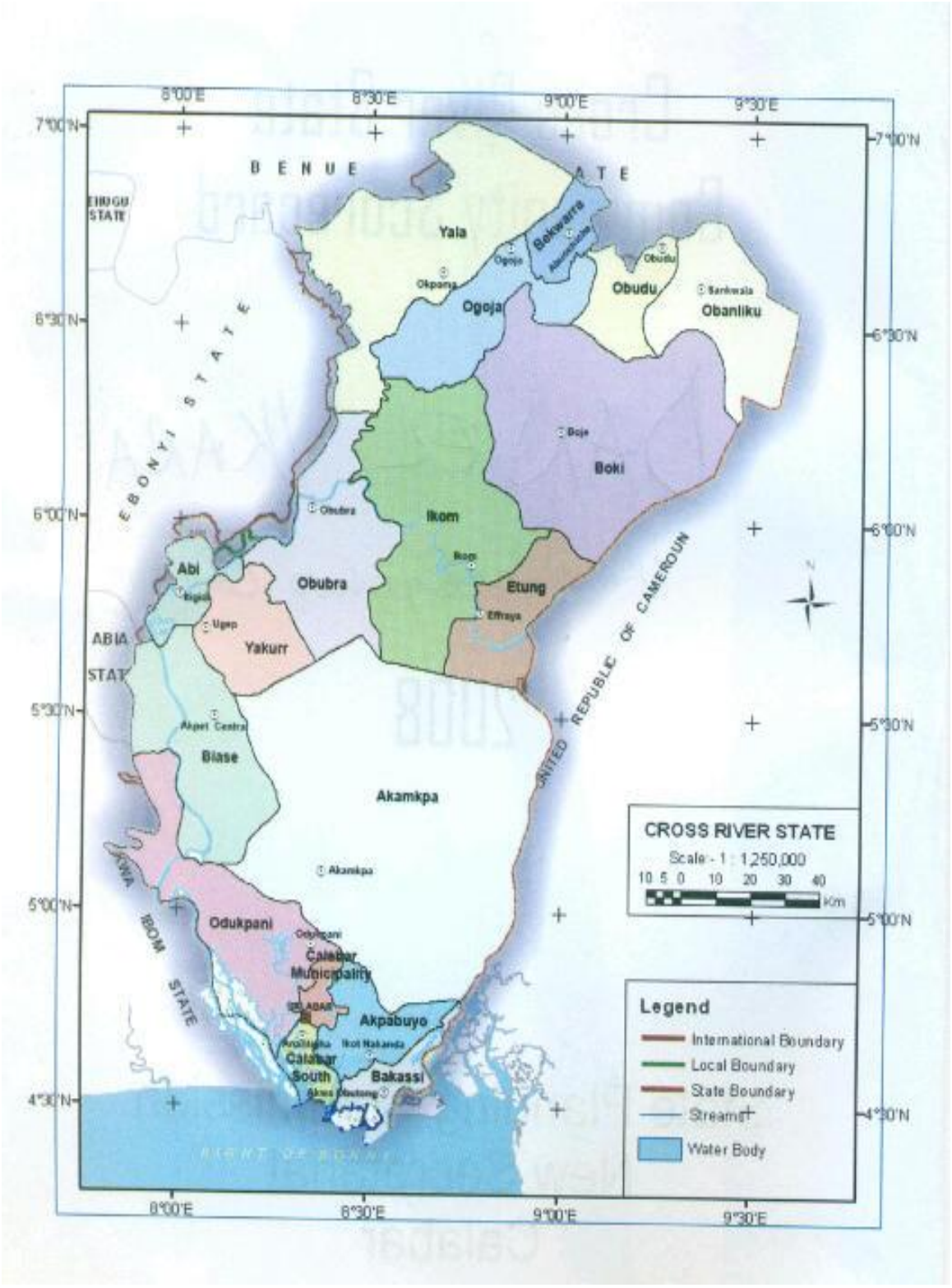
CROSS RIVER STATE
INFRASTRUCTURE & PPP MASTER PLAN
(The Season of Sweetness)
(2023 - 2031)

Destination
Cross River
'The Nation's Paradise'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BENUE STATE
EBONYI STATE
ABIA STATE
AKWA IBOM STATE
UNITED REPUBLIC OF CAMEROUN
BIGHT OF BONNY
Yala
Ogoja
Okpanya
Bekwarra
Obudu
Sankwala
Obanliku
Boje
Boki
Obubra
Ikom
Boje
Etung
Effraya
Abi
Ugep
Yakurr
Akpet Central
Biase
Akamkpa
Odukpani
Calabar Municipality
Akpabuyo
Calabar South
Bakassi
CROSS RIVER STATE
Scale - 1 : 1,250,000
10 5 0 10 20 30 40
Km
Legend
International Boundary
Local Boundary
State Boundary
Stream
Water Body

NATIONAL ANTHEM

Arise O Compatriots, Nigeria call obey
To serve our fatherland
With love and strength and faith
The labour of our heroes past
Shall never be in vain
To serve with heart and might
One nation bound in freedom
Peace and Unity.

STATE SONG

Land of our birth, we pledge to thee
Our love and toil in the years to be
When we are grown and take our place
As men and women with our race.

Cross River State our faith, our pride
Almighty God, all thanks to thee
Our motherland we pledge to thee
Heads, Hearts and Hands through the years to be.

STATE VISION STATEMENT

To become a leading State with prosperous, healthy, and well educated citizens, living in harmony with people, nature and pursuing legitimate interests in freedom moderated by good governance.

INFRASTRUCTURE GOAL

To facilitate access to energy and infrastructure of the right quality and in sufficient quantities for all citizens

PPP VISION STATEMENT

To be a key driver of infrastructure development in the State using Public Private Partnerships framework.

PPP MISSION STATEMENT

To play a major role in the provision of world class infrastructure and efficient services for Cross River State and her entire citizenry.

November 15, 2023

The Chairman
Public Private Partnerships Council
Cross River State

Subject: Cross River State Infrastructure and PPP Master Plan (2023 – 2031)

We are delighted to forward the initial draft of the Cross River State Infrastructure and PPP Master Plan (2023 – 2031) including the administration's approved pipeline (PPP) projects for Council's review.

The Plan development built on ongoing projects from previous administrations and relied on representations from the State officials in particular, the State Industrial Policy, the State Growth and Development Strategy, the State PPP policy and related guidelines including sector analysis reports.

This initial draft Master Plan is intended for comments from the State Government, in particular the State Planning Commission and the State Bureau of Public Private Partnerships. It is anticipated that the State Planning Commission would coordinate the peer review, harvest comments and revert to us accordingly; to assist appropriate update and finalization of the process not later than November January 31, 2024. Please note that we would assume your no-objection to the document as-is, and proceed with the finalization; if no feedback is received from you by close of business on Thursday February 1, 2024.

This initial draft document is broken into three (3) main sections:

- The State Infrastructure Strategic Plan covering relevant classes of infrastructure assets
- The Infrastructure risk-based PPP Master Plan – rationale, documentations, process cycle and protocol
- The Plan funding options / windows

Thank you as we look forward to receiving the Plan Foreword for appropriate inclusion, please.

\
Dr. Francis Ntamu, FCA., FCIT., FNIM.
Senior Special Advisor to the Governor (Infrastructure) &
Director-General, State Bureau of Public Private Partnerships

Foreword (left blank intentionally)

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1.0 Setting the Context – the Need for the Cross River State Infrastructure and PPP Master Plan

Infrastructure within the context of this Plan relates to the basic physical and organizational structures and facilities necessary for the smooth running of the State. This is intended to include the following classes of infrastructure – information and communication; transportation (road, bridges, ports etc.); water, sewage and drainages; power / energy; housing, physical planning/development etc. The Infrastructure and PPP Master Plan therefore, is a planning document that identifies and sets out the strategy for additional infrastructure injection and improvements required to maintain desired levels of service over the next 10 years (2021 – 2030), including the adoption of creative financing planks through public private partnerships (PPPs) for critical infrastructure procurement, implementation and handback within a sustainable stakeholders' inclusive arrangement. It is a risk-based template that is premised on best practice, open communication and continuous stakeholders' engagement.

Infrastructure of the right quality are required in adequate quantities for proper functioning of the economy. Large scale industries as well as Small and Medium Scale Enterprises (SMEs) require adequate supply of energy to operate optimally. The SMEs have the potential to significantly contribute to employment generation and the state's IGR if properly harnessed. However, inadequate power supply is currently constraining their growth and sustainability. This is the reason why Cross River State is making plans to promote energy (electricity) generation from various sources. Particularly renewable clean sources (e.g. hydro and solar) to complement what is being supplied from the national grid and to ensure that the state pursues a green development approach to growing the economy of the State.

Cross River State requires different types of infrastructure across the different sub-sectors of the economy – education, health, transport, tourism, potable water, etc. In each of these sub-sectors, effort will be made to develop appropriate design for each type of infrastructure and project the required capacity well into the future to enable adequate financial provision to be made ahead of time for the construction of the infrastructure. The state will ensure that the design of each infrastructure takes cognizance of social, economic and environmental sustainability. It will also provide for social inclusion.

Overall, the Plan factors the realities of the State's increasing demography and how appropriate planning will support value for money and results to the populace in the following specific areas – low carbon practices with corresponding effects on the health, safety and the environment, ease of doing business and generally, improved standard of living.

In addition to the above Strategic thrusts, the state also gives consideration to the following Sustainable Development Goals in addressing the infrastructure development issues:

No.	Sustainable Development Goal (SDGs)
7	Increase access to affordable, reliable, sustainable and modern energy for all
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation within the State
11	Promote inclusive, safe, resilient and sustainable cities and human settlements across Cross River State.

*The **output targets** that will yield this outcome are:*

- Functional Geographic Information System
- Human resource development to support the GIS
- Master plans for the urban areas
- Adequate and sustainable infrastructure delivery
- Conducive living environment
- Smart transportation, housing and energy infrastructure development
- Clean technology infrastructure

Key Dependencies and Assumptions Supporting the Plan

- Private sector partners willingness and ability to invest in PPP infrastructure (respective classes of infrastructure, involving the deployment of private capital)
- The infrastructure & PPP Master Plan will be owned and adopted for implementation by the government and other key stakeholders
- The setting-up of a dedicated infrastructure revolving preparatory fund to support infrastructure PPP projects preparation and development
- The Infrastructure & PPP Master Plan will be reviewed and updated every 4-years, to assist inclusion of areas not foreseen at the time of this Plan formulation
- Federal government agencies and private partners will be efficient in providing facilities and services in line with their statutory responsibilities to the state
- Hybrid funding sources will be adopted as a means to improving the financial status of the State to assist targeted supply of critical infrastructure
- Continuous investment in human capital by way of capacity building in the civil/public will continue to receive priority attention over the Plan period to enable value for money procurement, balanced contracting and risk-based infrastructure transaction term sheet.
- Adoption of clean technology practices in infrastructure delivery in the state based on well interrogated and appropriately approved environmental and social safeguards.

This Master Plan is presented in four (4) main sections namely –

(a) Cross River State 30-year Infrastructure Delivery Strategic Plan: this segment represents a moderated version of the State Growth and Development Strategy;

(b) Infrastructure PPP Manual covering PPP initiation process from start to end. Here, attention is given to relevant competitive procurement protocols for 2-way tender mode, evaluations, negotiation, contract award, post-concession formalities including handback. Without necessarily reinventing the wheel, this section represents a moderated version of the earlier State PPP manual;

(c) Infrastructure Financing Lines / Windows – this relates to the respective hybrid funding lines / windows from which the State could explore and achieve longer maturity, competitively priced financing for critical infrastructure. This includes a blend of options such as debt, equity, development finance sources, mezzanine instruments etc.;

(d) Sample Practice-based procurement Templates (Request for Qualification and Request for Proposal)

Section A

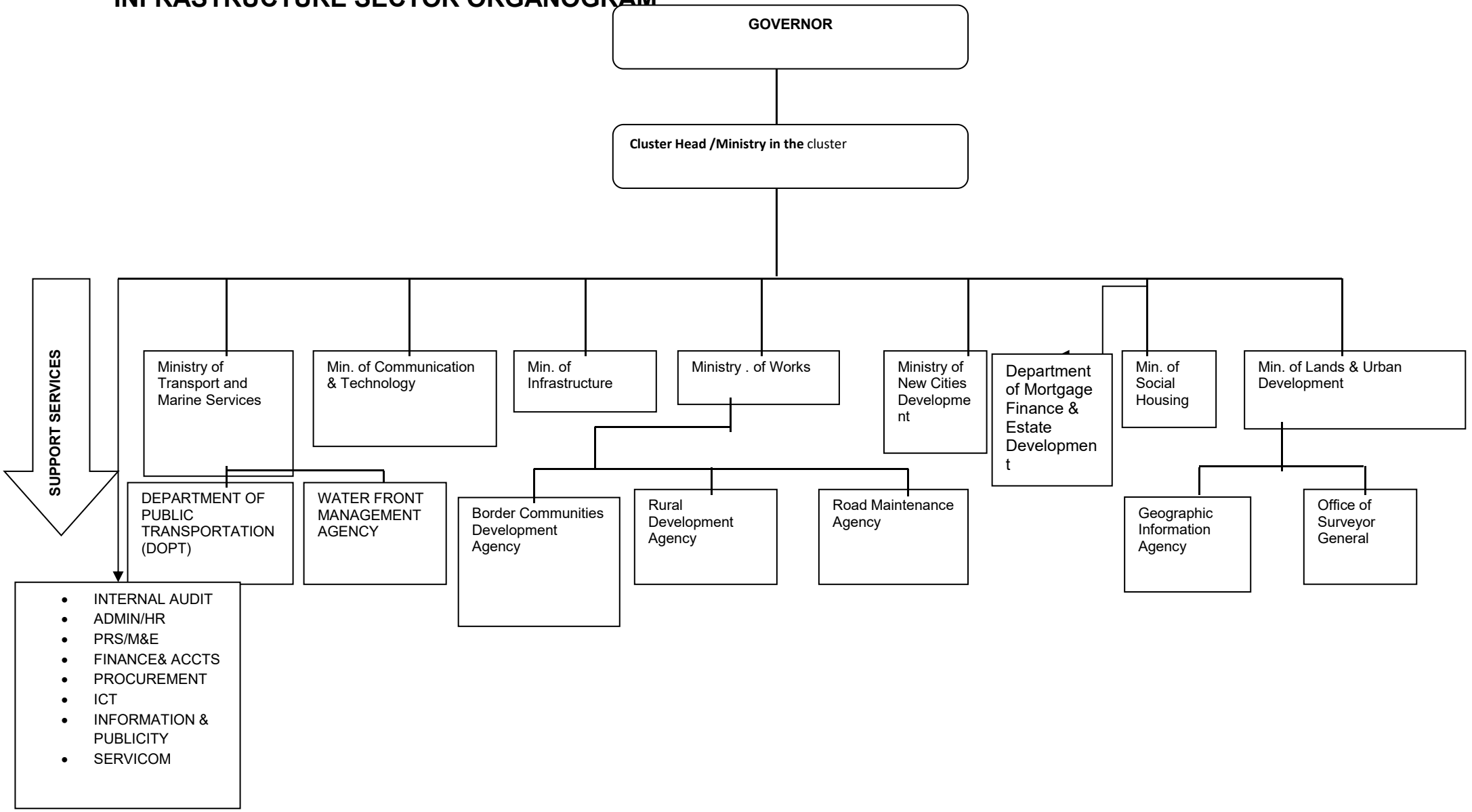
2.0: CROSS RIVER STATE INFRASTRUCTURE DELIVERY STRATEGIC PLAN

This section outlines the opportunity ladder (current and desired state) for the respective critical infrastructure assets in the State which include but not limited to -

i. Maritime Transportation Infrastructure
ii. Housing Infrastructure
iii. Energy / Power Infrastructure
iv. Rural Transformation Infrastructure
v. Healthcare Infrastructure
vi. Road Infrastructure (including township / inner-city roads)
vii. Information & Communication Infrastructure

Infrastructure Sector Governance Architecture

INFRASTRUCTURE SECTOR ORGANOGRAM



Maritime Transportation Infrastructure

Introduction

The State requires different types of infrastructure across the different sub-sectors of the economy – education, health, transport, tourism, potable water, etc. In each of these sub-sectors, effort will be made to develop appropriate design for each type of infrastructure and project the required capacity into the future to enable adequate financial provision to be made ahead of time for the construction of the infrastructure. The State will ensure that the design of each infrastructure takes cognizance of social, economic and environmental sustainability. It will also provide for social inclusion and equitable distribution of infrastructure.

This section focuses on some of the signature infrastructure projects in the State which are catalytic to regional growth and development including national integration. The respective opportunities are expected to be funded through collaboration with the private sector in line with the State Public Private Partnerships Law and the Public Procurement Law respectively.

Calabar port is the main gateway into the State by water. It is one of the ports under the control of the Nigerian Ports Authority. It was an Old Calabar Port which was being managed by private operators until it was taken over by the Federal Government of Nigeria. The old port was re-developed and modernized under the 3rd National Development plan 1975 –1980.

The present Calabar Port Complex formally came into operation on 9th June, 1979 and occupies a total land area of 38 hectares and four quays each measuring about 215m long and 40m wide. The Four quays have been demarcated into six operational berths. In addition, the port has two warehouses measuring 150m X 40m and 175m X 40m. It lies about 55 nautical miles from the fairway buoy up to Calabar River[1] . The below table shows cargo through Calabar Port from 2013 - 2016.

[1]: Nigerian Ports Authority, http://www.nigerianports.org/defaultCalabarPort.aspx

However, the Calabar port is limited by its shallow draft, providing justification for the ongoing effort at developing a 18-meters draft deep seaport by the State, under a PPP mode. The Bakassi Deep Sea Port and the Jetty Project of the State Government are both at the procurement phases while the Government has registered a Special Purpose Vehicle Company for a Calabar Ship Scrapping Yard.

Cargo through Calabar Port (2013-2016)

YEAR	INWARD	OUTWARD	TOTAL	% OUTWARD
2013	1,700,765	31,521	1,732,286	1.82%
2014	2,350,232	11,245	2,361,477	0.48%
2015	2,122,317	7,496	2,129,813	0.35%
2016	2,271,073	3,860	2,274,933	0.17%
Source: National Bureau of Statistics / Nigerian Ports Authority (NPA), Shipping and Port Activities, February 2017				

The tonnage of inward cargoes increased from 1,700,765 in 2013 to 2,350,232 in 2014 and later declined to 2,122,317 in 2015 while it rose to 2,271,073 in 2016. The increasing trend points to an increasing demand for imported products.

Key constraining factors include inadequate implementation capacity for the operating team to navigate funding and other technical issues of infrastructure project management.

The Integrated Bakassi Deep Seaport project

Project description

The Bakassi Deep Seaport Integrated Project comprise the 14.5-meter draft Bakassi Deep Seaport and the 275km 6-lane Superhighway providing evacuation access from the port to northern Nigeria. All components of the project are greenfield and designed for implementation on a build-operate and transfer (BOT) PPP model. The Superhighway includes offerings such as rest points, digital internet connectivity, speed cameras, solar lighting, 24-hour security and toll plazas etc.

Project value proposition

The Bakassi Deep Seaport with its unique opportunity of an evacuation corridor given the Superhighway, will provide the closest maritime corridor to the

landlocked Chad Basin including over 50% of Nigeria's addressable market across the North East, North-Central, some parts of the South-East and South-South. The Superhighway will open up a new regional transportation corridor and provide the dominant means of access to existing and potential raw materials across the listed regions. This is in addition to facilitating integration and distribution of agricultural, non-oil mineral and other industrial goods. The inherent benefits includes but not limited to reduction in vehicle operating costs as vehicles will be able to use the safest and most direct route from the port therefore, reducing passenger travel times once the associated facilities have been constructed. Expected new direct and indirect jobs from opportunities on the integrated project line is estimated at 650,000.

Map of proposed 275km Superhighway and Bakassi Deep Seaport

Map of Bakassi Deep Seaport Integrated Project showing route

Project policy environment

The State is fully committed to public service reforms, which is going concern. There are no legal hurdles to the project implementation as captured in the master plan. Project is in full compliance with alternative route requirement for PPP roads, relevant federal and state laws and regulatory requirements including the mandatory federal approvals for the project ESIA. Three policy areas drive the project namely, the National Transportation Policy, the Vision 20, 2020 and the regional integration strategy of the African Union. The project Outline Business Case (OBC) as developed by the Federal Government appointed Transaction Advisor is at draft stage.

Project implementation model

The integrated project is to be implemented under a PPP model. The intention is to adopt approaches that adequately identifies, shifts and manages uncertainties in the project experience. Uncertainty management in this respect, entails allocating risks on the project by the State to parties best suited to handling them. Studies including sensitivity analysis are currently ongoing, to establish the most cost efficient, most inclusive, result based PPP option(s) and project management model for the Superhighway and Deep Seaport integrated project.

Available studies

The project's technical parameters would have direct bearing on the level of services for users. The core requirements of design, construction, operations and maintenance of the project including hand back would be covered in the project contract in a form that allows for innovation and value addition as per attached technical analysis by China Harbour on the Bakassi port.

The base case project financial structure is expected to be at least 25% equity and 75% commercial credit. Equity contribution assumptions consider both public & private sector participation. This indicative mix may vary but in any case private sector participation is expected to be at a minimum of 51%. Project funding participants shall comprise CRSG; Concessionaire; interested state governments outside the State, LGAs in the State; international financial institutions, countries on the Chad Basin, sovereign wealth funds, institutional investors, local and international lenders etc.

Project viability assumptions

- Chadian & Nigerian Governments' interests in the integrated project given the closest maritime proximity to the Chad Basin;
- The proposed port's natural cost efficient evacuation corridor for shipment of non-oil mineral from rich solid minerals belt of Kogi, Taraba, Bauchi, Plateau, Nasarawa and Enugu States;
- recent major finds of hydrocarbon deposit in locations around Cross River & Benue States; oil and gas haulage potentials on the terminals of the proposed Port;
- the recent find of pure grade granite for production of granite floor in the northern part of the State;

- The proposed port's potential for efficient shipment of agricultural products. The State is potentially home to the biggest oil palm, cassava production, cocoa estate in Nigeria through the entire stretch of Boki, Ikom, Etung and Obudu complexes.
- the Thai Rice City multi-million dollar rice value chain program in Cross River State;
- Export opportunities and other windows for inbound & outbound shipment given activities from the 3 Free Trade Zones in Calabar - Lafarge Unicem Cement, Flour Mill, agricultural commodities etc.

Project Implementation Status

	Activity	*Timeline	Status	Output
1.	Bakassi Sea Port Identification & conceptual studies	December 2014	Achieved	Conceptual technical designs
2.	Development of terms of reference for project Environmental & Social Impact Assessment (ESIA)	March 2015	Achieved	Project ESIA terms of reference
3.	Request to the Presidency for clearance and initiation of project	August 2015	Achieved	Clearance from Presidency to comply with ICRC & FMT Guidelines.
4.	Request to Federal Ministry of Transportation for constitution of PSC	December 2015	Achieved	Approval for PSC received on February 8, 2016.
5.	Expression of Interest (EoI) for the engagement of a TA	December 2015	Achieved	EoI cleared with the Federal Bureau of Public Procurement.
6.	Project sponsor (CRSG) nomination to the PSC	February 2016	Achieved	This milestone was achieved within schedule
7.	Inauguration of the PSC	May 2016	Achieved	This milestone was achieved within schedule
8.	Constitution of the Project Delivery Team (PDT) &	May 2016	Achieved	This milestone was achieved within

	approval of the project ESIA by the FGN			schedule
9.	Evaluation and appointment of TA by the PSC	November 2017	Achieved	
10.	Development of draft project OBC	November 2018	Achieved	This milestone was achieved within schedule
11.	Finalization & issuance of Certificate of Compliance on OBC by ICRC	March 2019	Outstanding	This timeline on this milestone represents worse case; expected to be achieved on schedule.
12.	Development of project full business case & procurement of concessionaire	June 2023	Outstanding	Ongoing (CPCS Canada as project Transaction Adviser). Process impacted by Covid-19 pandemic
13	Financial close and project commission	December 2024	Outstanding	Project is already receiving investment interests from issues Project RfP across major global economic centres. The time slippage is informed by the slowdown accounted by the Covid-19 pandemic.

* tentative timeline

Source: Office of the Chief Economic Adviser to the Governor (October 2021)

On the 275KM Superhighway component, the following has been achieved:

Project current status, accomplishments & timelines - Superhighway .....

	Project milestone	Level of completion (%) & target delivery timeline
1.	Route selection	100%
2.	Preliminary surveys	100%
3.	Preliminary schematic designs	100%
4.	Survey	100%
5.	Final design	100%
6.	Environmental & social impact assessment development	100%
7.	Environmental & social impact assessment approval by the Federal Ministry of Environment	100%
8.	Pre-construction works	70%
9.	Project investors road show, contracting concessionaire and financial close	(ongoing)
10.	Earthworks	10% (TBD)
11.	Asphalting	0% (TBD)
12.	Road furniture and fittings (CCTV, signage, lighting, etc)	0% (TBD)
13.	Toll plaza	0% (TBD)
14.	Commission and roll-out	0% (TBD)

Source: InfraCross (2020)

Project Uncertainty Management

Planning phase	**Scale & impact**	**Risk Owner (remarks)**
Risk of land acquisition: Legal procedure Delay in relocation and settlement/Cost increase on relocation	Not applicable	Government (Land Use Act concentrates land acquisition rights on CRSG)
Environmental Risks: ESIA is rejected by Federal Ministry of Environment /ESIA's conclusion is the project is not socially feasible	Not applicable.	Government and SPV (ESIA approval & right of way already secured by CRSG)
Construction phase	**Scale & impact**	**Risk Owner**
Construction cost overrun	Low	SPV/ EPCM Contractor
Delay in completion of construction: Additional financial cost + delay in toll plaza completion on Superhighway	low	Government and SPV
Operations & management phase	**Scale & impact**	**Risk Owner**
Overrun of operations and maintenance cost High inflation & Labour and material costs	Low	SPV/ O&M Constructor

increases		
Traffic risk lending to revenue risks	Low	SPV
Foreign exchange risk Local currency devaluation/interest rate uncertainty for long term funds for long-term funds	Medium	SPV/Government (macroeconomic conditions is outside the influence of CRSG. Hedging & other mitigations may be applicable here)
Policy Risk Competition from a new parallel project (PPP or traditional contract) Changes of government's traffic level guarantee policy: Economically beneficial policy for a government agency to change tolls in some form of traffic usage	Not applicable	Government (threat of new entrant is significantly low and not anticipated throughout the concession period)
Political and Security Risks: Reducing concession years – cost high to government Inadequate or subjective enforcement of laws and regulations Security risks (civil war, etc.)/Unforeseeable event (natural disaster, etc.)	Low	SPV/Government

2.1 12.1.1 Strategies For Achieving Target Performance in the Integrated Bakassi Deep Seaport Project over the Plan Period

1. Secured the Certificate of Compliance Approval on the Project Outline Business Case;
2. Secured the Federal Ministry of Transportation's & Federal Government of Nigeria's Project Steering Committee approval for the engagement of a Transaction Adviser as the Project Full Business Case (FBC) phase Transaction Adviser with:
    - the development of terms of reference for the engagement of a Consultant using competitive tenders in line with the State Procurement Law.

- peer review the terms of reference respectively with Infrastructure Concession Regulatory Commission (ICRC), the Nigerian Ports Authority and Federal Ministry of Transportation respectively.

3. Engagement of CPCS Canada as Project Transaction Adviser based on international competitive bidding (ICB) process by the inter-ministerial project steering committee;
4. Project Request for Qualification (RfQ) issued within an ICB; responses received, shortlist conducted by the Project Steering Committee;
5. Project Request for Proposal (RfQ) issued to shortlisted firms; process for pre-bid sessions ongoing;
6. Evaluation of proposals by the Project Steering Committee
7. Identification of Preferred and Reserve Bidders;
8. Negotiations and financial term sheet
9. Federal Executive Council Approval and Financial Close
10. Project Concession Agreement, Change-over and Implementation
11. Post-Concession, handback etc.

Critical Road Projects Currently Financed from Traditional Budgetary Sources

A number of road infrastructure interventions requiring urgent attention by the State across urban, semi-urban and rural areas with huge potentials for socio-economic connections, with particular reference to access to markets and incentives to private sector investment are outlined in Table 12.3 below.

The projects are of significant social impact and not necessarily commercially viable to warrant toll collection from daily vehicular traffic to guarantee required return on PPP investments. As a consequence, funding from traditional budgetary sources (FAAC allocation and internal revenue sources) including concessionary windows including technical grants from multilateral and bilateral sources are applicable.

Current and projected Rural & Urban Road Projects target for result for the Plan period

S/N	INDICATOR	Current Performance Status in 2018		Target Performance over the plan period					
				2023	2028	2033	2038	2043	2048
		Number	%	% Improvement					

1	Rehabilitation and construction of 1,000km of rural roads.	120	12	20	20	20	20	20	20
2	Development of the 145km Yala-Bekwarra-Obudu-Obanliku Road (Mini-Superhighway) Project.	30KM	20%	80%	-	-	-	-	-
3.	Multiple roads within Calabar Municipality	17.3KM		30%	30%	30%	30%	30%	30%
4.	Anansa Road, WAPI, Calabar		40%	60%	-	-	-	-	-
5	Kakum-Bebuatsuan-Bedia road with spur to Beuabie-Kutiang (1.5km) road in Obudu LGA.		40%	60%	-	-	-	-	-
6	Okangha-Mkpansi Road (1km) in Ikom LGA		40%	60%	-	-	-	-	-
7	Ikpakapit road (4km) and Mkpani road (1km) in Yakurr LGA		40%	60%	-	-	-	-	-
8	Ediba-Usumtong-Ugep road (1km) in Abi LGA		40%	60%	-	-	-	-	-
9	Ofat-Ababene-Oderige road (1km) in Obubra LGA		40%	60%	-	-	-	-	-
10	Betem road (1km) in Biase LGA		40%	60%	-	-	-	-	-
11	Akai Efa layout roads (400m) and Lion Gate Road (1km) in Calabar municipality		40%	60%	-	-	-	-	-
12	Navy Secondary School-CROSPIL Estate ArthurJavis University road (1km) in Akpauyo LGA		40%	60%	-	-	-	-	-
13	Imaje-Ukprinyin Road (1km) in Yala LGA		40%	60%	-	-	-	-	-
14	Kanyang-katabang-Boje road (1.5km) in Boki LGA		40%	60%	-	-	-	-	-
15	Three (3) streets in State Housing Estate – David		40%	60%	-	-	-	-	-

	Henshaw, Eniong and Orok Duke Cresent.								
16	Mfom-Okpoma-Okuku-Abuochiche-Obudu-Obudu Ranch Road		40%	60%	-	-	-	-	-
17	Boki East-West Road (CH 0+000-CH 5 + 000)		40%	60%	-	-	-	-	-
18	Boki East-West Road (CH 5+000-CH 10 + 000)		40%	60%	-	-	-	-	-
19	Boki East-West Road (CH 10+000-CH 20 + 000)		40%	60%	-	-	-	-	-
20	Boki East-West Road (CH 20+000-CH 27 + 000)		40%	60%	-	-	-	-	-
21	Usung-Esuk Road		40%	60%	-	-	-	-	-
22	Ogoja Council-Ishibori Road		40%	60%	-	-	-	-	-
23	Sen. Ben Ayade Road Ugep		40%	60%	-	-	-	-	-
24	Kakum-Bebuatsuan-Bedia Road (A)		40%	60%	-	-	-	-	-
25	Kakum-Bebuatsuan-Bedia Road (B)		40%	60%	-	-	-	-	-
26	Kakum-Bebuatsuan-Bedia Road (C)		40%	60%	-	-	-	-	-
27	Cal-Ikom High way-Ovukwa village		40%	60%	-	-	-	-	-
28	Asphalt overlay from Tinapa & Scanobo to the entire Carnival Route		40%	60%	-	-	-	-	-
29	Yahe-Wanokom Benue Border Road		40%	60%	-	-	-	-	-
30	Akpet Central-Ugbem Ikot Effangha-Mbebue		40%	60%	-	-	-	-	-
31	Camp II Road		40%	60%	-	-	-	-	-

Source: (Cross River RAMP Oct, 2018), CRS Ministry of Works (2018)

STRATEGIES FOR ACHIEVING DESIRED RESULTS IN SELECT URBAN AND RURAL ROADS IN THE STATE OVER THE 30 – YEAR PERIOD

1. Procure 15 consultants through open tenders for the design of network of roads/bridges/culverts across the State and increase performance by 10% in the Southern and Central Senatorial Districts respectively by 2019 and thereafter, by 10% the Northern Senatorial District by 2025.
2. Shortlist seventeen (17) contractors for the construction and rehabilitation of rural roads/bridges/culverts in 2018 and increase performance by 10% in 2022 and 20% in 2028
3. Engage four (4) local contractors for the construction of urban road of 17.3km stretch to enable delivery by 2024.
4. Liaise with the Civil Service Commission in the engagement of Eight (8) Monitoring and Evaluation staff (with bias in civil engineering) for purposes of results monitoring by 2020.
5. Procure relevant equipment and tools for the implementing agency (Ministry of Works) to strengthen direct labour under the Public Works Department programmes by 2020.
6. Engage and train 800 school leavers as mechanical technicians between 2019 and 2028, 10% evenly over the period under a syndicated apprenticeship scheme with MEDA, BOI and the Ministry of Works.
7. Engage and train 900 school leavers as plumbers for plumbing skills work between 2019 and 2025, 10% evenly over the period under a syndicated apprenticeship scheme with MEDA, BOI and the Ministry of works.
8. Train 800 school leavers as automobile technicians between 2019 and 2028, 105 spread evenly over the period under a syndicated apprenticeship scheme with MEDA, BOI and the Ministry of Works.

Urban Transportation & Rural Access Mobility Interventions

Introduction

An effective transportation network is a critical part of the socio-economic life of a society. Not only does it promote the right to freedom of movement and association, but also a fundamental linkage to the various activities that drive socio-economic development given the reality of the State's shifting demography and migration with implication on infrastructure. urban population. With an annual population growth rate of 3.2% with urban share of the population at 30% as at 2018; the State is committed to achieving a balance, by investing proactively in rural and urban transportation infrastructure. In recent times, efforts have been intensified to improve the transportation infrastructure in the State. The ongoing Super Highway and the Bakassi Deep Seaport projects, when completed will expand the State's multi-modal transportation experience and by extension, its socio-economic opportunities.

The State is endowed with potentials for the development of intermodal transportation network, namely: road, rail, inland waterways and air. A wholly integrated multimodal transportation system comprises modal infrastructure, planned routes, bus shelters and taxi ranks as well as public patronage to ensure sustainability.

The strategic direction of the State as it relates to the prospects of an integrated, multi-modal transportation approach including implementation planning is highlighted in this section.

Tinapa – CICC Monorail, Calabar

Responsibility for Roads Development and Maintenance

Roads play uncommon roles of providing access to hinterlands and the all-important connection for movement of agricultural commodities from points of production to markets. The three tiers of government have responsibility, for road development and maintenance. Thus, as in every State in Nigeria, there are Federal, State and Local Government roads. The roads are categorized into Trunk A, B and C, as well as rural or feeder roads. The feeder roads are meant for the evacuation of agricultural products from the rural to urban centres. In 2018, 439 kilometers of rural roads were constructed. However, there are many communities in the State that can only be accessed through water ways. Examples of such communities are Umon Island, Etono Central in Biase, Obio Usiere, Ukwa Eburutu, Atan Onoyom in Odukpani LGAs respectively. Government is concerned with the provision of critical physical infrastructure such as pontoon; soft infrastructure such as regulation and enforcements to ensure safety for passengers. and standard infrastructure.

Governance Architecture

The governance and institutional arrangement for the sector in the State flows from the Ministry of Transportation and Marine Services to a number of specialized agencies. These agencies include:

1. Commercial Transport and Regulatory Agency (CTRA) Law of 2010.
2. The State Road Infrastructure Maintenance Levy (RIML) Law of 2012
3. Traffic Management and Regulatory Agency (TMRA) Law of 2015.
4. CRS Infrastructure Facilities and Assets Management and Maintenance Agency Law of 2015.
5. Inland Waterways Agency Law

Operational Mandates of the Implementing Ministry

The Ministry has the mandate to formulate and implement policies necessary for the realization of a safe and reliable transportation of goods and passengers in the State. This is to be achieved through the setting of standard operating procedures, provision of physical infrastructure and enforcements of regulations and legislations.

The below table presents the status of roads in the State by type, and the current and projected Rural Access Mobility Project (RAMP) targets for result for

the Plan period. Information on the condition of federal roads in the State was not available as at report time.

Summary of Roads in Cross River State by Type (2013)

Year	Tarred (Km)		Un-Tarred (Km)			Under Construction	
	Federal	State	Federal	State	State	Federal	State
2013	-	1,079.30	-	3,566.30	1,824	-	182

Source: Cross River State Ministries of Works and Transport (2017)

Current and Projected Rural & Urban Road Projects target for result for the Plan period

S/N	INDICATOR	Current Performance Status in 2018		Target Performance over the plan period					
				2023	2028	2033	2038	2043	2048
		Num	%	% Improvement					
1	Rehabilitation and construction of 1,000km of rural roads.	439	12	20	20	20	20	20	20
2	Development of the 145km Yala-Bekwarra-Obudu-Obanliku Road (Mini-Superhighway) Project.	30KM	20%	80%	-	-	-	-	-
3.	Number of KM of urban road	17.3KM		30%	30%	30%	30%	30%	30%

Source: (Cross River RAMP Oct, 2018), CRS Ministry of Works (2018)

Airport and Air Transportation Infrastructure

The Margaret Ekpo International Airport, Calabar was officially commissioned on July 23, 1983. It is located in Akim Qua in Calabar. The coordinates of the airport are 4°58′33″N 8°20′50″E. The dimension of the runway is 2,450 metres by 45 metres[2]. Information on the traffic through airport is presented in Table 13.4 below.

[2]Nigeria Airports Authority http://www.faan.gov.ng/calabar-airport/

The Airport was ranked among the 10 busiest airports in Nigeria with total passenger traffic of 157,921 in 2017 (National Bureau of Statistics, 2017). Passenger throughput at the airport increased from 35,077 to 37,034 in the second quarter of 2017 representing 6% growth and further increased during the third quarter by 18% to 43,780 and decreased in the fourth quarter of the same year by 4% to 42,030. The 4% decrease in air travels to the airport is a significant deviation from the expected passenger traffic to the Annual December Calabar Carnival which is expected to attract tourists and other visitors to the State.

Passenger Movement in Margaret Ekpo International Airport, Calabar (2014-2017)

Year	Type of Passenger	Arrival	Departure	TOTAL
2014	Domestic	103,494	100,350	203,844
	International	99	93	192
2015	Domestic	93,512	94,686	188,198
	International	-	1	1
2016	Domestic	100,272	102,508	202,780
	International	-	-	-
2017	Domestic			157,921
	International	-	-	-

Source: National Bureau of Statistics, Calabar, Aviation Data, 2014-2017

The Table indicates that there were only 192 international passengers in 2014, one in 2015, none in 2016 and 2017 respectively. This is an important strategy field for the GDS to ensure the State is able to optimize its desired status as a key investment and tourism destination.

The target performance with regards to air transportation is a minimum of 500,000 passengers (10% international) from 2025 and to improve on this throughput by 12% year on year basis throughout the plan period.

The strategies for driving the desired results in air transportation in the State are as follows:

i. Engage with local airlines under a guaranteed minimum occupancy ratio for flight connections within the region example, Warri-Port Harcourt- Calabar by

2020. The minimum volume underwriting to be brokered by the benefitting States in the region.

ii. Engage an experienced lobbying consultant in 2020 to coordinate liaison with regulators and other key stakeholders in the aviation sector in Nigeria and the Gulf of Guinea to enable regional international flights with take-off and landing in Calabar Airport.

iii. Collaborate with the Federal Airport Authority of Nigeria (FAAN) in the renovation / construction of a state-of-the-art VIP lounge at the Margaret Ekpo International Airport by 2020.

iv. Engage an international transaction advisory firm by 2019 to guide the State on the prospects of State supported wet lease arrangement or any other feasible option that would enable injection of aircraft(s) secured under any of the arrangements in a 'category A' local airline for purposes of guaranteed daily flight slots to Calabar.

v. The transaction adviser on "iv" above, to in addition, to provide technical advisory, not later than 2020; on the line of best fit with respect to the State's owned aircraft (currently under repairs) by 2020. The value proposition in the independent report to be reviewed for merit by the State Executive Council ahead of possible implementation.

Rail Transportation

The need to develop rail transportation in the State is necessitated by the knowledge that the railways played a crucial role in the spread of the industrial revolutions in Europe and remarkable economic developments in North America, India and Australia. The construction of railway lines linking major hubs of activity such as in the proposed Bakassi Deep Sea Port, Industrial Parks, the Tinapa Resort, Airports, the proposed haulage city, communities, agricultural locations and major tourist sites would result in unprecedented increase in the level of socialization and economic development. This of course, will aid the easy movement of people and goods as it is cheaper, accommodating more people and goods and has lower risk than other modes of transport.

The Federal Government of Nigeria's proposed Lagos – Calabar standard gauge rail line is of strategic importance to the achievement of efficient multi-modal transportation in the State. Given the capital intensive nature of the sub sector, the State would need to carefully adopt the following strategies below to ensure the achievement of desired efficiencies in the transportation sector.

Strategies for achieving efficient multi-modal transportation (excluding air) performance over the Plan period

- Engage a reputable public transportation advisory firm to support the State with the development of a transportation master plan that foresees multi-modal transportation, dedicated lanes for high occupancy buses, bus shelters and traffic management by 2022.
- Conduct advocacy programmes for stakeholders in the public transportation sector to comply with traffic and safety regulations by 2019.
- Liaise with relevant regulatory authorities by 2022 to ensure the coordinated development and promotion of inland water transportation consistent with the transportation master plan and safety standards across the State.
- In line with the transportation master plan, identify a location suitable for a transit haulage city across the State that enables efficient inter-modal connection and the economic benefits of the movement of persons and goods across corridors of the proposed 275km Super Highway etc.
- Encourage private sector participation in developing railway system within the State (light rail, monorail, freight trains).
- Work closely with Tourism Board, Agricultural Agencies, Chamber of Commerce and other Agencies to ensure inclusion in transportation master plan.
- Ensure compliance through legislations and appropriate enforcement of traffic management based on the State transportation master plan not later than 12months after adoption and approval of the master plan.
- Ensure harmonization of mandates of the respective traffic management agencies in the State to avoid duplication of functions and role conflicts by 2019.
- Develop a mutually acceptable scale of service charges for the sub sector with key stakeholders by 2020 and review same annually.
- Set up machinery for public transport metering system including vehicle types for urban areas by 2023 and review same with key stakeholders for implementation by 2024 and thereafter.
- Automate revenue collection in the transportation sub sector by 2019.
- Boost CallyAir fleet and governance architecture to enable possibilities for an operating license

Outcomes:

- Reduced unemployment
- Safe and reliable public transportation system.
- Efficient service delivery
- Improved Internally Generated Revenue
- World class multi-modal transportation system – road, sea, rail etc.

Funding options:

- CBN
- BOI
- BOA
- Industrial Training Fund
- Niger Delta Development Commission
- German Institute
- Chinese/Nigerian Commission
- Japanese Commission
- YEEP
- SMEDAN
- NASSI, etc.

Challenges and Constraints

The key constraints in respect of transport sub-sector in the State, which are addressed in the strategic response in the GDS include:

- Lack of synergy and coordination between tiers of government within the transport sector;
- Lack of long-term planning and effective coordination within and between tiers of government in the transport sector;

Strategic Thrust

The key policy thrusts of government for urban development are:

- **Energy and infrastructure**: facilitate access for all citizens to energy and infrastructure of the right quality and in sufficient quantities; and
- **Infrastructure**: achieve self-sufficiency in sustainable infrastructure for socio-economic development of the State

In addition to the above policy thrusts, the State also gives consideration to the following Sustainable Development Goals in addressing urban development issues:

Goal No.	Sustainable Development Goal
1.	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Outcome and Output Targets:

The **outcome** that the State will pursue in respect of transport sub-sector during the GDS plan period is:

Safe, efficient and cost effective transportation network

The output targets that will yield this outcome are:

- Increase kilometers of Good Inter-state road network as well as other rural roads within the State
- Develop safe and accessible inland and other waterways
- Develop State-wide rail infrastructure to foster movement of goods. produce and passengers
- Upgrade the existing airport to enable it accommodate larger aircraft
- Adequate road furniture i.e., road signs, signals and water signs in all strategic places along the State road network and waterways
- Efficient vehicle registration system for tracking, identification and safety.
- Sustainable increase in revenue generation from registration and licensing fees
- Road design, construction and maintenance;

Key Programme Assumptions:

- Federal government agencies and private partners will be efficient in providing facilities and services in line with their statutory responsibilities to the State
- Financial status of the State will continue to improve during the plan period.

Risk Factors and Strategic Responses

S/N	Risks	Strategic Responses
	Political will	Institutionalizing the GDS document and make implementation, the norm
	Lack of synergies and coordination between tiers of government within the transport sector;	Enhance synergy and coordination between the transportation system in the three tiers of government
	Lack of maintenance culture;	Institutionalize maintenance culture
	Inadequate Infrastructure	Work in inclusive Partnerships to provide infrastructure
	Inadequate transport working equipment e.g. city sweeper, motorized lane marking machine and tow trucks; etc.	Work in inclusive Partnerships to provide infrastructure

Affordable Housing and Urban Renewal

Introduction

The deliberate intervention by the State in supporting the private sector in the provision of affordable housing is informed by the reality of the shift in the State's demographic profile. The State's population is currently growing annually at 3.2% and is expected to stand at 11.57 million by 2050. This has significant implication on housing amongst other critical infrastructure.

The State is committed to improving its urban centres and this was first demonstrated by the creation of Urban Development Authorities and management of outdoor media across the five designated urban centers (Calabar, Ogoja, Ikom, Ugep and Obudu). This was further supported by the procedural flexibility enabled by the State for obtaining the various approvals and permits required to erect private residential and commercial buildings as part of its overall urban development strategy. Thus, in addition to the Government planning and developing new cities and housing estates, the private sector is also being encouraged to participate in the delivery of affordable housing across the 18-LGAs.

Mortgage Finance Housing Estate, Akpabuyo

Outdoor Media and Signage

Strategies for Achieving Performance during the 30 – Year Plan period

Develop a Master Plan to regulate the activities of out of home media, signage and advertising in the State by 2019

Commence the accreditation and engagement of the private sector in the fabrication and maintenance of billboards to ensure standardization across the State based on the charge rates approved by the State Signage and Advertising Agency by 2019

Engage and train 20 technical and 20 non-technical personnel to strengthen out of home media operations across the 3 Senatorial Districts by 2020 and sustain performance throughout the plan period

Host the approved standard for out of home media including scale of charges / rates chart on the Agency website by 2019.

Liaise with the State Ministries of Information and Environment and other relevant MDAs in conducting a public forum on outdoor media / out-of-home media across the 3 Senatorial Districts for stakeholders buy-in by 2019 and sustain effort throughout the plan period.

Set up out-of-home advocacy volunteers across the 18 LGAs in the State by 2020

Liaise with the State Ministry to Justice to enable coordination with the Judiciary in the setting up of mobile courts to enforce the State Signage and Advertising Law by 2020 and sustain effort throughout the plan period.

The process of land titling and registration in the State is still being streamlined. For the years 2014 and 2015, only 271 titles (Certificate of Occupancy) were granted, which include 151 government land occupants and 120 private land occupants.

Information on the applications for residential and commercial building plans in 2014 and 2015 indicates that, there were 2,177 applications, out of which 1,225 were approved leaving 952 pending. Thus, about 44% of the applications did not received approvals and were kept pending at the end of the period. The number of applications submitted declined from 1302 in 2014 to 647 in 2015. This could be attributed to the perceived delay in processing of land titles in the State.

Information on revenues generated in processing applications and granting land approvals/permits during the period 2012 to 2016 is presented in Figure 14.1. The revenues generated peaked very significantly in 2014 but dropped dramatically in 2015.

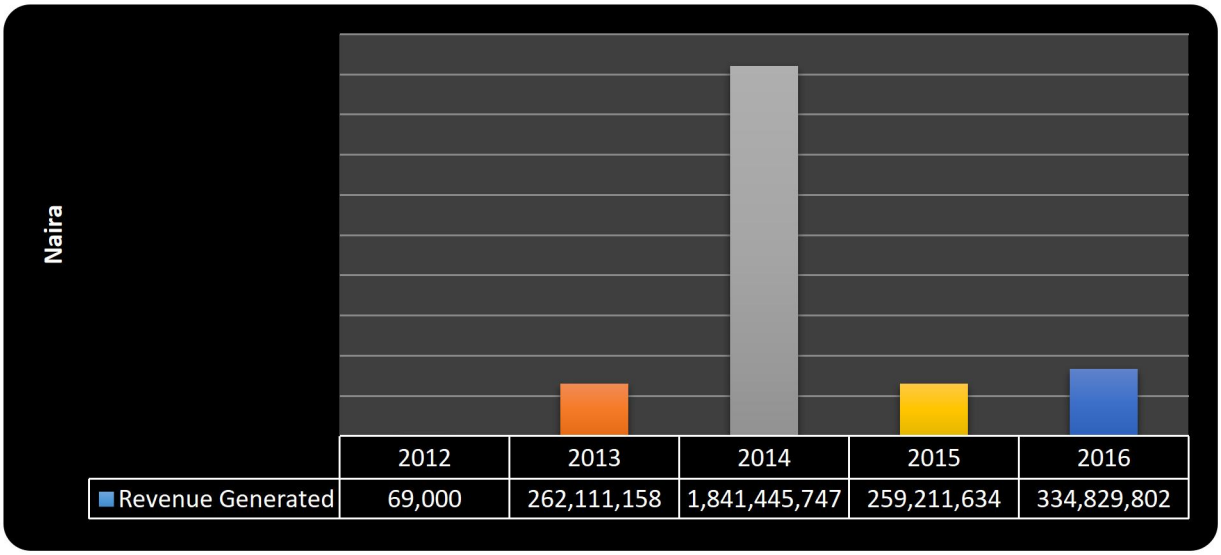


Chart 14.1: Revenue Generated from Processing Land Development Approvals in the State. Adapted from the State Geographic Information Agency (2017).

Given the nexus between land registration and access to finance within the global context of ease of doing business; the GDS is particular on entrenching reforms in the State's land administration to ensure a turnaround time of 72-hours from request to approval and issuance of Certificate of Occupancy.

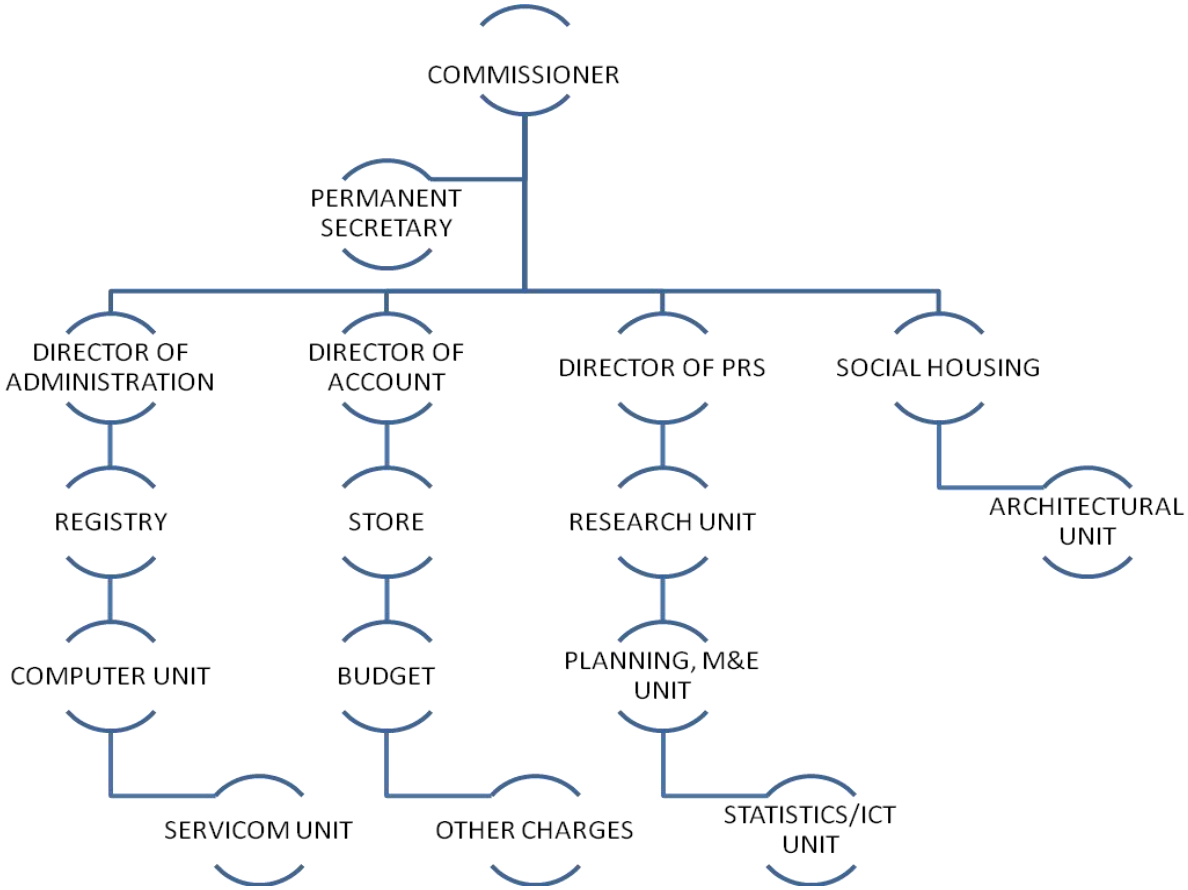
Social Housing

Housing is widely accepted as the second most important necessity of man after food and followed by clothing. Not only does housing provide people with the social values of shelter, security, independence, privacy and amenity, it equally plays a major role in the economy of any nation such as provision of space for production, generation of employment as well as access to income-earning opportunities.

While decent housing can be regarded as the right of every individual, a larger proportion of the population in the State lives in substandard and poor housing. The reality of this scenario is that, the urban houses accommodate extended family living with many inconveniences, while spatial congestion and infrastructures overloads cause problems in living comfort. This growth has resulted in a total urban population of 70 percent of the total population. The incidence of this population in urban centres has created severe housing problems, resulting in overcrowding, inadequate dwellings, deplorable urban environment, degrading public infrastructure and to an extreme, "outright homelessness" in some parts of the State. The explosive rates of growth have not only progressively complicated and exacerbated inter-related problems of human settlements and environment, but have also greatly accelerated poverty. As part of its efforts towards achieving sustainable urban growth, particularly in the area of housing development, the State government created a Ministry of Social Housing and in line with

the national government which had in the past embarked on policies and programs intended towards addressing the various housing gaps and inadequacies.

Social Housing Governance Architecture in the State



Between 2013 and 2018; the State government attempted to increase the stock of residential buildings through direct State intervention. Annex 13 provides an overview of the efforts made through its Urban Development and Housing Authorities. The structures were designed to take care of different categories of home owners by providing 1, 2, 3, 4 and 5 bedroom structures.

Table 14.1 reveals an insignificant proportion (5.6%) of LGAs that benefitted from Social Housing Development Programme in 2018 in the State. This could be attributed to a small number of housing schemes rolled out within this period and the bottlenecks associated with land acquisition, assembly and transfer cost that are not easily attainable by the bottom of the pyramid. The Table also reveals the proportion of Development Partner's participation in housing programme standing at 5.6 % in 2018, representing 6% decrease from that of 2015 (see Table 14.1).

Going by the above indices, the State requires more private sector participation to increase its social housing stock and land banks to meet the increasing housing demand across the State. As observed in Table 14.1, the number of households with access to affordable social housing still stands at 60 out of 250 as at 2018. To match the human population growth rate of 3% over the plan period, land control policies would need to be in place to significantly improve on the supply of land for residential development, creation of a vast market for real estate, and an overall housing affordability in all the major urban areas of the State.

Strategic Thrust

The key Strategic thrusts of government for urban development are:

- **Infrastructure**: achieve self-sufficiency in sustainable infrastructure for socio-economic development of the State.

In addition to the above Strategic thrusts, the State also gives consideration to the following Sustainable Development Goals in addressing urban development issues:

Nr	Sustainable Development Goal
1.	Increase access to affordable, reliable, sustainable and modern energy for all
2.	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation within the State
3.	Promote inclusive, safe, resilient and sustainable cities and human settlements across the State.

Current and projected Social Housing Projects target for result for the Plan period

S/N	Performance Indicators	(2018)		2023	2028	2033	2038	2043	2048	Responsible MDA
		No.	%	% improvement						MoSH
OVERALL OBJECTIVE: PROVIDE CORE POOR ACCESS TO SOCIAL HOUSING AND SUSTAINABLE LIVELIHOOD OPPORTUNITIES THROUGHOUT THE PLAN PERIOD										
1.	Number of core poor households with access to social housing	60	4.6	10	10	10	10	10	10	MoSH
2.	Average No. of core poor housing units with access to roads/drains	50	5.6	10	10	10	10	10	10	MoSH & MoW
3.	Average No. of core poor households with access to Electricity	50	5.6	10	10	10	10	10	10	MoSH& SEA
4.	Average No. of core poor houses with access to pipe borne water	50	5.6	10	10	10	10	10	10	MoSH&MoWR
5.	Number of Builders' skill training Centres in Housing development per Senatorial District	Zero	3	1		1			1	MoSH, CRUTECH, MoE, Sc. & Tech. Edu. Board
6.	No. of Personnel to be employed	Academic	5	10	10	10	10	10	10	MoSH, HOS, CSC, CRUTECH, MoE, Sc. & Tech. Edu. Board
		Non Staff	5	10	10	10	10	10	10	
7	Expected number of Trainees enrolment per year	Zero	50	10	10	10	10	10	10	MoSH, CRUTECH, MoE, Sc. & Tech. Edu. Board
8.	Number of Automated blocks production plants established	Zero	3	3						MoSH, CRUTECH, MoE, Sc. & Tech. Edu. Board

Source: Ministry of Social Housing (October, 2018).

Strategies for achieving targets performance of Social Housing through the plan period

a) Develop 5000 affordable Housing Units across the 18 LGAs of CRS by 2023 and sustain by 20 % and increase thereafter.

b) Develop 300 first batch of Social Housing units for Bakassi returnees by 2023 and increase performance by 10% thereafter
c) Develop 60 Social Housing unit in each LGA for the core poor (Excluding Bakassi) by 2023 and sustain by 10% thereafter
d) Provide 2.5km access roads per each Social Housing Estate per LGA by 2023 and sustain by 10% thereafter.
e) Provide 3No. Solar Powered boreholes in each of the 18 social Housing Estates by 2023 and sustain by 10% thereafter.
f) Provide 25 Megawatt Electricity in each of the 18 social Housing Estates by 2023 and sustain by 10% thereafter.
g) Landscape and plant ornamental trees and flowers in the 18 Social Housing Estates by 2023 and sustain thereafter.
h) Support the establishment of 3No.integrated PVC Manufacturing Plants through public private community participation for PVC roofing tiles, long span roofing sheets, Plumbing Pipes and Electrical conduit pipes by 2028 and sustain thereafter.
i) Support the establishment of 3No.integrated Ceramic Tiles Production Plant by 2028 and sustain thereafter.
j) Support the establishment of 3No.automated vibrated block production plants through public private community participation by 2020 and sustain thereafter
k) Support the establishment of 3No.Builders Skill Acquisition Centres one in each Senatorial District through public private community participation by 2020 and sustain thereafter.
l) Review and update existing master plans for Ugep, Ikom, Ogoja and Obudu by 2023.
m) Efficiently manage the Geographical Information System and Monitoring and sanctioning of breaches to existing master plans by 2023.
n) Completion of the State Local Government Service Commission Office Complex in Calabar by 2020.
o) Completion of the renovations works of the State Liaison office, Abuja by 2020 and perfection of the lease arrangement for the facility throughout the plan period.

Expected Outcomes

1. *Equitable access to affordable housing*
2. *Increased standard of living*

3. *Improved Infrastructure*

*The **output targets** that will yield this outcome are:*
1. Functional Geographic Information System
2. Human resource development to support the GIS
3. Master plans for the urban areas
4. Adequate and sustainable housing delivery
5. Conducive living environment
6. Smart city development

Funding
The State government in collaboration with the private sector and development partners is anticipated to be major funders of the Social Housing. The Private sector could intervene through PPP initiative.

Risk Factors and Strategic Responses

N/S	Risk factor	Strategic response
1	Enforcement of Laws	Enforcement of existing laws and regulation
2	Inadequate Infrastructure	Budgetary provision
3	Inadequate Funding	Collaboration with Development partners and private sector through PPP initiative

Key Programmes Assumptions
- There will be private sector partners willing and able to invest in PPP housing and water schemes
- Federal government agencies and private partners will be efficient in providing facilities and services in line with their statutory responsibilities to the State
- Financial status of the State will continue to improve during the plan period.

Rural Transformation – entrepreneurship and model villages development

A cursory look at the template generally shows that, not much has been achieved based on the baseline indicators as depicted in Table 14.2. The first indicator shows that in a target of 200 rural communities, only one (1) community representing 5% has been established since 2005. The same situation goes for indicators 3, 8, 9 and 10. However, considerable percentage performance has been recorded on indicators 2 (15%), 4 (50%), 5 (25%), 6 (80%) and 7 (10%).

Current and projected Rural Transformation target for results for the Plan period

S/N	INDICATOR	Current performance status in 2018		Target performance over the 30-year period					
				2023	2028	2033	2038	2043	2048
		Num	%	% improvement					
Overall Objective: To promote even development in rural areas through developing socio-economic infrastructure for improved well-being and management of rural-urban migration									
A	Performance in key infrastructures								
1	Number of Communities identified for upgrading to model villages (The Uyanga example) in Akamkpa L.G.A	1 200	5	20	20	20	20	15	100
2	Number of Communities identified for inter-feeder (farm) roads.	30 200	15	20	20	20	20	5	100
3	Number of rural communities identified for off-grid lighting.	1 200	5	20	20	20	20	15	100
4	Number of classroom blocks constructed.	50 250	2	20	20	20	20	18	100
5	Number of cottage hospitals constructed.	5 20	25	20	20	20	15	100	100
B	PERFORMANCE IN BASIC TECHNOLOGY								
6	Number of people supported with training for management of small-scale businesses	80 100	80	10	10	10	20	20	30
7	Number of people supported with equipment for small-scale businesses.	20 200	10	20	20	20	20	20	100

C	PERFORMANCE IN MINERAL-BASED INDUSTRIES								
8	Number of LGAs identified for the industries.	0 18	0	20	20	20	20	20	100
9	Number of employment generated by this class of industries.	0 200	0	20	20	20	20	20	100
10	Number of trees planted to mitigate climate change and stem-down the effect of environmental pollution.	200 20,000	1	20	20	20	20	19	100

Source: Ministry of Rural Transformation (Oct, 2018)

Strategies for Achieving Rural Transformation Target Performance on entrepreneurship development and model villages development over the Plan Period

i. Engage a seasoned consultant to develop a framework for in-depth rural baseline mapping by 2023 and thereafter develop the bills of quantities (BOQs) for the development of integrated rural infrastructure.

ii. In 2019, arrange inclusive town-hall meetings in each of the 18 Local Government Areas for community buy-in of the proposed rural development projects and repeat same in 2027 and for other subsequent 5-year intervals of the plan.

iii. Ensure quarterly budget releases to kick-start development of at least 25% of the integrated rural projects from 2019 to 2027; and improve performance to 35% of the register of integrated rural development projects between 2028 and the terminal year of the plan period..

iv. Open new inter-community feeder roads including small bridges and culverts that will advance the programme intervention by 2022 and sustained thereafter.

v. For on-the-spot assessment of the ongoing construction of model villages selected in 2018, engage 2no PRS staff in State Planning Commission and the State Project Monitoring and Evaluation Department, along with the internal PRS Staff of the Ministry of Establishment, Training and Rural Transformation to quarterly monitor the progress of work in rural settlements between 2019 and thereafter.

vi. In 2019, practically organize Budget Support Forum (BSF) in the State for Development Partners to identify sectors for support and review such

meetings in 2027 and according to the medium-term plans of the 30-year GDS.

vii. Engage 3no consultants to drive senatorial economic empowerment schemes at start of the programmes/projects implementation across the rural areas in 2019; and thereafter trainers will emerge within the ranks and this will be sustained in 2027, leading to 20% improvement thereafter.

viii. An increase in the number of basic technology acquisition centers will stem-down the population of the unemployed youth and will improve the quality of life of the rural populace in 2023 and 2027 by 10% respectively and 20% each in remaining medium term interventions of the perspective 30-year plan.

ix. Forest officers should be engaged in 2019 to monitor pollution prone areas through planting of trees in mineral-based industrial enclaves; and as more interventions are increased in 2027 and 2032, pollution will be greatly addressed.

Rural Transformation – rural roads

Introduction:

When the State started rural road infrastructure development in 2009, the density of rural roads per 100km^2 was inconsiderable. At the time, quality rural roads with adequate pavements were considered and constructed to provide access to the Local Government Council Headquarters only. There was poor access to rural areas, which in fact, accounts for about 70% of the State's population, with implication on socio-economic inclusion.

The State became deliberate in the delivery of rural infrastructure as key strategic thrust from 2009, with significant commitments to the provision of over 400 km of paved rural roads under the AfDB counterpart rural access mobility programme, investment in primary healthcare across all political units under an implementation partnership with Tulsi Chanrai, rural electrification, and basic education development scheme.

The State is commitment to deepening in particular, its rural road programmes throughout the plan period within the mandate of the Rural Development Agency (RUDA).

Constraining issues surrounding rural roads development in the State include funding gaps, the physical topography and weather conditions, in particular, the 6-months of torrential rainfall in the southern part of the State, affects the pace of construction works.

Mandate

The mandate of the Agency as approved is to:

1. Undertake the development and maintenance of infrastructure including rural feeder roads.
2. Mobilize and collaborate with rural communities to enhance their participation in the operations of the Agency as may pertain to rural development.

3. Liaise with appropriate agencies of government such as the Community and Social Development Agency (CSDA) and the CR-RAMP including relevant civil society organizations in the provision of rural infrastructure and other amenities.
4. Carry out impact assessment and documentation of road projects and programmes from time to time in synergy with strategic direction of the Ministry Of Rural Transportation.

The overarching objective is to improve the quality of the life of the rural dwellers through construction of quality rural access roads in the State and further reduce rural road density per 100km^2.

Current and projected rural access mobility projects throughout the plan period

INDICATORS	Current performance status in 2018		Target performance over the plan period					
	No.	%	2023	2028	2038	2033	2043	2048
(a) % km of roads constructed	206.57km	41.8	12	12	12	12	12	Sustain performance
(b) % meter span of bridges constructed	490m	75	10	10	5	-	-	Sustain performance
3. No. of double box culverts constructed.	2	6	15	15	15	15	15	Sustain performance

Source: RUDA (December 2018)

Strategies for achieving target performance on rural roads development over the 30-year plan period -

i. Identify profile and map competent contractors, particularly within project host communities for roads/bridges construction for purposes of empowering local stakeholders by 2019 and sustain action annually throughout the plan period.
ii. Constitute an integrated project monitoring and supervision team comprising project host communities, civil society, RUDA, the State Planning Commission, State Ministry of Works, CSDA, and other relevant agencies of government to track and report on progress of work by 2019 and sustain effort throughout the plan period.
iii. Hold quarterly meetings with contractors to ensure compliance with the work plan.
iv. Continuously collaborate with Cross River Rural Access and Mobility Project (RAMP), State Planning Commission, Ministry of International Development Cooperation, CSDA and the civil society and other relevant institutions throughout the plan period.
v. Collaborate with the international development partners to support rural development projects in the State throughout the plan period.

Key programme assumptions

- The State will give special attention to rural roads construction.
- Financial position of the rural dwellers will improve based on the adoption of complementary creative financing over the GDS plan period.
- Continuous support and counterpart financing relationship with development partners and the State government.

Funding

i. Budgetary provision of the State Government.
ii. 9-10% Local Government participatory funding.
iii. Grants and other forms of technical assistance from partners.

Risk Factors & Strategic Responses

S/N	*What Could Go Wrong*	Strategic Response
1	Funding the plan	It is hoped that International Partners, regional and international banks, the Federal/Cross River State Governments as well as NGOs will key into the GDS and provide the needed funds for the rural transformation of the State
2	Political commitment	The well-articulated 30-year GDS plan has been institutionalized with the buy-in of all stakeholders in the agriculture sector.

Policy Thrust:

1. To develop rural capacities through the provision of skill acquisition/ empowerment programmes in such areas as tailoring, tie and dye, soap making, phone repairs, bakery (assorted fast foods), paint production etc.
2. To undertake the development and maintenance of rural infrastructure such as educational facilities, water supply, sanitation and hygiene facilities etc.
3. Engage in vigorous mobilization/ advocacy programmes in the rural areas to enable them take ownership of government development programmes in their communities.
4. Develop a strong synergy/collaboration with other agencies/development partners concerned with the provision of rural infrastructure.
5. Install a World Class Human Resource and Performance Management Framework through automation of processes and procedures.
6. Re-orient, re-vitalize and re-energize the service and rural dwellers through accelerated and extensive competency based training for the Public and Private Sectors of the economy.
7. Carry out other such functions as the Governor may from time to time direct the Ministry to undertake.

Outcomes:

i. Resuscitation and improvement of social amenities in the rural communities
ii. Increased income generation in rural communities
iii. Increased awareness and indigenous ownership of projects sited in communities
iv. The integrated interventions in rural areas across the State will enhance the livelihood status of rural dwellers and address rural-urban migration.

Results Monitoring

The monitoring and evaluation functions at the sector and or MDA level shall be an inter-agency team which shall submit quarterly monitoring reports to the State Planning Commission. The Commission shall synthesize the reports and submit the composite quarterly monitoring reports, through the Chief Economic Adviser to Governor, to the State Executive Council. The State Executive Council shall review the reports and provide directives on follow-up actions as necessary.

Sustainable Rural & Urban Water for Cross Riverians

Introduction

Public supply of potable water in the State comes from water works, boreholes and protected dug wells. Attempt is made to supply the major cities through the water works while for the rural areas, the emphasis is usually on boreholes and protected dug wells. Annex 16.1 presents information on the total number of water facilities (developed springs, hand dug wells and boreholes) in the State as at 2015. A total of 2,461 water facilities were provided as at 2015 out of which 1,554 (63.1%) were functional. During 2017, only 53.9% of households in the State had access to improved sources of water; as against the national benchmark of 64.1%[3]. this chapter examines the regulatory and institutional environment for State's water sector, current and pipeline infrastructure, key issues and mitigations and, strategy for results on case by case basis. .

Figure 15.0 Cross River State Water Reservoir

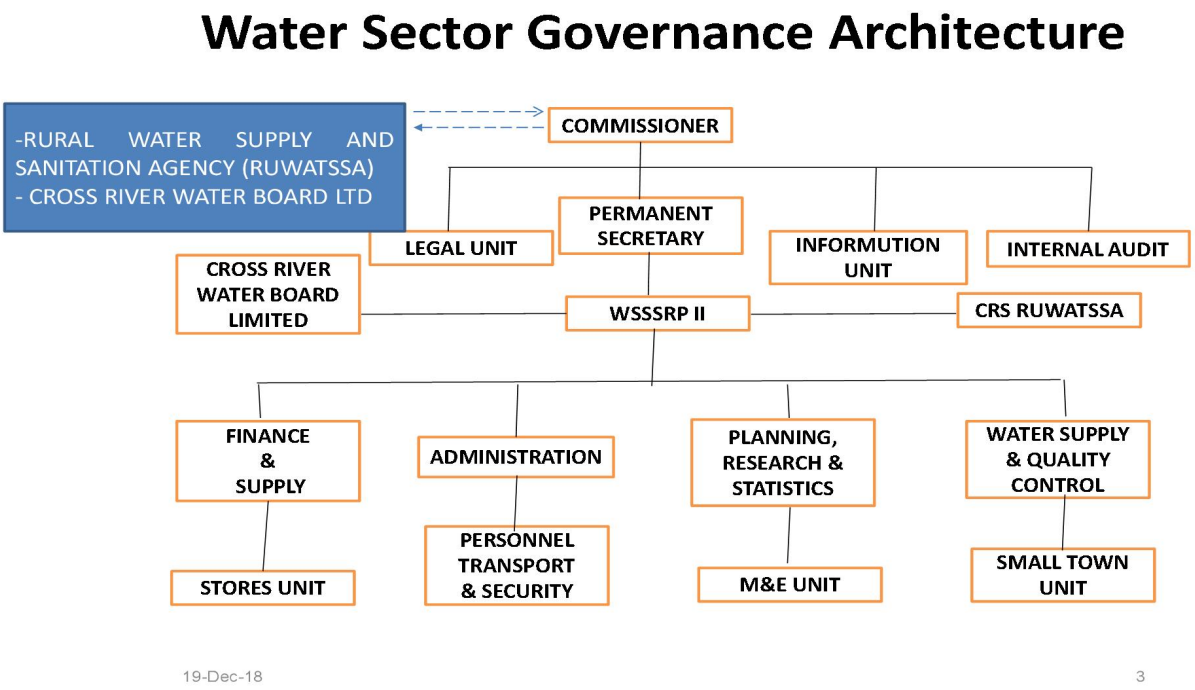
State Water Sector Governance Architecture

The Water Sector headed by the Commissioner in the Ministry of Water Resources is made up of two Agencies and a Unit that oversees Water Supply, Sanitation and Hygiene Services across the State. They include the State Water Board Limited (CRSWBL), the Rural Water Supply and Sanitation Agency (RUWATSSA) and the Small Town Unit in the Ministry.

[3] : UNFPA / CRSBS, Demographic Profile (2018)

The CRSWBL has the mandate of providing potable water to urban areas, while the Small Towns Unit in the Ministry is charged with the responsibility of delivering Water, Sanitation and Hygiene services to small towns; whereas RUWATSSA delivers WASH services to the rural communities in the State. The Urban component of the State constitutes 19% of the entire population; the small towns constitute 22% of the State population and rural 59%.

The key constraining factors in the sector over the years include inadequate public power supply that forces water schemes to rely on generators thus increasing treatment and distribution costs; high non - revenue water (estimated at about 40% due to road works and aged pipe network) and general non-payment of bills.



Cross River State Water Sector Governance Architecture

Current State

There are nine (9) Urban Water Plants covering 31% of the State population; 25 Small Towns Scheme covering 26%; and 2,461 boreholes in rural areas covering 16%. The current status of population covered (average) by this sector is 24%.

Small Water Schemes

Water schemes are constructed in Small Towns based on the demography, geography, and the nature of the settlement. The State Bureau of Statistics in conjunction with the Small Towns Unit in the Ministry of Water Resources had identified 98 Small Towns in the State. This amount to 22% of the total population of the State. (While rural 59% and urban 19%). Communities classified as small town have population ranges from 5,000 to 20,000 (Below 5,000 is classified as rural and, above 20,000 urban).

The sources of the schemes could be ground water or surface water depending on the hydrogeology and hydrology of the area. Ground water source is through drilling of at least 8 boreholes in different locations within a designated site in the community. The discharge from the boreholes is then channeled to a Ground Level Reservoir and to Elevated Water Tank(s) for reticulation and distribution to several water kiosks located within the community. The minimum distance of the water kiosk is between 2m to 50m from each household. Surface water sources are treated before reticulation.

Presently, 25 Small Water schemes have been constructed in 5 Small Towns across 5 LGAs in the State (see table 15.1). This accounts for 26% coverage of small towns in the State. 20 Schemes in Table 15.1 are functional while 5 are non-functional.

A conservative estimate of about NGN 4,455,000,000 is required to construct Small Water Schemes in the identified 99 Small Towns as presented on Annex 16.6.

Small Towns Water Schemes in the State and water demand

S/N	Local Government	Number of Water Schemes	Water Demand (m3/day)
			2018
1.	Boki	12	2114
2.	Etung	1	160
3.	Obubra	1	230
4.	Odukpani	1	270

5.	Yakurr	10	1,644

Source: State Ministry of Water Resources (2017)

Water Treatment Plants

Public supply of potable water in the State comes from water works, boreholes, protected dug wells and small towns water schemes. The basic assumption is that major cities and the Local Government Councils will be supplied through the water works while the rural areas will be supplied potable water through boreholes, protected dug wells and small towns water schemes. Thus, as the urban centres expand through increase in population and rural-urban migration, there will be increased demand for potable water from the treatment plants. Similarly, as the commercial and industrial activities in the State increases, the demand for potable water from the treatment facilities will also increase.

The total installed capacity for water treatment facilities in the State is 182,147 cubic metres per day which translates into 66,483,655 cubic metres per annum (Annex 16.5). The bulk of the treatment facility capacity is domiciled in Calabar Water Plant which has an installed capacity of 80,000 cubic metres per day. The non-even distribution of the water treatment capacity has cost implications amounting to about USD155,525,000.00 for the distribution of potable water from the facilities to the urban and semi urban areas across the State.

The total estimated requirements for potable water in the State will increase from 107,809 cubic metres per day in 2018 to 549,720 cubic metres in 2045 (Annex 16.2). Compared with available installed capacity of the treatment facilities, the State should be able to meet its requirements of potable water for the urban and semi urban areas if the facilities are all operational. However, records of the State Water Board Limited, Calabar indicate that the treatment plants achieved about 22% capacity utilization in 2017 due to various technical challenges. The total annual production for 2017 was 6,421,272 cubic metres with Calabar plant accounting for 4,687,528 cubic metres. These technical challenges are currently being resolved to ensure the optimal performance of the treatment plants.

In line with the State's policy on infrastructure development, attempt is being made to address these challenges through public private partnership (in phases)

within the first ten years of the plan period. The interventions will be executed under Refurbish, Operate and Transfer arrangements. The quantification and costing of the technical works that are required to refurbish the plants will be estimated jointly with the intending private sector partner for each of the plants. This is to ensure that the interventions required will not put pressure on State finances and, more importantly, the facilities will be better managed by private entrepreneurs who would have invested their money in the facilities.

Water Distribution Network

Water distribution networks are required to transport potable water from the treatment plants to the urban and semi-urban areas where it is required and to the households and industries which will consume the water. The networks will consist of layers of networks (main lines and series of sub-lines). The existing distribution networks are inadequate and are currently being upgraded.

Appropriate organizational [and legal] framework will be put in place to achieve effective and guided concessions for the establishment, maintenance and running of potable water distribution schemes in the State.

Table 15.2 presents information on water treatment plants per LGA, installed daily capacity and number of water schemes respectively.

Water Treatment Plants in Urban and water demand

S/N	Local Government	Number of Water Schemes	Capacity (M^3/Day)
1.	Calabar	1	80,000
2.	Akamkpa	1	10,000
3.	Ugep/Ediba	1	48,000
4.	Itigidi	2	6,000
5.	Obubra	1	8,600
6.	Ikom	2	11,500
7.	Ogoja	1	8,144
8.	Obudu	1	5,750
9.	Okpoma	1	4,153

Source: State Ministry of Water Resources (2017)

Boreholes and Protected Dug Wells

The rural areas, as a matter of policy, are being provided potable water through boreholes and protected dug wells. Based on 2018 records of the State Rural Water Supply and Sanitation Agency, there were 2,461 boreholes and dug wells

spread across the LGAs, out of which 16% were functional. The non-functional boreholes require various types of repair interventions ranging from replacement of pump, evacuation of silt in the borehole, repair/replacement of power supply (solar panel and inverter), among others. The estimated costs of rectifying the defects in these boreholes and making them functional are shown in Annex 16.3.

There are rural communities which currently have no boreholes or protected dug wells. The distribution of such communities by LGAs is presented in Annex 16.4 along with the cost implications for providing them with standard solar-powered pumps, boreholes, overhead tanks and some distribution lines. Based on Annex 16.4, ₦6,024,000,000.00 (six billion and twenty-four million naira only), will be required to provide these communities with access to potable water.

Government will put the potable water facilities in place. However, to ensure proper functioning and maintenance of the facilities across the rural areas, efforts will be made to facilitate the setting up of Water Facility Committee in each of the communities which will be saddled with the management and maintenance of the facilities on self-sustaining basis. This implies that construction of the potable water facilities will be funded through budgetary provisions including other ways and means.

Quantification of Required Output of Potable Water

The basic assumption in estimating the quantity of potable water required to meet the minimum standard of water supply to households is 80 litres per capita per day. Thus, the estimate of basic minimum potable water requirement for households is a product of the population and 80 litres per capita. Additional provision of 20 percent of household requirements has been made to meet the requirements of industries and commercial enterprises such as food and beverage enterprises, hospitality industry enterprises, etc.

Annex 16.2 contains the estimated requirements for potable water for the State for 2018 through 2045 at the rate of 80 litres per capita. By 2048, the volume of potable water required per day across all LGAs will be 800,940m^3 at 80 litres per capita, respectively.

80 litres per day per capita has been suggested as sufficient only to meet basic requirements and that higher quantity of water is required for normal human domestic activities[4].

Number of Boreholes in Rural areas in the State

LGA	Total No. of Water Facilities	Number of Non-Functional Water Facilities

[4] : World Health Organization (2015)

Abi	116	46
Akamkpa	55	29
Akpabuyo	102	43
Bakassi	26	11
Bekwarra	118	38
Biase	104	71
Boki	266	113
Calabar Municipality	163	24
Calabar South	374	51
Etung	67	36
Ikom	108	48
Obanliku	75	22
Obubra	231	119
Obudu	156	48
Odukpani	102	59
Ogoja	74	37
Yakurr	148	56
Yala	207	56
Total	2461	907

Source: State Ministry of Water Resources (2017)

Desired State

This plan is aimed at ensuring 100% coverage for Water Supply, Sanitation and Hygiene by 2030 in line with Sustainable Development Goal (SDG) six (6) for water and sustain it to 2048 in line with the state GDS. See Tables 15.4 – for the respective strategic actions and target performance.

Strategy for achieving target over the plan period Responsibility MDA - CRSWBL

S/N	INDICATOR	CURRENT PERFORMANCE STATUS			Target performance over the 30-year period					
					2023	2028	2033	2038	2043	2048
		UNIT	%		Improvement	Improvement	Improvement	Improvement	Improvement	Improvement
Objective: To improve access to Urban Water Supply from 31% in 2018 to 100% by 2048										
(a)	ESTIMATED POPULATION		Number	% Coverage						
		No.	2,281,104	31%	38%	48%	60%	75%	94%	117%
	HOUSE CONNECTIONS									
(b)	TOTAL NUMBER OF HOUSE CONNECTIONS	No.	75,000		149,141	269,294	219,490	391,959	481,589	572,281
					50%	55%	68%	69%	46%	68%
DEMAND SUPPLY (L/C/D=80)										
(c)	PLANT INSTALLED CAPACITY	M³/YR	66,483,655		66,483,655	66,483,655	136,291,493	136,291,493	136,291,493	136,291,493
(d)	VOLUME PRODUCED	M³/YR	8,627,837		34,839,291	62,907,097	74,632,796	91,561,641	112,499,303	133,684,877
(e)	CAPACITY UTILIZATION	%		13%	52%	95%	55%	67%	83%	98%

Objective: To increase Revenue from 46% to 100% by 2048										
COMMERCIALS / BILLINGS										
(f)	BILLING	%		62%	87%	100%	100%	100%	100%	100%
(g)	COLLECTION	%		46%	67%	90%	95%	95%	95%	95%
(h)	NON REVENUE WATER	%		38%	28%	18%	8%	4%	2%	1%
(i)	Cash Operating Ratio			41%	56%	75 %	86%	90%	95%	95%

Source: State Ministry of Water Resources (2017)

Strategy for achieving target over the plan period Responsibility MDA – Small Towns Unit

S/N	INDICATOR	Current Performance Status in 2018		TARGET PERFORMANCE OVER THE 30 YEARS PERIOD					
				2023	2028	2033	2038	2043	2048
		Num	%	% Improvement	% Improvement	% Improvement	% Improvement	% improvement	% improvement
A.	**Objective: To increase Sustainable access to safe water Supply in Small Town Communities from 26% in 2018 to 100% by 2048**								
WATER SUPPLY									
(a)	Number of water schemes that meet minimum water quality standard	25 out of 98 Small Towns	26%	37%	27%	23%	20%	18%	15%
(b)	Number of water schemes tested for quality quarterly	25	26%	37%	27%	23%	20%	18%	15%
(c)	No. of Surface water Sources (Boki & Yakurr)	456	54%	SUSTAIN FOR ALL THE SMALL TOWNS IN THE STATE					
(d)	No. of Bottled / sachet water companies	24	24%	38%	28%	22%	17%	15%	SUSTAIN
B.	**Objective:**	**To increase sustainable access to Sanitation in Small Towns communities from 48% in 2018 to 100% by 2048**							
SANITATION									
(a)	Number of institutional latrines in use	46	47%	18%	21%	17%	10%	10%	10%
(b)	Number of small towns triggered	48	48%	18%	21%	17%	10%	10%	10%

C.	**Objective:**	**To increase sustainable access to Hygiene in Small Towns Communities from 5.2% in 2018 to 100% by 2048**							
HYGIENE									
(a)	Number of people practicing effective hand washing	46,824		19.8%	30%	15%	20%	5%	10%
(b)	Number of households practicing safe water chain	15,618	1.7%	23.3%	5%	5%	20%	15%	35%
(c)	Number of households using HWFs	15,618	1.7%	23.3%	5%	5%	20%	15%	35%

Strategy for achieving target over the plan period Responsibility MDA - RUWATSA

S/N	Indicators	Current performance status in 2018		Target performance over 30-year period					
				2023	2028	2033	2038	2043	2048
		Number	%	% Improvement	% Improvement	% Improvement	% Improvement	% Improvement	% Improvement
A.	**Objective: To increase Sustainable access to safe water Supply in Rural Communities from 16% in 2018 to 100% by 2048**								
	WATER SUPPLY								
a.	Number of functional water facilities	1,585	16%	4%	10%	10%	15%	10%	35%
b	Number of facilities-Non-functional	907	36.4%	25%	10%	5%	5%	0%	0%
c.	No of Communities with Household water storage and treatment	240	10%	15%	25%	10%	10%	10%	20%
B.	**Objective:**	**To increase sustainable access to sanitation in Rural communities from 61.5% in 2018 to 100% by 2048**							
	SANITATION								
a	Number of	1,373	61.5%	17%	5%	6%	10%	2%	6%

	communities triggered								
b	Number of LGAs with CLTS action plan	8	44%	38.5%	27.8%	SUSTAIN			
c	Number of Open Defecation Free communities	665	30%	25%	25%	19%	6%	4.5%	3.5%
d	Number of schools with sanitation facilities	779	35.8%	35%	28%	16%	7%	5%	6%
e	Number of WASHCOMs managing their own water facilities	1,373	61.5%	16.5%	5%	6%	10%	2%	6%
C.	**Objective:**	**To increase sustainable access to Hygiene in Rural communities from 40% in 2018 to 100% by 2048**							
3	**HYGIENE**								
a	Number of	2,233	61.5%	16.5%	5%	6%	10%	2%	6%

	communities with hygiene improvement plan								
b.	Number of Volunteer Hygiene Promoters (VHP)	2,233	30%	15%	20%	24%	8%	4.5%	4.3%
	Number of VHPs trained on hygiene in the Communities	49,352	25%	25%	15%	10%	8%	7%	10%
d.	Numbers of Communities implementing water safety plans	2,233	37.4%	20%	13%	10%	10%	5%	4.6%
e.	Number of Communities with EHCs	2233	30%	25%	20%	15%	5%	3%	2%
	MONITORING AND EVALUATION (M&E)								

a.	No of LGAs with functional M&E system transmitting data to the State level	2	11%	60%	29%	22%	18%	21%	22%
b.	N0 of LGAs with established data bank	2	11%	60%	29%	22%	18%	21%	22%
c.	No of LGAs regularly transmitting WASH data to the State level	2	11%	60%	29%	22%	18%	21%	22%

Strategies For Achieving Performance over the 30-Year Period

The Sector will achieve these development plans through five (5) thematic areas:

- Policy Reforms and Institutional Development
- Revenue Growth & Financial Sustainability
- **EFFICIENT TECHNICAL OPERATIONS AND MAINTENANCE**
- Investment in Infrastructure
- Monitoring and Evaluations

The above critical areas would require the development / revision of the State's **Water Sector Master Plan by 2019** to adequately scope areas for quick wins within a public private participation framework to bridge the 46.1% gap in household access to improved sources of water; that pays attention to the following deliverables -

1. POLICY REFORMS AND INSTITUTIONAL DEVELOPMENT

i. Ensure that the water policy and water law is reviewed and implemented by 2023 and sustain thereafter.

ii. Put in place a regulatory framework for the WASH Sector by 2023 and sustain thereafter.

iii. Provide office space, furniture/equipment etc for the Integrated Water Resources Management Committee (IWRMC) in the State by 2023 and sustain thereafter.

iv. Carry out quarterly sector coordination meetings through Sector Wide Approach (SWAP) throughout the Plan period.

v. Strengthen synergy through biannual meetings with line MDAs and other partners throughout the Plan period.

vi. Strengthen the capacities of at least two (2) WASH structures quarterly, in the Communities (WCAs, WASHCOMs, VHPs, FSTs and WSTs)throughout the Plan period.

vii. Establish 98 Nos. WCAs, and (1752) Nos. WASHCOMs, VHPs etc. by 2023 and increase by 10% by 2038 and sustain thereafter.

viii. Public Private Partnership (PPP) and Private Sector Participation (PSP) in the provision, use and management of latrines in public place by 2023 and sustain thereafter.

ix. Provide 15 number sewage disposal trucks by 2023 and increase by 50% throughout the Plan period

x. Organize biannual training and retraining of staff in the WASH Sector throughout the Plan period.

xi. Upgrade at least 5Nos. Local Government Areas WASH Units to WASH Departments to implement rural WASH projects by 2023 and increase by 80% throughout the Plan period.

xii. Set up Water Facility Committee in each of the 196 political Wards in the State.

Eleven-Eleven Round About in Calabar

INVESTMENT IN WATER, SANITATION AND HYGIENE (WASH) INFRASTRUCTURE

a) Construct 6 additional Water Schemes in Six (6) Urban areas by 2038 and 75 Nos. Water schemes in 98 Small Town communities by 2038 and 5366 Nos. boreholes in 1200 Rural communities by 2038 and sustain thereafter.

b) Carry out Emergency House Connections (74,141nos.) in Nine (9) urban areas by 2023, Six (6) urban areas by 2038 and sustain thereafter.

c) Rehabilitate 907 No. WASH facilities in 1200 rural communities in 2033 and 25No. Schemes in Small Town communities by 2023 and 9 No. Water Plants in Urban places by 2023 and sustain thereafter.

Sanitation

1. Engage 25 No. CSOs, and 250 No. CBOs to actively participate in promotion of sanitation activities by 2028 and increase by 50% throughout the Plan Period.
2. Engage 180 No. Local Government staff trained on sanitation promotion by 2023 in rural and Small town communities and increase by 60% throughout the plan period.
3. Climbing the Sanitation ladder by households and in public places by 2023 in rural communities and increase by 45% throughout the plan period.

Hygiene

i. Engage 12,350 numbers of persons trained on hygiene promotion by 2023 and increase by 50% in 2038 and sustain thereafter.
ii. Establish 450 No. Environmental Health Clubs (EHCs) in 450 No. schools by 2023 and increase by 80% in 2038 and sustain thereafter.
iii. Distribute Information, Education and Communication (IEC) materials to 450Nos. schools by 2023 and increase by 80% in 2038 and sustain thereafter.

2. MONITORING & EVALUATION (M&E)

a. Institutionalize the existing WASH M&E framework for effective monitoring by 2023 and sustain throughout the Plan period.
b. Ensure synergy with line MDAs through Interagency Task Group (IATG) on Monitoring and Evaluation in WASH throughout the Plan period.
c. Establish a State level monitoring and evaluation (M&E) system that is integrated with the federal level M&E system by 2019 and sustain throughout the Plan period.
d. Carry out monthly Monitoring and evaluation of all WASH related activities throughout the Plan period

e. Identify areas to continuously improve and upgrade measureable key performance indicators in the sector by 2019 and maintain throughout the plan period.

Outcomes

1. Improved WASH in the State
2. Improved wellbeing of citizens in the State
3. Improved service delivery
4. Increased revenue

Funding

The sector will explore the following funding opportunities:

- The State Water Board Limited will fund about 30% of its Operational Expenditure (covering CTPI, Pipeline/Plant Maintenance and Administrative cost) from Sales of Water; while the State Government will fund about 50% of this Operational Expenditure to cover Personnel Cost since salaries are statutory; whereas the remaining 20% will be a part support from the Niger Delta Development Commission to cover cost for Energy on monthly basis- (USD 28,159.72.00);
- Attention would be focused on the procurement of water meters including accessories (about 75,000) to expand coverage across the State from 2023 with cost implication of about (US$ 9,298,517.08);
- The Sector will seek intervention from either IDA, AFD, ADB etc. as the case may be to the tune of USD 155,525,000.00 to construct about 6 additional plants across the State after 2028 because the capacity utilization of these plants will reach 100% by 2029 following the population increase and demand for supply of 178,771 m^3/day;
- The Small Towns and Rural Communities would seek funding from MDAs' budget and donor support organizations example EU, UNICEF, PFD, etc
- The Ministry through the Small Towns unit is proposing a tripartite arrangement between PPP/PSP, the WCAs/Community and the Ministry/LG-WASH Unit.

Strategic Thrust

The State takes cognizance of the national water policy in developing the water resources of the State and it looks forward to working with the private sector under the State's Public Private Partnership policy as well as participation with development partners (Water Aid, Universal Purpose, AfD, AfDB, EU, World Bank etc.) in the State's water sector.

In looking ahead and designing interventions for water supply in the State, two policy specifications will be considered:

- Energy and Infrastructure - facilitate access for all citizens to energy and infrastructure of the right quality and in sufficient quantities; and
- Water Supply, Sanitation and Hygiene - facilitate access to potable water for all citizens.

In addition, it is important to consider the sixth Sustainable Development Goal, namely "*Ensure Availability and Sustainable Management of Water and Sanitation for all*"

Outcome and Output Targets

During the plan period therefore, we will strive to deliver the following:

- The provision of sufficient potable water to citizens in an affordable and sustainable manner;
- Develop new operation and maintenance of existing water treatment plants to supply potable water to the urban, semi-urban areas;
- Develop new operation and maintenance of existing water schemes to supply potable water to the small towns areas.
- Develop new operation and maintenance of existing water boreholes to supply potable water to the rural areas
- Efficient potable water distribution network
- Revenue Growth and Financial Sustainability
- Ensure effective monitoring and evaluation Water supply sanitation and hygiene (WASH) facilities in the State

Key Programmes Assumptions

The key programme assumptions are:

- Potable water provision target is 80 litre per capita per day for all household members

- Additional provision of 20 percent of household requirements is to be made to meet the requirements of industries and commercial enterprises such as food and beverage enterprises, hospitality industry enterprises, etc.
- Major cities and Local Government Headquarters are to be supplied potable water through the water works while the rural areas will be supplied largely through boreholes, protected dug wells and Small Towns through Small Water Schemes
- Effective and commercialized public private partnerships will be the major vehicle for the establishment, maintenance and distribution of potable water in the State.

Water Sector Strategy Risk Factors and Strategic Responses

S/N	*What Could Go Wrong Issues*	*Strategic Responses*
1	Funding	Creative alternative financing approaches including capital market equity and debt options. The engagement of the sector transaction adviser during the first 5-years of the plan would provide template for de-risking the sector in the State and opening the door for private sector participation.
2	Political commitment	The bottom-up plank of the GDS involving diverse key stakeholders buy-in, would provide natural protection to the sector strategy and compel successive administrations to be accountable to the set of strategies consistent with the GDS underlying principles.

Information and Communication Infrastructure

Introduction

The application of Information and Communication Technology (ICT) has emerged as the most radical development of the 21st century and a lot has been achieved as a result of its adoption. Besides providing socio-economic opportunities to both urban and rural populations, one common contribution is that it has increased productivity and made the market work more efficient. The fact that a greater number of new mobile subscriptions in the coming years will take place, especially in rural areas, means that the ICT platform is expanding to population with low level income and literacy.

ICT as a tool for economic development can eventually lift the State to a new collective and moral consciousness based on a shared sense of destiny and values associated with creativity, entrepreneurship and stewardship. However, more efforts are needed for its diffusion to accelerate the development of knowledge, skills and talents among citizens. It is on this note that the Ministry of Information and Communication Technology was established. However, the GDS considers ICT as a key driver to the socio-economic development of the State including its transition to knowledge and information-based economy through increased access to quality, affordable and reliable ICT services.

According to Nigerian UNDP Human Development Indices 2017, the State GDP on Information and Communication sector increased from 135,871.31 million in 2013 to 176,561.08 million in 2017, showing a percentage improvement of 23% within the period. The increasing number of subscribers to the internet platform and the various activities within the sector, ICT has the potential of contributing significantly to the State GDP over the plan period. The State GDP on Information and Communication Sector increased from 135,871.31 million in 2013 to 176,561.08 million in 2017, showing a percentage improvement of 23% within the period.

The State desires to undertake the following targets:

- Connect all villages with ICTs and establish community access points.
- Connect all primary and secondary schools with ICT.
- Connect all public libraries, museums, post office with ICT.
- Connect all health centres and hospitals with ICTs Connect all MDAs with ICT and establish websites.
- Adapt all primary and secondary school curricula to meet with the challenges of the information society, taking into account national circumstances.
- Ensure that the entire State has access to television and radio services.

Trend

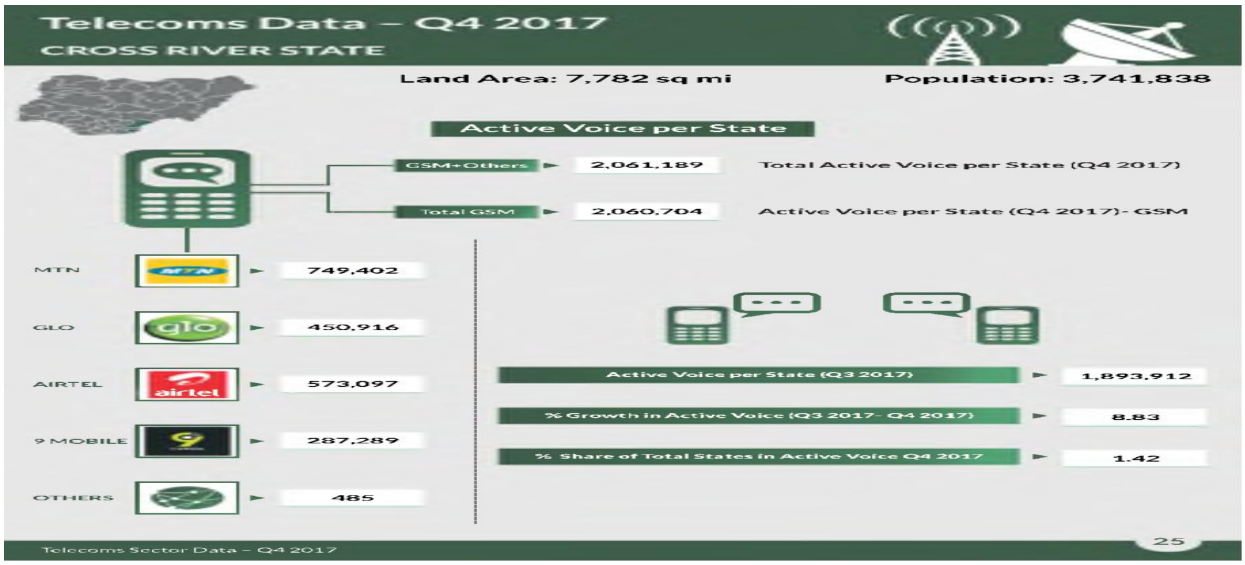
Data from various international surveys carried out in 2018 and statistics from Internetworldstats placed Nigeria at the 8th position among the top 20 ICT users with Germany and the United Kingdom at 9th and 12th position respectively. Data from the National Bureau of Statistics (NBS) placed Lagos as the leading internet-dominant State in the country at 12.82%. Bayelsa, Yobe and Ebonyi lead the ranking from the bottom with 0.74%, 0.78%, and 0.82% respectively. Borno State has 1.47% of its population as internet users. The Federal Capital Territory comes 5th with 4.65% after Ogun (6.01%), Oyo (5.28%), and Kano (4.75%) states.

The State is 1.12% below Akwa Ibom State's performance, indicating that the State requires expansion in bandwidth and other ICT infrastructure to meet growing Internet demand, which will eventually call for more fiber optic cables and extension of coverage. The State Telecom sector data for the third quarter (Q3) of 2017 released by the Nigerian Bureau of Statistics highlights key user metrics like voice subscription and internet subscribers at the State level as indicated in Figure 12.1 and Figure 12.2 respectively.

Cross River State's total active voice subscriptions stood at 139,907,213. This figure, however, represents a marginal increase over third quarter 2016 performance.. NBS data reveals that in the third quarter of 2017, the State's total active internet subscriptions stood at 1,893.912. This represents 1.22% increase over the same quarter in 2016. Although, GSM accounted for about 90.82% of telecom technology used in both voice and internet subscriptions. Other technologies such as CDMA, Fixed Wires/Wireless, and VOIP accounted for 0.30% of the total active voice subscriptions in Q3 of 2017.Active Voice subscription in Q4 of 2017 in the State

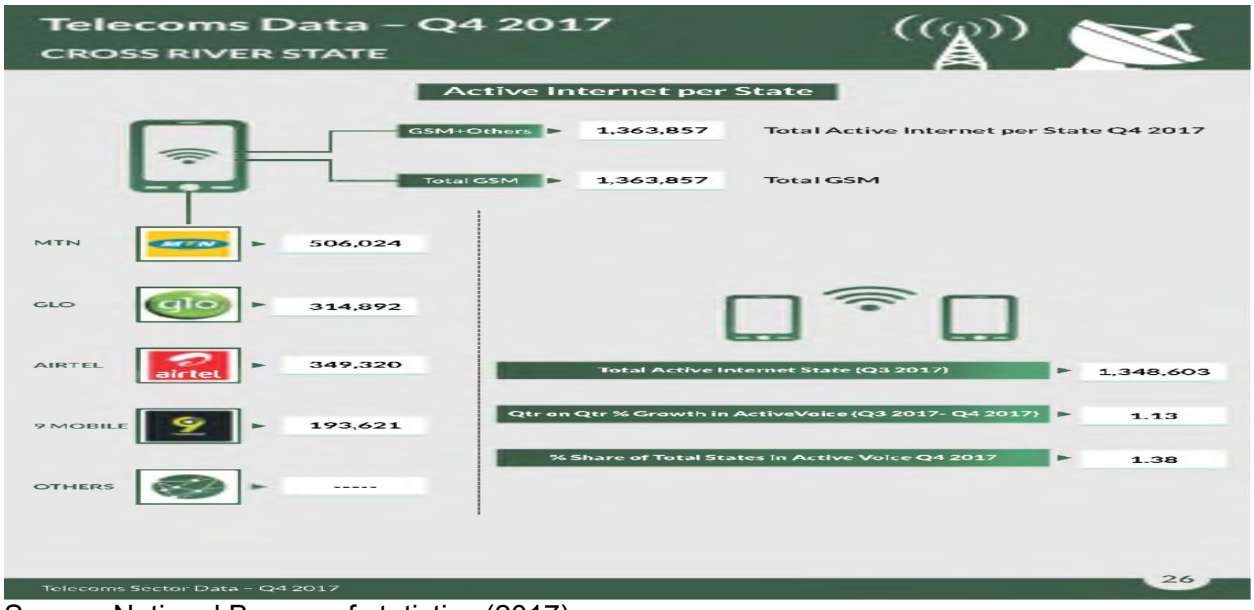
stands at 2,060,704 showing an 8.83% growth within the same period and a 1.42% share of States' total in Active Voice Q4 2017 as shown in Figure 11.1 below.

Cross River State Active Voice



Source: National Bureau of Statistics (2017)

Cross River State Active Internet



Source: National Bureau of statistics (2017)

Table 11.2 reveals that out of the 18 LGAs, only Calabar Municipality is under-laid with optical fiber with four ducts which is yet to be fully optimized. However, linking the entire State to the fiber optic network would reduce mobile telecommunication and Internet

user costs, increase download and upload speeds and extend public access to reliable network.

The skills that the private, public and social enterprise sectors demand are rapidly evolving, especially in ICTs, but the skills of potential employees are tending to lack (Martinez-Fernandez and Choi, 2012) Meanwhile Table 11.1 shows the number of digital literacy/Manpower development which indicates that the ICT manpower required to drive the kind of bureaucracy and enterprises that we hope for by 2048, needs to be broadened through access to training in ICT skills. Much of the public service requires training in basic ICT applications. Training in computer maintenance and networked systems engineering should be enhanced through access to internationally accepted certifications, such as Cisco Certified Network Associate, Cisco Certified Network Professional, the IT Infrastructure Library, and CompTIA (World Bank 2013). Moreover, labor market assessments to enhance skills matching should be a priority in rapidly emerging areas, such as ICTs and IT without which unemployment will always co-exist with job opportunities as a result of unmet demand for capacity.

The target for an Integrated Database Management Center (Table 11.2) stands at 21% in 2018 in the State and only 4 of the centres were completed and put to use indicating a 19% achievement so far.

ICT Development Institutional Arrangement in the State

The Ministry of Information and Communication Technology was established to be the enabler of ICT services that will position the State as the leading destination in information and Communication Technology, thus, in becoming the leading Nigerian State with prosperous, healthy and educated citizens living in harmony with people and nature and pursuing legitimate interest in freedom moderated by good governance. The Ministry's policy is aimed at ensuring ICT as a backbone that drives all government processes and also regulate the activities of private IT related firms operating in the State. To provide appropriate ICT support mechanisms for the sustained development of all sectors and areas of the economy of the State.

OBJECTIVE:

To co-ordinate the provision of Information and Communication services and its benefits for effective Governance for socio-economic development

Information and Communications Technology (ICT) plays a critical role in the State economy. With ICT, service delivery in the State can be made easier. It is also important in the socio-economic lives of the people. Availability of ICT at the right time will result in high productivity, high quality research works, and efficiency in information management and decision-making. ICT has a great impact in our daily lives. For example, we can read our local newspapers using the online newspaper Apps/platforms. At the personal level, ICT through its offerings of electronic mail, yahoo messenger, call conference, or video conference, enables increased bonding between members of a family, friends and associates without regard to geographical distance.

It brings a lot of advantages for economic development enabling millions of transactions to happen in an easy and fast way.

Smart City

The administration's holistic approach to governance and its quest to achieving sustainability in the development of cities, created the Smart City and the Management Board in 2016 with a mandate to ensuring transparent urban planning and management. The project is intended to digitalize the entire State, in a sense, boosting commerce and industry, new sustainable jobs and innovation. The Smartcity project is intended to positively impact a range of sectors namely, health, education, tourism and entertainment. The first phase of the project will involve deploying Wi-Fi hotspots across the city, covering the airport, Mary Slessor, Calabar Road, Marian Road including access to high speed internet connectivity. It will also extend to the Industrial Park, Satellite Towns, and in fact, all settlements within the Calabar metropolis.

The Board mission is to synergistically work with the current structure and line MDAs to take our cities to an enviable height in all facets of the economy. The huge benefits inherent in smart cities development have the potential to triple the revenue capacity of the State, attract new quality investment, improve tourism, increase the overall happiness of the indigenes and make the State a major business hub in the country and West Africa as a whole.

Mandate of the responsibility MDAs

- To formulate and implement policies as regard to Smart Cities Projects in the State

- To develop Smart City master plan and ensure the projects are carried out to specification
- to ensure the leverage of ICT to facilitate large scale performance based asset management solutions
- To co-ordinate the establishment of Smart Cities in the State
- Set standards and ensure safety
- To facilitate and manage smart cities development in the State.
- To establish a synergistic relationship with line MDAs in the course of smart cities development
- Work in collaboration with the State Internal Revenue Service in the institutionalization of electronic revenue generation
- To develop a funding plan for all smart cities projects in the State consistent with the government policy thrust on funding which seek to leverage on platforms such as PPP, Development Partners, internally generated revenue etc.
- To create a massive public awareness on smart cities activities and management in the State through electronic and print media
- To carry out any other duties as may be assigned by His Excellency, the Governor.

Table 11.1 also reveals that out of targeted 3000 ICT jobs, only 1700 has so far been achieved in 2018 a little above average. However, the State is pushing to upscale this performance by sponsoring about 500 youth by 2020 to obtain specialized training in ICT related courses both locally and internationally such as software development, web management, e-commerce etc. The impact on the economy will be multidimensional including guaranteed employment to youth. To achieve set ICT goals, the State is committed to the strategic actions in Table 11.1 below.

Current and Projected ICT Infrastructure and Access to Information, Communication Technology Target for Results in the plan period

S/N	Indicator	Current performance status in 2018		Target performance over the 30-year period						Responsible Agencies
				2023	2028	2033	2038	2043	2048	
		No.	%	% improvement						
	Objective: To improve access and the effectiveness of information and communication technology service delivery in the state from the current 20% in 2018 to 100% by 2048.									
1.	Individual access to Mobile telephones.									
2.	Access to computers									
3.	Number of LGAs with Fibre optic coverage	1	6	40	57	74	91	100	100	MOICT, NGOs, PPP
4.	Number of knowledge City/Incubation Centres across senatorial districts	1	33.3	-	66.6	-	100	100	100	MOICT, NGOs, PPP
5.	Number of LGAs provided with Local Area Network.	0	0	33.33	66.66	100	100	100	100	MOICT, NGOs, PPP
6.	Number of ICT Villages	0	0	16	33	50	66	83	100	MOICT, NGOs, PPP
7.	Number of ICT Pool Staff deployed to MDAs	70	7	27	47	67	87	100	100	MOICT, NGOs, PPP
8.	Number of jobs created through ICT skill acquisition training.	1,770	6	40	62	84	100	100	100	MOICT
9.	Promotion of cloud computing services	0				20	50	30		
10.	Number of e-procurement services available in the State	0			50%	50%				
11.	Number of e-government services available in the State	0								
12.	Mobile Line Penetration	*2.32 million								
13.	Fixed Lined penetration	*4,82								
14.	Broadband									

	penetration									
15.	Radio access									
16.	Number of computer									
17.	Proportion of households with internet	1,523,921								
18.	Radio access									
19.	Number of computer Repairs/Maintenance incubation Centres	1	6	46	70	80	100	100	100	MOICT, NGOs, PPP
20.	Number of Digital literacy/Manpower development	2	10	40	60	80	100	100	100	MOICT, NGOs, PPP

Source: GDS (2018 – 2048), * NBS (2018)

Strategies for Achieving ICT Target Performance over the Plan Period

1. Finalize and adopt the State ICT policy by 2021 with clear plank for private sector participation.
2. Develop the State ICT master plan with clear framework for PPPs and risk management by 2022
3. Review and secure State Executive Council approvals on the policy and master plan by 2021.
4. Convene an ICT fair in Calabar in collaboration with major and marginal ICT players in the country to assist private sector participation in the following respects -
    a) A minimum of two (2) data centres in the State by 2020, increase performance by 10% every five years throughout the plan period.
    b) Expansion of the existing State Optic Fiber network to three (3) LGAs by 2021, additional coverage to 3 LGAs every four (4) years to ensure full coverage across the 18LGAs in the State.
    c) Activate and deepen the State Smart City Project to ensure the full digitization of public service operations in the State.
    d) Install 20 No. security cameras along major streets in Calabar by 2022 and to sustain effort across crime flashpoints including urban areas across the State throughout the plan period.

e) Establish 1No. ICT Incubation centre in Central Senatorial District by 2022, another one in the Northern Senatorial District by 2026 and sustain effort throughout the plan period.
f) Train 5000 No. Youth by 2021 on ICT, same number by 2028; and increase by 1,500 No. of youth by 2033 and sustain thereafter throughout the remaining planning period.
g) Engage 5 No. Certified Network Specialists, 5 Database Specialists and 5 Web Designers by 2023 and increase each category by 3 every five years thereafter.
h) Build and equip Management Information System (MIS) laboratories in 6 secondary schools by 2023, increase laboratories in 9 additional secondary schools by 2033 and continue with laboratories in 6 No. Secondary schools every five years throughout the plan period.
i) Extend Smart City infrastructure to Bakassi Deep Sea Port by 2028 and to the Super highway by 2038.
j) Collaborate with private partners to sponsor the training of 100 youth abroad on key technical areas of ICT by 2028 and upscale number to 20 by 2038.

Outcomes:

- A digitalized and smart State
- Improved economy
- Improved IGR
- Enhanced productivity
- Improved service delivery

Funding sources

(i) Private sector participation
(ii) Public sector funding and borrowings

The output targets that will yield these outcomes are:

- availability of ICT infrastructure for towns and villages spread across the 18 Local Government Areas of the State
- Functional ICT resource centers

- Completion of various ICT infrastructure projects which are currently "works-in-progress" and put to use the already completed ones
- Introducing ICT and the Basic Education Level and subsidizing ICT gargets
- Automation of various institutions across the State

Key Programmes Assumptions

- There will be private sector partners willing and able to invest in ICT Infrastructure through a PPP Initiative.
- Federal government agencies, covering the State and private partners will be efficient in providing facilities and services in line with their statutory responsibilities to the State
- Financial status of the State will continue to improve during the plan period

Strategic Thrust

The key Strategic thrusts of government for ICT sub-sector are:

- facilitate accelerated, widespread and quality access to ICT Infrastructures that will serve as a model to other States of the federation

In addition to the above policy thrusts, the State also gives consideration to the following Sustainable Development Goals in tackling ICT related issues:

Risk Factors and Strategic Responses

S/N	Risks	Strategic Responses
	Political will	Institutionalizing the GDS document and make practice the norm
	Inadequate data	Budgetary provision for surveys at all level
	Inadequate Funding	Partnership with Development Partners and the private sectors
	Inadequate Infrastructure	Partnership with Development Partners and the private sectors
	Capacity gap	Capacity of Both Public and Civil officers should be up-scaled and ICT programme introduced to school curriculum at all levels.

SECTION B: INFRASTRUCTURE PPP MASTER PLAN

This section relates to Infrastructure PPP Manual, covering PPP initiation process from start to end. Here, attention is given to relevant competitive procurement protocols for 2-way tender mode, evaluations, negotiation, contract award, post-concession formalities including handback. Without necessarily reinventing the wheel, this section represents a moderated version of the earlier State PPP manual.

PPP Introduction

Document Control
Definitions
Use of Master Plan
Executive Summary
PPP Lifecycle

Document Control

List of Acronyms

Below is a listing of the acronyms used in this section:

#	Acronym	Details
	FGN	Federal Government of Nigeria
	MoF	Ministry of Finance
	CRSG	Cross River State Government
	BPPP	Bureau of Public Private Partnerships
	FGN	Federal government of Nigeria
	MDA	Ministries, Department and Agencies
	PPP	Public - Private Partnership
	SLA	Service Level Agreement
	RFI	Request for Information
	RFP	Request for Proposal
	PCT	PPP Consulting Team
	EXCO	State Executive Council
	VGF	Viability Gap Fund
	PPF	Project Preparatory Fund
	DDPPIB	Department of Due Process & Price Intelligence Bureau
	The Law	Law No. 6 of Cross River State or PPP Law 2010

Definitions

This section aims to define and explain the terms being used through the document

Business Case	A document that sets out the rationale for the PPP project and how it will be delivered. It provides analysis on various aspects of the project, options, and the readiness of the market. The document is a tool to help PPP government agency and other concerned parties whether to support the project prior to committing the needed resources to the project.
Contracting Authority	Ministries, Departments & Agencies of Government with direct ownership & control over the PPP project.
Government Facility	It is the main objective and responsibility that the private partner is supposed to deliver through the PPP agreement. This could be infrastructure/ system / service that are needed to be built / delivered by the Contracting Authority and the reason why the PPP agreement exists.
Force Majeure	Acts of God and other risks which are beyond the control of the parties of the project and prevent or delay the parties from performing obligations under the contract.
Key Performance Indicators (KPI)	Financial and non-financial metrics used to quantify objectives to reflect strategic performance and critical success factors of an organization. Key Performance Indicators are quantifiable measurements and agreed to beforehand. They will differ depending on the organization. Whatever Key Performance Indicators are selected, they must reflect the organization's goals, they must be key to its success, and they must be quantifiable (measurable). Key Performance Indicators are

	usuallylong-term considerations.
Public Private Partnership	PPP is an agreement between a government agency and a private company to share in the risk and rewards of a business venture involving the delivery of public services.
Public Sector Comparator (PSC)	A tool used to test the value for money of a private sector bid for a PPP. The PSC presents the risk-adjusted cost of a project (including all capital, operating and share of overhead costs) delivered if government itself delivered the required service delivery outcomes.
Risk	The chance of an event occurring which would cause actual project circumstances to differ from those assumed when forecasting project benefits and costs.
Risk Allocation	Allocating responsibility for dealing with the consequences of each risk to one of the parties to the contract, or agreeing to deal with the risk through a specified mechanism that may involve sharing the risk.
Risk Assessment	Determining the likelihood of identified risks materializing and the magnitude of their consequences if they do materialize.
Risk Identification	The process of identifying all risks relevant to the project.
Risk Mitigation	Attempting to reduce the likelihood of the risk occurring and the degree of its consequences for the risk taker.
Risk Management	The identification, assessment, allocation, mitigation and monitoring of risks associated with a project. The aim is to reduce their variability and impact.
Risk Matrix	A method of representing all possible significant risks associated with a project, the magnitude and likelihood of the risks occurring, their areas of impact, the allocation of

	risks between parties and risk mitigation techniques to be employed.
Stakeholders	All parties who are affected or have interest or their input affect the success of PPP projects in initiatives such as equity providers, lenders, government, local community, operation & maintenance contractors, construction contractors and a host of others.
Value for Money	This is one of the key requirements a project must meet. It must be able to demonstrate through Public Sector Comparator (PSC), that the PPP option represents the most effective method of delivering the output specification at the most affordable cost.

Use of Master Plan

This PPP Master Plan is a best practice guide for PPP practitioners in Cross River State. The document is intended to serve as a reference Master Plan for public sector MDAs of the Cross River State Government interested in implementing projects using PPP concepts, approaches and models.

The purpose of this document is to provide individual agencies with a roadmap to aid them as they proceed with the PPP process for Government projects.

The structure of the Master Plan is built around the PPP Lifecycle. The cycle has been color coded to make the Master Plan more users friendly and help agencies understand and sell the PPP concept as well as decides the applicability of the project to be executed via PPP approaches. The traffic-light coloring method is designed to draw attention to the early stages of the life cycle where the inception and the analysis are key factors to decide whether to use PPP or traditional procurement for a project. The chapters are color coded according to the life cycle and mapped to the PPP lifecycle phases.

This Master Plan is considered a detailed guidance for PPP projects in the . For quick and ease of general reference, another Master Plan exists which is titled “Quick Reference Master Plan”.

Users and practitioners of PPP projects are expected to refer to the Quick Reference Master Plan for a general review of PPP lifecycle before embarking on this detailed Master Plan for starting PPP projects.

The intended audience of the document is public sector agencies of the CRSG considering the implementation of government projects using a PPP approach.

Executive Summary

The Cross River State Government (CRSG) is committed to promoting the use of PPPs for government infrastructure provision initiatives across the public sector. To drive this effort, the PPP Council — has developed a policy framework and tools to assist government agencies in their use of PPPs.

The CRSG PPP Council aim is to develop a PPP solution that MDAs in the State could use to guide their introduction of PPPs to government services. This document serves as one of the tools MDAs can use.

Public Private Partnership (PPP) is a form of contracting for public works or services whereby a private sector supplier is responsible for providing a series of service outputs to a defined standard, rather than simply designing and constructing the underlying asset. So, for example, the contractor for a road PPP project will be required to design, construct and maintain the road over the term of the contract to a specified quality and performance. As a result the contractor will be responsible for managing the risk that the original design and construction will not be fit for purpose and that road maintenance costs will be higher than expected. The payments to the contractor will be linked to meeting the output specification over the contract period, and not merely to completing the construction. In this case, therefore, the PPP contractor will need to finance the design and construction phases of the project and recover these financing costs from the project revenues once the road is available for use. The road authority may then make these payments for the availability of the road from its own budget or decide to charge the road users a fee or toll. If the PPP contractor derives some or all of his costs from users then this form of PPP is often called a concession, but PPP covers a wide range of performance-based contracts with the following characteristics:

1. They are long-term contracts for the provision of a public service – often between 5 and 20 years (with possible 5 years extension based on the PPP Law 2010) – and will often involve the construction of new public infrastructure or other assets. Where this underlying asset has no alternative use and an economic life longer than the PPP contract, it will be transferred back to the public authority at the end of the PPP contract;
2. Payment is linked to the performance of the contractor against an output specification and payments may be reduced if the specification is not met at any time during the contract period;
3. The PPP contractor will be responsible for managing more of the project risks than would be the case in separating design, construction, and maintenance in separate contracts. PPP contracts will typically transfer the majority of design and construction risks, maintenance and operational risks, and in some cases demand or usage risks. To maximise value for money the general rule is that project risks should be allocated between the public and private sectors to the party that is best able to manage them.

The PPP Master Plan addresses the PPP throughout its complete lifecycle, aiming to help public agencies and government officials in assessing and implementing a PPP.

Agencies can use this tool throughout the entire PPP lifecycle, including:

- **Inception:** Focusing on the applicability of PPP and its types.

- **Analysis:** Focusing on the Business case / feasibility study and risk analysis.

- **Procurement:** Focusing on the process of issuing RFIs and RFPs

- **Private Partner:** Focusing on negotiations, financing, and evaluating and selecting PPP private partner

- **Contract Management:** Focusing on SLA, structuring win-win deals, KPIs, and sign-off of contracts.

- **Project Management:** Focusing on risk allocation, HR, knowledge management and relationship management.

- **Auditing:** Focusing on identifying auditors, conducting audits and reporting the findings.

- **Management Review:** Focusing on corrective actions, their implementation and follow up to closure.

- **Closure:** Focusing on termination of contract and lessons learned.

The PPP Master Plan presents a set of best practices and provides help to guide agencies considering the use of PPP concepts and models for government projects.

The institutional Framework for PPP

The PPP Law 2010 facilitates and regulates partnerships between the public and private sectors in the planning, design, construction, operation and maintenance of infrastructure and other public assets in Cross River State. The Law also establish the Cross River State Public Private Partnership Council and its secretariat, the Bureau of Public Private Partnerships.

The PPP Council is established to:

- Formulate policies and programmes on PPP in the State;

- Review and forward PPP project proposals to the Governor-in-Council;
- Take custody of all PPP Agreements and monitor compliance with these Agreements by the contracting authority and the private party;
- Establish standards, procedures, guidelines, and regulations for the execution of PPP projects by the State and Local Government Councils;
- Develop a PPP Master Plan setting out the priorities and objectives of the State concerning PPPs and which takes into consideration:
    - The State's investment priorities and its short- to long-term goals for the development of infrastructure in a sustainable manner; and
    - The current resources, project management capacity and efficiency of the private sector.

The Council is chaired by the Deputy Governor with the Attorney-General and the members of the State Executive Council responsible for Finance, Due Process and Economic Planning as members. The Governor is also at liberty to nominate three other members of the State Executive Council and four others drawn from civil society and the private sector as members. Finally, the Director-General is member/secretary of the Council.

The Government established the Cross River State Bureau of Public Private Partnerships ("the PPP Bureau" or "BPPP") to act as a secretariat to the Council and to become a centre of expertise for the promotion, development, and implementation of PPPs. The Bureau will serve as the primary and definitive source of all information on PPP legislation, regulations, guidelines and standards applicable and in force in the State. In this role it will facilitate and provide support to the project teams within contracting authorities and where necessary act as primary point of contact for the private sector on the development of PPP policy and projects generally. It will also act as the first level facilitator for dispute resolution between a contracting authority and a private party. In addition, the Bureau will liaise with similar units in other States and particularly with the Federal Government's Infrastructure Concession Regulatory

Commission (ICRC) to facilitate consistency of policy, coordination of PPP programmes across the Federation and the dissemination of PPP know-how and capacity building.

The other functions of the Bureau are to:

- Appraise, review, monitor, evaluate and make recommendations to the Council for further action on all PPP projects in the State;
- Draft standards, procedures, guidelines, and regulations on behalf of the Council regarding the planning, approval, procurement and contract award of PPP projects;
- Build up and enhance the capacity of the Government to design, implement, monitor, and evaluate PPP projects and provide technical assistance to contracting authorities throughout the project life cycle;
- Make recommendations to the Council on the development, periodic review and modification of the State PPP Master Plan;
- Facilitate the issuance or renewal of any regulatory approval, permits, or licences for PPP projects;
- Review and make recommendations to the Council regarding pre-existing PPP contracts;
- Issue quarterly progress reports to the Council for onward transmission to the State Executive Council.

The identification, procurement, and approval of PPP projects

The Government will set out in the legislation the eligibility criteria that all contracting authorities must meet to obtain the approval of the PPP Council and the State Executive Council at key stages during the planning, preparation, and procurement of a PPP project. This process will ensure that only projects that are demonstrably viable, achievable in line with the Master Plan and are affordable are taken to market. The PPP Bureau will support this process and

act as the interface between a contracting authority and the Council. There will be four key stages in the process. In order to reduce bureaucratic delay and the time elapsed to completion of a PPP transaction, the first three stages require only the approval of the PPP Council, whilst the fourth must receive the approval of the State Executive Council.

PPP models that may be the subject of procurement include Design-Build-Finance-Operate (DBFO) and its variants, including Build-Own-Operate (BOO); Buy-Build-Operate (BBO), Lease-Develop-Operate (LDO); Build-Operate-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), Build-Lease-Operate-Transfer, (BLOT), Build-Transfer-Operate (BTO). These models are not exhaustive and none will be specifically mandated for a given project. The determination of the preferred PPP model to adopt is left to each MDA; but prospective private parties will retain the choice to put forward a PPP model different from that selected by an MDA.

PPP Lifecycle

This section presents a high level description of the lifecycle of the PPP process to be followed in the implementation of the PPP concept for government projects.

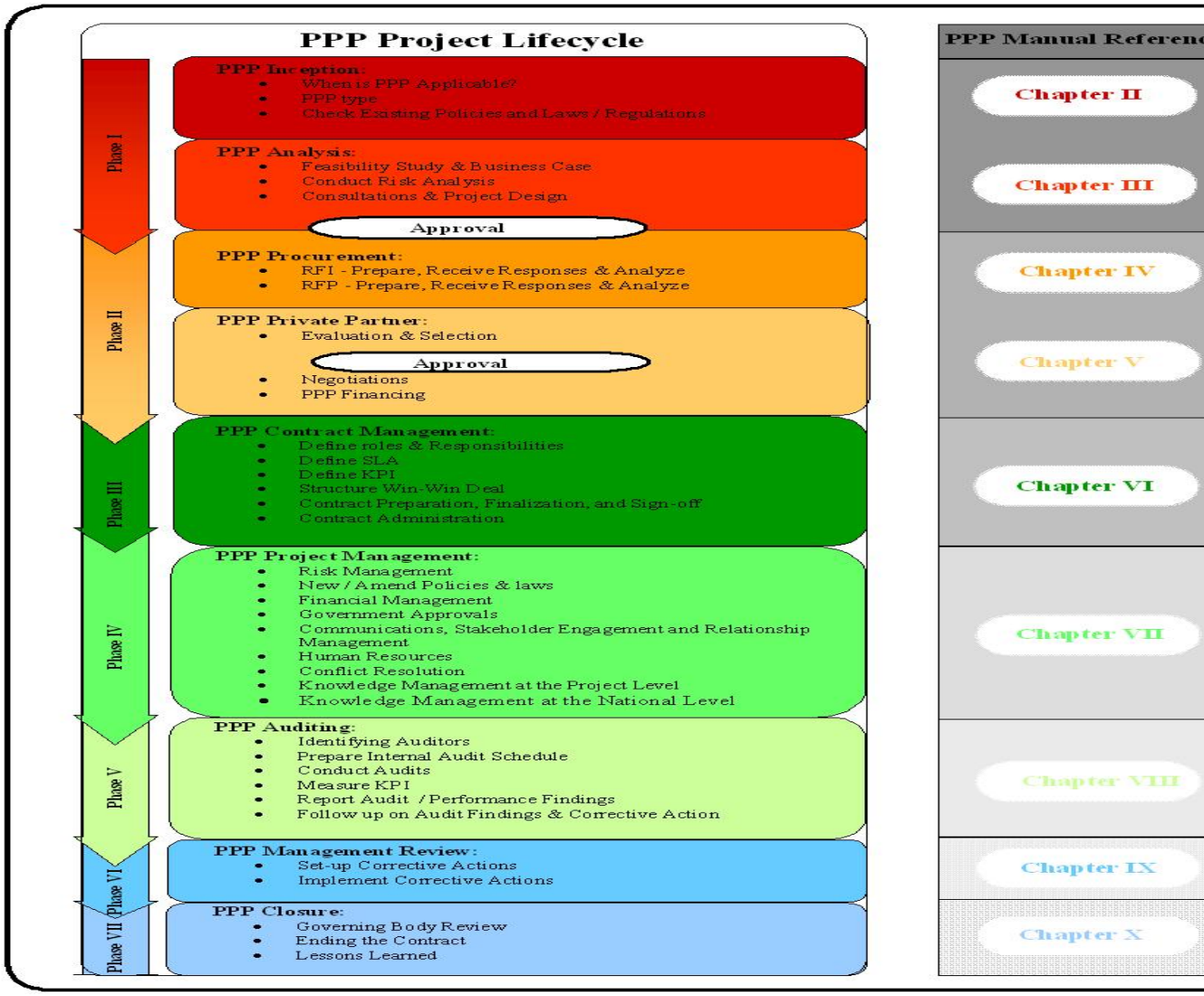


Figure 1 - PPP Lifecycle (Source: Canadian Public Private Partnership Council)

Section II: PPP Inception

Stage 1:When is PPP Applicable?

Stage 2: PPP Type

Stage 3: Check existing Policies and Laws/Regulations

2.1 Stage 1: When is PPP Applicable?

2.1.1 Introduction

This section aims to provide guidelines on when public agencies should consider implementing a PPP for government projects. The PPP Law (2010) is clear on the applicability and non-applicability of PPPs namely:

(a) All projects for the provision of infrastructure, goods and services using public assets owned or controlled by the State or Local Governments that meet the eligibility criteria established herein shall be executed as PPPs under the provisions of this Law.

(b) Two or more Local Government Councils in the State or a combination of the State and Local Government Councils may jointly sponsor a PPP project under the provisions of this Law.

Non-Application of PPP

PPPs shall not apply to the provision of infrastructure and services relating to urgent public need or a state of emergency as determined by a resolution of the House of Assembly passed upon presentation and debate of an address presented by the Governor.

A Public Private Partnership is not always the best option for delivering a public service or project. Agencies should undertake cautious steps and examine all relevant factors and issues when considering this type of arrangement. There are different types of Public Private Partnerships, and they allocate risks and responsibilities in different ways.

Agencies should not assume that Public Private Partnerships provide easy solutions to difficult servicing issues. They should expect that increased transfer of risk will result in higher expectations for reward by the private sector and that the negotiation of contracts may require a high degree of expertise.

Unsolicited Project Proposals and their Qualifying Criteria

(1) Any project proposal to the State Government for the provision of infrastructure and services which is not in accordance with the Master plan shall be referred to as an 'Unsolicited Project Proposal'.

(2) A prospective Contracting Authority that receives an Unsolicited Project Proposal shall forward it to the Council with its comments and recommendations.

(3) The Bureau shall undertake a comprehensive review of the submissions hereof and forward to the Council for onward presentation to the Governor-in-Council for approval.

(4) Only those proposals that fulfill the criteria set out in the PPP Law shall be approved.

(5) Upon the approval of an Unsolicited Project Proposal by the Governor-in-Council, it shall be deemed to have been included in the PPP Master Plan and shall then comply with the provisions of this Law.

Duration of a PPP Project

Except the Governor-in-Council approves, upon the recommendation of the Council, no PPP Project Agreement shall exceed twenty-two years term from the date of the PPP Agreement including a construction period not exceeding two years, during which no revenue or royalty payments however so called shall be due from the Private Party to the State.

Prohibited Transactions

(1) The following shall not be valid without the written consent of the Council:

a. Any transfer of shares in a project SPV or any other transaction involving the transfer of voting rights in such SPV;

b. Any increase in share capital, or any amendment of the incorporation documents of the SPV, apart from those that are mandatory under the PPP Agreement or the law;

c. Any issue of bonds or other security to be undertaken by the SPV;

d. Any merger, takeover or other change in corporate status of the SPV.

(2) The listing of the shares of a project SPV in the Nigerian or other capital market shall be permitted only following a recommendation by the Council approved by the Governor-in-Council.

2.1.2 Process & Best Practices

Various approaches have been used worldwide with regard to the applicability of PPPs to projects. Below is the recommended circumstance under which a PPP is a viable option if one or more of those circumstances exist:

- The service and project cannot be provided with the financial resources or expertise of the government alone.
- A private partner would increase the quality or level of service compared to what the government could provide on its own.
- A private partner would allow the service and project to be implemented faster than if only the government was involved.
- There is support from users of the service for the involvement of a private partner.
- There is an opportunity for competition among prospective private partners, which may reduce the cost of providing a public service.
- There are no regulatory or legislative prohibitions to involving a private partner in the provision of services or a project.
- The output of the service can be measured and priced easily.
- The cost of the service can be recovered through the implementation of user fees.

- Involvement of the private partnerin the service provides an opportunity for innovation.
- The government has experience with long-term partnerships or other projects with the private partner.
- Using a PPP may create opportunities to foster economic development.

If none of the above conditions exist, PPPs should not be considered.

A PPP is not:

- Outsourcing of a simple function
- A donation by either the government or private partner
- Creating a government owned enterprise (State Owned Company)
- Borrowing by government from the private sector

2.1.3 Potential Benefits

Public Private Partnerships can have many benefits over traditional procurement methods. Those benefits could be:

- **Cost Savings**: With Public Private Partnerships, agencies may be able to realize cost savings for the construction of capital projects as well as the operation and maintenance of services. For example, cost savings can often be realized up front by combining design and set-up in the same contract. The design and set-up activity can be carried out more efficiently, thereby decreasing the set-up time and allowing the system or infrastructure to be put to use more quickly. As well, the risks of project overruns can be reduced by design-build contracts.

  Cost savings can also be realized by agencies in the operation and maintenance of facilities and service systems. Private partners may be able to reduce the cost of operating or maintaining infrastructure and systems by applying economies of scale, innovative technologies, more flexible procurement and compensation arrangements, or by reducing overhead.

- **Risk Sharing**: With PPP, agencies can share the risks with a private partner. Risks could include cost overruns, inability to meet schedules for service delivery, difficulty in complying with environmental and other regulations, or the risk that revenues may not be sufficient to pay operating and capital costs.
- **Improved levels of service or maintaining existing levels of service:** By partnering with the private sector, a PPP can introduce innovation in how service delivery is organized and carried out. It can also introduce new technologies and economies of scale that often reduce the cost or improve the quality and level of services.
- **Enhancement of Revenues**: PPP may set user fees that reflect the true cost of delivering a particular service. Public Private Partnerships also offer the opportunity to introduce services with more innovative revenue sources that would not be possible under conventional methods of service delivery.
- **More Efficient Implementation**: Efficiencies may be realized through combining various activities such as design and construction, and through more flexible contracting and procurement, quicker approvals for capital financing and a more efficient decision-making process. More efficient service delivery not only allows users to access services more quickly but also reduces costs.
- **Economic Benefits**: Increased involvement of agencies in PPP can help to stimulate the private partnerand contribute to increased employment and economic growth. Local companies that become proficient in working in Public Private Partnerships can "export" their expertise and earn income outside of the region.
- **Business Opportunity**: PPP projects create more business opportunities to the private partnerand allow them to innovate, grow their lines of business and gain experiences beyond regular procurement.
- **Public Interest**: The public gains more when efforts and experience of government agencies are combined with technology and resources of the private partner to deliver services to the public. The public interest is best

cared for by the government and best served through partnership with private partner.

2.1.4 PPP Projects Common Features

Although there are different types of PPPs, involving different financing models, all PPP models share certain characteristics in common, including:

- Outputs clearly defined with measurable KPIs.
- A relatively long-term commitment, with duration dependent on the nature of the project.
- The private partner is fully accountable to the government for the delivery of services.
- Risk allocation between partners is clear and accepted by all.
- Clear articulation of the agency's responsibilities in relation to monitoring activities.
- Clearly defined exit strategy at the end of the tenure or upon termination for default by wither party before the end of the tenure.

2.2 Stage 2: PPP Type

2.2.1 Introduction

This section identifies the various types of PPP to consider when implementing a project. Currently, the PPP draft policy and the PPP Law, only endorses the use of a revenue-sharing PPP model by public agencies for government projects. However, agencies may use other PPP models, and all decisions should be based on which model provides the best value for money for a specific project.

2.2.2 Process & Best Practices

Most often, governments allow agencies to consider a variety of PPP models based upon their own determination of feasibility for a specific project. Below are the common PPP models which are detailed in this Master Plan:

- Fee-based Funding
- Shared Cost Savings
- Shared Revenue
- Full Service Delivery

There are a great variety of possible PPP types, in which the roles of the public and private partners vary. The list is inexhaustible and the responsibility is for the private party and the contracting authority, with the advisory support of the Bureau to agree an applicable PPP variant.

Some of the PPP types range from the simplest service contract to leases (affermage), joint venture and a host of others. The following is a highlight of some of the PPP modes:

- **Build/Operate/Transfer (BOT) or Build/Transfer/Operate (BTO)**

  The private partner builds afacility to the specifications agreed to by the Contracting Authority, operates the facility and delivers the service for a specified time period under a contract agreement with the agency. After the contract ends, the private partner transfers the facility and service delivery to the agency at the end of the specified period of time. In most cases, the private partner provides some, or all, of the financing for building the facility, so the length of the contract or franchise must be sufficient to enable the private partner to realize a reasonable return on its investment through user charges.

  At the end of the contract period, the public partner can assume operating responsibility for the facility and service delivery, renew the contract for operations with the original franchise holder, or award a new contract or franchise to a new private partner.

  The BTO model is similar to the BOT model except that the transfer to the public owner takes place at the time that construction is completed, rather than at the end of the franchise period.

- **Build-Own-Operate (BOO)**

  The contractor constructs and operates the facility without transferring ownership to the public sector. Legal title to the assets remains in the private partner, and there is no obligation for the public sector to purchase them or take title.

- **Buy-Build-Operate (BBO)**

  A BBO is a form of asset sale that includes a rehabilitation or expansion of existing public infrastructure. The government sells an asset to the private sector entity, which then makes the improvements necessary to operate the facility in a profitable manner.

- **Contract Services (Outsourcing)**

  - **Operations and Maintenance**

    A public partner contracts with a private partner to provide and/or maintain a specific service. Under the private operation and maintenance option, the public partner retains ownership and overall management of the public facility.

  - **Operations, Maintenance, & Management**

    A public partner contracts with a private partner to operate, maintain, and manage the facility used for providing a service. Under this contract option, the public partner retains ownership of the Government facility, but the private partner may invest its own capital in the facility. Any private investment is carefully calculated in relation to its contributions to operational efficiencies and savings over the term of the contract. Generally, the longer the contract term, the greater the opportunity for increased private investment because there is more time available in which to recoup any investment and earn a reasonable return.

- **Design-Build (DB)**

  A DB is when the private partner provides both design and construction of a project to the Contracting Authority. This type of partnership can reduce time, save money, provide stronger guarantees and allocate additional project risk to the private partner. It also reduces conflict by having a single entity responsible to the public owner for the design and construction. The public sector partner owns the assets and has the responsibility for operation and maintenance.

- **Design-Build-Maintain (DBM)**

  A DBM is similar to a DB except the maintenance of the facility for some period of time becomes the responsibility of the private partner. The benefits

are similar to the DB with maintenance risk being allocated to the private partner and the guarantee expanded to include maintenance. The public sector partner owns and operates the assets.

- **Design-Build-Operate (DBO)**

  A single contract is awarded for the design, construction, and operation of a capital improvement. Title to the facility remains with the public sector unless the project is a design/build/operate/transfer or design/build/own/operate project. A simple design-build approach creates a single point of responsibility for design and construction and can speed project completion by facilitating the overlap of the design and construction phases of the project. On a public project, the operations phase is normally handled by the public sector under a separate operations and maintenance agreement. Combining all three passes into a DBO approach maintains the continuity of private sector involvement and can facilitate private partnerfinancing of public projects supported by user fees generated during the operations phase.

- **Joint Venture**

  A joint venture is a legal entity that takes the form of a partnership in which both Contracting Authority and private partner jointly undertake a transaction for mutual profit. Generally each party contributes assets and share risks.

  Under joint ventures, the government is both the ultimate regulator, as well as an active shareholder in the operating company, allowing it to maintain enough control to protect and serve the public interest. The government may contribute to the daily management of the company and corporate governance. This can give public employees the opportunity to gain the knowledge and experience in running a profitable public service while serving the public’s best interest.

2.2.3 Relationship Evolvement

Relationship management is critical to the success of a PPP. As a relationship evolves and more integrated typesof partnership models are used, the balance between contract management and relationship management shifts – and relationship management becomes more important than contractual management.

This evolution is shown in the Partnership Diagram below:.

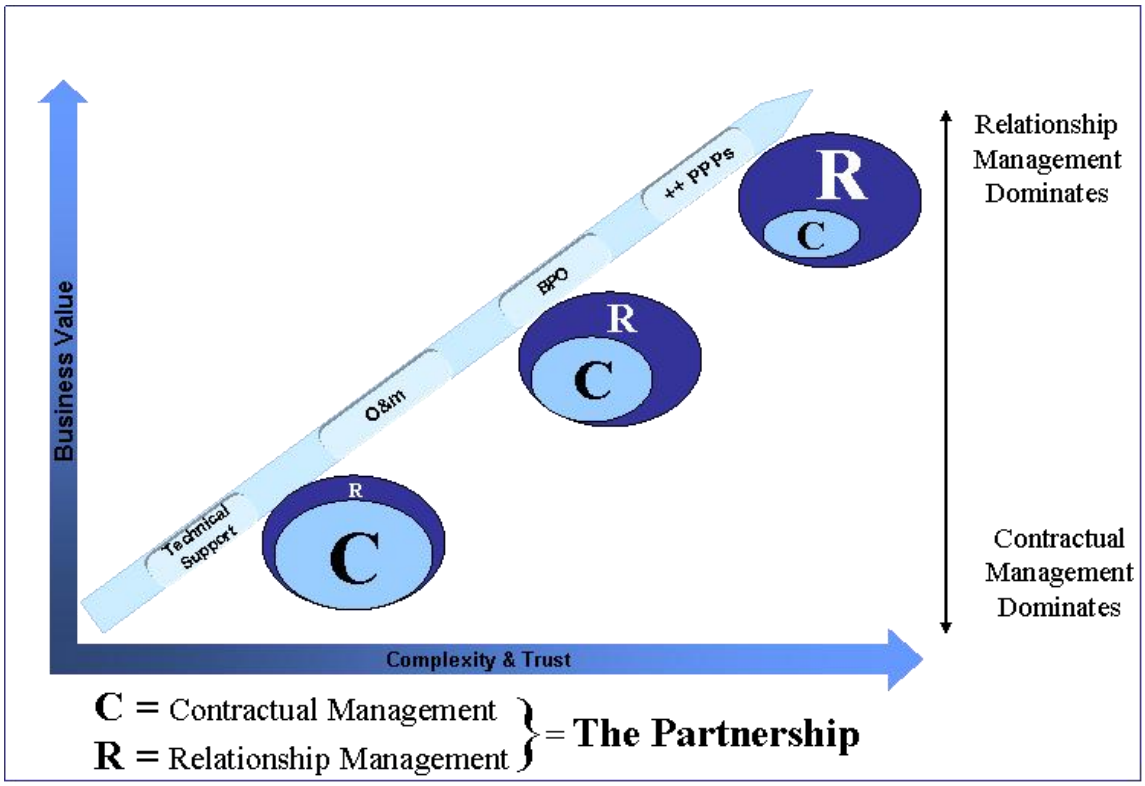


Figure 2- Partnership Diagram (Canadian Public Private Partnerships Council)

2.3 Stage 3: Check existing Policies and Laws/Regulations

2.3.1 Introduction

This section emphasizes the importance of a contracting authority determining the existing policies and laws/regulations (and gaps) that will affect a proposed project.

2.3.2 Process & Best Practices

Like any government project, PPP projects must comply with official policies and laws/regulations. The assessment process will happen on two tracks:

Track I - Compliance

- The agency intending to deploy a project using PPP approach and concepts must study the published PPP policies and laws/regulations.
- The Contracting Authority is required to comply with all issued PPP policies and laws/regulations.
- If there is any clarification needed about a policy and laws/regulations then contact the PPP Bureau.
- If a specific project due to its nature requires any exception from these policies and laws/regulations, an agency should seek approval by the Council

Track II – Gap Analysis

If an agency finds a policy or laws/regulations gaps that would affect their proposed project, the agency could apply the following:

- Discuss with project stakeholders if it is possible to adapt the project requirement to the existing policies and laws/regulations, if not then
- Discuss the issue with Program to explore options for resolving of the matter.
- When a policy or laws/regulations gap has been identified by an agency, e-Program or other relevant authority should address the identified policies or laws/regulations and propose, conduct and amend changes.

Policy assessment is an ongoing process and part of the project management activities throughout the PPP project lifecycle.

Contract Award Procedures shall have the meaning ascribed to it in the Law and may be differentiated into Competitive Dialogue, Open Procedures, Negotiated Procedures and Restricted Procedures; and accordingly

Competitive Dialogue Procedures shall mean those procedures in which any Private Party may request to participate; or in which the Contracting Authority conducts a dialogue with the Candidates admitted to that procedure, with the aim of developing one or more suitable alternatives capable of meeting its requirements; and on the basis of which the Candidates chosen are invited to submit proposals.

Open Procedures shall mean those procedures whereby any interested Candidate may submit a proposal, provided that it is qualified and able as indicated in the Request for Proposals.

Negotiated Procedures shall mean those procedures whereby the Contracting Authorities consult the Candidates of their choice and negotiate directly with them the terms of the Contract to be executed eventually with one or more of them.

Restricted Procedures shall mean those procedures in which any Candidate may request to participate and whereby only those Candidates subsequently invited or shortlisted by the Contracting Authority may submit a tender.

Mixed Contract shall mean any contract having as its object not exclusively the construction of works or the provision of services, but containing elements of both these activities.

Request for Proposal (or "RFP") shall mean the document whereby the Contracting Authority:

- Defines the form and individual stages of the Contract Award Procedure;
- Describes the object of the contract to be awarded and, possibly, certain specific substantial terms of that contract;
- Describes the estimated contract price or fee for the provision of services, if an objective estimation is possible;
- Sets out the rights and obligations of the Contracting Authority, as well as any special regulations and rights to which it may have recourse during the award procedure, such as the right to limit candidates, the right to seek clarifications and additional information;
- Sets out the statutory provisions applicable to the Contract Award Procedure, if any;
- Defines the required qualities and abilities of Candidates and the manner by which these qualities will be evaluated and scored; and
- Defines other terms and conditions to be in force throughout the Contract Award Procedure, as well as the various parts of that procedure.

. The financial, economic, or qualitative criteria that will be used to evaluate bids and award a contract

Service Contracts shall mean contracts, other than Works Contracts, having as their object the provision of services of any nature.

Proposal shall mean the entire set of financial, technical and other terms submitted by the candidates offering to construct the works or provide services under the Contract Award Procedure, which submission is in accordance with the requirements specified in the Request for Proposals and any other documents issued during the Contract Award Procedure.

Work shall mean the outcome of an engineering project taken as a whole which is sufficient of itself to fulfill an economic or technical function.

Works Contracts shall mean contracts having as their object either the execution, or both the design and execution leading to the realization, by whatever means, of any Work required by a Contracting Authority.

General Principles

·The Contract Award Procedures and the relationship between a Contracting Authority and each Candidate, and with any third party involved in the said Procedures shall be governed by the principles of equal treatment, transparency, proportionality, mutual recognition, protection of the public interest, promotion of private enterprise, freedom of competition, protection of the environment and sustainable development, as defined below.

·These general principles shall apply to all Contract Award Procedures, regardless of the type of contract intended to be executed under this Law.

·The general principles noted herein are more specifically defined as follows:

“Equal treatment” means the avoidance of any discrimination on the basis of Local Government of origin, tribe, political, religious or other affiliation permissible by law or any other criterion that cannot be objectively measured or justified. The application of this principle entails not only defining non-discriminatory terms of access to an economic activity, but also the adoption and application by the public sector of all measures necessary to ensure the exercise of this activity.

“Transparency” means that the Contracting Authority will publicize its intention to conclude a Contract, and the basis on which it will be concluded, in order to ensure conditions of fair competition without distorting the conditions under which the Contract Award Procedures are implemented.

“Proportionality” means that any measure adopted by the Contracting Authority is necessary and suitable for attaining the required objective and shall cause the least possible problems. Accordingly, the Contract Award Procedures shall contain no requirements for technical, professional or financial capabilities that are disproportionate or excessive to the proposed PPP.

“Mutual recognition” means that the State and its Contracting Authorities accept the technical specifications, controls, qualifications and certifications required by the Federal Government of Nigeria and recognizes them as equivalent to those required by the Government of Cross River State.

“Protection of the public interest” means that all decision-making concerning the making of PPP Agreement shall take into account the following factors:

1. The primary obligation of the State to secure life and property and provide social welfare services to its citizens;
2. The State’s funding needs, and the need to minimize as far as possible the;/ financial burden or contribution of the Contracting Authority;
3. The needs of citizens for improved infrastructure and services; and

   The need to employ specialized know-how in technology and management to the greatest extent possible.

“Promotion of private enterprise” means the recognition that the socio-economic development of the State will come about only via the collaboration between the public and private sectors and therefore all decisions - to accept or to reject proposals - shall be properly reasoned and may give rise to the need for judicial protection of the commercial interests of Candidates and relevant private individuals.

“Free competition” means that:

- There should be the greatest possible participation of qualified Candidates capable of constructing the works or providing the services desired by the Contracting Authority;

- Competition should be conducted on equal terms and using objective criteria; and
- Monopolistic or quasi-monopolistic or anti-competitive situations or distortions during procurement should be avoided.

"The protection of the environment and sustainable development" requires that the planning and implementation of a Contract will take into account existing laws of Nigeria and the State relating to the environment and its protection or preservation.

Contract Award

- All PPP contracts shall be awarded on the criterion of the proposal being the most economically advantageous or that with the lowest price.

The Most Economically Advantageous Proposal

- The most economically advantageous proposal is one that the Contracting Authority examines, taking into account not only economic parameters but also others including quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running cost, cost-effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion.
- The parameters to be considered by the Contracting Authority shall be stated as part of the Contract Award Procedure. The relative weighting given to each of these criteria shall also be announced to candidates. These weightings can be expressed by providing for a range with an appropriate maximum or minimum limit (spread). Where weighting is not possible, the Contracting Authority shall indicate the priority of the criteria it has selected, compiling a table in which these criteria are presented in descending order of importance.
- A Contracting Authority calling for the most economically advantageous proposal may authorize Candidates to submit variants of the required

proposals. This option must be explicitly indicated in the Request for Proposal otherwise variants shall be rejected by the Contracting Authority. When permitted, the minimum requirements to be met by the variants, and the way they are to be submitted, shall be stated in the Request for Proposals or in other supporting documents. The Contracting Authority shall only consider variants meeting the minimum requirements it has laid down.

·If a financial proposal submitted to a Contracting Authority appears to be abnormally low in relation to the estimated cost of the project, the Contracting Authority shall, before it rejects such proposals, in writing request clarifications from the Candidate. These clarifications may relate in particular to the method of construction of the works or the provision of services, the technical solutions proposed, any exceptionally favorable conditions, which may assist the construction of the works or the provision of services, and any possible State aid sought by the Candidate. If it is ascertained that a financial proposal is abnormally low, the proposal may be rejected on that ground alone only after consultation with the Candidate and it is unable to establish the propriety of its proposal within a time fixed by the Contracting Authority.

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Contract Award Procedures

·In awarding a Contract, a Contracting Authority may apply either Open or Restricted Procedures or a Competitive Dialogue Procedure or Negotiated Procedures.

Section III: PPP Analysis

Stage 1: Feasibility Study & Business Case

Stage 2: Conduct Risk Analysis

Stage 3: Consultations & Project Design

3.1 Stage 1: Feasibility Study & Business Case

3.1.1 Introduction

This section discusses the development of a business case, including a feasibility study, to support the consideration of a PPP project. The PPP Law requires that all public agencies must prepare a comprehensive study on the feasibility of using a PPP to implement a proposed project based upon a revenue-sharing model.

A Business Case is a document that sets out the rationale for the PPP project and how it will be delivered. It provides analysis on various aspects of the project, options, and the readiness of the market. The document is a tool to help PPP government agency and other concerned parties whether to support the project prior to committing the needed resources to the project.

Business Case and Feasibility Study Templates are implied in Supplements No. (A) and (B).

3.1.2 Process & Best Practices

In a PPP project there are several considerations when it comes to the business case. Those considerations become the main pillars / steps of the business case for a PPP:

- **Cost – Benefit Analysis** - This involves weighing the costs of deploying the project via PPP approach versus the net benefits, and comparing those costs and benefits against the costs and benefits of deploying the project

using more traditional procurement and service delivery models. This is a major element for decision.

- **Risk Transfer** – The allocation (and transfer) of project risks is a key consideration in choosing a PPP approach to a project. Risks are not always to be transferred to the private sector. A golden rule is to transfer the risk to the party best able to manage / control it effectively. Project risks, along with other costs and benefits, have to be carefully studied in order to ensure the government agency gets the best value for money.
- **Financing** – Project financing is always a worry to government agencies, even in Cross River State where agencies still must prioritize where to commit resources. Public financing costs may be lower because government can often get better rates than any private sector company requesting the same financing. However, overall costs of a PPP approach to a project — with financing by the private partner — may be lower since cost savings from the PPP project can offset the higher cost of financing.
- **Efficiency** – Efficiency has many aspects that could impact the services being delivered in the project. Effective design and deployment of a project will result in lower operation costs. This enables the delivery of services with higher quality, improved flexibility and lower costs.
- **Effective Controls & Monitoring** – Since PPPs are more long-term business relationships than traditional procurement, effective contract, operational and financial controls are essential to project success. Compliance with government rules and regulations is another aspect of PPP monitoring. Auditing is one important component of this, and its cost should be considered. Auditing is often overlooked since the main focus tends to be on the business logic and evaluating implementation options for a project. However, without proper controls even the best managed projects will face control issues and quality of services will likely be negatively impacted.

Government agencies may not have the experience to develop a full-scale business case study. In such circumstances, agencies frequently develop the

business case with the help of consultants with expertise in the field of the project.

Once the business case is prepared and approved by the project stakeholders then it should be forwarded to PPP Council for the 3-stage approvals and eventual clearance by the State EXCO.

3.1.3 Business Case Contents

A business case is an instrument that presents a clear, organized description of a proposed project for approval by relevant authorities. A business case will cover the key aspects of a project, including:

- The business need and project overview
- Business, technical and procurement options
- Operational impact
- Market readiness
- Stakeholders and their business requirements
- Pricing / revenue sharing for services (based on consultations with PPP Council)
- Resources needed from government partner
- Risk assessment and analysis
- Implementation strategy / timetable
- Contract management processes and tools
- Review and approval process for project
- Feasibility and value for money
- Auditing & Monitoring

3.1.4 The Business Need & Project Overview

A business case begins by providing an overview of the proposed project, including the business need that the project intends to fulfill using a PPP model. Key elements of the project overview include:

- Defining the project scope including the services to be delivered.
- Defining project objectives and as the specific benefits expected.
- Describing the current services delivery deficiencies / challenges within the project scope.
- Discussing the consequences (for various stakeholders) of not addressing those existing deficiencies / challenges.
- Where relevant, defining services that can be packaged together to attract private partner and make the project more viable for PPP.
- Defining service performance standards to be achieved.
- Defining the strategic alignment with the overall business plan and core mission of the contracting authority.
- Defining clearly the impact on other initiatives and stakeholders, whether within the contracting authority or by other agencies with a role in the service delivery.

- Explaining the need for the project in light of other competing priorities in the contracting authority's overall business plan.

3.1.5 Business, Technical & Procurement Options

This section of a business case describes the possible options for delivery of the scoped services in terms of business, technical and procurement aspects. This helps stakeholders and decision makers have an accurate picture of the project and considerations. Specifically, this section explains:

- Various business models for service delivery (e.g., centralized vs. de-centralized service delivery models, packaged services vs. individual service delivery, etc.). The advantages and disadvantages of each model should be clearly assessed.
- Various technical options for delivery of the services. It is important to explain whether new assets will be needed or if existing assets could be leveraged to deliver what is needed. The advantages and disadvantages of each model should be clearly assessed.
- Options in PPP types for the delivery of services as explained in Section 2.2.2(Process & Best Practices). The advantages and disadvantages of each applicable type should be clearly stated.

The business case should have a recommendation justifying the selection of the chosen business, technical models and preferred procurement option.

3.1.6 Operational Impact

This section of a business plan details the operational impact on the contracting authority, other agencies / ministries, and other stakeholders in terms of the delivery and use of public services. Stakeholders, including the users of services, are key to a project's success, Operational impact matters greatly to stakeholders since it will affect their decisions on about whether to support implementation of the project and use of the services. The degree of impact on existing processes and operations will affect the PPP project's scope and the extent of actions / changes needed to adapt to the new approach of delivering services via PPP.

3.1.7 Market Readiness

PPPs involve a long-term arrangement with a private partner that will be needed to realize a profit from the PPP. Therefore, readiness of the market –the private partner and users – is important to a PPP project success. When a government agency considers a PPP as an option for delivering public services, it should consider the following issues:

- The capability of the private partner / market to deliver the public services.
- The attractiveness of the project as a business opportunity to the private partner.
- Whether the private partner has the motivation and willingness to go into a PPP relationship with the government.

The Bureau as Secretariat of the PPP Council could provide useful information on these matters due to its experience and consolidated knowledge about various PPP projects in different agencies.

Answering the following questions can help determine the capability / ability of the private sector to deliver the services under a PPP arrangement:

- Can the private partner deliver the deliver the requested services within any constraints set by the sponsoring agency?
- Does the private partner have the knowledge, resources and expertise to deliver those services?
- Will service delivery by the private partner be reliable and what assurances can be provided?
- Would such a setup and delivery by the private partner deliver value-for-money to the sponsoring agency?

- Can the private partner manage the risks accompanying the delivery of the intended public services?
- What is the level of the private partner in being equipped to handle the risk mitigation plans in case a risk materializes?

3.1.8 Stakeholders and their Business Requirements

The business case needs to identify the key project stakeholders and their needs as they relate to the PPP project and services. Stakeholders can be classified as:

- Primary – Those are the sponsoring agency and any other agency (or other organization) impacted operationally by the project

- Secondary – Those are agencies (or other organizations) whose support is needed to ensure the success of a project but not impacted operationally by the proposed service delivery setup.

  Early stakeholder buy-in and continuous support throughout the PPP lifecycle are needed. Communications with stakeholders, especially early in the project lifecycle while developing the business case, is the best way to gain stakeholder buy-in, this more detailed in section 3.3Stage 3: Consultations & Project Design.

As discussed in Chapter VII – Stage 4, PPP projects require a communications plan that targets all stakeholders, acknowledging their roles and enabling them to provide input at appropriate times. The plan will encompass the consultation process and the expectation from stakeholders. The plan should be officially communicated once the project is approved so as to set clear expectations of all concerned parties.

3.1.9 Services Pricing / Revenue Sharing

For new services, the Contracting Authority will work withMoF and MoF will coordinate any other needed discussion between the Authority and MoF on fee structure. The agreed upon fee structure based on MoF guidance should be captured in the business case for a PPP project.

For existing services, the PPP Law and Guidelines respectively is clear about the use of a revenue sharing model for providing existing public services through PPPs. Consultations with the PPP Council is needed to agree on the percentage and the mechanism of deploying that revenue sharing along with the proper financial controls. The agreed mechanism and percentage are to be captured and presented in the business case.

3.1.10 Resources Needed

This section of the business case details the resources needed from the sponsoring agency or any other government agency. Also, as part of its human resources analysis, this section should address funding and extant requirements and other sponsoring agency requirements in terms of skills and transfer of knowledge needed for the project.

Assessment of the human resources needed to design, deploy and manage the project, including plans for securing them internally and/or externally, is needed. Also this includes any skills training plans needed for those resources to be equipped to handle the project responsibilities.

3.1.11 Risk Assessment & Analysis

Proper risk analysis helps decision makers and stakeholders make informative decisions about the project and whether to proceed with a PPP or not. With regard to risk, the business case should detail the following:

- Project development risks, external risks, operational risks, etc.
- Which risks will be transferred to the private partner?
- The risks to be retained by the government and why the government is deemed to be better able to handle those risks.

- Transition risks whether at the start of the project or a later handover of responsibilities for service delivery.

A risk assessment should identify and, if possible, quantify a project's significant risks by expressing their impact in financial terms. The risk valuations are then used in the feasibility study. It will also help an agency create a formal risk management strategy before negotiating with a private partner on risk allocation.

3.1.12 Implementation Strategy / Timetable

The business case should address the project implementation strategy of the project and how the sponsoring agency envisions project execution if it is approved. A projected timetable should be presented, including estimates of when key millstones and key services are expected to be delivered via the PPP.

3.1.13 Contract Management Processes and Tools

PPP contracts are long-term contracts and more complex than a regular procurement contract in terms of allocation, capital investment, scoping, and project management. This creates the need to design a process for managing the contract and assign a team to handle that process. The team will monitor the execution of the contract terms and service delivery according to the contract's performance requirements.

A proposed process for the contract management should be detailed in the business case along with any recommendations for any tool(s) to be used to facilitate the process.

3.1.14 Project Review and Approval Process

Given their long-term and often complex nature compared to traditional procurement, PPP contracts require regular project review. The review process aims to be like "health check" of the project's progress, but should allow for flexibility to make changes needed during the project lifetime. The approval process for expenditures and any administrative issues that arise should be described as part of the business case.

The approval process should be flexible and efficient so as not to delay deployment due to bureaucratic constraints.

3.1.15 Feasibility and Value for Money

A feasibility study is essential to demonstrate the value for money of a given PPP project. The depth or level of detail of a feasibility analysis should be proportionate to the size and complexity of a project. The

bigger or more complex a project, the more detailed the feasibility analysis should be.

A cost benefit analysis is critical for any government agency to decide on the viability of any project, whether it is a PPP or not. In the case of PPPs, such analysis will demonstrate the value-for-money of using PPP versus other procurement options, or even the option of not delivering the service being considered. The cost analysis is also the basis for the Public Sector Comparator (PSC) used as a benchmark at a later stage to evaluate bids submitted.

The contracting authority must consider how best to balancethe costs, reliability, quality, performance and flexibility of the public services being considered in the business case. For example, the more the contracting authority prioritizes reliability, quality, performance and flexibility, the more likely costs will be higher \ in order to meet such higher demands.

Under no circumstances should the contracting authority push the private partner to deliver high levels of reliability, quality, performance and flexibility at a price that produces no reasonable return on investments. Faced with little or no profit, eventually the private sector will resort to cut back in services or other areas to restore the financial viability of the project. Even if a private sector partner initially accepts contract terms that lead to no profits, this will only be for the short term. Eventually, service delivery will start to suffer and the PPP contract will need to be revisited by the parties.

The constructing of a PSC allows for a more accurate estimate of project costs if a PPP model is used. The PSC is a hypothetical, risk–adjusted cost for delivery of the public services of the sponsoring agency. Therefore, it is expressed in net present value terms, based on the desired public

service(s) (and output specifications) to be delivered, and takes into account (i.e., sets valuations for) the risk factors that accompany PPP approach.

The PSC takes into account the following aspects when being constructed:

- Basic PSC – The base costing (direct and indirect) under a public procurement where the requested services are provided directly by the public sector under the terms and performance requirements set by the contracting authority.
- Competitive Neutrality – those adjustments remove any advantage / disadvantage that accrue to a government business simply by the virtue of being owned by the government

Other aspects to be taken into account when an agency compares PPP bids with its baseline PSC (which shows the costs of normal procurement) and PPP options (shown by price of bids) are:

- **Retained Risk** – the cost of those risks to be retained by the government under the PPP project.
- **Transferred Risk** – the cost of those risks (from government perspective) to be allocated to the private partner under the PPP project.

There is no one formula for calculating / constructing a PSC that fits all PPP projects. However, the above points provide some basic guidance on how to approach a PSC.

Additional reference materials about PSC construction are available on the Canadian Best Practice PPP Guide for PSCs which reviews the construction of PSC in relation to PPPs.
In summary the PSC serves the following different purposes:

- Informative tool for a PPP project to see if PPP is a viable financial option and provides value-for money thus it should be prepared internally prior to any tendering.
- PSC serves as a benchmark to help determine whether (andwhich) bids offer the expected value-for-money as originally intended by the sponsoring agency. **Chapter V: PPP Private Partner** provides more details.

3.1.16 Auditing & Monitoring

Part of the business case is to recognize and address the need for auditing and monitoring. In basic terms, the contracting authority is attempting to deliver services to the public with the help of the private partner. Since the public interest must be served at all times even with private partner involvement, various controls should be in place to protect and ensure continuance of public service.

Based on the nature of the audits explained in **Chapter VIII: section Stage 1: Identifying Auditors**, an RFP for the external auditing is to be issued as part of the PPP RFP or as a separate tender.

In addition, the Cross River State Procurement Law as well as the Basic Tools for the procurement of Goods, Works & Consultancy Services (December 2011) as issued by the Due Process Office provides further insight into the requirements for public procurements, PPP procurements not an exception.

3.2 Stage 2: Conduct Risk Analysis

3.2.1 Introduction

This section discusses the use of risk analysis as part of the development of a business case for a proposed PPP project. Best practices require that the risk assessment should be conducted before the issuance of an RFP.

3.2.2 Process & Best Practices

Risk is defined as" the chance of an event occurring which would cause actual circumstances to differ from those projected when benefits and costs are forecasted".

Risk assessment, allocation and management are fundamental issues that must be addressed for any PPP relationship to succeed. Risk analysis is an important step and a key aspect of the business case for a PPP project. It must be done before procurement begins. Risk analysis will often use a standard methodology or matrix for identifying all substantial risks of a proposed project.

3.2.3 Risk Matrix

Risk matrix is a tool designed to consolidate the information from the risk management cycle and help all concerned parties to see the whole picture of the risk. The matrix will include:

- Risk Category
- Risk Description

- Consequence / impact if risk materializes
- Mitigation approach / steps
- Allocated party
- Risk Profile: Once the risks have been identified, risk analyses should be conducted in order to determine the effect of this risk on the project as well as the likelihood for occurrence for each identified risk.

  Some common consequences for Risks:

  - Project benefits are delayed or reduced;
  - Project timeframes are extended or the project will be late.
  - Project cost increased;
  - Project output quality (fitness for purpose) is reduced.

  Risk should be analyzed in term of the following:

  - Likelihood of occurring (Probability): Firstly, assess the likelihood of the risk occurring and give this a rating of Low (L), Medium (M) or High (H) likelihood.

  - Seriousness of impact if they do occur (consequences): The assessment of the seriousness of the impact of the risk if it did occur and rate at Low (L), Medium (M) or High (H) seriousness

  Using the ratings for likelihood and seriousness you can then determine a current grading for each risk that in turn provides a measure of the project risk exposure at the time of the evaluation. The result will be a risk Assessment table (or a Risk Profile) as show in Figure 3:

	Risk Figure = Probability X Impact			
Impact		**L**	**M**	**H**
Probability	**H**	H/L	H/M	H/H
	M	M/L	M/M	M/H
	L	L/L	L/M	L/H

	Low Risk
	Moderate Risk
	High Risk

Figure 3- Risk Profile

3.3 Stage 3: Consultations & Project Design

3.3.1 Introduction

This section discusses project design and the coordination needed with various stakeholders for government PPP projects. Public agencies considering an PPP project must coordinate with regarding financial resources and their distribution. They are also directed to work with BPPP, the Due Process & Price Intelligence Bureau and “relevant organizations” during procurement and execution of a PPP project.

With regard to project design, the *PPP Regulation* indicates that all projects should be designed based open standards in order to prevent “lock-in” to any specific technology, product or vendor.

3.3.2 Process &Best Practices

The Contracting Authority considering implementing an project using a PPP model should develop a business case, including a feasibility study to demonstrate “value for money.”

When designing a project, it is important to be service-oriented and customer-focused from the beginning. Agencies need to focus on the services first, designing them based upon market evaluations and input from users.

Early consultations with users, the private partner and other stakeholders are critical to the success of a PPP. Project design should include the addition of

formal mechanisms to ensure consultations and open communications with stakeholders of a PPP project, both within and outside the public sector.

PPP projects need to be designed so that it provides profit to the private sector partner(s). If the private partner is not making enough profits, it will start looking for ways to cut costs in order to compensate and raise profit margins. This will affect the quality of service provided and private partner performance. With PPPs, serving the public interest requires the government agency to always be concerned that the PPP remains profitable for its private partner in order to minimize the risk of service degradation.

Project design should reflect the organizational changes needed for the contracting authority to fulfill its new roles with respect to an service. When using a PPP approach, the agency must shift to a manager/monitor role and not the service provider itself.

3.3.3 Project Team Design

A generic deign of the project team will consist of different roles that can be summarized as follows:

- **Steering Committee** – this will consist of key decision makers / stakeholders

- **Project Sponsor** – the person is usually from senior management of the sponsoring agency who is accountable for the project.
- **Project Manager** – the person is responsible for the operational execution of the project including planning, monitoring, etc.
- **Project Specialist Team** – these will be specialist teams to handle aspects like financial, legal and technical work. Those teams will likely be a

combination of staff from the sponsoring agency, external experts and the private partner.

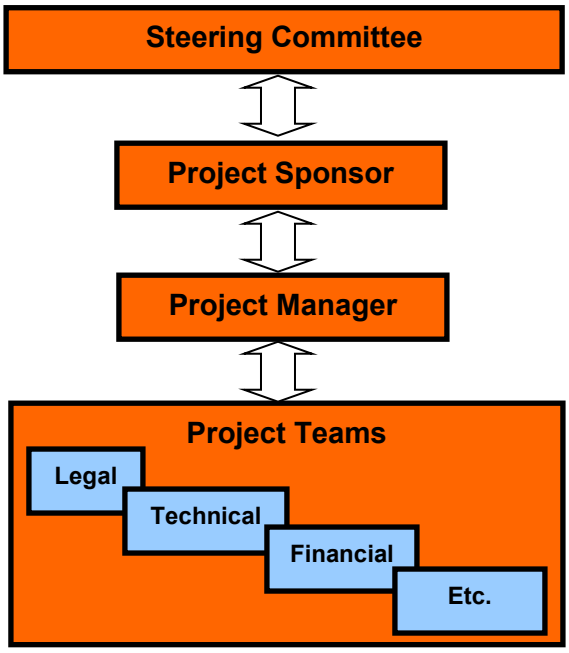

Figure 4- Generic Project Team Design

3.3.4 Project Team Competencies

Project teams will need to have expertise in the following areas:

- **Financial**
  - **Contracting authority:** Financial expertise would help in:
    1. Structuring the PPP contract with regard to payment terms, financing, termination clauses, penalties, etc.
    2. Building a solid PPP Business Case.

3. Identifying financial risks, responsibilities and the impact ofthoserisks. Assessing the submitted tender documents and the accuracy ofthe financial models and cost projections based on those models andproject structures.

- **Private Partner:** Help in meeting the requirements of the sponsor agency with the lowest possible cost through structuring effective business / financial models.

- **Legal**

Legal expertise would help in:

- Structuring and drafting PPP contract and tender documents.
- Identifying the implication of contract terms and potential deal breakers before and during negotiations.
- Providing general legal advice on FGN and CRSG laws that might affect thePPP project and future delivery of public services via PPP approach.

- **Technical**

Technical expertise is important in areas that the PPP project and public services concern. Those could be engineers, architects, project managers, etc. Such technical expertise would help in:

- Defining output specifications for the intended public services.
- Defining service performance standards to be provided under the PPP contract and developing monitoring systems for tracking of performance and managing technical risks.

- Conducting technical evaluation of the submitted bidders to ensure that their proposed design and systems will deliver what is needed by the sponsoring agency requirements.
- Assessing the private sector bidders' technical capabilities.
- Conducting technical quality assurance activates throughout the PPP project to ensure the private partner compliance.

Since the main objective of a PPP project is public service delivery, technical experts from the sponsoring agency should not interfere with the private partner's freedom to determine how to deliver those services, provided they meet the performance standards set by the agency.

3.3.5 Project Design Success Factors

- Clear direction from the steering committee to ensure project is on track as intended.

- Stakeholder involvement, support and consultations to ensure their buy-in throughout the project lifecycle. This includes finding specific ways to leverage stakeholders to make project success more likely and achievable.
- Involvement and support from the project sponsor throughout the project.
- Clear decision – making process and identification of decision makers to ensure critical decision are addressed promptly.
- Up-to-date financial analysis for expenditures and projected costs of the project to ensure that PPP will provide value-for-money and the project is more viable than regular procurement.

- Create sufficient competition between the private partner companies over the PPP project to ensure that bidding provides the contracting authority with the best value-for money.
- Create objective and rigorous bid evaluation criteria to ensure only the best bidder will be the private partner in the PPP project.
- Established clear service standards and performance measurements for the intended public services to be provided through PPP.
- Continuous communication between all project teams and various layers of management, including project director and steering committee. The project manager plays a critical role in ensuring communication takes place on vertical and horizontal levels across the project structures.
- Effective risk management processes to govern the success of the project and minimize the possibility of any of the risks materializing.

Section IV: PPP Procurement

Stage 1: RFI – Prepare, Receive Responses & Analyze

Stage 2: RFP – Prepare, Receive Responses & Analyze

4.1 Stage 1: RFI – Prepare, Receive Responses & Analyze

4.1.1 Introduction

This section discusses the request for information (RFI) as part of PPP procurement. In most cases, the public agencies would need to issue an RFI to see what kind of services or solutions are available in the market that would address their project needs. The RFI is also a good way to engage the private partnerand determine their level of interest in the project and how it might be structured to make it more attractive economically.

4.1.2 Process & Best Practices

The RFI process based on best practices is summarized in the steps below:

4.1.2.1 Prepare the RFI:

An RFI for any PPP project will cover certain key elements such as:

- General information.
  - An overview about the contracting authority in terms of history, strategic objectives and direction.
  - Description of the organization structure and any relevant information about it in relation to the project.
  - An overview about the project in terms of contracting authority needs / expectationsfrom the hardware / software / services and how it will serve those needs.
- High level business requirements related to:

  - Functionality
  - Security
  - Performance
  - Availability
  - Technical requirements
  - Legal requirements
  - Other “nice-to-have” requirements
- RFI process –including description of:
  - RFI process for the selected private sector parties for which the RFI is being sent
  - Structure of the RFI document and the sections included in it
  - RFI Schedule based on expected project’s timeline
  - The contact person for any queries and clarifications needed with regard to the RFI and submission rules.
  - Detailed terms and conditions for the RFI.
- Commitments required by bidders
  - Description of commitments expected from the bidders in order to proceed to the RFP. This may include demo of potential solutions or approach to handle the provision of tendered services.
- Evaluation process:
  Provides description of the evaluation process for all submitted responses and key elements of evaluation.
- Response format
  State the format to receive the information needed to be collected about the private partner parties and the potential product / service.

4.1.3 Get RFI approval

Once the RFI is prepared, it is sent to project stakeholders for review and approval prior to circulation.

4.1.4 Distribute the RFI

The distribution of the RFI must follow the rules established in the procurement law with regard to public tendering, unless otherwise approved.

4.1.5 Evaluate responses

Evaluation criteria for RFIs will vary from project to project, but they must be based on the information requested in the RFI. The criteria must be clearly stated and the basis for evaluation also stated to encourage the bidders to reply accurately and fully.

4.2 Stage 2: RFP – Prepare, Receive Responses & Analyze

4.2.1 Introduction

In all cases, public agencies need to issue an RFP to the market in public tendering as required under the procurement law. PPP procurement laws set certain minimum threshold for public tendering of projects.

4.2.2 Process & Best Practices

The RFP process based on best practices is summarized in the below steps:

4.2.2.1 Prepare the RFP:

Procurement for PPPs must be outcomes-based. In an RFP, an agency says what it wants, and in their bids vendors say how they will deliver it.

An RFP for a PPP project will cover certain key elements such as:

- General information which includes:
  - Overview about the contracting authority in terms of history, strategic objectives and direction
  - Description of the organizational structure and any relevant information about it in relation to the project.
  - An overview about the project in terms of contracting authority needs to obtain the services and how it will serve those needs.

- Contracting authority expectations of the hardware / software / services in terms of how to manage the stated needs.
- Description of environment in which the services or needs of the agency will operate. The environment for operation could be centralized, decentralized, cross functional departments, etc.
- Detailed level business requirements related to:
  - Functionality
  - Security
  - Performance
  - Availability
  - Technical requirements
  - Legal requirements
  - Nice-to-Have requirements

For the purpose of collecting the detailed business requirements, special teams in each area must be formulated. The efforts of these teams are coordinated to facilitate the collection of detailed full requirement for the services to be tendered.

- RFP process –including description of:
  - RFP Schedule based on expected project's timeline
  - RFP evaluation process for the submitted proposals and the key elements of evaluation.
  - Structure of the RFP document and the sections included in it
  - Who is the contact person for any queries and clarification needed with regards to the RFP and submission rules.
  - State the detailed terms and conditions for the RFP.
  - Proposal management with regards to accepting or rejecting proposals, revisions of RFP, etc.

- Commitments required by bidders
  Description of commitments expected from the bidders in order to proceed to the RFP. This may include demo of potential solutions or approach to handle the provision of tendered services.
- Evaluation process

Description of evaluation process for all submitted responses and key elements of evaluation. The criteria must be clearly stated and the basis for evaluation stated to encourage the bidders to respond accurately and fully.

- Response format

  State the format to receive the response to stated detailed requirements and level of compliance with these requirements. The RFP should state the level of compliance standard that will be used by all bidders in reply to the requirements.

  The below compliance criteria are provided as an example for software RFPs. However, they can be adapted for RFPs for other subjects / services in order to assess vendors' proposals.

  Level of Compliance:

  Using the level codes 1 to 5, the bidder must indicate how requirements will be met.

  The level codes 1 to 4 indicate completion, whereas level code 5 indicates non-completion.

  1 = Standard.

  Completion takes place as standard.

  2 = New version

  Completion requires a new version, which will be standard in the next version. Date for next the version must be indicated in the comment field. The date will be in accordance with the time schedule. The new version will be included in the offer.

  3 = Will be adjusted.

  Compliance requires adjustment. Adjustment is included in the offer.

  4 = Special development.

  Compliance requires special development, which will be included in the offer. Date for completed special development

must be stated as a comment, and be in accordance with the time schedule.

5 = cannot be implemented.
Completion will not take place

Estimated price for a fulfillment in case of degree of completion 4:

In connection with level of compliance 4, the estimated price for a fulfillment must be stated in the financial section.

- Vendor Profile & Reference

  Information about the vendor / profile are requested to give a picture about how solid the vendor is and project the image of stability of providing service in case they are selected. The below is a sample of the nature of information to be asked for in RFP tendering.

  - Vendor Details
    1. Name
    2. Holding Company or Parent Company (if any)
    3. Local address
    4. Contacts
    5. Details of ownership: private/public; ultimate parent; major shareholders.
    6. Years in business
    7. Quality process certifications
    8. Any other certifications
  - Staff Details
    1. Total number of employees
    2. Breakdown of the number of employees by function.
  - Product Details example:
    1. System/Brand name
    2. Date when first client went live
    3. Current version and release date
    4. Number of Clients using this service in Nigeria
    5. Largest customer for this product by Number of workstations, servers and number of remote locations
  - Support Details

1. Number of local branches
2. Number of Support Staffs
3. Support coverage proposed – 24 / 7 or Business Hours
4. Response time within city
5. Response time outside city
6. Committed Response/Resolution time for minor incidences

- Reference
  1. Company Name
  2. Company Address
  3. Contact Details
  4. Contact's role on the implementation
  5. Duration of the implementation.
  6. Details of Module/version being used
  7. Details of consultancy service provided
- Customer in Nigeria
  1. Number of organizations using your proposed solution in Nigeria in the same industry field
  2. Number of other customers using the proposed solution in Nigeria

- Payment Mechanisms

  The RFP will state the guidelines for payments and the rules for profit sharing for the private partner that would be selected. This aims to provide transparency and clarity to bidders to make the process more attractive to them on financial basis.

- Commercial Information

  This is the information to be filled by the vendor with regard to the commercial aspects of the proposal and the rules for the vendor in terms of cost and its subcategories. If contracting authority has specific requirements on the payment terms and schedule then it should be stated in this section as well. RFP should identify all relevant capital costs and expenditures. The project cost break down should consider the following, but not limited to, as applicable:
  - Hardware Cost – cost of hardware and infrastructure needed to enable and support providing the designed solution being the subject of the RFP.
  - Software Cost – cost of any software that will be needed as part of the designed solution.

- Service License Cost – cost of any licenses needed on servers or desktop / machines to enable provide the solution.
- Training Cost – cost of training contracting authority staff to be able to operate and manage the solution.
- Testing Cost – cost of any special testing needed for the designed solution, which may include stress testing, volume testing, performance testing, recovery testing, etc.
- Conversion Cost – cost of converting information / data from existing systems to the newly designed solution. This will include the development cost of any special program needed to automate conversion if possible.
- Upgrade Cost – cost of projected upgrade for any software that is used as part of the solution.
- Preventive Maintenance Cost – for the duration of the contract preventive maintenance will take place for all systems and hardware that comprise the solution and those costs should be made clear to contracting authority.
- Support Cost – the cost of all support activities needed by the contracting authority. In general, the cost will be higher the more and faster support will be asked for.
- Implementation Cost – the cost of implementation of the solution including implementation teams / resources and go live activities.
- Documentation Cost – cost of any needed solution documentation or user documentation to make use of the solution easier, more successful and more manageable.
- Consultancy Services Cost – cost of any consultancy services to be provided to the contracting authority to ensure successful implementation of best practices for the solution.

4.2.3 Get RFP Approval

Once the RFP is prepared, it is sent to the PPP Council for review and approval prior to circulation.

4.2.4 Qualify Bidders & RFP Issuance

- Based on the results of the RFI process, a recommended list of relevant potential bidders should be prepared. The list is then sent to project stakeholders for review, recommendations (e.g., of additional potential bidders) and approval.
- If an RFI process is not used to "pre-qualify" bidders, an agency may, as an alternative approach to qualifying bidders, prepare a high level questionnaire to be sent to all potential bidders in order to validate that:
  - The potential bidder offers the relevant service(s).
  - The potential bidder has relevant experience in the field.
  - The potential bidder intends to bid.

The questionnaire is issued to the potential bidders with enough time to provide responses.

The responses are then evaluated and based on that a recommendation is prepared for the project stakeholders on the potential qualified bidders for the RFP.

Project stakeholders will approve the qualified list of bidders. After that, the RFP document is issued to the approved qualified bidders

Note: Distribution of the RFP must follow the rules set out in the procurement law with regard to public tendering, unless otherwise approved.

4.2.5 RFP Queries

Different approaches are used to handle queries that might be received from the bidders to whom the RFP was circulated.

Approach I:

- Set a date by which bidders must submit their questions about the RFP issued.
- Prepare replies to the questions in relation to the RFP, taking into account what level of information should be disclosed at this stage to bidders.
- Issue replies of the questions submitted by bidders that received the RFP.

Approach II:

- Arrange Q&A sessions with each bidder to address their queries.

Section V: PPP Private Partner

Stage 1: Evaluation & Selection

Stage 2: Negotiations

Stage 3: PPP Financing

5.1 Stage 1: Evaluation & Selection

5.1.1 Introduction

The private partner selection process is a very important part of PPP procurement. The selection process needs to take into account various dimensions to select the best optimal partner to provide the needed service(s). According to the PPP Law, Contracting Authorities are to work with the PPP Council in structuring their RFPs and selection criteria for a proposed PPP project.

5.1.2 Process & Best Practices

The proposals submitted by vendors are evaluated against the requirements described in the RFP and selection criteria set prior to issuance of the RFP. The evaluation criteria will vary from project to project, but must be based on the information requested in the RFP.

The following is a list of generic comparison criteria that can be used and adapted to each RFP's context as an example:

Usability:

- Is the solution / service easy to use?
- Does it have an intuitive graphical user interface?
- Is daily work expected to become easier?
- Is the solution / service flexible with regard to how work processes are designed?

Migration

- How successful will migration from old processing approach new proposed approach?
- How difficult (with respect to resources) is migration expected to be?

Completeness

- Does the solution service cover all the needs in this RFP?
- Can the solution / service be expected to cover future needs?

Vendor

- Does the bidder have a trustworthy track record and stable financial foundation?
- Are the competencies, services, support etc. sufficient?
- Does the development roadmap offer vision and perspective in terms of sponsoring agency needs?
- Does the vendor have the requisite licenses and regulatory requirements to deliver the services?

Technology

- Is the technology used state-of-the-art?
- Does the solution respect de facto standards?
- Is the technology prepared for future development?

Process

- Does the outlined process for implementation, project organization, plan for education and information etc. seem adequate?

Once the criteria are set and agreed upon, the following needs to be done:

- Work with project stakeholders to decide on the relative importance of the criteria and allocating a weight, for instance between 1 and 5, to those criteria.
- Calculate a score for every proposal by totaling the weighted score for each criterion.
- Prepare a comparison table for the financial aspects of the bid separately after finishing the other part evaluation.

5.2 Stage 2: Negotiations

5.2.1 Introduction

Negotiations are an integral part of procurement process for any project in order to produce a final contract acceptable to both public and private partners.

5.2.2 Process & Best Practices

It is normal that both public and private partners will have different interests in a negotiation. The private partner is interested in reducing risks and increasing margins. The public party wants to reduce costs and maximize value for money for services that will be provided through a PPP.

Based on global best practices, the process of negotiation can be summarized in the following key steps:

- **Preparation:**
  - Outline the objectives of the negotiations – The purpose of the negotiations has to be identified in order to direct the negotiations in the right track. The purpose could be to clarify terms and conditions, eliminate confusion, financial payment mechanisms, etc. The ultimate objective of this preparation is producing a solid PPP agreement that protects both parties and serves the public interest.
  - Build a negotiation schedule taking into account bid validity period.
  - Establish negotiation team - A team leader must be assigned to direct negotiations and that person must have access to all needed authorities to finalize the negotiations.
  - Strategize – Review the submitted proposal and all tendering documents so as to understand the private party's interests and their potential points of

discussions and priorities. A detailed negotiation plan is designed to establish certain positions like fall back positions, alternatives, no-go issues, etc.

- **Establish initial contact with the private partner –** Plan for a meeting and formally invite the qualified bidder, specifying the issues to be discussed. Also request the details of the bidder negotiation team including names and titles in order to handle / direct and compile an effective public sector negotiation team.
- **Commence negotiations** – Start the meeting and seek to establish an environment of trust and cooperation to ensure success of the negotiations. State any facts or rules with regard to the negotiation process, explain roles and responsibilities, and describe the desired outcome.
- **Ongoing management** – Work together with the bidder negotiation team to set meeting agendas. Create a mechanism for registering and logging issues agreed upon and conflicting matters. Documentation and version control of documents is critical in this stage, leading to more efficient drafting and finalization of an agreement.
- **Achieving resolution** – For conflicting matters focus first on common and easily solved matters to establish a good sense for resolution of conflicting issues. Focus on serving public interest in all matters and where possible generate options / alternatives for resolution. The options should be studied and objectively assessed to reach a win-win agreement with no party under the control of the other. The aim is an agreement that will serve as the foundation for a productive, long-term partnership.
- **Final bargaining** – At this stage both parties will compromise on conflicting issues and the selected options to have consensus on a final agreement.

- **Formal settlement** – The records from the negotiations are finalized to be used during the contract management process throughout the project. A timeframe / schedule is agreed upon for signing of the PPP contract. It is advisable that parties endorse the terms of agreement arising from the negotiations even prior to formal contracts. These endorsed terms become reference materials for the legal team or resolution of future conflicts.

5.3 Stage 3: PPP Financing

5.3.1 Introduction

There are various options for financing PPP projects, each generating funds in different ways to make the project financially viable. The PPP rules direct agencies considering a PPP option to use a revenue-sharing PPP model.

5.3.2 Process & Best Practices

In general, the financing of PPP projects can take different forms. Some common PPP financing options include:

5.3.3 Fee-based Funding[5]

There are two categories of services covered by this model:

- Transactions – fee would also include processing fees for high volume transactions
- Information – where certain information could be sold and this is usually done on a subscription basis to generate funds.

The income generated from both categories of fees is used to finance the initial investment, whether by private sector or public sector. The income generated after covering the initial investment would be shared on an ongoing basis between the public and private sector as agreed upon in the PPP contract.

[5] Government current policy puts priority on PPPs using shared revenue model and use of other PPP models require approval from relevant authorities like State EXCO and/or PPP Council

A major concern in this model is regulatory complications. The private sector would want to make sure that such a fee-based structure is allowed under the PPP Law. The consistency of fees with the Law would be key to a potential private partner's assessment of a fee-based PPP tenderaccording to competitive system, government procurement and its approved operational and financial rules and regulations..

Another concern is that the public may not accept higher fees to get online government services. Often their expectation is to pay the same fees as the normal services or even less. Since this model is based on fees being paid by the public to get the services, its success is tied to level of public usage for those online services. Those fees can be subsidized by the contracting authority through the cost savings gained from providing services rather than traditional way of providing services.

5.3.4 Shared Cost Savings[6]

The model operates on introducing major changes to process / operations and implementing technology. This is expected to enable reductions in underutilized staff and facilities at the contracting authority. The cost savings generated from those changes will be used to finance the initial investment made by the private partner in developing the systems used to deliver the services. The contracting authority will receive part of the savings generated by the system.

The core of this model is to re-design business processes to provide streamlined services using more effective processing approaches. Various options could be used to achieve this:

- Create service centers for common integrated services.
- Combine processing of transactions.
- Eliminate duplicated efforts in service offerings.

[6] Government current policy puts priority on PPPs using shared revenue model and use of other PPP models require approval from relevant authorities like the PPP Council and/or State EXCO

- Eliminate Master Plan processing by providing online services where possible.
- Effective design of processes to optimize resources and eliminate unnecessary steps.
- Where possible, integrate various IT activities and systems.

The private partner will be encouraged to such an opportunity since their initial investment will be secured by sharing the cost savings generated by the project without the difficulty of regulatory constraints.

The success of this model is highly dependent on the willingness of the contracting authority to deploy and support the changes needed in their business process and staffing requirements for the new processes. Faced with eliminating under -utilized staff, an agency might re-train and deploy them to other areas of the contracting authority activities if possible.

A major concern for the model is the integration of various government business processes together. This requires cooperation and “buy-in” from all stakeholders, keeping in mind that the public interest is more important than an individual department’s power and authority over its own processes.

5.3.5 Shared Revenue

The model works best for services where the services are enhanced to generate more income. The generated income is then used to finance project costs and is sharedbetween the Contracting Authority and the private partner as long as the project is financially viable.

The private partner, as part of the agreement, receives a percentage of the new generated proceeds. The key element in this model is to make the private partner responsible for generating new / enhanced revenue. This creates a strong incentive for it to innovate and expand revenues. It is recommended to conduct a studyas appropriate to determine which

service is viable to deliver using shared revenue PPP model so all government agencies can understand the concepts, best practices ,rulesand both the standards and instructions of public-private partnership for implementing projects.

If implementing a PPP project involves the development of new solutions or technologies, there may be an opportunity to generate (and share) additional revenue through the leasing of the technology to third parties in the private or public sector.

Legislative constraints are of concern in this model as more revenue is generated from enhanced services, the split of that increase has to be negotiated with Council before signing of the PPP contract to ensure acceptance of the project financial arrangements according to competitive system, government procurement and its approved operational and financial rules and regulations.

The sharing of revenues is decided based on the following factor for each party:

- Efforts & Accountability
- Risks to be mitigated
- Resources

5.3.6 Full Service Delivery

The concept of a “full service delivery” PPP is that a public-private partnership is created using a new special purpose entity (for example, a joint venture company) responsible for delivering a service end-to-end, from design through delivery. “Full Service Delivery” is not new; however, it is innovative when used to deliver services via a genuine Public-Private Partnership.

In this model the government agency goes into agreement with the private partner to take over certain responsibility of delivering government services to the public and it may take over some of the government staff to run the operations. The agreement takes place in the shape of a joint venture company between the contracting authority and the private partner.

The newly created company will take on the risks and responsibility of running the government services and will have to improve processes to reduce cost and innovate to create new streams of income.

The government agency remains responsible for setting both the standards and instructions of public-private partnership for implementing projects and the desired outcome specifications for the services to be delivered. It also has an equity ownership interest in the joint venture and thus a role in how the joint venture company is governed. However the mechanism of delivery is left for the private partner to manage and operate thus encouraging innovation and efficiency.

5.3.7 PPP Models Summary

The key success element to all of the above models is to adopt a results-oriented approach, where both parties focus on creating a viable business (and serving the public interest) through genuine partnership. Both parties will have to work together to address issues like legislative concerns, resources, financing, government staffing. While some issues are highly dependent on the nature of the government business and project conditions, this should not be a reason for not considering PPP as an option to deliver services. The business case is the tool used to determine whether a PPP or traditional procurement provides the best value for money to deliver a service.

Below is a summary of the advantages and disadvantages of the various PPP models explained above:

PPP Model	Advantages	Disadvantages
Fee-based Funding	• Encourages customer-centric focus • Transaction costs reduced • Ongoing revenues	• Customer are unlikely to absorb costs, therefore fees will be paid by agency • Limits to information that can be sold
Shared Cost Savings	• Results in more efficient government operations • No need to increase budgets.	• Cost saving are difficult to measure • To generate significant cost savings many processes must often be integrated
Shared Revenue	• No impact on existing operations • May result in higher compliance with government objectives	• May not improve efficiency • Perception of public that paying private partner is inappropriate
Full Service Delivery	• Shifting services to new organization • Encourages efficiency and innovation	• Loss of control / authority • A variety of legal / regulatory issue to address.

Section VI: PPP Contract Management

Stage 1: Define Roles & Responsibilities

Stage 2: Define SLA

Stage 3: Define KPI

Stage 4: Structure Win – Win Deal

Stage 5: Contract Preparation, Finalization, and Sign-off

Stage 6: Contract Administration

6.1 Stage 1: Define Roles & Responsibilities

6.1.1 Introduction

This section emphasizes the importance of clear definitions of the roles and responsibilities of PPP partners. While the roles and responsibilities for PPP partners have been defined in some major projects, this Master Plan seeks to develop and provide consistent definitions to ensure cohesiveness among the various projects.

Since PPP projects involve collaboration of various types among private sector companies, the contracting authority and other stakeholders, the PPP project roles and responsibilities should be clearly defined, with allocation of responsibilities to the appropriate party who best handle and manage the risk.

6.1.2 Process & Best Practices

Collaboration between PPP parties is essential to the execution and long-term success of a PPP project. Clearly defining the roles and responsibilities of all parties involved in a PPP, the ability to efficiently allocate the related risks and good communication among all stakeholders ensures efficiency and transparency in project execution.

The best rule in terms of assigning responsibilities is *"Each party takes the responsibilities and risks that it is best able to manage"*. This applies from a technical expertise standpoint as well as from a cost standpoint. As there is a cost associated with the management of any risk, including allocation of resources, capital investment and technical expertise and each party will be able to identify how much it will cost for it to manage the risk. The general rule is that each party that (i) can manage the responsibility with the requisite expertise and necessary resources and (ii) the risk at the least cost should bear the responsibility. This approach will

ultimately result in more efficient and less expensive projects and therefore, should benefit all parties involved. Because project requirements will differ from project to project, the allocation of risks will thus vary on a project by project.

An understanding of the risk and a command of the know-how and technology needed to manage the risk are insufficient without access to relevant information. The party managing the responsibility and risk will also be limited by the amount of information available on the related risk and its organization's internal policy, cultural biases and other guiding factors in relation to risk management.

The process of defining Roles and Responsibilities is not actually the activity of the agency alone. Instead this process needs to be considered carefully by the private sector and the government agency and determined mutually as a collaborative effort in order to provide the framework for designing a commercial and financial structure that ensures the completion of the relevant project.

1.2.1 Defining Roles

Basically, PPP roles can be divided into three main categories:

- Contracting authority Roles

  The government agency has the primary duty to define (and understand) the roles of all parties and stakeholders that best help the PPP projects. Within the agency, essential roles include:
  - Project Management Team
  - Consulting Team (Advisors)
  - Steering Committee that brings senior management to the project
- Private Partner Roles

  Companies in the private partner typically form consortium, structured as "Special Purpose Vehicles" (SPV), to bid for the PPP project. The individual companies in the consortium could be:
  - Main Partner: that manages the whole consortium and will usually take construction and completion risks in respect of a project.

- Operation and Maintenance partner: the operator is usually part of the consortium, because of the critical role in the revenue stream as well as the importance of operating knowledge for programming, financing, design and construction.
- Equity and Debt investors: Equity investors of the SPV are typically the construction and operations companies who will be involved in the actual service delivery. Equity investors are interested in generating positive return on investment.
- Debt providers such as the banks provides the majority of the project financing for the SPV.
- Consultants (if necessary): those could be financial, technical and legal Consultants, if needed.

- Other Stakeholders:

  Other stakeholders that could have important input into contract management include:
  - PPP Council: where approval of contract management provisions and oversight of contract implementation is required by a higher authority
  - Other Government Agencies: Other government agencies that could be impacted by the new PPP project should be involved important stakeholders. The contracting authority should further take consideration of determining necessary stakeholders while planning for the PPP project.
  - The Steering Committee: The steering committee provides the senior management support for the PPP project. The Steering Committee is important for the overall management to which the parties will report for proper coordination and supervision.

1.2.2 Defining Responsibilities

To assure value for money, responsibilities should be clearly defined for each party.

In PPP projects, not all responsibilities are allocated to the private sector partner. The golden rule is to give the responsibility to the party that can manage it best. The process of managing responsibilities will require that the designated party possess

the ability to evaluate the responsibility as well as the ability to exercise some control over the circumstances surrounding the designated responsibility and corresponding risk. While each partner should have a desire to control the circumstances that surround its responsibility in order to avoid or manage the related risk, it is imperative that the partners work together as a team as various risks are often inherently interdependent.

Responsibilities are usually classified as:

- Private Partner Responsibilities:
  Activities usually transferred to the private partner include:
  - Build: building physical assets required to deliver a service, and ensuring that budget, schedule, and specifications are met.
  - Design: of physical assets and work processes, and ensuring that services meet performance and quality standards.
  - Maintenance: of physical assets, and ensuring that they are kept in good condition
  - Operations: operating the physical assets to deliver the services agreed upon between the agency and the private partner, and ensuring that the services delivered meet performance standards.

- Public Sector Responsibilities:
  Activities typically performed by the Contracting Authority include:
  - Making Policy Decisions of the standards and instructions of public-private partnership for implementing projects: Usually the public sector defines and establishes the need for the services and the expectations of the public. The public sector will further define and describe the obligations of the private partner including approval process and authority, availability and conditions of project site, access to site, permits required, procurement and/or subcontracting restrictions according to competitive system, government procurement and its approved operational and financial rules and regulations.
  - Performance of the Project: The Contracting Authority will be responsible for establishing performance standards and requirements. The requirements will cover issues such as output, consumption, efficiency of operation,

maintenance needs and costs, life-cycle quality of the output generated and cost of operation. The Contracting Authority will monitor the performance of the private partner and take actions accordingly. The Project Management Team in the agency usually carries out the monitoring and performance measurement functions. This is a very important responsibility, and often represents the largest part of the government agency's workload during the PPP lifecycle.

- Maintenance Regime: The project will have depreciated both in value and in operating capacity by the time the project is transferred back to the public sector. In order to mitigate the detrimental effect of operation on the project, the public sector will want to ensure that the maintenance regime (including replacement of parts and materials) implemented by the private partner is sufficient given the nature of the works involved.
- Contract Administration: The public sector is responsible for the administration of the PPP contract (and handling of any necessary changes to it).
- Staff responsibilities: if the Contracting Authority retains parts of the responsibilities for delivering the service, then the Contracting Authority should ensure that it is prepared for this on a personnel level, including building the necessary skills among its staff.

6.2 Stage 2: Define SLA

6.2.1 Introduction

This section emphasizes the need to have a well-defined SLA that defines Key Performance Measures as part of a PPP agreement. Currently the PPP Law 2010 and accompanying Regulations do not require the use of service level agreements as part of government contracts. However, SLAs do represent a global best practice.

6.2.2 Process & Best Practices

Best practices recommend the development of a service level agreement to set in advance quantitative performance measurements for a PPP project.

In managing a PPP project contract, the contracting authority should ensure that the services being delivered meet the agreed time, cost, quantity, and quality standards. This should involve objective test criteria as to whether or not the services have been provided to the level required.

The best way to agree the level of service the private partner should deliver to the contracting authority is to use an SLA. The SLA is actually a part of the contract or a separate document that accompanies the contract.

The SLA defines the levels of service required in terms of time, cost, quantity, and quality in terms of Key Performance Indicators (KPIs) that specifies that pre-set target the private partner should meet.

The SLA will be mainly responsible for establishing agreed rigid performance monitoring procedures for the whole life of the project. The measurement and management if the service levels should be categorized and defined in such a way

as to allow the public sector to monitor them efficiently and the private partner to manage them effectively.

The SLA should be prepared in agreement between the public and private partners with the common focus of working together to achieve the pre-set targets for service delivery. There may need to be an initial post-contract verification period during which a service level is tested to a base line against which the private partner's performance can be measured.

The SLA should address issues such as:

- The standard of performance required
- The method of measuring and monitoring performance against that standard, for example, the KPIs to be used
- How performance will be monitored and who is responsible for the measuring and analyzing the data, whether private partner, public sector or independent third party, and what the tests will entail, and whether and how such tests can be repeated.
- Process for documenting and tracking service levels;
- Government's right to perform audits if the private partner is to carry out the performance measurement
- Service Description
- Targets for service availability
- Parties permitted to be involved in the supervision of performance tests (i.e. lenders, relevant main partners, etc.)
- Reporting mechanism on breaches and findings
- Sanctions to be imposed for failure to meet performance levels mandated;
- Establishment of a defects liability period; and
- Allocation of risk between main partner and operator for failure to perform to levels mandated depending on whether related to a defect or improper operation or maintenance.

6.3 Stage 3: Define KPI

6.3.1 Introduction

This section emphasizes the need to have well defined key Performance Indicators (KPIs)

Currently major projects often have very well defined KPIs that are monitored and reported on periodically. This seems to be common practice in Nigeria, though not required by any law or regulation.

6.3.2 Process & Best Practices

Both public and private partners need to have a clear understanding of how project performance will be measured and monitored in terms of outcomes and project specifications.

Therefore, it is necessary to link performance measurement to an agreed set of key performance indicators. The KPIs may, among other things, take into account the following:

- Quality of service
- Amount or set target levels (e.g., for use of services or speed of delivery)
- Frequency of service provision
- Should be specified through output requirements (i.e. the service standard required) rather than through prescriptive inputs (i.e. how the service will be delivered).
- Should focus on the level of service required, and not, for example on what already the MDA is familiar with.
- Speed in customer service response
- Limitations on downtime if service is interrupted
- Reporting on service delivery (to agency and public)
- Document and Data control

6.3.3 Measurement and Monitoring

Defining KPIs is not a target by itself, rather monitoring against those KPIs is the important task.

In order for measurement and monitoring to work effectively:

- There must be a mechanism under the contract which enables the Contracting Authority to monitor the private partner's performance effectively
- Data collected for measurement and monitoring should be connected to the service quality required.
- Data should be connected to payment mechanism and should reflect where poor performance can lead to payment penalties.

6.4 Stage 4: Structure Win – Win Deal

6.4.1 Introduction

This section emphasizes the importance to creating “win-win” arrangements for all parties to a PPP agreement.

Currently major projects have been structured around the typical procurement relationship between the public and private sector. In all cases, the private partner vendor was not seen as a real partner.

In a few selected projects, the contracting authority recognized the importance of the private partner realizing a profit from the project. This is vital for the success of a PPP.

6.4.2 Process & Best Practices

The following are some key features of a “win – win” PPP deal based upon experiences in PPP projects:

- PPP project must be structured to deliver value for money to government and also present a commercially attractive business opportunity for the private partner.
- Public sector agencies should choose a PPP only if it delivers more value for money than the normal procurement approach.
- The project should generate sufficient revenues for the private partner to recover its investment and costs incurred as well as realize a reasonable profit.

There are several factors which will affect whether a PPP project can deliver value for money and at the same time provides attractiveness to the private partner. These issues should be addressed between the Contracting Authority and the private partner:

- Competent Private Partner Providers: Are there in the market private partner providers who can really manage the PPP project, and are they capable of delivering the services better than the Contracting Authority?
- Measurable specifications: As the PPP mainly addresses paying the private partner based on performance, then the private partner performance and service delivery should be measurable.
- Time to plan and procure: Since PPP project are long-term in nature, it is basically different than most conventional procurement. PPPs require considerable time for their planning and careful procurement. The question that arises here is that do we have enough time for the considered project.

6.5 Stage 5: Contract Preparation, Finalization, and Sign-off

6.5.1 Introduction

This section discusses the preparation, finalization and approval of the PPP contract. The *Procurement Law* requires all contracts must be sent to DDPIB for review and feedback.

6.5.2 Process & Best Practices

PPP contracts usually include certain standard provisions, in addition to terms specific to a particular project.

These standard provisions are the basis for a draft PPP agreement that should be part of the bid package (together with the RFP) to be approved for tendering for any proposed PPP project.

The basic provisions in the contract are:

- Tenure and Continuing Access Rights
- Service Delivery Performance Requirements (SLA)
- Payment mechanisms
- Performance measurement and monitoring
- Price Review and adjustment: to reflect addition of new services to be delivered by the public service or to reflect changes in the inflation rates and any issues that could affect the agreed on price schemes.
- Intellectual Property Rights

- Step-in rights: explaining when the government agency can interfere or step-in when the required performance of the private partner in the project is not being satisfied.
- Changes in Service requirements: mechanisms for new changes and the frequency are specified.
- Change in Law provisions: provisions to address changes in the law which may affect the project.
- Independent Expert Procedures: to ascertain whether the project is being performed in accordance with project requirements;
- Dispute Resolution: Where the necessary methods and escalation procedures are described to resolve disputes between agency and private.
- Termination of Contract: where the conditions of contract termination are described in detail and may include transfer or re-tender provisions.

6.6 Stage 6: Contract Administration

6.6.1 Introduction

This section discusses contract administration throughout the PPP project lifecycle.

Currently contract administration happens on case-by-case basis depending on the particular project. No standards exist yet for contract management.

6.6.2 Process & Best Practices

Contract management personnel, processes and tools should be identified early in PPP planning so their development is factored into the business case and execution plan, and later implemented by a strong management team.

Agencies intending to use a PPP for an project should develop a dedicated contract management team with proper skills to ensure the agency's ability to manage and monitor execution of PPP contracts. A contracting authority may also choose to hire a third party to assist with contract management.

The importance of Contract Management and Administration should not be underestimated. Often new services (and changes to existing services and processes) need to be instituted, and this requires careful oversight of performance according to contract terms. Typical contract management responsibilities include:

- Contract Change control
- Ongoing performance monitoring
- Change of requirements and additional services
- Management reporting and review
- Benchmarking

- Notifications among partners (and with stakeholders)
- Authorization of payments
- Maintenance of records and reporting
- Legal and Regulatory Compliance
- Reporting to higher government authorities

Section VII: PPP Project Management

Stage 1: Risk Management

Stage 2: New / Amend Policies and Laws

Stage 3: Financial Management

Stage 4: Government Approvals

Stage 5: Communications, Stakeholder Engagement & Relationship Management

Stage 6: Human Resources Management

Stage 7: Conflict Resolution

Stage 8: Knowledge Managementatthe Project Level

Stage 9: Knowledge Managementatthe State Level

7.1 Stage 1: Risk Management

7.1.1 Introduction

This section discusses risk management, including the allocation and transfer of risk in the context of the PPP project lifecycle.

No policies currently exist with regard to risk management. As a result, there is very limited evidence of awareness among agencies of the need to address risk allocation and transfer between public and private partner.

7.1.2 Process & Best Practices

As discussed in Chapter III: PPP Analysis section Stage 2: Conduct Risk Analysis, it is necessary to assess the various risks involved in a project and decide which party – the public sector or the private partner – is best positioned to manage that risk in a cost effective manner. This enables an agency to achieve optimal risk allocation.

If neither party is in the position to fully control a given risk, the risk allocation should be based on the following factors:

- Cost of private party to handle the risk and if it is reasonable to be paid by public party taking into account the fact that risk would materialize eventually.
- Cost to the public party if it retains the risk and its ability to mitigate consequences if the risk materializes.

7.1.3 Risk Management Cycle

Risk management is an ongoing process throughout the PPP lifecycle and it occurs in 5 stages:

- **Risk Identification** – The process of identifying all risks relevant to the project.
- **Risk Assessment** – determining the possibility of identified risks materializing and the impact of the consequences if they materialize.
- **Risk Allocation** – Allocating the responsibility for managing and mitigating of the identified risks to the parties in the PPP.
- **Risk Mitigation** – Working to minimize the possibility of the identified risk occurring and the impact of the consequences for the risk taker if they materialize.
- **Monitoring & Review** – Monitoring and reviewing of identified risks and any new risks that may surface during the project development. is defined as" the chance of an even occurring which would cause actual circumstances to differ from those projected when benefits and costs are forecasted".

7.1.4 Risk Identification

The first step in risk management is to identify the risks that are associated with the PPP potential project. This is best done in a brainstorming session where the stakeholders and representatives of the private partner are brought in to get their views and risks they would consider. Some of the key risks associated with PPP projects are:

- Task Completion

  Due to the nature of PPP and complexity of service delivery included in most cases, there is a high possibility that private partner will use the concept of sub-contracting. This arrangement increases the risk of incompletion of tasks due to dependency on others and once one task is delayed the chain reaction is triggered and affects the remaining schedule.

Even if there is no sub-contractor the risk of incomplete tasks by either party will still exist. This risk can be minimized by having proper project controls for progress, flexibility in scheduling and strong communication process

- Commercial and Market Risks

  This risk entails the reduced demand for service or failure to realize projected increases. It is always a possibility due to the change in the method and party delivering service to the public that the public would become less accepting to the new provided service method. This would result reducing demand or not meeting the expected increase in service delivery to make the needed profit to let PPP be a viable financial method for delivering the services. This can be minimized with proper communication and preparing the public to the new method of delivering services and explaining how the new method will serve them better.

- Loss of Control by Government

  PPP by their nature, involve sharing of risks, benefits and decision making between the partners. This often leads to concerns about who controls the delivery of services. The issue of control needs to be addressed at the time the project is defined and kept in mind when the contract is negotiated. In the final analysis, government has the authority and responsibility to establish service standards and to ensure that the public interest is protected.

- Design Errors

  The design phase of a service delivery under PPP should be given proper attention and time. Errors in design have chain reaction impact on subsequent stages in the PPP project and can be damaging if it reaches the stage of service delivery to the public. Government image is highly affected if such errors slip through the project for any reason. The public trust in government as the guardian to deliver public services is a very critical matter and if

touched is hard to recover from. The approach to minimize such a risk is to test the design and share it with all concerned parties and obtain sign off from stakeholders to ensure buy-in and support for it.

- Unacceptable Levels of Accountability

  Certain government services are more sensitive than others in terms of public demand for accountability and responsiveness. With PPPs, the lines of accountability for the provision of services are less clear to the public than under conventional service delivery. This may result in public criticism of the partnership arrangement and the private partner, or require increased involvement of the local government in ensuring compliance and responding to public demands.

- Operational Risks

  Operational risks include failures in deployment, maintenance or degraded service quality, etc. Such risks are fatal to the success of the PPP. If any of those risks are materialized the impact is a direct hit on the service delivery and on the public expectation. Those risks are minimized with the safeguard of proper project control and proper selection of the private party to be in the PPP project.

- Increased Costs

  Not all government agencies consider the true costs of providing services when establishing their pricing policies for fees for services. For example, the costs of overhead or administration and depreciation of assets are often not included in the pricing of individual services. The delivery of services through Public Private Partnerships requires pricing policies and fees to reflect all relevant costs. This can have the effect of increasing user fees for specific services.

The cost of managing public controversy over increased fees or developing complex policies for staging fee increases can often negate the value of Public Private Partnerships for specific services.

- Regulatory risk

  Regulations are often issued by government agencies to address certain matters of concern to their operation/ business. New regulations/ laws could have an impact on PPP projects. However since PPP involves government as a party to the relation, the government will always be concerned when a new law / regulation is being drafted and discussed and can always express their concern on existing PPP relations in order to protect the public interest and ensure continuity of providing services to the public.

- Inability to Benefit from Competition

  Competition among private partners to secure the right to enter into a PPP is an important benefit for sponsor government agency. Competition leads to innovation, efficiency and lower costs. Government agencies may not be able to benefit from PPPs if there are only a limited number of potential private partners with the expertise or ability to respond to a request for proposals.

- Technology

  Technologies nowadays are rapidly changing and revolutionary breakthroughs will affect the PPP. Failure of existing technology or inappropriate choice of technology will have a major impact of the public service delivery and might even cause a cease of providing the services. While designing the delivery of services in a PPP project the technology selection have to be carefully considered to ensure it is appropriate and capable for delivering the services. Also the technology selection should take into account that the technology is scalable for an extended period of time and not just for a year or two. So in case of a major change in technology the existing PPP projects

for delivering public services can still perform and deliver services till the next technology review to take place.

- Bias in the Selection Process

  As with conventional forms of service delivery, there is always the potential for government agency to be accused of bias in selecting private partners. This may be more prevalent with PPP given that "low bid" may not always win the contract if the government agency has established other criteria (e.g., value for money). The potential for accusation of bias can be reduced through well-developed policy and procedures for evaluating and selecting of winning bid to become the private partner in PPP and by ensuring transparency in dealing with potential private partners.

- Force Majeure

  This entails risk beyond the control of either party in the PPP relation. In a PPP relation a special consideration should be given to the service delivery continuity under such circumstances and whether it is needed / worth it to invest in a business continuity plan for such cases. This decision is highly dependent on the nature of services being delivered under the PPP project and on public need to have such services under such conditions.

- Financial Strength of Private Partner(s)

  The financial strength of the private sector partner plays an important role in the PPP relationship. This indicates the ability to invest and be involved in a long tern relation to provide quality service and build real partnership. If the private partner does not have a strong financial position then they will be interested in quick financial wins and may not have the resources to sustain a long term relation which would impact the public service delivery.

- Political Risks

  Few MDAs in the State have extensive experience with PPPs. The combination of inexperience by government agency and stakeholder

unfamiliarity with Public Private Partnerships may result in higher political risks. Government agencies may wish to reduce potential risks by initially entering into lesser complex and better understood PPP contracts.

- Financial Risks

  PPP projects usually are long-term contracts where the time value of money (unitary charge) changes over the entire project period. Inflation rates, operating costs and currency values affect the time value of money, which in turn changes the value of PPP contracts. For example, when projects involve revenues (or expenditures) in multiple currencies, there are always risks associated with market changes in currency values. This will be especially relevant where the private partner is a company or the users of a service are located in multiple locations.

7.1.5 Risk Assessment

The possibility of a risk materializing is highly dependent of the party managing it. Optimum risk allocation is to the party best able to manage and mitigate the risk. Therefore the risk possibility of occurring is minimized in such an optimum situation but it does not mean that the risk will not occur.

The party best knowledgeable about the specifics of the project and its technicalities is in the best position to handle the consequences if the risks materialize. .

7.1.6 Risk Allocation

The golden rule in risk allocation is to ***allocate the risk to the part best equipped to manage / mitigate the risk effectively***.

Based on that the party allocated the risk has the best position to minimize the possibility of the risk materializing and to control the impact of the consequences if it materializes.

Decision on risk allocation must take into account the following principles:

- The party that will be allocated the risk must have the freedom to choose on how to handle and manage the risk in order to minimize it. Focus should be on delivering the services and not how to deliver them.
- Materializing of the risk must always be considered.

Identifiable risks can fall into one of the below categories:

- Ownership Risks,
- Operational Risks,
- Financial / economic Risks,
- Force Majeure (“Act of God”) Risks.

Risks by nature can be one of the following:

- Within the control / management of the primary risk taker, or
- Beyond the control / management of the primary risk taker.

Risks that are beyond the control of either party (Force Majeure) should be allocated on sharing basis since for the private partner to take it on its

own will charge a high rate for the government so the best approach is to share the risk and work together if any of those risks materialize.

Risk premium should always be considered by government if it really provides value-for-money. A party who does not have control over the risk and takes it on board to manage and mitigate will most likely ask for a high premium rate from the government. Government agencies should always weigh the risk premium if risk is handled by private sector versus what it would cost the government to handle and mitigate the same risk.

7.1.7 Risk Mitigation

Risk mitigation is the attempt to minimize the exposure of the relevant party to the risk. Risks can be mitigated through various methods like:

- Pass Through – this involves passing through the risks to third parties at a lower rate. The risk is broken into a serious of activities and each is managed by a party which is known as “Risk Bearers”. Each partner is responsible for a specific area which is their expertise and collectively the risk is managed and mitigated.
- Insurance – Private partner have access to many special insurance products for project related issues and this could be a way to mitigate risks allocated to private partner.

Government agencies can mitigate PPP project risks by:

- Conduct extensive research on various project aspects before tendering.
- Strategic planning and development where the private partneris better to handle the PPP project knowing what are the government agency

plans and where they intend to be since the PPP is a long term engagement.

- Best practice tendering and evaluation processes that would help the government agencies to select the best private partner suitable for the PPP project to best service the public interest.
- Best legal, technical, etc. advice should be sought by the sponsor government agency to help in identifying risks / issues early on in the project and this will help in formulating the business case and other bid documents.
- Develop and contingency plan to handle the situation in case there is a failure or degradation in the service delivery to the public. The government agency is still the ultimate responsible to the public for providing of services.
- Consider, where appropriate, the sharing of risk through the mechanism of the guarantees and performance bonds.

7.1.8 Monitoring & Review

Risk management and review starts after the contracts have been signed. The risk management plans should be established to capture:

- Identified risks
- Mitigation approach and steps
- Mitigation costs
- Responsibility for managing the risk and review it.
- Key risks that needs special handling especially if the party allocated is not fully equipped to handle.
- The frequency of risk reviews

Risk reviews aims to address:

- Each risk is mitigated
- How effective is the risk mitigation approach for each risk
- Availability of resources to handle risks and their consequences if they materialize.
- Identify new risks to be assessed and go through the risk management lifecycle.
- A production of a risk figure to reflect the threat level

7.2 Stage 2: New / Amend Policies and Laws

7.2.1 Introduction

Without understanding law, it is difficult for PPP managers to start a partnership, sign contracts, dispute resolution, offer public services, and obey government regulations.

More fundamentally, PPP managers need to understand law because it is the foundation for the public private partnership anywhere. Business and government partnership as we know it could not exist without law, enforcement systems such as courts and partners who generally observe law.

7.2.2 Process & Best Practices

Polices and recent PPP regulations focus on opportunities along the demands of:

- Investment promotions
- Competition and fair practices
- Human capital development
- Dispute resolution
- Intellectual property

7.2.3 Laws affecting PPP projects

There are many interrelated laws establishing the legal and regulatory environment for PPP projects in the State.Due to the importance of these laws, it is in the interest of both parties--the Contracting Authority and the provider—to continuously monitor the latest changes in these rules. These regulations and laws are:

7.2.4 Investment Laws

Under the Investment Law, a non-Nigerian private partner in a PPP project would need to be registered with the Nigerian Investment Promotion Council through its One-Stop Shop. The Cross River State Investment Promotion Bureau is represented in the PPP Council and operates an efficient and effective one stop shop to assist investors.

7.2.5 Competition Law

Nigeria Investment Promotion Council (NIPC) aims to protect and encourage fair competition and combat monopolistic practices that affect lawful competition. PPP contracts that put the winning company in a dominant position in a market require the approval from the Cross River State Investment Promotions Bureau. The Corporate Affairs Commission regulates incorporation and should not be left out. Companies are required to incorporate in Nigeria prior to doing business.

Real property Law is also important as land acquisition and title documentation are always important components of PPP transactions. It governs the Land Use Act that applies generally in Nigeria. Cross River State has the geographic Information Agency established by Law to ease land acquisition and documentation.

7.2.6 Human Resource Management

Rules governing civil servants and social insurance will apply to the staff of PPP projects and pensions may apply when public sector employees are posted within private firms delivering services under PPP contracts.

7.2.7 Dispute Resolution

The main authorities here are the Attorney-General & Commissioner for Justice, and the PPP Council. The main role of these authorities applies in the following scenarios.

- Disputes involving PPP contracts where the government or a state-owned company is a party must be resolved before the Board of Grievances, not by arbitration.
- Arbitration may be possible for disputes among private companies involved in a PPP consortium. However, if that dispute affects execution of the PPP agreement the government could force the dispute to the Board of Grievances.
- Cross River State has a dispute resolution centre known as the multi-door court with up-to-date facilities to support amicable resolution of disputes.

7.2.8 Intellectual Property

The Copyright protection within Nigerian Laws does apply to PPPs specifically. It is important that attention is paid to works of others as may be patented as Nigerian Law provides for the protection of intellectual property of investors

7.2.9 Information Security / Privacy / Confidentiality

There are two rules under this category:

- IT Criminality - This rule protects the security of electronic information.
- Regulations for the Protection of Confidential Commercial Information.The objective of this rule is to provide protection of confidential commercial data.

7.3 Stage 3: Financial Management

7.3.1 Introduction

This section describes financial management for a PPP project.

All agencies and projects are responsible for complying with financial rules set by the PPP Council according to competitive system, government procurement and its approved operational and financial rules and regulations.

Agencies also have a continuing responsibility for financial management with respect to their projects, and this must be addressed by both the PPP contract and project management.

7.3.2 Process & Best Practices

Financial management should focus on key issues including:

- Payments mechanisms and schedules
- Book keeping and accounting
- Depreciation of assets and its tracking
- Continuous value for money assessment

7.3.3 Payment mechanisms and schedules

Payment mechanism refers to the how a Contracting Authority will make the payment to the private partner for the delivery of service in a PPP project. Payment here is the unitary charge for the units of service required by the private partner.

Structuring a good payment mechanism is crucial to the success of PPP projects. The payment structure and parameters should be realistic and fair to support the long-term PPP partnership. Building a good payment mechanism requires from PPP contract negotiators to take into consideration the project nature, the Contracting Authority needs and the final beneficiary of the PPP project.

7.3.4 Objectives of the PPP payment mechanism

The elements and structure of PPP payment mechanisms must be designed to achieve the following objectives

- Provide an incentive for the private provider to fulfil the obligations in the PPP contract
- Link the payments to the outcome or the outputs of the PPP project that the Contracting Authority looks for.
- Provide an incentive for the private provider to rectify any problem that may arise when the agreed outcome or output does not meet the agreed standards
- Provide an incentive for the private provider to secure enough returns in order to deliver the best quality and value for the money through the PPP contract period.

7.3.5 Elements of the payment mechanism

Agencies considering the design of an project should ensure that the project is service-oriented from the beginning. In other words, they should focus on the services first.

Hence, payment structure and schedule should match the payment to the required service delivery in terms of service availability, service performance or service usage. Depending on the nature of the project, the payment must be linked to one or a combination of the following:

- Availability of the service. Payment is made when the service becomes created and ready for public.
- Performance quality of the service. Payment is made based on agreed performance standards.
- Usage of the service. Payment is made based on the extent / level of the service usage. For example, number of transactions.

Linking payments to one or a combination of the above elements depends on the PPP project and the allocation of responsibilities between the public and private sector as illustrated below.

7.3.6 Availability-based payments

Under this payment basis, the Contracting Authority will pay to the private sector for each unit of service that is made available. Availability payment here is made regardless of the extent to which the service is actually used or the performance of the service usage.

This payment structure is typically used when the availability of the service is the main concern rather than the actual usage or performance, or when the Contracting Authority bears the responsibility of managing the service usage and performance.

7.3.6.1 Terms and Conditions

Before adopting the availability payment mechanism, PPP contract negotiators must determine the terms and conditions that govern the payment mechanism. This should include, the definition of unavailability, criticality level, rectification (remedy period), and partial delivery of services. To determine these terms and condition, the following questions must be answered:

1. **What does service availability mean and what does unavailability mean?** These questions are crucial to the success of this payment mechanism. The answers must specify the conditions that must be met to accept that a service made available is accepted or not. The quality standards of the service made available must be considered and defined earlier as part of the payment terms and conditions.
2. **Are there critical implications such as financial loss or damage in reputation if the service is unavailable in the first instance? Does the unavailability lead to higher penalties on the payment?** The financial consequences of unavailability of a service should depend on its criticality level. If the service nature is very critical, the payment mechanism should ensure that the penalty for unavailability of critical areas is a sufficient deterrent to ensure that the PPP provider will keep these areas available in the first instance.

3. **How long is the period necessary for the PPP provider to rectify a problem?** If the PPP provider failed further after the first penalty, how long is the next remedy period and how much the deduction will be imposed? If the service is unavailable in the first instance, the PPP provider is typically given a remedy period to rectify the problem. If the provider could not rectify the problem at

the end of the remedy period, the Contracting Authority should invoke a payment reduction. If the provider fails further after the first payment deduction, the Contracting Authority has the right to invoke further deductions. However, the PPP negotiator must keep the payment mechanism simple when they determine how many further deductions to be made to reduce the cost PPP contract.

4. **What mechanism will be used to assess when availability has been restored after the remedy period?** The answer must specify the procedures and reporting mechanisms that must be followed to assess if the availability has been restored. The terms and condition must determine how long these procedures need to last and who should carry out the assessment. The quality standards of the service must be reevaluated to ensure that the service availability has been restored.

7.3.7 Performance-based payments

Under this payment basis, the Contracting Authority will pay to the private sector based on the service performance.

This payment structure is typically used when performance of service is the primary concern rather than the availability or the actual usage of the service.

7.3.7.1 Terms and Conditions

The terms and conditions of the performance-based payments are the standard of performance required, including Key Performance Indicators (KPIs) of the service performance, mechanisms for tracking, measuring and documenting KPIs, the responsibility of measurement, and the consequences of failure to meet the required performance targets. To determine these terms and condition, the following questions must be answered:

1. **What does good or bad performance mean?** The answer to this important question must specify quantitatively the acceptable (and unacceptable) levels of performance using KPIs. The trend and value of these KPIs will be the baseline to determine the payment structure.
2. **Are there critical implications such as financial loss or damage in reputation if the performance of the service is not acceptable?Does the poor performance lead to higher penalties on the payment?** The financial consequences of poor performance should depend on its criticality level. If the service nature is critical, the payment mechanism should ensure that the penalty for poor performance is sufficient deterrent to ensure that the PPP provider will keep these areas in at the acceptable performance levels.
3. **How long is the period necessary for the PPP provider to rectify a problem?** If the PPP provider failed further after the first penalty, how long is the next remedy period and how much the deduction will be imposed? If the performance of the service is poor, the PPP provider is typically given a remedy period to rectify the problem. If the provider could not rectify the problem at the end of the remedy period, the Contracting Authority should invoke a payment reduction. If the provider fails further after the first payment deduction, the Contracting Authority has the right to invoke further deductions. However, the PPP negotiator must keep the payment mechanism simple when they determine how many further deductions to be made to reduce the cost PPP contract.
4. **What mechanism will be used to assess when performance has been restored after the remedy period?** The answer must specify the procedures and reporting mechanisms that must be followed to assess if the performance has been restored. The terms and condition must determine how long these procedures need to

last and who should carry out the assessment. The Key Performance Indicators (KPIs) of the service performance must be reevaluated to ensure that the service availability has been restored.

7.3.8 Usage-based payments

Under this payment basis, the Contracting Authority will pay to the private partnerbased on the actual usage of the service. Usage-based payment here is made regardless of the service availability or performance.

This payment structure is typically used when usage of the service is the main concern rather than its availability or performance, or when the Contracting Authority bears the responsibility of managing the service availability and performance. This means that the provider will be responsible for ensuring the actual usage levels (demand for the service) and meeting the planned usage that the PPP services were developed for.

7.3.8.1 Terms and conditions

The terms and conditions of the usage-based payments are very similar to the performance-based payments.

The usage standards must be quantitatively specified and measured to determine the accepted (and the unaccepted) levels of usage. Mechanisms for tracking, measuring and documenting the service usage, the responsibility of measurement, and the consequences of failure to meet the required usage targets are all important factors to determine the terms and conditions for the usage-based payment structure.

7.3.9 Managing performance of PPP providers through incentives/penalties

The overall performance of a PPP provider can be managed through either direct financial incentives/penalties or indirect non-financial incentives/penalties. The incentive/penalty mechanism can be applied to encourage the provider to meet and improve the service delivery or rectify any failures. In the direct financial incentives/penalties payment structure the Contracting Authority awards the provider immediate increases in payments for meeting pre-set performance standards or immediate reductions if the provider fails to perform up to agreed standards.

The indirect non-financial incentives/penalties can be applied through a points-based performance payment structure as illustrated below.

7.3.9.1 Points-Based performance payment

The idea of this payment mechanism is to award provider performance points for above-average performance and/or penalty points for below-average performance, and then link these points to financial incentives/penalties. The total number of points awarded depends on the criticality level of the service elements (availability, performance, and/or usage) and the trend of the performance. However, the PPP negotiators must keep the payment mechanism simple when they design the points-based system to reduce the cost PPP contract.

7.3.10 Continuous value for money assessment

PPP projects usually are long-term contracts where the time value of money (unitary charge) changes over the entire project period. Inflation rates and operating costs affect the time value of money, which in turn changes the value of PPP contracts. Hence, it is in the interest of both parties--the Contracting Authority and the provider--to set out provisions to address

changes in the unitary charge of the contract in specific economics circumstances.

Setting out these provisions will help the provider address any unexpected changes in operating costs. At the same time, it helps the Contracting Authority ensure that the agreed price to pay does not exceed the real market price in the future.

Addressing the problem of the variance of the unitary charge over time can be processed through price review.

Price review can offset the impact of inflation or operating costs on the payments and keeps the prices at the real purchasing power by adjusting the amount of payments according to the latest changes in inflation rates and operating costs.

Because inflation rates arise over time, inflation affects the payee who receives the money as he receives the same amount of money but with less purchasing power (less value than the original stated figure at the stated value in contract). Therefore, adjusting the amount of payments according to the latest changes in inflation rates means that payer bears the risk of inflation for the project. However, this adjustment should be applied only to a part of the scheduled payments when specific economics circumstances occur.

7.3.11 Price review

Under this basis, PPP project negotiators address the problem of the variance of the unitary charge by establishing a price review mechanism at regular intervals of the project execution, for example, once every 5 years. Establishing a price review procedure can benefit the Contracting Authority when there are significant costs decreases arising from, for

example, technological improvements. However, for the significant costs increases, the provider may argue here that the Contracting Authority should sustain part of the cost increases that are out of the provider's control. These are issues for negotiation when finalizing a PPP contract.

Price review procedures must clearly define the following:

1. Basis for determining the changes in price
2. Who initiate the review and when
3. Who will be consulted on the changes in prices
4. How disagreement will be resolved.
5. To whom the unresolved disagreement will be escalated and what is the arbitration mechanism

7.3.12 Depreciation of assets and its tracking (Assets Management)

The ownership and transition arrangements for the existing assets will depend on the PPP type and the terms specified in the contract. In some PPP types, all assets remain under government ownership during the project lifecycle, but the private provider has the right / responsibility to operate, maintain, and repair these assets as agreed. In other PPP types, ownership of all existing assets will be transferred to the service provider at handover.

In all cases, the Contracting Authority should work with the service provider to prepare and agree on an asset management plan over the contract period. The plan should be clearly described in the PPP contract. The contract should specify who will finance, design, build and operate new services and also specify the mechanisms to evaluate the necessity to build new assets.

For those assets financed by the service provider, a valuation (either by market or by agreed depreciation method) should be made at the end of the contract to determine the value of the assets for sale to the Contracting

Authority. All the cost of operating specific assets should be known and understood with proper accounting records.

7.3.13 Assets and Liabilities Valuation

An asset valuation method should be agreed with the service provider. In general, there is a trend toward valuing assets and liabilities at their current market value (fair value) rather than at their depreciated or amortized historic value. In this case, the Contracting Authority needs to revalue assets and liabilities periodically according to changes in market values, rather than simply adjusting their values for mechanically calculated depreciation or amortization. The implications of adopting this method of evaluation is that the reported financial statements of the organization during the PPP period should reflect not only operating profits earned during the year, but also changes in the fair value of its assets and liabilities.

The disadvantage of valuing assets and liabilities at their current market value is the costs of preparing, auditing, and understanding additional information. Estimating fair value can be difficult and the entities preparing financial statements may have an interest in concealing their true position by using biased estimates. Therefore, the Contracting Authority should be very careful when it adopts this method of valuation as it increases the costs of preparing and auditing financial statements by requiring the recognition and measurement of more assets and liabilities.

7.4 Stage 4: PPP Council 3-Stage Approvals

7.4.1 Introduction

The three stages of PPP procurement are:

Pre-feasibility and Inclusion in the PPP Master Plan (First Stage Approval)

In order to obtain “in principle” approval to move from this stage to the next stage in the process, the contracting authority will need to have submitted a pre-feasibility study and have demonstrated to the Council that it has appointed a project team with the necessary skills to complete the project, set up appropriate project management arrangements, and appointed external specialist advisers if this is deemed necessary. At this stage, the contracting authority must look inwards and advise itself as to the capacity of its project team to deploy the procurement, project planning and management skills that will be relevant through each stage. It may therefore be necessary to procure external advisers with specialist financial and technical skills to complement in-house capacities. This requires the MDA to take a realistic view of the time elapsed from pre-feasibility through to completing a PPP Agreement; and take every step necessary to prepare thoroughly for a project.

Feasibility Study& Procurement (Second Stage Approval)

The feasibility study will set out the project scope and risks, and will demonstrate that the project will meet its economic and social objectives and provide value for money; that it is affordable for the State budget or for users; and that it will contribute to the Government’s economic and social objectives. It will therefore contain:

- A needs analysis, an environmental impact assessment, and a description of the project’s policy context;
- A description of the role of the contracting authority and that of any other State or Local Government ministries, departments or agencies that may be required to grant approvals, oversee, or regulate the implementation of the project;
- The expected input and deliverables from the private sector and evidence that the private sector has the capacity and skills to deliver them;

- A financial model that sets out the anticipated project costs and revenues, together with the key assumptions and sensitivity testing of the expected rates of return against these assumptions;
- An analysis of any long-term guarantees or other forms of financial support that may be required in order to achieve cost-effective financing of the project;
- An options appraisal of the most appropriate procurement method and identification of the preferred PPP option to be contracted;
- Evidence that the contracting authority has the skills and resources to deliver the project and any subsequent contractual obligations placed upon it.

Request for Proposals

On receipt of the Council's approval of the feasibility study, the contracting authority will prepare a draft Request for Proposals (RFP) and supporting documents that will include inter alia:

a. A description of the preferred PPP option and the proposed procurement methodology, as described in regulations to be set out as a Schedule to the PPP Bill or as amended from time to time by the Council, together with the criteria against which bids will be evaluated and a PPP contract awarded;

b. A project plan up to contract award that sets out all of the actions to be taken and those persons or entities that will be responsible for taking them, including those MDAs whose support and participation will be required to complete the project together with a realistic timetable for their support or agreement;

c. A draft PPP Agreement that contains statements on certain items that must be mandatorily provided for under the proposed Law.

The contracting authority will be required to obtain the joint approval of the PPP Bureau and the State Procurement Body {set up under legislation for all public procurement in the State} to the draft RFP before it can be issued to Candidates in the bidding process. It will then be required to conduct the subsequent bidding process in an equitable, transparent, cost effective, and competitive manner.

Bid Evaluation and Award of Contract Third Stage Approval)

The contracting authority will complete the evaluation of bids received in accordance with the stated criteria and prepare a Procurement Report on the procurement and bid evaluation process. The PPP Bureau and the Procurement Body will jointly review this Report. Thereafter, the PPP Bureau will present the results of the joint review and make recommendations accordingly to the Council on the contract award decision, which if endorsed by the Council, will be submitted for ratification by the Governor-in-Council. Upon grant of approval by the Governor-in-

Council, the Bureau will accordingly be authorised to issue a Notice of Award of the PPP project. Thereafter, the Contracting Authority and the private party execute the PPP Agreement.

7.4.2 Process & Best Practices

In general, rules for PPPs often clarify what approvals are needed (and when) for the following steps in the PPP project lifecycle:

- Project approval – Project concept (Analysis Phase)
- Budget approval (Analysis Phase)
- Approval to tender the project to private sector (Procurement Phase)
- Contract approval - before signing contract (Contract Management Phase)
- Commencement approval (Project Management Phase)
- Exceptions approvals (Project Management Phase)
- Acceptance of deliverable approval (Project Management Phase)

7.5 Stage 5: Communications, Stakeholder Engagement & Relationship Management

7.5.1 Introduction

This section discusses communications among various parties and the issue of reporting throughout the PPP project lifecycle.

During the PPP project lifecycle, there are numerous groups of people who are affected directly and indirectly by the project. These PPP project stakeholders include government, bidders, public, investors, and even politicians. Coordinating the efforts of all these groups increases the communication requirements. Therefore, it is important that an effective communications strategy and protocol be established in the early stages of the project to ensure that the communication at all levels is effective, sufficient, and meets all stakeholders' requirements.

The best time for establishing a communication strategy is before starting the PPP project implementation.

Currently major projects must comply with existing reporting requirements set by the PPP Council. Beyond that, there are no guidelines on communications or other reporting. These issues are handled on a project-by-project basis.

In addition, this section discusses the importance of engaging all stakeholders and managing relationships with the PPP private partner.

The level of stakeholder engagement by public sector agencies varies from project to project. At the moment, awareness of the connection between

stakeholder involvement and success in project execution appears to be low. However, stakeholder engagement requires serious attention by a contracting authority implementing a PPP project.

The PPP regulation directs a contracting authority to coordinate with other public or private partner entities related to the services being delivered by a PPP project.

7.5.2 Process & Best Practices

Support or “buy in” from stakeholders is critical to the success of any project. Early coordination with key stakeholders, including users, is required.

The success of a PPP project requires a commitment to understanding users’ needs as well as a readiness to identify stakeholders and understand their expectations and objectives

Communications are an integral part of any project and a key success factor to the project.

PPP projects require a communications strategy and plan that targets all stakeholders, giving them the opportunity to provide input at appropriate times. Communications must be managed as a “two-way street” with all stakeholders.

Communications should also serve as a vehicle for keeping stakeholders continuously aware of the performance, challenges and benefits of a project to its stakeholders. Transparency about the project is an important factor in PPP success, and good communications is essential for that.

Reporting on the project status on various levels is crucial to all stakeholders to monitor the project in the sense of achieving its intended objectives. The stakeholders' interest can only be served if they know about the progress of a project.

7.5.3 Stakeholders Involvement

The potential for successful implementation of a public private partnership is greatly diminished if the communication strategy and plan are poorly conceived and executed. There are real benefits from involving the stakeholders in the early stages and throughout the PPP project lifecycle:

- Mitigating the fear of change and the unknown by providing an open, transparent process where stakeholders are involved in a meaningful way.
- Building better proposals and contracts that address the needs and concerns of all project stakeholders.
- Opening the door for innovative and cost-effective ideas from all project stakeholders.

The project team should prepare a communications strategy and plan that involves all key stakeholders at appropriate times during PPP lifecycle.

The key stakeholders vary by the project nature, but they should include a senior management team from both the Contracting Authority and the private sector, local government staff, the public or end users of the service, approval agencies and other specific groups.

7.5.4 Key elements in PPP Communication Strategy

Knowing and addressing the stakeholders' interests and needs is crucial to the success of any project. The project communication strategy should take account of the differing stakeholders, identify their likely concerns and

possible misconceptions about the project, and provide a strategy to address and, where possible, mitigate these concerns in the early stage of the project. The strategy should facilitate two-way communication between the Contracting Authority and affected stakeholders. Various methods of disseminating information and receiving responses should be provided in the strategy.

The strategy should include the following:

- Objectives of the communications strategy and plan.
- Identification of key stakeholder groups and their interests in the project.
- Key milestones or a roadmap of the project where communication is required or desirable.
- The timeframe and points in the process where the involvement of various stakeholders is required.
- The overall approach and methods to be used for informing stakeholders as well as receiving input from them.
- The involvement of the media in the communications process.
- How relevant statutory requirements will be met, including notification, advertising, disclosure of agreements, counter petition and elector assent.

7.5.5 Stakeholders' needs and requirements for information and communications

The communication strategy should recognize the unique needs of each stakeholder group throughout the PPP lifecycle. The following sections illustrate the interest of each stakeholder group and the common issues that must be considered during the communication process.

7.5.6 Communication with bidders

In the early stages of the project the Contracting Authority must encourage private sector participation in the bidding process. Therefore, the

Contracting Authority must be clear in its intentions and prepared to provide clarifications and answers to questions from bidders. In addition, when information is provided to one potential bidder, the same information should be provided to all potential bidders. In order to limit contact with the project team, one team member should be assigned the responsibility of providing information to all parties.

7.5.7 Communications among Partners

The Contracting Authority and the private partner must keep in mind that a public private partnership centers on conflict management, team building, trust, commitment and mutual goals. The partners in the agreement should develop an internal communications network that facilitates the exchange of information. During contract negotiations, the Contracting Authority should ensure that appropriate reporting mechanisms are established with the private sector partner. These mechanisms would include reports related to progress, operations, management and financial details. Depending on the scale of the project and its end users, reporting mechanisms may differ. In most cases, reporting is done on a scheduled basis (i.e., weekly, monthly, quarterly, and yearly or a combination of these depending on what is being reported). Reporting is important for the Contracting Authority as it allows for effective monitoring of the progress, successes and failures of a public private partnership project.

7.5.8 Communication with external stakeholders

In the end, all public private partnership arrangements serve the end users (citizens and residents). In this regard, communications with the government and end users is required. This kind of communication can be accomplished through the regular media types such as TV, Internet, and radio, or more targeted channels like reports, newsletters and other broadly distributed materials.

7.5.9 Communication with government employees

The key concern of government employees in many cases is the impact of the Public Private Partnerships on their jobs in terms of seniority, pensions, and benefits. Poorly designed communication programs can result in increased resistance by employees during the transition period. Therefore, communication with this group of stakeholder must deal carefully with all these issues and concerns throughout the public private partnership.

7.5.10 Communication with the public

Whether planned or not, each project communicates messages to the public (citizens and residents) and the market. The public is particularly interested in the value of the offered services in terms of its efficiency, effectiveness and cost. Consistency and clarity in communications with the public are important. Public misunderstandings can create concern in the market or concern among the wider public which, at a minimum, can damage the project directly or indirectly. Messages from government to the public may be filtered or sometimes blurred by the media before reaching their target audience. To avoid such problems, the communication strategy should identify the individuals authorized to speak for particular purposes and also the means by which their communications can be relayed quickly to others connected with the project.

7.6 Stage 6: Human Resources Management

7.6.1 Introduction

This section deals with the issues of human resources throughout the PPP project lifecycle.

The *PPP Regulation* requires the private sector to conduct training for public sector personnel to enable them to properly operate and maintain e-services (in the event that the agency must resume responsibility for their delivery once the PPP begins). It says nothing about the responsibility of an agency to plan for training its personnel to manage PPP projects.

7.6.2 Process & Best Practices

As in the case of any project, human resources are a critical success factor to any project. The following are aspects of human resources that agencies need to address for any project:

- Training (including development of a comprehensive training plan)
- Staffing, in terms of retaining public sector employees and their government posts or becoming employees of PPP partner

7.6.3 Overall Approach for managing human resources

The overall approach for managing the human resources issues should relay on a structured process that can address the likely concerns of the affected

staff through training and communication. Staffing issues should be carefully considered before a decision to proceed with the PPP is made.

A training and retention plan should be in place to manage the transition period in the project. The plans should be communicated clearly to all affected staff. The communication should be managed properly to minimize or eliminate the resistance to change and to support the smooth transition of the business to the new service provider.

The senior management should establish an open communication channel with the affected staff and consult them on the best way to address their concerns throughout the project lifecycle.

Senior management should understand the profiles of the affected staff and anticipate their concerns. This should include understanding the current and the expected future role of the staff throughout the project lifecycle. The number of staff required to manage and run the services in the late stages of the project may be less than the number in the early stages. Senior management should determine the surplus staff and how they will be re-trained and re-deployed to other positions as required.

7.6.4 Human Resources Concerns

7.6.5 Contracting Authority staff concerns

If the partnership agreement entails transferring some employees to the PPP partner, the job security of Contracting Authority staff could be at risk. The new working environment and the new employment terms and conditions may varyfrom what the transferred employees are accustomed to. Their job security, in terms of seniority, promotion and career opportunities should be planned and designed to be attractive in the PPP agreement.

The employees who remain with the Contracting Authority may have concerns as well. They may feel that the transferred employees are enjoying most of the opportunities created by the PPP project. Staff morale could be adversely affected if there is a big gap between the two working environments. Therefore, the Contracting Authority should not ignore this group of staff as well.

In either case, handling the Contracting Authority staff concerns requires from PPP managers to address the following concerns:

- Job security in terms of in terms of seniority, promotion, career opportunities
- Job and responsibility clarity
- Recognition. How persons delivering exceptionally performance in the project will be recognized
- Career path and opportunities

7.6.6 Service provider concerns

The service provider may have human resources concerns. The quality of the transferred staff may not satisfy the service provider's requirements. Therefore, the Contracting Authority should ensure that the PPP agreement provides for how these staff will build the necessary skills and knowledge through training programs.

The service provider may also have concerns about the cost of taking over and integrating the public sector staff. The Contracting Authority needs to support the integration of its staff into the new environment's cultureto the transferred staff.

6.6.7 Handling human resource issues

There are many options for the Contracting Authority to handle, its human resource issues. Before deciding to proceed with a PPP, the Contracting Authority should adopt the option that promises successful service delivery and minimizes impact on the affected staff or satisfies the staff's concerns. Early and comprehensive staff consultation is recommended to get their involvement and support to the proposed option.

The various options for the affected staff are:

- **Joining the PPP partner and leaving the Contracting Authority**. The incentive here for the Contracting Authority employees to join the PPP partner can be financial, such as special allowances or non-financial, such as more training and career opportunities, better working environment and promotion.
- **Joining the PPP partner temporarily for the partnership period then returning to the government for redeployment**. This option can be useful if the adaptation to new working environment is the main concern. The incentive for employees is the chance to try the new employer, and possibly having the option later to either accept a position with the partner or return to Contracting Authority.
- **Re-deployment to other positions within the Contracting Authority**. This option is more suitable for the remaining staff that is no longer needed to run the service managed by the PPP partner.

7.7 Stage 7: Conflict Resolution

7.7.1 Introduction

This section discusses the resolution of conflicts between PPP parties that might arise during the PPP project lifecycle.

A public-private partnership must provide a means of resolving inter-organizational conflict while minimizing the risks of service interruptions, waste of resources and undermining of trust among partners and stakeholders.

The PPP relationship is built on trust, commitment and a shared vision. Trust is important for confidence and encouraging a communication of ideas.

Commitment allows for mutual improvements in technology and methods. Achievement of a shared vision comes from consensus in realizing objectives in common. A successful partnership is marked by openness, innovation, equity, shared risk and conflict resolution through problem solving.

In the PPP environment, litigation is often not the best way to settle disputes. Given the complexity of the partnership, it is neither feasible nor practical to litigate each dispute that arises. Time is money, and one small delay can cause larger and longer delays down the line. In addition, the emotional and financial costs of litigation often are quite high.

Many partnership relationships can be irreparably damaged through litigation. To help avoid this harm and to help ensure productive, ongoing partnerships, a number of alternatives to litigation can be used. These are known as alternative

dispute resolution (ADR) systems, and their use, if agreed to by the parties, is normally detailed in the PPP agreement.

Under the *Arbitration* and *Board of Grievance Laws*, any dispute in which the government is party must be taken to the Board of Grievance. An agency can only use arbitration with prior approval from both the PPP Council and the State EXCO.

7.7.2 Process & Best Practices

Practices vary by country with regard to government contracts and dispute resolution. However, many countries permit parties (including the government) to use arbitration for PPP contract disputes.

The issue of dispute resolution must be addressed clearly in the PPP contract, and the parties should agree in advance about the methods and mechanisms for resolving conflicts at the project level.

7.7.3 Alternative to Litigation -Alternative Dispute Resolution (ADR)

The following figure 5 illustrates an array of ADR systems. They are arranged along a spectrum of lowest cost (in terms of money, time, and emotions) to highest cost. Although any given factual situation may cause the items on this spectrum to shift places, this figure presents a generally accepted view of ADR techniques.

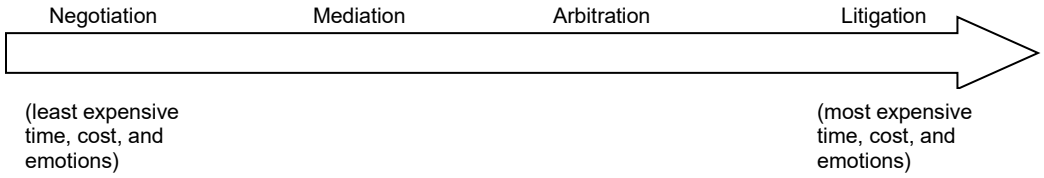

Figure 5 - ADR systems

ADR techniques are used in conjunction with litigation. Thus, it is very common for a matter to be arbitrated, mediated, or settled through negotiations during the pretrial process. However, public agencies do not have to begin a lawsuit to use any form of ADR.

This section illustrates how ADR systems relate to formal litigation and how they are utilized independently from the litigation process.

Using these ADR systems between the public and private partners may be part of the PPP contract. For example, it is an effective dispute resolution tool to have the partners' preferred ADR system specified in the contract. However, even if not mentioned in the PPP contract, an ADR technique may be agreed to by disputing partners after the dispute arises even if they did not foresee the possibility of needing to use a dispute resolution system.

This section illustrates alternatives to litigation in the following order:

- Negotiated settlements
- Mediation
- Arbitration
- Combination of ADR Systems

7.7.4 Negotiated Settlements

It should be understood by the Contracting Authority that often both partners to litigation are losers. The winning party in a lawsuit is a loser to

the extent of the legal consultation's fees and court costs, which are often substantial and an added incentive to settlement without litigation.

There are also personal reasons to settle controversies. The desire to compromise should be in interest of both parties. Contracting Authority involved in a dispute need to state its respective expectations then work together with the service provider on bridging the gap between the expectations. However, the wider apart those differences, the greater the difficulty in reaching an agreement.

7.7.5 Mediation

When negotiations begin to fail, the process of mediation is considered as an alternative to litigation. Mediation is the process by which a third party, called a mediator, attempts to assist disputing parties in resolving their differences. A mediator cannot impose a binding solution on the parties. However, as an unbiased and disinterested third party, a mediator is often able to help the partners bring about an understanding of a dispute and thus avoid litigation.

Mediation may be utilized by the partners as a result of their agreement to mediate. This agreement may have been made as a part of a PPP contract before a dispute arose. On the other hand, Contracting Authority may later agree with the service provider that mediation should be attempted as an alternative to litigating their controversy.

There is no need for judicial review of the mediation process. If mediation is successful in helping the partners resolve their dispute, it is the partners' agreement—not one imposed on them. If partners agree to settle a controversy, they do not have any reason to complain. In this case, the settlement was their mutual choice.

If mediation is not successful in helping the partners find a solution, they may continue to litigate or utilize another ADR technique.

7.7.5.1 Advantages/Disadvantages of Mediation

The basic advantage of mediation over litigation and arbitration is that the Contracting Authority (and even the service provider) retains full control over the resolution of their controversy. Through retaining this control, the Contracting Authority can decide how much time and effort to put into the mediation process. The fact that mediation is party driven and does not involve even an informal presentation of evidence makes the process much more efficient than other ADR systems. If partners are making progress toward a settlement, the mediation can be continued and perhaps expanded to involve a possible agreement on other potential disputes.

At any time the Contracting Authority can stop the process by simply stating that they will not participate further if mediation is not helpful in their view as an alternate disputing resolution process.

However, being able to control the mediation process may be viewed as a disadvantage rather than as an advantage when compared to other ADR systems. Even in the mediations driven by legal authorities such as courts, a partner usually satisfies the legal authority's order to mediate by simply showing up. Generally, there is no enforcement mechanism that ensures the partner will mediate in good faith.

An additional disadvantage relates to the selection of the neutral mediator. The partners must agree on who will be their mediator. Because there is almost always only one mediator, the partners cannot avoid this basic agreement by selecting a member to a panel of mediators. If the disputing parties cannot agree on a mediator, the

mediation process cannot begin. Finally, the Contracting Authority should be aware of the experience (or lack thereof) of the party chosen as their mediator.

7.7.6 Movement to Arbitration

A much more formal alternative dispute resolution system is called arbitration. In arbitration, disputing parties submit their dispute to a neutral third party, called an arbitrator. This arbitrator is empowered by the parties to reach a binding decision resolving the controversy. Arbitration may result when parties to a dispute agree to submit their disagreement to an arbitrator, when parties to a PPP contract include an arbitration clause in their agreement in case a dispute arises, or when legislation requires that this particular type of dispute be arbitrated.

The primary reason for the arbitration is getting a relatively quick and inexpensive resolution of disputes. Arbitration not only helps the parties avoid the expense of litigation but also provides a means of avoiding the formalities of the courtroom. Formal pleadings, for example, and other procedural steps such as discovery and the rules of evidence are usually not used in an arbitration hearing.

Arbitration serves as a substitute for and not a prelude to litigation. It is a private proceeding with no public record available to the press and others. Thus, by keeping their dispute private, adversaries may be more likely to preserve their partnership relation.

Arbitration also has the advantage of submitting many disputes to experts for solutions.

For example, if the issue involves whether a service has been properly constructed, the matter could be submitted to an expert for resolution. If it

involves a technical accounting problem, it could be submitted to a certified public accountant.

Unlike mediators, not everyone can be an arbitrator. Arbitrators must be certified, and are often selected because they possess special knowledge required to resolve a specific complaint or dispute.

7.7.7 Combination of ADR Systems

The preceding material on arbitration hopefully leaves the reader with the impression that, although arbitration is more efficient (less time consuming and expensive) than litigation, arbitration often is not a simple process. To avoid the costs and effort of arbitration, some disputes can be resolved through other ADR techniques that utilize aspects of the litigation process. Such techniques are discussed now.

The benefit of flexibility related to mediation allows parties to utilize this process in conjunction with other dispute resolution systems. For example, in the middle of litigation, partners can agree to mediate just one issue. The resolution of one issue may help the litigation of the remaining issues proceed in a more efficient manner.

7.7.8 Litigation

While lawsuits and the threat of lawsuits impact every partnership regardless of size, PPP managers need to know that any lawsuit is an immense drain of time, money, and energy on everyone involved in the case.

Understanding the litigation process requires from PPP managers to know when a party has the right to file a lawsuit, when a court has power over the parties and what are the barriers presented to the resolution of a case in court. The plaintiff in the litigation process must establish that he is entitled to have the court decide the dispute, that is, he has standing to sue (standing-to-sue requirements). To establish the required standing, a plaintiff must allege two

things. First, the plaintiff must allege that the litigation involves a case or controversy. In other words, there must be some allegation of a wrong that would create a dispute between plaintiff and defendant. Otherwise, the court will not litigate the matter as it has no connection to the law. Second, the plaintiff must allege a personal stake in the resolution of the controversy. This element of standing prevents any individual from asserting the rights of the general public or of a group of which we are not a member. For instance, only the key stakeholders involved in a PPP partnership could have the right to sue, despite the fact that such a partnership may have an impact on other stakeholders in general. However, as mentioned earlier, litigation is often not the best way to settle disputes. PPP managers must rely on ADR techniques to settle any arisen disputes.

7.8 Stage 8: Knowledge management at the Project Level

7.8.1 Introduction

This section deals with the issues of knowledge management at the project level.

Knowledge management can be defined as a method to simplify and improve the process of sharing, distributing, capturing and understanding knowledge. Effective knowledge management causes fewer errors, less work, better decisions, less reinventing of wheels, improved stakeholder relations, and improved service and quality.

Knowledge management at the project level is required for capturing lessons learned and retaining skilled personnel over the lifetime of a project. In addition to that, knowledge management at the project level is a prerequisite for the knowledge management at the State level which is required for sharing the captured lessons learned with the other public agencies and private partners in the State.

7.8.2 Process & Best Practices

Knowledge management at the project level ensures both continuity of operations for the offered services and the collection of lessons learned for use by later projects and other agencies (at the State level). Development and retention of skilled staff is a related issue requiring attention by an agency. This becomes especially important if a PPP contract is terminated and the

public sector partner must resume responsibility for the delivery of the PPP offered services.

7.8.3 Why knowledge Management at the project level is important

The absence of structured ways of learning and sharing knowledge within PPP projects equates to lost time and resources spent on continually repeating the same mistakes or reinventing the wheel.

In long-term projects like PPP, project teams are seldom kept together for the whole project period. If the knowledge developed by previous project teams about mistakes made, problems encountered, and lessons learned is not available for new teams, the project will repeat the same mistakes continually.

The lack of time and resources dedicated to recognition, capture and sharing of knowledge means reinventing the wheel continually, wasting precious time and money.

7.8.4 Knowledge management process at the project level

Knowledge management at the project level is more about sharing and transferring the knowledge between project team members by collecting, integrating and sharing the knowledge across the diverse participants involved within the project. The concern here can be addressed by:

- Enhancing the communications, stakeholder engagement and relationship management at all project levels: This can be done by addressing all stakeholders' needs and requirements for information and communication.
- Transforming the human capital into more permanent structural capital through documented work routines and data repositories: For instance, a complex and long PPP contract would require detailed and careful document management with the majority of information being retained for the contract period, plus several years after its completion.

Therefore, the Contracting Authority involved in PPP must ensure that the contract of the project includes establishing such systems for the continuity and retention of project knowledge over the life of the project.

7.9 Stage 9: Knowledge management at the State Level

7.9.1 Introduction

This section deals with the issues of knowledge management at the State level.

Knowledge management can be defined as a method to simplify and improve the process of sharing, distributing, capturing and understanding knowledge. Effective knowledge management causes fewer errors, less work, better decisions, less reinventing of wheels, improved stakeholder relations, and improved service and quality.

Knowledge management remains a weak area among public agencies, both in terms of capturing and sharing the lessons learned with both public and private sectors in the State.

7.9.2 Process & Best Practices

Knowledge management at the State level ensures capturing and sharing the lessons learned for use by later projects and other agencies. Sharing this knowledge with others will help not only the other Contracting Authoritybut also the other private partners engaged in PPP projects, which in turn increases the chances of success in delivering quality services in the State.

7.9.3 Why knowledge Management at the state level is important

The absence of structured ways of learning and sharing knowledge at the State level equates to lost time and resources spent on continually repeating the same mistakes or reinventing the wheel.

Today's PPP managers can benefit from a wealth of experiences from past globaland StatePPP projects to capitalize on. Without realizing, capturing, and sharing the past lessons learned, both government and private partner will pay additional cost, which in turn increases the overall cost of final services offered to citizens.

In general, the management of PPP projects must capitalize on the collective knowledge to create solutions that address the current problems. This should be done by gathering and storing all reusable knowledge and make it available for others to access; both internally at the project level and externally at the State level.

7.9.4 Knowledge management process at the state level

Knowledge management at the State level is more about sharing and transferring the knowledge from the current project stakeholders to the other public agencies and private sectors engaged in PPP projects in the State. Sharing the knowledge and lessons learned from past projects can enhance the economic well-being of both public and private sectors.

The knowledge in PPP projects at the State level can be managed by the following initiatives:

1. Establishing a process for managing the knowledge at the project level. This will ensure that the lessons learned at the project level are documented and shared for future projects.
2. Establishing new roles in the current organizational structure within the Contracting Authorityfor building the required competencies and knowledge formanaging PPP projects. These new roles must be responsible for integrating and storing the lessons in a way that they

become accessible to other public agencies engaged in different projects.

3. Transfer the knowledge to the public by holding regular summits and seminars for sharing and disseminating the lessons, ideas, new experiences and new technical knowledge. Both public and private sectors must be invited.

Section VIII: PPP Auditing

Stage 1: Identifying Auditors

Stage 2: Prepare Internal Audit Schedule

Stage 3: Conduct Audits

Stage 4: Measure KPI

Stage 5: Report Audit / Performance Findings

Stage 6: Follow up on Audit Findings & Corrective Action

8.1 Stage 1: Identifying Auditors

8.1.1 Introduction

Any project in which the government is a party to must comply with State rules on auditing, and these do apply to PPP projects. For major projects, it is a practice to have an internal audit team to follow up on issues and ensure contractual compliance.

8.1.2 Process & Best Practices

It is necessary to have an auditing function in any project to ensure compliance with regulatory and other requirements. Audits will usually apply to various aspects of a project, including:

- Compliance with established operational processes
- Financial aspects of the project
- Legal / regulatory compliance
- Process and performance improvement

Best practices indicate that certain auditing is mandatory for all projects. Other types of auditing are strongly recommended if sufficient time and resources are available.

Mandatory

- Regulatory / Monitoring government bodies.

- Financial Auditors – recommended to be independent external auditors

Recommended

- Internal auditors – operational compliance audit
- Process and performance improvement auditors – can be external or internal.

Best practices indicate that projects with strong commitments to financial integrity subject themselves to third-party audits in addition to internal/government audits.

Based on the above categories of audits, the selection of auditing firms should be part of the project planning and their cost should be included in the business case (and among the costs accounted for in the Public Sector Comparator PSC)

The decision on external consultants will be a result of evaluating proposals for an RFP issued for that purpose. Auditors' selection should be based on criteria such as:

- Experience of auditing in the required field
- Objectivity
- Professionalism
- Value addition

With regard to the internal audit team, it will need to do the following:

- Conduct operational compliance audits
- Conduct process and performance improvement audits
- Setup various operational and financial controls and establish monitoring and reporting mechanisms.

8.2 Stage 2: Prepare Internal Audit Schedule

8.2.1 Introduction

The process of preparing of audit schedule for internal auditing to be conducted for the PPP project through its lifecycle is critical as it sets the ground rules of timing and frequency of the audits.

8.2.2 Process & Best Practices

The audit schedule is an integral part of the audit process as it organizes / aligns:

- Audits recourse
- Activities to be audited
- Frequency of audits

The process of building an internal audit schedule depends on various factors:

- Stakeholders' areas of concern and importance – This is a very important factor in the design of the audit schedule. What the stakeholders would like to be monitored and reported to them would cover financial controls and operation controls / processes. Those identified areas provide invaluable feedback on the types of audits that should be included in the audit schedule.
- Nature of project – the project technical details will indicate what kind of auditing will be needed in addition to the general financial and operation controls. For example, if the project will be deployed using a cost saving PPP model the audit focus would be on a process audit and setup of new business processes.
- Time needed to conduct an audit and report it – The time frame to conduct an audit and report it plays a role in planning the audit schedule and when the audit

resources will be needed and for how long. This helps to estimate the manpower needed to conduct the audits.

- Audit team resources – If there are limited resources for the audit in terms of manpower, this must be factored into the number of audits that can be conducted.
- External Audits – The internal audit team will facilitate any external audit that takes place and ensure proper actions to take place as a result of these audits. Therefore, the schedule should budget for these efforts depending on the number of external audits.
- Follow up – Another item to factor into the audit schedule is the follow up to be done to follow up on and close all issues raised by internal and external audits .

After the schedule is developed, resources needed to conduct the audits must be assigned, and the audit schedule is then published to the concerned parties after approval.

8.3 Stage 3: Conduct Audits

8.3.1 Introduction

The process conducting of audits for a PPP project is as critical as it is sensitive to the auditee.

8.3.2 Process & Best Practices

Internal Audits

The process of internal audits will follow the below steps:

- Prepare audit checklists – the checklist content is dependent on the type and purpose of the audit being conducted. However, the checklist should contain the following type of information:

    - **Generic** – auditee information, process / area being audited, department, date, time, auditors, etc.
    - **Specific – this information pertains to area and activities being audited.** This part should be detailed as to how the audit will be conducted for each activity and what information to be gathered along with evidence and measurements, if any to be made.

An effective technique for the production of the checklist is to assign the responsibility for each area / activity to be audited to a team member and each will produce a detailed checklist for each area. Then the audit team leader will review and consolidate the developed checklists to make the final checklist.

- Communicate the audit checklists to the team being audited – once the checklist is put together, it is sent to auditee(s) for the information and to prepare for the audit. However, the evidence and records selected for verification has to be done on a random statistical basis by the audit team.
- Prepare and communicate the audit schedule – The audit schedule should be prepared on a time slots basis and responsibility assigned to the audit team members. The schedule should be worked on by the team leader to organize the time slots and map them to the activities / areas to be audited.
- Study regulatory requirements and processes / procedures – Depending on the area / activities to be audited there might be legal / statuary requirements / rules to be followed. When conducting an audit, compliance with these requirements must be verified and adhered to by the auditee.
- Conduct opening meeting – The main thing about the opening meeting is to lay out the scene / purpose of the audit and discuss the schedule and workout any changes if needed. The opening meeting is crucial as it sets the tone for the audit and the theme of monitoring to compliance versus process improvement. The audit team leader will chair the meeting and introduce the team members and their roles in the audit.
- Investigate records and obtain samples – when verifying activities evidence must be collected. A basic rule for sampling is that the sample size has to be statistically representative of the population of the area being audited. Sample selection should be a random selection and has to cover the period since the last audit.
- Record findings – once the verification and studying of the samples is done, the findings are discussed with the audit team leader. After they are agreed upon, they are documented for discussion with the auditee.

- Prepare report – the report is prepared describing the audit objective, a summary of findings and any major notes to be brought to management’s attention.
- Agree on corrective actions with closing dates – the team leader will arrange for a closing meeting with the auditee where the findings are discussed. Once the findings are agreed upon, the auditee will decide on the corrective actions with closing dates and responsibility of the auditee team to ensure corrective action is executed.

External Audits

The external auditing process requires the PPP team to take the following steps:

- Attend audit meetings
- Provide access to records
- Respond with an action plan to audit findings

8.4 Stage 4: Measure KPI

8.4.1 Introduction

The process of measuring KPIs for a PPP project through its lifecycle is crucial to the control and monitoring of the project's progress.

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8.4.2 Process & Best Practices

A detailed SLA with KPIs should be part of the PPP contract. The SLA will contain the following:

- SLA parties
- Validity period of SLA
- Function / activities covered by the SLA
- KPI / Service standards
- Specific performance targets
- Measuring mechanisms

The responsibility for measuring KPIs needs to be assigned. There are various options for assigning this responsibility:

- Dedicated function reporting to the PPP project manager
- Each team to report on the KPIs related to their area by assignment from the project manager.

Input from key stakeholders is invaluable for identifying KPIs and establishing performance benchmarks based on the service(s) to be delivered to the public.

The process for measuring KPIs must be clear and transparent to the PPP team and all stakeholders so there is a good understanding about how to calculate actual performance against the targets set.

The formulas / sources of information to measure the KPI must be part of an SLA. Those formulas and sources of information need to be identified and agreed upon in the SLA so that all stakeholders are consistent in evaluating the performance of a PPP.

8.5 Stage 5: Report Audit / Performance Findings

8.5.1 Introduction

After conducting audit and measuring the KPIs for the PPP project through its lifecycle comes the process of analyzing those findings.

8.5.2 Best Practices

Once KPIs are measured and audits are conducted, the findings need to be reported to stakeholders and relevant government authorities.

KPIs

- Measurement Verification - Verify a sample of reported KPI performance to ensure the compliance with agreed upon methods of calculation methods and the formulas in the SLA.
- Performance Comparison - Compare the actual project performance to the agreed upon targets in the SLA.
- Gap Analysis - Where the performance falls below targets, ask for clarification and analysis from the relevant team responsible for the KPI. The analysis should detail why performance did not meet the set targets.
- Trend Analysis - Conduct trend analysis to project future performance based on historical performance data. Many statistical tools are available to help project future performance. Projecting future performance will help the PPP project team take proactive steps to ensure that performance reaches its accepted levels.

- Reporting - Report findings to key stakeholders for consideration and action as appropriate. The reporting of KPI performance to stakeholders is important to

keep them aware of what is happening in the project and support any needed actions to ensure project success.

Audits

- Documentation – the audit findings are documented with details of the sample and explanation of any non-compliance along with reference to any violations of policies / procedure / regulation.
- Discussion - Discuss and agree on the final findings with the auditee in the closing meeting. The purpose of presenting the findings to the auditee is so they can be accepted for action. It is important that audit findings to be factual and supported by evidence and samples. Findings should never be based on personal opinions or hearsay from anyone interviewed during the audit.
- Action Plan - Discuss and obtain action plan for corrective action needed with the auditee and set target dates and responsibility for closing all outstanding matters. It is best practice to let the auditee decide on the best corrective action to be taken as long as it ensures matters are resolved and the root causes of any problems are removed.
- Reporting - Report findings to key stakeholders for consideration and action as appropriate. The reporting of audit findings to stakeholders is important to keep them aware of what is happening in the project and support any needed actions to ensure project success.

As best practices indicate, the findings from both performance assessments and audits must be prioritized based on their impact on the service / progress of project. Prioritizing findings can be based on a system as simple as high, medium, low, or as complicated as numeric scaling and scoring of the audit.

8.6 Stage 6: Follow up on Findings and Corrective Action

8.6.1 Introduction

After corrective actions are taken based upon the results of KPI reporting and audits, there must be some follow-up to ensure that any gaps are closed. This must be done throughout the PPP project life cycle.

8.6.2 Process & Best Practices

Once the KPI findings and corrective actions have been agreed upon, reported and implemented, there must be follow up on the actions plans to correct audit findings and achieve KPI targets. The audit team should be responsible for follow-up. This could be as simple as receiving evidence from the auditee that appropriate actions have been taken and randomly verifying them. It may involve re-auditing certain specific areas and take new samples after the actions have been implemented.

The auditing findings and actions are kept on file for future audits to make sure issues do not re-surface. If any problems do reappear, a new root cause analysis should be conducted to find out the cause.

If any of the corrective actions or steps is not closed by their due date, the matter should be escalated to the PPP project manager for action as appropriate. Corrective actions should be taken seriously by all parties and should not be seen as unnecessary actions simply to satisfy auditors. If the corrective actions are not closed as agreed, the PPP project will be subject to unnecessary risks which might have serious financial / operation impact on the project.

The PPP project manager along with the stakeholders need to firmly deal with audit findings. Their message to others should be consistent that audit issues must be addressed and closed.

Stakeholders should intervene at any point if they feel that the PPP project team is not fulfilling its responsibilities for handling audit findings and corrective actions.

Section IX: PPP Management Review

Stage 1: Set-up Corrective Actions

Stage 2: Implement Corrective Actions

9.1 Stage 1: Set-up Corrective Actions

9.1.1 Introduction

Once the KPI gaps and audit findings for a PPP project has been agreed upon, corrective actions must be taken to address and close those gaps.

9.1.2 Process & Best Practices

The set-up of corrective actions for the KPI gaps and the audit findings needs to address the core issues and root causes. Corrective actions should have the following elements:

- Root cause analysis – The analysis should be a detailed examination of the causes and circumstances involved in any shortcomings / gaps revealed by audits or performance assessments. Consistent with best practices, the analysis should be done by the team who is responsible for the area in which the gap was identified, and then verified independently by the audit team.
- Short Term Action – Immediate short-term actions are needed to address current gaps and set controls to prevent other issues from arising.
- Long Term Action - Actions that target the root causes of the audit / performance gaps. This may require major changes to processing methods, operational management, etc.
- Closure - All actions, whether short or long term, should have defined closing dates and assigned responsibility.

9.2 Stage 2: Implement Corrective Actions

9.2.1 Introduction

The implementation of corrective action is important in the audit process to ensure success of the PPP project.

9.2.2 Process & Best Practices

The implementation of corrective actions needs to be based on set priorities among all categories of findings. Top priority should be given to “Major” findings since they have high impact on the project’s progress and performance.

The auditee and the team assigned to implement the corrective action need time to properly close the issues in order for things to be fixed from first time. However, it is important to implement the corrective actions as soon as possible to stop any deterioration in terms of performance or causing more gaps in other operations. Once actions are implemented, evidence is collected by the assigned team and sent to the audit team for verification and closing of the audit finding.

Defined actions, clear responsibility along with the commitment of the PPP project team to close audit issues are critical to the success of the audit process.

Section X: PPP Closure

Stage 1: PPP Council Review

Stage 2: Ending the Contract

Stage 3: Lessons Learned

10.1 Stage 1: PPP Council Review

10.1.1 Introduction

An important part of the PPP auditing is the process of PPP governing body review of the overall progress on the implementation of corrective actions for the KPI gaps and audits findings for PPP projects.

10.1.2 Process & Best Practices

The PPP governing body will review projects and KPI performance audits on a quarterly basis -- reviewing all PPP project audits conducted during the previous quarter.

The review meeting would be arranged to:

- Discuss and act on major findings for projects that have been audited.
- Discuss and act on overdue findings that have not been closed.
- Analyze the effectiveness of the audit process and seek any improvement.
- Align on standard basis the direction of corrective actions to be taken.
- Address any issues beyond the specifics of a certain project that may require governing body involvement, such as policy amendments.

The outcomes of all management review meetings should be documented and distributed to all project managers and audit team leaders. They are responsible for implementing any changes and communicating necessary information to all concerned parties.

10.2 Stage 2: Ending the Contract

10.2.1 Introduction

PPP contracts have fixed duration of operation. Once the end of the contract term arrives, the contracting authority needs to ensure the continuation the services to the public.

10.2.2 Process & Best Practices

As the end of a PPP contract period approaches, the Contracting Authority needs to assess the various options available regarding continuation of the services being delivered by a PPP project, which may include:

- Extend the PPP contract with the same PPP private partner – if both parties are satisfied with the partnership then continuation under a new PPP contract in it is a good option. This option has the advantage of not disrupting service delivery operations. However, in some countries regulations forbid renewing long-term, public contracts with the same partner to eliminate the possibility of creating a monopoly for the service delivery.
- Contracting Authority to take over the PPP service delivery – this would entail lots of planning and consideration for various aspects from the very beginning of the PPP project. The government agency would need to ensure it has the resources, including trained personnel, to take over operations from the private partner. The transition has to be smooth and without service disruption. This can be a very complicated option to pursue, depending on the agency's level of readiness. The agency should consider various factors in their decision on this option, some of these factors are:

    - Availability of trained resources to manage service delivery.

  - Budget constraint and expertise to maintain the infrastructure.
  - Ability to deliver the same or better quality of service and performance
  - Stakeholders view since this option impacts them as well in their operation.
- Award the PPP contract to a new PPP private partner – this option also involves a handover -- to another new private partner. It also raises the same transition risks and considerations as handing back service delivery to the government agency.

If the current private sector partner will not continue to deliver the services, the main concern of the agency is to ensure a smooth transition of PPP service delivery, whether to the Contracting Authority itself or a new PPP private partner.

Key issues to be addressed in the stage are:

- Decision on which option to pursue when the original PPP contract expires should not be left to the end of the contract period. This decision should be considered carefully during the conception phase of the initial PPP project since it will impact cost and planning for activities. In short, the agency should know where it is going before it starts walking on the PPP road.
- When beginning work on a new PPP agreement, it is important for the government agency to learn from its previous contract. It should understand what issues and problems surfaced, and address them in advance in the new PPP contract. The main considerations are: value for money, best meeting user needs and serving the public interest. Terms and conditions in any PPP contract should support those objectives.
- The resources needed by the Contracting Authority if it will take over the PPP service delivery. This would likely mean a combination of acquiring some of the resources from the PPP private partner and also upgrading agency resources, including additional training of staff, as well preparing to handle the operational side of service delivery.
- Criteria for deciding which option best meet the agency's needs in terms of value for money and user needs, should be developed by the government agency early in the project in consultation with the PPP governing body.

- Any changes in service delivery if the agency takes over or awards the project to a new PPP private partner (for example, through a new public tender). This is a critical issue since the government agency will need to continue delivering the services to the public as promised with minimal changes and no interruptions. If a new partner will handle service delivery in a new operational manner, the government agency will need to understand in advance how this will affect the public (users) and account for that in its own decision making process.
- Stakeholder consultations about transitions. Stakeholder consultations are vital during any transition of a PPP project. Stakeholders, including users, must understand what changes may occur in the services or their delivery. For this, good communications with all relevant stakeholders is essential before any changes occur and before the decision is made about options after the first PPP contact ends.

10.3 Stage 3: Lessons Learned

10.3.1 Introduction

Creating a process for collecting and disseminating lessons learned will help government agencies and project managers to better run their PPP projects and ensure a higher chance of success.

10.3.2 Process & Best Practices

The PPP governing body assumes responsibility for regularly collecting and disseminating PPP lessons learned across government.

The lessons should be documented by PPP project managers upon project closure and sent to the PPP governing body.

The PPP governing body will collect all lessons learned and analyze them to extract the actual lessons that all government agencies can use and benefit from.

All lessons learned from various PPP projects should be published and shared periodically with all public agencies and existing PPP projects.

S/n	Project	Location	High level project brief	Project status	Estimated (target) value
1.	Obudu Cattle Ranch Resort Cluster	Obudu / Obanliku	A signature brownfield world class resort with diverse supportive components - water park, cable car, Utanga Safari, mini-hydro power, international airport etc.	Sub-optimal performance and severe value diminution. Restructuring and private finance a necessary path	Excess of NGN 60 billion
2.	Greater Calabar Haulage & Satellite City Project	Odukpani	A greenfield traffic solution PPP investment opportunity. The Project is intended to clear trucks off road shoulders, ease traffic congestion, restore the environmental integrity of Calabar City, enhance road safety as well as contribute to the State's internally generated revenue purse. The commercial outlook of the Project is one of increasing demand given that Calabar has about 19 active tank farms with increasing potentials.	Project preparation phase	Excess of NGN 20 billion

3.	Specialist PPP Hospitals	Across 3 Senatorial Districts	A greenfield / brownfield referral healthcare end-to-end PPP opportunity with affordability plank	His Excellency, the Governor's approval	Infrastructure contribution in excess of NGN 15 billion
4.	Marina Resort	Calabar Municipality	Brownfield mixed waterfront entertainment / recreation facility currently underutilized and highly susceptible to value diminution.	Sub-optimal performance. Restructuring and private finance a necessary path	Excess of NGN 5 billion
5.	Calabar Metropolis Waste Management & Engineered Landfill	Calabar Municipality	Waste collection, transportation and disposal including engineered landfill and waste recycling (power, manure etc.)	His Excellency, the Governor's approval	Infrastructure contribution in excess of NGN 3 billion
6.	Bakassi Integrated Deep Seaport Project Restructuring	Bakassi	A greenfield 17m draft port with dedicated evacuation corridor from the proposed port location to border with northern Nigeria	Project outline and full business case (OBC + FBC) achieved. Federal Government Project Steering Committee in place. Project awaiting decision on preferred bidder.	USD 3 billion
7.	International Flying School	Obudu / Obanliku	A greenfield PPP investment opportunity with development spin-offs for the State economy and the Obudu Ranch cluster	Awaiting His Excellency, the Governor's decision and directive, for inclusion as PPP pipeline opportunity.	Infrastructure contribution in excess of NGN 6 billion
8.	Calabar Specialist PPP Hospital Restructuring	Calabar Municipality	A brownfield 105 - bed PPP referral hospital with gatekeeping facility.	Marginal civil works on the project as is. Project was stalled by the obvious	Excess of NGN 6 billion

			Project was prepared by the International Finance Corporation with Utopian Consortium as concessionaire. Unfortunately, project was abandoned midway.	lopsided nature of the project agreement that placed some material financial burden on the State.	
9.	Compressed Natural Gas Processing & vehicle conversion Facility	Calabar Municipality	A greenfield PPP investment opportunity, a multi-sectoral catalyst for the sustainable growth and development of the State through direct and indirect new jobs, foreign exchange earnings, infrastructure contribution etc.	His Excellency, the Governor's approval	Infrastructure contribution in excess of NGN 80 billion
10.	Calabar Modular Refinery	Odukpani			
11.	Calabar Fishing & Processing Facility	Bakassi			
12.	State-wide PPP Housing Scheme	Across 3 Senatorial Districts			
13.	Calabar International Convention Centre	Calabar Municipality	State Government's fully owned assets with revenue earning (lease rentals) prospects. The asset is a natural candidate for PPPs in view of its unique location and the inherent potentials for private finance and cost recovery, location etc.	Sub-optimal performance and severe value diminution. Restructuring and private finance a necessary path	Yet to be estimated
14.	Cross River State Guest House	Abuja			
15.	Cross River State Guest House	Lagos			
16.	Calabar 26x2 combined	Calabar Municipality	A viable captive power value chain PPP opportunity with strong potentials for	His Excellency, the Governor's approval	Project envelope of USD 30

	cycle gas fired power plant, Summit Hills		addressing the ease of doing business rating of the State. The brownfield project had previously received the Indian Exim facility of USD30 million from the total national funding line of USD100 million for 3 states (namely, Cross River - USD30m, Kaduna - USD USD40m and Enugu - USD30m)		million
17.	Calabar Rovers FC Restructuring & Partnerships	Calabar Municipality	Professional football is a business to the extent that it involves investment (in players, stadium, customer service, etc.) and a return (from ticket prices, merchandise, sponsorship, broadcast rights and youth academy). The 'soccernomics' opportunities in the State, drawing from the demographic structure (significant youth population) is enormous. PPPs is a natural window for unlocking this opportunity and diversifying our economy across the State within the administration's "people-first" mantra.	His Excellency, the Governor's approval	Investments and revenue flows from partnerships in excess of USD 5 million
18.	The Pelicans FC Restructuring & Partnerships	Calabar Municipality			
19.	Black Cat FC Restructuring & Partnerships	Ogoja			
20.	Ethanol (cassava derivative) Processing Complex	Obubra / Yakurr / Odukpani	Cross River State is one of the top-3 cassava producing sub nationals in the country (Nigeria is global leader in cassava production). The adoption of modern farm practices in the cultivation of at least 50,000 hectares of land on a JV/PPP arrangement will	His Excellency, the Governor's approval	Investments and revenue flows in excess of USD 200 million

			translate to substantial new direct and indirect jobs; forex earnings in excess of USD 200 million per annum in the State from the following cassava derivatives - starch, flour, ethanol, methanol, glucose sorbitol and bio-degradable plastics, formaldehyde, hydrochloric acid, sodium silicate and caustic soda.		
21.	Calabar Ultramodern PPP New Market Development	Calabar Metropolis	Urban markets influence livelihood socially and economically including a signpost of the obvious dynamic of urbanization and development. The current Calabar urban market (Watts Market in particular) appears to have been stretched beyond its desired usefulness within the context of access, health, safety and environment (HSE), access considerations. Clearly, now is the time for the "people-first" administration to develop a greenfield Calabar ultramodern PPP market (with characteristics of markets and	His Excellency, the Governor's approval	Investments and revenue flows in excess of NGN 7 billion

			shopping centers, convenient parking facility, shelters, security and health post etc.) in a possibly new, expansive and accessible location.		
22.	Calabar PPP Central Business District Development	Calabar Metropolis	The implication of freeing up the existing Calabar market is unfettered access to a central business district in Calabar Metropolis. The first of its kind! This will be a massive infrastructure development feat and rich contribution to Calabar city renewal with obvious development footfalls.	Awaiting His Excellency, the Governor's decision and directive, for inclusion as PPP pipeline opportunity.	Investments and revenue flows in excess of NGN 8 billion
23.	Out-of-home / outdoor media & signage operations	State wide	A service / management contract (PPP variant) possibility intended to attract positive efficiencies of private sector technology, finance, expertise and other resource pool in the operation of these opportunities.	His Excellency, the Governor's approval	Revenue flows in excess of NGN 5 billion
24.	State-wide Universal Healthcare Insurance Scheme	State wide			Fast tracking universal healthcare coverage across the State.
25.	Calabar Carnival Restructuring & Capital	Calabar Metropolis	The Annual Calabar Carnival initiated in 2004 is pivotal to the State's tourism	His Excellency, the Governor's approval	Yearly infrastructure

	Market Listing		drive and socio-economic development. The Calabar Carnival is expected to be one of the cardinal engines of strategic wealth and job creation in the State. Succeeding administrations have continued to fund the Carnival from its traditional budgetary sources with severe fiscal consequences over the years. Beyond implementation constraints arising from the tight fiscal realities is restraint on innovation, bureaucratic bottlenecks and market competition in the segment. Private sector participation (through PPPs, example, capital market listing etc.) in the Carnival is best suited for attracting sustainable finance, brand equity, management and outcomes through Africa's largest street party.		and revenue flows in excess of NGN 7 billion
26.	Odukpani Economic Zone & Business Park	Odukpani	The greenfield development of an economic and free trade zone in Odukpani, Cross River State under a	His Excellency, the Governor's approval	Investments and revenue flows in excess of USD20

			PPP model that leverages on government policies, economic and investment opportunities in the region and country. The rationale is to create a private sector driven industrial /commercial /residential hub that takes advantage of the States distinctive competencies - seaport, airport, vast deposit of non-oil minerals, proximity to oil & gas fields, proximity to the Trans-Sahara highway, proximity to 562.5 MW power station etc.		million
27.	Calabar - Ogoja Electric Train Infrastructure	State wide	The Calabar-Ikom-Obudu-Gakem 260 kilometer high-speed electric rail PPP passenger and cargo project is expected to accelerate the achievement of the objectives of the respective high level (international / regional) policy parameters such as the African Continental Free Trade Area Agreement, the African Agenda 2063 and the UN-SDGs. In particular, this integrated project with provide		

			access to free movement of goods and persons, leveraging on existing ancillary projects (the Trans-Sahara highway, the Calabar Port, the greenfield agricultural and economic zones etc.). The project is expected to be powered using clean, zero carbon energy sources. The project is at early (stage) preparation phase with on-going conversation with some DFIs. It is anticipated that the project would trigger substantial positive development outcomes and reduce the pressure on existing road assets by hauling products from industrial complexes such as the Lafarge Cement Factory, the massive non-oil mining fields in Akamkpa as well as seamless connection between opportunities in the Chad Basin, northern and southern Nigeria.		
28.	Urban water value chain PPPs etc	Urban Area across the State	Cross River State is one of the flagship sub nationals with significant DFIs	His Excellency, the Governor's approval	Yet to tbe estimated.

			footprint in urban water value chain development. The truth is, not much has been achieved with regards to efficient urban water delivery across Calabar Metropolis and the respective urban areas - Ugep, Ikom, Calabar and Obudu. Now is the time to retool the generation, transmission and distribution of water to end users through PPPs in the State.		
29.	Industrial Complex - auto mobile, tyre production, modular refining, educational etc.	State wide	Mixed opportunities for socio-economic growth and development.	His Excellency, the Governor's approval	Yet to tbe estimated.

10.3.3 Highlight of Solicited PPP Projects

Supplement Templates

SECTION C: INFRASTRUCTURE FINANCING OPTIONS/WINDOWS

Infrastructure Financing Lines / Windows – this relates to the respective hybrid funding lines / windows from which the State could explore and achieve longer maturity, competitively priced financing for critical infrastructure. This includes a blend of options such as debt, equity, development finance sources, mezzanine instruments etc.

Infrastructure comes with the natural implication of its longer maturity financing instruments and extended payback period. This has remained a critical aspect of planning, particularly for sub nationals when factored against the obvious vulnerabilities in the macroeconomic environment with restrictive impact on fund flows and predictions. This is a key rationale for the Cross River State Infrastructure and PPP Master Plan (2021 – 2030). The reality of the global Covid-19 pandemic and its impact on trade flows, global fund mobilization including lifestyle is another significant consideration.

The resource requirement for delivering on the infrastructure requirement across the critical sectors of the state's economy including the commitment to achieving significant footprints in the SDGs by the close-out year of 2030 is an interesting intersect in the document. Cross River State Government is therefore, deliberate on attracting the most efficient, risk based, innovative basket of funds from diverse sources, ranging from the private sector to local and cross border institutional project financing agents for purposes of implementing the Master Plan.

The State is mindful that this path would require effective coordination involving the domestication of a rich mix of skills in the bureaucracy, improvement of the operating business environment and regulatory conditions, continuous investment in local capacity development and retention, and adoption of a risk lens from start to finish in the respective opportunities' financing plan.

Cross River State Government has taken into cognizance the declining fortune in the oil economy and its subsequent negative impact on an oil-based economy like Nigeria. Specifically, it has taken note of its classification as a non-oil bearing state with the attendant implication on the state's drawdown from the federation account. The state suffered a 28% decline in Internally Generated Revenue from N22.60bn in 2019 to N16.18bn in 2020. Relative to the performance of sub nationals in the country, the state ranked 19th with about 76% dependence on funding from the federation account during 2020. The is coupled with its slight increase in total debt burden (in naira) of 2.35% from N230.88bn in 2019 to N236.30bn in 2020, explained by the local currency (naira) devaluation from N305.9/$1 in 2019 to N380/$1 in 2020.

Notwithstanding, the State Government is committed to the continuous delivery of sustainable infrastructure within a regime of value for money and good governance. To achieve this, credible hybrid funding approaches for infrastructure and services has been identified as the critical path. In this respect, the State Infrastructure Cluster through the State Economic Management Team may have to consider funding syndication, through possible engagement with the some of the options as listed below –

Indicative Infrastructure Financing Lines / Windows for the Near Term (2021 – 2025)

Organization	Name	Position	Email
Investment Funds			
African Finance Corporation	Akin-Olugbade Adesegun Andrews Olivier Tunde Orobossa Osaruyi	COO Director PA to CEO	adesegun.akin-olugbade@africafc.org olivier.andrews@africafc.org osaruyi.orobosa@africafc.org
African Development Bank	LAWSON ZANKLI, LATE DODJI AMADI, LINDA CHINYERE DIAGNE, MAMADOU Anthony Simpasa Musonda MTSOR, YEMISI GRACE		l.lawson-zankli@afdb.org L.AMADI@afdb.org M.DIAGNE@afdb.org a.simpasa@afdb.org y.mtsor@afdb.org
International Finance Corporation	Okunola Olumide Alijore Frank Ajibola Ian Twinn John Graham Ali Zulfiqar		aalles@ifc.org fajilore@ifc.org itwinn@ifc.org jgraham@ifc.org Zali1@ifc.org
NSIA	Uduak Ukpeh Esq	Secretary to Governing Board	uukpeh@nsia.com.ng
African Capital Alliance Group	Oladele Afolabi	Partner	afolabi.oladele@aca-web.com
Carlyle Group	Christopher Freeze Shelley Guiley	Managing Director in the Investor Relations Management Group Managing Director in the Investor Relations Management group	christopher.freeze@carlyle.com shelley.guiley@carlyle.com

AP Moller Capital	Rotimi Tewe	Investment Team	rotimi.tewe@apmollercapital.com
Afreximbank	Abdullahi Kone	Assistant Manager, Project & Asset Based Finance at African Export-Import Bank	amubarak@afreximbank.com
Africa50	Opuiyo Oforiokuma	Head of Strategy and Investor Relations	o.oforiokuma@africa50.com
West African Development Bank (BOAD)			jkouame@boad.org maboumon@boad.org abroohm@bf.boad.org
Japan Bank of International Corp (JBIC)			h-sekine@jbic.go.jp h-takaoka@jbic.go.jp
Development Bank of South Africa	Mpho Mokwele	Head, Project finance, incl. Transport	
	Mrs. Hildabertha Kundu	Senior Deal Originator	hildaberthak@dbsa.org
Actis	Patrick Helson		phelson@act.is
	Mrs. Ese Adejuwon		eadejuwon@act.is
Emerging Capital Partners	Michael (Mike) Jansa	Managing Director	mikejansa@gmail.com
Chapel Hill Denham	Adeyemi Adebayo		aadeyemi@chapelhilldenham.com

Macquare Infrastructure	Alex Kornman	VP, Investment banking	alex.kornman@macquarie.co
Proparco	Fatoumata Sissoko-Sy		sissokosyf@afd.fr
	Nathan Minguet		minguetn@afd.fr
	Medjo Yolande Wafo		wafomy@afd.fr
	Riccardo Fanelli		riccardo.fanelli@itare.it
	Giorgio Traietti		giorgio.traietti@itare.it
	Charles Dago		Charles.Dago@itare.it
ITARE	Davide Aggazzotti		davide.aggazzotti@itare.it
	Hadra Karen		karen.hadra@sc.com
Food & Agricultural Organization (FAO	Onwuemeka Alphonsus		Onwuemeka.Alphonsus@fao.org
	Ajibola Suara		Ajibola.Suara@fao.org
	Sakmicit Janfa		Sakmicit.Janfa@fao.org
Bank of Agriculture			
Korea International Cooperation Agency	Kayode Samuel ADEBISI		kayodeadebisi@overseas.koica.go.kr
Nigeria Governors' Forum Secretariat	David Nabena		dnabena@ngf.org.ng
	Olanrewaju Ajogbasile		oajogbasile@ngf.org.ng
Kwara State Chamber of Commerce, Industry & Agriculture (KWACCIMA)	Dr. Ahmed Raji	President	80335

INFRASTRUCTURE CREDIT GUARANTEE CO. LTD	Chinua Azubuike	CEO	cazubike@infracredit.ng

Section D: PROCUREMENT TEMPLATES – RfQ AND RfP

Sample Practice-based procurement Templates (Request for Qualification and Request for Proposal)

Supplements No.: Business Case Template

Supplement No. (A)

<PPP Project Name>

Business Case

<Sponsor MDA>

Prepared By:	<Author>
Document Version:	<N.N>
Date:	<Month, Year>

1. Template Introduction

The purpose of this PPP Business Case Template is to provide a step-by-step guide to building a business case for a public – private partnership projects.

The Template will offer an organized methodology for assessing and presenting a PPP business case.
The business case is an instrument that proposes the use of resources to pursue a business initiative. It is used to obtain approval for a proposed project. As such, it is the most important document in the project review and approval process.

A business case has three primary objectives:

- To present decision-makers with key information about a business proposal in a consistent, balanced format that facilitates the evaluation, comparison and prioritization of competing initiatives.

- To guide teams in developing their vision and plans to prepare for an upcoming project.

- To ensure that resources are allocated based on a sound business rationale and consistent with the priorities of the sponsor organization.

This PPP Business Case Template is designed to provide a common starting point for PPP projects. However, no two projects are the same, and no two business cases are the same. The business case for any project must present the key details and considerations for that project.

2. Business Need and Current Situation

<Describe in this section the business need, problem, or opportunity that the suggested project will address. This section should also provide a description of the current situation and how it affects the effectiveness and efficiency of the contracting authority. Also providing an historical background that led to the current situation can be helpful.

The characteristics of this section are:

- *The business need should be clearly defined*
- *Statistical data is very helpful to state the current situation and the business need.>*

Examples of Business needs, problems, or opportunities are:

- Not meeting service level expectations
- Escalating service costs
- Change in business requirements
- Change in legislation or regulations affecting a service

<The Current Situation sub-section will describe what is happening currently with the services involved, what has led to the current situation, and what is likely to happen if the current situation remains unchanged..>

3. Project Overview

Write this section to provide the reader with a clear definition of what the project will accomplish (objectives), what the project will and will not include (scope), what are the expected results (deliverables), who are the players (stakeholders), and what is needed from the government (resources).

Scope and out of scope

<Write this section to specify what and what is not included in the scope of the project. >

deliverables

<Write this section to itemize specific and measurable deliverables of the project. Each deliverable includes an estimated time frame of when the deliverable will be completed, in terms of elapsed time from project start.>

stakeholders

<List all interested parties that may be impacted (positively or negatively) by the project. Categorize the parties between internal (a party within government) / external (party outside of government) and primary (directly impacted and involved in the project) / secondary (impacted but is not directly involved in the project). For each party include an overview of their business requirements for the project.>

Example of Stakeholders requirements analysis is shown in Table 1 below:

Stakeholders	Overview of Business Requirements
Primary – Internal	
Stakeholder 1	Requirement 1,Requirement 2 …
Stakeholder 2	Requirement 1,Requirement 2 …
Primary – External	
Stakeholder 1	Requirement 1,Requirement 2 …
Stakeholder 2	Requirement 1,Requirement 2 …
Secondary – Internal	
Stakeholder 1	Requirement 1,Requirement 2 …
Stakeholder 2	Requirement 1,Requirement 2 …
Secondary – External	
Stakeholder 1	Requirement 1,Requirement 2 …
Stakeholder 2	Requirement 1,Requirement 2 …

Table 1:Stakeholders Requirements Analysis

Resources

<Write this section to detail the resources needed from the contracting authority or any other related government agency to fulfill the requirements of the project. This section should address the following:

- *any other sponsoring agency requirements in terms of skills and transfer of knowledge*
- *Assessment of the human resources needed to design, deploy, and manage the project, including plans for securing them internally or externally.*
- *Training needed to handle the project requirements.>*

4. Strategic alignment

<Describe in this section how this project is aligned to the overall goals and directions of the contracting authority with regard to .

This section should outline:

- *How the project supports the goals and directions of the contracting authority.*
- *How the project supports the goals and directions of the contracting authority's efforts.*
- *How the project supports and aligns to the State's initiatives as covered in the State Economic Blueprint (revised from time to time by the State Planning Commission)*
- *How the project supports the goals and directions of key stakeholders.>*

5. Environmental Analysis

<Write this section to provide the reader with an understanding of what other organizations (internal and external) have done or are doing to address similar types of problems or deliver similar or related services. The reader can use this section to compare the proposed business case direction to that of other agencies in the State or globally.

When conducting the environmental analysis, care should be given to the following points:

- *Are the agencies studied internally or externally representative of your current situation in terms of size, scope, and complexity of services to be delivered?*
- *Are the sources of information reliable and verified?>*

Examples of information that the environmental analysis will reveal:

- Length of other projects
- Specific project outcomes
- Critical success factors
- PPP models and delivery channels used
- Project Cost
- Benefits achieved
- Lessons learned (e.g., what other organizations would have done differently)

6. Market readiness

<Write this section to provide the reader with an overview about the readiness of the partner from the private sector*to deliver the project and services.*

The following issues should be reflected in this section to judge the readiness of the private partner:

- *The capability of* the private partner *to deliver the public services.*
- *The attractiveness of the project as a business opportunity to* the private partner*.*
- *The willingness and motivation of* the private partner *to go into a PPP relationship with the government.*

The State Planning Commission can be a good resource when writing the market readiness section has experience about various PPP projects in different agencies.>

Asking the following questions will help extract the information needed for this section:

- Can the private partner deliver the requested services within any constraints set by the sponsoring agency?
- Does the private partner have the demonstrated competencies, resources, and expertise to deliver the project and its services?
- Does the private partner have a proven track record of delivery these types of services?
- Will service delivery by the private partner be reliable and what assurances can be provided?
- Can the private partner manage the risks and risk mitigation accompanying the delivery of the intended public services?

7. Alternatives (business, technical, and procurement)

<Describe in this section the possible options for the delivery of the scoped services in Project Overview – Scope and Out of Scope. Options should be identified as "viable" or "not viable" with reasons provided.

The possible options are categorized in terms of business, technical, and procurement aspects.>

This section is important to contracting authority decision-makers and stakeholders since it explains the various options for structuring the project and delivering the service(s).
Options can vary in three different categories:

- Business Models: Various business models can be specified for the delivery of the service. As an example, the agency may choose centralized vs. decentralized service delivery models and packaged vs. individual service delivery models. The advantages and disadvantages of each model should be clearly stated and assessed.
- Technical Models: Various technical models can be specified for the delivery of services. As an example, are new assets needed or can existing assets be leveraged to deliver what is needed? The advantages and disadvantages of each model should be clearly stated and assessed.
- Procurement Models: The applicable PPP types as explained in the Inception stage in the PPP Master Plan should be carefully examined. Different PPP types involve different procurement models. The advantages and disadvantages of each model should be clearly stated and assessed.

8. Business and Operational Impacts

<Write this section to provide the reader with a list of a project's business and operational impacts on each stakeholder. Each impact is described and analyzed for each viable alternative.
>

For each stakeholderidentify all business (strategic, longer term focused) and operational (procedural, detailed focused) impacts that may arise from the project.

Examples of business impacts are:

- Change in service and/or products being provided
- Change in focus or direction of the department
- Changes that affect users of a service (e.g., access to services, cost, etc.)

Examples of operational impacts are:

- Staff training required
- Reduction of staff resources

For each impact, identify the magnitude of impact (high, medium, low, or none) for each alternative using the following guidelines as shown in Table 2:

- High indicates that the magnitude of impact is significant and stakeholder support and preparation is critical to the alternative's success
- Medium indicates that there is a manageable impact on the stakeholder
- Low indicates the alternative will have a minor impact on the stakeholder
- None indicates that the stakeholder will not be impacted by the alternative

Impact and Description	Alternative 1	Alternative 2	Alternative 3
Stakeholder 1			
Impact 1 – description	High	Medium	High
Impact 1 – description	Medium	Medium	Medium
……..			
Stakeholder 2			
……..			

Table 2: Business and Operational Impacts

9. Risk Assessment and analysis

<Use this section to help decision-makers and stakeholders make informed decisions about the project and whether to proceed with a PPP or not.

The input in this section should be taken from the Risk Assessment Template, which is presented as a separate template because of the level of detail needed.

Risk Assessment and Analysis is considered a major input into the Feasibility Analysis of this Business Case Template below.>

10. Feasibility assessment and analysis

<Write this section to demonstrate the value for money that using a PPP model for delivering the project will bring to the contracting authority.

Refer to the Feasibility Assessment and Analysis Template to fill in this section.>

11. Implementation Strategy

<Write this section to ensure that those approving the business case understand the resources (people, cost, time) to complete the whole project. A projected timetable should be presented, including estimates of when key milestones and key services are expected to be delivered.>

The following should be included in the Implementation Strategy section:

- Major project phases
- High-level work plan, deliverables and target dates for completion
- Costs required to carry out the implementation plan
- Personnel (departments, roles) required
- Proposed project structure
- Proposed project management

12. Contract Management processes and tools

<Write this section to ensure proper management of contracts in the suggested PPP project. Contract management can be complex for PPP projects, and each project has its own special management needs>

This section should include:

- A detailed process for the management of contracts as described in the Contract Management Chapter of the PPP Master Plan.
- Assignment of a team to handle the Contract Management process.
- Recommended Contract Management tools to facilitate the management of the process.

13. Project Review and Approval Process

<Write this section to make sure that the review and approval process is properly consolidated. Reviewing the progress of the project and the approval process of milestones will keep the project on track.>

This section should identify:

- Who is going to review the progress of the project and report on any mismatches
- Who must give approvals for the project.

14. Recommendations

<Write this section to identify (and justify) the chosen option for delivering the services in scope of the project based upon an overall evaluation of impacts, risks and feasibility. Specific recommendations for moving the project forward are also included.

Recommendations may range from recommending approval of a full project implementation using a specific PPP model to recommending further due diligence be done to validate some key business case elements.>

15. Business case sign-off

<The last section of the Business Case is where the decision-maker from the contracting authority indicates whether the business case is approved or not. Conditions for approval can also be identified here. If not approved, reasons for the decision should be documented.>

Supplements No. (B): Feasibility Study Template

Supplement No. (A)

<PPP Project Name>

Business Case

<Sponsor MDA>

Prepared By:	<Author>
Document Version:	<N.N>
Date:	<Month, Year>

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3. Project Overview

<Write this section to provide the reader with a clear definition of what the project will accomplish (objectives), what the project will and will not include (scope), what are the expected results (deliverables), who are the players (stakeholders), and what is needed from the government (resources).>

objectives

< Write this section to outline what the project will accomplish, in clear and measurable terms within a specified time frame. These objectives can be used in a post-implementation review to review and assess the success of the project. Objectives should be focused on outcomes, not operations, and on outputs, not processes.>

Examples of objectives include:

- Reduce processing time from 1 hour to 30 minutes, by March 2008.
- Reduce administration costs from 1.2 Naira to 1.1 Naira million for 2008 fiscal year.
- Make services accessible 24/7 online.

scope and out of scope

<Write this section to specify what and what is not included in the scope of the project. >

deliverables

<Write this section to itemize specific and measurable deliverables of the project. Each deliverable includes an estimated time frame of when the deliverable will be completed, in terms of elapsed time from project start.>

stakeholders

<List all interested parties that may be impacted (positively or negatively) by the project. Categorize the parties between internal (a party within government) / external (party outside of government) and primary (directly impacted and involved in the project) / secondary (impacted but is not directly involved in the project). For each party include an overview of their business requirements for the project.>

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Stakeholder 2	Requirement 1,Requirement 2 …
Secondary – External	
Stakeholder 1	Requirement 1,Requirement 2 …
Stakeholder 2	Requirement 1,Requirement 2 …

Table 3:Stakeholders Requirements Analysis

4. strategic alignment

<Describe in this section how this project is aligned to the overall goals and directions of the contracting authority with regard to .

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<Write this section to provide the reader with an understanding of what other organizations (internal and external) have done or are doing to address similar types of problems or deliver similar or related services. The reader can use this section to compare the proposed business case direction to that of other agencies in the State or globally.

When conducting the environmental analysis, care should be given to the following points:

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- Length of other projects
- Specific project outcomes
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- Project Cost
- Benefits achieved
- Lessons learned (e.g., what other organizations would have done differently)

6. Market readiness

<Write this section to provide the reader with an overview about the readiness of the partner from the private sector*to deliver the project and services.*

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- *The willingness and motivation of* the private partner *to go into a PPP relationship with the government.*

The State Planning Commission can be a good resource when writing the market readiness section has experience about various PPP projects in different agencies.>

Asking the following questions will help extract the information needed for this section:

- Can the private partner deliver the requested services within any constraints set by the sponsoring agency?
- Does the private partner have the demonstrated competencies, resources, and expertise to deliver the project and its services?
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- Will service delivery by the private partner be reliable and what assurances can be provided?
- Can the private partner manage the risks and risk mitigation accompanying the delivery of the intended public services?

7. Alternatives (business, technical, and procurement)

<Describe in this section the possible options for the delivery of the scoped services Project Overview – Scope and Out of Scope. Options should be identified as "viable" or "not viable" with reasons provided.

The possible options are categorized in terms of business, technical, and procurement aspects.>

This section is important to contracting authority decision-makers and stakeholders since it explains the various options for structuring the project and delivering the service(s).
Options can vary in three different categories:

- Business Models: Various business models can be specified for the delivery of the service. As an example, the agency may choose centralized vs. decentralized service delivery models and packaged vs. individual service delivery models. The advantages and disadvantages of each model should be clearly stated and assessed.
- Technical Models: Various technical models can be specified for the delivery of services. As an example, are new assets needed or can existing assets be leveraged to deliver what is needed? The advantages and disadvantages of each model should be clearly stated and assessed.
- Procurement Models: The applicable PPP types as explained in the Inception stage in the PPP Master Plan should be carefully examined. Different PPP types involve different procurement models. The advantages and disadvantages of each model should be clearly stated and assessed.

8. Business and Operational Impacts

<Write this section to provide the reader with a list of a project's business and operational impacts on each stakeholder. Each impact is described and analyzed for each viable alternative.
>

For each stakeholder (outlined in Section 0) identify all business (strategic, longer term focused) and operational (procedural, detailed focused) impacts that may arise from the project.

Examples of business impacts are:

- Change in service and/or products being provided
- Change in focus or direction of the department
- Changes that affect users of a service (e.g., access to services, cost, etc.)

Examples of operational impacts are:

- Staff training required
- Reduction of staff resources

For each impact, identify the magnitude of impact (high, medium, low, or none) for each alternative using the following guidelines as shown in Table 2:

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- Medium indicates that there is a manageable impact on the stakeholder
- Low indicates the alternative will have a minor impact on the stakeholder
- None indicates that the stakeholder will not be impacted by the alternative

Impact and Description	Alternative 1	Alternative 2	Alternative 3
Stakeholder 1			
Impact 1 – description	High	Medium	High
Impact 1 – description	Medium	Medium	Medium
……..			
Stakeholder 2			
……..			

Table 4: Business and Operational Impacts

9. Risk Assessment and analysis

<Use this section to help decision-makers and stakeholders make informed decisions about the project and whether to proceed with a PPP or not.

The input in this section should be taken from the Risk Assessment Template, which is presented as a separate template because of the level of detail needed.

Risk Assessment and Analysis is considered a major input into the Feasibility Analysis of this Business Case Template in Section 10 *below.>*

10. Feasibility assessment and analysis

<Write this section to demonstrate the value for money that using a PPP model for delivering the project will bring to the contracting authority.

Refer to the Feasibility Assessment and Analysis Template to fill in this section.>

11. Implementation Strategy

<Write this section to ensure that those approving the business case understand the resources (people, cost, time) to complete the whole project. A projected timetable should be presented, including estimates of when key milestones and key services are expected to be delivered.>

The following should be included in the Implementation Strategy section:

- Major project phases
- High-level work plan, deliverables and target dates for completion
- Costs required to carry out the implementation plan
- Personnel (departments, roles) required
- Proposed project structure
- Proposed project management

12. Contract Management processes and tools

<Write this section to ensure proper management of contracts in the suggested PPP project. Contract management can be complex for PPP projects, and each project has its own special management needs>

This section should include:

- A detailed process for the management of contracts as described in the Contract Management Chapter of the PPP Master Plan.
- Assignment of a team to handle the Contract Management process.
- Recommended Contract Management tools to facilitate the management of the process.

13. Project Review and Approval Process

<Write this section to make sure that the review and approval process is properly consolidated. Reviewing the progress of the project and the approval process of milestones will keep the project on track.>

This section should identify:

- Who is going to review the progress of the project and report on any mismatches
- Who must give approvals for the project.

14. Recommendations

<Write this section to identify (and justify) the chosen option for delivering the services in scope of the project based upon an overall evaluation of impacts, risks and feasibility. Specific recommendations for moving the project forward are also included.

Recommendations may range from recommending approval of a full project implementation using a specific PPP model to recommending further due diligence be done to validate some key business case elements.>

15. Business case sign-off

<The last section of the Business Case is where the decision-maker from the contracting authority indicates whether the business case is approved or not. Conditions for approval can also be identified here. If not approved, reasons for the decision should be documented.>

Supplements No. (C): Risk Assessment Template

Supplement No. (C)

<PPP Project Name>

Risk Assessment

<Sponsor MDA>

Prepared By:	<Author>
Document Version:	<N.N>
Date:	<Month, Year>

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1. Template Introduction

The Risk Assessment Template will offer a standard methodology/matrix risk to enable sponsors of a PPP project to evaluate all substantial risks of a proposed project.

Risk analysis is a key component of the overall feasibility assessment in the business case for a PPP project. Risk assessment is a vital part of determining value for money.

The template will help PPP sponsors complete three critical tasks:

- Building a risk matrix that will be used when considering a potential project's feasibility.
- Apply a standard methodology to risk evaluation.
- Help create a formal risk management strategy before negotiating with a private partner in order to optimize risk allocation.

The template will be a matrix providing:

- Description of each significant risk
- Probability of each risk
- Economic impact
- Options for risk mitigation
- Risk allocation.

It is essential that risks be considered on a project-by-project basis. Each project has a different mix of risks and optimal risk allocation.

In general, the risk assessment process involves four steps:

- **Step 1: Identify project risks**
- **Step 2: Identify the consequences of each risk**
- **Step 3: Estimate probability of each risk**
- **Step 4: Calculate the cost of each risk**
- **Step 5: Allocate risk**
- **Step 6: Build the risk matrix**
- **Step 7: Identify strategies for mitigating the risks**

2. Identify Project risks

<Identify in this section all the important risks.

The recommended method to identify risks is:

- Establish workshops or focus groups that can provide valuable input in the identification of the related risks. Attendees to the workshops can be:
  - Project Management team
  - Stakeholders who have experience in similar projects
  - Independent consultants
- Identify the categories of risks that relates to the project. The categories of risks are standardized in a complete risk matrix. This matrix contains most of the risks that typically face PPP projects.
- Identify the important sub-risks in each category.

3. Identify (AND QUANTIFY) consequences of each risk

<Identify in this section the consequences once the risk materializes.>

The consequences of risks are characterized by three components:

- Effect of Risk: The effect the risk brings to the project may materialize as a cost increases, time delays, etc…
- Timing of Risk: The effect of the risk may happen at different times in the life of the project. Construction risks for example may appear at the early stages of the project.
- Severity of Risk: Severity represents the volume of the effect on the project. The cost increases may appear to be high, medium, or low. Also a percent value should be given to the risk. For example the capital cost could be subjected to an overrun cost risk of 20% of the originally set value.

Based on the consequences identified, the next step is to assign a Naira value to those consequences – or estimate their economic impact on the project. This will help quantify each risk, based on its expected consequences. As noted, in order to calculated the cost of each risk, it is first necessary to quantify the consequences of that risk.

Identifying the above components of risk consequences needs an intensive investigation. Separate workshops for the consequences are recommended after the workshops for identification of risks themselves.

4. Estimate the probability of each risk

<Identify in this section the probability or likelihood of the risk materializing. >

Identifying the probability of the risks is not an easy task. The probabilities are based in most of the cases on estimates.

Those estimates need to be revisited as new information about the risks becomes available.

A recommended approach for identifying the probability of risks is:

- Check if any similar project exists and try to figure out what risks were faced in the project.
- If historical information about similar projects does not exist, then best estimates should be used. Best estimates depend on the experiences of members in the project or other stakeholders.
- Tools can be used to calculate risks probabilities. Consultation with experts in this field is recommended.
- Some risks may be considered as having low probability, but the consequences or impacts may be high. Assessing all risks, even those with low probability, is important in this stage.

5. Calculate the cost of each risk

<Identify in this section the costs of each risk based on the. >

To identify the cost of each risk, the probability and the severity of the risk should be known as per previous sections.

The following example provides a simple method to calculate the cost of a risk:

- Assume the capital cost of a project is N10M.
- The government knows from historical trends that conventional government procurement methods on average leads to a cost overrun of 20% in capital costs.
- The cost overrun happens 50% of the time.

The risk = capital cost overruns
The consequences (quantified) of the risk = 20% extra capital costs
Cost of overrun risk = Capital Cost (x) consequences of risk (x) probability
Cost of overrun risk = 10M (x) 20% (x) 50%
Cost of overrun risk = N1M

6. Allocate risk

*<Identify in this section which party should carry each risk identified*0*. The golden rule is to assign risk to the party best able to manage it. Risk can be allocated to either the contracting authority or the private partner, or a risk can be shared. >*

7. Build the risk matrix

<Summarize in a table all the findings from the previous sections.>

An example of a risk matrix for the identified risks is shown in the Table below:

Risk Category	Sub-Risk	Description	Consequence	Consequences	Probability	Cost of Risk	Allocation
1. Construction Risk	1.1 Cost Overrun	Increase in the construction costs assumed in base PSC	Extra costs	20%	50%	1M Naira	Private Partner
	1.2 Time Overrun	Delay in the construction schedule, which leads to increase in construction costs.	Delay, which means additional cost	10%	40%	400k Naira	Private Partner
2. Availability Risk							

Table 5: Risk Matrix

8. Identify strategies for mitigating the risks

<Identify the risk mitigation strategies, techniques and options for each risk identified.>

9. Risk Marix Sample

The Table below summarizes generic PPP risks that PPP projects may face. However, risks vary for each project. A risk matrix must be created specifically for every project.

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
1.	Availability risk	Possibility that Services provided by Private Partner do not meet output specifications of the Institution.	• Clear output specifications. • Performance monitoring. • Penalty Deductions against Unitary Payments.	Private Partner.
2.	Completion risks	Possibility that completion of Work required for project may be (i) delayed so that delivery of Services cannot commence on Scheduled Service Commencement Date, or (ii) delayed, unless greater expenditure is incurred to keep to the Scheduled Service Commencement Date, or (iii) delayed because of variations.	• Performance monitoring. • Special insurance (project delay insurance). • Appointment of an Independent Certifier to certify completion of Work. • Liquidated damages, construction bonds and other appropriate security from the Private Party as incentives to achieve completion, unless caused by the Institution. • Relief Event.	Private Partner, unless delay caused by Institution (including, Institution Variations).
3.	Cost over-run risk	The possibility that during the design and construction phase, the actual Project costs will exceed projected Project costs.	• Fixed price construction contracts. • Contingency provisions. • Standby debt facilities / additional equity commitments; provided that these commitments are made upfront and anticipated in base case Financial Model.	Private Partner.
4.	Design risks	Possibility that Private Partner's design may not achieve required output specifications.	• Clear output specifications. • Design warranty. • Patent and latent defect	Private Partner.

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
			liability. • Consultation with and review by Institution (but review must not lead to input specifications by Institution). • Independent Expert appointment to resolve disputes on expedited basis.	
5.	Environmental risk	Possibility of liability for losses caused by environmental damage arising (i) from construction or operating activities (see operating risk) during Project Term, or (ii) from pre-transfer activities whether undertaken by the Institution or a third party and not attributable to activities of the Private Partneror its Sub-Partners.	• Due diligence on Project Site conditions by bidders. • Independent surveys of Project Site commissioned by Institution at its cost. • Institution indemnity for latent pre-transfer environmental contamination, limited by a cap (subject to value for money ("VFM") considerations), for specified period. • Remediation works to remedy identified pre-transfer environmental contamination as a specific project deliverable. • Independent monitoring of remediation works.	• In relation to (i), the Private Partner. • In relation to (ii), the Institution, but Institution's liability to be capped (subject to VFM considerations).
6.	Exchange rate risk	Possibility that exchange rate fluctuations will impact envisaged costs of imported inputs required for construction or operations of Project.	Hedging instruments (*e.g.*, swaps).	Private Partner.
7.	Force Majeure risks	Possibility unexpected events occur that are beyond control of the Parties (whether natural or "man-	• Define "Force Majeure" narrowly to exclude insurable risks that are dealt with more adequately by other	• If risks are insurable, they are not Force Majeure. Allocate to Private Partner.

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
		made"), which may affect the construction or operation of the Project.	mechanisms such as Relief Events. • Relief Events. • Termination for Force Majeure.	• Uninsurable risks are shared. Institution may pay limited compensation on termination.
8.	Inflation risk	Possibility that actual inflation rate will exceed projected rate. Risk is more apparent during operations phase of Project.	Index-linked adjustment to Unitary Payments or user charges.	Institution bears risk of inflationary increases up to limit of agreed index. Excess increases for Private Partner.
9.	Insolvency risk	Possibility of insolvency of Private Partner.	• SPV structure to ring-fence the Project cash flows. • Security over necessary Project Assets. • Limitations on debt and funding commitments of Private Partner. • Reporting obligations in respect of financial information and any litigation or disputes with creditors. • Institution has right to terminate PPP Agreement. • Substitution of Private Partner in terms of Direct Agreement. • Substitution of Private Partner with New Private Partnerif a Liquid Market exists and Re-tendering procedure is followed.	Private Partner.
10	Insurance risk	Possibility (i) that any risks that are insurable as of Signature Date pursuant to agreed Project Insurances later become Uninsurable or (ii) of substantial increases in rates at which insurance premiums are calculated.	• In the case of (i), at the option of the Institution, self-insurance by the Institution or, if the uninsurable event occurs, then termination of PPP Agreement as if for Force Majeure with compensation to Private Partner. • Reserves.	• For (i), if Private Partnercaused the un-insurability or, even if it did not, but Private Partner cannot show that similar businesses would stop operating without the insurance in question, then Private

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
				Partnerbears the risk. Otherwise, risk is shared between Private Partnerand Institution. • For (ii), Private Partner(unless caused by Institution variations).
11	Interest rate risk	These are factors affecting availability and cost of funds.	• Hedging instruments (e.g. swaps). • Fixed rate loans	Private Partner.
12	Latent defect risk	Possibility of loss or damage arising from latent defects in the Facilities included in Project Assets (compare, treatment of latent pre-transfer environmental contamination, see environmental risk).	• Wherever possible, design and construction of Facilities must be performed or procured by the Private Partner. • If, however, project involves the take-over by Private Partnerof existing Facilities, then bidders must undertake thorough due diligence on Facilities to uncover defects. Procedures for and cost of remediation of such discovered defects can be pre-agreed with Private Partner. • Reporting obligation on Private Partnerto promptly disclose discovered defects.	• If Private Partner(or any Subcontractors) designs and constructs Facilities, the Private Partner. • If not, then Institution, but only if there is no or insufficient insurances available to mitigate this risk and if Institution's liability is capped (subject to VFM considerations).
13	Maintenance risk	Possibility that (i) cost of maintaining assets in the required condition needed to deliver Services may vary from projected maintenance costs, or (ii) maintenance is not carried out.	• Clear output specifications. • Penalty regime and performance monitoring. • Adequate O&M contract. • Substitution rights. • Special insurance and special security in form of final maintenance bonds.	Private Partner.
14	Market,	Possibility that	• In a Unitary Payment	In relation to a Unitary

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
	demand or volume risk	demand for Services generated by project may be less than projected (*e.g.*, because need for Services ceases or decreases, competition in the relevant market, or consumers oppose outsourcing Services).	type PPP, the Unitary Payment must be paid based on availability (not actual usage by the Institution). • Execution of effective, targeted plan for marketing the Services.	Payment funded project, the Institution. In relation to a project funded by user charges, the Private Partner.
15	Operating risk	Any factors (other than Force Majeure) impacting operating requirements of Project, including projected operating expenditure and skills requirements, *e.g.*, • labor disputes; • employee competence; • employee fraud; • technology failure; • environmental incidents; and • any failure to obtain, maintain and comply with necessary operating Consent.	• Clear output specifications. • Penalty regime and performance monitoring. • Adequate O&M contract. • Substitution rights. • Special insurance.	Private Partner.
16	Planning risk	Possibility that proposed use of Project Site in terms of the PPP Agreement and, in particular, construction of Facilities on Project Site will fail to comply with any applicable laws relating to planning, land-use or building (*e.g.*, town-planning or zoning) or any Consent required pursuant thereto, or that Consent will be delayed or cannot be obtained or, if obtained, can only be	• Institution must identify at feasibility phase any macro-level planning Consents not required for detailed design and construction proposal for Project, such as, any land-use and zoning Consents. These Consents must be obtained before Project is tendered. • The Private Partnermust identify all planning Consents that are required for the Project having regard to its design and construction proposal.	• In relation to any land-use and zoning Consent, the Institution, unless Project Site selection is the Private Partner's responsibility. • In relation to any building Consent or other design or construction specific planning Consent, the Private Partner.

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
		implemented at a greater cost than originally projected.	It must make adequate provision in its Works program for such Consents to be obtained. • Relief Event for delays in Private Partnerobtaining Consents but only if delay is not attributable to Private Partner.	
17	Political risk	Possibility of (i) Unforeseeable Conduct by Institution or any government authority that materially and adversely affects the expected return on Equity, debt service or otherwise results in increased costs to Private Partner, or (ii) expropriation, Stateization or privatization (collectively, "expropriating actions") of the assets of the Private Partner. Risk overlaps with some financial risks (*e.g.*, tax rate changes).	• Limit risk to Unforeseeable Conduct for which there is no other relief in PPP Agreement and to expropriating actions. • Distinguish between general and discriminatory Unforeseeable Conduct. • In relation to discriminatory Unforeseeable Conduct, special compensation. • In relation to expropriating actions, termination and compensation.	• In relation to discriminatory Unforeseeable Conduct and expropriating actions, the Institution. • In relation to general Unforeseeable Conduct, the Private Partner.
18	Regulatory risk	Possibility that Consents required from government authorities will not be obtained or, if obtained, can only be implemented at a greater cost than originally projected (compare, the treatment of planning and environmental Consents, see planning risk and environmental risk).	• During feasibility phase of Project, a legal scan is undertaken by Institution to identify all such Consents. Implementation by Institution of an inter-governmental liaison process with responsible government authorities before procurement phase. • Due Diligence by Private Partner to identify Consents required for its operating requirements.	• If any such Consents (other than those relating to Private Partner's operating requirements) can be obtained before the Signature Date and they are capable of transfer to Private Partner, the Institution. • In relation to the Private Partner's operating requirements, the

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
			• If permitted under applicable law and if this is practical, obtain all such Consents before the Signature Date.	Private Partner.
19	Residual value risk	The risk that the Project Assets at termination or expiry of the PPP Agreement will not be in the prescribed condition for hand back to the Institution.	• Obligations on Private Partner to maintain and repair. • Audit of Project Assets towards end of Project Term. • Security by Private Partnerin favor of Institution, e.g. final maintenance bond or deduction from Unitary Payment. • Reinstatement obligations on Private Partner.	Private Partner.
20	Resource or input risk	Possibility of failure or shortage in supply of inputs or resources (including budget) required for operation of project including deficiencies in quality of available supplies.	• Supply contracts for supply of total project requirements, such as take and pay contracts. • Relief Events but only if failure or shortage not attributable to Private Partner.	Private Partner, unless the inputs are supplied by the Institution.
21	Subcontractor risk	Risk of sub-partner (first-tier and below) defaults or insolvency. Risk may arise at the construction and/or operations phases of the Project.	• Sub-Partners must have expertise, experience and contractual responsibility for their performance obligations. • Replacement Sub-Partners pre-approved by Institution. • Due diligence by Institution must include review of first-tier Subcontracts to confirm pass through of risks down to first-tier Sub-Partners.	Private Partner.
22	Tax rate change risk	Possibility that changes in applicable tax rates (income tax	If change arises from discriminatory Unforeseeable Conduct,	In relation to tax increases or new taxes arising from

NO.	CATEGORIES	DESCRIPTION	MITIGATION	ALLOCATION
		rate, VAT) or new taxes may decrease anticipated return on equity.	then special compensation.	discriminatory Unforeseeable Conduct, the Institution. Otherwise, risk to Private Partner.
23	Technology risk	Possibility that (i) the technology inputs for outsourced institutional function may fail to deliver required output specifications, or (ii) technological improvements may render technology inputs out-of-date ("technology refresh or obsolescence risk").	• Obligation on Private Partnerto refresh technology as required from time to time to meet output specifications. • Penalty Deductions for failure to meet output specifications.	Private Partner.
24	Utilities risk	Possibility that (i) the utilities (*e.g.*, water, electricity, gas) required for construction and/or operation of project may not be available, or (ii) project will be delayed because of delays in relation to the removal or relocation of utilities located at Project Site.	• Emergency back-up facilities, *e.g.*, generators. • Emergency supply contracts. • Special insurance (project delay or other business interruption insurance). • Provision by Institution of off-site connections. • In the case of (i), Relief Event for off-site interruptions in supply of utilities (unless attributable to Private Partner). • In case of (ii) Relief Event for delays in removal or relocation of utilities (unless attributable to Private Partner).	• Private Partnerunless the Institution is the responsible Utility. • In the case of (i) even if the Institution is not the responsible Utility, the Institution may share in this risk in circumstances where insurance is not available or unaffordable, but only if this will ensure better VFM.

Table 6: Standardized PPP Risk Matrix

Supplements No. (D): Public Consultation Template

Supplement No. (D)

<PPP Project Name>

Public Consultation

<Proposal Title>

Prepared By: <Author>
Document Version: <N.N>
Date: <Month, Year>

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1. Template Introduction

The template will present a standard format for a Public Consultation for PPP initiatives,

The template serves two main purposes:

1. Organization and outline for public consultation request in order to ensure high quality PPP documents.

2. Ensuring that the public from individuals or organizations are well-conceived with the PPP projects.

Public Consultation is a tool to gather public opinion on a certain project and in this case PPP. There is more than one type of media to request a public consultation and usually the whole process takes between 3-5 months in order to have the final recommendations.

2. Ministry/Agency Overview

<An overview about Ministry/Agency in terms of history, strategic objectives and direction. Also describe the organization structure and any relevant information about Ministry/Agency in relation to the project.>

3. Project Overview

<An overview about the project in terms of Ministry/Agency needs to obtain the hardware / software / services and how it will serve those needs. Ministry/Agency expectation of the hardware / software / services in terms of how to manage the stated needs.>

4. Public consultation process

<Describes the Public Consultation process for the selected PPP project which will be published.>

publication medium

<Describe the type of media used in publishing the document (Newspaper, Website, TV…etc.>

participation criteria

<Explain participation of evaluator (Organizations or Individuals) criteria.>

- Consultants willing to participate should confirm within**<number of days>**days of receiving the document their Intent to Respond.
- All response of confirmation should be sent to the attention of**<Consultant Contact Name & E-mail address>.**
- Consultants participating should be a subject matter expert in order to provide valid and strong recommendations. (Provide information about consultant background)
- Consultants should adhere to the timeline of receiving feedback in order to stay within the overall schedule proposed.

Public consultation schedule

<Paragraph to be adapted and aligned based on each project's timescale.>

PPP Public Consultations key dates are the following:

T0	PPP document made available to the consultants
T0 + *xx* days	Deadline for Intent to Respond
T1 = T0 + *xx* days	Deadline for receiving Public Consultation
T1 to T1 + *x* weeks	Consultation to be evaluated based on Evaluation Criteria.
T1 + *x* weeks	Presentation of recommendations to steering committee

evaluation criteria & process

<Describe the evaluation process in brief for all submitted responses and key elements of evaluation.>

- Public Consultation responses & recommendations should be directed on the subject and not around it.
- Consultants should not have conflict of interest with the proposed PPP project.
- Consultants should not be biased.
- Consultants should give clear and honest feedback without any hidden agenda.
- Responses that are generated by highly experiencedconsultants.
- Responses should address content, structure, concepts and recommendations of the scrutinized PPP project.
- All questions related to this PPP Public Consultation should be directed to**<Name of Project Manager & E-mail address>**. Consultant must ensure that the recommendation is delivered in duplicate to the following address on the Public Consultation closing date**<Closing Date>**.

  <PPP Contact Name>
  <Address Details>

5. Public Consultation terms & conditions

<State the detailed terms and conditions for the Public Consultation. Those terms and conditions to be split into sub-section under this section.>

Liabilities of Ministry/Agency

<State the liabilities of Ministry/Agency with regards to the Public Consultation.>

This Public Consultation is only a request for feedback about potential PPP project and presents no contractual obligation on behalf of Ministry/Agency whatsoever shall arise from the Public Consultation process.

This Public Consultation does not commit Ministry/Agency to pay any cost incurred in the preparation or submission of any recommendations to the PPP project.

Confidentiality & Public Consultation Ownership

<State the confidentiality and ownership of the Consultation.>

This Consultation is both confidential and proprietary to Ministry/Agency, and Ministry/Agency reserves the right to recall the Consultation in its entirety or in part. Consultants participating cannot and agree that they will not duplicate, distribute or otherwise disseminate or use this document or the information contained in it without the express written consent of Ministry/Agency.

Consultants must accept all of the foregoing terms and conditions without exception. All responses to the Public Consultation will become the property of Ministry/Agency.

6. Response Format

<State in a table format the Area to be evaluated and the rating to each Area along with the suggestions to improve upon. The below table is a guideline sample :>

Area	Rating *	Suggestions
Structure	*<1-5>*	
Methodology	*<1-5>*	
Analysis	*<1-5>*	
Sourcing Model	*<1-5>*	
Recommendations	*<1-5>*	
Other…etc	*<1-5>*	

(*) The ratings are broken down as follows: 1 being as Low (disagreement) and 5 being as Excellent (agreement).

7. PPP document --

<The PPP project document should be attached to the template in order to give the Consultant participating easy access.>

Supplements No. (R): RFI Template

Supplement No. (R)

<PPP Project Name>

Request for Information

<Proposal Title>

Prepared By: <Author>
Document Version: <N.N>
Date: <Month, Year>

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1. Template Introduction

The template will present a standard format for a Request for Information for an PPP,

The template serves three main purposes:

3. Acquiring more Information about a certain basic partner to aid in issuing the PPP procurement documents and according to competitive system, government procurement and its approved operational and financial rules and regulations.

4. Ensuring that sponsor agencies develop well-conceived tender documents for PPP projects and clarifying the competitive system requirements .

5. Provide a basis for negotiation of a final PPP agreement.

RFIs are drafted based on the business case and feasibility assessment previously done (and approved) for the project. It acts as a tool to gather more information about a certain vendor in order to strengthen the procurement document (RFP).

2. Ministry/Agency Overview

<A brief overview about Ministry/Agency in terms of:

- *history*
- *strategic objectives and direction*
- *current organizational structure; and*
- *any other relevant information about Ministry/Agency in relation to the project.>*

3. Project Overview

<This Section provides a summary overview of:

- *project goals;*
- *objectives;*
- *scope (for example, of services to be delivered);*
- *proposed pricing of services to be delivered;*
- *key performance indicators;*
- *partnership structure (e.g., PPP model);*
- *financing or project;*
- *financial arrangements between partners (e.g., revenue shares);*
- *expected service delivery;*
- *stakeholders; and*
- *Other basic information about the project.>*

4. RFI Requirements Process

<This Section *describes the RFI process for the selected basic partners to which the RFI is sent.>*

Structure of the document

<Describe the structure of the RFI document and the sections included in it.>

participation to RFI

<Explain requirements for the participation of a basic partner in RFI being circulated.>

Basic partners willing to participate should confirm to **<Agency issuing RFI>** within**<number of days>**days of receiving the RFI their **Intent to Respond.** A failure to confirm will signify that a *basic partner* is not participating in the RFI and **<Agency issuing RFI>** will require an immediate return of the RFI

All *basic partners* confirming their participation should send the Intent to Respond to the attention of:

<RFI Contact Name & E-mail address>

RFI schedule

<Schedule must be adapted and aligned to the needs and time requirements of each project.>

RFI key dates are the following:

T0	RFI made available to the bidders
T0 + # of days, time: 10:00	Deadline for addressing questions
T0 + # of days	Response to all questions
T1 = T0 + # of days, time: 12:00	Deadline for receiving bid (all material)
T1 to T1 + # of weeks	Bids to be evaluated. Bidder(s) will be invited to present solution to Ministry/Agency (presentation meetings, not negotiation meetings). Live demonstrations can be launched at this presentation.
T1 + # of weeks	Decision to launch an RFP

RFI RELATED questions / clarifications / submission

<Clarify who is the contact person for any queries and clarification needed with regards to the RFI and submission rules.>

All questions related to this RFI should be directed to

<Name of Project Manager & E-mail address>.

Basic partners must ensure that the proposal is delivered in duplicate and received at the following address before the tender closing date**<Tender closing Date>**.

<RFI Contact Name>
<Address Details>

Any notices with respect to this RFI should also be mailed to the above Contact and Address.

RFI terms & conditions

<State the detailed terms and conditions for the RFI. Those terms and conditions to be split into sub-section under this section.>

Liabilities of Ministry/Agency

<State the liabilities of Ministry/Agency with regards to the RFI.>

This RFI is only a request for information about potential products / services and no contractual obligation on behalf of Ministry/Agency whatsoever shall arise from the RFI process.

This RFI does not commit Ministry/Agency to pay any cost incurred in the preparation or submission of any response to the RFI.

Confidentiality & RFI Ownership

<State the confidentiality and ownership of the RFI.>

This RFI is both confidential and proprietary to Ministry/Agency, and Ministry/Agency reserves the right to recall the RFI in its entirety or in part. *Basic partners* cannot and agree that they will not duplicate, distribute or otherwise disseminate or make available this document or the information contained in it without the express written consent of Ministry/Agency.

Basic partners shall not include or reference this RFI in any publicity without prior written approval from the client, which, if granted, shall be granted by the individual named above. *Basic partners* must accept all of the foregoing terms and condition s without exception. All responses to the RFI will become the property of Ministry/Agency and will not be returned.

5. High level business requirments

<State the high level business requirements as requested by the concerned unit inquiring about the solution / service.>

Overview of Functional Requirements

Overview of informative Security Requirements and privacy protection

Overview of Performance Requirements

Overview of Availability Requirements

Overview of Technical Requirements

Legal requirements

Optional requirements

<For example, nice-to-have functionality that Ministry/Agency may chose to either include or not include in the final contract or at a later stage and that should be priced separately.>

6. Response Format

<State in a tabular format the information needed to be collected about the basic partners and the potential product / service. The below table is a guideline sample :>

Sample I

Question	Response
Partner name Parent company	
Partner address	
Name of person responsible for the information contained in this RFI	
Telephone number Fax number Email address Web page	
Initial year of operations	
Partner location: Corporate office Local offices Other office	
Number of employees: Total Development Implementation Sales & administration Support Employee turnover rate Employee satisfaction (if surveyed and known) Key employees (names and terms of contract)	
Total revenue: Current year Previous year Total profit/loss Current year Previous year	
Give details of your business continuity arrangements.	
Have you supplied to customers in a similar industry, with a similar growth profile that would act as a reference site for you? If so then please state them	
Total number of installations of the version of the software being proposed, which have been carried out by your organization?	
Describe any third party alliances/relationships	
Please provide details of any outstanding legal action against your company or any directors or partners.	
Are there any anticipated mergers or acquisitions pending?	

Question	Response
Please provide information on your implementation methodology.	Attach as required.
What documentation is provided for the software / system?	
Was your software written by your organization or acquired from a third party?	
Training: Do you offer formal user training? What type of courses do you run and what is their duration? What level of training would you recommend? Describe any training materials offered?	
Please provide details of how the product is supported across multiple sites globally. What levels of support is available, definition of each level and what are the hours of operation and response times? Where are the support services located? Does support include product updates, as well as bug fixes at no extra charge? What is the helpdesk escalation procedure?	
Please summarize the total costs of your product. What are the licensing costs for individual parts of the solution? Are new releases chargeable separately? What are your consultancy rates to help with implementation? What do you charge for customization? What do you charge for training? What are the maintenance and support costs? Please give a breakdown. Do you offer discounts for volume purchases? Do you levy any charges for software or services during the evaluation period?	

Sample II

<Another sample if the RFI is about acquiring a software product. This form can be tailored to fit any type of request from software, hardware, operations and services…etc>

		Tick as Appropriate
1	**Software Details** What Database Management System does your software use? a. ORACLE b. MS SQL Server b. Oracle/Spatial option c. Other (Please Specify) _____	 ☐ ☐ ☐ ☐
2	What Operating System(s) are required for the software to run? **Client** **Server** a. UNIX (Please Specify Version) _____ _____ b. WINDOWS (Please Specify Version) _____ _____ c. LINUX (Please Specify Version) _____ _____ d. WINDOWS NT (Please Specify Version) _____ _____ e. Other OS (Please Specify Name/Version) _____ _____	 ☐ ☐ ☐ ☐ ☐
3	What architecture does your software use? a. Client/Server b. LAN c. Mainframe/Mini-computer d. Web-based e. Other (Please Specify) _____	 ☐ ☐ ☐ ☐ ☐
4	Will the source code be provided upon purchase of the software?	**Yes** **No** ☐ ☐
5	What is the average cost per module? a. Under USD 5,000 b. USD 5,000 to USD 15,000 c. USD 15,000 to USD 25,000 d. Above USD 25,000 (Please Specify) _____	 ☐ ☐ ☐ ☐
6	Will you be willing to make the full modules available for testing at our local site?	**Yes** **No** ☐ ☐
7	How long has the proposed software version been available for use? a. Under 1 year	 ☐

	b. 1-3 years c. Above 3 years (Please Specify) _____	☐ ☐
8	How often are upgrades done on the software	
	a. Under 1 year	☐
	b. 1-3 years	☐
	c. Above 3 years (Please Specify) _____	☐
9	Do you provide a report writer/query facility with the software?	**Yes** **No** ☐☐
10	Is the software provided with:	**Yes** **No**
	a. On-line help facility	☐☐
	b. Context-sensitive help facility	☐☐
13	Is the software provided with a complete set of user documentation?	**Yes** **No**
	a. CD-ROM	☐☐
	b. Hard copy	☐☐
11	Is the software provided with a complete set of system documentation?	**Yes** **No**
	a. CD-ROM	☐☐
	b. Hard copy	☐☐
12	What development tools are provided with the software (Please Specify) _____ _____	
	Basic partner Details	
13	How long has your company been in the software business?	
	a. Under 3 year	☐
	b. 3-5 years	☐
	c. Above 5 years (Please Specify) _____	☐
14	Does your company provide training for users: a. At the implementation stage b. With each successive upgrade	**Yes** **No** ☐☐ ☐☐
15	Do you provide consultancy services in the areas of: a. Development b. Capacity Planning c. Deployment d. Data Conversion	**Yes** **No** ☐☐ ☐☐ ☐☐ ☐☐

	e. Configuration Management	☐☐
	f. Change Management	☐☐
	g. Training	☐☐
	h. Other (Please Specify) _____	☐☐

7. Project references - (submitted as Appendix)

<The basic partner should at least list three previous projects achieved providing project scope, date, owner, status, pricing…etc>

Supplements No. (S): RFP Template

Supplement No. (S)

<PPP Project Name>

Request for Proposal

<Proposal Title>

Prepared By:	<Author>
Document Version:	<N.N>
Date:	<Month, Year>

---

1. Template Introduction

The template will present a standard format for a Request for Proposal for an PPP,

The template serves three main purposes:

Establishing a standardized format for the PPP procurement documents.

Ensuring that sponsor agencies develop well-conceived tender documents for PPP projects.

Provide a basis for negotiation of a final PPP agreement.

RFPs are drafted based on the business case and feasibility assessment previously done (and approved) for the project.

An RFP should not be tailored to any one bidder, but rather serve the service needs of the contracting authority and the public interest.

2. Background and current status

<A brief overview about Ministry/Agency in terms of:

- *history*
- *strategic objectives and direction*
- *current organizational structure; and*
- *any other relevant information about Ministry/Agency in relation to the project.>*

3. Scope of work

<A short introduction about the expected project phases…etc>

3.1 Project Overview

<This Section provides a summary overview of:

- *project goals;*
- *objectives;*
- *scope (for example, of services to be delivered);*
- *proposed pricing of services to be delivered;*
- *key performance indicators;*
- *partnership structure (e.g., PPP model);*
- *financing or project;*
- *financial arrangements between partners (e.g., revenue shares);*
- *expected service delivery;*
- *stakeholders; and*
- *Other basic information about the project.>*

3.2 Stakeholder expectations

<Initial stakeholder expectations and assumptions about the project should be listed to control any scope creep that might occur in the project life cycle.

Section should make clear how stakeholder input was gathered – for example, what consultations were held and with whom.>

3.3 Project structure

<This Section describes the project structure, presenting it in a way that makes clear why a PPP approach was chosen for the project.>

3.4 Project requirements

<This is the core section in any RFP. Each project requirement should be listed and described in specific detail, clearly noting whether each requirement is mandatory or optional.>

3.5 other requirements

<All other requirements—such as technical, operational, training—are also stated under Scope of Work Chapter.>

4. RFP requirements Process

<This Section *describes the RFP process (see typical RfQ and RfP templates in Section D of this Plan) for the selected vendors to which the RFP is sent* and the competitive system requirements.>

4.1 Structure of the document

<Describe the structure of the RFP document and the sections included in it.>

4.2 participation to rfp

<Explain requirements of the competitive system requirements *for the basic partner in RFP being circulated.>*

*Basic partner*s willing to participate should confirm to <Agency issuing RFP> within**<number of days>**days of receiving the RFP their **Intent to Respond.** A failure to confirm will be signify that a *basic partner* is not participating in the RFP and <Agency issuing RFP> will require an immediate return of the RFP

All *basic partner*s confirming their participation should send the Intent to Respond to the attention of:

<RFP Contact Name & E-mail address>

4.3 RFP schedule

<Schedule must be adapted and aligned to the needs and time requirements of each project.>

Sample of RFP key dates timeframe as a guideline are the following:

T0	RFP made available to the bidders
T0 + # of days, time: 10:00	Deadline for addressing questions
T0 + # of days	Response to all questions
T1 = T0 + # of days, time: 12:00	Deadline for receiving bid (all material)
T1 to T1 + # of weeks	Bids to be evaluated. Bidder(s) will be invited to present solution to Ministry/Agency (presentation meetings, not negotiation meetings). Live demonstrations can be launched at this presentation.
T1 + # of weeks to T1 + # of weeks	Negotiation of contract
T1 + # of weeks	Conclusion of contract
T1 + # of weeks to T1 + # of weeks	Clarification phase. The bidder initiates the activities considered necessary to obtain further insight into Ministry/Agency's business procedures, needs, the competitive system requirementsand IT environment, and to give Ministry/Agency insight into functions and capabilities of the system. The bidder will write a detailed description

	supplementing this RFP and the proposal. This description is to be approved by Ministry/Agency.
Period to be defined	Pilot installation showing full functionality
Period to be defined	Installation in all offices

Table 7 – Timeframe guidelines

4.4 RFP RELATED questions / clarifications / submission

<*Clarify who is the contact person for any queries and clarification needed with regards to the RFP and submission rules.>*

All questions related to this RFP should be directed to:

<Name of Project Manager & E-mail address>.

Basic partners must ensure that the proposal is delivered in duplicate and received at the following address before the tender closing date**<Tender closing Date>**.

<RFP Contact Name>
<Address Details>

Any notices with respect to this RFP should also be mailed to the above Contact and Address.

4.5 RFP evaluation process

<*Describe the evaluation process in brief for all submitted proposals and key elements of evaluation.>*

The award criterion will be “the most economically advantageous” tender that includes the requested services. Apart from this criterion, the evaluation will be based on the following evaluation criteria listed in order of priority:

<For example, the following list of comparison criteria can be used and adapted to each RFP’s context (list of not exhaustive comparison criteria):>

Usability

- Is the service easy to access for users? Easier than previous delivery method? Is the system easy to manage?
- Does it have an intuitive graphical user interface?
- How will security and privacy of any personal data be protected?
- Is daily work expected to become easier for back office operations?
- Is the system flexible with regard to how work processes are designed?

Migration

- How successful will migration from existing platforms, systems and service delivery channels be? (Example)
- How difficult (with respect to resources) is migration expected to be?
- What are the risks of significant service interruptions during migration?

Completeness

- Does the system cover all the needs in this RFP? Are all required services be delivered?
- Can the system be expected to handle future service needs?
- Is the financial investment of bidder in the project likely to be adequate?

Basic Partner

- Does the bidder have a solid financial foundation?
- Does bidder have a proven track record of clean financial management?
- Does the bidder have a proven track record of relevant competencies, service delivery, support, etc. considered to be a reliable potential partner?
- Does vendor have a proven track record of delivery these types of services?
- Has vendor been involved in a PPP before?
- Does vendor have a record of successfully delivering projects (on or under budget) to public sector?
- Does the development roadmap offer vision and perspective? Is it realistic?

Technology

- Is the technology used state-of-the-art? Will it be able to scale and handle new demands?
- Does the bidder have a proven track record using the technology?
- Does the solution use open standards?
- Does the solution respect de facto standards?
- Is the technology prepared for future development?
- Are there any security issues existing related to the technology?

Process

- Does the outlined process for implementation, project organization, plan for education and information, etc. seem adequate?
- Is training adequately addressed in the deployment plan?

Project Management

- What are the proposed mechanisms for project management?
- How will communications between partners be handled?
- Does bidder propose a plan for marketing of the services?
- Has bidder adequately addressed risk management?

4.6 RFP terms & conditions

<*State the detailed terms and conditions for the RFP. Those terms and conditions to be split into sub-section under this section.>.*

4.6.1 Liabilities of Ministry/Agency

<State the liabilities of Ministry/Agency with regards to the RFP.>

This RFP is only an invitation for proposal and no contractual obligation on behalf of Ministry/Agency whatsoever shall arise from the RFP process unless and until a formal contract is signed between Ministry/Agency and the Basic partner.

This RFP does not commit Ministry/Agency to pay any cost incurred in the preparation or submission of any proposal or to procure or contract for any services.

4.6.2 Proposal Process Management

<Explain the processing of the proposal in Ministry/Agency.>

Ministry/Agency reserves the right to accept or reject any and all proposals, to revise the RFP, to request one or more re-submissions or clarification from one or more basic patners , or to cancel the process in part or whole. No basic partner is obligated to respond to or to continue to respond to the RFP after the submission and closing date.

Ministry/Agency will, at its discretion, award the contract to the responsible vendor submitting the best proposal that complies with the RFP. Ministry/Agency may, at its sole discretion, reject any or all proposals received or waive minor defects, irregularities, or informalities therein.

4.6.3 Bid Expiration Date

<State the minimum period for the validity of the received proposals.>

4.6.4 Confidentiality & RFP Ownership

<State the confidentiality and ownership of the RFP.>

This RFP is both confidential and proprietary to Ministry/Agency, and Ministry/Agency reserves the right to recall the RFP in its entirety or in part. Basic Partners cannot and agree that they will not duplicate, distribute or otherwise disseminate or make available this document or the information contained in it without the express written consent of Ministry/Agency.

Basic Partners shall not include or reference this RFP in any publicity without prior written approval from the client, which, if granted, shall be granted by the individual named above. Basic Partners must accept all of the foregoing terms and condition s without exception. All responses to the RFP will become the property of Ministry/Agency and will not be returned.

4.6.5 Security – Non Disclosure Agreement

<State the need for the basic partners*vendors to sign the Non-Disclosure agreement.>*

The basic partners as part of the proposal should sign the non-disclosure agreement to safeguard the confidentiality of Ministry/Agency's business information and data.

4.7 Basic Partner presentation

<State the rules for the cost incurred by the basic partner *in case they are asked to make a presentation.>*

If required, the basic partner will be asked to make presentations at Ministry/Agency. Ministry/Agency shall not be under any obligation to bear any part of the expenses incurred by the basic partners for the presentations.

4.7.1 References Sites

<State the importance of providing reference sites and how those references may be used by Ministry/Agency.>

Please provide a minimum of three reference sites where the proposed solution / service(s) has been installed. These users should be in the communication and IT

industry, having operations comparable to Ministry/Agency, and have similar systems, scope and users of the specific solution and version proposed. All the details of reference sites requested for in Appendix III should be provided along with the names and contact details of persons who will be available for discussion.

Ministry/Agency will contact these users to obtain any information on the solution / service and implementation.

Basic Partners will co-ordinate with the reference sites and arrange a visit on request from Ministry/Agency. The costs incurred by the evaluation team representing the Ministry/Agency, for the reference site visits, if undertaken, will be borne by Ministry/Agency. The results of this evaluation shall form a crucial input for selection of the preferred solution / service.

4.7.2 Contract Negotiations

<Describe the process to be followed in negotiating the contract after completing the selection process.>

At the completion of the selection process, Ministry/Agency will enter into negotiations with the selected basic partner. basic partners should also be aware that the following documents would be included as attachments to the final contract:

- This Request for Proposal.
- The basic partner's proposal in response – both technical and commercial
- Any modifications to the proposal.
- A Service Level Agreement (SLA).
- An implementation Plan identifying the tasks to be completed with milestones, the assigned responsibilities, and the scheduled completion dates.

4.7.3 Solution / Service Acceptance Testing

<Describe the need for Ministry/Agency to conduct acceptance testing for the solution / service prior to going live with it.>

Prior to going live, Ministry/Agency will require a period of time to conduct a thorough User Acceptance Testing (UAT) of the solution / service. This period should be sufficient to verify the solution / service operations and effectiveness. The UAT will not commence until the basic partner has implemented the solution / service (including installation, custom modifications, and parameterizations, functional testing, stress testing, and system integration testing if required by Ministry/Agency) at Ministry/Agency's premises.

4.7.4 Implementation Schedule

<Describe the implementation schedule for the solution / service and the approach to be used.>

4.7.5 Project Management

<List the required information from the vendor with regards to the envisaged project management.>

The basic partnerwill provide at least the following information to Ministry/Agency:

- The description of the different phases of the project,
- The methodology and approach
- Specific list of the deliverables by phase the basic partner intends to provide along the project.
- Key performance indicators proposed for service delivery.

5. response format (Proposal format)

<Proposing guidelines with regards to responding to the RFP, basic partner *responsibility and cost.>*

5.1 proposal content / format

<*State the rules for the* basic partners *in terms of the format and content of the proposal. In case of fixed response format being requested then state the format and its sections.>*

5.1.1 Completing the Requirement Specification

<State the rules for the basic partners *in terms of responding to the system requirements matrix.>*

The Requirement Specification contains a list of requirements on the desired aspects of the partnership and project. The basic partner should respond as follows in the level of compliance column:

Response	Meaning
Compliant	Basic Partner fully complies with the specifications/requirement
Non-Compliant	Basic Partner does not comply with the specifications/requirement (*)
Partially Comply	Basic Partner meets part of the specifications/requirement

Table 8 - Requirements Response Criteria

The response should be given by stating the response that applies to the requirement from the table above. Please provide explanation whatever be the response. Provide the explanation in the COMMENTS column or on a separate page, if necessary, with reference to the requirement number.

(*) If the proposed system / service offer an alternative to this requirement, please provide a supporting written explanation when using this response. Please clearly specify the question number reference where appropriate.

5.1.2 Basic Partner Responsibility

<State the basic partner *responsibility without limiting their accountability to the list only.>*

5.2 Technical Proposal

<This section provides the detailed information required in the Bidder's Technical Proposal.>

5.3 financial proposal

.

<This portion of the proposal must be identified as Financial Proposal and must be bound and sealed separately from the remainder of the proposal.>

6. compliance Matrix – (Appendix)

<Detail the system / service requirements based on the business requirements.
This level of compliance criteria are provided as an example for software RFPs. However, this can be adapted following the RFP subject in order to assess the basic partner*'s proposal. For PPPs, careful attention must be given to requirements for the delivery of services required.>*

Level of Compliance:
Using the level codes 1 to 5, the bidder must indicate how requirements will be met.
The level codes 1 to 4 indicate completion, whereas level code 5 indicates non-completion.

1 = Standard.
Completion takes place as standard.

2 = New version
Completion requires a new version, which will be standard in the next version. Date for next the version must be indicated in the comment field. The date will be in accordance with the time schedule. The new version will be included in the offer.

3 = Will be adjusted.
Compliance required adjustment. Adjustment is included in the offer.

4 = Special development.
Compliance requires special development, which will be included in the offer. Date for completed special development must be stated as a comment, and be in accordance with the time schedule.

5 = Cannot be implemented.
Completion will not take place

Estimated price for a fulfillment in case of degree of completion 4:
In connection with level of compliance 4, the estimated price for a fulfillment must be stated in the specified field

Comments:
In this field, the bidder may state comments and reservations.

6.1 Functional Requirements

6.1.1 <Business Requirement - 1>

Detailed Functional Requirements	Level of Compliance	Comments

6.1.2 <Business Requirement - 2>

Detailed Functional Requirements	Level of Compliance	Comments

6.2 Security Requirements (*)

Detailed Security Requirements	Level of Compliance	Comments

6.3 Performance Requirements (*)

Detailed Performance Requirements	Level of Compliance	Comments

6.4 Availability Requirements (*)

Detailed Availability Requirements	Level of Compliance	Comments

6.5 Technical Requirements (*)

Detailed Technical Requirements	Level of Compliance	Comments

*<*Applicable only in case of a system being the subject of the RFP>*

6.6 Legal requirements

Detailed Legal Requirements	Level of Compliance	Comments

6.7 Optional requirements

<For example nice-to-have functionality that Ministry/Agency may chose to either include or not include in the final contract or at a later stage and that should be priced separately.>

Detailed Optional Requirements	Level of Compliance	Comments

7. Basic Partner profile & reference – (Appendix)

<State the profile information to be collected about the basic partner *.>*

7.1 Basic Partnerdetails

<State the information to be collected about the company.>

General	
Company Name	
Holding Company or Parent Company (if any)	
Company local address	
Phone	
Please provide details of ownership: private/public; ultimate parent; major shareholders. Any significant changes in ownership in the last two years?	
Account Representative	
Phone	
Years in business	
Certifications	
Please provide details of any quality process certifications	
Any other certifications, please specify	

Table 9 – Basic Partner Details

7.2 Staff details

<State the information to be collected about the staff details of the company.>

Staff	
Total number of employees	
Please provide a break-up of the number of employees by function, e.g.	
Sales/Marketing	
Administrative Staff	
Research & Development	
Implementation Staff	
Technical Support Staff	
Other	

Table 10 - Staff Details

7.3 product details

<State the information to be collected about the product being offered by the company.>

Product	
System/Brand name	
Date when first client went live in CROSS RIVER STATE	
Current version and release date	
Number of Clients using this software solution in CROSS RIVER STATE	
Largest customer for this product (or service) by Number of workstation, servers and number of remote locations	

Table 11 - Product Details

7.4 support details

<State the information to be collected about the support of the basic partner *.>*

Support	
No of Branches	
No of Support Staffs	
Coverage details proposed – 24 / 7 or Business Hours	
Response time within city	
Response time outside city i.e. 50 kilometres away from the main city	
Committed Response/Resolution time for Emergency/Major	
Committed Response/Resolution time for Minor	

Table 12 - Support Details

8. customer details – (Appendix)

<State the information to be collected about the customers of the basic partner*, or users of the vendor's services that are relevant to this project.>*

8.1 Reference

<State the information to be collected about the customers' reference of the basic partner*.>*

The reference customer details should be given in the following format. A separate copy of the format given should be used for each reference minimum required is 3.

Customer Details	
Partner Name	
Partner Address	
Telephone Number	
Fax Number	
Contact Name	
Title	
What is or was the contact's role on the implementation?	
State the duration of the implementation.	
Which Module/version is being used?	
Details of consultancy service provided	

Table 13 - Customer Reference Details

8.2 Customers

<State the information to be collected about the customers of the basic partner*.>*

Customer Details	
No of organizations using your proposed solution in the same industry field	
No of other customers using the proposed solution	

Table 14 - Customer Details

9. commercial bid – (Appendix)

<State the information to be filled by the basic partner *with regard to the commercial aspects of the proposal and the rules for the vendor in terms of cost and its breakup. IF Ministry/Agency has specific requirements on the payment terms and schedule then it should be stated in this section as well.*

RFP should identify all relevant capital and revenue expenditure costs. The project cost break down should consider(but not limited to) the following as applicable in an IT environment:

- *Hardware Module Cost*
- *Software Module Cost*
- *Software License Cost – Server*
- *Software License Cost – Desktop*
- *Training Cost*
- *Testing Cost*
- *Conversion Cost*
- *Upgrade Cost*
- *Preventive Maintenance Cost*
- *Disaster Recovery and Data Backup Costs*
- *Support Cost*
- *Implementation Cost*
- *Documentation Cost*
- *Marketing Cost (to promote use of services)*
- *Travel Cost*
- *Consultancy Services Cost*

In case of licensing, proposal should indicate costs separately for:

- *Corporate license*
- *Individual license, for each of the items/modules>*

Cost Item	Qty	Unit Cost (N)	Total Cost (N)	Maintenance first Years	Maintenance 5 years	Maintenance in %
TOTAL COST						

10. non – disclosure agreement – (Appendix)

<Attach the Non-Disclosure Agreement to be signed by MDA and the PPP Partner.>

This is in accordance with competitive system, government procurement and its approved operational and financial rules and regulations

Supplements No. (SS): SLA Template

Appendix (SS)

<PPP Project Name>

Service Level Agreement between

<Contracting authority>
&
< The Private Partner>

Prepared By: <Author>
Document Version: <N.N>
Date: <Month, Year>

---

1. Template Introduction

This template is made to help complete the cycle of contract preparation and management in the PPP projects to be carried out by BPPP.

Service Level Agreements (SLA) is considered an important attachment or a separate document to PPP projects. All clauses in the contract that encourages a performance and service level management schemes will have a reference in this Agreement.

2. Introduction

2.1 Purpose and Objectives

< The SLA should contain a brief statement on the purpose and objectives of the Agreement being drawn up between the two parties.
The drawing up of a detailed SLA achieves a number of objectives:

- It defines the terms and basis under which the Services will be delivered.
- It states how the Service performance levels will be measured.
- It specifies the Services to be delivered.

>

Example

This Agreement outlines the terms and conditions under which the Private Partner will provide specified Services (collectively referred to as "the Services") to the Agency and the Public. The objective is to provide a basis and framework for the delivery of high quality services that meet the needs of the Agency.

2.2 Parties to the Agreement

<It is necessary to identify the parties involved in this Agreement along with their addresses.>

Example

This Agreement is made between [specify name of Private Partner], duly organized under the laws of --- under Commercial Registration No. ----, (hereinafter referred to as "the Private Partner") of [specify address of Private Partner], and [specify name of Agency] (hereinafter referred to as "the Agency" of [specify address of Agency].

2.3 Commencement Date

<It is necessary to specify the commencement date of this Agreement as this is the effective date of the legal Agreement between both parties. This date is usually the same as the commencement date specified in the PPP Contract.>

Example

This Agreement will commence on [specify commencement date][7].

2.4 Duration of the Agreement

<This section of the Agreement shall specify the duration of this Agreement and is usually the same as in the PPP Contract.>

[7] The SLA commencement date is usually the same as the commencement date of the PPP Contract. Refer to the PPP Contract for further details.

Example

This Agreement shall commence on the Service Commencement Date and ends on the earlier of the [Specify Expiry Date as in the PPP Contract] or termination in accordance with Section 9.

2.5 Definitions

<It is necessary for the terms used in the Agreement to be clear to prevent any misunderstandings. The terms and their definitions shall be negotiated and agreed upon between both parties.>

3 periodic review

< This section of the Agreement shall specify the periodic reviews and amendments to this Agreement, who updates the document and where is the document stored/located.>

Example

This Agreement is valid from the Signature Date[8] of the PPP Contract and is valid until the Expiry Date or the Early Termination Date of the PPP Contract whichever is earlier[9].

This Agreement should be reviewed a minimum of [once] per year; however, in lieu of any review in any period, this Agreement shall remain in effect.

The Business Relationship Manager is responsible for facilitating regular reviews of this Document. Content of this Agreement maybe amended or modified as required provided mutual agreement is obtained from all signatories.

This Agreement will be posted to [specify a location, either electronic or a facility] and will be made accessible to all Stakeholders.

[8] Refer to the PPP Contract for the definitions and clauses related to the Contract Duration and Signature Date.
[9] Refer to the PPP Contract for the Contract Duration Clause.

4 services descriptions

< This section of the Agreement shall provide a full description of the Services provided by the Private Partner to the Agency. This should include all specific activities that will be required to properly implement the Agreement including how specific services are to be provided, resource requirements, adhering to the defined schedule of activities and all service delivery processes used/supported by the Private Partner.>

Example

Ref. No.	Service Name	Description	Specifications
1.	**Call Center**	**For handling all inbound calls from the Public regarding the services**	• **The Call Center shall accept calls 24 hours a day, 7 days a week** • **The Call Center shall be in English**

Table 15: Service Descriptions

5 Agency responsibilities

<This section of the Agreement shall specify the responsibilities of the Agency in support of this Agreement.>

Example

Agency Responsibilities
• Periodic reviews of the services
• Preparing the services needed and their general specifications
• ..
• ..

Table 16: Agency Responsibilities

6 Private Partner Responsibilities

<This section of the Agreement shall specify the responsibilities of the Private Partner in support of this Agreement.>

Example

Private Party Responsibilities
• **Delivering the Services as specified in this Agreement**
• **Reporting on any service breaches.**
• **..**
• **..**

Table 17: Private Partner Reponsibilities

7 service management

< This section of the Agreement shall specify the Service Availability, Maintenance, Measurement, and Reporting>

7.1 service availability

< This section shall specify and agree the availability of required services. Availability can be specified as percentage of time or as a period which is free from operational failures. This section shall specify clearly the availability specification for all Services as mentioned in Clause 5: Services Descriptions, and may be broken down by application, environment or categories specific to Agency requirements or Private Partner constraints >

Example

A good example is to specify this section in a table format where each service is assigned an operational period as agreed between the Parties or each service is assigned a percentage.

Service Name	Availability Period	Maintenance Window	Availability (%)	Restrictions
Call Center	**24x7**	**2 hours every Thursday**		

Table 18: Service Availability

7.2 Availability restrictions

< This section of the Agreement shall document specific times the Private Party requires service restrictions. These restrictions include provisions for normal system maintenance and details of unscheduled system downtime.>

Example

Availability restrictions specific to the Services covered under this Agreement are as follows:

[Holiday and Weekend Schedule]
[Scheduled Maintenance Windows]
[Unscheduled Maintenance Windows]
[Back up Window]

7.3 service maintenance

< This section of the Agreement shall specify the Maintenance Windows for all services if applicable.
To meet the Service Level expectations, maintenance is a must procedure. Maintenance will sometimes render the service unavailable to the public. It is a good practice to agree on these Maintenance Windows in the SLA as not to count them as unavailability.>

Example

It is a good practice to specify for each service a table that sets out the maintenance periods. The periods can be specified as days, weeks, or months. This depends actually on the service itself and the need for maintenance.

Time	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
Begin			**2:00 am**				
End			**4:00 am**				

Table 19: Service Maintenance

7.4 service measurement

< This section shall establish the measurements to be used to make sure the optimal provision of services. Measurements can be defined in terms of service availability (i.e. uptime), service performance (i.e. throughput, response time) and service quality (i.e. number of unscheduled outages, customer surveys).>

Example

Service Metric	Definition	Baseline	Low Performance	High Performance	Breach

Average Wait Period at service centers, peak hours	**This is the time period waited by citizens to get served at service centers in peak hours of the day**	**< 15 min**	**15 – 25 min**	**< 12 min**	**> 30 min**
Average Wait Period at service centers, non-peak hours	**This is the time period waited by citizens to get served at service centers at non-peak hours of the day**	**< 1 min**	**0 – 3 min**	**No waiting**	**> 2 min**

Table 20: Service Measurement

7.5 service requests

< This section of the Agreement shall establish the response by the Private Partner to the Agency based on an request submitted by the Agency. Reference to the service support policies, processes and related procedures may be included. Specific incident and/or request parameters, thresholds and/or samples may be inserted here for additional clarification. >

Example:
In support of services outlined in this Agreement, the Private Partner will respond to service related incidents and/or requests submitted by the Agency within the following time frames:

- One (1) hour (during business hours) for issues classified as Critical.
- Two (2) hours (during business hours) for issues classified as High priority.
- Four (4) hours (during business hours) for issues classified as Medium priority.
- Eight (8) hours (during business hours) for issues classified as Low priority.
- Twenty Four (24) hours (during business hours) for a general service Request.

7.6 service reporting

< This section of the Agreement shall specify the reporting needed by the Private Partner to the Agency. Reporting is necessary to make sure that agreed service levels are maintained.These reports must align with the service measurements set forth described

section 7.4 above and support these measurements. All recipients and responsible parties should be outlined with contact information.>

Example

Report Name	Report Description	Report Interval	Recipient
Service Level Agreement Monitoring Report	**This report shows the number of breaches for the Call Center service**	**monthly**	**Call Center Manager**

Table 21: Service Reporting

The following are responsible for the deployment and ongoing support of this agreement: (contact information may include E-mail address, phone number, support line, pager, etc.)

Contact Person	Title / Role	Contact Information
[Name]	[Title / Role]	[Contact Information]
[Name]	[Title / Role]	[Contact Information]
[Name]	[Title / Role]	[Contact Information]
[Name]	[Title / Role]	[Contact Information]

7.7 SERVICE LEVEL CREDITS

<This section of the Agreement relates to the failure of the supplier/the basic partner to meet service levels which have been monitored and measured under the SLA, providing the customer a credit or rebate ("Service Credits") if the supplier fails to meet certain defined thresholds. The Service Credits which are calculated by reference to the supplier's charges for providing the Service. However, Service Credits play a significant role in encouraging the right behavior between parties. If the service credits are set too low, the customer is likely to become frustrated by the basic partner/the supplier's failure to perform and to look for opportunities to terminate. If they are too high then the supplier might become overly focused on performing to the "letter of the contract", rather than providing an overall service. The most rational approach is for service credits to be negotiated by reference to the risk and responsibility apportioned between the parties, rather than by reference to the basic partner/the supplier's profit. >

7.8 SERVICE CONTINUITY MANAGEMENT

<This section of the Agreement contains service recovery plans and related details if required. This section should identify the requirements of Service Continuity Management including the time frame for restoring key business functions and the timeframe for restoring all business function.>

8 supporting documentation

< This section of the Agreement shall specify the documentation that is associated with this Agreement.>

Example

Documentation	Description
PPP Contract	**This is the main Contract to which this SLA is associated with.**

Table 22: Supporting Documentation

9 termination

< This section of the Agreement addresses provisions to define the eventsthatwill trigger termination, otherthan termination of the PPP Contract. For example, a persistent failure to meet the service levels over a period of time willgiverise to a right of termination. It iscommon for services contracts to include a right of termination for “material” breach, however, thistermis not alwayseasy to define and may not introduce the level of certaintyrequired. A “materialbreach” is subjective and willdependupon the terms and duration of the agreement, the nature and consequences of the breach and the factual background. It islikelythata “material” breachissomethinglessthan a repudiatorybreach (givingrise to a right of termination under the generallaw) but, in the absence of a contractualdefinition, the materiality of a breachisdifficult to measure. This willneed to benegotiated on a case by case basis based on the relevant PPP Contract. >

10 general provisions

<This section of the Agreement encompasses standard terms and provisions which shall be included in each Agreement and are not subject to change.

(a) Severability. If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other provision hereof.

(b) Entire Agreement. This Agreement, together with the PPP Contract, represents the entire agreement of the parties with respect to the subject matter hereof and any other previous understanding, commitments, or agreement, oral or written, between the Agency and the Private Partner with respect to the subject matter hereof.

(c) Notices. Any notices given hereunder shall be given pursuant to and as provided in the PPP Contract.

(d) Waiver. No failure by either party to insist upon the strict performance of any covenant, term or condition of this Agreement, or to exercise any right or remedy, shall constitute a waiver of such right or remedy on any subsequent occasion.

(e) Governing Law. The validity, construction, scope and performance of this Agreement shall be governed by the laws of the Nigeria.

(f) Amendments. This Agreement may not be amended except in writing executed by duly authorized representatives of both the Agency and the Private Partner.

(g) Assignment. This Agreement may not be assigned by either party except in connection with and under the circumstances permitted under the PPP Contract. Subject to the foregoing, this Agreement will be binding on the parties and their respective successors and permitted assigns.

(h) Counterparts. This Agreement may be signed in one or more counterpart copies, all of which together shall constitute one Agreement and each of which shall constitute an original.>

11 Agreement Approval

<This section is the last section of the Agreement and it includes the signatories and date for each signatory.>

Example

_____	_____
MDA deputy	Date
_____	_____
Private Partner deputy	Date

Supplements No. (Q): PPP Contract Template

Supplement No. (Q)

<PPP Project Name>

Standard PPP Contract

<PPP Contract Title/Parties>

Prepared By:	<Author>
Document Version:	<N.N>
Date:	<Month, Year>

---

1. Template Introduction

The template will present a set of standard provisions for PPP Contracts.

The three primary objectives in developing a PPP Contract Template are to:

- Create a common understanding among agencies about the risks and key considerations to address in a PPP Contract;
- Reduce the time and costs of negotiating PPP Contracts; and
- Create a tool to help standardize basic provisions, to the extent possible, within PPP Contracts among agencies.

In general, these standard provisions will be the basis for a draft PPP Contract that should be part of the bid package (together with the RFP and supporting documentation) to be approved for the tender process for any proposed PPP project.

It must be remembered that the suitability of various terms and conditions must be determined for each PPP project individually. This consideration is an important part of an agency's overall project design and appraisal of bidders' proposals.

In addition, it is common practice globally for agencies to retain qualified advisers to assist with the development and finalization of PPP Contracts.

The template will give directions and instructions on how to write and what to include in each clause. If it is possible, an example clause is provided. Some clauses will not have examples as these vary greatly from one project to another.

The example clause includes entries in blue color between square brackets to be changed by whom is preparing the template and the values provided in blue are just examples and shall be changed to reflect the conditions of the project.

2. Definitions

<This clause shall identify all the definitions used in this PPP Contract. Definitions vary from one project to another, and so the examples given below are not comprehensive.>

Example Definitions used in this template PPP Contract

Definitions **In this PPP Contract, unless the context otherwise requires, the following capitalized terms shall have the meaning assigned to them below:**	
Agency	**The government body interested in the PPP Project;**
Business Day	**Any day except Thursday and Friday or any public holiday;**
Expiry Date	**The [xth] anniversary of the [Signature Date];**
Lenders	**Any organization, person, or company providing financing to the Private Party under a financing Contract;**
Parties	**The Agency and the Private Partner;**
Payment Deductions	**The Availability and the Performance deduction;**
PPP Contract	**This Public Private Partnership PPP Contract between the Parties;**
Project Assets	**All assets as required to design, construct, install, operate, and/or maintain the project including facilities, books and records, spare parts and tools, Intellectual Properties, and any agency assets;**
Project Deliverables	**All the deliverables that the Private Partner is supposed to develop under the terms of this Contract**
Service Commencement	**The actual commencement of the Services;**
Service Commencement Date	**The date of Service Commencement;**
Services	**The services to be provided by the Private Partner to the Agency;**
Signature Date	**The date of signing this PPP Contract by the last signing Party;**
Sub-Partner	**The counter-parties of the Private Partner;.**
Unitary Payment	**The charges payable to the Private Partner in connection with performing its obligations included in the Project Deliverables;**

3. interpretations

< This clause shall set forth the principles that will govern the interpretation of the language, definitions, and other terms used in this PPP Contract.>

4. Duration of PPP Contract

<Specify in this clause the duration of the PPP Contract.
The PPP Contract must specify its duration. Along with specifying the duration of the PPP Contract, other different dates shall be specified in this clause:

- Signature Date
- Service Commencement Date: The date at which the service delivery starts
- Long Stop Date: It is a late service commencement date; non-fulfillment of it may entitle the Agency to immediately terminate the PPP Contract.
- Expiry Date: The date specified at the time of signing this contract for which the contract will terminate.

Specifying the Duration of the PPP Contract is influenced by many factors that may lead to longer or shorter durations.

Some of the factors that influence the duration are:

- The requirements of the Agency in terms of Services, the more complex the longer the duration is.
- The affordability of the services for the Agency in terms of financial constraints and budgets. Longer periods are more affordable as this reduces the Unitary Payments.
- The need for a major refurbishment or replacement programs in respect to Project Assets over the Project Term.
- The term of the debt, where a longer debt service period leads to a longer duration.>

Example Standard Clause

4.1	**This PPP Contract and the rights and obligations of the Parties under this PPP Contract shall take effect on the Signature Date.**
4.2	**The Service Period shall commence on the Service Commencement Date and terminate on the earlier of the Expiry Date and the Termination Date.**

5. MDA's role prior to service commencement

<Specify in this clause the Agency's role after Signature Date and prior to Service Commencement Date.

The Agency's role after the Signature Date and before the Service Commencement Date can be (assuming there is a design and construction phase):

- Reviewing and commenting on, but not approving, any changes in the Private Partner's design. The costs of the new designs shall be borne by the Private Partner.
- Reviewing tests of any document being developed.
- Reviewing Private Partner's activities like quality management which need to be pre-agreed and incorporated in the PPP Contract.>

6. Critical Dates

< Specify in this clause the late service commencement date.
This clause specifies a date where it is unacceptable to start the service beyond. If the Private Partner is unable to start the service before this date, then termination of the PPP Contract is an option for the Agency.
The Agency should have a contingency plan in this case. It should be mentioned in this part of the PPP Contract that all the costs incurred because the Private Partner is not able to meet this critical date should be carried by the Private Partner.**>**

7. Submission of designs and information to MDA

<This clause specifies how to handle the submission of designs and information to the Agency before commencing any service delivery.
The PPP Contract should mention a mechanism that facilitates:

- The submission of key aspects and designs of the project by the Private Partner to the Agency and including them as annexes of this PPP Contract.
- The Agency has the right to review and comment on submitted designs to ensure that those serve the desired output specifications.
- The Private Partner should have a mechanism to submit minor changes to designs that do not lead to changes in service

8. Warranties

<A warranty is meant to confirm the truth of information given by either Party, the Agency and the Private Partner.
The major issues to consider when writing the warranties provisions are:

- A breach of warranty in the PPP Contract should not mean a termination of the PPP Contract against the defaulting Party. Instead, a breach of warranty should give rise to a claim for damages under the indemnity provisions of the PPP Contract.
- Warranties are given from both sides, the Private Partner and the Agency.
- In order to show its good faith, and give the Private Partner some comfort, the Agency should consider on a project-by-project basis whether or not to warrant that it has not knowingly omitted to disclose any important information about the project and the assets in its possession or under its control.
- Information warranties about existing facilities and services are to be given by the Agency if the Agency is the only source of such information and that information can not be independently verified.
- When the Agency is not the only source of information or the information can be independently verified, then the Agency must not give any warranties regarding that information. Instead the Private Partner shall rely on its due diligence and surveys made available by the Agency.>

8.1 Private Partner Warranties

< This clause should list the clauses of the Private Partner warranties.>

Example Standard Clause

The Private Partner warrants that:	
8.1.1	**It has taken all necessary actions to authorize the execution of this PPP Contract;**
8.1.2	**All consents required for the development and delivery of the Project Deliverables are in full force and effect at the Signature Date;**
8.1.3	**No litigation, arbitration, or administrative proceedings is in progress as at the Signature Date, which may have a great impact on the ability of the Private Partner to develop and deliver the Project Deliverables;**
8.1.4	**All information disclosed by or on behalf of the Private Partner at any time during the tendering process and up to the Signature Date is true, accurate, and complete, and the Private Partner is not aware of any information not disclosed to the Agency, which if disclosed would impact the decision of the Agency to award the PPP Contract to the Private Partner.**

a. Agency's Warranties

< This clause should list the clauses of the Agency's warranties.>

Example Standard Clause

8.2.1	**Necessary actions to authorize the execution of this PPP Contract are taken and properly assured; and**
8.2.2	**No important information in the possession and under the control of the Agency is knowingly omitted;**

9. Performance monitoring

< This clause of the PPP Contract shall address the following Contractual issues:

- Performance Levels.
- Monitoring Methodology.
- Commencement of Performance Monitoring
- Performance Monitoring Cost
- Qualitative Performance Factors
- Reporting
- Consequences

>

b. Performance Levels

<The performance levels should be specified in the PPP Contractor as an attachment to the PPP Contract in a more formal document, usually a Service Level Agreement (SLA). Make a citation here to the SLA that should be attached and considered part of the PPP Contract.>

c. Monitoring Methodology

< This clause should specify clearly the monitoring methodology to be followed. Monitoring Methodology clause should have the following characteristics:

- The mechanism for the monitoring is a must in the PPP Contract, and it should produce performance assessments for all required output specifications.
- The monitoring methodology should concentrate on self-monitoring by the Private Partner and periodic reviews by the Agency.
- Periodic reports should be delivered to the Agency by the Private Partner.
- The data collected should be relevant and quantifiable, and it should be tied to the unavailability of services, poor performance, and Payment Deductions.>

d. Commencement of Performance Monitoring

< This clause should specify the dates by which performance levels should be achieved. Some projects may face problems reaching required performance levels during the initial “start up” phase of the project. In such cases, the Private Partner should be afforded a degree of flexibility in achieving the performance levels.>

e. Performance Monitoring Cost

<This clause should agree on who should pay for the monitoring costs.

- As a substantial portion of monitoring is self-monitoring, the Private Partner should bear the costs of monitoring.
- In case of any reviews by the Agency, the Agency should bear the costs of its reviews.
- In cases where the monitoring systems used by the Private Party are defective, and the output specifications performance levels are not being met so, the Private Partner shall accrue the costs of the reviews by the Agency.**>**

f.Qualitative Performance Factors

<This clause of the PPP Contract shall specify how qualitative performance factors (for example the helpfulness of the staff) should be handled where quantifiable factors can not be specified.
The PPP Contract shall determine the output specifications that need to be measured qualitatively and come up with agreed upon clause to mention how to measure such factors. Examples are:

- End-user satisfaction surveys: The Private Partner could be obliged to meet the end-user satisfaction surveys although those surveys are subjective and reflect changing perceptions of end-users.
- Mystery Shoppers: This removes the defaults of the previous method where qualified individuals are asked to test the service from different perspectives. The disadvantage of this method is that the qualified individual community is smaller than the end-user community.
- Sampling: The size and frequency should be agreed prior to signature.**>**

g.Reporting

<This clause of the PPP Contract should specify the reporting requirements associated with the monitoring activities.
The key PPP Contractual issues that need to be agreed upon in the reporting clause should cover:

- What are the reports required, by whom, and what is the frequency?
- How soon after the monitoring period should the report be received?

>

h.Consequences

<This clause must set out clearly the consequences of any failures by the Private Partner to meet the required performance levels.
The common approach to deal with poor performance by the Private Partner is Payment Deductions. Those deductions should be proportionate to the severity of the poor performance. This relationship should be agreed upon here.
>

10. Maintenance

<This clause should mention the maintenance responsibilities for the facilities, equipment, machinery, services, etc. to be handled by the Private Partner.
Maintenance is required to keep the facilities in a condition that meets the required output specifications during the PPP Contract duration.
As maintenance is usually the responsibility of the Private Partner, the Private Partner should have the freedom to determine the nature, frequency, and timing of the maintenance operations. The Private Partner shall ensure that the maintenance will not interfere with the normal operations of the service. If this is unavoidable, the Private Partner and the Agency shall determine the planned maintenance periods for which the unavailability is not subjected to Payment Deductions upon the Private Partner.
Another point to bring in the context of maintenance is the condition of the facilities or project assets when the Expiry Date approaches (See Clause on Handback). The Parties at the Signature Date should have specified the condition of the facilities and assets at the end of the PPP Contract. It should be noted that the Agency interest in maintenance will be most acute at the end of the PPP Contract.
Maintenance is generally covered in two clauses:

- General Maintenance Clause
- Clause relating to the surveys made to make sure that the maintenance procedures are properly implemented (Maintenance Surveys)>

i. General Maintenance

<This clause should list the General Maintenance clauses.>

Example Standard Clause

The Private Partner shall ensure all the times that its maintenance procedures are sufficient to ensure that:
10.1.1 The service is continuously available;
10.1.2 It can maintain the design intentions of the assets to achieve its output specifications;
10.1.3 The assets are handed back to the Agency in a condition that complies with the requirements of this clause (See Clause 19: Handback);

j. Maintenance Survey

<Specify here the clauses for conducting maintenance surveys.>

Example Standard Clause

10.2.1 If the Agency reasonably believes that the Private Partner is in breach of its obligations under Clause 10.1 (General Maintenance) then the Agency may conduct a survey to make sure that the assets are in a condition as specified in Clause 10.1 (General Maintenance). This right can be executed once every [One] year, except that additional inspections are also permitted to address exceptional, unforeseeable circumstances;

10.2.2 The Agency shall notify the Private Partner in writing [10] days in advance of the intended survey. The Agency shall in good faith consider any request by the Private Partner to conduct the survey on a different date if this request is made at least [5] days before the notified date;

10.2.3 If the survey shows that the Private Partner is in breach of its obligations under Clause 10.1 (GeneralMaintenance), the Agency shall:

10.2.3.1 Notify the Private Partner of the condition in which the assets should be in;

10.2.3.2 Specify a reasonable period in which the Private Partner can carry out necessary rectifications and maintenance procedures;

10.2.3.3 Be entitled to be reimbursed by the Private Partner for the costs of the survey;

10.2.4 The Private Partner shall carry out the rectification and maintenance procedures within the period specified, and all costs incurred as such shall be carried by the Private Partner;

11. Changes in services

<Changes in services are inevitable especially in very long projects. This clause should set a change mechanism that has the following characteristics:

- Clear process, roles, and responsibilities once a change originates.
- Efficient changing procedures that can be implemented without any delays.

Changes can be:

- Anticipated changes: Those can be defined in the bidding process and should be anticipated in the bidding solution by the Private Partner.
- Unanticipated changes: Those are not known and appear during the life of the project.

Both types need a change mechanism in the PPP Contract since this area is so sensitive.

Changes may originate from the Private Partner or from the Agency for many different facets of the Services like the specifications, capacity, and performance.

Change clauses should cover the change from start through implementation. A well developed protocol for changes will make sure that impacts are minimized. A suggested change protocol that can be followed in PPP Contracts is:

- Notification and Specification
- Private Partner Estimate
- Agency Approval
- Change Implementation

>

k. Notification and Specification

<This clause shall specify a clear mechanism for the notification of changes by both Parties. It should be utilized in good faith and mention what are the original specifications and what is newly required. The financial and timing differences should also be stated in a clear format>

l. Private Partner's Estimations

<This clause shall specify that the Private Partner -who is supposed to implement the change- is entitled to a period to estimate and study the change if requested by the Agency. This clause should also specify that the Private Partner may reject the requested change if it is unreasonable. Circumstances where Private Partner can reject the change should be mentioned. Some examples can be:

- If the change is inconsistent with good industry practice where the Private Partner is more capable to decide upon this.
- If it would adversely affect the Private Partner's ability to deliver the service.

If the Private Partner accepts the change, the change mechanism should set out:

- Schedule by when the Private Partner should respond with a design of the new change.
- Any costs incurred by the change.
- Who is going to carry the costs (usually the costs are carried by the originator of the change).

>

m.Agency Approval

<This clause should set out the approval process by the Agency if the change is requested by the Private Partner.**>**

n.Change Implementation

<This clause should specify – once approvals are acquired– the timetable for the implementation of changes. It should specify different timetables for elements of the requested change, depending upon their size and complexity.**>**

12. Protection against late / sub-standard service delivery

<This clause should be written to protect the Agency against late service commencement and delivery.
The Agency should request protections from the Private Partner against the possibility of late service commencement and delivery. This should be done to bring value for money for the Agency. It should be acknowledged by the Agency that the Private Partner should be as concerned as the Agency about commencing the delivery of service, or Unitary Payments will be delayed or deducted. The Agency may consider different kinds of protections like:

- Liquidated Damages: a pre-estimate of the losses that the Agency may face once the service is not delivered on time. This should be a realistic estimate.
- Performance Bonds: The Agency may require a performance bond which is a percent of the price of the PPP contracted Services. The bond may be called if the service is not delivered on time.
- Long Stop Date: The Agency needs to protect against uncertainty of when the service will commence and be delivered by setting a date after which the PPP Contract may be terminated. Termination should always be the last resort. The Long Stop Date shall be specified underDuration of PPP Contract.

>

13. Service interruptions due to supervening events

<This clause shall specify when the Private Partner shall be relieved from liability for not commencing or delivering services on time.
The Private Partner undertakes to ensure service commencement on a fixed date. There may, however, be circumstances or events where the Private Partner should fairly be relieved from liability for the failure to commence service on time. Those events are called “supervening events” because the Private Partner is unable to control them. Supervening events are divided into three categories:

- Compensation Events: These are events which are at the Agency’s risk and in respect of which the Private Partner should be compensated
- Relief Events: Are events that are best managed by the Private Partner but are not necessarily in its control. The Private Partner bears the financial risk of such events. The relief events do not bring rights of termination.
- Force Majeure Events: These are the events that are not the responsibility of any of the Parties and in respect of which termination rights may arise.

>

13.1 Compensation Events

<This clause shall define the Compensation Events and the handling of these events once they materialize.
A Compensation Event usually involves the Agency’s breach of any of its obligations under this PPP Contract. Compensation Events are events that:

- Arise before the Service Commencement Date;
- Are at the Agency risk; and
- Which result in a delay to the Service Commencement Date and/or incurred increased cost to the Private Partner?

Events that are considered Compensation Events are:

- Agency breach of an obligation.
- Changes by the Agency.
- Specific Changes in Law.

Example Standard Clause

13.1.1	**As a direct result of the occurrence of a Compensation Event, and if on or before the Service Commencement Date:**
13.1.1.1	**The Private Partner is unable to achieve service commencement on or before the Service Commencement Date, or after the Service Commencement Date, the Long Stop Date;**

13.1.1.2 The Private Partner is unable to comply with its obligations under this PPP Contract; and/or
13.1.1.3 The Private Partner incurs costs or losses in revenue;
Then the Private Partner is entitled to apply for relief from its obligations and/or claim compensation under this PPP Contract.
13.1.2 To obtain relief and/or claim compensation under this PPP Contract, the Private Partner must:
13.1.2.1 Within [15] Business Days of its awareness that a Compensation Event has caused or is likely to cause delay or incur costs or loss of revenues, give a notice to the Agency of its claim for an extension of the Service Commencement Date, payment of compensation, and/or relief from its obligations under this PPP Contract;
13.1.2.2 Within [10] Business Days of the submission of the claim to the Agency, prepare a detailed estimate of the extension of time and/or costs incurred by the Compensation Event; and
13.1.2.3 Demonstrate to the Agency that the Compensation Event was the cause for the loss of revenues, the incurrence of extra costs, and/or the delay of the Service Commencement Date;
13.1.3 In the light of the above provisions:
13.1.3.1 If the event resulted only in time delays then the Agency shall postpone the Planned Dates; Service Commencement and/or Long Stop Date;
13.1.3.2 If the event resulted in extra costs or revenue lost for the Private Partner, the Agency shall compensate the Private Partner for the actual estimated change in project costs within [30] Business Days of receipt of a written demand by the Private Partner supported by all relevant information;
13.1.4 In the case the information and claims are provided after the dates specified in clause 13.1.2, then the Private Partner shall not be entitled to any extension, compensation, and relief from its obligations under this PPP Contract;
13.1.5 If the Parties are unable to agree the extent of delay, compensation, or relief, or the Agency disagrees that a Compensation Event has occurred, the Parties shall resolve the matter in accordance with the provisions on Dispute Settlement.

13.2 Relief Events

<This clause shall specify the events that are considered Relief Events and how to handle them.>

Example Standard Clause

13.2.1 Relief Event means:
13.2.1.1 Lightening, storm, fire, explosion, tempest, flood, bursting of water tanks, earthquakes, riot, and civil commotion;
13.2.1.2 Failure by any statutory undertaker, utility company, or other like body;
13.2.1.3 Any failure or shortage of power, fuel or transport;
13.2.1.4 Any blockade or embargo which does not constitute a Force Majeure event;
13.2.1.5 Any official or unofficial strike, lockout, or go-slow
Unless any of the events above arises as a result of willful default or act by the Private Partner.

13.2.2 If and to the extent that a Relief Event:
13.2.2.1 Is the direct cause of a delay in Service Commencement; and
13.2.2.2 It adversely affects the ability of the Private Partner to perform its obligations under this PPP Contract,
Then the Private Partner is entitled to apply for relief from any rights that arise to the Agency under Clause 18 (Early Termination of the PPP Contract).

13.2.3 To obtain relief the Private Partner must:

13.2.3.1 Within [14] days after it became aware that the Relief Event has caused or is likely to cause delay or adversely affect the Private Partner ability to perform its obligations under this PPP Contract, give the Agency a notice of its claim for relief from its obligations under this PPP Contract;

13.2.3.2 Within [8] days of the receipt by the Agency of the claim, give full details of the relief claimed and demonstrate to the Agency:

13.2.3.2.1 The Private Partner and its PPP sub-contractors could not avoid the consequences of the event;

13.2.3.2.2 The relief event directly caused the delays;

13.2.4 In the event that the Private Partner has complied with the provisions of Clause 13.2.3, then:

13.2.4.1 The Service Commencement Date and/or the Long-Stop Date shall be delayed proportionate to the consequences of the event; and/or

13.2.4.2 The agency shall not be entitled to exercise its rights under Clause 18 (Early Termination of the PPP Contract).

13.2.4.3 If Parties are unable to agree the extent of delay, or relief, or the Agency disagrees that a Relief Event has occurred, the Parties shall resolve the matter in accordance with the provisions of Clause 23: Dispute Settlement.

13.3 Force Majeure Events

<This clause shall specify the Force Majeure events.

Force Majeure Events are highly unlikely to occur and neither of the Parties can anticipate them. The consequences are catastrophic and usually the termination of the PPP Contracts becomes an early option.

Example Standard Clause

13.3.1 Force Majeure Events mean the occurrence of:

13.3.1.1 War, civil war, armed conflict, or a terrorist attack; or

13.3.1.2 Nuclear, chemical, or biological contamination unless the source of contamination is from the Private Partner or one of its PPP sub- contractors;

13.3.1.3 Other unanticipated events that make performance under the Contract reasonably impossible.

Which directly causes either Party to be unable to comply with all or a material part of its obligations under this PPP Contract.

13.3.2 As soon as practical, the Parties shall unite and discuss the available ways to overcome the consequences of the Event;

13.3.3 If an agreement is not reached on revisions to enable continuation of the PPP, the PPP Contracts will be considered expired.

14. Price and payment mechanisms

< This clause shall specify the essence of the PPP Contract which is the Payment Mechanism.
The Payment Mechanism is the core of the PPP Contract because it:

- Puts into financial effect the risk allocation between the Agency and the Private Partner.
- Determines the Unitary Payment (if any) that the Agency makes to the Private Partner.
- Determines the incentives for the Private Partner to make the services available in a manner that provides even greater value for money.

The key features of a Unitary Payment must be:

- No Unitary Payments shall be made until the services are available
- The Unitary Payment should be specified for achieving the output specifications and not based on achieving the inputs.
- The Payment Mechanism should seek to make deductions for unavailability and poor performance so that the Private Partner is financially penalized, and deductions should reflect the severity of the failure in performance or availability.

The Agency and the Private Partner should agree on a fixed Unitary Payment during the life of the project that is subject to changes with inflation rates changes.
Unless there are amendments to the output specifications of the services, there should be no changes to the Unitary Payment. The Agency should make sure that Payments are made on time and not withheld unreasonably.
>

Example Standard Clause

	14.1 Unitary Payment: The Private Partner shall not be entitled to receive any Unitary Payment until the Service Commencement Date. The Agency shall pay the Private Partner the Unitary Payment of all Services each [period][10]following the Service Commencement Date;
	14.2 Payment Arrangements: The invoicing arrangements with respect to the Unitary Payment shall be as follows:
14.2.1	**The Unitary Payments shall accrue in arrears in respect of each [period][11] and shall be invoiced and paid in the following [period].**
14.2.2	**On the [nth] Business Day of each [period] the Private Party shall submit to the Agency a report which sets out the Unitary Payment due in respect of the previous [period].**
14.2.3	**If the Agency agrees with the Unitary Payment Invoice Report, then it should pay the amount on or before the Payment Date (defined in clause 14.2.4).**
14.2.4	**The "Payment Date" is the [nth] Business Day from the receipt of the Invoice Report by the Agency.**
14.2.5	**All payments under this PPP Contract shall be made in Riyals by [insert payment method] to the recipient at [insert the destination to where the payment should be sent].**

[10] The frequency for the payments (e.g. monthly or quarterly, etc) will depend on the particular project and the Agency's budgetary and administrative requirements. This must clearly be stipulated in the PPP Contract.
[11] Same as the period in Clause 14.1

14.2.6 **If either Parties dispute part or all of the Unitary Payment, the undisputed amount of the Unitary Payment shall be paid by the Agency. The Parties shall spare no effort to resolve the dispute within [x] Business Days of the dispute arising. If they fail to resolve the dispute, either Party may refer the dispute for resolution in accordance with Clause on Dispute Settlement. Following the settlement of the dispute, the Private Partner shall withdraw the original invoices and submit replacement invoices reflecting the new amounts if any.**

15. Auditing of the project by the agency

<This clause shall specify the auditing provisions by the Agency.
As each Agency shall report on its financial status and about the PPP Project status to the management and higher authorities, the Agency shall specify clearly in this clause the rights to access and audit information provided by the Private Partner.>

Example Standard Clause

15.1	**The Private Partner shall provide the Agency with any documents, records, information and the like in its possession as may reasonably be requested by the Agency for the purpose of complying with any of its statutory reporting obligations, including its reporting obligations under the [mention the statutory obligations for this context if applicable].**
15.2	**The Private Partner shall ensure that Sub-Partners shall provide information required by the Agency.**

16. Consequences of poor performance

<This clause shall specify clearly the consequences that will befall the Private Partner if the levels of services do not meet the agreed ones.
Poor performance by the Private Partner is depends on the conditions and circumstances. The PPP Contract shall mention mechanisms for consequences of such deviations. In general, there are two options for addressing poor performance:

- Financial Consequences (Payment Deductions): Payment Deductions shall reflect, if imposed:
  - The seriousness of the failure by the Private Partner: *e.g.*, deductions for wrong web site colors should not be the same as malfunctions in the core functionality like service delivery.
  - The frequency and the persistency of the failure: Deductions may increase with time if the failure is repeatable or is pro-longed.
- Non-Financial Consequences: The Non-Financial consequences may range from early warnings to the Private Partner to project changes (in systems, processes or management) or termination of the PPP Contract.

The Agency shall apply a Payment Deduction only after carefully considering the circumstances that led to the failure.
It is a good practice to include as a separate attachment to this PPP Contract an annex providing a table that summarizes the deduction scheme used.
>

17. change in law

<This clause shall handle the change in law risks and should identify the types of changes in law.
Some changes in law risks are foreseeable for the Private Partner, so they should anticipate such risk in their bidding prices. Some changes in law risks are unforeseeable for the Private Partner or the Agency. The PPP Contract should handle properly the allocation of such risk.
The best practice for such risk is for both Parties to share it since both have may have little influence on legislation and different capabilities in handling changes in law risks.

18. Early termination of the PPP Contract

<This clause shall deal with the consequences of early termination of the PPP Contract.
The intentions of the Parties to the PPP Contract shall be to run the PPP Contract in its full course and terminate it on the Expiry Date.
A project may be terminated prior to the Expiry Date for any one of the following reasons:

- Agency Default
- Private Partner Default
- Force Majeure
- Corrupt Acts

The reasons above are the only reasons to terminate the project prior to Expiry Date. In most contracts, the Agency is not entitled to terminate the project early for convenience, even if it thinks that it can handle the service better using a traditional procurement approach.
This clause of the PPP Contract must deal with the consequences of an early termination in each of the above-mentioned cases. The Project Assets are dealt with the same way regardless of the reason of termination
The major difference between the consequences of all terminations is the level of compensation payable to the Private Partner.>

18.1 Early Termination for Agency Default

<This clause should stipulate the events that would constitute an Agency Default and that would entitle the Private Partner to terminate the PPP Contract.
Some breaches would entitle the Private Partner to terminate the PPP Contract like the compensation events. Events that constitute an Agency Default should be limited to those breaches by the Agency that renders the Private Partner unable (or highly infeasible) to perform its obligations. The Agency should make sure at the signing of the PPP Contract that the Private Partner has remedies, where possible, to mitigate defaults by the Agency.
The circumstances by which the Private Partner is entitled to terminate the PPP Contract shall be examined on a project-by-project basis. The Private Partner shall bear in mind that breaches by the Agency can be treated as compensation events, and termination should be a last resort.
>

Example Standard Clause

18.1.1 Agency Default means any one of the following events: **18.1.1.1 An expropriation of a material part of the Project Assets and/or the shares of the Private Partner by the Agency;**

18.1.1.2 A failure by the Agency to pay amounts of money due to the Private Partner which are not included in disputes which exceeds [x] Riyals and such failure continues for [x] Business Days from receipt by the Agency of a notice of non-payment by the Private Partner;

18.1.1.3 A breach by the Agency of its obligations under this PPP Contract which materially renders the Private Partner unable to perform its obligations under this PPP Contract for [x] months continuously;

18.1.2 Termination for Agency Default shall follow the below procedures:

18.1.2.1 Within [x] days after the Private Partner becomes aware of the occurrence of an Agency Default, the Private Partner shall submit a notice to the Agency on the occurrence of the default. If the default has not been rectified within [x] Business Days from the date of receipt of the notice by the Private Partner, the Private Partner may send a notice to the Agency terminating the PPP Contract with immediate effect;

18.1.2.2 The Private Partner shall not exercise any rights to terminate this PPP Contract except as expressly provided herein.

18.2 Early Termination for Private Party Default

<This clause should specify the events for which the Agency may terminate the PPP Contract for Private Partner Defaults.
The clause should state clearly and reasonably the events that justify termination of the PPP Contract for a Private Partner Default.
>

Example Standard Clause

18.2.1 Private Partner Default means any of the following events or circumstances:

18.2.1.1 Any compromise or arrangement with or for the benefit of the creditors being entered into by the Private Partner;

18.2.1.2 The Private Partner ceases to carry on business, due to bankruptcy, insolvency, business failure or other reasons;

18.2.1.3 The Private Partner fails to meet the Long Stop Date;

18.2.1.4 The Private Partner ceases to provide all or substantial part of the Services under this PPP Contract (other than when the Private Partner is impacted by Agency Default);

18.2.1.5 A failure by the Private Partner to pay amounts of money due to the Agency which are not included in disputes, which exceed [x] Riyals and such failure continues for [x] Business Days from receipt by the Private Partner of a notice of non-payment by the Agency;

18.2.1.6 Any breach of the provisions of this PPP Contract that has occurred more than once and:

18.2.1.6.1 The Agency has given an initial warning about the breach, and the Agency stated by a notice that if the breach recurs, consequences can include termination of the PPP Contract;

18.2.1.6.2 The Agency has issued a second and final warning about the breaches.

18.2.1.7 The Private Partner commits a breach of any of its obligations under this PPP Contract not covered by previous clauses.

18.2.2 On the occurrence of the Private Partner Default the Agency may:

18.2.2.1 Terminate this Contract in its entirety by notice in writing and with immediate effect if the Private Partner Default is in the clauses 18.2.1.1, 18.2.1.2, and 18.2.1.3;

18.2.2.2 For other sub-clauses 18.2.1.4, 18.2.1.5 and 18.2.1.6, the Agency shall serve a notice to the Private Partner to remedy the default within [x] Business Days from the receipt of the notice. If the Private Partner is unable to do so, the Agency is entitled to terminate the PPP Contract with immediate effect.

18.2.3 The Agency shall not exercise any rights to terminate this PPP Contract except as expressly provided herein.

18.3 Early Termination for Force Majeure

<This clause shall state the termination of the PPP Contract in cases of Force Majeure events.>

Example Standard Clause

Termination for Force Majeure

18.3.1 If, in the circumstances referred to in Clause 13.3: Force Majeure Events, the Parties have failed to reach agreement on any modification to this PPP Contract pursuant to that Clause within [x] months of the date on which the Party affected serves notice on the other Party in accordance with that clause, either Party may at any time afterwards terminate this PPP Contract by written notice to the other Party having immediate effect, provided always that the effects of the relevant events of Force Majeure continue to prevent either Party from performing any material obligation under this PPP Contract.

18.4 Early Termination for Corrupt Acts

<This clause shall state the Corrupt Acts events justifying early termination of the PPP Contract.
This clause concerns actions by the Private Partner (or any of its sub-contractors or lenders) that include bribery, corruption, and fraud in connection with the procurement and the ongoing performance of the PPP Contract. This includes gift, payments and all other Corrupt Acts.

Example Standard Clause (defining Corrupt Act)

18.4.1 "Corrupt Act" means:

18.4.1.1 Giving, agreeing to give, or offering to the Agency or any other member of other agencies or the government or any person employed on behalf of the Agency or on behalf of other members of other agencies or the government, any gift or any consideration of any kind as an inducement or reward for doing or not doing (or for having done or not having done) any act for the obtaining or the performance of this PPP Contract with the Agency or other PPP Contracts with other agencies;

18.4.1.2 Entering into this PPP Contract with the Agency or any other PPP Contract with other agencies in connection with which commission has been paid or has been agreed to be paid by the Private Partner or on its behalf or to its knowledge unless such commission has been agreed to in a written notice by the Agency;

18.4.1.3 Committing any offense:

18.4.1.3.1 Under any law from time to time dealing with bribery, corruption, fraud, or extortion;

18.4.1.4 Defrauding, attempting to defraud, or conspiring to defraud the Agency or any other public agencies.

Example Standard Clause (Termination for Corrupt Act)

18.4.2 Termination for Corrupt Act

18.4.2.1 The Private Partner warrants that in entering into this PPP Contract that it has not committed any Corrupt Act;

18.4.2.2 If the Private Partner or anyone employed by the Private Partner or the Sub-Contractor or anyone employed by the Sub-Contractor commit any Corrupt Act, then the Agency is entitled to act in accordance with the clauses:

18.4.2.2.1 If the Corrupt Act is committed by the Private Partner, any director of the Private Partner, or any employee of the Private Partner with the knowledge of the Private Party, then the Agency may terminate this PPP Contract with immediate effect by a written notice to the Private Partner;

18.4.2.2.2 If the Corrupt Act is committed by an employee of the Private Partner, then the Agency may terminate this PPP Contract with a written notice, unless the Private Partner within [x] Business Days of the receipt of the notice ensures that the employee's involvement in the project is terminated and all the work assigned to the employee is reassigned to somebody else with same qualifications or better;

18.4.2.2.3 If the Corrupt Act is committed by a Sub-PPP Contractor of the Private Partner, or by any of the Sub-PPP Contractors directors or employees, then the Agency may terminate the PPP Contract in a written notice, unless the Private Partner within [x] Business Days of the receipt of the notice ensures that the Sub-PPP Partner's involvement in the project is terminated and substituted with another with the same capabilities and qualifications or better;

18.4.2.2.4 If the Corrupt Act is committed by a Lender of the Private Partner, or by any of the Lender directors or employees, then the Agency may terminate the PPP Contract in a written notice, unless the Private Partner within [x] Business Days of the receipt of the notice ensures that the Lender's involvement in the project is terminated and substituted with another with the same capabilities and qualifications or better;

18.4.2.2.5 Any notice of termination under this clause shall include:

18.4.2.2.5.1 The nature of the Corrupt Act committed;

18.4.2.2.5.2 The Parties that were involved in the Corrupt Act;

18.4.2.2.5.3 The date on which this PPP Contract shall terminate.

18.4.2.2.6 The Private Partner is free to pay its own employees whatever commission or bonus;

19. Handback

<This clause shall specify the conditions in which the Project Assets shall be handed back to the Agency upon the termination or early termination of the project. It also shall specify an inspection procedure for checking the condition of Project Assets prior to handing them back to the Agency. If the conditions of the Project Assets are not in a state as required in the Contract, then remediation procedures shall be agreed upon in this PPP Contract before handing those Assets back. The conditions of the Project Assets and the procedures for remediation are dealt with on a project-by-project basis. For example IT Assets are not expected to be useful after termination for a long period, where the accommodation units shall be useful for longer periods.

20. Private Partner indemnities

<This clause shall specify the indemnities that the Private Partner shall provide the Agency with.
The PPP Contract shall require the Private Partner to indemnify the Agency against damages that may be incurred as a result of the Private Partner's performance or non-performance of the Project Deliverables.
The Private Partner will usually make provision in its bid price for such contingent liability to the extent that it is not covered by insurance.
Generally there are five types of liabilities for which the Agency needs to be indemnified by the Private Partner:

- Property damage
- Breach of statutory duty
- Death and personal injury
- Third Party claims
- Breach of a Private Partner warranty

>

Example Standard Clause

The Private Partner shall indemnify and keep the Agency indemnified at all times against all losses incurred by the Agency as a consequence of:
20.1 Any loss or damage to property (including, without limitation, any Agency's asset);
20.2 Any breach of a statutory duty arising under applicable law;
20.3 Claim for the death or the personal injury of an individual;
20.4 Other claim, action, charge, cost, demand, or expense (including, without limitation, any legal fees or costs) arising because of the performance or non-performance of any Project Deliverable, except to the extent caused by the gross negligence of the Agency.
20.5 Any breach by the Private Partner of any warranties given by it under this PPP Contract.

21. Information and confidentiality

<This clause should deal with the confidentiality of information.
Both Parties should agree in this clause on the confidentiality of the information from Private Partner to Agency or vice versa.
A balance has to be struck between the need for information to be available to serve the public interest in transparency and the sensitivity of commercial information between the Parties. Information can be made confidential for many reasons, including:

- State Security
- Commercially sensitive information as not to disclose the information about Private Partner to other competitors

>

Example Standard Clause

21.1	**Confidential Information means any information which is agreed by both Parties at the conclusion of this PPP Contract or before it is provided to the recipient Party to be [commercially sensitive or other reasons];**
21.2	**Each Party shall keep the Confidential Information of the other Party confidential within the duration of this PPP Contract and for [x] years after the termination of this PPP Contract.**

22. Intellectual property rights

<This clause shall address the use of Intellectual Property in the Project by the Private Partner.
The Private Partner may need to use Intellectual Property licenses in the project. Intellectual Property may be owned by the Private Partner or by a third Party in which case a license is needed to use it.
The Parties to the PPP Contract—either the Private Partner or the Agency— must not breach a license for Intellectual Property. The breach and infringement of the usage of the Intellectual Property Rights must be addressed in this clause.
The Agency does not necessarily need to own the Intellectual Property. Agency may:

- Inherit a free Intellectual Property if granted by the Private Partner
- Purchase Intellectual Property Rights if needed for service continuity after the PPP Contract terminates.

Infringement of Intellectual Property Rights by the Private Partner means that all costs relating to this infringement shall be incurred by the Private Partner. The Private Partner shall inform the Agency of any infringements if this will affect service delivery.
Infringement of Intellectual Property Rights by the Agency means that the Agency shall incur all costs relating to it.

This clause shall also address how to handle Intellectual Property Rights if the PPP Contract is terminated early or expires. Usually the Agency is entitled to Intellectual Property Rights if the software, hardware, or any other licensed asset is developed specifically for this project.

Most importantly, the clause shall address the situation where Intellectual Property Rights are granted by the Agency to the Private Partner to be able to conduct its work. An Example is shown below involving Agency Intellectual Property Rights.
>

Example Standard Clause

Intellectual Property of the Agency

22.1 **All Intellectual Property Rights, whatsoever, regarding the Agency's name, trademark, logos, software, and any other Intellectual Property Rights shall remain the sole property of the Agency.**

22.2 **In case the Private Party requires to use any of the Intellectual Properties of the Agency, it shall do so by submitting a request to the Agency, and it remains the absolute decision of the Agency and at its discretion to approve and accept it. The Agency shall use reasonable endeavor to approve or disapprove the Private Partner request. The Agency shall within [x] Business Days inform in writing the Private Partner of the approval or disapproval with reasonable justification.**

22.3 **If at any time the Agency revokes its approval of any Intellectual Property Rights, the Private Partner shall immediately discontinue using those rights and revoke from public sale or distribution any previously used service or product in respect of which the Agency has revoked its approval. The costs incurred by the revocation shall be borne by the Private Partner if the grounds for the revocation include any ground in clause 23.4.**

22.4 **The Agency may revoke its approvals for Intellectual Properties immediately upon [x] Business Days written notice to the Private Partner, if the Private Partner, or one or more of its Sub-Contractors, or one or more of its employees or the employees of its PPP Sub-Contractors, commits any crime or otherwise engages in a conduct that offends against public morale or decency, and in the Agency's reasonable opinion, materially prejudices the reputation or the public goodwill of the Agency.**

23. Dispute resolution

<This clause must specify procedures for handling disputes under the term of this PPP Contract.
The Dispute Resolution process should not target litigation as a first choice. Disputes shall be first handled by good faith, efforts by both Parties using informal meetings and referrals to senior executives and authorities from either Party. If this fails to resolve a dispute, then litigation before the Board of Grievances is last resort.

Example Standard Clause

Dispute Resolution

23.1 Referable Disputes: The provisions of this clause shall apply to any dispute arising in relation to any aspect of this PPP Contract between all the Parties to this project.

23.2 Internal Referral

23.2.1 If a dispute arises in relation to any aspect of this PPP Contract, the Parties shall first endeavor in a good faith to resolve their dispute using the following informal process:

23.2.1.1 Disputes shall first be referred to a meeting of the [liaison of officers or other designated executives who are actively involved in the project and who has sufficient Agency to resolve the dispute]; and

23.2.1.2 If the Parties are unable to resolve the dispute within [x] Business Days of referral to the meeting specified in clause 23.6.1.1, either Party may refer the dispute for a resolution by the higher executive authorities in the Private Partner and the Agency;

23.2.2 Any dispute which has not been resolved by the representatives of Clause 23.6.1.2 within [x] Business Days of the dispute being referred to them shall be treated as a dispute in respect of which informal dispute resolution has failed.

23.3 Performance to continue: No dispute arising shall relieve either Party from its obligations under this PPP Contract.

23.4 Litigation: If the dispute is not amicably (by means of informal dispute resolution process) resolved by the two Parties, shall be referred to the Board of Grievances to issue a final decision thereon.

PROCUREMENT NOTICES FOR THE STATE'S FLAGSHIP PPP PROJECT - THE BAKASSI DEEP SEAPORT PROJECT

CROSS RIVER STATE GOVERNMENT

in collaboration with the

Federal Ministry of Transportation /Nigerian Ports Authority

In compliance with Infrastructure Concession and Regulatory Commission Est. Act 2005 and the National Policy on Public Private Partnership

DESIGN, BUILD, FINANCE, OPERATE AND TRANSFER (DBFOT) OF THE BAKASSI INTEGRATED DEEP SEAPORT AND CALABAR–OGOJA–GAKEM SUPERHIGHWAY

REQUEST FOR QUALIFICATION

1. The Cross River State Government (CRSG), in collaboration with the Federal Ministry of Transportation and the Nigeria Ports Authority are desirous of developing the Bakassi Integrated Deep Seaport (on a perimeter area of approximately 36,000 Hectares) under a Public Private Partnership (PPP) arrangement ("Bakassi Deep Seaport Project")
2. An integral component of the project is the development of a 275-km Calabar–Ogoja–Gakem tolled six lane Superhighway ("Superhighway Project) in the first instance, with the possibility for extension to neighboring states in the future.
3. The purpose of the above-named greenfield projects ('the Projects") is to enhance the national cargo handling capacities and serve as logistics corridor for the proposed Bakassi Deep Seaport respectively.
4. The Bakassi Deep Seaport is located in Idua-Inwang village, in the Esighi community of Bakassi Local Government Area of Cross River State.
5. The Bakassi Deep Sea port Project has been approved by the Federal Government of Nigeria as eligible for a PPP in the form of a DBFOT model while the Superhighway has been approved by the CRSG under the same model
6. The Projects are in line with CRSG's strategic integrated infrastructure plan to promote infrastructure development, attract investment, create employment and stimulate its economy.
7. The Cross River State Government has engaged the services of CPCS Transcom Nigeria Limited as Transaction Advisors to assist in the procurement of interested private sector investor(s) with the requisite technical competence, managerial capability and financial resources
8. In order to realize the Projects, a steering committee has been constituted comprising of relevant stakeholders in the Federal and Cross River State Governments.
9. In light of the foregoing, the Cross River State Government hereby invites prospective investors to submit qualification documents in one or both projects.
10. The preferred private partner's responsibilities with respect to the Bakassi Deep Seaport Project are also envisaged to include:
    - Design, Construct, Finance, Operate and Transfer
    - Cargo handling, stevedoring, warehousing and delivery
    - Acquisition of cargo handling and operations related equipment
    - Development and maintenance of port superstructure
    - Maintenance of safety and security within the terminal(s) in the port
    - Towage, pilotage, mooring, bunkering, ship chandelling and ship repairs
    - Transfer of technology through training of local personnel
11. The preferred private partner's responsibilities with respect to the six lane Superhighway are envisaged to include
    - Design Construct and Finance
    - Tolling and Maintenance

Method of Application:

12. The qualification documents for interested investors should be structured into the following sections:
    a. Profile of the Firm or Consortium including contact person, postal address, telephone numbers, and e-mail address. If a consortium or joint venture, provide names and contact details of consortium members, evidence of association or joint venture agreement, and indicate the lead firm in the consortium or joint venture;
    b. Ownership structure of bidding entity. Name(s) of major shareholders and percentage shareholding of participants in the bidding entity;
    c. Evidence of Incorporation with the Corporate Affairs Commission (CAC) or its equivalent for foreign firms. Foreign firms are encouraged to submit qualification documents, and may submit alone, as a consortium, joint venture, or as locally registered entities. Note that the preferred investor will be required to register as a local entity at the stage of issuance of letter of award for the Projects;
    d. Audited financial statements for the most recent three (3) years;
    e. Technical and operational capabilities including:
        i. Track record of successful development, financing or operation of a seaport or inland port within the past 10 years;
        ii. Track report of successful development, financing or operation of a tolled expressway within the past 10 years
        iii. Local and regional (Africa) experience;
    f. Three (3) references on past performance.

Submission of Qualification documents:

13. **One (1) original and three (3) copies** of the Qualification document shall be delivered in a sealed envelope clearly marked **"RFQ: Bakassi Integrated Deep Seaport Project"** addressed and delivered to **'CPCS Transcom Nigeria Limited, Block B, 2nd Floor, No. 24, I.T. Igbani Street, Jabi. Abuja FCT. Nigeria'.**
14. A copy of the qualification documents must be submitted **electronically** to e-mail: *bakassiproject@cpcs.ca*
15. Only Qualification documents that are submitted in hard copy as well as soft copy will be evaluated. The transaction adviser will not be held liable for wrongly submitted documents.
16. **Submitted documents (both hard and soft copies) must be delivered not later than 15:00 hrs. on Monday, March 1, 2021**
17. Interested applicants may obtain further information via e-mail: *bakassiproject@cpcs.ca*
18. Following the receipt and evaluation of the Qualification documents, the PPP Partner will subsequently be procured via competitive bidding, following a Request for Proposal bid process.
19. Qualification documents must be in the English language only. The Cross River State Government shall not be responsible for the cost of any submission.

(Preliminary Section of the Project RfP)

Cross River State Government
in collaboration with the
Federal Ministry of Transportation, Nigeria Ports Authority and Infrastructure Concession and Regulatory Commission

Request for Proposal (RFP) for the Design, Build, Financing and Operations of the Bakassi Integrated Deep Seaport Concession

COMPONENT I: BAKASSI INTEGRATED DEEP SEAPORT

August 4, 2021

List of Acronyms and Meaning

BOT	Build Operate Transfer
CRSG	Cross River State Government
CV	Curriculum Vitae
DBFOT	Design Build Finance Operate Transfer
DDE	Due Diligence Enquiry
DFI	Development Finance Institution
DWT	Dead Weight Tonne
EN	European Norms
EXIM	Export-Import
FBC	Full Business Case
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FMOT	Federal Ministry of Transport
HR	Human Resource
HSE	Health Safety and Environment
ICRC	Infrastructure Concession Regulatory Commission
LNG	Liquefied Natural Gas
NPA	Nigerian Ports Authority
NPV	Net Present Value
OBC	Outline Business Case
PDT	Project Delivery Team
PPP	Public Private Partnership
RFP	Request for Proposal
SPV	Special Purpose Vehicle
TEU	Twenty-foot Equivalent Unit
VTIMS	Vessel Traffic Information and Management System

INVITATION TO BIDDERS

August 4, 2021

The Cross River State Government (CRSG), in collaboration with the Federal Ministry of Transportation (FMOT), the Nigeria Ports Authority (NPA), and the Infrastructure Concession and Regulatory Commission, are supporting the development of the Bakassi Integrated Deep Seaport, with a component for a 275-km Calabar–Ogoja–Gakem Superhighway under public-private partnership (PPP) arrangement ("Bakassi Deep Seaport Integrated Project" or "the Project").

The proposed greenfield multi-purpose deep seaport will enhance the national cargo handling and processing capacities and open up markets in Northern Nigeria to the global economy. In addition, the project will support the ports decongestion in the Western corridor. The greenfield deep seaport project site is located in Idua-Inwang village, in the Esighi community of Bakassi local government area of Cross River State. The construction and tolling of the proposed six-lane 275-km superhighway will further serve as an evaluation corridor for cargo traffic to and from the proposed greenfield port.

The Project Outline Business Case (OBC) has been approved and designated as the only "agro-deep seaport by the Federal Government of Nigeria (FGN) for implementation under a Design-Build-Finance-Operate-Transfer (DBFOT) model of Public Private Partnerships (PPP). The Project is in line with CRSG's strategic integrated infrastructure master plan to promote infrastructure development, attract investment, create employment and stimulate its economy; and in compliance with the requirements of the Infrastructure Concession Regulatory Commission (ICRC) (Establishment Act) 2005. The project further reinforces the commitment of the President of the FGN to create development opportunities for communities in Northern Nigeria, many of whom are geographically and financially distant from the Western Ports, currently the predominant ports for trading in Nigeria. The Bakassi Deep Seaport will bring port services in closer proximity to these communities.

To this end, the CRSG has retained the services of CPCS Transcom Nigeria Limited as Transaction Advisors to assist in the procurement of a PPP Partner. The Project, conceived by the CRSG, will be led and implemented by the FMOT through the Project Steering Committee. This Committee is composed of relevant stakeholders, including the NPA, CRSG, ICRC and the Transaction Adviser. The implementation of this Project will fall under the regulatory oversight of the ICRC.

In light of the foregoing, the Cross River State Government hereby requests proposals from pre-qualified Bidders for the design, build, financing and operations of the Bakassi Deep Seaport, under a DBFOT model. The procured PPP Partner's core activities and responsibilities during the concession term, and the basis for the CRSG's selection of that PPP Partner for **Component I: Bakassi Integrated Deep Seaport**, shall include:

- Complete port design including field data collection
- Build the port and control the quality of the work
- Maintain the infrastructure as well as cargo handling equipment
- Promote and select terminal tenants or operate the terminals
- When operating the terminal, purchase cargo handling equipment and provide storage areas required to ensure efficient operations
- Ensure the following services to vessels are provided in an appropriate manner:
    - Towage
    - Pilotage
    - Line Handling
    - Fresh Water
    - Garbage Disposal and Recycling.
- Develop the partnerships required with relevant Nigerian Authorities to provide to the shippers and vessels calling in port the required administration services
- Develop and implement port procedures regarding:

  - Safety and Security
  - Terminal Operation
  - Contracting activities
  - Environment
  - Ethical conducts
- Develop and implement port policies regarding:
  - Non-discrimination based on origin, sex or sexual orientation
- Adhere to Nigerian and internationally recognized environmental program developed to improve port practices.
- Determine and adhere to Key Performance Indicators and provide annual reports as wells as an action plan to keep improving port performance
- Implement a real time e-enabled Management Information System (MIS) to facilitate port transactions for truckers, shippers and vessel operators.

Responsibility of CRSG / NPA

- Capital dredging works up to a minimum navigable depth to be recommended by the Preferred Bidder based on its Business Plan as well as channel maintenance and management
- Assess requirement, install, operate and maintain navigational aids as required for safe day and night navigation under normal meteorological circumstances
- Determine the requirement for and implement an automated Vessel Traffic Information and Management System (VTIMS)

CRSG hereby requests proposals from pre-qualified Bidders for the Design, Build, Financing and Operations of the Bakassi Integrated Deep Seaport.
The Bid Documents include the following:

(i) Request for Proposal (RfP, this document);
(ii) Draft concession agreement;
(iii) Bid Bond;
(iv) Comment Template (in Microsoft Excel), and
(v) Infrastructure Concession Regulatory Commission Due Diligence Enquiry Schedule

This RfP is non-transferable and is provided to the Bidders which have:

- Been pre-qualified to bid; AND
- Signed the Confidentiality Agreement.

Shortlisted Bidders may partner with non-shortlisted entities with complementary expertise as necessary to comprehensively address the requirements specified under Section C.4 of this RfP.
CRSG will select a pre-qualified Bidder for the Design, Build, Financing and Operations of the Bakassi Integrated Deep Seaport using the evaluation procedures described in this RfP. Unless the pre-qualified Bidder is in the form of a legally registered joint venture, CRSG will enter into a Concession Agreement with the Lead Member of the Bidder. This Lead Member will be solely responsible for the performance of all activities/services provided by the consortium, including from other members of the Bidder team.
No later than five (5) Business Days after your receipt of the RfP, you are required to respond to confirm that you have received all the Bid Documents and that you intend to submit a full Technical and Financial Proposal. Confirmation must be provided using *Form 1* of Part II of this RfP, including the Bidder's primary representative's full contact information, information of all Members of the Bidder consortium, and the Bidder's representatives' full contact information for the purpose of obtaining access accounts to the virtual data room.

Your response should be sent to all the email addresses indicated in Section B.2 of this RfP. The email's subject line should clearly indicate "[Bidder's name]: Form 1". Failure to do so will result in lack of receipt of any further information concerning this transaction, including amendments and clarifications, and may result in exclusion from the bid process itself.
Bidders should review the entire RfP and prepare their Proposals in strict compliance therewith. All Proposals must be accompanied by a Bid Bond, in the form of an on-demand payment bond payable upon presentation in Nigeria. The Bid Bond should be denominated in Nigerian Naira and for the amount of:

- Twenty Million Naira (NGN 20,000,000)

The Proposal, together with the Bid Bond, must be submitted in hard copy to:

	Bakassi Integrated Deep Seaport Project
	CPCS Transcom Nigeria Limited
Address	2nd Floor, Block B, No. 24 I. T. Igbani Street
	Jabi, Federal Capital Territory
	Nigeria
Attention:	Project Manager
Email	bakassiproject@cpcs.ca

The deadline for receipt of Proposals is 16:00 hours local time (GMT + 1) January 31, 2021.

DISCLAIMER

This Request for Proposal ("RfP") was prepared by the Transaction Advisor to the CRSG for the Design, Build, Financing and Operations of the Bakassi Integrated Deep Seaport Concession – Component I: Bakassi Deep Seaport.

The CRSG is responsible for infrastructure development, as part of its broader mandate for diversifying the economy and generating sustainable long-term economic growth within the Cross River State.

This RfP is being distributed to those companies and consortia which have:

- Been pre-qualified to bid for the Design, Build, Financing and Operations of the Bakassi Deep Seaport;

  AND

- Signed the Confidentiality Agreement.

Neither CRSG nor the Transaction Advisor warrant the accuracy or completeness of the information presented herein, nor do they make any representation that the information presented herein constitutes all the information necessary to bid upon or develop the present transaction. No Bidder is entitled to rely on the Transaction Advisor's involvement in the preparation of this RfP or in the solicitation process as a basis for bidding upon or developing the project.

Each Bidder accepts full responsibility for conducting an independent analysis of the feasibility of the project and for gathering and presenting in its Proposal(s) all necessary information. Each Bidder assumes all risks associated with the project, and no adjustments will be made based on the Bidder's erroneous interpretation of the information provided.

CRSG and the Transaction Advisor expressly disavow any obligation or duty (whether in law, contract, tort or otherwise) to any Bidder.

All information submitted in response to this RfP becomes the property of CRSG.

CRSG reserves the right, in its absolute discretion, at any stage and without notice, to terminate further participation in the process by any Bidder, to change the structure and timing of the tender process, to amend the information contained in the Request for Proposals or to terminate the tender process itself.

Neither the CRSG, nor their respective directors, officers, members, employees, agents or advisors (including the Transaction Advisors) shall have any responsibility or liability for any costs, expenses or other liabilities incurred by any participants in the tender process.

In submitting information in response to the RfP, each Bidder certifies that it understands, accepts and agrees to these disclaimers. Nothing contained in any other provision of this RfP, nor any statements made orally or in writing by any person or party, shall have the effect of negating or superseding any of the foregoing disclaimers.

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