

**PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURE
DEVELOPMENT AT MUNICIPAL LEVEL
[A CASE STUDY OF OVERHEAD BRIDGES]**

A Thesis:

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VIVA-VOCE SHEET

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*has been prepared as approved by this Department in the
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Pramod silwal

DECLARATION

I hereby declare that the work reported in this thesis entitled “ Public Private Partnership in Infrastructure Development At Municipal Level(A Case Study Of Overhead Bridges)” submitted to the office of the dean , faculty of management ,Tribhuwan University , is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of Dr. Sushil Bhakta Mathema of Nepal commerce Campus, TU.

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LIST OF ACRONYMS

BDO	: Build Develop Operate
BOO	: Build Own Operate
BOOT	: Build –Own-Operate-Transfer
BOT	: Build Operate Transfer
GOs	: Governmental Organizations
KMC	: Kathmandu Metropolitan City
LSGA	: Local Self Governance Act
LDO	: Lease –Develop-Operate
MBA	: Masters of Business Administration
NGO	: Non Governmental Organization
PO	: Private Operator
PP	: Private Partners
PPP	: Public Private Partnership
PPPUE	: Public Private Partnership for Urban Environment
PSP	: Private Sector Participation
SPSS	: Statistical Package for Social Survey
SWOT	: Strengths, Weaknesses, Opportunities and Threats
SWM	: Solid Waste Management
UNDP	: United Nations Development Programme

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Chapter I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Urbanization is growing rapidly in Nepal at an annual rate of 5.4 percent. Even though Nepal is the least urbanized country in the region after Bhutan, the current rapid pace makes the towns and cities of Nepal the fastest growing in south Asia. Experiences from other developing countries like Nepal show that these trends are inevitable and that urbanization can result in increased economic growth.

The voluminous expansion of the municipalities of Nepal however, is increasing the demand for basic services such as water, sanitation and waste management and this has a negative impact on the environment. Local Self-Governance Act of 1999 delegated the responsibility of managing urban areas to municipalities. But due to lack of both financial resources and experience in the decentralized administration, the level of public services remains low and the quality of the environment deteriorates. As the municipalities are facing increasing difficulties in addressing these demands due to lack of funds and capabilities, alternative means should be sought to increase the level of services to especially the poor inhabitants.

Therefore to overcome these difficulties, the Government of Nepal is showing increased interest in involving the private sector in upgrading the level of services locally. Nepal has only limited previous experience with Public Private Partnerships (PPPs) and there exists a wide level of skepticism among the various stakeholders preventing the effective use of this development modality.

Similarly, UNDP has funded a program, “Public Private Partnership in urban environment” which is a participatory program with the coalition of local government, Private institutions and all the stakeholders involved in it. The program sought to support the Government for improvements in policy, legal and regulatory environment,

facilitating the creation of appropriate financing environment for municipal PPP projects, managing PPP related knowledge and develop networks for using it and to develop capacity of municipalities, service providers, small businesses, informal private entrepreneurs and community.

As an institutional approach, Public-Private Partnerships have a long history in local economic development policy (Beauregard, 1998; Ward, 1990). With the structural change of the economy in the developed countries and the development of economic globalization in the last two decades, urban regions have been forced to use a wide variety of incentives to compete for mobile capital and high quality labor (McCarthy, 2000; Neilson, 1999; Poole, 1999). In the United States, urban economic development activities have increased since the 1980s; at the same time, the composition and focus of public-private partnerships in urban economic development also increased (Walzer and York, 1998). Public-private partnerships have also developed in other countries (Batley, 1996; Chandler, 1998; Friedrich, 1998; Pierre, 1998).

Therefore, despite of being more than a decade old, the concept of PPP is still not popularized in Nepal. There has been a lack of research regarding its viability by analyzing the projects that are being carried under PPP arrangement. In addition, analysis of the existing policies that support PPP and the contract evaluation also seems to be lacking. Therefore, the study attempts to fill up this gap to check whether the purpose of PPP is actually being fulfilled or not by analyzing the current scenario and by evaluating the existing policies, regulations, by laws and contracts related to selected projects undertaken under Public Private Partnership.

1.2 STATEMENT OF THE PROBLEM

The concept of PPP started in Nepal in 1996 with the initiative of UNDP. In 2000, the Kathmandu Metropolitan City approved the PPP policy for itself and thus laid a solid foundation for Public Private Partnership in Urban development. Though the concept of PPP in Nepal has become a decade old, it is still not gaining popularity. The reasons behind it may be in multidimensional aspects extending from socio political to the financial constrains from either side. Broadly the problem may lie, due to lack of awareness among the all stakeholders, un-pragmatic terms or contracts which result in premature failure of the projects and the Lack of foresight while analyzing the financial benefits in the long term basis or the rigid legal settings of the country.

The municipalities in Nepal are facing the challenge of providing urban services with a limited urban infrastructure and meager financial resources. Growing urban population (5.4% annually) in the core areas is creating significant pressure on existing infrastructure and resources while it creates a demand for improved service delivery in the semi-urban areas. The recent article studies shows that it requires huge capital investment, technology, skills (Pant, 2002) for delivering urban services ,where as other national and international studies shows the importance of awareness, regulation and effective management for the success of PPP in service delivery and infrastructure development.

If the situation is kept unabated or unchecked, the scenario will gradually but surely deteriorate, devastating the stakeholders' relationship as well as social cohesiveness, and unfruitful returns or loss of donors fund involved in it. There has not been any adequate research in this specific field, which adds the flavor to the bitterness of the situation. Therefore, financial analysis, feasibility circumstances and contractual arrangement evaluation has become the vital ingredient for the long term success and sustainability of the projects.

- What are the obstacles in effective implementation of projects under PPP?
- Are the parties involved following the true spirit of agreement/contract?
- What is the policy situations in Nepal related to PPP?

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the current scenario of PPP at municipal level and ways to make it sustainable. In this regard, the objectives of the study are;

- To evaluate the contract and policies in order to identify the consistency /discrepancy and recommend ways to make it sustainable.
- To analyze the private sector investment, income and expenses to measure its financial viability, which is the basis for evaluating the success of PPP
- To identify the level of awareness and understanding among the general public regarding the concept and application of PPP.
- To analyze the appropriate form of PPP in Nepal by scrutinizing the strengths, weaknesses for planned and on-going projects at municipal level.
- Identify the quality of institutional environment and professional skills in the public sector.

1.4 SIGNIFICANCE OF THE STUDY

Partnership between the public and private sector is the means of collaboration for coordinating and pooling organizational, technical and financial resources to achieve stated objectives. An exploration of a general framework of public-private partnerships will help to improve understanding of public-private partnerships.

Therefore this study which focuses on investigating the general trends and causes of public-private partnerships in urban service delivery and infrastructure development, will help in understanding its need, benefits, risk and its importance in the Nepalese context. Similarly, by analyzing the policies and contracts it attempts to identify the strengths and flaws of the partnership agreement so that measures can be taken to make PPP sustainable in context to Nepal. The study is further justified as a direct and indirect benefit to the following:

- **To the academicians and researchers**

As this study will contain in-depth knowledge regarding the concept, forms, benefits, risk and the overview of PPP in Nepal, it will be fruitful to the academicians and researcher who want to conduct research related to PPP.

- **To the policy makers**

The findings generated by the study will be useful for the policy makers to formulate strategies or form new policies related to PPP, if the current policies and regulations are insufficient to support the development of PPP.

- **To the potential private parties/ investors**

By understanding the importance and benefits of the different forms of PPP, a potential private parties /investors may find a new avenue for investment. Similarly, the positive prospects of the project can even attract foreign direct investment in PPP projects.

- **To the stakeholders**

By helping the general public with the access to urban infrastructural services at a affordable price .it also help in building social cohesion and mutual relationship contributing to the society and excel the development in a coordinated path.

1.5 THEORETICAL FRAMEWORK

In Nepal, the concept of PPP was introduced by UNDP in 1996 when there was a massive growth of urban population and the central treasury was unable to cope with the urban demands for services. In addition the changing policies of government regarding decentralization and the rising confidence of local communities to organize and manage themselves led to the emergence of the concept of PPP in Nepal.

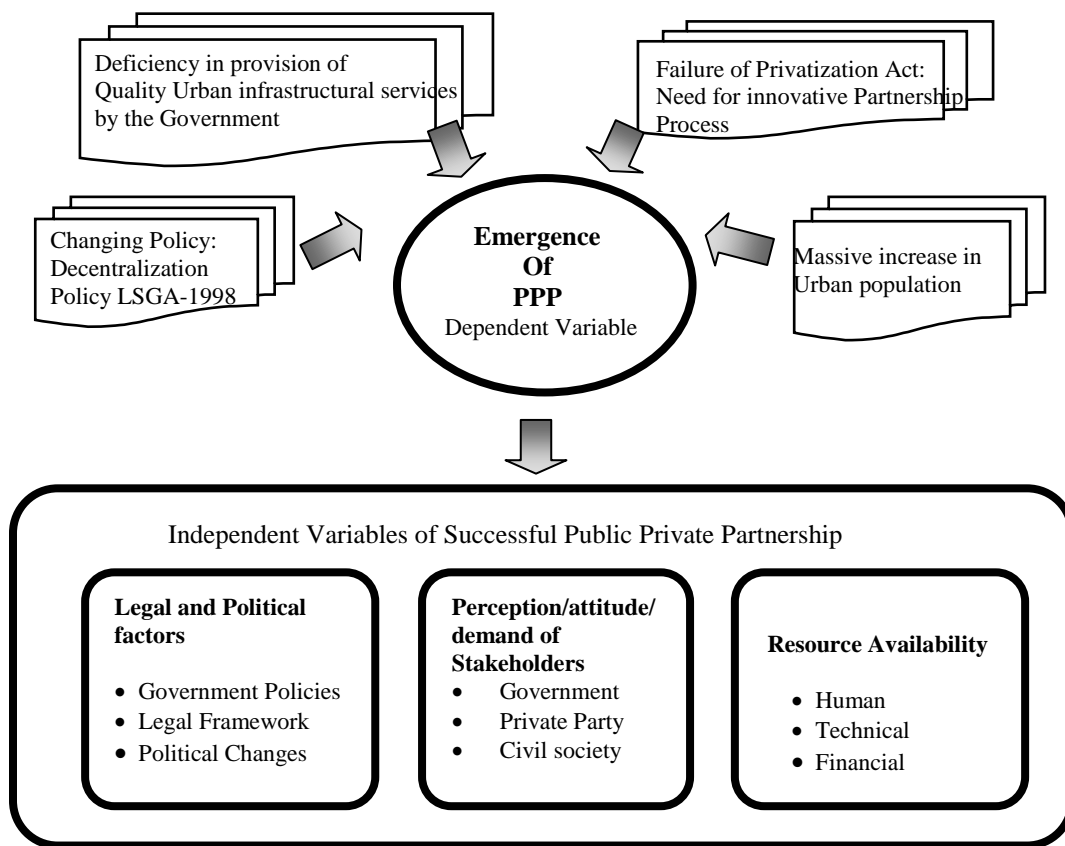


Figure 1.1: Schematic Diagram of the Theoretical Framework

PPPs are context based and PPP options are not “cookie cutter” solutions and must be tailored to the local context (Bennet.E, 1998). Past studies shows that success or failure of PPP is dependent on various factors such as legal and political factors, attitude, involvement and sharing of risk and benefit among stakeholders as well as on the resource availability and the socio -economic environment of the country.

Study conducted on Czech Republic shows that lack of clarity on the part of the contracting authorities regarding fiscal consequences of the project, low quality of institutional environment and professional skill in the public sector led to unfulfilment of the stated goal of PPP program (Ing.Jan Pavel, 2007).

Government policies, existing law, their level of interferences and the managerial capability also affect the success and failure of PPP'S arrangement. This partnership is formed to benefit all the stakeholders but the study conducted on the case of “Dharahara Sundhara Square” shows how the lack of effective policies planning and guidelines, led to uneven development/benefit and the problems in the implementation phase of the project (Shrestha and Shrestha ,2002). This shows that political environment, clarity in defining benefits and risk of the parties involved and transparency and flexibility in partnership arrangement affects the Public Private Partnership arrangement projects.

Similarly, one of the recent studies shows that Nepal has great prospect for PPP. However due to lack of foreseeable resources, expertise and positive attitude of stakeholders, very few new projects are being initiated. If our country has a strong institutional environment at public sector as well as quality resources (Human, technical and Financial), even more productive projects under PPP arrangements would have been going on and on the pipe line. Therefore, Public Private Partnership also depends highly on the availability of all types of resources as well as positive attitude and clear understanding of the concept of this type of partnership, which are considered to be pre-requisites for undertaking projects under Public Private Partnership's arrangements.

1.6 RESEARCH QUESTIONS

- What is the policy situations in Nepal related to PPP'S?
- Is there any policy drawback in effective implementation of the planned projects?
- Are the parties involved (Government, private party and civil society) following the true spirit of agreement (contract)?
- What is the level of awareness of the concept of Public Private Partnership among the stakeholders and the general public in Nepal?
- What are the strengths and weakness of different forms of PPP implemented?

Chapter II

LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK

This chapter is designed to review theoretical and other relevant literatures which are pertinent to the study to achieve designed objective in a systematic way. It basically consists of two sections. The first section includes pure literature which provides a framework for critically understanding theoretical phenomena of Public Private Partnerships. The second section includes previous research work and article analysis, which provides certain ways of looking at the concept and practices of Public Private Partnership in national and international arena.

2.1.1 EVOLUTION OF THE CONCEPT OF PUBLIC PRIVATE PARTNERSHIP

The history of the PPP can be traced back to the 1930s, when it was increasingly being recognized that, neither Public sector nor private sector alone is capable of providing service to the needy part of the population. The emergence of the concept can be explicitly witnessed from the backdrop of the overall fiasco in national economy resulting from mass unemployment and pronounced deflation due to market monopolies forms either sides.

During the early 20th century, in most of the western countries, governments were directly providing services through public institutions and government began to act as controllers of production, distribution and consumption. The main reasons recognized at that time were; (a) economies of scale, (b) generation of revenue, (c) advance backward and forward linkages, (d) promote regional balances, (e) protect and promote the public interest by providing public goods and services (f) protect the national interest and promote economic self-reliance and (g) maximize loyalty to the state as in the provision of defense and security services; that public institutions are thought of being efficient at.

On the contrary, reality diverged more starkly from the rhetoric, as it followed with collapse of the market centers of those countries. Moreover the competition of the private sector institutions for the efficient regulation of the private sector market could not be possible and the relationships between the government and private sector became turbid and it resulted national deflation as well, which can be seen in the post war eras of 1950s and 1960s.

Similarly, the shortcomings of the public institutions in the service delivery were gradually recognized from the hard learned lessons and consequences such as inefficient fiscal policies hampering the economic growth and social justice and equity, poor quality of service which was no where close to acceptable or advisable.

Sooner or later, the economists and planner began to think that one could simply ask for public service from private service providers by engaging in service contracts, management contracts, lease, concessions or combination of one or many of these types and it is not necessary that only government can or should provide for the services as done previously. Thus, the concept of *Public Private Partnership (PPP)* was born.

In 1994, following the recommendations of the Rio Earth Summit on public-private collaboration, the United Nations Development Program (UNDP) initiated the PPPUE facility. The PPPUE facility was established to support the development of partnerships at the local level, increasing the access of the urban citizens to basic services, and thereby contributing to the creation of a healthy environment and the improvement of living conditions in the urban and peri-urban areas, by promotion of partnerships between public and private sectors for the sustainable provision of urban services.

As defined by UNPPPUE, PPP refers to Tripartite form of contractual agreement between the public sector (government and municipality) and the private sector (formal and informal enterprises) for provision of Basic Services based on combination of commercial viability, sustainability, environmental awareness, social responsibility, public accountability (fairness, Competitiveness and Transparency) with effective involvement of the civil societies (communities, NGOs) as beneficiary target groups.

2.1.2 CONCEPT OF PUBLIC PRIVATE PARTNERSHIP (PPP)

“PPP refers to any form of agreement (partnership) between public and private parties with respect to the provision of urban services” (PPPUE project document, P.7). All sectors of society are potential stakeholders being investors, providers, operators, regulators or users. In order to ensure full participation of stakeholders in process, the programme is to support innovative forms of partnerships in the triangle of government, business and civil society.

Figure 2.1 Tripartite Arrangements under Public Private Partnership



PPP is a contractual arrangement made between the government and private companies, organizations, communities or individuals whereby the private partner develops infrastructure and/or provides a local service and assumes the associated risk of providing it. PPP seeks to combine the social responsibility, environmental awareness and public accountability of the Public sector with the finance, technology, managerial efficiency and entrepreneurial spirit of the private sector that will eventually create win-win situation for both the government(better service, greater access, saving or earnings, etc) and private sector (profits).

Lately, a third element has come to the force in PPP: the civil society. PPPs cannot succeed without the support of the end users of the service. Active involvement of civil society is crucial in ensuring the benefits of the arrangement reach the targeted groups. Civil society should be the peers of the PPP, ensuring a transparent, accountable and sustainable process. The role of civil society is therefore paramount to ensure the interest of the end users of the services that the PPPs provide.

PPP arrangement can be broadly characterized as:

User PPP

This form of PPP occurs when local authorities withdraw from delivering services and local citizens take over the responsibility for it. For user PPP to take place it requires the existence of an active community or a group of active citizens who think it is worth continuing the services and offer to dedicate their time and effort for it. In user PPP the public sector transfers either the ownership or the user of its assets and the private sector contributes its voluntary labor to run the services going.

Strategic PPP

This form of PPP is not formalized and more open in nature. The openness corresponds with the task of strategic PPP. Strategic PPP brings the representatives of the Public and private sectors together to address the issues of economic and political development jointly. As the name implies strategic PPP does not involve in the day-to-day business of decision making.

Usually strategic PPPs are created when country faces a very difficult problem such as an economic or a political crisis, which needs special attention of all sides to overcome. Strategic PPPs may cease to exist once the goal has been achieved. In general, strategic PPPs are good tools for governments at central as well a local level to build consensus, to create transparency and to enhance legitimacy. The creation of strategic PPPs and desired output from it depends on good communication skills.

PPP for Service Delivery

PPPs for service delivery are the most formalized in nature. They are based on the formal contracts between both the public and private sides. In some cases partners even create new companies, where both enter as stakeholders with different degree of participation. PPP for service delivery are common in many fields where local administrations offer services to the citizens, such as drinking water supply, refuse collection, waste water treatment, solid waste management, operation of transport services, utilities, maintenance of public places and gardens and real estate development and management.

PPPs are characterized by the sharing of investment, risk, responsibility and reward between the partners, while the foremost objectives are achieving efficiency and effectiveness in operation of an entity.

At a very basic level, PPP arrangements have to fulfill the responsibility of government towards its citizens, while also taking into account commercial interest from the point of business. PPP arrangement must strike a balance between the commercial viability of a project and the project's social and environmental repercussion. (Shrestha, 2005)

2.1.3 FUNDAMENTAL PRINCIPLES OF PUBLIC PRIVATE PARTNERSHIP

Various fundamental principles govern the feasibility and sustainability of partnership between the government (public sector) and the private sector

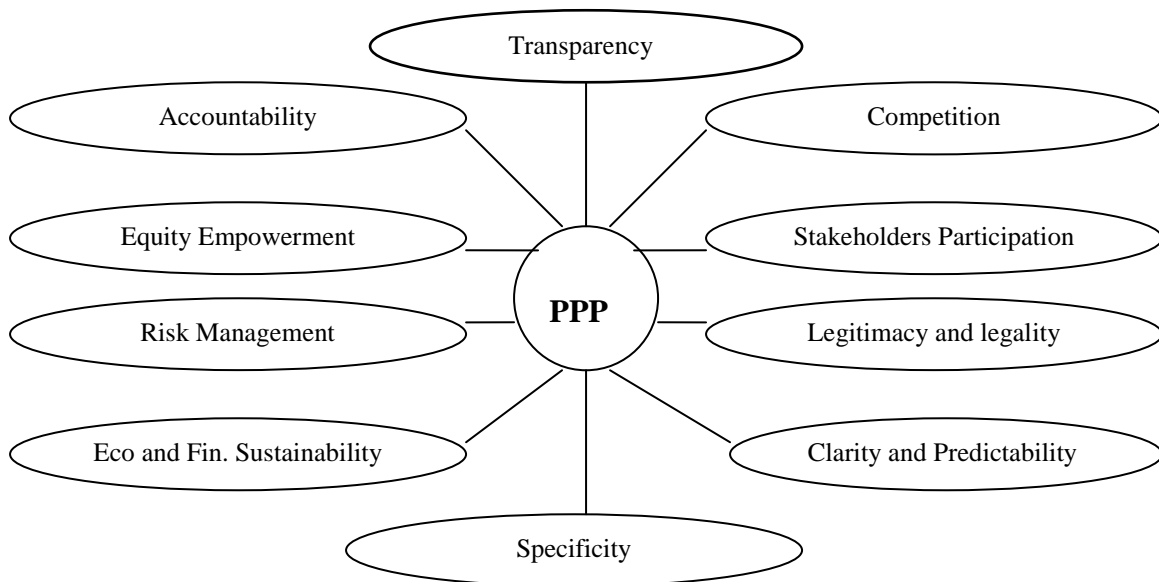


Figure 2.2 Basic Principles of Public Private Partnership

It is particularly important that the partnership are transparent, that the participants are appropriately accountable, that key stakeholders consider them legitimate and also participate in the partnership and that the procurement are competitive and fair. Further, under the principle of equity, a major consideration in developing countries is that the partnership outcomes are equitable – that poor people should benefit substantially from the shift in approach.

It is also argued that the private sector participation in the service delivery must be flexible and adaptable. In case, where competition does not exist, the *principle of contestability* would apply, which considers the option of creating contestable environment to enhance the efficiency of the contracted services providers. The principle of clarity and predictability basically argues that the partnership frameworks must be clear as possible to create the stable and predictable context for the activities related to the partnership.

Similarly, a PPP is only feasible (for the public sector and Private sector operator) if it is economically and financially sustainable .The economic sustainability can be affected by the economic activities generated by the partnership, whereas the financial sustainability depends upon whether there is sufficient demand for the contracted services to sustain consumer's willingness to pay or the government acknowledge that it needs to support the service through subsidization (Heymans,2003).

Finally, the *principles of risk management* argues that the long term contractual arrangements always involve risk of various forms, and the essence of the successful partnership is the allocation of risks between the public and private sector or the municipalities.

However, the true benefits of PPP can only be achieved if the fundamental principles are recognized and pursued. Failure to understand the true meaning of PPP and follow the fundamental principles often leads to misinterpretation, confusion, and misuse of the concept.

2.1.4 FORMS OF PUBLIC PRIVATE PARTNERSHIPS (PPPS)

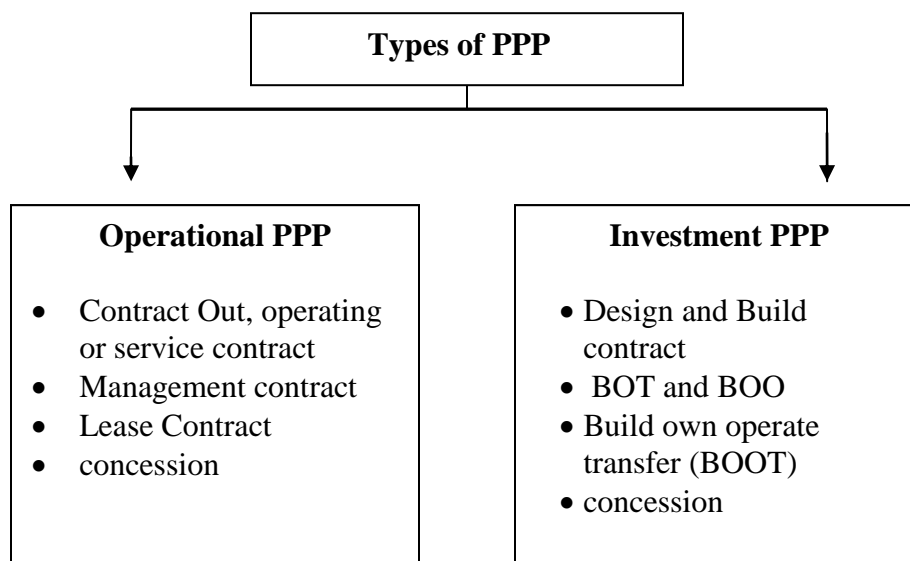
Partnership with the private sectors could be established in any form of municipal service deliveries. However the nature of contract may differ from case to case, depending upon the nature of service, ownership, degree of participation, capital investment, tariffs collections and operations and maintenance.

Various forms of PPP models have been used extensively in different forms under different names across the world. Over the years, countries have been experimenting with different forms of partnership arrangements that best suit their local needs. The arrangements are often hybrids of more than one contract type and the definition of the contract vary in:

- The degree of risk allocated between the partners
- The amount of expertise required on the part of each partner to negotiate the contract.
- The potential implications for the service users.

However, considering the local needs, the selection of the most appropriate model is critical to a successful PPP.

Figure 2.3 Types of Public Private Partnership



Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

Figure 2.4 Allocations of Key Responsibilities under the Main PPP Models

Model	Fixed Assets Owner	Fixed Assets O&M	Capital Investment Finance	Commercial Risk of PPP	Duration in Years	Remarks
OPERATIONAL PPP: SMALL						Suitable for community based PPP with TLO
Contract out/Service contract	Public	Public	Public	Public	1 to 2	Indefinite duration for community based by TLO
Contract out/Service contract	Public	Public	Public	Public	3 to 5	Indefinite duration for community based by TLO
Management Contract	Public	Public	Public	Public or shared	1 to 5	Manage Public workers, Shared risk if performance fee
Lease	Public	Private	Public	Private	5 to 10	PO collects and keeps revenue or pays lease fee
Lease	Public	Private	Public	shared	5 to 10	Income to PO depends on PPP revenue
OPERATIONAL PPP: LARGE						Suitable for Private operator PPP
Contract out/ Service contract	Public	Public	Public	Public	5 to 7	Duration depends on equipment provided
Management Contract	Public	Public	Public	Public	3 to 7	Can have financial incentive to meet targets
Lease	Public	Private	Public	Private	8 to 15	PO collects and keeps revenue and pays lease fee
Lease	Public	Private	Public	Shared	8 to 15	Income to PO depends on PPP revenue
INVESTMENT PPP:						Funding may be shared by private and Public
Concession	Public Private	Private	Private	Private	10 to 15 20 to 30	Small Large
BOT	Public	Private	Public	Private or shared	20 to 30	Large Infrastructure Could be operational PPP
BOOT	Private then Public	Private	Private	Private or Public	20 to 30	Large infrastructure Public sector risk for low use
BOO	Private	Private	Private	Private	Indefinite	Public sector buys service or output

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

2.1.4.1 Service Contracts

Service contracts are made through contracting out of services (operation and maintenance of standpipes, kiosk, billing and collection, security system, tariff collection, repair and maintenance, supply of materials, etc) to the private sector provider to deliver an agreed service, with in well – defined specifications, for a fixed period of time.

Service contracts often involves some form of technical services, it may also be a supply contract and a civil works contract or technical assistance contract. It may involve a sub - contacting or contracting a part of municipal services.

Service contract is often short duration usually 1-3 years, and the municipality retains the ownership and control of fixed assets and property. Since the municipality retains the control, it must finance the fixed assets and the working capital required for service delivery. The municipality establishes the performance criteria, evaluates the bids, selects and supervises the contractor and monitors the works to ensure the contractor meets the performance specification.

Under the service contract, it is normally the contractor's responsibility to manage personnel ad services. The contractor is made responsible for delivering the agreed services to the specification established in the agreement, and agrees to a fee for the service on a unit cost, or lump sum basis.

2.1.4.2 Management Contract

Under this scheme of partnership, the municipality retains ownership of the assets and is responsible for capital expenditures, working capital and commercial risk associated with collecting service fees from the users. The designated sections of the municipalities are responsible for monitoring the contracts, particularly on the performance standards and other obligation set for the contractors.

On the other hand, the private operator manages the operations without committing substantial investment capital or accepting major commercial risks.

However, in practice these may vary substantially depending upon the duration of the contract. In short term, the private operator manages specific tasks whereas in the long

term the operator is responsible for all aspects of service delivery, and obligated to introduce technical and management skills and improvise the service delivery process.

In order to ensure there is enough time for operator to implement changes so that it can be held accountable for the results, the duration of the management contracts span in the range of 3-8 years. The management contracts often contain incentive bonus in addition to a fixed return, for good performance and penalties for failure to meet agreed performance goals. Water distribution, refuse collection and park management are some examples of this type of PPP contract.

2.1.4.3 Lease out/ Affermage Contract

In the lease contracts the municipality can lease infrastructure and facilities to a private firm, which then operates and maintains the services for a fixed period of time. The ownership of the assets rests with the municipality and is also responsible for capital investment to upgrading the existing assets or expansion of services to new areas. The lessee is responsible for the operation and maintenance of the leased assets, and anticipated repair works as specified in the agreement. It is therefore important to distinguish operating and maintenance expenses from the capital investment in the lease contracts.

Private operator pays rent to the municipality in exchange for the exclusive right to use the assets and facilities and generates revenue from the user fees. Sustainability of the lease contracts depends on whether the revenue from user fees exceeds the rent paid to the municipality.

Leases differ from management contracts in bearing the commercial risk as lessee bears the risk of non- payment .improving services and colleting fees takes time. As a result lease contracts are made for a longer duration i.e. between 8-15 years. E.g.; water treatment plants, solid waste equipments, market places, etc

2.1.4.4. Franchises

Franchises are similar to lease, but instead of leasing assets and facilities the operator is granted exclusive rights to provide specific type of service in a specified area, for a fixed period of time. It is often used in solid waste collection in low- income countries, where the operator pays to the municipality for franchise, and generates revenue from collecting the fees from customers and selling materials such as solid waste by- products.

Under franchise contracts the operator is granted monopoly of providing agreed services in the given area. In other words, it is often confined to a specific zone and constitutes a zonal monopoly for a fixed period of time (Plummer and Gentry, 2002). However, the commercial risk of revenue collection rests with the operator and the municipality remains responsible and held accountable for the public services.

2.1.4.5 Concession

Under this scheme, the municipality turns over full responsibility for the delivery of services in a specified area to a partnership concessionaire, including all related construction, operation, collection and management activities. The concessionaire is responsible for making all kind of capital investment required for building, upgrading, expanding the existing system, including their financing, whereas the municipality is responsible for establishing performance standards and ensuring that the concessionaire meets them.

In concession contracts it is important for the public sector to take the responsibility of the regulation of the price and quantity, it is particularly critical in the water sector. The duration of the concession depends upon the time needed for private operator to recover its costs and profit. Usually concession contracts are made for a period of over 25 years which makes the structuring of tariff often most complicated. A *price cap model*, where service charges are fixed for a period of years and in *rate of return model* allowable level of profit for the services are fixed. The tariff level and the modality for tariff structure over the contract period should be established by the contract.

2.1.4.6 Build- Operate-Transfer (BOT) Contracts

BOT contracts are designed to attract private capital for construction of new facilities. Under this contract the private firm finances, builds and operates a new plant or the facility for a set period of time as per the performance standards set by the government. The operation period is long enough (10-20 Years depending upon the size of investment) to allow the private firm to earn profits over the construction costs. The government retains ownership of the facilities and becomes both the customer and regulator of the service.

This scheme is usually used in utilities sector such as water supply and sanitary system and electricity generation, development of public bus terminal etc.

BOT'S have several variants. Some of the commonly used terms are:

- (A) Build-Operate-Transfer (BOT)
- (B) Build-Own-Operate-Transfer (BOOT)
- (C) Build-Own-Operate (BOO)

Under BOT'S, the private sector builds facilities from its own resources and the government agrees to purchase a minimum level of output over time, regardless of demands by users. Unlike concessions, the government bears the commercial risk in Bots. Therefore, the demand estimation should be accurate at the time when the contract is set; else the government will end up paying for the used services.

2.1.5 BENEFITS OF PUBLIC PRIVATE PARTNERSHIP

PPPs provide benefits by allocating the responsibilities to the party – either public or private – that is best positioned to control the activity that will produce the desired result. With PPPs, this is accomplished by specifying the roles, risks and rewards contractually, so as to provide incentives for maximum performance and the flexibility necessary to achieve the desired results.

The various benefits of **PPP** are as follows:

- Expedited completion compared to conventional project delivery methods;
- Improve quality and system performance from the use of innovative materials and management techniques;
- Partnership with the private sector not only provides different urban environmental infrastructures cost effectively, but also saves scarce resources and time of municipalities;
- Increase private sector investment opportunities and saves expenditure and time of public sector;
- Reduces price, increases coverage, accessibility and standard due to increased competition;
- Environment becomes more responsive and meets public need and demand as the competition increases;
- Diversifies and properly distributes risks amongst partners who can take particular risks and ;
- Attract capital in environmental infrastructure.

Despite of having several benefits, PPP is not a popular phenomenon in Nepal. There are some common misconceptions related to the Concept of PPPs; Governments think, *“Private Sector is group of entrepreneurs who can do anything for their profit regardless of general welfare”*. Private sectors think, *“Government is a weak organization that does things only for cheap popularity and for their selfishness regardless of developments and law and policies”*

Therefore some of the major in *obstacles* in popularizing PPP are the psychological misinterpretation of the concept, lack of proper governmental policies, by laws and working procedures as well as lack of working- coordination *and mutual confidence* between parties.

2.1.6 RISKS IN PUBIC PRIVATE PARTNERSHIPS (PPP'S)

Every venture has risks that it may not get the return as planned and occurring such risk causes unexpected and sudden problems, not only in venture but also in the partnership itself. As the PPP is the partnership between partners with different weaknesses, strengths, needs and objectives, the management is more difficult than in other partnerships where partners are more or less similar. Some of the major risks in PPPs are;

2.1.6.1 Partnership Design risk

As partners are different in terms of their objectives, strengths, weakness etc. as well as perception and alternative internal rate of return, PPP arrangement design have more risks that are associated with sharing investment, profits and liabilities including risk. Also the mechanism or basis of allocation of unexpected outcomes should be well-designed based on facts or reality or else partnership may collapse and create mutual enmity and even loss of confidence in government.

2.1.6.2 Engineering Design and construction Risk:

Incorrect or incomplete technical design of the construction work causes sudden unexpected technical complications, cost and time over-run and some times serious changes or even termination of project later during construction time. Also the natural disaster or theft, rubbery, riot or war etc. may adversely affect the project.

2.1.6.3 Operation and maintenance Risk:

Equipment and the works may unexpectedly and suddenly dysfunction or need more operation and maintenance cost. Similarly, strikes, riots and changes in other situations may cause unexpected difficulties of operation and maintenance. Such situation may cause difficulties in the partnership.

2.1.6.4 Demand and Preference Risk:

Though a partnership was well-designed, sudden change in demand or preference of that environment and thus income due to change or advancement of technology, change in life style or other socio-economy may create problems in partnership.

But the problem in partnership or sharing of benefits will start if we do not appreciate other's objective and make provisions.

2.1.6.5 Fee or Charge Collection risk:

Due to the change in related socio-economics and political condition, it may not be possible to collect fees or charges from the infrastructure and services. In such condition, the charge in income may cause problems in the partnership.

2.1.6.7 External Tax, Fee and Charges Risk:

Tax, fee or charges that imposed by government or other external reasons may unexpectedly change after an agreement has been made. Such change may sometimes impact the project considerably. This may create problem in partnership if a system of sharing the burden or benefit of such changes are not developed in the agreement itself.

2.1.7 CONDITIONS FOR PUBLIC PRIVATE PARTNERSHIP (PPPs)

PPPs are suitable method of delivering most services commonly provided by the local governments and applicable to most components of service delivery .However, the types of services provided through the partnership will depend on the policies of the council. Local governments can consider partnership when any of the following circumstances exist;

- Government lack financial resources and expertise to provide the service
- A private party can increase the quality or level of services
- There is a support from the users for the involvement of a Private Partners (PP)
- There is an opportunity for competition and no legal prohibition to involve PP

- The output of the services can be measured and priced easily with opportunity to foster economic development through innovation and technology enhancement
- The cost of the service or a project can be recovered through user fees
- There exist a track record of partnership between government and PP

If none of the conditions exist, PPP approach to service delivery should not be considered.

2.1.8 PUBLIC PRIVATE PARTNERSHIP SITUATIONS IN NEPAL

2.1.8.1 Policy Environment

The exercise of involving private sector towards the sustainable development is gaining momentum since past one decade. The national budget 2008/09 of Government of Nepal has stressed the concepts of PPP as its fundamental strategy and accordingly the partnership between people and the government has emerged as a new concept. *The Tenth Plan (2002-2007)* has a mission “to contribute to political and socio-economic transformation and advancement of Nepalese society through people- government participation and collaboration”.

According to the National Urban Policy 2064, the main objective of the national urban policy is stated as, spreading the infrastructural development related to the urban services and managing the investment in order to maintain the urban development in coordinated direction.

Similarly, Article 4.1.6, sub Art. 3.1.6, is related to the public private partnership in urban services through the urban infrastructure development and foreign investment on it.

- **Clause ‘ka’**, prioritizing the investment need while promoting the public private partnership through adequate investment on it.
- **Clause ‘kha’**, monitoring and implementing the correct guidelines while executing a PPP projects.
- **Clause ‘ga’**, diverging and simplifying the procedures and investment parameters of PPP
- **Clause ‘gha’**, promoting the private investment in basic infrastructure services such as water-supply, road networks and sewerage and creating an appropriate revenue policy for it.

- **Clause ‘naa’**, adopting appropriate policies for the investment security and physical security of the investors in PPP.
- **Clause ‘chha’**, attracting foreign investment in heavy infrastructure development technical development and technological handover.

(Source: Informal translation, National Urban Policy, 2067)

According to the **budget for Fiscal Year 2005/06**, “investments in the ropeway and railways, including the one connecting the Kathmandu Valley with the Terai in the south, under the BOT arrangement would be encouraged”

As per the PPP provisions outlined in the **Three Year Interim Plan (2007/8-2009/10)**, “there will be fostering of private sector involvement in the development of infrastructure through the BOOT by making the related acts simpler and practical”.

Furthermore, in the detail development policies and programme in 25 (a) for higher sustainable and broad based economic growth, the budget has emphasized PPP in various sectors such as :in Agriculture, forests and irrigation ,in Private sector ,trade ,industry and exports, in road and transport, in power development ,in education and in population environment and human settlements .

2.1.8.2 Legislative Framework

No specific legal and regulatory frameworks have been created for municipal service delivery through private sector participation, or, on the other hand, do existing legal provisions obstruct municipalities from involving the private sector in urban service development and management. The country’s Acts are more or less silent, and transactions depend on individual initiatives and contextual interpretations of where and how they should take place. However, some implicit provisions do exist to attract the private sectors. These are;

- **Local Self-Governance Act 1999 and Regulations 1999**

The existing LSG Act and regulations are the basic legal foundations for municipalities to carry out their institutional functions, duties and responsibilities. LSGA specifies that municipalities must ensure the urban services delivery and has set out the importance of “*encouraging the private sector to participate in LSG in the task of providing basic*

services for sustainable developments” as one of the six basic principles and policies of LSG. However, no specific provisions have been made in the same acts and rules to support this provision, except for clause 96 J24, which has a provision “*to encourage or cause to be encouraged to carryout cooperative, industrial and commercial activities generating income to the municipality with the investment of private sector as well*”.

In LSG Regulations 1999, a whole set of provisions (Clause 52-83) covers the issue of arrangement for procurement of goods and work for construction. LSG Regulations empower municipalities to procure goods but is silent on the procurement of services, development of infrastructure and operation and management of these services by the private sector.

- **Industrial Enterprise Act 1992**

This act provides various incentives to different industries and enterprises. Industrial Enterprise Act has identified the priority areas of private sector investment, which includes solid waste collection, constructing and operating roads, bridges, trolley buses and trams etc. Such enterprises will receive a 50% rebate on income tax payable on their income for 7 to 10 years.

- **Labor Act 1991**

The application of this Act to private sector is the mandatory requirement for the terms and conditions for staff recruitment and employment. In essence, this Act safeguards employee from potential risks and uncertainties that may arise as a result of change in ownership of enterprises.

- **Company Act 1997**

Under this act, there is provision relating to liquidation of companies that favors insolvency, instead of seeking suitable avenues to recognize companies for reorganization and better performance. This creates considerable risk for municipalities and consumers, just in case if such situation arises, as essential services (such as water, sanitation and solid waste collection) may be suspended for an indefinite time, for unknown reasons.

- **Contract Act 1999**

The contract Act 1999 governs general contractual arrangements between two parties. However no specific provisions are made regarding PPP and privatization.

- **Foreign Investment and technology Transfer Act 1992**

This Act allows foreign investors to hold equity in local companies and provides incentives to repatriate full amount they receive from profits, dividends, payment of principal and interest on any foreign loans and amount invested in technology transfer.

- **Privatization Act 1994**

This Act deals with divestiture of state owned establishments and has loosely defined the meaning of privatization (clause 2b).The main objective of the Act is to facilitate the privatization process through the Privatization Board constituted under this Act, but there is apprehension that the government retains the power to dissolve establishments, fully owned by Government of Nepal, if appropriate reasons are found in the course of action for privatization.

This result in a grey area in PPP transaction, since the establishment is not fully owned by the private party or parties, but is a participant in management and equity or in the process of transformation of ownership, especially when the transition takes longer period of time. If the Act has to adequately address a wide range of different types of PPP, including privatization, then the Act needs to be amended.

Alternatively, a new Act has to be promulgated in place of the existing one, as it is not adequate for regulating the various sectorized utilities and infrastructure that are currently managed by the government itself or through the parasitical bodies.

Apart from the Acts/Laws mentioned above, the other Acts that may be related are Loan and Mortgage Act, Consumer Protection Act 2054, Municipality Development Fund Act ,Electricity Act, Environment Protection Act 2053 etc.

2.1.8.3 Overview of PPP'S projects in Nepal at the Municipal level

Municipalities in Nepal are increasingly adopting the PPP concept in delivering the services to their urban populace. However, their approaches to service delivery are yet to become professionally and financially competent to meet the increasing need of growing urban population.

2.1.8.3.1 On- going PPP Projects:

At present there are thirty one on-going projects in ten municipalities under the PPPUE/UNDP program and most of them are operational type PPP.

Municipality	Sn. Project Title	PPP category
KMC	1 Ganghabu Bus Terminal	Operational
	2 Overhead Bridge	Investment
	3 Basantapur Evening Market	Operational
	4 SWM	Operational
	5 Traffic Islands	Investment
	6Dharahara Beautification and Management	Operational
	7 Business Tax Collection	Operational
	8 Urban service Center	Investment
Pokhara	9 Pokhara Commercial Auto Parking	Operational
	10 Namuna Sarsafai Aviyan	Operational
	11 Baglung Bus Park	Operational
	12PokharBeautification -Road Divider	Investment
Biratnagar	13 SWM	Operational
	14 Crematory Site	Operational
	15 C-Plot shopping center	Operational
Butwal	16 Ujir sing Nagar Auto Village	Operational
	17 Butwal Hill Park	Investment
	18 Lumbini Bus Terminal	Operational
	19 SWM	Operational
Bharatpur	20 Mahendra Bus Terminal Revenue collection	Operational
	21 Business Tax Collection	Operational
	22 SWM	Operational

Hetauda	23 Public Toilet Management 24 Public Library 25 Business Tax Collection 26 Pushpalal Ponds and Park 27 SWM	Operational Operational Operational Operational Operational
Dhulikhel	28 Drinking Water Project	Operational
Siddarthanagar	29 SWM 30 Legal Service Center	Operational Investment
Bhaktapur	31 Tax Collection	Operational

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

2.1.8.3.2 Potential PPP Projects:

PPPUE/UNDP has been providing software assistance to ten municipalities in the form of awareness on the concept of PPP, capacity building, assistance to the PPP Committee within municipalities in identification and selection of PPP projects as well as for the development of pre-feasibility studies of the PPP projects approved by the PPP committee. At present, PPPUE has developed pre- feasibility and feasibility studies for twelve PPP projects with the total investment of 137.4 million.

Municipality	Sn. Project Title	Project Category
Biratnagar	1 Overhead Bridge	Investment
	2 Bus Terminal cum shopping Center	Investment
	3 Jamunagachi Drinking Water	Investment
	4 Haryali Park	Investment
Butwal	5 Haat Management	Investment
Bharatpur	6 Bal kumari vegetable market	Investment
	7 Joint compost Plant	Investment
	8 SWM	Investment
	9 Traffic management	Investment
Hetauda	10 Street light Management	Operational
Pokhara	11 Dipendra Sabhagriha Management	Operational

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

2.1.8.3.4. Identified PPP Projects:

In addition to the PPP projects for which feasibility studies have already been conducted, there are numerous projects which have been identified by the municipalities. The list of identified projects by the municipalities is numerous but only the potential projects are listed below;

Sn.	Project Title	Municipality
1	Balaju Park	Kathmandu Metropolitan city
2	Sankha Park	
3	Bhugole park	
4	Dharmapath Culture Building	
5	Trolley Bus operation & Maintenance	
6	Operation and maintenance of landfill site	Pokhara
7	Exhibition center	
8	Bindhabasini Temple Garden development	
9	Truck Park	Bharatpur
10	Wholesale Vegetable Market	
11	Night Safari In Municipality Forest	
12	Amusement park in Narayani River Bank	
13	Dreamland Project	Dhulikhel

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

2.2 EMPIRICAL STUDIES

Iyer and Balamurugan, (2006) conducted study on, “*Evaluation of Private Sector Participation (PSP) Models in Highway Infrastructure in India-A System Dynamics Approach*”.

A good and an efficient road network forms the primary infrastructure that propels the development process in a country. The research shows that there has been a rapid demand for road infrastructure as passenger traffic increased 132 times and freight traffic increased 180 times between 1951 and 2000 in **India**, whereas the total length of the road has just gone up by 8 times for the same period.

In addition, the conventional way of depending on government fiscal budgets for infrastructure development having become impractical, the PSP is said to be the only effective solution to meet the rising infrastructure demands. In the study, PSP in highway infrastructure projects in India has been observed under two major formats: BOT-Toll based and BOT Annuity based model to identify the best suited model.

The main *objective* of the study is to develop a rational decision making framework for selection of a particular Private Sector Participation (PSP) Model for a given highway project. It also aims to identify key parameters in selection of PSP model.

In *BOT-toll based model*, private party finances, builds, operates and maintains the facility through out the concession period (20- 30 Years).Tolls are collected from the road users by private party ,thus bearing the traffic risk. The maximum of 40% non-refundable grant are also available from government.

In *BOT-annuity based model*, Government pays semi- annual payments to concessionaire from the date of six month after completion and acceptance of construction, as a price or service rendered. Here, Government Collect Tolls and so there is no revenue risk to private parties in this model.

Therefore, BOT-Toll based model has been seen to be a failure in terms of expected returns to the concessionaire where as the relatively newer Annuity model has been found to be attractive to the private sector.

However, there exists an ambiguity with respect to their suitability in a given case and in decision-making. Therefore, system dynamics approach a framework is developed that would enable the decision maker to decide particular type of private sector participation (PSP) model for a given highway project. It is also observed that the concessionaire's desired rate of return and the traffic growth are the key parameters in selection of PSP model.

Bennet.E, (1998) conducted a study on “*Public- Private Cooperation in the Delivery of Urban Infrastructure Services: Water and Waste*”.

The research showed that, over the past three decades, the number of people living in the cities of developing countries has more than tripled. In **Latin America**, an estimated 85% of the population will live in urban centers by the year 2025 .The urban growth continues to be accompanied by an alarming increase in the number of people living in poverty.

Governments are finding that their limited financial resources are not sufficient to cover the needed expansion of these services. Even where governments do find the resources to subsidize public utilities, service is often still poor and sectors of the population largely unserved.

The study thus provides a new approach of collaboration i.e. Public- Private Partnership as an effective approach to address the problems. To understand the concept well, the study highlights the potential strengths and weaknesses of five different types of PPP options. It also attempts to identify the applicability of each form according to the situation and need.

The cities through Latin America and the world, private firms have demonstrated their ability to improve the operation of infrastructure services. However, it also states that the private sector involvement does not provide an automatic solution to urban infrastructure problems.

“Private sector involvement changes, but by no means eliminates Public sector responsibility”. Private sector is driven by profit, and if unregulated, this pursuit of financial gain can lead to under-investment in the human and social capital that is necessary for meeting basic infrastructure needs. Government must maintain responsibility for ensuring that adequate and affordable infrastructure services are provided to all citizens.

The study shows how PPP'S are context based and PPP options are not “cookie cutter” solution and must be tailored to the local context.

PPP'S may not seem like a desirable solution at first. However, a closer look at the benefits such relationship can offer provides a strong argument for their use. Through PPP'S, the advantages of the private sector- dynamism, access to finance, knowledge of technologies, managerial efficiency –are combined with the social responsibility,

environmental awareness, local knowledge and job generation concerns of the public sector.

In cities throughout Latin America, governments have found that private sector involvement has greatly improved the quality of their infrastructure services while expanding coverage and lowering costs, thereby improving the lives of their citizens.

Ing. Jan Pavel, (2007) conducted a study on, ***“PPP Projects in the Czech Republic: Implementation and risks”***.

The study analyzes the current situation in the Czech Republic as regards to implementation of the Public Private Partnership Projects with the objective to identify problems which may represent significant fiscal risks.

The paper includes case studies from the recent past when public administration bodies have implemented PPP projects with very unsatisfactory results. Finally, several recommendations are presented at the end of the present paper to help minimize potential risks. PPP projects are often seen as a tool through which many of today's problems (namely insufficient and poor-quality infrastructure and a lack of available public funding) can be solved without any risks.

After analyzing the present situation of the PPP projects in the Czech Republic, the study showed no such clear-cut conclusion about the success or failure of such projects. However, underlying risks were identified even in this early stage. They include lack of clarity on the part of the contracting authorities regarding fiscal consequences of the projects and regarding monitoring of outputs.

The analysis made on the past cases showed that the administration was not able to contract out and manage large infrastructural projects in which some of the risks are passed on to the private sector. The study also showed that the contracting authorities fail not only when negotiating the terms but also in securing transparent selection processes of contractors. This was in line with generally accepted truth about low quality of the institutional environment and professional skills in the public sector.

All responsibility was passed on to the external consultants. Initial comparisons between the PPP solution and a standard solution were not made systematically. The invitation to

tender for external consultant's posed the outcomes of such an analysis which then became a mere formality and not a tool for decision making.

Therefore, the study recommends that the public authorities should strive to reform public finances in order to secure enough funds for extensive investment projects. PPP projects should be used only marginally in case when significant savings in the operational costs may be expected. Looking at the international cases, those sectors and industries should be singled out which are not suitable for PPP projects or which contain too many risks PPP. Before the Czech Republic embarks on massive adoption of the PPP projects, it should evaluate the existing ones.

Xie and Stough,(2002) conducted a study "*Public-Private Partnerships in Urban Economic Development and Prospects of Their Application in China*".

The study states that with the economic reform the private sector has become a vital component in Chinese economy. Almost two third of the output is now produced by non-state sectors. The increasing presence of non state sectors and government provides a prerequisite for public private partnership in China.

At the same time the local government is increasingly facing financial constraints in economic development because of fiscal decentralization. This gives local government the incentives to seek cooperation with the private sectors and non- state sectors for resources. Public Private Partnership can be developed to deal with various issues in Chinese cities."

AECOM Consultation Incorporation, (2004) conducted a study on "*Public-Private Partnership projects for Roads, Bridges & Tunnels from around the world –1985-2004*" with the objective to inform those involved in the development, funding, or delivery of highway infrastructure regarding the worldwide use of PPP'S to delivery highway and other forms of public use infrastructure.

The study provides insights into the nature and extent of highway infrastructure projects that have and are being advanced through various types of PPP contractual arrangements. It focuses on how different regions of the world began to experiment with different ways to finance and deliver highway infrastructure through greater involvement by the private

sector, such as the early use of *Shadow Tolls* in the U.K. and Portugal, *Concessions* in Spain and Germany, *Joint Development Agreements* in China, and *Asset Sales* in Mexico but the United States was less aggressive in applying PPP'S to its highway program.

Most PPP road projects in the U.S. have been found to be delivered through *Design-Build* or *Management Contract* approaches and the reason was the existence of a dedicated funding program and a strong tradition of separating the public and private sector stakeholders in the delivery and financing of highway facilities.

The study shows that developed nations in Europe, Asia, and South America moved to the *Concession* or BOT/BTO approaches to PPP'S granting contracting teams more responsibility and flexibility to produce desired performance outcomes while promoting higher levels of accountability and transparency. As the concept was found to be successful as per the study, it acts as important lesson for public sponsors and private developers of highway infrastructure in the United States who are interested in applying PPP'S to expedite the delivery of needed facilities and services.

It also informs that PPP projects represent almost a trillion dollar investment in planned or completed infrastructure projects worldwide since 1985 and in the United States alone, PPP projects represent a \$104 billion investment in infrastructure since 1985, of which \$42 billion is for roads, bridges, and tunnels.

Therefore by analyzing the viability of different types of PPP arrangements implemented around the world the study recommends decision –makers and potential practitioners to adopt the one that suits their purpose and structuring and managing the partnership for the maximum benefit of the traveling public and the investment community willing to place its capital at risk to expedite these projects

Pant, (2003) in his article , ***“Public-Private Partnership: The Wisdom for Nepal’s Development”*** states some of the most common problem that Nepal is facing and attempts to suggest “visible reform” as one of the solutions in all sphere of Nepal’s system . The article shows how a wider application of Public Private Partnership should be initiated to transform a failed Nepal into a socially and economically prosperous Nepal in the least time possible.

The article states that reducing abject poverty, improving access to quality public services, building infrastructure and enhancing quality of life are some of the major problems .Amongst the various schools of thought to overcome these problems, the writer proposes PPP'S as the right tool because it encompasses a value chain to shoulder every dimension of the above stated problems.

It also mentions that principally there is no reason for disagreement to PPP. Public Private Partnerships is rather stated to be an instrument for diffusing politics of these days that endangers the lives of the ordinary citizens and builds socially and economically vibrant Nepal. However, the article mentions that Nepal lacks public sector institutions that offer excellent services and therefore a need for reform is felt in every sphere of the Nepal's system.

The article therefore suggests that the visible reform to be made for taking he PPP agenda further by educating the stakeholders about the need for PPPs, various dimensions of PPP'S, ability to see private sector in equal footing in development cooperation, qualities of the relationships between the public and private sector that begin and develop or fail like relationship between people and the benefits and risks of the partnership in general and specific to an initiative.

In addition, it also suggests developing clear policies, procedures and guidelines for partnership building process at all levels.

As a conclusion, fairness and transparency in partnership building is found to be essential while the motto is suggested to be 'partnership for prosperity.'

Shrestha and Shrestha ,(2002) conducted a study on , "Privatization of Public squares: A case of Dharahara Sundhara square, Kathmandu" to analyze the present ongoing redevelopment of 'Dharahara-Sundhara' square with the objectives to (a) identify salient features of successful public squares,(b) analyze negative consequences of privatization of spaces,(c) check the public spaces formation process by relating the identified weaknesses and opportunities to the existing legal frameworks, and (d) propose key strategies to develop the square as a true public place.

The paper shows that this partnership between KMC and Side Walkers Traders (SWL) has various weaknesses, such as lack of contextual study analysis, poor planning and design features and controversy during implementation.

During the transformation process, it was observed that the private party has been successful to commercialize the public spaces by developing a greenery park and charging an entry fee, constructing retail outlets and annexing business uses whereas the public sector has failed even to retain the privileged of free entry and freedom of using the spaces.

The author states that, such uneven development has remained unchecked due to absence of urban design guidelines, ineffective building by laws and above all due to poor technical and managerial capability of the metropolitan city.

Therefore, the study recommends to reverse this trend by designating 'square' as 'comprehensive redevelopment area' and developing a mechanism in Public Private Partnership program to fulfill the community needs as well as ensuring the investor's rate of return through private money.

In order to fulfill the stated objectives, formulation of urban design concepts with detail planning and design guidelines to transform the square into an 'urban plaza' by respecting the historical and symbolic meaning, continuing socio-cultural activities and fulfilling the present needs is recommended in the study.

Environment Department, KMC (2002) conducted a study on "***Public Private Partnership in Water Supply and Waste Water Treatment in Kathmandu Metropolitan City (KMC)***" with the objective to identify the current status and prospect of water supply and waste water treatment in KMC.

The study shows that with the process of privatization, Public Private Partnerships are coming up side by side in various economic, commercial, educational, environmental and public services, in Nepal. However, due to the lack of foreseeable resources, very few new projects could be initiated. In addition, rehabilitation of non-operational treatment plants was found to be in need of additional financial resources, training of personnel, efficient management and leadership with strong decisive powers. Thus, Public Private Partnership was helpful in this respect.

The study identified one of the serious problem i.e. lack of laws, rules and regulations concerning private investment through Public-Private Partnership. Therefore, the study recommends to form an appropriate and well defined laws, rules, and regulations at local and central level so that the laws do not act as an obstacle but a supporter in gaining the synergy of Public-Private Partnerships.

NCAER, et al. (2007) conducted a case study on, “*Private Partnership: Success and failure*”. The study illustrates the differences a clear policy and regulatory system can bring about in success of the project.

Tripur Water Supply project with the investment of 1023 crore ,is the first case/project on Build, Operate Own and Transfer (BOOT) basis with over 30 years period. The project was aimed at improving the living standard of 800,000 residents in Tripur town in *India* and the periphery.

According to NCAER report, the project was successful and the reason was mentioned to be a contract that was based on reliable data. The tariffs were found to be linked to inflation and financial health of local bodies ensured. Here, the government played the role of project enabler. Whereas, the second project was the management contract based on PPP in water supply sector in Sangli which was not successful and the reason according to NCAER report was the *lack of transparency in the bidding process*. Tariffs were proposed to be hiked five times without giving any plausible reason.

Therefore, the study concludes that the consultation with stakeholders that was an important part of success of Tripur project was missing in Sangli project, which also led to the failure of Sangli Project.

Concluding Remarks

The theoretical review of the concept of Public Private Partnership concept as described on the previous pages helped the study to understand the evolution of PPP, its basic principles, forms, benefits and risks which contribute to the success or the failure of the concept implementation. Similarly, the review of the policies and acts related to PPP

concept helped the study to analyze the legal framework and its strengths and weaknesses to identify the ways to make it sustainable.

The empirical studies portrayed that there has been many international cases of China, India, Lima which shows how an economy can develop with direct and indirect benefits of PPP Program implementation in infrastructure development and service delivery. Therefore, with the implementation of right type of PPP Arrangement according to the type of project, the partners of Tripartite Arrangement (Public, Private and Civil Society) can benefit with socio economic and environmental contribution.

Though, the concept seems to have success stories in international cases, it is not a very popular phenomenon in Nepal because of the psychological misinterpretation of the concept, lack of proper governmental policies, by laws, working procedure as well as lack of working coordination and mutual confidence between parties. Therefore effort should be made to neutralize these issues in order to make the PPP concept sustainable.

Chapter III

RESEARCH METHODOLOGY

This section of the report deals with the methodology that was adopted during the preparation of the report to collect the required data, analyze the situation and to achieve the fore-stated objective. It includes the research design, approach and the settings used to conduct the research. It also incorporates the population study along with the sampling procedures, techniques and tools used to collect the data.

3.1. THE RESEARCH DESIGN

3.1.1 EXPLORATORY RESEARCH DESIGN:

The preliminary study about the existing situation of the application of PPP concept on the various service delivery projects and infrastructure development project (construction and maintenance of Overhead Bridge) was the main focus of the research. The study was carried out with the help of general observation and interview with the related personnel (pedestrians, public and private party) to find out the existing problems, opportunities and benefits of the PPP arrangement in Operating and maintaining Overhead Bridges. Policy reviews and the interview with the public party, personnel from Kathmandu Metropolitan City of Urban Planning Department and Head of PPPUE were conducted to understand the policy situation related to PPP in Nepal. Observation of the overhead bridges gave insights on the existing operational situation and functions. The exploratory research was conducted to gain the following information:

- To understand the current scenario of PPP concept in Operating and maintaining overhead bridges.
- To understand the various policies, practices in popularizing the concept of PPP.
- To find out the benefits and risks of Public Private Partnership
- To find out the similarities and discrepancies between the agreed contract paper and actual contract implementation.
- To find out the problems in implementing the planned contract and identifying the ways to make it sustainable.

2.4.2 DESCRIPTIVE RESEARCH DESIGN:

Descriptive research was carried with a view to further analyze the situation of PPP application in Nepal and to seek for the ways to make it sustainable. This has been done by conducting a detailed questionnaire survey of Shops, kiosk and toilets operating under the overhead bridges under the BOT Type of arrangement of PPP concept. The research was conducted to achieve the following:

- ❑ Determine the gain sharing among the three parties i.e. Public, Private and Civil society.
- ❑ To determine the socio –economic and environmental upgrading contribution of the application of the PPP arrangement in projects.
- ❑ To analyze the perception of general public towards the concept and application of PPP concept in operation of sampled Overhead Bridges.
- ❑ To find out the possible new locations for Overhead Bridge construction.

3.2. THE POPULATION

Urban core area of KMC was selected as a study area because of the greater concentration of the number of bridges as compared to other areas of KMC. Out of the total nine (9) bridges constructed till date; eight (8) bridges are concentrated around Tudikhel area. It comprises overhead bridge at Bhadrakali, Sahidgate, Sundhara, RNAC, Birhospital, Ratnapark, Bhotahity and Jamal. Moreover, the study would yield a better output if it is focused on the most concentrated area; therefore urban core of Kathmandu Metropolitan City with the main eight (8) overhead bridges has been selected as the study area.

The study area demarcation of the sampled eight (8) Overhead Bridges is shown in the following page extracted from Google Satellite Image 2008 .In the following image, the **red line** indicates the study area demarcation line where as the **red Pointer** indicates six (6) overhead bridges that were previously constructed by Public Party (KMC) and handed over on October 2000 to Private Party for operation and maintenance under B-O-T arrangement of Public Private Partnership. Similarly, the **yellow pointer** shows the overhead bridges that were constructed and are being operated and maintained by the private party under PPP arrangement.



- Constructed by KMC and Maintained by Private Party
- Constructed and Maintained by Private Party
- Study Area

3.3 THE SAMPLING PROCEDURE

The sample was determined in such a way that it provides relevant and accurate information to our research objective. To achieve the fore stated objective, 8 overhead bridges around the Tudikhel area were taken as the population for the study.

The samples were selecting using the convenience and judgment sampling methods on the basis of proportionate distribution (i.e. sample was selected proportion to the size of the bridges and the number of shops operating in the area), such that they would provide relevant and required information for our study.

The following table shows the sample size of shops and kiosks selected from each overhead bridge

Table 3.1: Sample Size of Shops and Kiosk Operating in Overhead Bridges

S.NO	Site Of Overhead Bridge	Total No. of Shops/Kiosk	Total No.of Toilet	Sample Size
1	Bhadrakali	12	1	6
2	Sahidgate	9	-	5
3	Sundhara	7	1	4
4	Rnac/Newroad	7	1	4
5	Birhospital	9	1	5
6	Bhotahity	5	-	3
7	Ratnapark	50	2	8
8	Jamal	10	1	5
	Total	109	7	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

Similarly, to find out the attitude ,awareness level and perception of the **Pedestrians** towards the overhead bridge facility provided under the Public (KMC) and Private (Innovative concepts Pvt. Ltd) partnership a **sample of 40 pedestrians** were taken with equal **sample size of 5 pedestrians** each on the total number of eight overhead bridges. The sample was taken in an equal proportion of male and female so that biasness does not occur in the analysis. Similarly, to find out the peak hour when the pedestrian uses overhead bridges, sample/pedestrians were interviewed at different times of the day including Moring, Midday and Evening time.

3.4. DATA COLLECTION PROCEDURE

The study includes both primary and secondary data. Primary data comprises of both quantitative data and qualitative data. The primary data were collected from the field surveys through questionnaires, which were asked to the shopkeepers operating small shops and kiosk under overhead bridge and pedestrians around the overhead bridge area. Similarly, the interviews with key informants were taken by preparing the checklist where informants were Head of PPP department of KMC, Urban Planners, owners of private party and scholars and specialists of Public Private Partnerships Program.

The secondary data refers to the relevant data and literatures, which may be previous researches, articles, reports, or unpublished documents. Moreover, relevant information within reach was taken into consideration as secondary data for the process of data analysis.

3.4.1 Primary Data Collection

The primary data were collected using various tools and methods, which includes reconnaissance survey and observations, questionnaire surveys and key informant interviews and the interview with pedestrians and shopkeepers operating shops at the given premise of Overhead Bridge. The formats of questionnaires are attached in (Appendix).

3.4.2 Reconnaissance survey

Reconnaissance survey was carried out in order to get accustomed with the current situation of overhead bridges, shops and kiosk operating conditions and locations. This has helped to select the location for primary data collection and to find out the locational attributes, context and condition in which overhead bridges are operating.

3.4.3 Observation survey

In observation survey, of the area around Tudikhel was surveyed to observe the existing Overhead bridges operating under PPP concept. All the eight overhead Bridges were visited multiple times to study the current situation of the bridges, its cleanliness, and its use by the shopkeepers and general public at various timings of the day. In observation survey, the types of hoarding Board used and the Nature of shops/kiosk and toilets operating under the bridges were also studied to monitor whether the rules and regulations mentioned in the basic PPP policy are followed or not.

Similarly, to analyze the success/ failure of Overhead Bridges, the shops and kiosk operating there were closely studied, focusing on its types and its existing business. Nature of the products and services offered was classified into five broad strata, i.e. fruit and vegetables Shops, textiles shop, commodities shop, fast food shops and Service shops .The categorization was based on the other researches in the national and international context, referring Sthapit (1999), Suharto (2004), CIUD (2006) and KMC (2007). Although the shops under overhead bridge was subdivided into six different categories, which involves durable food item as another category, the incidence of the durable food items as compared to other categories is negligible, taking reference from CIUD (2006) and Sthapit (1999) and therefore, referring to the categorization based on formal report by KMC (2007). The categorization of the shops and kiosks was done according to the product on display. The categories based on products on display are shown in the following Table.

Table 3.2: Categories of Shops and Kiosk Operating in Overhead Bridge

Categories	Products on Display
Fruit and vegetables	Seasonal vegetables, fruits, Mushrooms
Textiles	Clothes and garments, mufflers, sweaters, Baggage,
Fast food	Tea shop, pop corn and baked beans, Confectionaries and cooked food items, Panipuri, Chanachatpat.
Commodities	CDs and Electronic goods, Cosmetics, Plastic wares, Old books and Newspapers
Services	Shoe shining, Sewing, Weighing, Fortune teller

External validity refers to the validity of the sample to generalize back to the population, there are three threats to the external validity i.e. (wrong people, wrong place and wrong time), which can distort the true scenario and inferences (socialresearchmethods.net).

To improve the external validity of the research, the locations were diversified and selected based on criteria such as proximity to the commercial center, urban area focus with the maximum number of bridges concentration i.e. eight (8) out of the total nine (9) bridges were studied to get accurate and reliable output. Hence, the three threats to the external validity were minimized from the research process.

3.4.4 Determination Of sample size:

The sample sizes for shops/kiosk operation under overhead bridges were determined using the convenience and judgment sampling methods on the basis of proportionate distribution (i.e. sample was selected proportion to the size of the bridges and the number of shops operating in the area). Similarly, for pedestrian interviewing, the sample size was determined on an equal proportion basis i.e. 5 sample for each Over head Bridges that would total to 40 samples.

3.4.5 Determination of sample locations

After the sample size was determined the locations for taking the samples were selected in the urban core i.e. around the Tudikhel area where eight (8) bridges out of the total nine (9) bridges are built. The locations selected to take the sample of bridges were based on the following criteria which involves the locations that are in proximity to the:

- Transportation Junction
- Commercial Centers
- Institutional Area
- Religious Site

Finally, Accidental sampling method was then used to select a required number of samples from each stratum while selecting the respondents for each category. Accidental sampling method refers selection of certain respondent for interview or questionnaire survey, which was not prearranged in any case. The respondents were selected with an accidental sampling method as per their availability for interview and willingness to participate in the research process.

3.4.6 Key Informants' interview

Key informants interview was based on the standardized open-ended interviews. Standardized open-ended interview refers to the same question being asked in the same manner or same sequence of words, to different people. Key informants for the standardized open-ended interviews were based on the snowball sampling method.

In snowball sampling method, first of all the contact is made from some link and after the interview of that informant, one is requested to provide another contact for interview. Similarly, the information is accumulated layer by layer just like a snowball, which gets bigger and bigger as it rolls. This sampling method is generally adopted when the

information about universe is unknown. The interview is stopped when the same contact is referred by other informants (Pradhan, 2007).

For a key informant's interview, wide range of peoples were approached to get the information about the current situation and policy issues as well as their perspective regarding PPP concept and basically the use of PPP concept in the operation and maintenance of Overhead Bridges. The key informants incorporated were PPP specialists, urban planners, and Municipal authorities, owners of Private Party and scholars and specialists of Public Private Partnerships Program.

3.4.7 Pedestrians Interviews

Interviews were carried out with the sample of 40 pedestrian and the passerby from the overhead bridge operating area, including sample of 5 each from the eight bridges under the study. To make the output /result more valid pedestrians were interviewed at different times of the day i.e. morning, midday and early evening. Similarly, to find out the general perspectives of the people towards the concept and use of PPP, pedestrians were also asked about its relevancy, its application, problems and the possible suggestions to Private parties and Municipalities to make the Best use of PPP concept in Overhead bridge operation, maintenance and sustainability.

3.4.8 Case Studies

In order to find out whether the true spirit of the contract between Private Party (Innovative concepts Pvt. Ltd) and Public party (KMC) is followed or not, contract study and analysis was done. This included carrying out an in depth study of the contract paper and then the observation, interviews with the parties involved, pedestrians /general public, shopkeepers operating under overhead bridges, and interviews with the protestors of PPP arrangement were carried out which helped the study to understand the true picture of the concept planning and implementation. This case study has also helped to find out the level of awareness among the general public regarding the concept of PPP and their understanding/misunderstanding of its application.

3.4.9 Secondary data Collection

Secondary data refers to the (Previous thesis, Articles, Researches, Reports, internet surveys and Books etc.) which could be extracted in the form of literature review; various materials from internet are also incorporated in the thesis in the form of

secondary data. Similarly, several policy documents such as Local Self Governance Act 1999, National Urban Policy 2064, Tenth Plan (2002-07), Privatization Act 1994 as well as other acts and regulations related to the PPP concept directly or indirectly are also part of the secondary information.

3.5. STATISTICAL ANALYSIS

The collected data were analyzed using SPSS (Statistical Package System Software) software and Microsoft Excel. SPSS in data analysis was used to aid us in data entry and easy analysis. First of all, the questionnaire was converted into SPSS format which had 37 (Thirty seven) variables. Sequentially all the data collection through survey/questionnaire were uploaded into the SPSS format and the appropriate statistical tools were applied to extract the actual situation such as Correlation, regression, chi square test were used and the data was processed in the form of Bar and Pie Chart, line chart, cross tabulation analysis etc.

The data analysis techniques used during the study were as follows

- ❑ Frequency Distribution was used to summarize the number of times different variables of the choices occur.
- ❑ Regression Analysis was used to estimate the linear relationship between a dependent variable and one or more independent variables or covariates.
- ❑ Cross tabulation was used to find the two way relationship between variables. As the Cross-tabs procedure forms two-way and multi way tables and provides a variety of tests and measures of association for two-way tables, this proved to be useful in solving complex and interrelated issues,
- ❑ Median was also used during our analysis to find our central tendency.

Most of the analysis has been done on percentage so that it gives much clearer picture of the results.

3.6. DATA PROCESSING PROCEDURES:

In data processing stage, analog data collected in the form of questionnaire were converted into digital format by building a data code sheet in SPSS and information from the questionnaire were coded in the same sheet. Similarly, the secondary data were also collected through Interviews with respective personnel.

Analysis of Public Private Partnership Concept in Infrastructure Development (Overhead Bridges operating under joint Private Public Partnership)

In order to analyze the efficiency of PPP concept in Operation and maintenance of Overhead bridges, case study analysis was done of eight overhead bridges, constructed using the PPP concept. The overhead bridges were taken that were around the Tudikhel area. The analysis of the shops and kiosks operating under and around the overhead bridges were done in order to analyze whether the true spirit of contract is being followed by the parties involved or not. This analysis also highlights on the socio-economic, financial and environmental aspects which are affected directly or indirectly with the implementation of PPP concept in the form of Overhead Bridges.

Similarly, in order to find out the level of awareness and participation of the general public contributing towards the success or failure of PPP; the sample questionnaire was prepared targeting to the pedestrians. In addition, to understand the views and thinking of PPP specialist and scholars, structured interviews were planned and executed which also discussed regarding the present policies and future possibilities of expansion of PPP.

Chapter IV

DATA PRESENTATION AND ANALYSIS OF DATA

4.1 REVIEW AND ANALYSIS OF CONTRACT PAPER

This section of the analysis helps to attain the objective of finding out whether the terms and conditions of contract paper regarding the operation and maintenance of overhead bridges and the shops operating there under are lived up to the true spirit or not.

This analysis will help us to find out the discrepancies if any between the agreed original contract and the currently implemented actions. It will include the operation, repair and maintenance of shops, financial aspect like rental charges and commission, environmental aspect like cleanliness of the bridge area etc. After analyzing the contract paper, the study will be in a position to identify the current picture (consistencies or discrepancies) and accordingly identify the ways to make it beneficial and sustainable which will be mentioned in the recommendation part.

4.1.1 REVIEW OF THE EXISTING CONTRACT OF OVERHEAD BRIDGE:

Public Work Department is responsible for planning, implementation and maintenance of the infrastructure within KMC. The deficiency of the infrastructure to cater the services need of the city populace and resources constraints of the municipality has incited it to look out for the PPP approach to service delivery. With this encouragement the idea of operating overhead bridge under PPP concept was born.

In October 2000, there has been Lease and Concession type contract for 20 years between Public Party (KMC-Mr. Keshab Sthapit) and Private party (Innovative Concepts Pvt.Ltd-Mr. Prem Kumar Malla and Mr. Paras Mani Baral) for managing and maintaining Six (6) existing Overhead bridges from Nagsthan to Jamal and Building Six (6) additional Overhead Bridges at various locations such as: Ratnapark, Bhadrakali, Baneshwor, Koteshwor, Kalimati and Chabahil Chowk within three (3) years time frame. (*Naya Patrika, 2007*)

According to the contract, the Scope of the Work included systematic management of the existing six (6) bridges and six (6) other to be built by Private Party at undisputable

locations provided by KMC in a way that these are maintained and operated commercially, promoting environmental conservation and construction of toilets on the pavement around the Tudikhel area and management of the same.

As per the contact/agreement paper, the agreed **Rights and Responsibilities of the Private Party (Innovative concepts Pvt. Ltd)** are as follows:

- a) **Financial Aspect:** - Private Party shall finance and construct (3) three Overhead bridges within one year from the date of approval of the design and handover of the undisputed site for construction and another three (3) overhead bridges within next two years and pay an annual rent of NRs.1, 20,000 per year after 6 month of grace period and the rental charge shall increase at the rate of 5% in every two years.
- b) **Environmental Aspect:** - Private Party shall promote environmental conservation around the bridge area by planting trees, flowers and herbs. They area also responsible for keeping the pavement, footpath area and toilets clean, healthy and beautiful. They are also responsible for keeping dust bin on the corner of the roads. Similarly, private parties shall have provision of Toilet in each overhead bridge.
- c) **Social Aspect:** - Private Party is responsible for removing the street vendors from the footpath area to make it easier for the pedestrians to walk. Similarly, they shall encourage pedestrians to use overhead bridges for crossing the road and use hoarding boards that gives social messages.
- d) **Income and Expenses Aspect:** - Private Party is given the right to use bridge space for advertisement and kiosk for rental at fair price. However private party shall pay taxes as applicable by the rules and regulations. Any changes or amendments in the Nepal Government shall not affect the rights of the private party as given by the contract.
- e) **Monitoring Aspect:**-Technical Committee including the representative of PO shall be formed from time to time to monitor and evaluate the progress and assure quality of construction. They are also responsible for the wear and tear and maintenance of all the twelve (12) bridges that are estimated to be constructed within 3 years time.

As per the contact/agreement paper, the agreed **Rights and Responsibilities of the Public Party (Kathmandu Metropolitan City)** are as follows:

- a) **Utility Aspect:**-KMC shall provide necessary assistance except for finance to arrange for water, electricity and telephone around the overhead bridge area.
- b) **Environmental Aspect:**-KMC is responsible to help Public party find out social advertisement and provide security and be responsible for disposal of waste generated by cleaning the pavement along the road by Private Party.
- c) **Demographic Aspect:** - Public Party (KMC) is responsible to inform prospective places for building six (6) additional bridges to the private party, 2 months from the date of the contract.
- d) **Legal Aspect:** - Any discrepancies or readjustment in the contract shall be mutually agreed by the parties.
- e) **Dispute Resolution:** - Dispute resolution shall be resolved through mediation of three person panels, a representative of each party and one acceptable to both. The dispute settlement shall be done in Kathmandu.

4.1.2 COMPARATIVE ANALYSIS OF THE CURRENT SITUATION WITH THE ORIGINAL CONTRACT OF OVERHEAD BRIDGE

On observing the current scenario of PPP concept implementation in the operation and maintenance of Overhead Bridge in the actual real business scenario, various types of discrepancies were observed. The agreed contract paper would have been void if there were people responsible to evaluate the implementation of the contract.

The following are some of the analysis extracted from the general observation, interview with the private and public party and questionnaire research with shopkeepers and pedestrians to evaluate the contract as per the current practices.

a) Delay in completion of work within estimated Time Frame :-

According to the contract paper the private party was responsible to maintain the existing six (6) overhead bridges and construct (6) new overhead bridges within time frame of 3 years. However, only two (2) overhead bridges (Ratnapark and Bhadrakali) have been constructed out of six (6) planned in 7 years time.

On interviewing with the personnel of KMC it was found that Private party has already been approved to start construction work at Kalimati .However, private party state that

they are not being able to start the work at Kalimati because of the conflict between local people and the business people.

b) Deteriorating Environment and hygiene around Tudikhel Area:-

On a general observation of the bridges, it was found that the cleanliness levels of bridges are very critical. Shops, kiosk and toilets operating under overhead bridges have no proper system of waste management. Shopkeepers and pedestrians throw paper, plastic waste and food wastes wherever they want also because there are no provisions of dust bins around the area.

Table 4.1: Relationship between Cleanliness of the Area and Nature of Shops

	Nature of shops or Products/services					Total
	Fruits and Vegetables	Textiles	Commodities	Fast Food	Services	
Clean	1	4	5	1	1	12
Fair	2	4	16	2	1	25
Dirty	0	0	0	2	1	3
Total	3	8	21	5	3	40

Table 4.1 shows the cross tabulation of the cleanliness of the area and the nature of the shops operating under PPP concept. The table above shows that even among the shops and kiosks, Fast Food Café and Commodities shops like Shoes, electronic goods and other Chinese products shop are dirtier whereas textiles shops are cleaner in comparison.

CLEANLINESS OF THE AREA AROUND OVERHEAD BRIDGES:



Figure 4.1:

Bhotahity Bridge: Black Stain on the Wall with Pamphlets and Plastic Wastes Unmanaged.



Figure 4.2:

Jamal bridge: Movie Posters Instead of the Fountain on the Bridge Area.

Footpath area and the bridge area are congested with street Vendors and beggars. Toilets operating under Bridges smell so bad that it makes pedestrians difficult to walk around the toilet area. The figure below shows the response that was received from the shopkeepers regarding the waste management.

Figure 4.3: Analysis of the Party who collects the waste

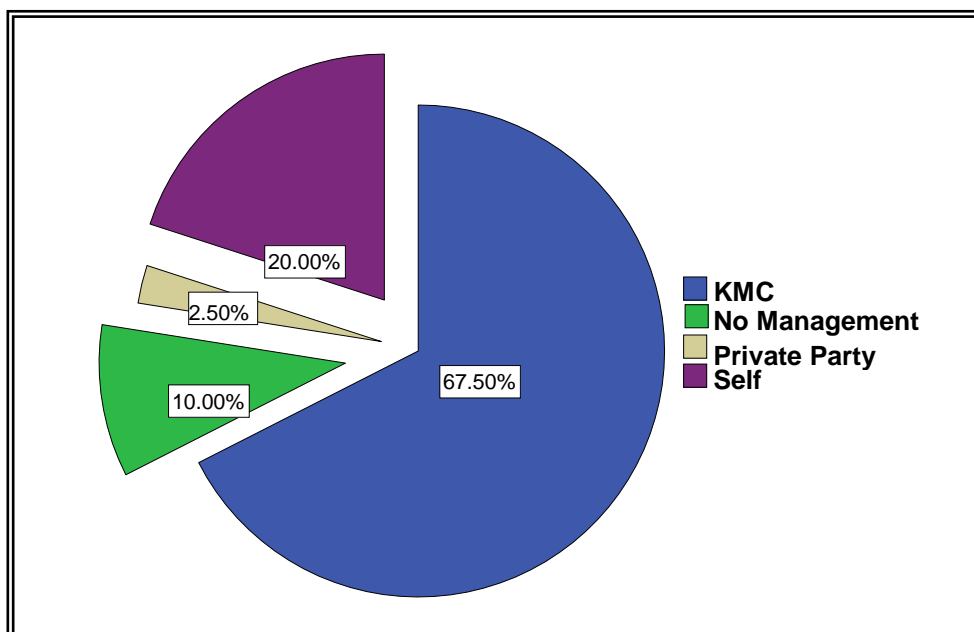


Figure 4.3 shows that wastes generated from operating the shops and from the pedestrians are mostly collected by KMC. On asking open ended question it was found that shopkeepers collect the waste and keep in one corner and the accumulated waste is collected by KMC every morning, however private party seems to be silent in waste management.

c) Unsafe and Inconvenient Overhead Bridges :-

On conducting interview with the pedestrians it was found that Overhead bridges are very unsafe at night as there have been many cases of theft and illegal activities. Though they said that Overhead bridges make it safe to cross the road during day time, people try to avoid using Overhead Bridge after 6-7 P.M. There is no provision of light /electricity or security guard on the bridge area. In addition, large hoarding boards on the sides of the bridges makes it inconvenient for the pedestrians to view what is happening on the road. The high Built Walls of the bridges with large hoarding boards on both the sides worsen the situation confusing the pedestrians about the direction of the road they are moving towards.

HIGH BUILT HOARDING BOARDS ON THE OVERHEAD BRIDGES:



Figure 4.4:

Sahid Gate Bridge: High Built Hoardings Making it Difficult to Look at Street



Figure 4.5

Ratna Park Bridge: Pedestrians Feel Almost Lost while Walking on the Bridge.

d) Non-maintained Overhead Bridges , shops, toilets and footpath area:-

According to the contract, private parties are responsible to maintain the existing bridges as well as to construct and maintain the new ones. However looking at the existing condition of bridges we see no sign of maintenance .The condition of the bridge is critical and there is always danger of stumbling on the foot steps basically at Bhotahity area. In addition, there are cracks on the wall with heavy water leakage problem for the shopkeepers operating there under.

CRITICAL CONDITION OF OVERHEAD BRIDGES



Figure 4.6 Bhotahity Bridge: In need of maintenance



Figure 4.7 Bhotahity Bridge: Broken Edges of the Foot Steps

e) Commercialization of shops, kiosks and Hoarding boards:-

According to research on kiosk and shops operating under overhead bridges, it was found that private party (Innovative concepts Pvt. Ltd) is not paying the required royalty to the government from the millions of rupees that they collect from the rental and deposit charge of shops. In addition, Private party does commercial advertisements of Business companies (e.g.: Asian Paints, Samsung, Reliance cement, Bajaj Bike, Spring Wood clothing etc) rather than displaying social message

from KMC for the sake of earning more income. The social messages of KMC and its logo are kept in places which is hardly notice by the pedestrians.

COMMERCIAL HOARDING BOARDS ON OVERHEAD BRIDGES



Figure 4.8 Sahid Gate Bridge: Where are the drivers supposed to look?



Figure 4.9 Jamal Bridge: Bird's Eye view

f) Unfair rental charge and deposits from the shops operating under overhead bridge area:-

As per the contract, the private party pays NRs.1, 20,000/- (One Lakh Twenty Thousand Only) per year with increase of 5% on every two year to KMC. However, by charging high rental charge on the shops, they earn revenue of 11 Lakh /month from Ratnapark alone and Rs.35 Lakh/month from other overhead bridges area. In addition, to earn more revenue, private party is observed to approve small shops to operate shops on the

walking area of overhead bridges on Ratnapark Overhead Bridge charging monthly rental of Nrs. 2500 to Nrs.6000.

Shopkeepers were complaining that there is no provision of direct payment of Rental charge to the private party , there are contractors involved who takes high rental charge for small shops and do not even provide the receipt to exempt themselves from paying VAT to the government.

4.2 ANALYSIS OF POLICIES AND LEGAL PROVISIONS RELATED TO PPP

This section of the analysis deals with reviewing the existing policies and legal provisions related to Public Private Partnership in Nepal. On scrutinizing the policies and practices, the research will be on a position to achieve the fore stated objective of analyzing the policy situation and the existing policy drawbacks that are creating problem in effective implementation of the planned policies. It will also help in finding out the tribulations in planning the new policies that focuses on strengthening and popularizing Public Private Partnership.

In Nepal, it is a fact that the whole government structure is in transition. Frequent changes in the ministerial portfolio at the central level, composition and structure at the local body levels has attributed to unsteady functioning of the governance systems in the country. In less than ten years (between 1990 and 1999) municipal acts and regulations have been changed three times i.e. in 1991, 1993 and 1999 (Source: MuAN/UMP). This has provided more functional authority on paper, without adequate financial power and institutional base.

The existing “Local Self Governance Act and Regulations 1999” does have a long list of municipal services provisions that can possibly be done through the participation of private sector. But in reality, central government agencies and parastatal bodies have been providing most urban services drinking ware, road, electricity etc.

This shows that there have been many statements issued by the government that suggest and /or confirm that PPP is to be promoted at all level of Nepal. However, the policies appear to be in theory rather than in application. In particular, government thinking is not consistent on question of PPP. Ambiguities still exist and the overall scenario is not too conducive for Private Investment.

On reviewing the legal provisions and policies related to PPP like LSGA Act, National Urban Policy 2004, Labor Act 1991, company Act 1996, Industrial enterprise Act etc it was found that all the policies are weak and inadequate for effective Public Private Partnership.

Legislative Frameworks concerned with responsibility of Public services and process of their delivery were often found to be complex and restrictive. Financial control mechanisms within public sectors do not anticipate delivery of Public services by the private sector through PPPs. The LSGA 1999 neither specifically promotes PPPs nor restricts their development at the local level. A need for new legislation specific to PPPs is felt to be created to enable PPP development.

Labor Act 1991:

The application of this Act to private sector is mandatory requirement for the terms and conditions for staff recruitment and employment. The Act includes the provision that states any changes in ownership shall not affect the terms and conditions of workers and the procedure for termination of employment.

A PPP arrangement shifts some of the responsibilities for services delivery from public to private sector, which can result in transfer of employees under the private sector management. The above provision of this Act may become a major constraint for a private sector in absorbing public sector employees in its organization.

Company Act 1996:

Under this Act, an Individual or a legal entity is considered insolvent if the creditors can show that its liabilities exceed the assets or it has committed an act of insolvency such as failing to pay the debts. An insolvent entity's estate is sequestrated and may wound up if a court decides it is justifiable and equitable to do so. (*Source: Pant.S.R (2003), Strategic Context of PPP at local level*).

PPP arrangements are intended to improve effectiveness and efficiency in service delivery and often involve essential services such as water and sanitation .The insolvency law encourages liquidation than reorganization of the entity thereby creates considerable

risk for the local bodies that intend to involve private operators for delivering such services. In case such situations arise, an essential service may be suspended until an alternative method to service delivery can be arranged.

Therefore, it is understood from the above analysis that the existing legal provisions are inadequate for sustainable and effective Public Private Partnership. Hence, for this one complete, adequate and unified arrangement is necessary.

The required legal provision for PPP may be of any one type from the following:

- One general law relating to Public Private Partnership for the Central and local Government.
- Different law as per the need and nature for the Central and local Government
- Add a separate chapter by making necessary improvement in the existing Local Self Governance Act (LSGA)

4.3 ANALYSIS OF SHOPS AND KIOSK OPERATING UNDER OVERHEAD BRIDGE

This section of the analysis will help attain the objective of identifying the level of understanding and application of the concept of PPP in operating and maintaining the shops and Kiosk by the shopkeepers that are provided space on rental basis by the private party. The analysis will also help the study to understand the environmental conditions, waste management, financial aspects like sources of revenue and expenses of Private and Public Party and how the gain sharing is done between the parties' involved (i.e. private party, public party and the civil society). Similarly, by analyzing the problems and suggestion of the shopkeepers, the study will be in a position to analyze the problem at the root level and accordingly suggest the recommendations for improvement.

The analysis is divided into five categories:

4.3.1 General Observation Analysis

4.3.2 Demographic Analysis

4.3.3 Business prospect and Financial Indicators Analysis

4.3.4 Utilities and environmental Aspect Analysis

4.3.5 Problems and Suggestion Analysis by the Shopkeepers

4.3.1 GENERAL OBSERVATION ANALYSIS

4.3.1.1. Analysis on the basis of Nature of shops and kiosk under overhead bridge

Figure 4.10 Analysis of Nature of Shops

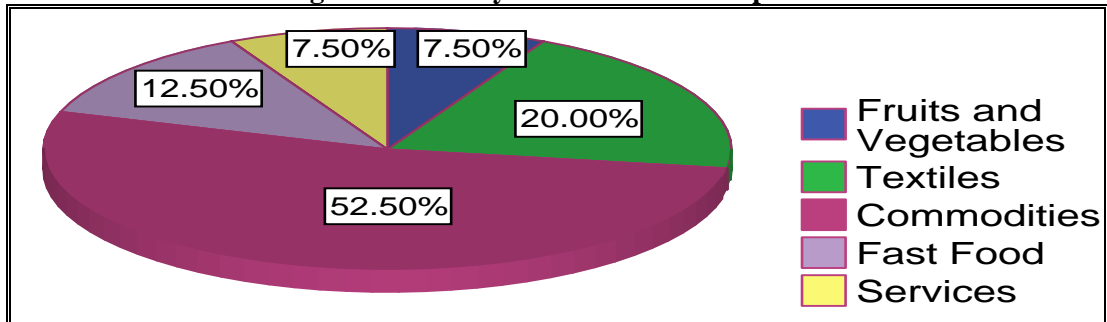


Figure 4.10 shows that most of the shops operating under the overhead bridges are that of the commodities which includes Shoes, Radio, electronic goods, Compact Discs and other Chinese products i.e. **52.50%** out of the total shops. This is followed by textiles shops of ready made clothes and then fast food café, fruit vegetables and services. This shows that there is a high demand and market for commodities which are competitive in price and cater to the target market of middle and lower middle class.

Table 4.2 :- Relationship between Place/Location of the shops & Nature of shops

Place/Location	Nature of shops or Products/services					Total
	Fruits and Vegetables	Textiles	Commodities	Fast Food	Services	
Bhadrakali	0	2	4	0	0	6
Bhotahity	0	0	1	2	0	3
Bir Hospital	0	1	3	0	1	5
Jamal	1	4	0	0	0	5
RNAC	1	0	1	2	0	4
Ratnapark	1	0	6	1	0	8
Sahidgate	0	0	4	0	1	5
Sundhara	0	1	2	0	1	4
Total	3	8	21	5	3	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

Similarly, the table above shows the dominance of particular type of shops in a particular bridge location. In Bhadrakali, Bir Hospital, Ratnapark, Sahidgate and Sundhara area there are basically textiles and Commodities shop. Similarly, there are fast food, Fruits and Vegetables shops, basically in Bhotahity and RNAC and Ratnapark Area.

4.3.1.2 Area of land occupied by the shops and kiosk

Figure 4.11 Analysis of Area of Land

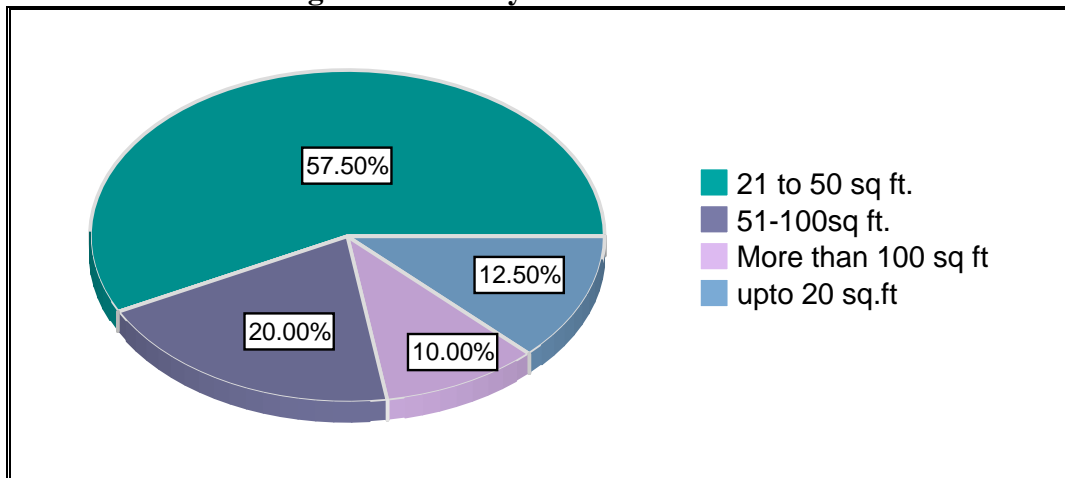


Table 4.3:-Area of Land Occupied by the Shops and Kiosk Operating in the Bridges

Area Categorized on the Basis of Sq.Ft	Frequency	Percent
Up to 20 Sq Ft	5	12.5
21 to 50 sq ft.	23	57.5
51-100sq ft.	8	20.0
More than 100 sq ft	4	10.0
Total	40	100.0

Figure 4.11 shows that out of the total shops, most of the shops and kiosk is of medium size having 21 to 50 sq.ft area (i.e. 57%). This seems to be the standard size of shops operating as areas of shops and kiosk above 50 sq.ft and below 20 ft are very less. It is observed that only service shops like telephone booth are of size less than 20ft, whereas most of the commodities and textiles shops are of 21-50 sq.ft area to 51-100 sq ft as shown in the table below.

Table 4.4 : - Relationship between Nature of Shops and the Area of Shops

area category	Nature of shops or Products/services					Total
	Fruits and Vegetables	Textiles	Commodities	Fast Food	Services	
21 to 50 sq ft.	2	7	11	2	1	23
51-100sq ft.	1	0	5	2	0	8
More than 100 sq ft	0	1	1	1	1	4
up to 20 sq.ft	0	0	4	0	1	5
Total	3	8	21	5	3	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

4.3.1.3 Cleanliness of the Shops and Kiosk operating on the overhead Bridges

Figure 4.12 Analysis of Cleanliness of the Shops

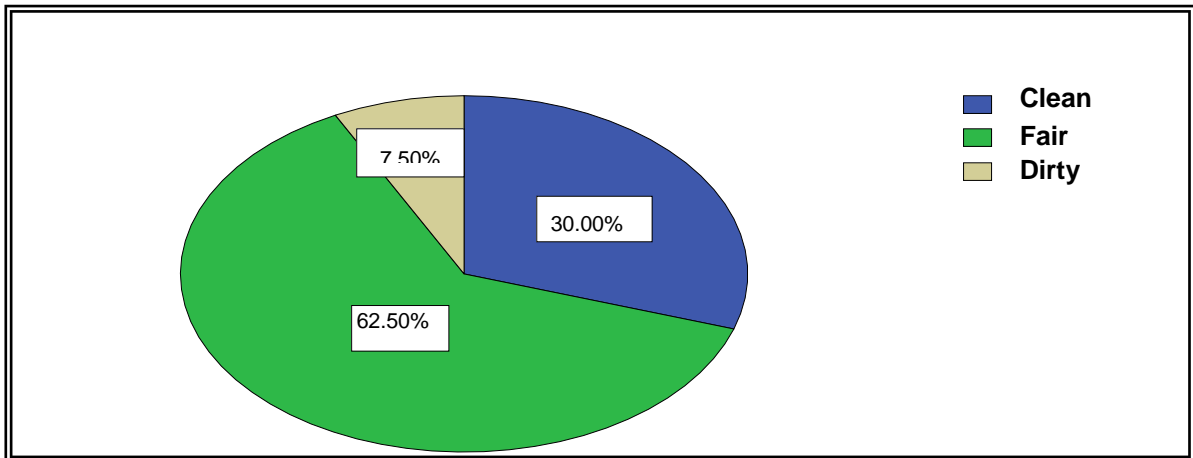


Figure 4.12 showed that the cleanliness level of shops and kiosk operating on the overhead bridges are fair. However, categorizing the cleanliness on the basis of these three categories seems inadequate; therefore the study shows cross tabulation of nature of shops and cleanliness of the area to find out the nature of shops and kiosk that mostly pollute the area around the overhead bridge.

Table 4.5:- Relationship between Nature of shops & Cleanliness of the Area

Nature of shops (products or services)	Cleanliness of the area			Total
	Clean	Fair	Dirty	
Fruits and Vegetables	1	2	0	3
Textiles	4	4	0	8
Commodities	5	16	0	21
Fast Food	1	2	2	5
Services	1	1	1	3
Total	12	25	3	40

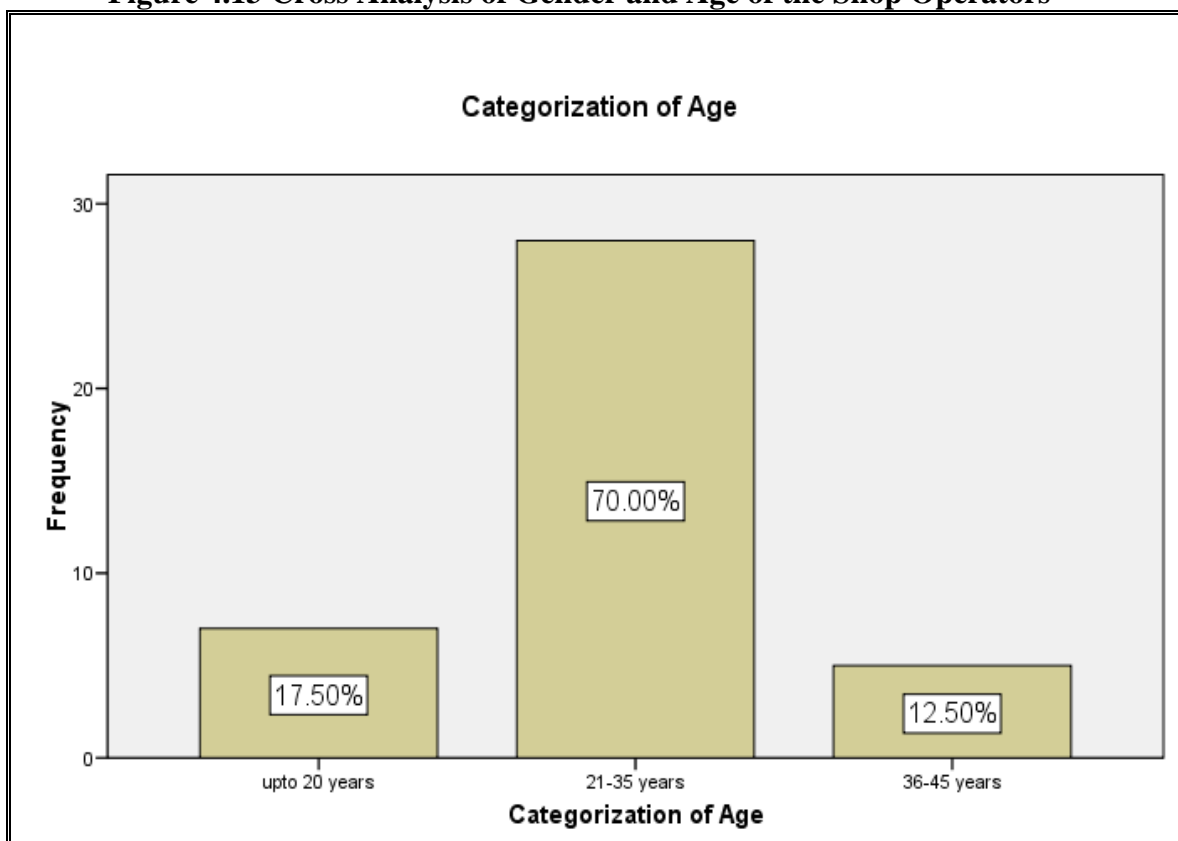
Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

The table 4.5 shows that fast food shops are the main reason for polluting the Overhead bridge area. The shopkeeper of Fast Food shops thrown food waste, plastic, vegetable skin, fruits skin, and water wherever convenient and on footpath area. In contrast, the most clean and fair area are around the textile shop and commodities because they are observed to be clean and the textile and commodities waste seems to be properly accumulated/managed by the shopkeepers which are collected every morning by KMC.

4.3.2 DEMOGRAPHIC ANALYSIS

4.3.2.1 Analysis of the Age group and Gender of the Shop and Kiosk Operators

Figure 4.13 Cross Analysis of Gender and Age of the Shop Operators



The figure 4.13 shows that the 70% of the shopkeepers of age group 21-35 years are involved in this shop operating business as a primary occupation. The least percentage of self employed age group is the people more than 35 years of age. This shows that the shops and kiosk are operated by economically active population. This analysis also shows that the dependent age groups below 15 years and above 60 years are not sound in this case.

Similarly, the shopkeepers and kiosk operator were mostly male and there were hardly women shopkeepers operating shops .Out of the total, 95% were male shopkeeper, kiosk and public Toilet operators. Whereas on few commodities shops there were female operators i.e. 5%.Thsi shows that male population are directly employed in this business rather than female.

4.3.2.2 Analysis of Dependency Ratio

Figure 4.14 Cross Analysis of Household Size and Family Member Involved in Shop

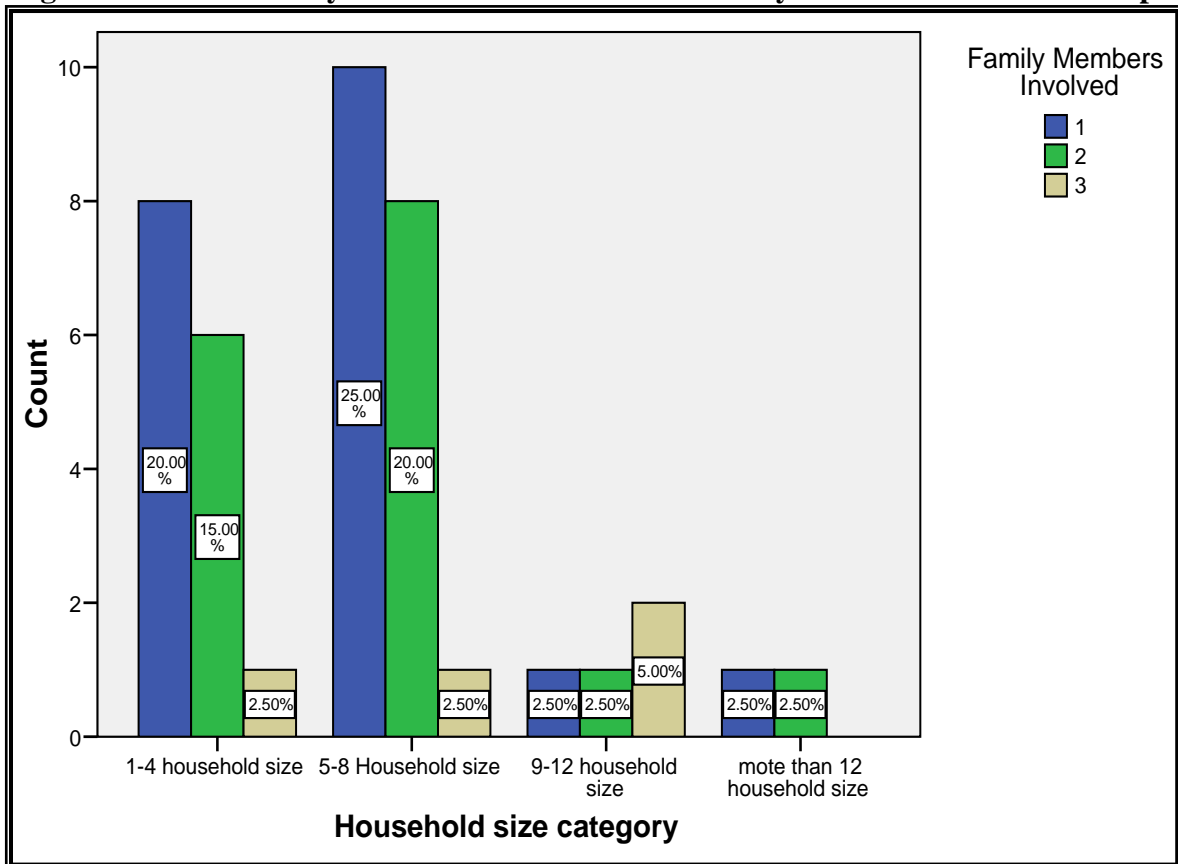


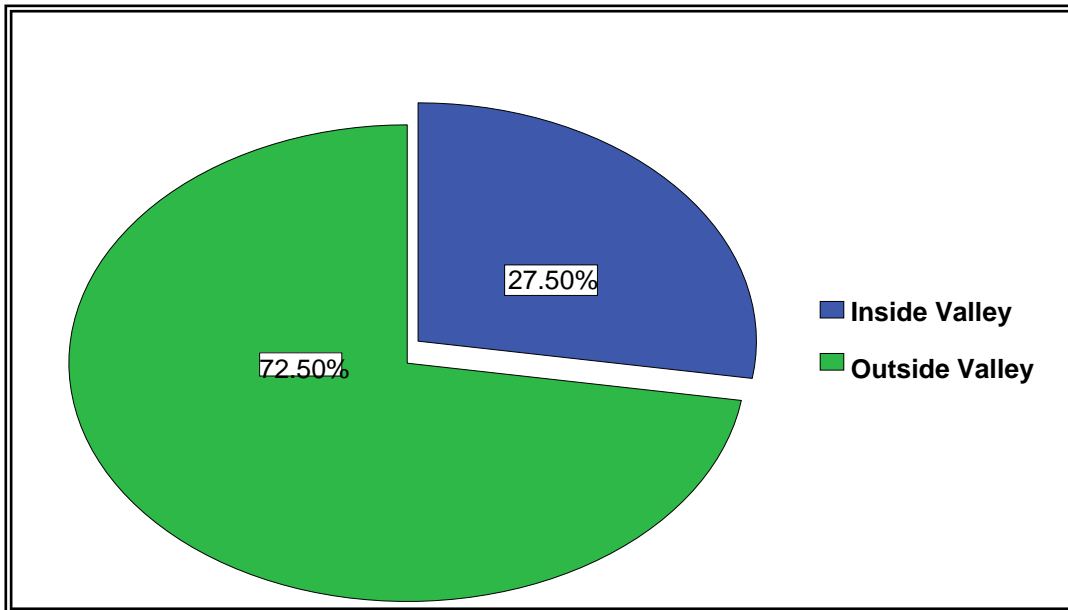
Table 4.6 :-Relationship between Family Members Involved & Household Size.

Household Size Category	Family Members Involved			Total
	1	2	3	
1-4 household size	8	6	1	15
5-8 Household size	10	8	1	19
9-12 household size	1	1	2	4
more than 12 household size	1	1	0	2
Total	20	16	4	40

The figure 4.6 shows the dependency ratio by Cross Tabulating the Household size and the number of Family member involved in the shop. It is observed that in small and medium household size up to 8 members, basically 1-2 family members are involved and in few maximum of 3 family members are involved. This shows that there is **dependency ratio of 1:5** of the family members on an average. One person earns and pays for the livelihood of 5 family members on average.

4.3.2.3 Migration Status Analysis of the Shop and kiosk Operators

Figure 4.15 Analysis of Place of Origin of the Shopkeepers

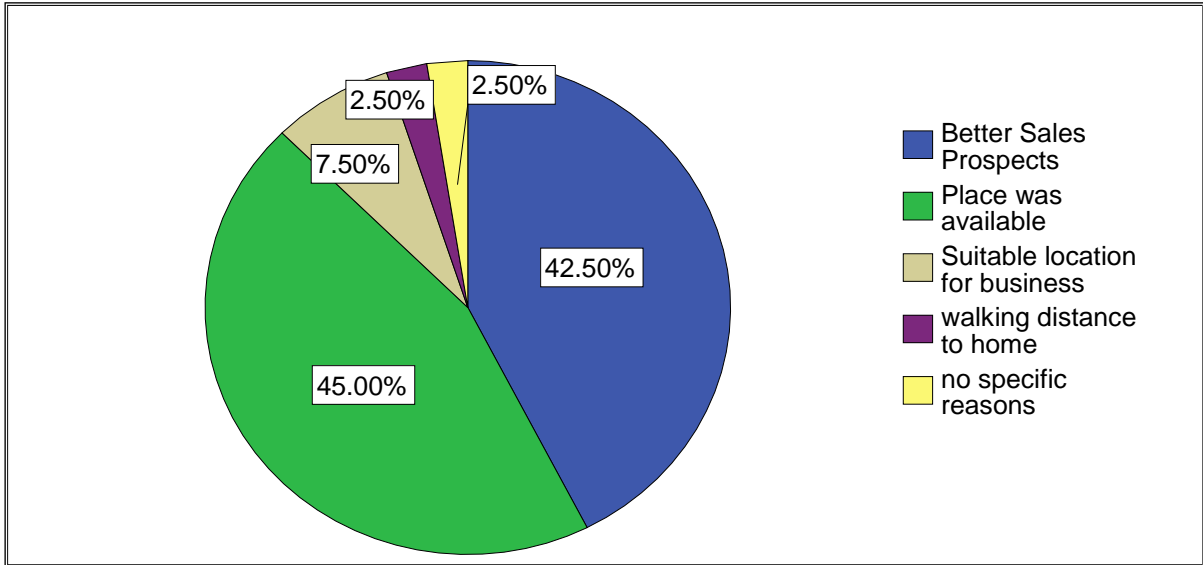


The analysis shows that the shopkeepers and kiosk operators are from outside Valley **i.e. 72.50 %** of the total shop, kiosk and toilet operators and only 27.50% of the shopkeepers are originally from Kathmandu Valley. On the study it was found that even outside the valley, there is dominance of people coming from **Ramechhap, Kavre, Sindhupalchowk and Janakpur**. Similarly, few others outside the Valley were from Sun sari, Okhaldhunga, Makwanpur, Sarlahi, Biratnagar and Dhahran.

4.3.3 BUSINESS PROSPECT AND FINANCIAL INDICATORS ANALYSIS

4.3.3.1 Location Analysis of Shops and Reason for choosing particular location.

Figure 4.16 Analysis of Reason for Choosing Particular Location



The figure 4.15 shows that the main reason for choosing particular location is mostly because the space is available and there is better sales prospect. However, we cannot generalize these reasons for all the locations where overhead bridges are available. Therefore the following cross tabulation between the Reason for choosing particular bridge for shops and the location of bridges is done to find out the reliable output.

Table 4.7:- Reason for Choosing Location & Bridge Location Relationship

Place/Location	Reasons					Total
	Better Sales Prospects	Place was available	Suitable location for business	walking distance to home	no specific reasons	
Bhadrakali	1	5	0	0	0	6
Bhotahity	1	2	0	0	0	3
Bir Hospital	0	4	1	0	0	5
Jamal	2	1	1	1	0	5
New road/RNAC	1	2	0	0	1	4
Ratnapark	3	4	1	0	0	8
Sahidgate	5	0	0	0	0	5
Sundhara	4	0	0	0	0	4
Total	17	18	3	1	1	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

Table 4.7 show that the reasons for choosing particular bridge area varies with the location .In case of Busy streets like Sahidgate ,Sundhara and Ratnapark, shopkeepers have chosen this particular location because of their higher prospect for sales .Being a center junction and busy place, sales prospect is higher in these locations. Similarly, Shopkeepers of Bhadrakali and Birhospital area were operating shops because it was available, that means because it was not available elsewhere like Ratnapark, Sundhara etc. However other reasons seems were specific to the requirement, for example on asking one surgical shop the reason for operating shop in Bir Hospital area he pointed out that it is the suitable location or business as Birhospital resides in that area and there are prospect of higher sales while some other shopkeepers pointed out that the area is near to their home so they have chosen particular location.

4.3.3.2 Analysis of the timing of Highest Sales

Figure 4.17 Analysis of the Highest Time of the Sales

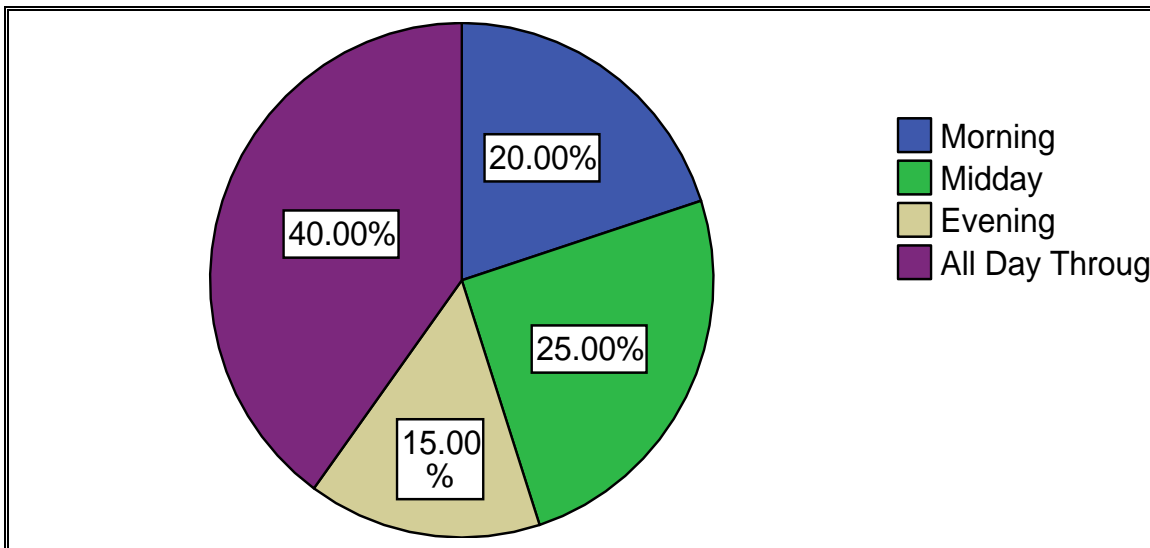


Figure 4.17 shows that the sales of products and services were independent of the timings of the day. Most of the products and services have business all day through .However, there were few shops whose nature made them have higher sales at particular timings. To analyze the sales of particular type of products at a particular time of the day a cross tabulation between Nature of the shops and the timing of the day is shown as below:

Table 4.8:- Relationship between the Timing of Sales and the Nature of Shops

Nature of shops or Products/services	At What time Sales will be Highest				Total
	Morning	Midday	Evening	All Day Through	
Fruits and Vegetables	1	2	0	0	3
Textiles	0	1	3	4	8
Commodities	5	5	3	8	21
Fast Food	2	2	0	1	5
Services	0	0	0	3	3
Total	8	10	6	16	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

Table 4.8 shows that shops of Textiles, commodities and services have high sales all day through whereas vegetable, Fruits and Fast Food sales is high in the morning and midday time than in the evening. This shows that the business of Textile, Commodities and service is very good in overhead bridges. However, we cannot generalize the sales of this product or services in all the overhead bridges. So, in order to get the accurate result, relationship study between high time of sales and the nature of the product is shown as under:

Table 4.9:-Relationship between Place/Location and the Peak Time of Sales

Place/Location	At What time Sales will be Highest				Total
	Morning	Midday	Evening	All Day Through	Morning
Bhadrakali	0	3	2	1	6
Bhotahity	2	0	0	1	3
Bir Hospital	1	0	1	3	5
Jamal	1	0	1	3	5
RNAC	0	3	0	1	4
Ratnapark	3	2	0	3	8
Sahidgate	0	1	2	2	5
Sundhara	1	1	0	2	4
Total	8	10	6	16	40

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

4.3.3.3 Analysis of the rental charge

Figure 4.18 Analysis of the Rental Charges

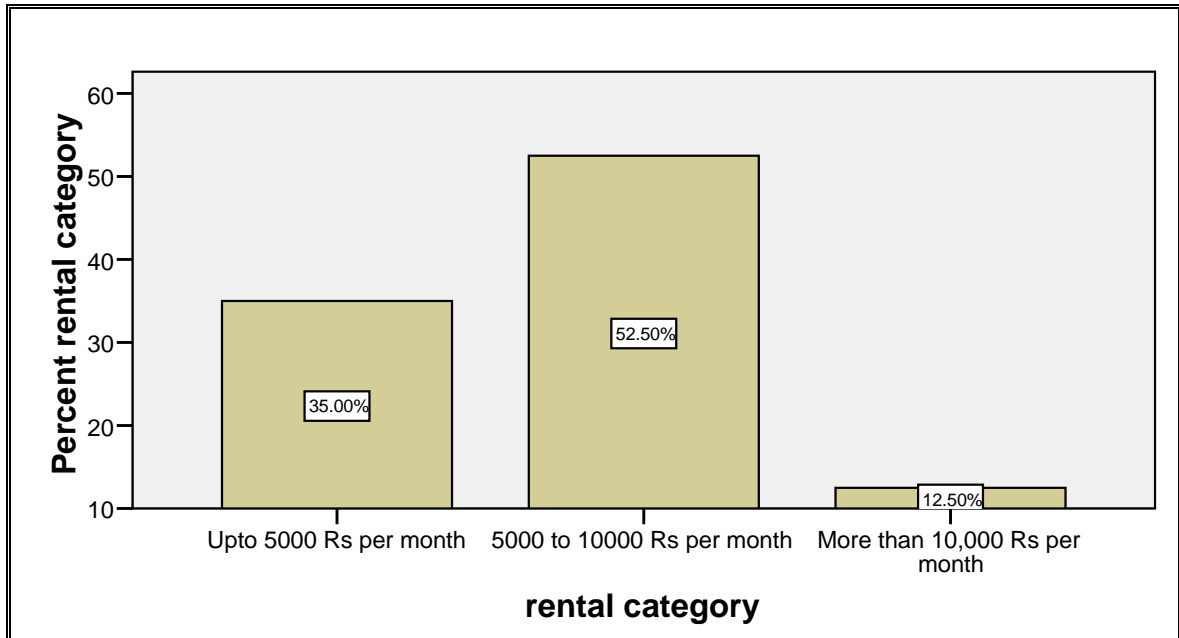


Figure 4.18 shows that the dominance of average rental charge for the shops and kiosk range from Rs.5, 000-10,000 per month / shop which is total of 52.50 %. It is observed that there are total of approximately 109 shops and kiosk operating in the overhead bridges and average of Nrs. 7000/month is collected from those shops. This shows that private party earn around 10-12 lakh /month from the rental collection of shops and kiosk alone.

On analyzing the **rent charge on the basis of nature of shops** it was found that commodities shops rental charge is much lesser than other shops where as that of fast food restaurants and textiles shops rental charge is quite higher. This is the case because the areas of land occupied by commodities shops are less. However, there seems to be some unfair cases because even though the lands occupied by textiles shops and fast-food are of average size they are charged high rental charge from the private party. There seems to be some nepotism and favoritism as being told during the interview by the shopkeepers. The shopkeepers were aggressive because they were insisting that the private party charges high rental charge to some shopkeepers and less to others who are relatives of the contractors. They were saying that as the contractor is from Ramechap, and he charges comparatively low price for his Village people and higher for others.

To analyze the **fairness level in the rental charge to the shopkeepers** irrespective of the origin of the shopkeepers, the following analysis is represented.

Table 4.10 Relationship between Rental Charge and the Area of Land Occupied by the Shopkeepers Originally from Ramechap

rental category	area category			Total
	21 to 50 sq ft.	More than 100 sq ft	upto 20 sq.ft	
5000 to 10000 Rs per month	0	1	0	1
Up to 5000 Rs per month	5	0	1	6
Total	5	1	1	7

Table 4.11 Relationship between Rental Charge and the Area of Land Occupied by the Shopkeepers Originally from Places other than Ramechap

rental category	area category				Total
	21 to 50 sq ft.	51-100sq ft.	More than 100 sq ft	up to 20 sq.ft	
5000 to 10000 Rs per month	13	4	1	2	20
More than 10,000 Rs per month	1	1	2	1	5
Up to 5000 Rs per month	4	3	0	1	8
Total	18	8	3	4	33

Source: Pro-poor Public Private Partnership Toolkit, PPPUE/UNDP Nepal

On comparing the above two tables , it was found that for land area of up to 50 sq ft, a rental charge of up to Rs.5000/month is taken from the shopkeepers coming form Ramechap , where as for the same area of land rental charge of more than Rs.5000/month is charged on shopkeepers coming from other places.

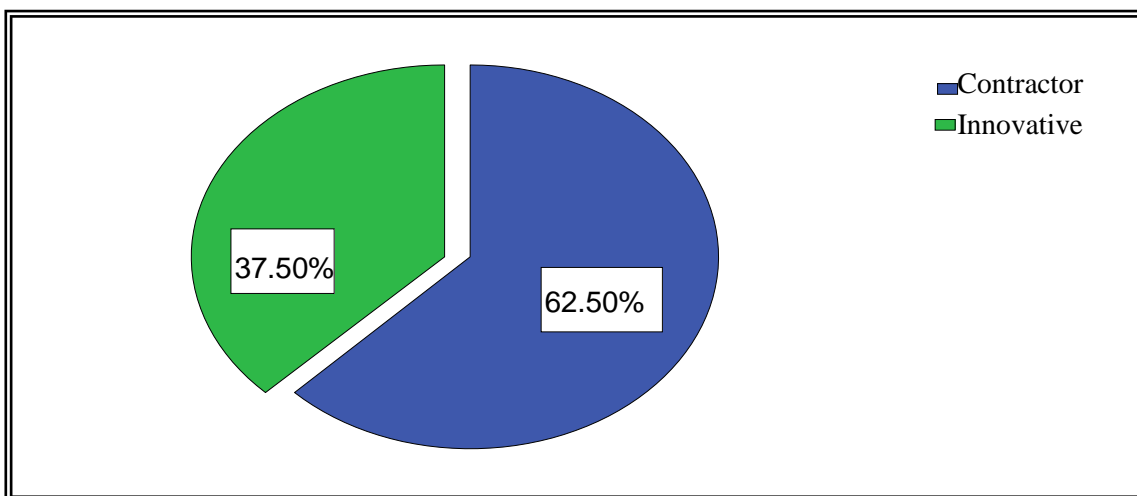
Similarly, on comparing the two tables it is observed that Rental charge of more than 10,000/month do not even exist in place of Ramechap shopkeepers whereas for shopkeepers coming from other places rental charge of more than Rs, 10,000/month is being charged even for shops of small area up to 21 sqft ft and 50 sq.ft.

On calculating it was found that **Private Party earns around 35 lakh/month** from the rental income and commercial advertisements shown in Hoarding Boards and their **expense is of 1,20,000/month to KMC** in the form of agreed payment amount.

The shopkeepers need to pay for utilities, shop rent and waste management. This shows that there is unfair rental collection from the contractors and private party and the gain sharing between the three parties (Private, Public and Civil society) is also unjustified as overhead bridge operation and maintenance is being beneficial financially only to the private party.

Similarly, on analyzing the questionnaire it was found that **rent charge for the shops are not only collected by the private party directly but also by contractor** popularly called “Gautam” who is from Ramechap. Therefore to analyze the level of middle person involvement in rental charge collection lets analyze the percentage of rental charge being collected by the each party.

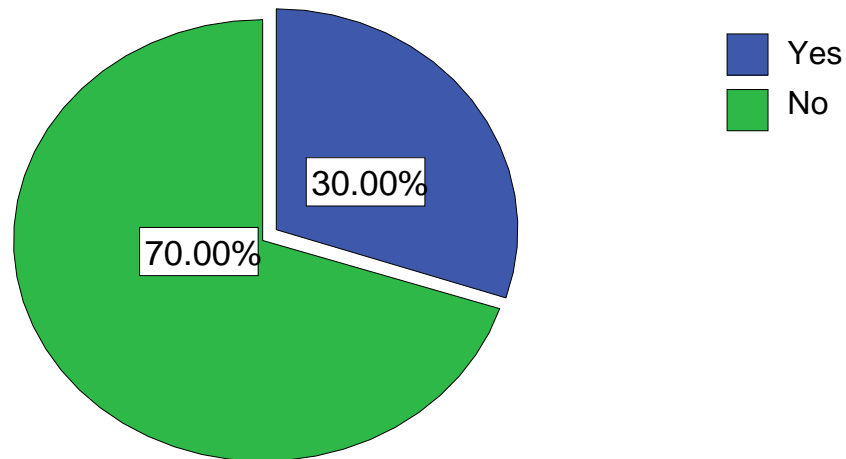
Figure 4.19 Analysis of the Party to Whom the Rental Charge is Paid Every Month



The Figure 4.19 shows that 62.50 % of the shopkeeper’s monthly rental charge is collected by the contractor and only 37.50 % of the shopkeepers pay the rental charge directly to the private party (Innovative Concepts Pvt. Ltd).

Similarly, to analyze the perception of the shopkeepers on the rental charge, analysis was conducted to find out whether the rental charge is reasonable or not. The following chart shows that 70% of the shopkeepers found the rental charge reasonable where as 30% of shopkeepers found the charge to be reasonable.

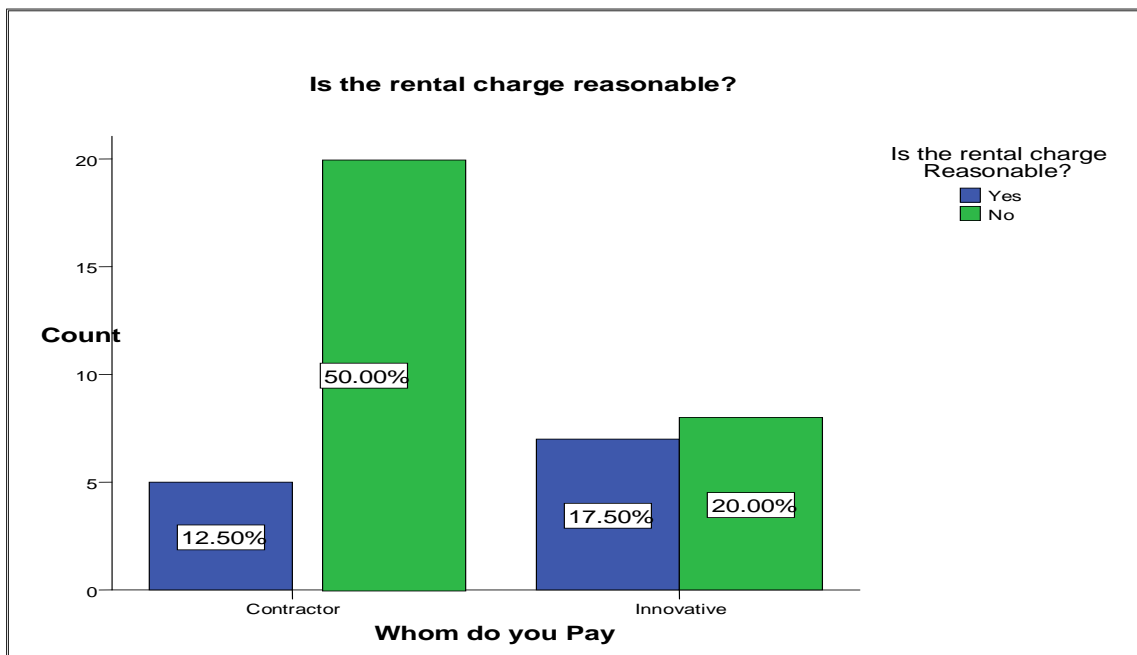
Figure 4.20 Analysis Whether the Rental Charge is Reasonable or Not



To find out the level of biasness by the contractor in charging rent for shopkeepers a relationship study done. A cross tabulation between the rent collector and the rental charge reasonability is shown as under;

Figure 4.21

Cross Analysis of the Rental Charge Fairness Level with the Collector of Rent



The relationship analysis shows that the shopkeepers whose rental charge is collected and fixed by the private party (i.e. Innovative Concepts) found the rental charge to be reasonable. In contrast, 60% of the shopkeepers who pay rental charge to contractor found the charge to be unreasonable, higher and unfair. It was also found during the research that the shopkeepers have to pay extra 1-2 lakh as deposit to the contractor on

providing the shop area on rent at the beginning. These shopkeepers are charged extra money as “Salami” by the contractors, which is a sort of commission for making the shop space available. In addition, shopkeepers were complaining that the middle men(contractor) not only charges high price but also refuses to give the receipt of the rental charge paid and on asking them for the receipt, contractors scolds and threatens the shopkeepers .

This shows that direct involvement of Private arty is fair than the involvement of the contractor in allocating shop space, collecting rent etc .because the middle person seem to take unfair benefits from the shopkeepers through their unfair means of payment charging and collecting rent with favor and benefit to few small groups (Villagers and relatives of contractors).

4.3.3.4 Analysis of Sales and profit pattern of Shopkeepers and Kiosk Operators

Figure 4.22 Cross Analysis of Sales and the Nature of Shops

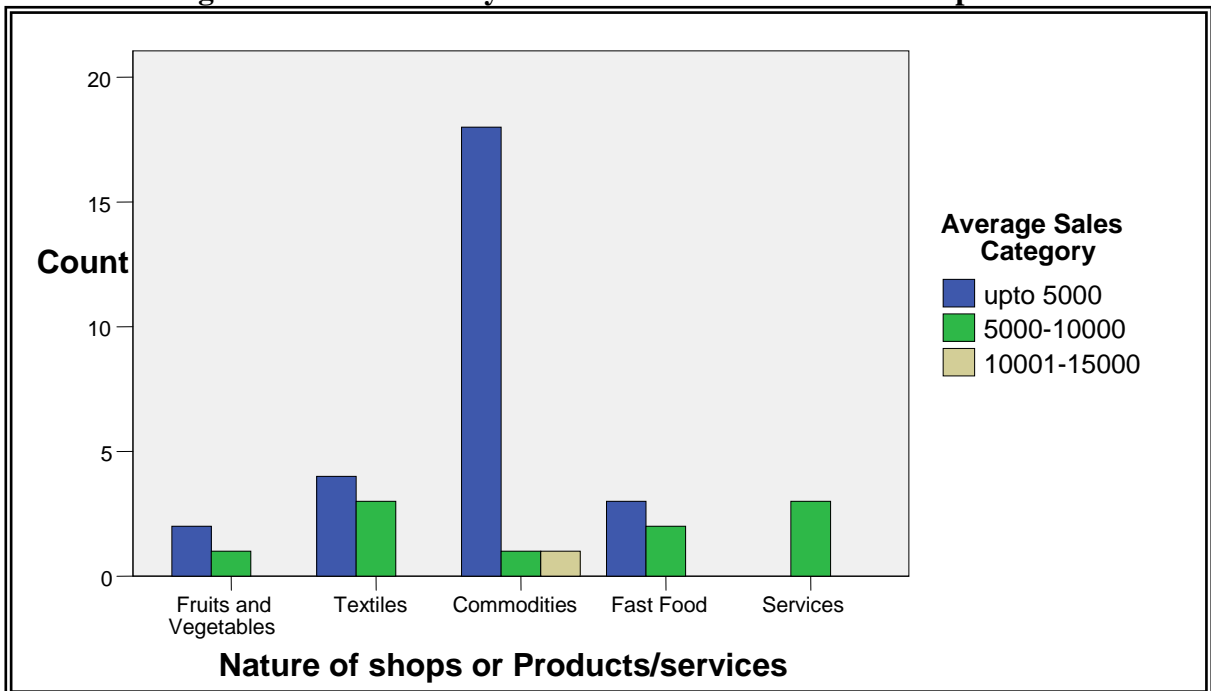


Figure 4.22 shows that the average sales of commodities and textiles are high in the overhead Bridge area and so is the profit pattern. Profit from the sales of product and services on Overhead Bridge area is around 30% in average. However in commodities textiles and Fast food shops profit is around 40% of the sales. This shows that there is good market demand for commodities, textiles and Fast-food shop around overhead bridge area as the nature of shop suits the target market of middle class pedestrians.

4.3.4 UTILITIES AND ENVIRONMENTAL ASPECT ANALYSIS

4.3.4.1 Analysis of the availability of utilities facilities

The research showed that the shopkeepers themselves are responsible for the payment of utilities like electricity. They have kept a sub meter in their shops and they pay the electricity bill accordingly. In addition, it was found that there is no proper water connection and hygienic toilet facilities around the overhead bridge area.

There is no provision of electricity on the bridge, therefore the problem increases at the night time. There have been many cases of theft and other illegal activities on the bridge area at night due to which people have stopped using bridge at the evening and the night time due to the lack of security.

4.3.4.2 Analysis of the environmental aspect of Overhead Bridges area

The environment seems to deteriorate with the construction of shops and kiosk in overhead bridges. Though private parties are responsible for the management of waste and provision of dust bin around the bridge area, we can hardly observe dust bins .In addition, even after paying Rs.2-3 for the use of Toilet per person, there is no management of Toilet. The operators are not keeping the toilet area clean and hygienic rather it is stinky making the pedestrians difficult to walk on the road. We can observe the paper and plastic wastes and vegetable skins being thrown in the bridges and footpath area. There seems to be lack of monitoring and management of waste.

The problem of street vendors adds fuel to the fire of crowding the bridge area and on polluting the footpath area. Though the provisions has been made on the writing (contact) to manage the problem of street vendor, no serious measures have been taken till now to eradicate those street vendors from the overhead bridge area.

However talking about the use of overhead bridge by the pedestrians, it was observed that general public is increasing their use of the overhead bridge for crossing the road. The level of awareness level and discipline among the people are also increasing .Only few disabled people using wheel chairs, old aged people and students use the overhead bridges in less frequency to cross the road. The use of overhead bridge is the maximum in the midday and the office hours. The use of overhead bridge also depends upon its designing part.

There seems to be some flaws in the designing of the overhead bridge like; use of cheap material in the construction, improper size of the steps of the bridge and construction of high bridge making it difficult and tiring for the pedestrians to cross the bridge.

4.3.5 PROBLEMS AND SUGGESTION ANALYSIS BY THE SHOPKEEPERS

On questioning the shopkeepers regarding the problems and the suggestions that they would like to highlight to improve the current situation of overhead bridges, the following suggestions were identified:

4.3.5.1 Problems being faced by the shopkeepers and Kiosk Operators:

- a) Unfair Rental Charge for the shops and kiosk
- b) Lack of maintenance and repairing of bridge, shops and footpath area.
- c) In spite of keeping social message giving hoarding on the side of the bridges, most of the hoarding and posters placed on the Bridges seems to be for commercial use with commercial motive.
- d) No importance had been given to the cleanliness of the bridge and the footpath area around it.
- e) Shopkeepers manage the wastes from shop themselves and there is a lack of proper waste management by the private party (Innovative concepts) or Public Party (KMC).
- f) Unavailability of electricity and water connection on the bridge area and the public toilet is also unmanaged in spite of taking high charges per us.
- g) No responsible and accountable person for collecting rental charge and to listen to the problems that shopkeepers and other kiosk operator are facing.

4.3.5.1 Suggestion to Private and Public Party by the shop and Kiosk Operators:

- a) Private and Public Party should jointly fix fair rental Charge to all the shopkeepers.
- b) Utilities and environmental problems should be managed.
- c) Gain sharing between the parties involved in tripartite arrangement should be justified and private party should be discouraged to earn large amount by misinterpreting the authority.

4.4 ANALYSIS OF QUESTIONNAIRE FOR RESEARCH ON PEDESRTIANS AROUND STUDY AREA

This section of the analysis shows the view and comments of the pedestrians (general public) regarding the concept of PPP. This study will also help to understand the demographic like age, occupation and gender that are active or inactive to the concept and the use of PPP concept in the operation of overhead bridge. Questionnairng the general public will also help the study to extract the problems that they are facing and understand their future need and suggestions.

In the questionnaire research of pedestrians, a sample of 5 pedestrians from each bridge was taken out of the total of eight (8) overhead bridges totaling to a **sample size of 40 pedestrians**.

To get the accurate output, questionnaire were filled up at different **times of the day** i.e. morning, midday, and early evening. However the samples were not taken at night due to problem of light/electricity in the bridge area and due to lack of security condition. The analysis showed that the **use of overhead bridge was highest during office hour** (i.e. 9:00am to 11:00am and 4:00pm to 5:30pm) and were comparatively less at other times of the day. However, the use of overhead bridge is increasing among the general public with the growing awareness and education level.

To analyze the user of Overhead Bridge on the basis of **gender** it was observed that out of the sampled respondents **60% were male** and **40% female**. Similarly, to analyze on the basis of **Age group, age group of 20-35 years and 35-50 years** were the basic users of overhead bridges totaling to 70% out of the sampled respondents. Teenagers and old aged people above 60-65 years use overhead bridge in less frequency. Teenagers basically like to bypass laws and use the road to cross the bridge whereas old people find bridge tiring, difficult and time consuming.

To analyze on the **basis of occupation** of the sampled pedestrians it was found that 40% of the sample were basically service holders and 40% were students and housewives, whereas the remaining 20% were the local people having residence around the bridge area.

On analyzing the behavior and **attitude of people to use overhead bridge** it was observed that 68% of the total pedestrians often use overhead bridge to cross the road, where as 32% of the respondents use overhead bridge very seldom.

On analyzing the **safety and convenience level** it was observed that the pedestrians find the overhead bridge safe during the day time and convenient to use as it decreases the chances of road accident but few pedestrian pointed out the following **reasons for its inconvenience**:

- a) Lack of space to walk due to street vendors and other footpath shop.
- b) Beggars on the foot path and bridge make it inconvenient to walk.
- c) Unmaintained stairs and overhead bridge mainly at Bhotahity make the bridge risky and prone to accidents.
- d) Cases of theft and drug addicted people junction at overhead bridge at night make the overhead bridge unsafe.
- e) Scattered clutters and food waste and animal waste make the bridge area difficult to walk.

The **satisfaction level of the pedestrians** regarding the shops were fair ,however they are totally unsatisfied with the shops operating under and around the overhead bridges, They complain that the toilets are extremely dirty and despite of charging price for its use , it is not maintained as per the minimum standards also.

To understand the market and the future need of the general public, analysis of the required overhead bridges on the new areas were conducted. The pedestrians were demanding managed overhead bridges on Kalimati chowk, Kalanki, Tripurshwor, New Baneshwor, Singh durbar, Chabel Chowk, Gaushala Chowk and Thapathali Chowk but if the new bridges are to be the unmanaged old ones then the pedestrians insist that it is better not to construct the new ones.

Concluding Remarks

The policies and legal provisions of Public Private Partnerships are weak in monitoring, evaluation, quality control and assurance part. The parties responsible are themselves not living up to the true spirit of the contract. There is lack of organizational system and the level of knowledge and adequately skilled human resource to plan and implement the factual concept of Public Private Partnership. Therefore measures should be taken to improvise the current situation and make the PPP projects beneficial not only to the parties involved but to the whole economy in development effort.

4.5 The major findings after the analysis of data and studying of the data are as follows:

- 1) The contract and the policy between the private party and public party was not implemented properly as per contract .private party shall finance and construct 3 overhead bridges with in one year from the date of approval of the designed and handover the undisputed site for construction.
- 2) Private party is given the right to use the bridges space for advertisement and kiosks for rental at fair prices. However private party shall pay taxes as applicable by the rules and regulation.
- 3) The level of awareness and understanding among the general public regarding the concept and applicant of PPP is in low .only certain and highly educated person are aware about the concept of PPP.
- 4) The level of awareness about the uses of cverhead bridges is so low.Only educated person are using the overhead bridges.
- 5) The partnership between public and private party is the best and appropriate foarm of PPP in Nepal.
- 6) The study and data shows a lot of weakness in partnership between both party .They are unable to do the work as per contract between them.
- 7) Delay of completion of work within estimated time framework .Acoriding to the contract paper private party was responsible to maintain the existing six overhead bridges and construct 6 new overhead bridges within time frame opf 3 years .However only 2 overhead bridges have been constructed in 7 years time.
- 8) Deteriorating environment and hygiene around Tudikhel area .On a general observation of bridges it was found that the cleanliness level of bridges are very critical .No any proper system of waste management .
- 9) There is unfair and unsystematic rental charge in collection .The private party charges Nrs 7000-10000 per month rental charges
- 10) No proper management of utilities by public and private party .It was found that there is no proper water connection and hygienic toilet facility around the overhead bridges area.
- 11) Decreasing in the rate of accident and traffic jam .Overhead bridges make it safe to cross the road with safely
- 12) Out of 100 people 60 people does not use the overhead bridges in their busy schedule .people try to avoid using overhead bridges after 6-7pm.
- 13) Suggestion on location for construction new overhead bridges .Likely in Kalimati chowk, Tripureswor Singh durbar chabel chowk,Thapathali and Bhaktapur.
- 14) Unsafe and inconvenient overhead bridges.It was found that overhead bridges are very unsafe at night time as there have been many cases of thefts and illegal activities.
- 15) The area of overhead bridges was totally advertised by commercial product. There is no any advertisement of public awareness.

Chapter V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The private party is found to be unable to complete the construction of six bridges under the stipulated time of 3 years as per the contract. Only two bridges out of the six planned has been completed within 7 years whereas the time frame was just 3 years for the project completion. Similarly, the private party was unable to abide by the environment protection and improving clause of the Contract, as the environment is deteriorating with wastes and clutters all around the Overhead bridge area. Regarding the collection of waste, people from KMC comes every morning for collecting waste but the private party seems to be silent in waste management. The problem of beggars and street vendors congesting the bridge area still exist and the private party has not taken any measures till now to remove/manage these street vendors and beggars. KMC do not seem to give importance and attention to the terms of the contract. There is still lack of light /electricity on the overhead bridge area. Though it is the responsibility of Private party (Innovative Concepts Pvt.Ltd) to provide utilities facilities around the bridge area, Public Party (KMC) is also responsible to arrange/manage utilities except for its financial part.

It is the job of KMC to evaluate and monitor the activities of the private party, but it was found that the private party has used cheap materials while constructing bridges and no serious attention has been given to its maintenance part along with high and unfair rental charge collection from the shopkeepers and kiosk operators.

If we observe the Bhotahity bridge, then we will know the critical condition of the bridge, however it was observed recently that a banner has been stuck in that bridge mentioning that the construction of that bridge is going on by the Innovative concepts

Pvt. The analysis also showed that the gain sharing between the parties is not fair. The Private Party (Innovative concepts Pvt. Ltd) is not paying the required royalty to the government from the millions of rupees that they collect in the form of rental and deposit charge of shops. In addition, the Private Party was found to be concentrating on commercial advertisements of Business companies (e.g.: Asian Paints, Samsung, Reliance cement, Bajaj Bike, Spring Wood clothing etc) rather than displaying social message from KMC so that they can earn extra money from hoarding as well.

It was found that the private party pays Nrs.1,20,000/- per year to the government where as they earn more than 35 lakh monthly from the rental charge and hoardings. It is the third party (shopkeepers) who are paying for the utilities like electricity, water, waste and toilet. This shows that there is unfair rental collection from the contractors and private party and the gain sharing between the three parties (Private, Public and Civil society) is also unjustified. Therefore, the only beneficiary seems to be the private party in the gain sharing process. The social messages of KMC and its logo are kept in places which is hardly notice by the pedestrians. It needs to be searched to be located.

Shopkeepers were complaining that there is no provision of direct payment of Rental charge to the private party , there are contractors involved who takes high rental charge for small shops and do not even provide the receipt to exempt themselves from paying VAT to the government. Therefore, the above findings show that the terms and conditions of the contract have not been followed in a true spirit by the private arty as well as public party. They seem to be weak in their own ways, the private party is unable to do the construction and maintenance work and the public party is not monitoring and supervising the private party on deviating from their actual goal.The following are the findings on the policy situation and the existing policy drawbacks related to PPP concept that are creating problem in effective implementation of the planned policies or in planning and popularizing the new policies that focuses on strengthening and popularizing Public Private Partnership.There have been frequent changes in the policies and act and this has provided more functional authority on paper, without adequate financial power and institutional base. The existing “Local Self Governance Act and Regulations 1999” does have a long list of municipal services provisions that can possibly be done through the participation of private sector. But in reality, central government agencies and parastatal bodies have been providing most urban services drinking water, road, electricity etc.

The LSGA 1999 neither specifically promotes PPPs nor restricts their development at the local level. A need for new legislation specific to PPPs is felt to be created to enable PPP development. Performance monitoring of privately delivered services and infrastructure is essential. It is even more important, when a facility built by the private partner will be transferred back to the local body. But there are hardly any laws and even if few are mentioned indirectly, it seems to be lacking in the implementation aspect. Had there been such measures the private party would not have allowed the private party to construct overhead bridges where the quality control and quality assurance measures inspections and verification seems to be missing in practice. Legislative Frameworks concerned to responsibility of Public services and process of their delivery were often found to be complex and restrictive. Financial control mechanisms within public sectors do not anticipate delivery of Public services by the private sector through PPP'S

Drawbacks and constraint of the existing acts:

Labor Act 1991:

A PPP arrangement shifts some of the responsibilities for services delivery from public to private sector, which can result in transfer of employees under the private sector management. The above provision of this Act may become a major constraint for a private sector in absorbing public sector employees in its organization.

Company Act 1996:

PPP arrangements are intended to improve effectiveness and efficiency in service delivery and often involve essential services such as water and sanitation .The insolvency law encourages liquidation than reorganization of the entity thereby creates considerable risk for the local bodies that intend to involve private operators for delivering such services. In case such situations arise, an essential service may be suspended until an alternative method to service delivery can be arranged.

Therefore, it is understood from the above analysis that the existing legal provisions are inadequate for sustainable and effective Public Private Partnership. Hence, for this one complete, adequate and unified arrangement is necessary.

The required **legal provision for PPP may be of any one type from the following:**

- One general law relating to Public Private Partnership for the Central and local Government.
- Different law as per the need and nature for the Central and local Government.
- Add a separate chapter by making necessary improvement in the existing Local Self Governance Act (LSGA).

Good prospect of textile and commodities shops:

There is a dominance of commodities shop in the overhead bridge area which mostly comprises of Chinese electronic goods that targets middle and lower middle class people. Among different types of shops and kiosk, textile and commodities shops are cleaner, where as fast food and fruits shops throw food waste, plastic, vegetable skin, fruits skin, and water wherever they want.

The average sales of commodities and textiles are high in the overhead Bridge area and so is the profit pattern. Profit from the sales of product and services on Overhead Bridge area is around 30% in average. However in commodities, textiles and Fast food shops profit is around 40% of the sales. This shows that there is good market demand for commodities, textiles and Fast-food shop around overhead bridge area as the nature of shop suits the target market of middle class pedestrians.

Dominance of economically active migrated shopkeepers:

Shops and kiosk are operated mostly by economically active population of age up to 35 years and the dependent age groups below 15 years and above 60 years are not sound in this case. There is dominance of male shopkeepers who have migrated from outside valley mostly from Ramechap, Kavre, Sindhupalchowk and Janakpur. The dependency ratio is 1:5 of the family members on an average which means that a single person earn a living for 4-5 people from the operation of shops.

Locational and Timing of high sales prospect:

Shopkeepers choose the location on the basis of their preferences which cannot be generalized for all the overhead bridges **locations**. In case of busy streets like Sahidgate, Sundhara and Ratnapark; shopkeepers choose this particular location because of their higher prospect for sales. Similarly, Shopkeepers of Bhadrakali and Birhospital area were operating shops because it was not available elsewhere like Ratnapark, sundhara etc.

The sales of products and services were independent of the **timings** of the day. Textiles, commodities and services shops have high sales all day through whereas vegetable, Fruits and Fast Food Sales is high in the morning and midday time than in the evening.

Unfair and unsystematic rental charge collection

The Analysis of the **rental charge** showed that the private party (Innovative concepts Pvt. Ltd) charges Nrs.7000/month rental charge on an average to the shops. However the rental charge were found to be unfair to few because even though the lands occupied by textiles shops and fast-food are of average size they are charged high rental charge from the private party. The analysis showed that for the same shop area i.e. up to 50 sq ft, shopkeepers having origin of Ramechap are charged Nrs. 5000/month whereas others are charged 10,000/month or more.

On finding out the reason for biasness on the basis of origin of shopkeeper it was found that the rent charge for the shops are not only collected by the private party directly but also by contactor popularly called “Gautam” who is from Ramechap. The analysis showed that 60% of the shopkeepers whose rental charge is collected by contractors were unsatisfied with the rental charge, whereas only 30% of the shopkeepers whose rent is collected from the innovative concepts directly were unsatisfied. This shows that the contractors are taking unfair benefits from the shopkeepers through their unfair means of rental charging with favor and waiver to few small groups (Villagers and relatives of contractors).

No proper management of utilities by the Public and Private Party:

The shopkeepers themselves are responsible for the payment of utilities like electricity. They have kept a sub meter in their shops and they pay the electricity bill accordingly. In addition, it was found that there is no proper water connection and hygienic toilet facilities around the overhead bridge area.

There is no provision of electricity on the bridge, therefore the problem increases at the night time. There have been many cases of theft and other illegal activities on the bridge area at night due to which people have stopped stop using bridge at the evening and the night time due to the lack of security.

Deteriorating environment around the overhead bridge area:

The environment seems to deteriorate with the construction of shops and kiosk in overhead bridges. Though private parties are responsible for the management of waste

and provision of dust bin around the bridge area, we can hardly observe dust bins .In addition, even after paying Rs.2-3 for the use of Toilet per person, there is no management of Toilet. The operators are not keeping the toilet area clean and hygienic rather it is stinky making the pedestrians difficult to walk on the road. We can observe the paper and plastic wastes and vegetable skins being thrown in the bridges and footpath area. There seems to be lack of monitoring and management of waste.

The problem of street vendors and beggars adds fuel to the fire of crowding the bridge area and on polluting the footpath area. Though the provisions has been made on the writing (contract) to manage the street vendor, no serious measures have been taken till now to eradicate those street vendors from the overhead bridge area.

Increasing awareness level among the general public:

The general public is increasing their use of the overhead bridge for crossing the road. The level of awareness level and discipline among the people are also increasing .Only few disabled people using wheel chairs, old aged people and students use the overhead bridges in less frequency to cross the road. The use of overhead bridge is the maximum in the midday and the office hours.

Recent attention by the private party to maintain the overhead Bridge:

Only few days back it came into picture that the private party is showing some attention in the maintenance and renovation work of the bridges that are in critical condition. The protest by the shopkeepers and the pressure from the general public has finally made the private party take the operation and maintenance of overhead bridges into consideration. We can observe that the overhead bridge at Bhotahity has been under construction and we are hopeful that the maintenance and operation of overhead bridge gets better in the days to come.General public prefer to use overhead bridge for convenience and safety(from road accidents) and its use is highest during the office hours when the road is crammed with vehicles and traffic jams. However, the use of overhead bridge is the least after 7:00 pm because there is no provision of light and there is threat of theft at night around the overhead bridge area because of the similar past bitter experiences by the local people.

The pedestrians were basically male of economically active age group who uses overhead bridges .Teenagers and old aged people above 60-65 years use overhead bridge

in less frequency. Teenagers basically like to bypass laws and use the road to cross the bridge whereas old people find bridge tiring, difficult and time consuming. Most of the pedestrians were service holders, college going students and local people having residence around the bridge area. The analysis also showed that the user of overhead bridge is increasing in comparison to past showing increasing awareness level among the general public.

Problems of Pedestrians in using overhead bridges :

Pedestrians complained that there is a lack of space to walk on footpath and bridge area due to street vendors, beggars and other footpath shop. The case becomes worse when the bridges are unmaintained (welcoming accidents while walking on the stairs of the bridge) , toilets are dirty and the wastes from shops are scattered all over.

Suggestion on location for construction new overhead bridges:

If the operation and maintenance is to be improved the general public would like to have few more overhead bridges on Kalimati chowk, Kalanki, Tripurshwor, New Baneshwor, Singh durbar, Chabel Chowk, Gaushala Chowk and Thapathali Chowk but if the new bridges are to be like the unmanaged old ones then the pedestrians insist that it is better not to construct new ones.

5.2 CONCLUSION

The conclusions were drawn from the analysis of the findings in multidimensional perspectives to extract the root cause of issues, and deviance of paths from the rhetoric as described in public private partnership booklets, manuals and contract documents. Succinctly summarized, the conclusions drawn reflect the existing scenarios from multidimensional perspective to observe the loopholes and fallacies existed. The true sense of policy lies in the effectiveness of implementation; where all the involved stakeholders have an equal share of inputs from their side for the efficacy of the system itself. From the findings, the study seem to have a plethora of policies and legal provisions acting towards the success of Public Private Partnerships but monitoring, evaluation, quality control and assurance part is the major question to be asked to the municipal officers, who are responsible for the success of PPP projects.

There have been frequent amendment in the policies and act more or less regularly in order to strengthen the existing one and enhance the financial and judicial base for it but as a matter of fact the amendments on policies of the existing acts seems to confine them to the paperwork only and in reality it severely lacks practice. Similarly, taking case of the LSGA and LSGR 1999 seems to have enough indicators and parameters to strengthen the local bodies, but unable to delegate necessary power to the local authority or fund constraint seems to have been a decisive factor for LSGA/R not being functional as the Concerned GOs does all the infrastructure and service provision activities Centrally.

Similarly, the capacity of private operators in terms of financing the projects within the stipulated time was not assessed prior to signing the contract agreements. This is reflected in the delays in construction of additional overhead bridges as per the contract. This shows that there is a lack of adequate plan and well defined policies that can sustain the concept of PPP. Had there been structured policies, acts and laws that focuses on Public private partnership, the concept would have received direction and the implementation of the concept would have been better.

This research which focused on PPP in infrastructure development – Construction and maintenance of Overhead Bridge shows that the tripartite agreement is not being fully abided by the parties involved. The concept of PPP is entangled in the wrong hands with money making motives from the corrupt municipal authorities giving contract to known ones with the process of delivery almost opaque. The Public party who is responsible for monitoring and supervision of the process delivery of the private party are silent even when the operation and maintenance aspect is totally overlooked by the private party.

Private party has been unlawful as they have outsourced the operation and maintenance part to the third party ‘contractor’, which has degraded the quality of service delivery and increased the unfair practices of charging excessive prices. Similarly, while better assets utilization and earning from rental charges is encouraged, the overhead bridges along the main roads in the city are less suitable to use for commercial advertisements. It is highly likely that motorist will tend to see advertisements, while driving, which may cause accidents. It would be better, if street names and direction to drivers is provided on the overhead bridges than advertisements. Similarly, the civil society –user groups who are

responsible for monitoring does not even exist in practice questioning the application of PPP concept in true sense.

The PPP concept in infrastructure development and service delivery is very beneficial as it helps increase the living standard, develop country's infrastructure, create employment opportunity and contribute to the economic development of the country. However, the level of awareness of the concept of PPP is in premature stage. The development of PPP in Nepal faces a great challenge of dealing with prevailing attitudes-both within the public sector and outside of it.

The PPP initiatives have not been able to achieve the desired objectives at present in Nepal due to lack of organizational system & limited base and knowledge. Private sector participation has also been limited due to lack of adequate and clearly defined legal provisions, that don't safeguard private investment, narrow vision of the inadequately skilled government employee and delay in the implementation of declaration as promised. Therefore to take the full advantage of the concept of PPP, the parties involved should try to minimize the existing shortcoming and live to the true spirit of the concept with the development and application of the well defined policy that focuses on the development and sustainability of Public Private Partnership in Projects implementation.

5.3 RECOMMENDATIONS

- 1) Awareness building among the stakeholders for developing successful public private partnership. Though the level of awareness is increasing, an introductory workshop involving the stakeholders (i.e. administrators at local body, line agencies, local agencies, local CCI, NGO, CBO, TLO, Local intellectuals, local leaders, community members etc.) should be organized for awareness building at local level which will help break the ice and stimulate new ideas for the public service delivery as well as local economic development.
- 2) The parties involved in the contract should abide by the terms and conditions of the contract (Case of Overhead Bridge)
 - Private and Public Party should jointly fix fair rental Charge to all the shopkeepers.

- Utilities and environmental problems should be managed by the parties responsible
- Gain sharing between the parties involved in tripartite arrangement should be justified and private party should be discouraged to earn large amount by misinterpreting the authority.
- The user group-civil society should fulfill its responsibility of monitoring and supervision of the service delivery.
- If the terms of the contract has not be fulfilled, it should be void and the grace period should not be provided as it worsen the situation rather than improving.

3) Crystal clear Acts and Regulations related to PPP concept should be established. As the existing policies are weak and inadequate with several constraints for sustainable Public Private Partnership, a complete unified arrangement is necessary.

The required legal provision for PPP may be of any one type from the following:

- One general law relating to Public Private Partnership for the Central and local Government.
- Different law as per the need and nature for the Central and local Government.
- Add a separate chapter by making necessary improvement in the existing Local Self Governance Act (LSGA).

4) The capacity building aspect with regard to PPP program mobilization should be developed. As none of the committees or task force has survived beyond the mayor's term in the office, the efforts made in this direction are insignificant and therefore the market interest and private participation has remained critically low. Therefore, a strong institutional framework and the procedures of capacity building at the municipal level is to be developed for effective service delivery and infrastructure development under PPP arrangement.

5) User group involving civil society and stakeholders is to be established for each project with the initiation of ward level or municipal level authorities so that they could facilitate monitoring and evaluation of the projects on regular basis and act accordingly in minimizing the discrepancies if any in the process. At present

there are no quality standards to monitor the performance nor any place in KMC where citizen could raise voice against the exploitation from the private operator. Therefore accountability should be established.

- 6) Strict punitive measures are to be enlisted in the PPP regulations so that the parties involved always abide by the terms and conditions of the contract and misinterpretations and misuse of the authority is not practiced.
- 7) Formal structured procedure is to be developed to ensure that public private partnership arrangement for service delivery is conducted in a fair and transparent manner by minimizing the risk to either partner and be inclusive.

Chapter VI

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ANNEXURE

ANNEXURE-1

GUIDELINES FOR INDEPTH INTERVIEW- Public Party (KMC)

I. GENERAL INFORMATION ON PUBLIC PRIVATE PARTNERSHIP

1. How the concept of Public Private Partnerships (PPPs) came to Nepal
2. What is the overview of projects under PPP arrangement in;
 - Nepal- in general
 - KMC- in specific
3. In which area (Infrastructure, Urban service delivery, Poverty alleviation) there has been a focus of PPP arrangement to the maximum?
4. What are the major projects that are being carried out in KMC?
5. What are the risks and benefits of PPP arrangement to KMC and who according to you is taking the maximum benefit of this arrangement?
6. Do you think that the PPP concept has been successful in Nepal?
7. How productive PPP have been in terms of ;
 - Investment
 - Return
 - Coverage of service provided
 - Increase in beneficiary group
8. What do you have to say about the policy situation in Nepal related to PPP?
9. What changes/additions do you think there should be made in the existing policies related to PPP
10. What are the other obstacles in the planning and implementation of planned projects under PPP arrangement?
11. Are the terms and conditions mentioned in the contract are being fully obeyed by the private parties? Reason for the answer.
12. Looking at the current success/failure rate, do you think that PPP initiatives should be continued in future for a developing country like Nepal?
13. What are the measures your organization is taking to improve the current situation and to make PPP sustainable in a long term?

II. INFORMATION REGARDING OVERHEAD BRIDGE

1. How the concept of Overhead Bridge came to Nepal?
2. Do you think that the facility like overhead bridge is necessary in a country like Nepal?
Reason for the answer
3. Are overhead bridges serving the purpose to the pedestrians or rather being a nuisance?
4. Who according to you is benefited most from overhead bridge?
5. How do you rate the success of overhead bridge operation, use and maintenance?
6. Do you think that the terms and conditions of the contract are being fulfilled by the parties regarding;
 - Suggestion of feasible places (KMC)
 - Support regarding utilities (KMC)
 - Construction of overhead bridges (Private Party)
 - Operation and maintenance of overhead bridge (Private Party)
 - Others
7. What have been the major problems in effective operation of overhead bridgeservice?
8. Why KMC has not given approval to private party to construct bridge at Baneshwor chock and kalimati chock? And why do you think that old bus park is the appropriate place for constructing overhead bridge?
9. Are the royalty payments to the municipality (KMC) justifiable and timely?
10. What are the cost and other sources of revenue for KMC?
11. What is the benefit sharing process under PPP arrangement of the Overhead Bridge?

In depth Interview with Key Informants;

- **Mr. Bimal Rijal,**
Head of Urban development Division
Kathmandu Metropolitan City, Bagdurbar

ANNEXURE-2

GUIDELINES FOR INDEPTH INTERVIEW- Private Party (Innovative Concepts Pvt. Ltd)

1. When and how the concept of Overhead Bridge was initiated in Nepal?
2. As per the contract, 6 bridges were to be made on the locations prescribed and mutually agreed by the two parties. So, how many bridges has been completed and planned till date?
3. Who identifies the project need and what are the processes followed thereafter?
4. Where do you see the need and prospect for the construction of overhead bridges?
5. Why has there been delay in the implementation of planned projects?
6. Do you think that the current policy related to PPP is sufficient? If not, what amendments should be made?
7. Are the terms and conditions of contract adequate? What changes do you think is necessary?
8. As mentioned in the contract, what measures private party is taking for the following;
 - Maintenance and cleanliness of overhead bridge and footpath area
 - Insurance of the overhead bridges within 6 months of construction
 - Street vendor management
 - Environment Protection and Safety management
9. Who do you think are benefiting from this PPP arrangement?
10. What are the different types of cost that is to be borne by the private party under this PPP arrangement of bridge construction and operation?
11. Do you think the charges taken by KMC appropriate?
12. What are the different sources of revenue?
13. In aggregate, is it worth taking overhead bridge operation by the private sector?
14. What are the various type of problems (policies, rent collection etc) that the private party has encountered in its attempt to operate and maintain overhead bridge operation?
15. What is the gain sharing process of partnership and what measures do you think should be taken to make PPP sustainable in Nepal?

ANNEXURE-3

QUESTIONNAIRE FOR RESEARCH- PEDESTRIANS

As per the requirement of the MBS research work at NCC College, the following questionnaire has been prepared related to the Overhead Bridge facility under the Public Private Partnership arrangement. In this regard, I would like you to share your views regarding the issues to help analyze the situation. The information provided will be kept confidential. Hope you will cooperate with me in this attempt.

- Overhead Bridge site** _____
Time _____
1. Age: _____
 2. Gender: Male Female
 3. Occupation/ Profession :
 Business
 Service
 Others _____
 4. How often do you use the Overhead Bridge facility?
 Always Often Sometimes Seldom Never
 5. Is it convenient for you to use overhead bridge?
 Yes No _____
 6. Is it safe for you to use overhead bridge?
 Yes No
 7. If not, what type of problems do you face while using the Overhead Bridge? Prioritize your views
1 _____ 2 _____ 3 _____
 8. Are you satisfied with the shops and toilet facility that are being provided under the bridge?
Yes No _____ Please Specify
 9. Are there any other places in Kathmandu where you would like to have Overhead Bridge? If Yes, Where
 Yes _____ No
 10. Any suggestions that you would like to make to municipality and private operators of Overhead Bridge? _____

ANNEXURE-4

QUESTIONNAIRE FOR RESEARCH- Shops, Kiosk and Public Toilet operators

As per the requirement of the MBS research work at NCC College, the following questionnaire has been prepared related to the Overhead Bridge facility under the Public Private Partnership arrangement. In this regard, I would like you to share your views regarding the issues to help analyze the situation. The information provided will be kept confidential. Hope you will cooperate with me in this attempt.

General Observations

1. Nature of shops or products and services offered;

- Fruits and Vegetables
- Textiles
- Commodities
- Fast Food
- Service_____

2. Area of land occupied in sq feet_____

3. Cleanliness of the area occupied Clean Fair Dirty

Personal Information

4. Age: _____

5. Gender: Male Female

6. Household size _____person

7. Family members involved in shop _____person

8. Place of origin _____

Business Prospect and Financial Indicators

9. When did you start involving in this business_____

10. What is the main reason for choosing this location _____

11. Operation time /Business Hours _____

12. At what time the sales will be the highest;

Morning Midday Evening All day through

13. Do you pay for occupying this place? Yes No

If Yes, 13.1 How much is the rental charge/month_____

13.2 To whom do you pay_____

13.3 Who allotted this place to you? _____

13.4 Did you pay anything extra to get this shop_____

14. Do you think that the rental charge is reasonable?

Yes No

15. What are the other costs besides rent that you need to pay for operating shop?

16. What is your average sale per day _____

17. Who is responsible for payment of utilities?

Shopkeepers themselves

The contractor

Municipality

18. Who collects and manages the waste generated by street vendors, passengers and shops?

19. Do you have to pay for the waste management? If yes, how much

Yes _____ No

20. How many pedestrians you observe uses overhead bridge to cross the road?

Almost All Most of them Average Very Few No one

21. Any suggestion to Private party and municipality to improve the current situation of overhead facility_____