

MANUAL-1
Particulars of Organization, Functions and Duties
[Section-4(1) (b) (i)]

1. Aims & Objectives of the Organisation:

1.1 Odisha's consistent economic performance is expected to hasten the pace of urbanization, creating unprecedented demand for urban amenities and services. At the same time, the improving fiscal situation provides the State Government with a unique opportunity to create an urban financing institutional framework to support this urbanization in a planned manner. The increase in Budgetary Outlays for Urban Sector and visible reforms reaffirms Government to address urbanization in a planned manner. Thus, there is a need for a nodal urban financing framework.

1.2 However, a number of constraints have impeded structured and systematic development and financing of urban infrastructure. Traditionally, Municipal finances have been weak; capital investments have largely been dependent on GoO's Budgetary Outlays / Grants. Debt financing has been limited to State supported Projects. Weak financial and operational capacity at local levels have further constrained conceptualization, development, financing and implementation of urban infrastructure projects. The imperatives that emerge from the prevailing urban context in Odisha include.

- ❖ Wider reform and capacity building to facilitate greater Government devolution and revenue buoyancy at ULB level.
- ❖ Focused Project Development, to translate macro-level investment requirements into well-structured Projects to deliver citizen level impact and benefits.
- ❖ Effective leverage and access to external financing, including private capital, to address capital investment requirements through well-structured Projects in a time-bound manner.

1.3 It is in this context that GoO have set up the "Odisha Urban Infrastructure Development Fund (OUIDF)" as a Trust under the Housing and Urban Development Department (HUDD) with assistance from KfW (Germany's Development Bank).

1.4 Objectives of the Trust:

- ❖ To give financial assistance to ULBs, Statutory Bodies and Departments, Public Sector Undertakings and Private Investors, for setting up Infrastructure Projects in the State of Odisha in the form of Loans, Grants and Equity as per the guidelines issued by the Trustees. The ultimate goal of the Trust is to become financially self-sustainable and facilitate debt financing of urban infrastructure projects in Odisha in a non-guaranteed mode.
- ❖ To borrow or raise moneys or loans or receive grants or accept Contributions for the above purpose in such manner and on such terms, conditions and securities as the Board of Trustees in their discretion deem fit from time to time.
- ❖ To guarantee the performance of any contract or obligations and the payment of money or dividends and interest on any Stocks, Share or Securities of any Company, Corporation, Firm or Person in any case in which such guarantee may be considered directly or indirectly to further the main objects of the Trust.
- ❖ To subscribe for, underwrite, acquire, hold and dispose of shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company (body corporate or undertaking) of whatever nature as may be conducive to the objects of the Trust.
- ❖ To invest any money of the Trust not immediately required, in any investments as may be thought proper and as may be necessary.
- ❖ To do all other things necessary and conducive to the attainment of all these objects.

2. Mission / Vision:

Mission

Realizing the Vision by embarking on implementing urban reforms, strengthening urban planning with citizens participation, building capacity of Urban Local Bodies to deliver services, creating and maintaining Urban Infrastructure, operationalizing effective water supply and sanitation system including solid waste management, developing public places and amenities, making provision of affordable housing for urban poor and thereby improving the economic condition.

Vision:

To ensure planned and inclusive infrastructure development of urban Local Bodies / Cities / Towns in to livable, economically vibrant and productive, sustainable an efficient entities with provision of adequate and durable public infrastructure and amenities, including affordable housing and livelihood opportunities for all sections of the society and bringing out efficiency in the service delivery mechanisms, community participation and accountability of urban local bodies and parastatal agencies towards citizens, in convergent manner.

3. History & Background of Its Establishment:

With the aforesaid Aims & Objectives vis-à-vis Mission and Vision, pursuant to the G.O.No-Reforms-UR-01/2012/2079 of Housing & Urban Development Department, Govt. of Odisha, dated: 31.01.2012 a Trust has been formed, named Odisha Urban Infrastructure Development Fund (OUIDF) with the Chief Secretary as the Chairperson and D.C-cum-A.C.S, Principal Secretary (Finance Deptt.), Commissioner-cum-Secretary, H&UD Deptt., Vice-Chairman, BDA Sri Sarthak Behuria, Ex-CMD Indian Oil Corporation Limited, Sri Rajib Sekhar Sahoo, Chartered Accountant, M/s SRB Associate as Trustees, for the purpose of the financing Infrastructure Projects in the State of Odisha undertaken by Urban Local Bodies, Statutory Bodies, Public Sector Undertakings & Private Investors, and attract, inter alia, investments, professional advice from institution for financing infrastructure projects. The Trust was registered in the Court of District Sub-Register, Khurda, Bhubaneswar and came in the existence with effect from 20.03.2012.

Odisha's economy in 2012-13 has impressively withstood the continuing slowdown in economic growth throughout in previous year. Several factors have contributed to the continuing economic slowdown in World as well as National Economy since 2008-09. In India inflation has been remaining high. This has raised interest cost for investors as a result of which private investment has slowed down considerably. However, the State economy continues to be on high growth trajectory. In real terms and at 1999-2000 prices Odisha reported an average annual growth rate of 9.51% for the 10th five year plan against a target of 6.20%. There is a welcome sign of drop in poverty incidence during 2004-05 to 2009-10 i.e. 20.2 percentage points fall, consisting 21.6 percentage points in Rural, 11.7 percentage points in Urban Areas of Odisha, this being the highest fall amongst the major States of India.

3.1 Structured Framework for Urban Infrastructure Development: A Need in Odisha:

- (i) According to Census 2011, Odisha continues to be among the least urbanized States in India with an urban share of population of about 17%; only 3 States, namely, Assam, Bihar and Himachal Pradesh had lower urbanization levels compared to Odisha. However, the pace of urbanization in Odisha continues to intensify due to consistently good economic performance, which is double the national growth as reflected in the following:
 - a. Urban population grew at 26.8% during 2001-11 which is double the national growth vis-à-vis rural population growth of 11.7% during the same period.
 - b. The number of towns increased from 138 in 2001 to 223 in 2011 (largely due to increase in Census Towns from 31 to 116, even though Statutory Towns remained at 107).

- c. Odisha's State Gross Domestic Product (SGDP) grew at 14.4% per annum (nominal) during 2000-01 to 2007-08) which is expected to sustain in view of the state's healthy investment pipeline.
 - d. This continued economic growth is expected to hasten urbanization as is evident from the trends in population growth during 1991-2011.
 - e. Budgetary outlay of HUDD has increased at a Compounded Annual Growth Rate (CAGR) of 34% during the 2005-10. Also, the share of plan outlay in HUDD budget increased from 20% in 2005-06 to 50% in 2009-10.
- (ii) Odisha has 103 Urban Local Bodies (ULBs) across three categories namely, 3 Municipal Corporations, 37 Municipalities and 53 Notified Area Councils (NACs). The legal framework for the urban sector is provided by the Odisha Municipal Corporations Act, 2003 (that applies to Bhubaneswar and Cuttack Municipal Corporations) and the Odisha Municipal Act, 1950 (that applies to the Municipalities and the NACs).
- (iii) Thus last decade has witnessed a steep growth in urban population. Rapid urbanization has posed huge challenges and created opportunities for infrastructure development, housing, slum development, water supply, sanitation, transport, environment and livelihood for the urban poor. Keeping in view the rapid urbanisation process in Odisha the State Government has putting maximum emphasis on planned growth of its cities with adequate infrastructure and basic amenities. This is provided through the Urban Local Bodies and Parastatal Agencies. Further concrete major are initiated for efficient management and delivery of civics services like provision of affordable housing, safe drinking water, sanitation including solid waste management, storm water drainage, roads and public transport while creating livelihood opportunities by accelerating economic growth of cities, towns and building capacity of the urban poor.
- (iv) However, "Municipal Finances" are weak. Capital investments continue to rely on GoO's budgetary outlays and grants. Debt financing is limited to State supported projects and constrained by inadequate capacity to develop bankable projects.
- a. Finances of ULBs continue to be stressed leaving little surplus for investment. Urban Local Bodies face severe constraints - both financial and organizational - to be able to i) put in place processes for planning and delivering their functions, ii) identify/implement projects to improve service delivery, and iii) manage/improve their finances.
 - b. Even though the municipal legal framework allows flexibility to access loans at the ULB level, debt financing of urban projects is limited to multi-lateral and bi-lateral financing.

4. Duties Performed:

1. Concessional Funding of Urban Infrastructure Projects with positive environmental impact using a line of credit of KfW.
2. To contribute towards improvement of environment protection and preservation of natural resources and living conditions of urban population of Odisha.
3. To provide project development support and capacity building to Urban Local Bodies (ULBs), Development Authorities, Regional Improvement Trusts, Special Planning Authorities, Odisha State Housing Board, and Statutory Boards in order to enable them to develop well-structured and bankable projects.
4. The ultimate goal is to perform sustainable intermediation role linking capital markets and ULBs.
5. To progressively increase the external financing of ULB level capital projects in a sustainable manner without State Guarantee.
6. Catalysing development of well structured bankable projects.
7. Facilitating / incentivising & ULB Level reforms that can be pre-cursors for further investment flows.

8. For systematic development and financing of Urban Infrastructure Projects in the State of Odisha primarily with the active involvement/ participation of ULBs, Development Authorities, Statutory Boards & Public Sector Undertakings.

5. Main Activities/ Functions & 6. Details of Services Rendered:

- (a) The Institutional Framework of OUIDF consist of an Urban Loan Fund (the “Loan Fund”) a Grant Fund (the “Grant Fund”) and Project Development Fund (the “PDF”).

The Loan Fund shall be set up with participation of the Private Sector.

The Grant Fund shall support sub-projects with viability gap funding wherever necessary.

The PDF shall provide project development support and capacity building to ULBs in order to enable them developing well-structured bankable projects.

The ultimate goal of the OUIDF is to perform a sustainable intermediation role linking capital markets and ULBs.

A Project Development Agency will be set up to manage the Funds. The Loan Fund will have the objective of providing loans to eco-friendly infrastructure sub-projects, viz. water supply and sewerage projects in a non-guarantee mode. It shall also set a focus on promoting, developing and financing urban PPP Projects.

The Preferred Bidder selected under this bid process would set up a Project Development Agency (PDA) that would be responsible for development, appraisal, financing and monitoring of urban infrastructure projects in Odisha. The PDA would manage three Funds under the OUIDF Trust as described below:

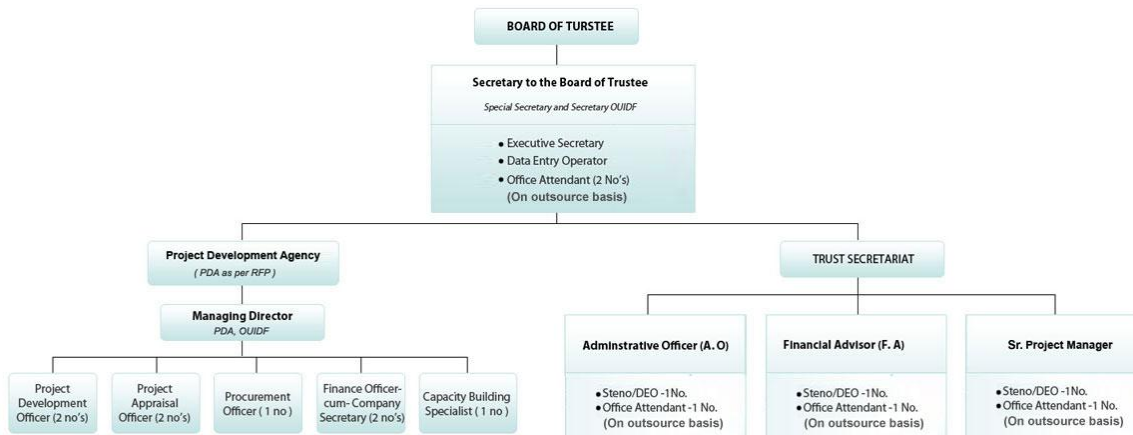
- (i) **Urban Loan Fund (ULF):** An Urban Loan Fund (ULF) has been set up to provide loans to urban projects on a non-guaranteed mode. GoO will bring in equity contribution equivalent to 5 Million Euro into the ULF. A Line of Credit equivalent to 25 Million Euro will be made available by GoO to ULF for on-lending to Urban Projects. The PDA would have responsibility for identification, development, appraisal, sanction, disbursement and repayment of loans under the ULF, in accordance with the guidelines developed and approved by the Board of Trustees of OUIDF.

- (ii) **Grant Support Fund (GSF):** The GSF would be created to provide Capital Grants to implementing agencies to bridge viability gaps in urban sector projects and to complement debt financing from ULF. The GSF will have an initial corpus equivalent to 25 million Euro.

The above allocation of the Line of Credit equally between the ULF and GSF is only the initial allocation. However, if the PDA is able to develop projects with lower viability gap funding requirement than the limit of 50% proposed, the remaining amounts in the GSF will be transferred for loan funding from the ULF.

- (iii) **Project Development Fund (PDF):** The PDF would be available to finance project preparation and development of bankable projects based on the guidelines for access to the PDF developed by the PDA initially and approved by the Board of Trustees. While the focus of the PDF will be to finance preparation of Detailed Project Reports (DPRs), it would also be used to undertake other project preparation activities (including preparation of City Development Plans, Pre-Feasibility Studies and feasibility studies) that eventually lead to preparation of bankable projects. The PDA and its Associates will not be allowed to participate in downstream project development activities undertaken with funding from PDF.

7. Organisational Structure:



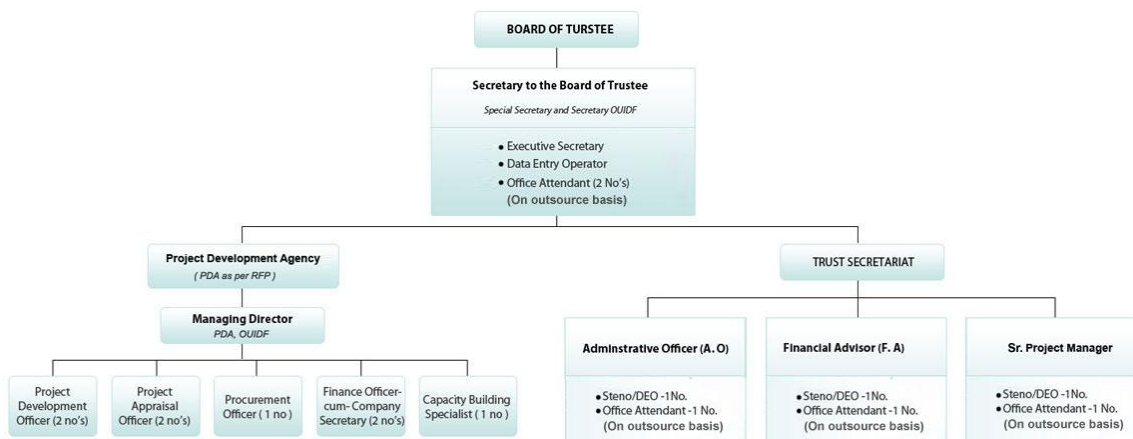
8. Arrangements for Citizens Interaction / Public Participation:

9. Grievance Redress Mechanism:

10. Address of the Office & its Sub-offices:

Odisha Urban Infrastructure Development Fund
 4th Floor, Zone A/2, Fortune Towers, Bhubaneswar-751023
 Ph-0674-2300396, 2300397, e-mail: ouidf.hudd@gmail.com

A. Administrative setup:



B. Subordinate offices:
 Not Applicable

11. Map of Office Location:

12. Working Hours Both for Office & Public:

Morning Hours: - 10.00 A.M.
 Closing Hours: - 05.00 P.M.
 (Excluding Govt. Holidays & Sunday)