PAKISTAN POLICY ON PUBLIC PRIVATE PARTNERSHIPS

Private Participation in Infrastructure for Better Public Services

Approved by the Economic Coordination Committee (ECC) of the Cabinet
January 26, 2010
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BACKGROUND AND OBJECTIVES

A. Introduction

The Government recognizes the importance of improving and expanding infrastructure services for sustaining economic and social development in its Medium Term Development Framework (2005-2010) (MTDF). Improved quality and service coverage in power and water supply, health and education, sewerage treatment, transport and logistics are vital for Pakistan’s economy and the livelihood of its people.

Fiscal constraints in every country have seen supplementary and innovative approaches to infrastructure provisioning and funding, away from the traditional role of the Government as the only infrastructure service provider, to include the expertise and finance of the private sector.

The substantial investment in infrastructure required in Pakistan can be provided through public private partnerships (PPP) and this PPP policy framework will provide the basis for this new approach in Pakistan.

In order to encourage the private sector to participate in the country’s infrastructure development, the Government is implementing a combination of policy reforms, institutional support, incentives and financing modalities to bolster private sector participation in financing, developing and managing future infrastructure development projects.

In the early 1990s, Pakistan established a policy and regulatory framework for Public Private Partnership (PPP) in the telecom and power sectors. Unregulated sectors like transport and logistics, water supply, sanitation, solid waste management, real estate and social sectors including education, healthcare and housing have yet to benefit from such a framework.

Experience in the regulated sectors in Pakistan and worldwide suggests that a comprehensive policy, supported by a legal and regulatory framework, financial incentives, guidelines and commitment by the government help in promoting public private partnerships.

The Government of Pakistan is committed to establishing a clear financial, legal and administrative framework and also eliminating undesirable obstacles confronting private investments in infrastructure facilities and in order to facilitate public private partnerships.

B. Definition of Public Private Partnership

Public Private Partnerships (PPP) involve the financing, development, operation and maintenance of infrastructure by the private-sector which would otherwise have been provided by the public sector. Instead of the public sector procuring a capital asset and
providing a public service, the private sector creates the asset through a dedicated standalone business (usually designed, financed, built, maintained and operated by the private sector) and then delivers a service to the public sector entity/consumer in return for payment that is linked to performance. Therefore the public sector is able to redirect its efforts to serving other urgent social and economic needs. A PPP may include an equity joint venture between GOP and the private sector.

The capital and operational expenses incurred by the private investor can be recovered under the PPP modality by charging users for the service provided or via fixed (or partially fixed) periodic payments (annuities) disbursed by the public sector over the concession period, or by a combination of both.

PPPs allow each partner to concentrate on activities that best suit their skills. For the public sector this means planning and identifying infrastructure service needs and focusing on developing national, provincial and local sector-specific policies, but also to oversee these and to enforce the PPP agenda. For the private sector, the key is to deliver effectively the infrastructure and facilities required by the public sector and consumers at the project level.

Some sectors, such as power, have already developed independent and effective regulators, and these will be expanded across other sectors in the future. Meanwhile, in this initial phase, PPP Policy supported by contract will allow PPP to proceed on a project by project basis in most other sectors.

The benefits of PPP include the following:

a) Development of more infrastructure on time and within budget  
b) Encouraging the private sector in innovative design, technology and financing structures and including increased international and domestic investment  
c) Risk sharing by GOP with private sector partners  
d) Ensuring good quality public services and their wider availability  
e) Real financial benefits, and a better utilisation and allocation of public funds  
f) Economic growth and increased and wider employment opportunities

C. Objectives of the PPP Policy

The key objectives of this policy are to:

a) Promote inclusive social and economic development through the provision of infrastructure  
b) Leverage public funds with private financing from local and international markets  
c) Encourage and facilitate investment by the private sector by creating an enabling environment in PPP in infrastructure  
d) Protect the interests of all stakeholders including end users, affected people, government and the private sector
e) Set up efficient and transparent institutional arrangements for identification, structuring and competitive tendering of projects
f) Develop efficient risk sharing mechanisms such that the party best equipped bears the appropriate level of risk
g) Provide viability gap funding where the projects’ viability is insufficient to attract private sector funding.

The PPP Policy is therefore targeted to provide a wider variety of better quality and timely services. This will be achieved through faster project implementation, maximum leveraging of public funds, enhanced accountability and a shift to life cycle costing and infrastructure management by the private sector:

D. Scope of the PPP projects

Sector Eligibility

The PPP policy herein covers, but is not limited to, the following infrastructure sectors:

- **Transport and logistics** including federal, provincial and municipal roads, rail, seaports, airports, fishing harbours as well as warehousing, wholesale markets, slaughter houses and cold storage.
- **Mass Urban Public Transport** including integrated bus systems as well as intra and inter-city rail systems.
- **Local Government Services** including water supply and sanitation; solid waste management; low cost housing, and healthcare/education and skills development facilities.
- **Energy Projects** including hydroelectric and captive power generation projects
- **Tourism projects** including cultural centres, entertainment and recreational facilities and other tourism related infrastructure
- **Industrial projects** including industrial parks, special economic zones and related projects
- **Irrigation projects** some of these combined with power generation
- **Social infrastructure** which includes education, culture, and health infrastructure.

Regardless of sector or level of government, PPPs will be pursued where they represent priority projects, are affordable to the government and consumers, and represent value-for-money, i.e. provide a better approach than public procurement.

Sector specific PPP policies may be further detailed to accommodate the needs of each specific sector consistent with the overall Pakistan PPP Policy. The federal government will also work with provincial and local governments to support their ongoing development of PPP frameworks.

**Ownership**

PPPs may be wholly privately owned or be a joint venture with the public sector as long as they are majority privately owned or privately operated.
Types of funding

There can be several potential sources of revenue or income depending on the type of PPP project and the likely financial performance of the project. These include:

i. Tariff Based PPP Projects

In the case of financially viable projects, project revenue derives solely from user charges/tariffs. Initial tariffs and subsequent tariff escalation are initially determined within feasibility studies prepared by contracting agencies to ensure an appropriate or market acceptable rate of return based on an efficient operation. Competitive bidding process aims to minimize the initial government estimated tariffs and the subsequent escalation.

ii. Unitary/Annuity Type Revenue

Unitary/annuity type payments wherein the Government contracts to pay the concessionaire for providing the infrastructure and related services either an agreed fixed amount each year of operation or an amount based on the future situation e.g. future traffic levels. Such payments can either be linked with user charges or can be independent of them.

The project feasibility study will recommend a system of annual unitary payments based solely on outputs (i.e. the meeting of specific project targets/outputs) by the concessionaire.

iii Projects requiring subsidy

For projects that have been appraised as not being ‘bankable\(^1\)’ without support, such support may be offered by GOP and can comprise various types and come from various sources. This is to ensure that with such support, the project is, ultimately, financially viable/bankable and is therefore attractive to the private sector. Any proposed subsidy will be finally determined through competitive bidding to ensure the lowest liability for Government.

E. Intended Government Support for PPP Projects

The GoP will support projects that are economically justified, but would be financially viable only with reasonable subsidy, determined and granted in a rule-based procedure. Such Government support to PPP projects can include the following:

i. Viability Gap Funding

The Government will provide viability gap funding for PPP projects that are economically and socially justified but fall short of financial viability. This would be an explicit subsidy that is performance driven (based on private party achieving measurable outputs) and if possible targeted towards socio-economically disadvantaged users or groups of users.

\(^1\) Bankable refers to a project being able to raise sufficient equity and debt funding from the market.
For this purpose, the MoF will issue VGF Guidelines setting the criteria for eligibility to receive funding from the Viability Gap Fund, the procedure for applying, approving, disbursing and monitoring the Fund, and the arrangement for managing, controlling and governing the Fund.

The MOF has set up a framework for; (i) providing for the procedure to be followed for submission, appraisal, approval, disbursement and monitoring of viability gap funding, (ii) approving viability gap funding for eligible PPP projects and (iii) disbursements and monitoring of viability gap funding.

ii. **Longer Term Funding**

Long term financing is required for infrastructure projects, but there are constraints in commercial markets including availability of financing for only lesser tenure, lack of fixed rate financing, lack of depth for financing of large scale projects and currency risk.

The GOP is committed to support PPP by providing access to long term financing for both large and small scale projects, to ensure that viable good quality PPP deals are concluded in a timely manner.

iii. **Supporting Project Development**

The GOP will support PPP by providing either financing or other technical assistance to the contracting public entities for developing and structuring PPP projects at different stages of the project cycle.

iv. **GOP Incentives**

PPP Projects will be eligible for current fiscal and other investment incentives, which will be listed and available to all interested PPP participants.

v. **Other**

In general the need for any other types of support would be established by the Government’s transaction advisers when preparing the project feasibility study. Guarantees are described in the section on Risk below, which would need to be approved by the GoP.

All potential bidders will be made aware of, and take into account, all potential Government support at the tendering stage.

vi. **Ceilings for PPP Project Support**

Ceilings will be established for support to PPP projects. Such ceilings could include those funds related to the VGF and Infrastructure Project Financing Facility (IPFF), or the fiscal space for guarantees and the maximum volume of the future annual annuity payments.
II INSTITUTIONAL ROLES AND RESPONSIBILITIES

F. Key Institutions

The Government of Pakistan establishes clear and flexible institutional arrangements for the successful implementation of PPP program. These institutional arrangements need to support three broad, but separate, high level functions:

- PPP policy development, dissemination, monitoring and enforcement.
- Individual project sponsorship, design, preparation and execution.
- Financial management of funded and contingent obligations.

The following institutions play key roles in these arrangements:

The Ministry of Finance (MoF) including various departments and bodies under MoF, specifically:
- The inter-ministerial PPP Taskforce (TF) with working groups
- The Infrastructure Project Development Facility (IPDF) and
- The Debt Policy Coordination Office (DPCO),
- Project Development Fund (PDF), Viability Gap Fund (VGF) and Infrastructure Project Financing Facility (IPFF)

The Planning Commission and its Central Development Working Party

Line Ministries and relevant departments at federal, provincial and local levels as Contracting Authorities

Ministry of Finance

The Ministry of Finance is spearheading the development of PPP and responsible for developing the legal, institutional, regulatory framework and an implementation program at the federal level and building ownership at the highest level in the government for the PPP program. The MOF is responsible for: PPP Policy and Support to Implementation; taking financial commitments by GOP to support PPP; and for risk management.

Planning Commission

The Planning Commission reviews and approves Public Sector Development Program (PSDP), screens and proposes potential PPP projects from the PSDP. This is in consultation and coordination with the IPDF, and the line ministries and other Contracting Authorities.

Government Contracting Authorities

Line Ministries, Federal bodies and provincial and local authorities as well as State Owned Enterprises (SOEs) are the contracting parties on behalf of GOP with private parties. They will therefore be responsible, mainly or in conjunction with other bodies, for the identification,
selection, sponsorship, preparation, tendering and monitoring of PPP projects in their sectors. The line ministries that want to promote PPPs will prepare Model Concession Agreements for that particular sector.

Contracting Authorities will increasingly develop capability in PPP development, but strong support for them will be available, especially from IPDF, and other institutions such as MOF and the Planning Commission.

**Task Force**

The *Task Force* (TF) that is headed by the Minister of Finance, comprises senior officials from relevant Ministries and provincial governments is responsible for advising on overall PPP policy reforms guiding and approving respective legislative documents. The TF is aided by Working Groups tasked to focus on specific topics of that policy and formulate the required PPP framework. The TF is also supported by the IPDF which acts as a secretariat for the TF which in parallel fulfills other functions and responsibilities explained below. The recommendations of the Task Force will, in parallel with the operations of IPDF, steer the future development of the PPP framework in Pakistan.

**Infrastructure Project Development Facility (IPDF)**

The Government has set up the IPDF under the MOF with Board of Directors, headed by the Minister of Finance. IPDF is tasked to provide easy and timely access for Institutions, to ensure that viable good quality PPP deals are concluded in a timely manner.

The IPDF has the following responsibilities:

- To help facilitate the promotion, generation and implementation of PPP projects by the contracting authorities, in order to increase the number and volume of PPP infrastructure transactions.
- To provide guidelines to public sector implementation agencies, private sector sponsors, financers and advisors; in order to create an enabling policy environment and provide hands on knowledge transfer to the Public implementing agencies. The GOP disseminates information and Guidelines on PPP through the IPDF website ‘www.ipdf.gov.pk’.
- To screen projects proposed by the contracting authorities and to propose them for PPP route to MoF, Planning Commission and the CDWP.
- To either procure or provide itself, professional PPP services for contracting institutions to improve proposals, without itself becoming a contract signatory to those transactions.
- To serve as a secretariat to the PPP Task Force.

**The Debt Policy Coordination Office (DPCO)**

The GOP has established the DPCO within the MOF under the Fiscal Responsibility and Debt Limitation Act 2005. The DPCO is responsible for ultimate management of any funded or contingent financial obligations, including guarantees, arising from the PPP program.
Project Development Fund (PDF)

The GOP will establish a PDF when it may deem it as appropriate in line with the emerging PPP program. The PDF will operate according to standard operating procedures and guidelines issued for PDF managers and users/beneficiaries. The PDF will support the appointment of transaction advisors for undertaking project and transaction structuring and implementation up to the signing of the contractual arrangements with the private investor(s). This may be a revolving fund with the third party costs being reclaimable from winning bidders in some instances, particularly where projects reach financial close.

Viability Gap Fund (VGF)

The GOP will establish a VGF when it may deem it as appropriate in line with the emerging PPP program. The VGF will operate according to standard operating procedures and guidelines issued for VGF managers and users/beneficiaries. The VGF aims at providing rule-based subsidies for PPP projects that are economically justified but financially not feasible without reasonable support their investments or operation.

Infrastructure Project Financing Facility (IPFF)

The MOF has constituted a dedicated company, IPFF, to provide residual long term funding at commercial rates for PPP projects. IPFF is tasked to provide easy and timely access for Institutions, to ensure that viable good quality PPP deals are concluded in a timely manner.

IPFF is a non banking financial company (NBFC) established under the Companies Ordinance, 1984. The IPFF will provide long term financing, preferably Rupee-based, for infrastructure development purposes; while following published operational Guidelines.

III LEGAL AND REGULATORY FRAMEWORK

G. PPP Structures

In order to tender PPP projects successfully, and to obtain the best possible deals, the implementing agencies of Government need to understand, plan and structure PPP projects. This requires a PPP focused study for each project, which includes consultation with the market, and which usually requires substantial financial and human resources. Currently, there are GOP funds for such PPP project reviews and studies but they are limited. The proposed PDF would provide financial assistance to institutions to properly resource feasibility studies of PPP projects.

Government will screen all infrastructure development projects, and subsequently projects with PPP potential must be subject to preliminary, prefeasibility or full feasibility studies by contracting agencies.
Standard PPP Concession Agreements/contracts between the government and the private partner are available based on Pakistan law and international best practice and will provide the draft contract basis for each project.

The finalized concession agreements/contracts will set out among others (i) The contracting mechanism) and (ii) financial rights, obligations, payments, compliance mechanisms, timescales etc. for the parties to the contract. These will give substantial confidence to PPP investors.

H. Legal Framework

In order to attract private investment in infrastructure, the Federal Government is in process of introducing a conducive and robust legal framework by enacting a comprehensive set of laws regulating the private sector's involvement in financing and operating infrastructure facilities. This legal framework will be covered in the PPP bill. The Bill will address key legal provisions and offer legal protection to all stakeholders in PPP contracts.

This Bill will:

(i) Develop a clear legal framework and regulations for PPP investment, being consistent with existing sector legal and regulatory practices (if any).

(ii) Cover legal protection of all stakeholders including the private sector, end users and government departments

(iii) Be consistent with GOP policies

Until the Bill is enacted, PPP projects will be governed by contract law, utilizing IPDF’s Standardized Provisions, which are draft model contracts based on Unitary /Annuity and/or user charge payments designed specifically for PPP projects. Such contracts will include the appropriate type of PPP arrangements which will minimize and mitigate risks to both parties. For example, PPP project structures include BOT, concession, lease, management contract and service contract types of arrangement.

In addition, the government departments entering into contracts with private sector will develop regulatory guidelines in order to ensure quality and fair pricing to be incorporated in the contract thus removing uncertainties during the operational stage or, in future, establish independent regulators with powers to balance the rights of Government, Consumers/Facility Users and the Private Sector.

I. Risk Sharing and Management Framework

Under public procurement, the government bears all or most of the risks. Under PPP, a major advantage is that as many risks as appropriate are moved to the private sector, which also then receives the rewards for its investment and risk. Risks can be looked at from the perspective of the different parties concerned: the sponsors, the lenders, the government, and the users/clients of the project.
Risks can also be grouped into categories according to type: commercial risk, that is, risks related to the sector or business activity being contemplated (e.g., cargo handling in a port, investment in an airport or a ferry terminal); risks specific to a country (including political, economic, and financial risks); or risks of a general nature such as force majeure;

Risks can also be differentiated according to when they arise in the project cycle e.g. development phase risk, construction phase risk, and operation phase risk. PPP risks are both generic and project specific.

The GOP is issuing Risk Framework Guidelines that covers generic risk and the principles of dealing with them, including at the sector level. The feasibility study prepared by Government for each PPP project will clearly identify and propose allocation of all specific and major project risks, as well as generic risks.

The potential bidders for PPP projects will subsequently each make their own assessment of risk and their own ability to mitigate and overcome according to the specific project and their own company’s strengths.

The general risk process, which will be followed by PPP institutions when developing PPP projects, is described under the following headings.

   a) Risk Identification
The particular project/sector and the choice of a PPP modality clearly dictates what risks are applicable.

   b) Risk Allocation
According to best practice, risks will generally be borne by the party (private or government) best able to manage it at minimum cost.

   c) Risk Mitigation
The Government will ensure that the private sector takes appropriate and least-cost mitigation measures in order to sustain the project. Guidelines will be issued on risk mitigation principles.

   d) The Debt Policy Coordination Office
The DPCO is responsible to manage all direct and contingent liabilities of the government including those emanating from PPP agreements.

   e) Risks and the Concession Contract
The Concession contract will specifically reflect how risks have been allocated and mitigated between the two parties.

   f) Guarantees
The Government is designing a framework for managing the fiscal risk associated with guarantees issued to infrastructure PPP projects. In this regard, risk sharing and contingent
support may be available if studies indicate that a PPP project is considered financially viable at the study level but has too many risks to make it ‘bankable’.

IV PPP PROCESSES

J. The PPP Project Life Cycle for government originated projects

PPP projects will be selected from Institutions’ priority programme if they have potential for development under PPP. To improve the credibility and transparency of PPP projects, uniform bidding processes and publication of bidding and selections will be established. The PPP Project Life Cycle, as led by the Contracting Authorities (assisted by IPDF and/or qualified and experienced transaction advisors as appropriate), comprises the following steps:

1st step: Project Needs Options Analysis. Government/Agencies conduct Needs and Options Analysis to determine the best solution to provide the service / build infrastructure i.e. traditional public procurement or PPP route.

2nd step: Initial Viability Analysis. Preparation of a Pre-Feasibility Study including possible location(s), alignment(s) and estimates of broad project costs and an initial indication whether the project is likely to be viable and affordable.

3rd step: Technical, legal, environmental and financial due diligence. Transaction Advisor conducts in-depth Legal, Technical, Site / Environmental, Market and Financial Due Diligence along with extensive stakeholder consultation.

4th step: Risk, Affordability and Value for Money test. The government assesses through information in Step 3 whether the proposed project is robust and meets GOP criteria for risk, viability, bankability, affordability and value for money. This includes estimates of viability gap and the need for subsidies.

5th step: Market Sounding. Transaction Advisor continuously conducts market sounding to determine under which conditions the market is willing to competitively tender for the services. IPDF can assist the Institution in undertaking the market sounding and the need for viability gap and other funding support by IPFF and determine the final PPP design parameters.

6th step: Tendering/Bidding. The Institution/contracting agency conducts a competitive bidding process. Criteria for selection include lowest tariff or financial benefit to government for viable projects and lowest subsidy/lowest VGF amount for those projects requiring support (See Guidelines).

7th step: Approval of Viability Gap funding (if required). Based on evaluation and Project Feasibility Committee endorsement, IPDF submits recommendation for subsidy to the Viability Gap Fund.

8th step: Signing of Agreement and Financial Close between the Institution, and the winning private partner, (tripartite to include the Viability Gap Fund, if VGF required).

9th step: Project Monitoring by Institution (Construction and Operational Periods). Also of milestone based disbursements if subsidies/annuities are involved)
Safeguarding Public Interest and Consumer Rights

The Government of Pakistan is committed to ensure that each project is delivered through a contractual relationship with the private sector under this policy which shall have positive impact upon the public interest. The following issues will be addressed in PPP transactions:

- Safeguard to users in local communities, particularly those falling in the vulnerable groups;
- Ensuring public health, safety, social safeguards and protection of environment;
- Providing adequate protection of users’ rights to privacy;
- Providing information to the public about the obligations of the private sector and the government relating to PPP projects;
- Setting affordable user charges and tariff structures

PPP Consultation

All infrastructure projects will go through the currently designated consultation procedures of the government. Additionally, PPP projects will require specific consultation with the private sector including project developers, contractors and sources of finance to ensure that projects will be taken up by the market and be tendered competitively. The project reviews and studies within this policy based implementation structure herein will be ‘sounded out’ through regular dialogue with the market in the project preparation stages before finally going to tender.

Although, PPPs will become an integral component of the Government’s overall strategy for the provision of public services and public infrastructure across all sectors, this does not imply they are the preferred option for improving the efficiency of services delivery but that they enjoy equal status among a range of possible service delivery options, to be discussed and evaluated, available to the Government.

K. Approval and Authorities

The Government will provide administrative support to the private sector for the implementation of infrastructure projects, from initial project approval through to post-financial close operations. This includes ensuring appropriate approval processes, adequate legislative and administrative support for the levying and collection of user charges.

Approval authority is essential to clarify to both private and public sectors the appropriate arrangements for PPP development. In Pakistan, sectors vary as to approval procedures. Approval authority can be/has been delegated to specialist agencies which have the legal authority to implement PPP projects.

The IPDF has a major policy dissemination role in advising other Government PPP institutions and the private sector on the current approval process and procedures.

The high level approval process by relevant public institutions follows the key stages of a PPP project:
i. Approval of Project (Preparation Stage): Projects will be screened, reviewed and evaluated by the appropriate public institutions

   a. Planning Commission to ensure consistency with GOP infrastructure policy/strategy

   b. Line Ministry or [Province] as contracting authority

   c. Ministry of Finance if public financial obligations are involved.

   d. The IPDF will assess the potential for a project to be a PPP and make its recommendations to the Planning Commission/MoF and the concerned Line Ministry

ii. Approval of Project Structuring and draft concession contract before tendering (as above)

iii. Approval of any final public financial commitments by MoF.

iv. Approval of the award of the PPP concession to the successful bidder by the Contracting Authority.

The above Approval Authority includes interrelated processes: These are clear and unambiguous processes in order to support competition, transparency and the best possible PPP transactions. Consultation and market sounding, within the public sector and private sector respectively are essential components of the PPP process.

Guidelines for Inception, Project Feasibility and Procurement and other processes such as Viability Gap Funding have or are being finalized under IPDF.

The approval process is described in a chart given in Annexure-A.

L. Process for Non-Government Originated / Unsolicited Proposals

The policy above refers to solicited PPP projects. These are projects selected by the government (Federal/Provincial/Local) mainly from their priority public sector development programmes for PPP implementation through the steps described above. Solicited projects are initiated by public institutions and represent the government’s priority programmes.

Unsolicited projects, by contrast, are proposed by the private sector to government as being worthy of consideration as a PPP project. Such projects will come almost exclusively from outside the above mentioned programs.

It is the Government’s intention, in the early years of its PPP programme, to proceed cautiously on unsolicited proposals. All unsolicited proposals will be treated on a case-by-case basis and
limited to projects that demonstrate genuine and substantial innovation and are supportive of public policy.

Government’s policy on unsolicited proposals aims to balance its desire to stimulate innovation and to create new opportunities for the private sector, with the need to ensure that the Government and consumers get value for money in PPP transactions. However, there is the additional consideration that such unsolicited projects may edge out higher priority solicited projects.

Innovation, reasoned analysis, a demonstrated appreciation of the requirements of the country and a project’s likely inability to be implemented by other means should be the minimum considerations of an unsolicited proposal.

The presumption will be against financial or fiscal support for unsolicited proposals.

The process for unsolicited proposals is as follows;

1. Private sector identifies a potential project
2. Private sector seeks guidance from GOP of the framework for Unsolicited Bids and discusses this project and especially that the project study must conform to (to be) Issued Guidelines, be of public merit and that the Government has no objection in principle\(^2\).
3. Private Sector prepares its own Feasibility Study at own cost and risk
4. Private sector submits study and proposal to GOP
5. GOP appraises project and;
   - Accepts project in principle and processes, or
   - Requires more information on, or changes to, the Project, or
   - Rejects Bid outright due to major non compliance with original concept.
6. GOP proceeds or not, according to its rules and regulations.

Detailed guidelines on unsolicited proposals will be issued by MoF/IPDF.

In general, the Government would verify project performance including viability with the assistance of independent transaction advisors.

In all circumstances, unsolicited infrastructure projects will be subject to a value for money test. In some cases, the GOP may require competitive bidding that will take into account the interest of the initiating private entity.

\(^2\) Such ‘no objection’ does not commit government to subsequently approve the project, merely that at this stage it conforms to guidelines and potential needs.
Annexure-A

Identification of Project
(Planning Commission, Line Ministry/ Relevant Department/IPDF)

Selection and hiring of Transaction Advisor
(IPDF/Line Ministry/ Relevant Agency)

Approval for selection of preferred option(s) for feasibility study
(IPDF/Line Ministry/Relevant Department)

Approval of Feasibility Report
(IPDF/Line Ministry/Relevant Department)

Pre-qualification and approval of bidder and PPP structure
(IPDF/Line Ministry/Relevant Department)

Approval of Project
(ECC/ECNEC/CDWP and MOF and/or Board of Ministry/Relevant Department)

Award of Project and Contract Signing
(Line Ministry/Relevant Department)

Execution of Project including financial close
(Private Party)

Project Monitoring and Evaluation
(Line Ministry/Relevant Department)