PPP in e Government

Lessons from India

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Challenges for eGovernment in India

- 1.2 billion people
- 600,000+ villages, 70% population rural
- Multi-ethnic, Multi-religious, Multi-lingual
- Low Literacy Rate (64.8%)
- Low Broadband penetration
- Multi-party, Multi-tiered democracy
- 35 States & UTs; 240,000 + Local Bodies
Issues in Service Delivery

- Air of Mystification about procedures
- Long Queues at delivery points
- Multiple Visits to Government Offices
- Outcome is in Suspense
- Gatekeepers at every turn
- Poor Quality of Service
- Service is a Mercy - not a Right
- Too many Intermediaries, Shortcuts
- Exception is the rule!
National e Governance Plan

Vision
“Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency & reliability of such services at affordable costs to realise the basic needs of the common man.”

Strategy
- Mission mode projects
- Integrated projects
- Common Services Centers
- State Wide Area Network
- State Data Centers
National e-Governance Plan

Projects (27)

Central (9)
- Income Tax
- Central Excise
- Passports/Visa
  - Immigration
- MCA 21
- Unique ID (UID)
- Pensions
- e-Office

Industry Initiative
- Banking
- Insurance

Integrated (7)
- e-BIZ
- EDI
- India Portal
- Common Service Centres
- NSDG
- e-Courts
- e-Procurement

State (11)
- Agriculture
- Land Records - I & II (NLRMP)
- Transport
- Treasuries
- Commercial Taxes
- Gram Panchayat
- Municipalities
- Police
- Employment Exchange
- e-District

Core & Infra Projects

SDC
SWAN
CSC
SSDG
Issues for E Government Projects

- Traditional Contracting has challenges
  - Low Accountability & Commitment of Contractor
  - Huge Risk for Government
  - No Incentive for improvement

- Technological intensiveness and obsolescence

- Strategic control of Government

- Interoperability of solutions

- Change management and Business Process Re-engineering

- Sustainability of the solution

- Exit management
PPP Models

- Passive Private Investment Govt Bonds
- Joint Ventures Co-ownership Co-responsibility
- Passive Public Investment Equity, Debt Guarantees Grants

Fully Public Sector
- Traditional Public Contracting Design Build
- Service Contract Operate and maintain Lease
- Build, Operate and Invest BOT Concession
- Agreeing framework Regulatory Dialogue Convenants

Fully Private Sector
- For-profit Non-profit
- Building awareness

Public Provider
- Investment Responsibility
- Government Role
- Private Enabler & Regulator
Types of PPPs

- Management Contracts
  - Management Contract
  - Management Contract (with rehabilitation/ expansion )

- Lease Contracts
  - Lease
  - Build Lease Transfer (BLT) or Build-Own-Lease-Transfer (BOLT)
  - Build-Transfer-Lease (BTL)

- Concessions

- Build-Operate-Transfer Contracts
  - Design-build-operate (DBO)
  - Build-operate-transfer (BOT)/ Design-Build-Finance-Operate-Transfer (DBFOT)
  - Build-operate-transfer (BOT) Annuity

- Build-own-operate Transfer (BOOT) Contracts
  - Build-own-operate-transfer (BOOT) or DBOOT
  - Build-own-operate (BOO)
Case Study : Common Services Centers
Common Services Centers: Vehicles of Inclusive Growth

- Front-end Delivery Outlets
- e-Kiosks: Above 100,000 CSCs
- Access to information
- G2G, G2C, B2C Services
- Public Private Partnership
- Service Procurement Model
- Uniform Geographical spread
Aligning stakeholders for mainstreaming rural India

- Largest PPP initiative in e Gov in India
- Largest telecenter project in World
- Project Cost – 1.3 billion USD
  - Private Partner – 1 billion USD
  - Government – 300 million USD
- Stakeholders - Government, Citizens, Civil Society Organizations, Businesses, Universities, Media, Social Enterprises
- State Telecom enterprise spearheading efforts to connect the last mile
Implementation Framework

DIT

SPV (Chairman- Secy, DIT)

STATE GOVERNMENT

SDA (Government Agency)

SCA (Private Partner)

VLE (Private Individual)

Citizens
PPP Framework

- Capex Investment by Private Partner (SCA/VLE)
- Opex by VLE
- Government to provide
  - G2C Services at CSCs
  - Program level support
  - Revenue viability gap support @ 75 $ / CSC/ month for 4 years
- Revenue Support to be arrived through a bid process
- Actual support sought was much lower
- Included Zero and Negative support!
Enabling Rural Transformation

- E-Government
- Education
- Tele-medicine
- Social Inclusion
- Agriculture
- Awareness
Challenges of public services delivery at the Last Mile

Last Mile Connectivity  Power back-up solutions  Backend Readiness

Viability and Sustainability Issues
Public Procurement in India - Background

- Procurement worth $2 billion per year in AP
- **Discrimination and delays** in tenders
- **Cartels** to suppress competition
- **Physical threats** to suppliers
- **Tampering** of bids
- **Human touch points** throughout the cycle
- **Lack** of transparency
- **Delays** in Tender evaluation and contract award

“Of government projects that fail, more than 50 per cent of those failures are ensured during the procurement process and leadership need to recognize they can and must do something about the problem.”

*John Kost, Managing Vice President, Gartner Research*
E Procurement Project Objectives

- **Economies of scale** through consolidated purchases
- **Reduced cost** of doing business for Government
- Level playing field and “fair” competitive platform for the suppliers
- **Curtail** the Procurement Life Cycle for increased Transparency
- Suppliers only need to maintain “**Single Point of Contact with multiple Buyers**”
- Availability of sufficient Data to carry out **micro-level spending analysis**
- Efficient **Monitoring and controlling** of end to end Procurement Cycle

Self-sustaining initiative … not necessarily a profit making business
The PPP model is of the **Built Owned and Operate (BOO) type.**

The private operator invested on Solution, Technology and Infrastructure.

Government shared the tender fees collected from the bidders with the operator.

Incentives for Usage

- **Pilot Phase**: Cost to government with ‘**No Cost**’ to Bidders
- **Rollout Phase**: Cost to Bidders with ‘**No Cost**’ to government departments
- **Ensured** easy acceptance from Bidders in the early stage
- **Speedy roll out** across government departments in the later stage
Benefits Realized

- Within 30 months, users included
  - 8 Government departments
  - 13 Public sector Units
  - 51 Municipalities
  - 5 Universities
- **Reduction in Tender Cycle Time**
  - From **90-135 days** to **35 days**
- **Instant access** to all tenders
- **Increased Transparency**
- **Cost Savings**
Critical Success Factors

- Presence of strong Political and Bureaucratic **Leadership**
- Effective Training and **Change Management** plan
- **Training of users** was very effective
- Nurturing CIOs as **Change Agents** and Project Champions helped
- **Public Private Partnership** was helpful in
  - **Scaling up** the transactions during roll out
  - Private partner had **resources** to meet the challenge.
- Sound **Business Model** for Pilot and Rollout Phases
- **Dedicated project teams** from both the service provider and the Government
- **24X7 help desk**, strong security features and MIS
Case Study: MP Online

**Project Objective**
To provide one-stop shop services to all the citizens of MP, any service, anywhere, and any time

**Current Status**
1. Project is in operation mode
2. MP Online Kiosk Network – 7113
3. More than 5.8 million transactions

**Achievement from the initiatives**
1. 24 x 7 service availability
2. Increased transparency
3. Reduction in costs incurred by the departments

**Project Highlights**
- A Joint Venture of GoMP (11%) & TCS (89%)
- No investment in infrastructure
- No IT trained manpower deployed by Govt
- No cost to any Govt Department
- Reduction in number of interfaceds(G2C)
- Integration with CSCs

**Challenges and Issues faced**
1. Connectivity in Rural Areas
2. Change Management of the ecosystem
PAYMENT OPTIONS

SERVICES ACCESSED DIRECTLY BY THE CITIZEN

- Using a Credit Card – Visa or Master card
- Using a Debit Card – Visa Debit or Maestro Card
- Using Net banking – State Bank of India, Axis Bank, State Bank of Indore
- Using pay-in slips – Axis Bank, State Bank of India

SERVICES ACCESSED VIA A KIOSK

- Using Cash

FOR KIOSK TOP-UPS

- Using Cash
- Self top-up – State Bank of India, State bank of Indore, Axis Bank, Union Bank of India
Case Study: Passport Seva project

**Project Objective**
Issue new passport within three days, improvement in service delivery with adoption of technology

**Current Status**
Pilot project successfully launched with successful launch of the application

**Achievement from the initiatives**
1. Passport delivered with three days time
2. Within 8 years the issuance of passport has tripled

**Project Highlights**

| Capital Cost: USD 225 million |
| PPP Structure: BOOT Model for 19 months |
| Project complies with ISO 27001 |

**Challenges and Issues faced**
1. Application development
2. Availability of physical infrastructure
3. Unanticipated and large delays
4. Resistance of employees
5. Perception of loss of strategic control
Responsibility of ICT Partner

- Share the Risk
- Invest in the project
- Provide a Single Point of Accountability
- Demonstrate long term commitment
- Demonstrate long term commitment

- Ensure Service Delivery as per SLAs
- Manage Obsolescence
- Manage technology stack – hardware & software
- Manage Services
- Monitor and ensure total security
## Benefits of PPP Model

<table>
<thead>
<tr>
<th>Citizens</th>
<th>Government</th>
<th>Private Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Easy Access to services</td>
<td>1. Minimizing financial outgo</td>
<td>1. Reliable stream of revenues</td>
</tr>
<tr>
<td>2. Single Window/one-stop shop</td>
<td>2. Better liquidity</td>
<td>2. Low risk</td>
</tr>
<tr>
<td>3. 24x7 convenience</td>
<td>3. Protection against technology obsolescence</td>
<td>3. Creation of employment</td>
</tr>
<tr>
<td>4. Flexibility in access methods</td>
<td>4. Speedier implementation</td>
<td>4. Capturing business from related sectors</td>
</tr>
<tr>
<td>5. Saving of indirect cost and hardship</td>
<td>5. Efficiency in management</td>
<td></td>
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PPP – The Lessons

PPPs are concerned with Services, not assets
- The government does not need to own infrastructure to deliver services

PPPs are a procurement option, not a novel method of developing public infrastructure
- PPP policy sits alongside other procurement methods – i.e. conventional, outsourcing, leasing etc.
- Suitable to some public projects, not all projects

PPPs are not “new money”
- Service outputs must be paid for, whether directly (e.g. service usage) or by appropriation
- Must therefore be affordable – either to users (service users) or to the Budget

Unlike privatization, PPPs usually involve the provision of new infrastructure
PPP – The Lessons

Sharing of risk
- Private party bears significant financial, technical and operating risk
- Promise of a sustained service

Capital investment and capacity building
- Significant private capital deployed for citizen services or use of already developed capabilities
- Building capacities for servicing at a faster pace

Joint ownership
- Well defined roles and responsibilities
- Clarity in ownerships and other terms
- Full control by Government over Key data

Strategic Control of Government
- Can not be outsourced
Q & A

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Corporate Affairs - Then!

- Ever-increasing corporates
- Physical Presence
- Limited Payment Options
- Limited Access Points
- Record Rooms Maintained Manually
- Paper Based Transactions
- Long Queues
### Rapid Economic Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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<tbody>
<tr>
<td>1957</td>
<td>29357</td>
</tr>
<tr>
<td>1960</td>
<td>26897</td>
</tr>
<tr>
<td>1970</td>
<td>29009</td>
</tr>
<tr>
<td>1980</td>
<td>56493</td>
</tr>
<tr>
<td>1990</td>
<td>202128</td>
</tr>
<tr>
<td>2000</td>
<td>542434</td>
</tr>
<tr>
<td>2010 (P)</td>
<td>846434</td>
</tr>
</tbody>
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No. of companies registered

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The graph shows the number of companies registered from 1957 to 2010 (P). The number grew significantly from 29357 in 1957 to 846434 in 2010 (P).
The PPP Model

- BOOT Model adopted – concession period of 6 years
- Designed to fully automate all processes of Companies Act
- Corporate returns filed with Digital Signatures
- Electronic payments enabled
- E filing mandatory for companies
- 45 million documents digitised
- 720,000 companies are users
- Change Management : Key to Success
The Transformation

**Previous**
- Fill up the form
- Get stamp paper
- Get draft from bank
- Go to ROC for filing
- Manual search in record room
- Get the retrieved document

**Current**
- MCA-21
  - Form filling
  - Filing
  - Payment
  - Data search
  - Data retrieval

Cont....
Achievements

1. Business – enabled to register a company and file statutory documents quickly and easily
2. Public – to get easy access to records and get their grievances redressed effectively
3. Professionals - to be able to offer efficient services to their clients
4. Financial Institutions – to find registration and verification of charges easy
5. MCA – to ensure proactive & effective compliance and corporate governance
6. Employees - enabled to deliver best of services

<table>
<thead>
<tr>
<th>Nature of Service</th>
<th>Prior to MCA21</th>
<th>After MCA21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name Approval</td>
<td>7 days</td>
<td>1-2 day</td>
</tr>
<tr>
<td>Company incorporations</td>
<td>15 days</td>
<td>1-3 days</td>
</tr>
<tr>
<td>Return Filing</td>
<td>60 days</td>
<td>Instantaneous</td>
</tr>
<tr>
<td>Change in directors</td>
<td>60 days</td>
<td>1 day</td>
</tr>
<tr>
<td>Inspection of public documents</td>
<td>Visit to ROC</td>
<td>Online</td>
</tr>
</tbody>
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Provides Any Time, Any Where access to MCA services on a 24X7 basis

- Revenue Increase by 72%
- ZERO Revenue Leakage
- Automation of all Internal Functions
- Transaction-wise Payment Reconciliation