 2.1
Relationships with potential to build governability



Government Agencies

- Government Agencies are often key players in infrastructure projects
- They can be involved directly in procuring the infrastructure, or they can act as concession granting authorities that authorize private sector players to procure and maintain infrastructure
- Government agencies involved in infrastructure could be at the national level – e.g. the NHAI (National Highways Authority of India), at the state level (e.g. State Government and Line Agencies) or at the Urban level (e.g. Water and Sewerage Boards, municipalities).
- Government agencies sign various agreements with other organizations for the procurement of infrastructure such as
 - Engineer-Procure-Construct Contracts with construction firms
 - Concession Agreements, Power Purchase Agreements, Annuity Agreements with private sponsors
 - Loan and Equity agreements with financiers



Engineer-Procure-Construct (EPC) firms

- EPC firms are typically engineering and construction firms that help design and/or construct the infrastructure facility
- They may be contracted by the government agency, or by private parties in charge of providing the infrastructure
- Typically they take on completion, construction delay and construction cost-overrun risks
- Leading construction firms such as Larsen & Toubro, HCC etc perform EPC contracts in India



Financiers

- Infrastructure projects are often financed through a mixture of grants, debt (loans), equity (investments) and user charges
- Debt lines of credit are often raised through the regular banking system.
- Debt is often also provided by multilateral agencies such as the World Bank, the Asian Development Bank, the Japanese Bank for International Cooperation etc
- Equity is often provided through a variety of sources including large organizations in the infrastructure space, Foreign Institutional Investors, Private Equity houses etc
- Grants for infrastructure projects are often provided through programs such as the Jawaharlal Nehru National Urban renewal mission



Project Affected Communities and NGOs

- Any infrastructure project affects the surrounding community in multiple ways
 - It promises to yield benefits to these communities (e.g. improving the water supply or the transportation infrastructure)
 - It might need to displacement of some families (e.g. in cases of widening of roads and highways)
- Sustainable Infrastructure Development must be equitable and must yield benefits to the community. As a result the impact of infrastructure on these communities must be carefully assessed
- Very often NGOs are the “voice” of these communities to ensure that their needs are met.
- Stakeholder consultations and socio-economic analysis of infrastructure must therefore be conducted to ensure that infrastructure development is equitable.



Insurance and Guarantee

Providers

- Several kinds of insurance and guarantees are taken on infrastructure projects
- Insurance relating to the construction phase, force Majeure events, and insurance during the operation of the facility are often provided
- In the case of Private participation in infrastructure, government guarantees are often given to private players
- Third party Political Risk Insurance is also taken to insure against government reneging on a contract with a private sector.
 - MIGA and OPIC are two organizations that provide PRI, subject to meeting certain criteria



Project Sponsors and Consultants

- Project Sponsors are private organizations that take on the responsibility of providing infrastructure
- Project sponsors sign “concession agreements” with government agencies that describe the term for which they will operate the infrastructure, quality standards that they will need to maintain, revenue generation opportunities and so on
- Project sponsors may either develop the projects themselves or may sign contracts (such as EPC contracts) with other companies
- Both project sponsors and government agencies hire consultants to perform feasibility analysis, structure projects and to manage the process of selecting sponsors and contractors.



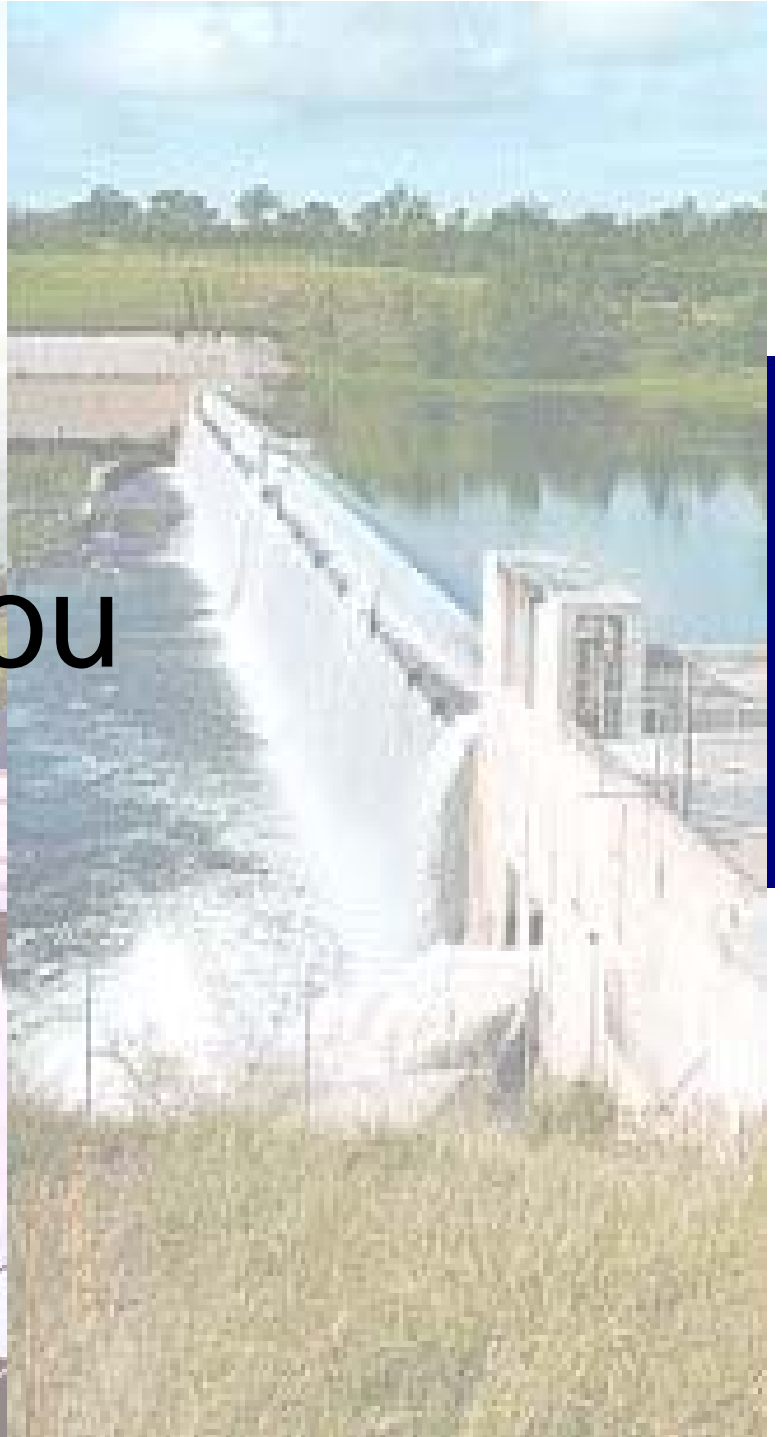
Regulators

- Regulators are present when private firms are allowed to function in an infrastructure sector – e.g. in the case of Telecom in India, TRAI acts as a regulator
- Regulators are intended to be independent bodies that can potentially impartially assess the performance of private firms.
- Regulators regulate tariffs set by private firms, the quality of service that they provide to ensure that they are performing as prescribed in the terms of their respective contracts, to the collective benefit of society.



Indian Players

- Government – Planning Commission, Ruling parties, NHA1 etc
- Consultants – Feedback Ventures, PwC, KPMG
- Financiers – IDFC, IL&FS, ICICI, IIFC
- Sponsors – TNRDC
- EPC Firms – L&T ECC, HCC
- Regulators - TRAI



Thank You