

# PUBLIC WORKS DEPARTMENT

Government of Uttar Pradesh, India

## UTTAR PRADESH STATE ROADS PROJECT Under IBRD Loan No. 4684-IN

### Technical Assistance for Implementation of Institutional Reforms in the Road Sector of Uttar Pradesh

#### ESTABLISHMENT OF "ROADS PSP DEVELOPMENT" FUNCTIONS AND CELL WITH SPECIALISED PARTNERSHIP/S AND RESOURCES OF PWD (FINAL)

Report No. 22

April 2007



**LEA International Ltd., Canada**

*in joint venture with*

**LEA Associates South Asia Pvt. Ltd., India**

*in association with*

**Ministry of Transportation of Ontario, Canada**

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## Glossary

ADB	Asian Development Bank	MOST	Ministry of Surface Transport
ADT	Average Daily Traffic	MoSRTTH	Ministry of Shipping, Road Transport & Highways
AE	Assistant Engineer	MoRTH	Ministry of Road Transport and Highways
BOOT	Build Own Operate Transfer	MoEF	Ministry of Environment and Forest
BOT	Build Operate Transfer	M&E	Monitoring and Evaluation
CBO	Community Based Organisation	MIS	Management Information System
CBR	California Bearing Ratio	MSS	Mixed Seal Surface
CE	Chief Engineer	NABARD	National Bank of Agricultural and Rural Development
CEO	Chief Executive Officer	NITHE	National Institute for Training of Highway Engineers
CRF	Central Road Fund	NH	National Highway
CRRRI	Central Road Research Institute	NHAI	National Highway Authority of India
CSR	Civil Service Reforms	NOIDA	New Okhla Industrial Development Authority
DAO	Divisional Account Officer	ODR	Other District Road
DASP	Diversified Agriculture Support Program	O&M	Operation and Maintenance
DBC	Dense Bitumen Concrete	PAC	Public Accounts Committee
DPR	Detailed Project Report	PCC	Project Coordinating Consultant
DRDA	District Rural Development Authority	PCI	Pavement Condition Index
EC	Executive Committee	PCU	Passenger Car – equivalent Unit
EE	Executive Engineer	PICUP	Pradeshya Industrial & Investment Corporation of UP
E-in-C	Engineer in Chief	PMS	Pavement Management System
GC	Governing Council	PPP	Public Private Partnership
GNIDA	Greater Noida Industrial Development Authority	PRI	Panchayat Raj Institution
GNP	Gross National Product	PSP	Private Sector Participation
GO	Government Order	PWD	Publics Works Department
GOI	Government of India	RAP	Resettlement Action Plan
GoUP	Government of Uttar Pradesh	RES	Rural Engineering Services
GSDP	Gross State Domestic Product	RIDF	Rural Infrastructure Development Fund
HDM	Highway Design Model	RMMS	Road Maintenance Management System
HGV	Heavy Goods Vehicle	RSPEU	Road Safety Planning and Engineering Unit
HQ	Head Quarter	RSC	Road Safety Cell
HR	Human Resource	R&R	Resettlement and Rehabilitation
HRD	Human Resource Development	SDBC	Semi Denise Bitumen Carpet
HRM	Human Resource Management	SE	Superintending Engineer
IBRD	International Bank for Reconstruction and Development	SH	State Highway
IDS	Institutional Development Strategy	SHA	State Highway Authority
IDSP	Institutional Development And Strengthening Plan	SPV	Special Purpose Vehicle
IRC	Indian Road Congress	SRF	State Road Fund
IT	Information Technology	SRP-II	State Road Project-II
ISAP	Institutional Strengthening Action Plan	SRB	State Road Safety Board
ILO	International Labour Organisation	SRSC	State Road Safety Council
JE	Junior Engineer	SRSF	State Road Safety Fund
MDR	Major District Roads	SRSC	State Road Safety Council
MLA	Member of Legislative Assembly	SRSF	State Road Safety Fund
MIS	Management Information System	TA	Technical Assistance

ToR	Terms of Reference
UP	Uttar Pradesh
UPRNN	Uttar Pradesh Rajkiya Nirman Nigam
UPSBC	Uttar Pradesh State Bridge Corporation
UPSIDC	Uttar Pradesh State Industrial Development Corporation
UPSRTC	Uttar Pradesh State Road Transport Corporation
UPSRP	Uttar Pradesh State Road Project
UPSHA	Uttar Pradesh State Highway Authority
UNDP	United Nations Development Programme
VOC	Vehicle Operating Cost
VR	Village Roads
WB	World Bank
WBM	Water Bound Macadam

## FOREWORD

On the 5<sup>th</sup> April 2007, Focus Group 'C', who had been allocated the task of reviewing the reports submitted under the general heading of Private Sector Strengthening, met to discuss Report N<sup>o</sup>'s 22 & 7/39 issued by the consultants<sup>1</sup> undertaking the "Technical Assistance for Implementation of Institutional Reforms in the Road Sector of Uttar Pradesh.

During the course of the discussions it was agreed that;

1. Report No's 7 and 39 would continue to remain as two separate reports both of which would retain the title "Report to implement medium term 'PSP' in the road sector". It was also agreed that these reports would basically review and summarise the progress made by Government, PWD and Focus Group 'C', with respect to the implementation of PSP.

However, where previously both these reports had a submission date of May 2007, Report 39 would now have a submission date of May 2008 and would report on progress towards the end of the project.

2. It was further agreed by the Focus Group that, whilst this report<sup>2</sup> identified the Uttar Pradesh State Highways Authority [UPSHA] as the 'vehicle' that was accepted as that to further PSP in the roads sector, this still required that GoUP issue a policy statement to this effect establishing this and the role, objectives and goals of UPSHA.

Whilst Report No 22 and the actions identified to be undertaken in respect to UPSHA were accepted by the Focus Group as that required to advance the role and undertakings of the Authority within the area of PSP, until GoUP has made the undertakings as described in the previous paragraph, none of the 'actions' as described in this report could be acted upon.

3. Issues raised by the Focus Group in connection with this report are addressed in Report No 7 which is the report that addresses progress to date and is therefore better placed to address these issues.

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<sup>1</sup> LEA International Canada in joint venture with LEA Associates South Asia Pvt. Ltd., India

<sup>2</sup> Report No22 – Report to Establish roads PSP development functions and cell with specialised partnership/s and resources in PWD – November 2006

## 1. INTRODUCTION

PSP already exists in UP albeit in what might be generally defined as normal contracting arrangements with contractors [the private sector]. The key to PSP is to enhance this participation to embrace efficiency in the delivery of the final product and, where appropriate, enhance such liaisons, or partnerships [where appropriate], into what is termed public private partnerships in such types of schemes as BOT.

PSP/PPP does, however, require a fundamental shift in both the roles and attitudes of public and private entities. In the case of public authorities this will generally mean a move away from the usual client-contractor approach towards one that tends to focus more on supervision and regulation. For the private sector, greater responsibilities need to be 'taken on board' in the area of risk, in terms of execution, operation and the mobilisation of resources. Thus for both parties this will generally mean some measure of transformation.

## 2. OBJECTIVES OF PSP/PPP

The underlying objectives of PSP/PPP and funding, can be broadly listed as follows<sup>1</sup>:

- Increased efficiency in the execution of projects
- Increased and enhanced implementation capacity
- A reduction in risk for the public sector
- Higher mobilisation of financial resources
- 'Freeing' up of scarce public funds for other uses

The common objective of both parties, private operator and government, in a PPP/PSP arrangement is to provide the user with a facility or service that meets pre-defined performance and physical standards as per the Government policy. As such, this can encompass interventions that range from construction and operation of a new road facility down to the maintenance of a road.

In order to successfully implement the projects under a PSP/PPP model, a pre-requisite is to have a clear understanding of the roles of each of the stake-holders. For this an introduction of a clear PSP/PPP policy is required while defining the role of the road sector agency/Government in the transport sector and the changing of its focus from that of the supplier of roads to that of regulator/manager. In addition, consideration should also be given to the allocation of scarce

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<sup>1</sup> The detailed objectives are given at Annexure A.

public resources and the need to increase community participation in the decision making process<sup>2</sup>.

### 3. EXISTING STATUS OF PSP/PPP IN STATE OF UTTAR PRADESH

PWD is the 'owner' of the road network of the State and, as such, is expected to take the lead in both its development and in any PSP processes associated with it. As has been noted there are several 'building blocks' that need to be in place before PSP and the commercialisation of the roads sector can be furthered, namely the;

- assignment of responsibility
- creation of ownership
- ensuring of secure and stable financing
- introduction of sound business practices

#### 3.1 AGENCIES INVOLVED WITH PSP/PPP IN UP

At present, there are a number of organisations which have some involvement with PSP in the roads sector, namely the UP State Bridge Corporation, the UP State Industrial Development Corporation and the Greater Noida Development Authority. Whilst the overall objectives of these organisations may be similar, the involvement of multiple agencies in the development of roads through PSP may well detract from the implementation of a comprehensive network development strategy of the State, which is clearly the remit of PWD. A brief review of each of the agencies is presented below.

##### 3.1.1. The UP State Bridge Corporation Ltd [UPSBC]

The UPSBC was incorporated in 1972 as a wholly owned State Government company whose primary objective is to construct, develop and maintain all types of bridges and their approach roads. In this respect they may also raise loans to undertake such projects as well as undertake any civil, mechanical and electrical works. The company has executed contract works which have been awarded through direct tendering process and other works that have been entrusted to it by the State Government. For example, in a recent document issued by GOUP/PWD<sup>3</sup> there are some ten four lane ROB's identified which, it is understood, have all been transferred/entrusted to UPSBC.

In broad terms UPSBC is basically a construction company that undertakes bridge projects whereby it procures the required plant and equipment, materials and executes the work by engaging the required labour. Effectively UPSBC has been established to remove the use of

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<sup>2</sup> Both community participation and a review of the fund requirements and the mechanisms for the funding of roads is a part of the TA services to be provided

<sup>3</sup> Private Sector Participation – UP State Highway Authority publicity document

contactors in the execution of bridge projects. The management of the company is through a board of directors nominated by the State Government.

### 3.1.2. The UP State Industrial Development Corporation [UPSIDC]

The role of UPSIDC is to provide industry related infrastructure with a 'mission' to attract investment in infrastructure and the manufacturing sectors within UP. Whilst the major thrust is towards the development of industrial areas this has, in some cases, involved some minor road development. Nevertheless, it is also to be noted that there is a fund for the development of infrastructure, using which UPSIDC has intimated that it may undertake road projects on a BOT basis. To date no BOT road projects have been identified as having been undertaken by the corporation. Clearly, any such projects should be reviewed first by the highways agency.

### 3.1.3. The Greater Noida Development Authority

Constituted in January 1991, GNIDA is constructing a model integrated industrial township in the close proximity to the National Capital of Delhi and near the industrial township of NOIDA. The action plan aims at providing growth in the industrial sector. A six-lane expressway has been completed which connects it directly to Delhi, thus reducing travel time. It also connects to the 8 lane Noida Toll Bridge. Clearly, such projects should be reviewed first by the highways agency, especially in relation to traffic demand. No other major road developments have been noted.

### 3.1.4. The UP State Highways Authority (UPSHA)

On the 13th August 2004, the State Government of UP passed Act No 1228(2)/VII-V-1-1(ka)17-2004 establishing the UP State Highway Authority [UP Act No 19 of 2004]. The established UPSHA was deemed a corporate body over which there would be a Governing Council [GC] for policy decisions, comprising a Chairperson, Vice Chairperson and Members<sup>4</sup>.

Under the UPSHA Act of establishment, the Authority may;

*"For the purpose of discharging its functions,..... shall appoint such number(s) of officers and other employees as it may consider necessary on such terms and conditions as may be laid down in the regulations. .... appoint, from time to time, any person as advisor or consultant as it may consider necessary, on such terms and conditions as may be laid down in the regulations."*

Whilst the Act allows for the appointment of officers and employees as deemed necessary, the current compliment of senior and middle management staff cannot be considered adequate in order for the Authority to function. It is clear that a full board is required to both manage the Authority and initiate the recruitment of staff.

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<sup>4</sup> The composition of the Governing Council is given in Annexure B.

#### 4. UPSHA – TOWARDS PSP/PPP CELL IN UP

UPSHA has been set up with a mandate to implement state highway projects under commercial format. The task for PSP, as defined in the TOR for the Technical Assistance<sup>5</sup>, is given as follows;

*Development of “roads PSP (Private Sector Participation) development” capabilities in PWD, in partnership with external expertise and, implementation of medium-term ‘PSP roads project plan’.*

In this respect it is also to be noted that the ‘vehicle’ to be used in this regard should be the UPSHA<sup>6</sup>;

*“GOUP [has] already established Uttar Pradesh State Highway Authority for PSP, privatisation and outsourcing.. The ISAP consultants to study the present system and suggest some modifications, if necessary, for [the] smooth functioning of the Authority.”<sup>7</sup>*

##### 4.1 FUNCTIONS AND FINANCIAL ARRANGEMENTS OF UPSHA

The above statement is further strengthened given a review of the functions of UPSHA as laid down in Chapter IV of the Act. These functions, along with the financial arrangements of the authority, are detailed in Table 1 below.

**Table 1: Functions and Financial Arrangements of UPSHA**

Item	Detail	Remarks
19.1	Subject to the rules made under this Act, it shall be the function of the Authority to develop, maintain and manage the state highways and any other highways vested in, or entrusted to it, by the State Government, in the manner that the Authority becomes largely independent of Government funding for the maintenance of the Highways within three years from the date it is setup.	<i>To date some 1,250 kilometres of State Highways [SH] have been handed over to UPSHA. In addition, some ten 4-lane rail over bridges, all of which appear to be on the core network, have also been entrusted to SHA, these being the subject of feasibility studies undertaken by Feedback Consultants, the final report for which is dated September 2004. All ten projects exhibit an FIRR in excess of 20%. It is understood that these projects have been handed over to the UP State Bridge Authority.</i>
19.2	Without prejudice to the generality of the provisions contained in sub	

<sup>5</sup> Technical Assistance for Implementation of Institutional Reforms in the Road Sector of Uttar Pradesh

<sup>6</sup> Uttar Pradesh State Highways Authority

<sup>7</sup> Institutional Development & Strengthening Action Plan - Aide Memoire, World Bank: Mid-Term Review Mission 3<sup>rd</sup> to 13<sup>th</sup>, April 2006

Item	Detail	Remarks
	section (1), the Authority may, for the discharge of its functions,-	
19.2a	survey, develop, maintain and manage highways vested in, or entrusted to it and to achieve whereof the Authority will, inter-alia,-	<i>At present, there are insufficient staff within the Authority to undertake any survey requirements or to organise the undertaking of such. Furthermore, there are no systems in place whereby the survey data collected can be stored and interrogated. In terms of surveys and data collection this may require to be outsourced. The highways so far entrusted to the Authority approximate to some 1,250 kilometres and represent either entire State Highways or portions of such. [see Annexure C] For some of these roads, the assignment of 5 DPR's has reached the stage of consultant selection.</i>
19.2a(i)	prepare immediate and long term plans for the maintenance and up-gradation of the State Highways that are entrusted to it;	<i>The SH so far entrusted require to be reviewed to determine what measures need to be undertaken by the Authority. An inventory and condition survey of each asset will be required and this will need to be input to a suitable RMMS.</i>
19.2a(ii)	develop a scientific Pavement Management System for systematising the maintenance operations and also lay down the standards for design and construction of state highways;	<i>DHV Road Manager is not a Pavement Management System. An individual computerised PM system should be developed which may well be outside the capabilities of SHA. A definitive list of data requirements will also be required to be developed plus guidelines on how the data should be collected and, most importantly, the resources and inputs needed to collect the data in a timely manner. Standards for design and construction of highways already exist within PWD. Nevertheless, these should be reviewed in the light of potentials for PSP, especially where concession agreements are concerned.</i>
19.2a(iii)	develop models for bringing in private and institutional, including international funding into the road sector;	<i>Models already exist for PSP in PPP. In order to determine the type of model, structure or mechanism to be used for a specific project an up to date analysis of the project will be required in order to review financial viability before selecting the appropriate mechanism. At this</i>

Item	Detail	Remarks
		<i>stage it is understood that the BOT mechanism is favoured and so this, and its variants, require to be reviewed by the Authority</i>
19.2a(iv)	develop methods of performance based maintenance systems for maintenance of the state highways by quality private contractors;	<i>The Authority requires to review standard performance based maintenance contracts in order to develop both its own contract and a methodology for monitoring in line with Quality Management guidelines.</i>
19.2a(v)	raise institutional resources for undertaking the maintenance and up-gradation of these highways;	<i>Review institutional requirements for loans in order to ensure correct approach to the institution in question is provided. This will need to be based on a review of funds, funding allocations and requirements<sup>8</sup></i>
19.2a(vi)	maintain and upgrade the highways as per approved plan while encouraging private partnership and resources for these purposes;	<i>A plan requires to be developed based on scientific principles of selection and ranking of projects, Undertake a bi-annual review of the plan. In the case of PSP it will be necessary to develop standard concession agreements. It will also be necessary to develop timescales and procedures for advertising, bid evaluation and award etc.</i>
19.2b	regulate and control and the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;	<i>In general this could be considered to be outside the remit of SHA, except in terms of policy review and recommendation [where required] and ensuring that the concession/contracts cover such items</i>
19.2c	develop and provide consultancy [consultancy] and construction services in the State and carry on research activities in relation to the development, maintenance and management of highways or any facilities threat [thereof];	<i>At this stage in the development of the SHA it is considered premature to develop consultancy services. This might remain a target for the medium to long term.  However, consideration might be given to providing SHA with all the necessary training, equipment and facilities to undertake data collection. It could then offer such services, on a revenue earning basis, to PWD, Districts and others.</i>

<sup>8</sup> A review of fund requirements and mechanisms is a part of the TA services

Item	Detail	Remarks
19.2d	provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of the Authority, necessary for the convenience and smooth flow of traffic on such highways;	<i>As a part of any PPP for PSP ensure that the facility and amenity requirements are reflected in concession agreements and contracts. The requirements of the Authority for any PPP in PSP requires to be identified and tabled before tendering of any potential project.</i>
19.2e	form one or more companies under the Companies Act, 1956 (Act N <sup>o</sup> 1 of 1956) to further the efficient discharge of the functions imposed on it by this Act;	<i>Review the possibilities of Joint Venture partnerships for Special Purpose Vehicle concessions and the requirements in terms of establishing a company for this purpose. In this respect discussions with NHAI concerning their planning for NH widening and potentials for SPV may be appropriate.</i>
19.2f	engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;	<i>Review the requirements of the Authority in terms of its functions and personnel. Identify those functions that may be required to be outsourced. Establish a database of potential partners in PSP ranging from contractors, to consultants, to financial institutions, with some measure of past performance and quality.</i>
19.2g	advise the State Government on matters relating to State Highways;	<i>Establish a database of State Highways, initially for those roads entrusted to the Authority. As a second step it may be considered appropriate to include within the database all roads that comprise the Core State Highways network. This can then be used for planning purposes. Although National Highways come under the auspices of MoRTH/NHAI it may also be appropriate to include these within the database, especially in relation to both item 19.2e and future planning. In the longer term it may also be considered appropriate for all State Highways to be included in the SHA database.</i>
19.2h	collect fees on behalf of the State Government on such terms and conditions as may be specified by the State Government; and	<i>Review the current situation with regard to user fee collection of tolls/levies as this relates to State Highways. For example, bridge tolls on State Highways should be managed by the SHA.</i>
19.2i	take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any	

Item	Detail	Remarks
	power or the discharge of any function conferred or imposed on it by this Act	
19.3	Nothing contained in this section shall be construed as:-	
19.3a	authorising the disregard by the Authority of any law for the time being in force; or	
19.3b	authorising any person to institute any proceeding in respect of a duty or liability to which the Authority or its officers or other employees would not otherwise be subject under this Act	

In terms of the financial aspects of the Authority, the following details are included in the Act;

Item	Detail	Remarks
<b>Additional capital &amp; grants to the Authority from State Government</b>		
20	The State Government may, after due appropriation made by the State Legislature, by law in this behalf, -	
20a	provide any capital that may be required by the Authority for the discharge of its functions under this Act or for any purpose connected therewith on such terms and conditions as the State Government may determine;	<i>This requires that the SHA prepares an annual capital and operations budget which should be accompanied by a plan of their proposed undertakings for the next year and a forward plan for the next five years.</i>
20b	pay to the Authority, on such terms and conditions as the State Government may determine, by way of loans or grants such sums of money as the State Government may consider necessary for the efficient discharge by the Authority of its functions under this Act.	<i>Requirement as in (20a) above</i>
<b>Fund of the Authority</b>		
21.1	There shall be constituted a fund to be called the Uttar Pradesh State Highways Authority Fund and there shall be credited thereto, -	<i>It is understood that the State Highways Authority has created a specific SHA Fund which has been credited with a loan of almost 150 Crore from Government.</i>

Item	Detail	Remarks
21.1a	any grant or aid received by the Authority;	<p><i>A full management accounting system requires to be established within the Authority that not only accounts for the Authority operating expenses but also relates costs, expenditures, 'draw downs', payments etc., to projects. Such a system should also provide the means whereby each individual projects financial progress and performance can be monitored. Given that the act refers to salary and allowances, a full salary structure and salary scales requires to be agreed.</i></p>
21.1b	any loan taken by the Authority or any borrowings made by it;	
21.1c	any other sums received by the Authority;	
21.2	The fund shall be utilised for meeting -	
21.2a	expenses of the Authority in the discharges of its functions having regard to the purposes for which such grants, loans or borrowings are received and for matters connected therewith or incidental thereto;	
21.2b	salary, allowances other remuneration and facilities provided to the members, officers and other employees of the Authority;	
21.2c	expenses on objects and for the purposes authorised by the Act	
<b>Budget</b>		
22	The Authority shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year showing the estimated receipts and expenditure of the Authority and forward the same to the State Government.	<p><i>Annual budget requirement needs to be prepared in a timely manner for the State Government. This will require to include not only the general operating expenditures of the Authority but also expenditure requirements that may be project specific. [As for (20a)]</i></p>
<b>Investment of funds</b>		
23	The Authority may invest its funds (including any reserve fund) in the securities of the State Government or in such other manner as may be prescribed	<p><i>This provides the Authority with the means to ensure that any 'spare' funds can be 'gainfully employed'. This will require careful financial planning to ensure funds are not 'tied up' when required. Currently it would appear that the 150 Crore loan is not enjoying any beneficial placement.</i></p>
<b>Borrowing powers of the Authority</b>		
24.1	The Authority may, with the consent of the State Government or in accordance with the terms of any general or special authority given to it by the State Government, borrow money from any	<p><i>This should be reviewed in relation to BOT mechanisms and should be accompanied with a financial evaluation of the implications of adopting any particular funding method for any specific</i></p>

Item	Detail	Remarks
	source by the issue of bonds, debentures or such other instruments as it may deem fit for discharging all or any of its functions under this Act.	<i>project. This can then be given to Government for their approval.</i>
24.2	Subject to such limits as the State Government may, from time to time, lay down, the Authority may borrow temporarily by way of overdraft or otherwise, such amounts as it may required for discharging its functions under this Act.	<i>This requires the Authority to provide a complete budget and funding requirements, with proposals, for endorsement.</i>
24.3	The State Government may guarantee in such manner as it thinks fit the repayment of the principal and the payment of interest thereon with respect to the borrowings made by the Authority under sub-section (1).	<i>Similar to (24.2) the Authority will be required to make representation to Government with any proposals for such in order to seek approval and endorsement.</i>
<b>Annual Report</b>		
25	The Authority shall prepare, in such form and at such time in each financial year as may be prescribed, its annual report, giving a full account of its activities during the previous financial year, and submit a copy thereof to the State Government.	<i>Given that the SHA has been in existence since 2004, it would appear that, as yet, no Annual Report has been filed with the State Government. If this is the case then the Authority would be in contravention of the Act of establishment.</i>
<b>Accounts and Audit</b>		
26	The account of the Authority shall be maintained and audited in such manner as may, in consultation with the Accountant General of the State be prescribed and the Authority shall furnish, to the State Government before such date as may be prescribed, its audited copy of accounts together with the auditor's report thereon.	<i>Given that the Authority already has offices and, what can be termed, senior level management, there have clearly been expenditures. Here again, the preparation and audit of the accounts and the submission of such to the State Government, do not appear to have been filed. If this is the case then the Authority would be in contravention of the Act of establishment.</i>
<b>Annual report and auditor's report to be laid before legislature</b>		
27	The State Government shall cause the annual report and auditor's report to be laid, as soon as may be, after they are received before each House Legislature.	<i>As for item 26</i>

It is clear that at present UPSHA is in its infancy and requires both commitment from the State Government and action from both Government and the Authority in a number of areas, if such a corporate body is to succeed. This cannot be a quick nor will it be an easy process but the key to success will be the starting of the process in manageable steps.

## 4.2 PROPOSED ACTION STRATEGY

The first step in the process of establishing a functional Authority requires commitment from Government as to the State Highways Authority establishment and a clear and unambiguous mandate as to its position within overall organisational structure of Government, its role and objectives. In essence, Government has already shown commitment for a State Highways Authority given the Act of establishment and the provision of an office and certain personnel.

It is stated that the Act is; "... to provide for the constitution of a State Authority for the development, maintenance and management of State Highways and for matters connected therewith or incidental thereto.", and as such might well be interpreted to mean all State Highways.

However, under 'Property & Contracts, (item 14)' the Act then goes on to establish that the State Government will hold the power to vest and entrust any State Highway, or any stretch thereof, to the Authority. Both the asset and any liabilities of the State in the connection thereof will be transferred to the Authority.

At present some ten State Highways, or sections, have been transferred to the Authority, as given in Annexure C<sup>9</sup>. In order to further strengthen the area and activities of PPP/PSP in the state, it is imperative that a study be initiated on the Core Road Network, for identification of the probable candidate roads for private sector participation

## 4.3 PROPOSED ORGANISATIONAL STRUCTURE

Whilst some personnel have been allocated to some positions within the Authority there does not appear to be a clear structure to the organisation. The Executive Committee<sup>10</sup> [EC] is therefore considered to be the key to the organisation and as such they should be persons who have no other responsibilities outside the organisation with a clear mandate and contractual period of service. The EC represents the top level of management within the Authority. Whilst two out of the four positions have been assigned [Members Administration and Technical]<sup>11</sup> both

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<sup>9</sup> It is understood that in April 2005 the Authority issued a request for EOI for the undertaking of a DPR on each of five out of the ten State Highways that had been transferred [one maintenance and four upgrading projects]. In May 2005 a short list was issued and following the receipt of the technical and financial proposals in July, these were evaluated and the consultant selected in August 2005. To date it would appear that whilst the consultants have been selected, no further action has taken place in terms of award of contracts and mobilisation. The reasons for this are unclear.

<sup>10</sup> Under the Act this is to comprise a Chief Executive Officer and Members Finance, Technical and Administration

<sup>11</sup> Member Technical retires from PWD at the end of June 2006 after which it must be assumed that this position will become vacant

the CEO and Member Finance remain vacant. Both Member Technical and Administration are from PWD with the position being assigned as an 'additional charge'.

#### 4.3.1. Organisational Task Structure at Senior Level

<b>Action/Task No 1</b>	Select and/or confirm persons for the positions within the Authority of CEO and Member(s) Administration, Technical and Finance.	Steering Committee to undertake preliminary review & selection of potential candidates for the positions for final review and candidate selection by the Governing Council
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<b>Action/Task No 2</b>	Develop a clear mandate for the CEO and each member with contractual arrangements and period of tenure.	IDS cell to develop and present to Steering Committee for review and ultimate presentation to the Governing Council for endorsement
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In Annexure D a first organisational task structure for the SHA is shown. Whilst the Executive Committee [EC] positions are, at this stage, assumed to be assigned, the items shown below this top level of management represent, what can be considered to be the principal tasks that the SHA may well be expected to undertake. These are not necessarily structural positions requiring personnel; for example one or more persons may be deemed necessary for an individual or multiple task(s). Similarly, some of the tasks may not be required to be undertaken at present and, consequently, may not therefore require personnel at this time. The principle tasks of the EC will be to;

<b>Action/ Task No 3</b>	Review the UPSHA Act and identify the tasks that the SHA require to undertake. Prepare a "Mission Statement" and define objectives & scope of work.	Each Member individually and then as the Executive Committee pass agreement & submit to GC for agreement and endorsement.
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<b>Action/Task No 4</b>	Prepare detailed short term and outline of proposed medium term work programme for roads entrusted to the Authority & State Highways in general	Member Technical for endorsement by EC
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<b>Action/Task No 5</b>	Review staffing requirements and prepare a short & medium term personnel staffing plan.	Member Administration in consultation with each member and CEO for endorsement by the EC
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<p><b>Action/Task No 5A</b></p>	<p>Develop/identify</p> <ul style="list-style-type: none"> <li>- grade &amp; salary structure</li> <li>- identify grades for “deputation” &amp; contract hire</li> <li>- terms &amp; conditions for “deputation” &amp; contract hire plus tenure, as applicable</li> <li>- methods for advertising and requirements of applicants</li> <li>- interviewing/selection procedures &amp; protocols</li> </ul>	<p>Member Administration in consultation with each member and CEO for endorsement by the GC</p>
<p><b>Action/Task No 6</b></p>	<p>Prepare job descriptions based on agreed staffing requirements/plan</p>	<p>Member Administration for endorsement by EC</p>
<p><b>Action/Task No 7</b></p>	<p>Identify office equipment needs &amp; furniture requirements</p>	<p>Member Administration for endorsement by EC</p>
<p><b>Action/Task No 8</b></p>	<p>Prepare an operations budget plan for the SHA authority</p>	<p>Member Finance for endorsement by EC</p>
<p><b>Action/Task No 9</b></p>	<p>Take the necessary steps to ensure that the “Uttar Pradesh State Highways Authority Fund” account is open &amp; operational</p>	<p>Member Finance for endorsement by EC</p>
<p><b>Action/Task No 10</b></p>	<p>Develop financial systems, operational procedures and control [for cash and ‘fund’ accounting], disbursement and monitoring etc.</p>	<p>Member Finance for endorsement by EC</p>

Apart from the official deputation or contractual hire of the Authorities senior management, the actions detailed above represents the immediate tasks of this cadre within the organisation.

The senior level of UPSHA comprises a Chairperson and, in accord with the Act, has a maximum of three full time members. This group is defined within the Act of establishment as the Executive Committee [EC]. These appointments are made by Government who should stipulate, the term of office, conditions of service and remuneration. SHA for its part can, in accord with the Act, appoint any number of officers and employees as it deems necessary.

In addition it would also be recommended that PWD should also have representation on the EC and the Board of UPSHA. This should be in balance with those from UPSHA and so three senior officers from PWD should be assigned. At this stage it is recommended that under the proposed new organisational structure, the officers should be:

1. Director General of Works [PWD],
2. Deputy Director General, Policy & Planning, Management Information Systems and Finance and,
3. Engineer in Chief, Special Projects.

In the situation where the Executive Committee votes on an issue and the vote is 'tied', the Chairperson of UPSHA would have the casting vote.

SHA can outsource design, construction and supervision as well as employ other private expertise in the areas of consultancy and/or advisory assignments. It would appear that human resources are, and can be, provided either on deputation from within Government or on a normal contractual basis. It is clear that officers on deputation may become an issue in terms of knowledge retention within the authority and, the development of a strong organisational structure. Due cognisance of this, and the length of tenure for deputation, requires to be given at an early stage by the EC in order to ensure continuity. It is not recommended that any officers within the Authority be appointed to a position as an 'additional charge' as their full commitment to the Authority in terms of time and effort, is required.

In overall terms the responsibility of the EC is for the overall management of the Authority, ensuring that Governments objectives and policy in relation to State Highways is implemented. Whilst it is not to be expected that the EC be directly involved with the day to day running and management of activities of the Authority, it should be responsible for them to the Chairperson. The Chairperson should be responsible to the Governing Council for all activities undertaken by the Authority. Responsibility for both project development and management should rest with Member Technical whilst the remaining two Members should be responsible for, as their title implies, Finance and Administration. In the latter case, Member Administration should also be responsible for an IT section within the Authority. The principle area of work that the Authority will be responsible for will be that as it pertains to the roads entrusted to it in terms of PSP. This can be summarised as shown below.

Item	Model	Role of SHA	Role of private sector
1	Traditional construction and maintenance contracts	Project preparation, bidding process, award and funding. Note (i)	Project construction
2	Annuity type contracts	Project preparation, bidding process and award. Indirect funding – pay a fixed time payment (annuity) to the private sector body for a fixed term. The annuity would form the bidding criteria with the private sector body quoting the least annuity being awarded the project	Financing, project construction and maintenance for a fixed term. The Authority may develop separate operations / tolling contracts.
3	Build-Operate-Transfer contracts (including all variants)	Project preparation, bidding process and award and administrative support in the construction and operations phase.	The private sector is responsible for financing, construction and operations and maintenance for a fixed term.
4	Special Purpose Vehicles	SHA would create an SPV with another interested entity and then awards the BOT concession to this entity. Thereafter the concession operates like a BOT contract.	The SPV is responsible for financing, construction and operations and maintenance for a fixed term. Within the National Highways Authority of India this has been used primarily for port connectivity projects.

**Note (i) Time & Materials Contracts:** Under this type of contractual partnership, the public sector has the most control during the term of the relationship. There are no performance-based measured outcomes. Performance thresholds are not identified, and there are no reporting mechanisms for performance.

**Fixed Price Contracts:** Under this type of contractual partnership, the public sector customer has less control and must define the deliverable(s) for the contractor. Outcomes are identified as “deliverables”, and typically not in the form of time or quantities, nor are they measured during the course of the contract. Whilst there will be a desired outcome implicitly determined, there will nevertheless be uncertainty as to how these outcomes will be achieved by the private sector.

**Performance Based Contracts:** This type of contractual partnership is actually a marriage between the previous two with joint solution design meetings and mutually agreed upon service level agreements. Performance thresholds and reporting mechanisms are jointly established between the public sector customer and private sector supplier. The public sector states the objectives and required outcomes, and performance is measured on a predetermined and consistent basis.

In terms of operational requirements, and based on the Act of establishment, in the medium term it is suggested that initially the SHA should be entrusted with the UP Core network and, in the longer term, the entire State Highways network, with objectives similar to that of the following;

*“Plan for, build and maintain a safe and efficient Core road network that meets the current and future social and economic needs of the State of Uttar Pradesh and to;*

- *develop an efficient State Highway road system that encompasses all transport needs in order to ensure the efficient, reliable and uninterrupted flow of goods and passenger traffic, both within the State as well as on inter-State corridors;*
- *continue to take account of improved technology by introducing better construction and maintenance methods with a view to reducing overall transport costs, as well as, the life cycle cost for roads;*
- *introduce scientific principles for resource allocation within the areas of construction and maintenance;*
- *establish high standards of both road safety and travel comfort.”<sup>12</sup>*

Clearly, this cannot be achieved immediately and so the following staged ‘hand-over’ of the Core network, to SHA, is suggested;

- those State Highways that have been the subject of the on going World Bank Loan
- the remaining State Highways that comprise the Core network
- the remaining State Highways [Optional]

<b>Action/Task No 11</b>	develop a proposal for a phased ‘take-over’ of the UP Core State Highways network	EC to present proposals to the Governing Council [GC] for discussion with PWD Steering Committee for final agreement and endorsement
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**(a) Road Database Management Section**

As a part of the SHA functions as given in the Act, the Authority is also required to undertake road planning and, ultimately, network planning. The key to this will be the availability of both a road data base and the necessary tools to undertake specific analyses in order to develop projects, programmes and road/network development proposals.

To do this it will be essential that the Authority has a road inventory and condition database as a part of a Road Maintenance & Management System RMMS. This has already been foreseen within the Act of establishment of the Authority given that as a part of its functions it is identified that the Authority will;

<sup>12</sup> Taken from the Corporate Business Plan - R&BD Gujarat

“19.2a ...survey, develop, maintain and manage highways vested in, or entrusted to it

19.2a(i) prepare immediate and long term plans for the maintenance and up-gradation of the State Highways that are entrusted to it;

19.2a(ii)develop a scientific Pavement Management System for systematising the maintenance operations and also lay down the standards for design and construction of state highways;”

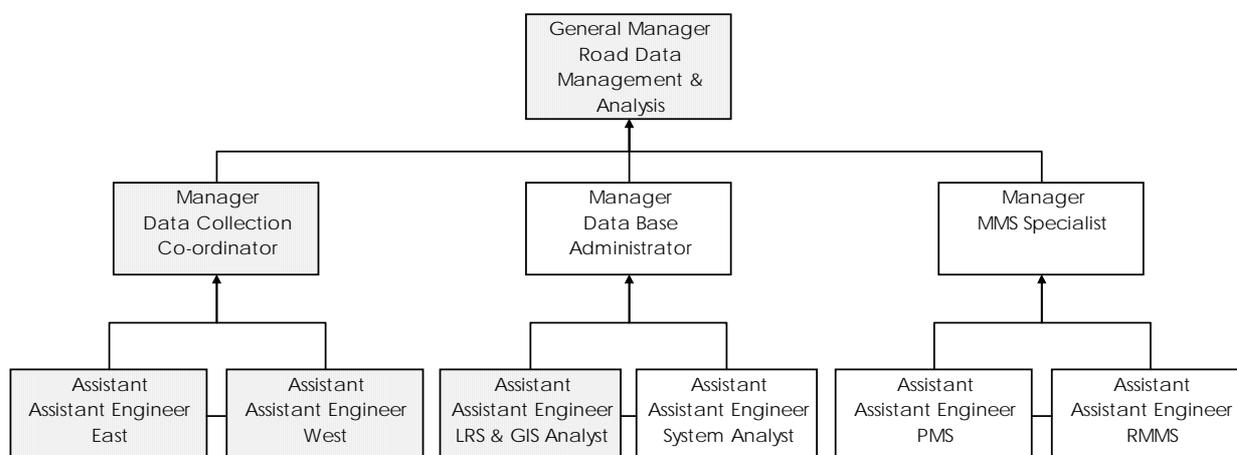
As a part of the TA one of the objectives is to; “Strengthen PWD core network road maintenance planning and management”, with one of the tasks assigned to the TA being to assist in the establishment of; “ .... Road Maintenance Management System featuring rational prioritisation on techno-economic criteria, and apply to the core network maintenance management and operational practices”

Given this, it is therefore recommended that the State Highways Authority be used as the pilot for the establishment of RMMS for the State Highway core network. Irrespective as to whether or not it is agreed to use SHA as the pilot for the development of an RMMS for PWD, it will still require to be developed within SHA, if the Authority is to fulfil its functions as defined in the Act. The following tasks will therefore need to be undertaken;

<b>Action/Task No 6A</b>	Establish an IT section to manage the computer operations & facilities of the Authority	All Members for endorsement by CEO
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<b>Action/Task No 6B</b>	Establish a core network Data Management & Analysis section to manage data collection & input and, ultimately the first stage analysis of the data.	All Members for endorsement by CEO
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As a first step, a suggested organisational structure for the section is given below for review. The positions highlighted in the chart need to be staffed as a priority.

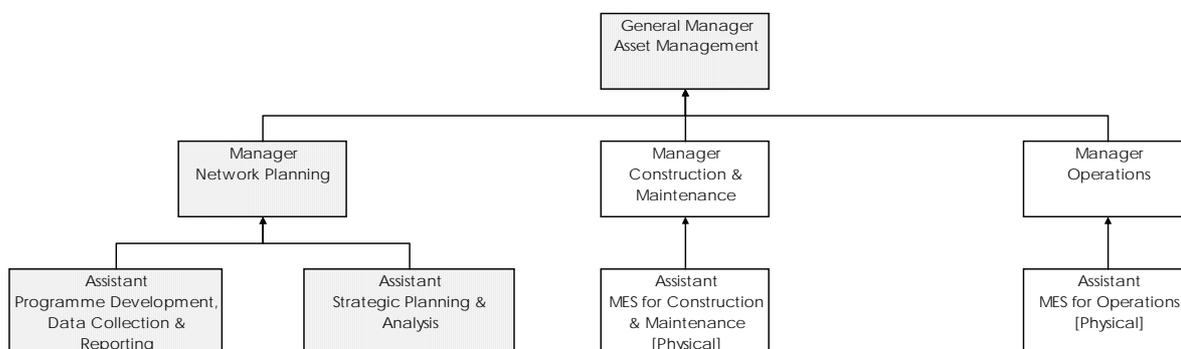


<p><b>Action/Task No 6C</b></p>	<p>Arrange for/collect, &amp; then input the required road data ;</p> <p>For the ten State Highways entrusted to the Authority</p> <p>For those State Highways currently a part of the ongoing maintenance &amp; upgrading contracts under the</p> <p>The remainder of the Core network and/or any other roads entrusted to the Authority</p> <p>For all National Highways in the State – this may not be to the degree required for State Highways.</p>	<p>To be detailed by Member Technical and delegated to the General Manager of Road Data Management &amp; Analysis section for implementation</p> <p>The data to be collected for the establishment of an RMMS/PMS has been defined by the TA in Working Paper 34 Irrespective as to whether or not UPSHA is agreed as the pilot for RMMS and the Core network, the Authority will need this data for item [a] and quite possibly item [b]</p>
<p><b>Action/Task No 6D</b></p>	<p>Review the ten State Highways entrusted to the Authority and any pre-feasibility studies that may have been undertaken for each. In addition, establish the current status of any DPR's for the five highways already tendered and, identify the objective of the DPR. Review the suitability for any potential BOT.</p>	<p>To be detailed by Member Technical and delegated to the General Manager of Planning</p>

**(b) Asset Management Section**

<p><b>Action/Task No 6E</b></p>	<p>Establish a Planning section. In the medium term the tasks of this section will need to cover; base traffic data &amp; forecasting; network/strategic planning; asset management; financial &amp; economic project studies using HDM4 as appropriate</p>	<p>The full spectrum of the units functions should be developed and detailed by Member Technical for endorsement by EC.</p>
<p><b>Action/Task No 6F</b></p>	<p>Establish a Monitoring &amp; Evaluation section to manage data collection &amp; input &amp; the monitoring of physical &amp; financial progress of projects</p>	<p>All Members for endorsement by CEO</p>

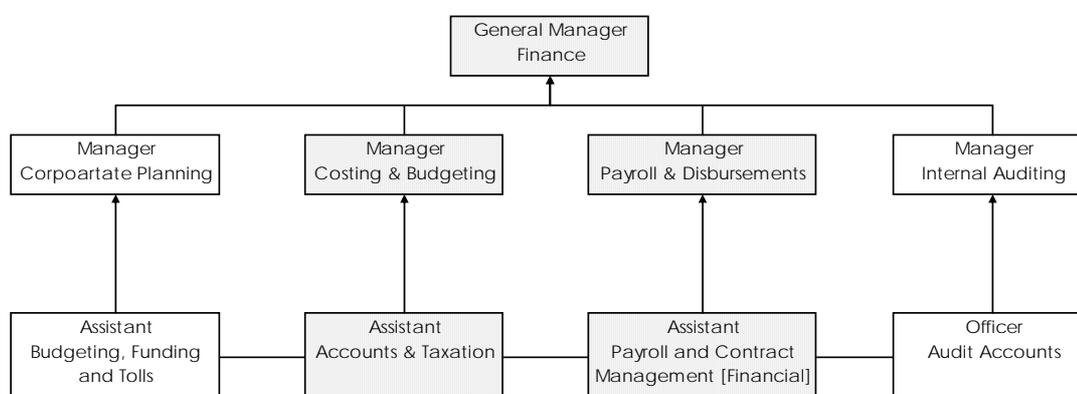
A suggested organisational structure for the asset management section, in terms of planning and physical monitoring, is provided below for review. In the case of construction & maintenance and, operations, it may not be essential that these positions be filled immediately. The positions highlighted should be staffed as early as possible.



**(c) Finance Section**

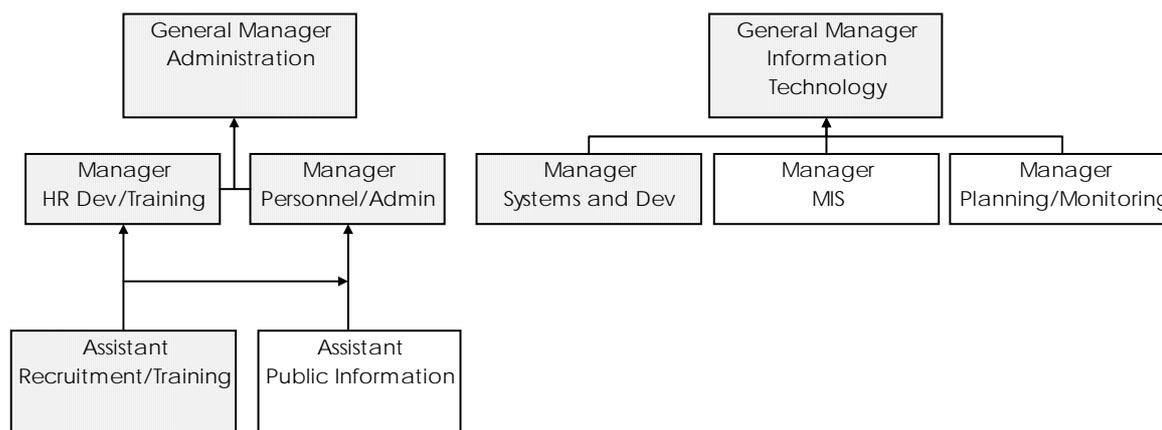
<b>Action/Task No 6G</b>	Establish a Financial Management section to manage data collection & input into an MES [Financial] & FMS	All Members for endorsement by CEO
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A proposed organisational structure for the finance section is also provided below for review. Here again, the positions required to be staffed as a priority are highlighted.



**(d) Administration Section**

Finally, it is also required that for the assignment of staff on deputation - and employment by contract hire - the correct procedures be in place with regard to assignment and terms and conditions etc. As such it will be required that a strong administration section be in place. This section will also need to review training requirements and implement such as soon as possible. Furthermore, it will also be necessary that the appropriate computer facilities be both in place and maintained. A suggested structure for Administration is given below, for review. The assignment of the highlighted personnel should be undertaken as early as possible.



#### 4.3.2. Overall Structure of the Authority

In overall terms, a first tentative structure for the Authority is therefore presented in Annexure E for review. Given the suggestions, recommendations and actions identified, then it is to be hoped that all the highlighted positions in the structure will have personnel assigned at the earliest. It is to be anticipated that the Authority will also have a clear mission statement with its role, objectives and undertakings being clearly defined. It would then be pertinent to undertake a further review of the Authority in order that the next stage of development for the SHA, and PSP, can be identified in conjunction with the development of first draft proposals for a medium term PSP roads project plan and funding.

## 5. SUMMARY & CONCLUSIONS

Private Sector Participation [PSP] in Public, Private Partnership [PPP] is a cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.

The objective in respect to PSP has been identified in the IDSP as the enhancement of “... PWD support for Private Sector Participation in roads development”. In terms of actions required this has then been more latterly encapsulated in the “Status during MTR” statement<sup>13</sup> which states;

*“GOUP [has] already established Uttar Pradesh State Highway Authority for PSP, privatisation and outsourcing. The ISAP consultants to study the present system and suggest some modifications, if necessary, for [the] smooth functioning of the Authority.”*

The foregoing therefore represents the proposed first stage of the implementation process for the provision of a functioning UP State Highways Authority for the further development of PSP. At this stage it can be foreseen that there may initially be problems in assigning, on deputation

<sup>13</sup> Institutional Development & Strengthening Action Plan - Aide Memoire, World Bank: Mid-Term Review Mission 3<sup>rd</sup> to 13<sup>th</sup>, April 2006

or contractual basis, the members of the Executive Council in the time scale proposed. This should not, however, halt the development of the Authority in this initial stage.

It has been proposed that the Authority be a pilot for the establishment of RMMS and, as such, the staff identified should be made available within the Authority as soon as possible in order that they can be trained and become proficient in the tasks that have been prescribed. Again it must be reiterated that irrespective as to whether or not the Authority is chosen to be the pilot for RMMS, the Authority will, nevertheless, be required to carry out the tasks identified under the Act of its establishment and will, therefore, require a RMMS.

That is not to say that the assignment of senior management to the EC should be left in abeyance. This should be 'actioned' as soon as possible in order that overall management and direction can be given to the Authority as early as possible. As noted previously, the EC is the key to the development of a functioning Authority with the perspective of efficient PSP. The EC should therefore be in place as soon as possible.

With regard to the assignment of any person to the Authority, a clear statement is required from Government concerning both, deputation and period of tenure, plus, the organisational grades and salary scales for all personnel of the Authority, whether they be on deputation or contract hire.

It is clear that the vast knowledge of the network, especially that of the Core Network, is to be found in PWD and that a large number of the technical personnel required by the Authority could, in the main, be sourced from existing staff on deputation. There will, nevertheless, be positions that could well be sourced from the private sector on a contractual basis, for example, finance, administration, HR development and training etc. In all cases it will be essential that a clear job description of the position be developed and each candidate be evaluated on the basis of both knowledge and experience necessary to fulfil the role ascribed. However, it is not recommended that any person be assigned from Government to the Authority on the basis of 'an additional charge'.

Asset management is a key area for both PWD and SHA. To date some 1,250 kilometres of road have been entrusted to the Authority for which, at this stage, there appears to be no clear "medium term PSP roads project plan". Given that it is anticipated that the road data for the ten highways already entrusted to the Authority will not be available until December 2006, then the staff identified for the planning functions should be in place soon if they are to be trained in computer principles, HDM4, economic and financial analysis, broad based environmental issues and planning, prior to the availability of the data. It will also be the job of the section to follow up on any other State Highways that may have further been entrusted to the Authority during the intervening period. Only by reviewing the condition and requirements of each highway entrusted to the Authority can a clear medium term plan be identified for PSP in maintenance, strengthening, widening or development in relation to the PSP mechanisms that could be employed.

The Financial management of the Authority and the establishment of clear procedures and protocols is of great importance. It will therefore be essential that the section dealing with financial matters of the Authority be in place at the earliest. To this end it is proposed that certain

key officials be assigned initially, in order to establish accounting, salary and disbursement procedures.

Similarly with Administration, it will also be essential that both the terms and conditions of assignment, recruitment, and selection procedures, be detailed and, most importantly, the development of training programmes for personnel be developed. As such it will be important that key administration positions within the Authority be assigned at the earliest possible date.

## Annexure A – Objectives of PPP/PSP

### Political

- *Finding the means to implement a project:* In general politicians want to deliver physical/tangible benefits to the general public as soon as possible. Moreover, it could be that the public sector cannot undertake a project for reasons of size, technology requirement, funds availability, lack of experience etc.
- *Allow public funds to be allocated to other needy or priority projects/sectors :* By embracing PSP/PPP it may be possible to obtain private sector investment in the public sector.
- *Reduce taxes and/or make available technology transfer :* Through the entering into partnership with foreign consultants, investors, financial institutions, contractors, operators etc., this can provide the catalyst for such.

### Efficiency

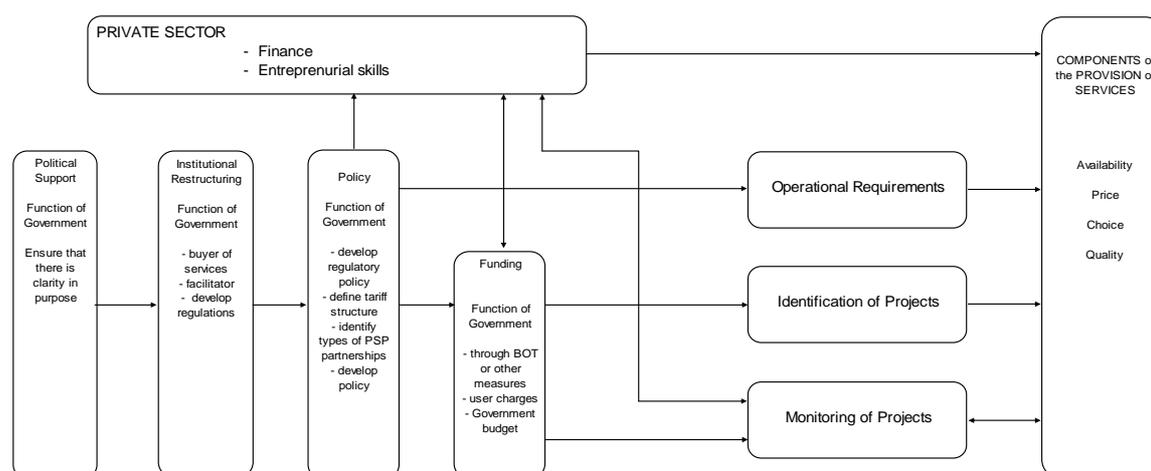
- *Improved roads for users :* Improved road surface quality, reduced journey times and the potential for higher quality/technology infrastructure through international involvement
- *Improved decision making through a clear definition of risk :* The sharing and allocation of 'risk' to those best able to accommodate, control and insure against risk.
- *More efficient/improved project performance through faster implementation and lower cost :* Preparation, bidding and construction costs will probably be lower with contracts and any contractual agreements being linked with operations, payments and risk.
- *Improved public sector productivity :* The performance and experience of PSP/PPP could stimulate improvement of existing public sector resource use.

### Social & Environmental

- *Ensure social equity objectives :* To achieve this through; maximising the zone of influence of a project, distribution of benefits to low income users and, ensuring that the given process for acquisition/resettlement is followed.
- *Ensure environmental objectives :* By ensuring quality of planning & design and, implementation of EMP in accord with due process

### Aspects on PSP/PPP

In such public and private sector partnerships, the public sector is usually represented by the roads agency, and the private sector by an enterprise or consortium of firms, road operators, consultants, entrepreneurs, and/or financial entities. A generalised strategy for PSP for PPP might therefore be defined as below



With a joint alliance between the public and private sector for normal contractual relationships, and beyond, it is essential that the qualities and expertise of each be embraced in the quest to achieve the common objective and implement the best qualities and competency of each partner in the alliance. With road projects being generally medium to long term in nature, it is essential that such collaboration be sustainable, given that the roles of each party may well have changed. Such changes in the role of the public sector agency may well require definitive policy direction from decision makers. Clearly, the longer the term of a project the more critical and relevant becomes the partnership as uncertainties become more prevalent over time.

The answer to the question of what are the expected benefits from PSP/PPP, for the public sector, can therefore be summarised as follows;

- Increased efficiency in the execution of projects
- The increasing and enhancing of implementation capacity
- A reduction in risk for the public sector
- The mobilisation of financial resources
- The 'freeing' up of scarce public funds for other uses

There is however, no guarantee that the private sector will be willing to enter into partnership with the public sector agency. In general terms, the private sector will consider entering into partnership if it considers that the project has an acceptable chance of success and the legal, statutory and institutional environment is such that it will preserve their interests throughout participation.

The criteria that a private sector entity uses to establish whether or not the legal, statutory and institutional framework for a project is acceptable will depend on both the type of project on offer and, the entities own individual perception of the project and its requirements. Nevertheless, it will be important that a suitable environment exists in terms of both the institutional and legal framework. As such it is therefore important to ensure that both the institutional and legal framework is in place to allow for the development of PSP/PPP. Furthermore, policy makers

should have thorough knowledge of the capacity of the private sector and their potential fields of involvement, in order to ensure that PSP/PPP policy can be unambiguously defined to reflect the involvement of the private sector in the provision of road services.

Given that the areas exhibiting the most potential for improvement have been identified, decision makers will need to make choices. It is therefore important to consider the comparative advantages of the public and private sectors and the critical role of improved regulation and governance, including transparency, enforcement of contracts and, if necessary, the adoption of viable commercial tariff structures. There is also a need to review the strengths and weaknesses of the process that can be used to implement such investments. The opportunities and risks of any new approaches need to be addressed, namely the case for expanding the emphasis on user focus and privately managed concessions. For BOT type schemes it is of importance to develop 'bankable' projects, ideally backed by the security of government guarantees or public sector assurances. Taking the road system as the framework, the issues that need to be addressed comprise but may not be limited to;

- What are the limits and constraints of the existing economic and administrative framework.
- What are the potentials offered by the existing legal framework.
- What are the activities that can be politically passed over to the private sector.
- What process of implementation is possible, acceptable and preferred

On this basis road policy, protocols and procedures must be defined with the agenda comprising the;

- reform of the roads agency towards the commercial management of road assets
- implementation of longer term reforms to provide the catalyst for further PSP/PPP implementation
- selection of options that address specific objectives for the network
- introduction of planning consistent with these activities

The introduction of a clear PSP/PPP policy requires the defining of the role of the road sector agency/Government in the transport sector and the changing of the focus from that of the supplier of roads to that of regulator/manager. In addition consideration should also be given to the allocation of scarce public resources and the need to increase community participation in the decision making process<sup>1</sup>.

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<sup>1</sup> Both community participation and a review of the fund requirements and the mechanisms for the funding of roads is a part of the TA services to be provided

## Annexure B - Governing Council and Present Staffing of UPSHA

*The governing council of UPSHA comprises*

Chairperson	:	the Chief Minister
Vice Chairperson	:	the Minister, Public Works Department
Member	:	the Minister of Finance
Member	:	the Minister of Planning
Member	:	the Chief Secretary
Member	:	the Principal Secretary, Finance
Member	:	the Principal Secretary, Planning
Member	:	the Principal Secretary, Public Works Department
Member	:	the Engineer in Chief, Public Works Department
Expert Members	:	two [2] nominated by the Council
Member Convenor	:	Chief Executive Officer of UPSHA

All the members of the GC are 'ex-officio' with the exception of the Expert Members who were deemed to comprise one from the field of economics, finance, administration or banking and the other from the field of civil construction works [preferably roads]. The latter members of the GC have a tenure of three years. The timing of GC meetings is not specified.

In addition to the GC, provision is also made for an Executive Committee [EC] whose function is to run and operate the Authority and report directly to the GC. The EC comprises the following:

Chairperson	:	Chief Executive Officer
Member	:	Finance
Member	:	Technical
Member	:	Administration

The offices of UPSHA are located at the following address;

4th Floor, Mandi Bhawan,

Vibhuti Khand, Gomti Nagar, Lucknow (UP)

Tel : 0522-2236496, Fax : 0522-2236556

The office of SHA is housed in a modern building having a floor area of some 2,400 sq ft. and is already 'fitted out' with desks/work stations, in an open plan area, sufficient to accommodate approximately 30 persons. There are also some 10 separate offices located around the periphery of the open plan area.

In terms of the technical staffing of the Authority, and that identified within the documentation obtained from UPSHA, the current situation is as shown in the table below.

Position	Name	Remarks
Chief Executive Officer	VACANT	Previously T Venkatesh [IAS] who has been transferred
Member Administration	M Chouhan	Previously M Kumar Meshram [IAS] who has been transferred. It is to be noted that the current member has been assigned this position as an 'additional charge' to his position in PWD since May 2006
GM Administration	VACANT	
Manager IT	VACANT	
Computer Operator	VACANT	
Member Technical	K B Bansal	Assigned as an 'additional charge' and is scheduled for retirement from PWD at end June 2006
GM Technical	VACANT	
Manager	G K Srivastava	On 'deputation' from PWD with the 'additional charge' of GM Technical as and when required
Manager	S Raj	Previously U N Pradhan who has been transferred – Mr Raj is on 'deputation'
Computer Operator	VACANT	
Member Finance	VACANT	
GM Finance	R P Singh	On 'deputation' from Finance Dep't Since June 2006 - previously R Srivastava who has been transferred
Accountant/Cashier	R C Singh	On 'deputation'
Computer Operator	VACANT	

Under the UPSHA Act of establishment, the Authority may;

*“For the purpose of discharging its functions, ..... shall appoint such number(s) of officers and other employees as it may consider necessary on such terms and conditions as may be laid down in the regulations. .... appoint, from time to time, any person as advisor or consultant as it may consider necessary, on such terms and conditions as may be laid down in the regulations.”*

Whilst the Act allows for the appointment of officers and employees as deemed necessary, as can be seen from the above, the compliment of senior and middle management staff cannot be considered adequate in order for the Authority to function. It is clear that a full EC is required to both manage the Authority and initiate the recruitment of staff.

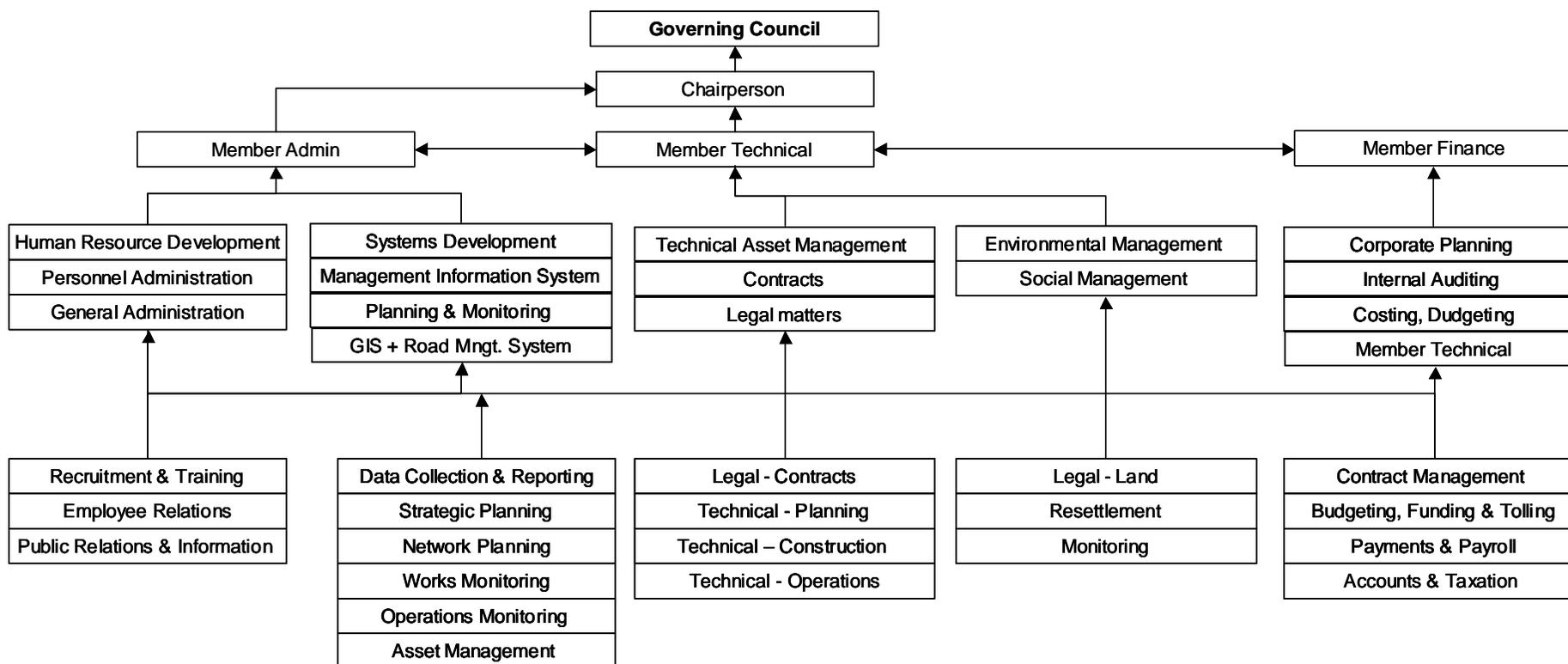
**Annexure C – Roads Entrusted to the State Highways Authority**

No	Name of Road	Road Category	Core Network Length <sup>2</sup>	Length [kms] entrusted to SHA	Approximate Cost [Rs Mill] <sup>3</sup>
1	Delhi-Bagpat-Saharanpur	SH No 57	394	200	3,000
2	Kalpi- Hamirpur	SH No 60	na	60	1,200
3	Bareilly-Baheri-Kichchha	SH No 37	211	64	1,500
4	Sitapur-Bilgram-Hardoi	SH No 21	393	110	1,700
5	Lumbini-Duddhi	SH No 5	na	100	1,500
6	Badaun-Bahoji-Sambhal-Gajraula-Bijnore	SH No 51	na	195	3,000
7	Bilhaur-Rasulabad-Bela-Etawah	SH No 40	127	104	1,600
8	Bahraich-Sultanpur-Azamgarh	SH No 26	408	217	3,300
9	Raibareilly-Sultanpur-Azamgarh	SH No 34	213	215	3,300

**Notes :**

- 1 Source; GOUP – PWD Private Sector Participation document
- 2 Source; DHV Maintenance Management Study
- 3 It is not clear as to what this cost refers

Annexure D – Senior Level Structure and tasks of the UP State Highways Authority



Annexure E – Suggested overall Structure of SHA For review

