



**Sustainable Water
Integrated Management (SWIM) -
Support Mechanism**



Project funded by
the European Union

Water is too precious to waste

**PPP Projects Preparation
Luxemburg, 4 July 2013**

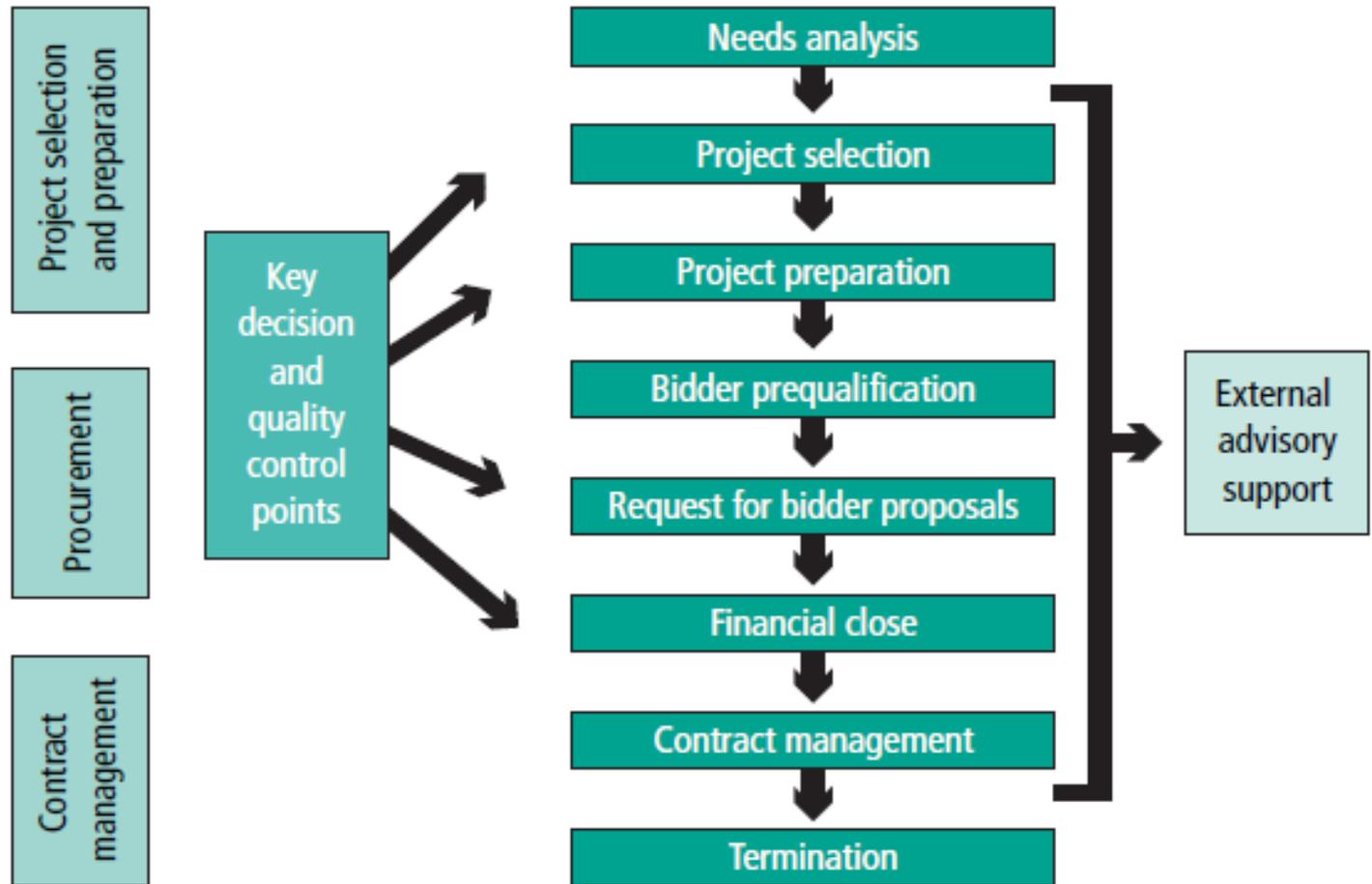
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Introduction

- ✓ Proper preparation of PPP projects is challenging
- ✓ Investing **Time, Efforts** and **Money** in the project preparation can have positive impacts on its success and be an **efficient use of public resources**

Key phases of PPP process



Project selection and preparation

Turning a desirable project into a realizable PPP

- ✓ Selection of the project
 - What are the project scope and requirements
 - Can the project be delivered as PPP
 - Decision to invest should be based on a whole of government perspective
 - Should the project be delivered as PPP (Value for Money)
- ✓ Expressing Projects in terms of Outputs, that should be SMART : Specific, Measurable, Achievable, Realistic and Timely

Preparing projects for market

1. Organise the public sector to manage the process including :
 - identifying and assembling the team including **advisors**
 - Secure funding for the project preparation
2. Develop the project
3. Ensure competition and integrity in the procurement process

MAIN PHASES / STEPS

Phases	Stages	Steps
Project Identification	Project selection and definition	Identification
		Output specifications
	Assessment of the PPP option	Affordability
		Risk allocation
		Bankability
		Value for money

MAIN STEPS

Phases	Stages	Steps
Detailed preparation	Getting organised	Project team
		Advisory team
		Plan and timetable
		Further studies
	Before launching the tender	Detailed PPP design
		Procurement method
		Bid evaluation criteria
		Draft PPP contract

MAIN STEPS

Phases	Stages	Steps
Procurement	Bidding process	Notice and prequalification
		Invitation to tender
		Interaction with bidders
		Contract award
	PPP contract and financial close	Final PPP contract
		Financing agreements
		Financial close

MAIN STEPS

Phases	Stages	Steps
Project Implementation	Contract management	Management responsibilities
		Monitoring service outputs
		Changes to the PPP contract
		Dispute resolution
		PPP contract termination
	Ex post evaluation	Institutional framework
		Analytical framework

Project Advisers

- ✓ Professional advisers should be used where their skills will add value to the project's preparation, procurement and management activities
- ✓ But the leadership of the project should remain the public sector's responsibility
- ✓ The competitive process for selecting advisers should aim to secure the best quality and best value advice

Project Advisers

Advisers' field of expertise

- ✓ **Technical** : feasibility of the technical aspects, output specifications, payment mechanisms in conjunction with financial advisers, examine costs of bidders' solutions,...
- ✓ **Financial** : appraisal of different options and financial modelling and liaising with the development finance institutions, payment mechanisms, requirements for submitting financial bid, evaluate and advise on financial proposal throughout the procurement phase,...

Project Advisers

Advisers' field of expertise

- ✓ **Legal** : legal feasibility of the project, contract documentation for the project, develop other aspects of bid documents including analysis interface agreements, evaluate and advise on all processes and legal and contractual solutions throughout the procurement phase,...
- ✓ **Environmental** : examine the potential environmental impact of the project, identify the potential risks, consider the mitigation of such risks and the impact on the scope and design of the project,...

Preparing projects for market

Costs of project preparation and tendering should not be underestimated

According to WB estimations, the range of costs is as follows

- 3 to 4 % of investment costs for projects costing less than 100 million \$
- 2 to 3 % for projects costing more than 100 million \$
- And around 2% for projects costing more than 500 millions \$

(excluding significant cost of land, early works, and environmental impact assessments)



THANK YOU