Edo State Public-Private Partnership Agency (EDPPPA)

Public-Private Partnership (PPP) Manual

The Governance and Operational Framework for PPPs in Edo State

November, 2025

Contents

Acknowledgement

This manual was prepared with extensive reference to valuable materials and guidelines from leading Agencies in the global Public-Private Partnership (PPP) community. Key sources include the Lagos State PPP Manual (2022), the Kaduna State PPP Manual (2020), and the Nassarawa State PPP Manual (2024).

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Acronyms

BOQ	Bill of Quantity
BLT	Build, Lease, Transfer
BOT	Build, Operate, Transfer
BOO	Build, Own, Operate
BTO	Build, Transfer, Operate
CC	Commercial Close
CC	Concession Contract
CP	Conditions Precedent
CPI	Consumer Price Index
CBA	Cos-Benefit Analysis
DBFOM	Design, Build, Finance, Operate and Maintain
DBFOT	Design, Build, Finance, Operate, and Transfer
DBO	Design, Build, Operate
DSRA	Debt Service Reserve Account
EDPPA	Edo State Public Procurement Agency
EDPPPA	Edo State Public-Private Partnership Agency
ESIA	Environmental Social Impact Assessment
EOI	Expression of Interest
FA	Feasibility Assessment
FCT	Federal Capital Territory
FID	Final Investment Decision
FC	Financial Close
FM	Financial Model
FBC	Full Business Case
GCC	General Conditions of Contract
GDP	Gross Domestic Product
IA	Independent Auditor
ICA	Independent Consultant Agreement
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
JVA	Joint Venture Agreement
KPI	Key Performance Indicator
KYC	Know Your Customer
LoI	Letter of Intent
MDA	Ministry, Department, or Agency
NDA	Non-Disclosure Agreement
NIT	Notice Inviting Tenders
OBC	Outline Business Case
OPP	Original Project Proponent
PPA	Power Purchase Agreement
PIM	Project Information Memorandum
PSA	Project Service Agreement
PPP	Public-Private Partnership
PPPA	Public-Private Partnership Agreement
PPC	Public Procurement Committee
RFP	Request for Proposals
RFQ	Request for Qualification
ROI	Return on Investment
SLA	Service Level Agreement
SPV	Special Purpose Vehicle
TA	Transaction Advisor
TSA	Treasury Single Account
VfM	Value for Money

Definition of Key PPP Terminologies

1	***Concession***	A contractual arrangement under which a Contracting Authority grants to a Private Partner the right to finance, design, build, rehabilitate, operate, maintain, and / or manage a public infrastructure or service for a defined period, during which the Private Partner assumes significant risk and management responsibility, and receives compensation through user charges, service payments, or a combination thereof.
2	***Concessionaire***	The Private Partner, whether an individual, firm, or consortium, that has been awarded and has entered into a Concession Agreement with a Contracting Authority to undertake a Public-Private Partnership project.
3	***Concession Agreement***	A contract between a Government and Private Entity to operate the business / project in the facility specified under the Government's jurisdiction for a limited period under specified terms and conditions.
4	***Commercial Close***	The point in a PPP where all significant commercial issues between the Contracting Authority and the Private Partner have been agreed upon, leading to the signing of the PPP project agreement.
5	***Contracting Authority***	The Government Ministry, Department , Agency (MDA) or entity that enters into the PPP agreement.
6	***Cost Benefit Analysis (CBA)***	An economic method of comparing the cost of the public partnership project with the expected benefits to the public
7	***Financial Close***	A circumstance where the project financing agreements are signed, conditions precedent required are met and the concessionaire can start drawing down finances to commence work on project.
8	***Force Majeure***	A contractual clause that addresses unforeseen events beyond the control of either party, such as natural disasters.
9	***Infrastructure***	The basic physical and organizational structures, facilities, and systems that support the provision of public services or are available for public use.
10	***Private Partner /Party***	The Private Sector entity that partners with the Government.
11	***Project Agreement***	A legally binding document that outlines the terms and conditions for a specific project between two or more parties.
12	***Project Bonds***	Bonds issues to the financial market to finance a PPP project, often after construction risk has passed.
13	***Public Infrastructure***	The essential facilities and systems that support society, including physical assets like roads, bridges, water supply, and energy, as well as digital systems and services.
14	***Public-Private Partnership (PPP)***	A long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.
15	***PPP Arrangement***	Include the Private Sector financing, designing, constructing, operating, and maintaining PPP projects. The specific functions transferred and the risk allocation can vary, and the Private Party is ultimately accountable for the Project's performance.
16	***Refinancing***	The process of replacing an existing loan with a new one, often for better terms.
17	***Special Purpose Vehicle (SPV)***	A legally separate Company created specifically to undertake the PPP project, which then obtain loans with guarantees from the shareholders.
18	***Step-in Rights***	The right of a Contracting Authority or a Lender to take control of a

		project if the Private Partner defaults on its obligations.
19	***Termination Payments***	Payments made when a contract is terminated. Its designed to ensure that the Private Party is not easily able to exit the project.
20	***Value for Money (VfM)***	The value attached to the undertaking of a public function of a Contracting Authority by a concessionaire under a PPP which results in a net benefit accruing to that Contracting Authority defined in terms of cost, price, quality, quantity, timeliness or risk transfer.
21	***Viability Gap Funding (VGF)***	A form of financial support provided by Government to enhance the financial viability of economically and socially desirable PPP projects that are not financially attractive to private investors on a full commercial basis, typically through capital grants, subsidies, or guarantees.

Edo State PPP Policy Statement

As set out in the Edo State Development Plan, the Government of Edo State is committed to fostering sustainable economic growth and development by leveraging Public-Private Partnerships (PPPs) as a strategic tool to deliver critical infrastructure and public services. The PPP framework represents a collaborative approach between the public and private sectors, designed to mobilize private sector investment, expertise, and innovation for the efficient and effective delivery of projects that will benefit the people of Edo State.

In alignment with the State's development goals, the State PPP policy objectives are thus:

- **Transparency**: The government aims to ensure that all PPP projects are conducted with clear and open processes. This includes transparent bidding, procurement and contracting processes where all stakeholders including the public, have access to relevant information. The goal is to build trust in the PPP framework by making all dealings visible and understandable.
- **Efficiency**: The Edo State Public-Private Partnership Agency (EDPPPA) is tasked with streamlining the partnership processes to ensure that projects are delivered on time, within budget and to the highest standard. This involves adopting best practices in project management, reducing bureaucratic bottlenecks, and enhancing the overall efficiency of the partnership.
- **Accountability**: The government emphasizes the importance of holding both Public and Private sector partners accountable for their roles in PPP projects. This includes establishing clear roles and responsibilities, monitoring project progress and enforcing compliance with agreed terms. The objective is to ensure that all parties meet their obligations and that public resources are used effectively.
- **Inclusivity**: EDPPPA seeks to ensure that projects benefit all segments of the Edo State population, including marginalized and vulnerable groups. This involves engaging with local communities, ensuring that their needs are considered in project planning and execution and that the outcomes of PPP projects contributes to broad – based socio – economic development.

This PPP Manual provides the necessary guidelines and operational procedures for stakeholders to engage in the development, procurement, and management of PPP projects in Edo State. It serves as a roadmap to ensure that PPPs are structured, implemented, and monitored in a manner that aligns with the State's policy objectives and maximizes the benefits for the public.

Through this PPP framework, Edo State reaffirms its commitment to building a prosperous and inclusive future by delivering transformative projects that meet the aspirations of its people. We invite both local and international investors to partner with us in achieving this vision.

1. Introduction

1.1 Background

Edo State faces a significant infrastructure deficit that hinders economic growth, poverty reduction, and living standards. Despite the government's efforts, limited public funds and rising demand for services require alternative models. Public-Private Partnerships (PPPs) offer a solution by allowing the state to leverage private sector expertise, innovation, and capital to develop and manage essential infrastructure.

PPPs provide a viable path to close this gap, stimulate the economy, and improve service delivery. By partnering with private entities, Edo State can unlock new opportunities, share risks, and benefit from long-term projects. This approach is consistent with the ***Section 5*** of the Edo State Public-Private Partnership (EDPPPA) Law (2025) and aligns with national and global best practices where PPPs have driven sustainable development and improved public services.

To guide all stakeholders, the Edo State Government has developed this PPP Manual in alignment with the provision of ***Sections 18 (1) (c), (h)*** and ***18(3)d*** of the EDPPPA Law, 2025. It serves as a comprehensive guide for government officials, private partners, and financial institutions, detailing the essential procedures and frameworks for the successful identification, development, procurement, implementation, and monitoring of PPP projects in the state.

1.2 Purpose and Scope of the Manual

This PPP Manual serves as a comprehensive guide for everyone involved in Edo State's PPP projects, from planning and development to execution and management. Based on the EDPPPA Law (2025), its main goal is to create a standardized framework that ensures transparency, efficiency, accountability and inclusivity throughout a project's life cycle.

The manual achieves this by aiming to:

- **Facilitate Efficient Processes**: Help the government streamline decision-making so that projects are developed, appraised, and implemented quickly and efficiently.
- **Enhance Project Bankability**: Make Edo State an attractive destination for infrastructure investment by establishing a clear, predictable, and robust framework that encourages private sector participation.
- **Ensure Equitable Risk Allocation**: Promote a fair distribution of risks and responsibilities between public and private partners to maximize value for the public sector.
- **Safeguard Public Interest**: Provide mechanisms that guarantee PPP projects are cost-effective, accessible, and beneficial to the citizens of Edo State.
- **Build Institutional Capacity**: Strengthen the ability of government entities to manage the complexities of PPP projects through clear governance structures and defined roles.

The manual is relevant to all government and private entities involved in PPPs and applies across various sectors, including transportation, agriculture, energy, health, and more. Its scope covers the entire project journey:

- Project Identification & Feasibility (Development): Guidance on identifying projects and developing business cases.
- Procurement Process: Detailed steps for competitive bidding and partner selection.
- Contract Award & Management: Guidelines for managing contracts, monitoring performance, and resolving disputes.
- Financing & Risk Management: Frameworks for financial structuring and risk allocation.
- Implementation, Monitoring & Evaluation: Procedures for tracking performance and evaluating outcomes.
- Legal Framework: An overview of the relevant legal and regulatory context in Edo State.

1.3 Structure of the Manual

This Manual is organized into three parts, each addressing critical aspects of the PPP process. This structure ensures that the manual is comprehensive, providing stakeholders with a step-by-step guide through the lifecycle of a PPP project—from conception to termination. Each part is designed to address different phases of PPP project development, delivery, financing, and management.

PART I: Background & Context for PPPs

This section provides the foundation for understanding PPPs within Edo State. It offers insights into the conceptual framework, definitions, legal and institutional frameworks, and the rationale for adopting PPPs. The section also outlines the limitations, misconceptions, and key delivery models for PPPs.

- **Section 1**: Introduction, including the background, purpose, scope, and structure of the manual.
- **Section 2**: Definitions and conceptual framework, with an overview of PPPs, their characteristics, and the distinction between PPPs and traditional procurement.
- **Section 3**: The enabling legal and institutional frameworks that guide PPPs in Edo State, including relevant national and state laws.

PART II: PPP Project Development & Delivery Lifecycle

This part details the step-by-step procedures for developing and implementing PPP projects from the identification of potential PPP projects to their procurement, implementation, and eventual hand-back or termination.

- **Section 4.2**: Project identification, including inception, pre-feasibility assessment, and the formation of a Project Development Team.
- **Section 4.3**: Feasibility studies and business case development, detailing the importance of an Outline Business Case (OBC) and the role of a Transaction Advisor.
- **Section 4.4**: PPP Procurement processes, including documentation, competitive bidding, and the selection of private partners.
- **Section 4.5 & 4.6**: Contract award and project implementation & monitoring, focusing on contract management, monitoring frameworks, and modifications.
- **Section 4.7**: Project post-completion and contract expiry, including critical considerations for asset hand-back and contract expiry.

PART III: PPP Project Financing, Contract Management, and Dealing with Unsolicited Proposals

This section addresses the financial aspects of PPP projects, including bankability, financing sources, and milestones. It also covers contract management practices and the handling of unsolicited proposals.

- **Section 5**: PPP project financing, focusing on financial milestones, key indicators, and sources of finance.
- **Section 6**: Contract management frameworks, monitoring, and enforcement mechanisms.
- **Section 7**: Dealing with unsolicited proposals, offering guidelines and approaches to handling proposals outside the formal bidding process.

The Annexes provide additional resources, templates, and tools to assist stakeholders throughout the PPP process. These include forms for project assessment, risk identification, concept notes, and codes of conduct for evaluation panels, amongst others.

PART I: Background and Context for PPPs

2. Key Features of Public-Private Partnerships

2.1 Overview

2.1.1. What is a PPP?

Public-Private Partnerships (PPPs) are collaborative agreements where the private sector is engaged by the public sector to manage public services or to design, build, finance, and operate infrastructure. These partnerships aim to enhance efficiency, broaden access, and improve the quality of public services. Infrastructure projects, such as those in transport, energy, water and sanitation, agriculture, and communications, are often capital-intensive, creating a substantial strain on public finances. In developing countries, where financial resources are typically limited, PPPs offer an alternative source of funding. These arrangements allow governments to leverage private sector investments to meet the growing demand for infrastructure services.

According to the World Bank, a PPP is "***a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.***" Governments worldwide have successfully utilized PPPs for decades to increase access to infrastructure services for their citizens and economies.

Typically, PPPs are structured as long-term contracts between public sector authorities and private sector partners, often through a Special Purpose Vehicle (SPV) or project company. The private sector assumes significant risk under these arrangements.

Repayment of project costs is generally derived from revenues generated by the asset. These payments may come from users of the asset (as with toll roads) or from the public authority (such as government accommodation projects) or from a combination of both.

The asset usually reverts to public ownership at the end of the contract tenure, differentiating PPPs from privatization.

2.1.2. Types of PPP Arrangement

Broadly, PPPs can be classified into two categories:

- **Concessions**: In concession-based PPPs, users typically pay to use the asset. Examples include toll roads, railways, ports, and airports, where the project company is paid by users such as drivers, shipping companies, or households in the case of water distribution or sewage treatment projects.
- **Availability-based PPPs**: In this model, the public authority compensates the project company for making the project available, such as in the case of schools, hospitals, or public office buildings.

PPPs are distinct from service contracts or turnkey construction contracts, which are considered public procurement projects. They also differ from the privatization of utilities, which involves a more permanent transfer of responsibility and limited ongoing involvement from the public sector.

2.1.3. Objectives of PPPs

The primary objectives of PPP arrangements are to:

- Increase the availability of infrastructure services.
- Improve the efficiency of infrastructure and service delivery.
- Enhance access to private sector financial resources.
- Benefit from private sector expertise, technical innovation, and efficiency.
- Transfer project-related risks to the private sector.

2.1.4. Roles of the Public and Private Sectors

PPPs are designed to allocate roles and responsibilities between the public and private sectors. The public sector typically contributes by planning and structuring the project, which may involve providing capital investment, transferring assets, or making other in-kind contributions. Governments also ensure that the project adheres to social responsibility standards, environmental protection, regulatory requirements, and provides political support.

During the operational phase, the public sector is responsible for monitoring the performance of the private partner and enforcing contract terms. On the other hand, the private sector contributes its commercial expertise, management capabilities, operational knowledge, and innovation to efficiently run the project. The private sector also bears significant project-related risks and is often responsible for a large share of the capital costs and direct project implementation.

2.1.5. Value for Money (VfM)

The best Value for Money (VfM) in public service delivery or in public procurement, involves a comparison of which option, or bid provides the highest ratio of net benefits to overall cost. It allows a comparison of different means of delivering the project objectives and their expected economic and social impacts alongside their expected costs. This is important in PPPs where different options may entail varying levels of risk and quality outcomes. Traditional procurement usually selects bids based on lowest cost and assumes that the outcomes are the same for all bids.

The decision of whether to procure services by means of PPP or traditional procurement should also be based on an assessment of which option is likely to result in the best VfM. Since this may result in a better-quality outcome, the VfM solution or bid must be affordable at all keys stages in the project appraisal and procurement process.

See ***Annex 19*** for a detailed approach and methodology for VfM Analysis.

2.2. Major Characteristics of PPPs

2.2.1. Major Operational Characteristics

- ***Long-term Contracts***

PPP projects requiring investment are generally long-term in nature, and typically range from 10 (ten) to 30 (thirty) years or more. The tenure of the contract typically aligns with the economic life of the asset. The actual tenure is typically a product of negotiations between the Contracting Authority and private sector parties; and is informed by the project financial model, which assesses the point where the private sector is able to recover the costs for developing and operating the asset plus an acceptable risk-adjusted return on its investment.

- ***Special Purpose Vehicle for Joint Venture Projects***

Given the capital-intensive nature of PPP projects and the risks associated with them, private sponsors of the project often form a separate independent PPP Company, often under a Special Purpose Vehicle (SPV) structure.

The reasoning behind SPVs is that the risks associated with a project are unique to that project and therefore should be limited to that project. In addition, when a government tender is issued, interested private sector parties often pool skills and finances in a consortium that will form the basis of the SPV; so the implementing partners and the arrangements established for the delivery of the project are often also unique to that project.

The SPV also allows the private sector consortium to raise limited recourse funding restricted to the SPV, thus protecting the parent companies from the risks arising from specific project risks, such as project failure.

- ***Efficient Allocation of Risks***

One key factor to achieving successful implementation of a PPP project is the optimal sharing of risks and responsibilities between the public and private sector.

The basic principle behind risk transfer in PPP's is that the public authority should transfer risks to the private sector only if the private sector can handle the risk efficiently and cost-effectively. In other words, if the private sector seeks to charge more for taking on the risk than the public authority could efficiently manage it for, it may be better to retain the risk in the public sector.

Project risks can be classified under a number of categories, e.g.:

- **Construction Risks**: The risk that a project may not be completed on time, on-budget and to the required specification.
- **Demand Risk:** The risk that the project is not used to the extent projected.
- **Revenue Risk:** The risk that a project's revenue is lower than projected.
- **Operating Risk:** The risk that the project does not perform as expected or that operation and maintenance (O&M) costs are higher than projected.
- **Macro-economic Risk:** Risks such as currency exchange-rate movements (where a project has revenues in one currency but debt in another), interest-rate fluctuations, or inflation.
- **Regulatory Risk:** The risk that there may be a change in law or regulations that affect the project's viability.
- **Political Risk:** The risk of unanticipated government interference with the project, of civil unrest or of war.

The guiding principle adopted in identifying and allocating responsibilities is that the party best able to manage a particular activity should be responsible for the risks associated with that activity and receive the associated rewards or losses.

Lenders to the project company are typically conservative about risk and often prefer that the SPV transfers risks to other parties. For example, construction risk is usually transferred by the project company to an EPC contractor which may or may not be a shareholder in the SPV. This is typically done through a turnkey contract, under which the EPC contractor quotes a fixed price for design and construction and pays penalties if the project is not completed on time or to specification.

Some risks are not so easily transferred this way, e.g. the demand and revenue risks for a toll road, and so may be retained by the project company, who may in turn need to obtain guarantees on the minimum level of traffic using the toll road or similar support to reduce the risk.

A project company's inability to satisfy its lenders of the bankability of its project – i.e. that appropriate measures have been put in place to effectively manage all the risks that can undermine the delivery of the project outcomes, and the realization of the revenues required to service their obligations to lenders, can lead to a lack of expected funding or significant delays in achieving 'Financial Close'

The Contracting Authority will therefore need to take these factors into consideration in the selection of potential private counterparties and their expectations of the risks than can effectively be transferred to potential private sector partners.

- ***Output Standards and Specifications***

The focus on defining output specifications, rather than design and technical specifications is a key distinction between PPPs and conventional public procurement as it tends to serve as a critical mechanism for facilitating innovation and competitive tension in PPP projects.

Output specifications detail 'what' needs to be achieved, but not 'how' it is to be achieved. In response, private sector parties may provide costed (whole life costs) solutions for how this can be achieved. Producing effective output specifications involves defining the 'ends' without being prescriptive about the 'means' for meeting these outputs.

The Contracting Authority concerned clearly states the public service requirements for the facilities and services, while leaving room for the private sector to produce innovative, cost-effective solutions. Under such contractual arrangements, the public agency agrees to pay the project company based on performance against specified output standards have been met (e.g. number of new electricity connections made in a given period).

- ***Service Performance Standard***

To ensure that the private sector concessionaire or service operator fully understands the minimum service levels that the public sector requires for the JV project in question, it is necessary for the Contracting Authority to describe in the Request for Proposal (RFP), a full set of minimum performance standards for the requested services, covering the availability of the assets provided by the private sector concessionaire and the required minimum service levels.

Detailed service performance standards are then negotiated with the selected preferred bidder, as part of the PPP Agreement negotiations. The performance standards are usually backed by an incentive or penalty system for rewarding or punishing the private sector operator for service levels delivered above or below the agreed performance standards.

In extreme cases of continuous poor performance below the agreed performance standards, the JV contract will be terminated, or the Lenders Direct Agreement will come into operation.

The incentive/penalty system is usually points-based which translates into a monetary amount at agreed periods. This benefits the Contracting Authority because penalties which are levied for poor service performance reduce the equity return thereby encouraging the private sector SPV management to take immediate corrective action.

- ***Performance-based Payment Mechanisms***

A PPP can be structured in such a manner that the contract includes a performance-based payment mechanism, whereby the public sector only pays when services are delivered by the private sector. Moreover, the recurrent payment may depend on whether the services provided meet the specified performance standards as well. For example, it may not only be expected that a new water distribution PPP project provides customers with adequate quantity of water, but also that the potable water meets specified quality standards.

2.2.2. Major Financial Characteristics

- ***PPP Contract – Payment Structure***

Payments under a PPP contract, whether by the public authority or by users, have to be calculated to cover:

- The project's operating and maintenance (O&M) costs
- The debt service (i.e. interest payments and principal repayments)
- The investors' required return on their investment.

This only applies however, if the project's construction is completed on time and on budget as payments usually begins only after the construction of the project is complete, and the project operates as required under the contract. Conversely, deductions are typically made from the JV payments if the project company does not provide services (often based on KPIs) as agreed.

- ***Private Financing***

In a PPP, the responsibility of financing the project assets typically rests with the private sector partner, who draws on a mix of debt and equity finance to fund the development and delivery of the project.

The project asset is usually owned (or leased) by the project company or one or more equity investors during the project term; some of these investors may also be sub-contractors to the project, who carry out construction, design or management of the assets while others may serve solely as financial investors.

Debt instruments, in the form of bank loans or bonds, can also be raised to at least partially finance the construction and operation of the project. However, successful financing relies heavily on the substantiation and reliability of the assumptions driving the project revenues for the Project Company.

- ***User Fees***

Unlike some forms of public infrastructure, PPP projects will often recover many of their costs from users. In these cases, the PPP Company will need to recover their investment from the project revenues, i.e. mainly user fees rather than from government directly. For example, many publicly-funded highways do not charge vehicle tolls, whereas most PPP road projects are structured as toll roads that collect revenue directly from cars and trucks.

- ***Viability Gap Funding (VGF)***

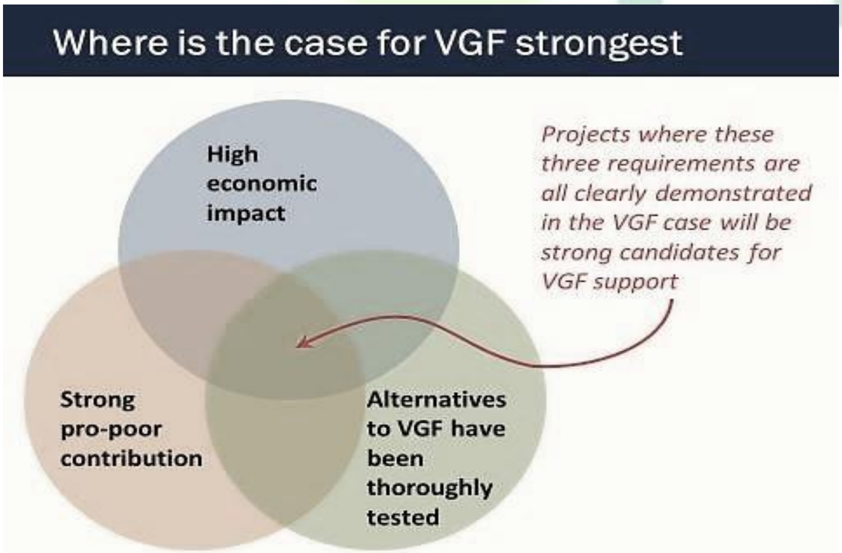
The PPP route will not be viable if the business case does not demonstrate that the private sector can achieve an acceptable rate of return for the risks it takes in financing the project's assets. Under such circumstances, and to cover any shortfall in income to cover total project costs, the public sector may provide a payment to part-finance the project costs, which in turn will raise the return to the private sector making the project more financially attractive.

This payment, known as Viability Gap Funding (VGF) or availability payment is provided on the basis that the assets involved in the project which are used to provide infrastructure services, are available 24 hours a day for the whole year, except during periods of pre- arranged maintenance. This arrangement continues to pass part of the risk to the private sector, which is one of the main benefits and objectives of a PPP structure, instead of a capital grant to assist with debt coverage and/or operating costs.

A PPP is only structured to include VGF when total income does not cover total project costs to make the project financially viable and bankable and to attract private investors. Availability payments but not VGF, are also used in PPP social infrastructure or soft infrastructure projects, where user charges are payable solely by the public sector to the SPV or service provider, as part of the agreed payment mechanism. In this case, the assets used to provide the services are divided into areas according to their importance or priority.

If any of these areas become unavailable, then, through the payment mechanism formula, the user charges payable by the public sector are reduced by a percentage based on the importance or priority of the area concerned and the time that the area is unavailable, after deduction of an agreed time allowance for the SPV or service provider(s) to restore full availability.

Figure 1: VGF Case



2.3. PPP and Public Procurement

The planning and preparation process for PPP procurement is significantly more complex than for conventional public procurement. This is because it requires efficiently allocating risks and benefits between public and private parties promising good VfM for the former and financial returns that are commensurate with commercial risk for the latter:

- as PPPs generally involve not just the construction but also the long-term operation and maintenance of public infrastructure, the PPP Agreement—and hence the procurement—has to take into account the long-term performance, maintenance and other operating requirements of the asset;

- as part of this process, project risks need to be analyzed in detail and important decisions must be made as it relates to the allocation of risk between the public and private sector; and
- PPPs utilize external finance rather than the public budget, and hence the procurement has to take the requirements of external investors and lenders into account.

As a consequence, PPP procurement requires public officials to do things that are not typical of conventional public procurement (and for which they may not have the skills and experience unless they are provided with capacity-building support):

2.3.1. Why PPPs?

PPP agreements are an alternative to conventional Public Procurement; and despite being more complex, are typically used, when;

- budgetary and borrowing constraints may mean that this is the only way the project can be procured in the near future;
- developing the project sooner, rather than later when there is a budget for it, will lead to an acceleration of economic development;
- using PPPs for infrastructure development frees up government resources for other uses – including other infrastructure projects not suitable to be delivered via PPP agreements;
- competitive tension, private-sector efficiency and innovation may produce a better result, as the incentives for good project management and the penalties for bad management are more pronounced in the private sector than in the public sector;
- PPP agreements present the opportunity to avoid the construction cost and time overruns typically in many public-sector projects;
- it is important to ensure that long-term maintenance is carried out regularly, while ensuring government is able to reliably predict future costs and obligations; as this is built into the PPP Agreement;
- long-term thinking and budgeting is required and needs to be supported by detailed inter-disciplinary analysis which ensures that all aspects of the project are considered in great depth, thus making it more likely that the project will succeed.

2.3.2. What is (and What is not) PPP?

PPPs as a broad concept are an option to procure and/or manage infrastructure (including systems, facilities, equipment and plants) and related services. The term implies the existence of a contract and the specific intention by a government to contract out the development and/or management of infrastructure or service. As a public contract, the associated contractual agreement has to include certain particular features or conditions for the project to be regarded as a PPP.

- A mere private sector involvement does not constitute sufficient reason to describe an arrangement as a PPP, nor does the presence of a complete scope bundled in one single contract, or the provision of finance by the private sector.
- The nature of the revenues does not constitute a decisive factor either, as there are many forms of contractual and non-contractual arrangements in which revenue may come either from users or from the budget. For example;
- A PPP does not include the privatization or divesture of public assets or liabilities.
- A PPP does not constitute borrowing by the state and is not the commercialization of a public asset or service by a state-owned enterprise.

The fundamental aspects of a PPP are as follows:

- An arrangement with a private partner. The asset and/or service under the contractual agreement will be provided and or financed by the private sector. The arrangement outlines the risk sharing dynamic and allows the private partner to provide a public asset and deliver the service;

- Provision of a public asset or service for public benefit;
- A specified time period for the arrangement;
- Sharing of risks, which is a key aspect of PPP agreements;
- Payments that are linked to performance; and
- Adhering to performance standards by the private entity to pre-set as well as measurable standards that are outlined by the public partner.

2.4. Overview of PPP Delivery Models

There are several types of PPP models depending on the stakeholders involved, their ownership arrangements, and allocation of risk between the private and public partners. The choice of a PPP model depends on the objectives of the government (e.g. improving service efficiency, transferring investment risk, maintaining service control).

Table 1: Different Types of PPP Delivery Models

Contract Type	Characteristics				Service & Payment to Private Sector Contractor
	Asset Ownership	O&M	Capital Investment	Commercial Risk	
Service Contract *(1 to 3 years)*	Public	Public & Private	Public	Public	A definitive, often technical service fee paid by government to private sector for specific services.
Management Contract *(3 to 8 years)*	Public	Private	Public	Public	Private sector manages the operation of a government service and receives fees paid directly by government.
Lease Contract *(5 to 10 years)*	Public	Private	Public	Private	Private sector manages, operates, repairs and/or maintains a public service to specified standards and outputs. Fees are charged to consumers/users and the service provider pays the government rent for the use of the facility.
Concession Contract *(10 to 30 years)*	Public & Private	Private	Private	Private	Private sector manages, operates, repairs, maintains and/or invests in infrastructure to specified standards and outputs. Fees are charged to consumers/users. The service provider may also pay a Concession Fee to the government.

2.4.1. Service Contracts

Under a service contract, the government (public authority) engages a private company or entity to conduct one or more specified tasks or services for a period, typically one to three years. The public authority remains the primary provider of the infrastructure service and outsources only certain aspects of its operation to the private partner. The private partner must perform the service at the agreed cost and must meet performance standards set by the public sector.

Under a service contract, the government pays the private partner a fixed fee for the service. Often there may be financial incentives included in the contract to reduce operating costs and/or improve operating performance. The government is responsible for funding any capital investments required to expand or improve the system. One option for financing involves a cost-plus-fee formula, where costs such as labour are fixed and the service contractor receives a premium over the fixed costs for its efforts.

Advantages include:

- Relatively low-risk option for expanding the role of the private sector. Quick and substantial impact on system operation and efficiency.
- Means for technology transfer and development of managerial capacity.

Disadvantages include:

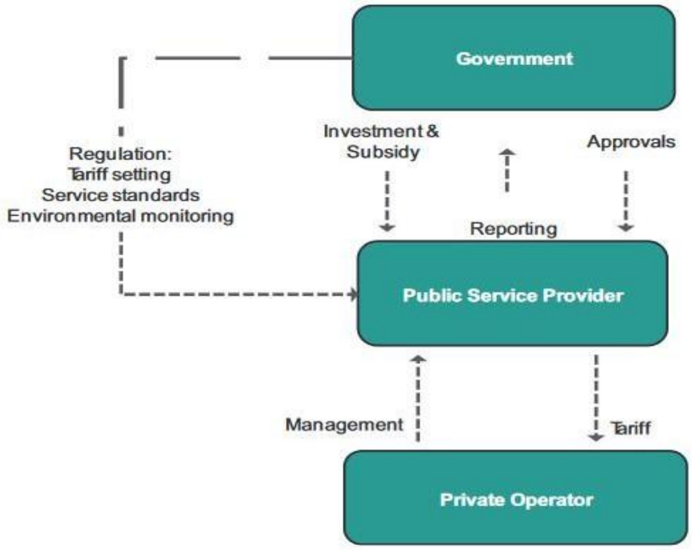
- Requires strong contract and legal enforcement by the public sector. Does not attract capital investment from the private sector.
- Private partner's incentives are limited and therefore may not achieve overall objectives.

2.4.2. Management Contracts

A management contract is a comprehensive service contract that covers all of the management and operational components of the public utility or service provider. Although the ultimate obligation for service provision remains with the public sector, daily management control and authority are assigned to the private partner. The private contractor is paid a predetermined rate for labour and other anticipated operating costs and, often, to provide an incentive for performance improvement, the contractor is paid an additional amount for achieving pre-specified targets.

In most cases, the private partner provides some working capital, but major capital investments remain the obligation of the public sector, particularly those required to expand or substantially improve the system.

Figure 2: Structure for Management Contracts



Advantages include:

- Operational gains from private sector management can be realized without the need to transfer the assets to the private sector partner.
- Less complex to develop and less controversial than other PPP models. Relatively low-cost contracts requiring no major capital from private operators.

Disadvantages include:

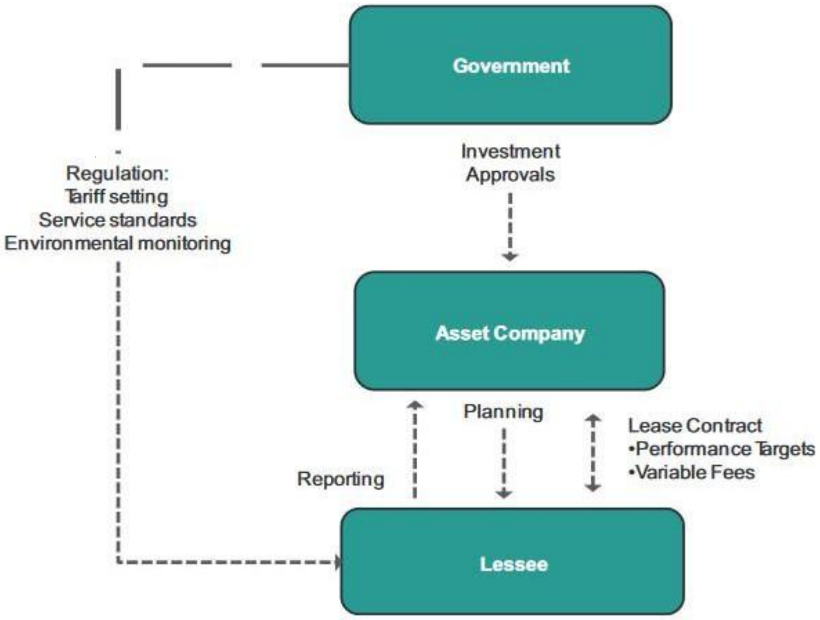
- The private partner does not have authority over the labour force and, as a result, deep and lasting changes are hard to achieve.
- Restricted authority for the private partner regarding service disconnections, tariff adjustments, etc.

2.4.3. Lease Contract

Under a lease contract, the private partner assumes full responsibility for the service and is obliged to adhere to quality and service standards. Except for major capital investments, which remain the responsibility of the public authority, the operator provides the service at their own expense and risk.

In particular, the operator is liable for losses and for unpaid consumers' debts. Given the increased risk exposure for the private sector, the duration of a leasing contract is typically longer than a service or management contract. However, leases do not include any sale of assets to the private sector.

Figure 3: Structure of Lease Contracts



Advantages include:

- Separation of operational use from asset ownership.
- Allows the private sector to make the crucial management decisions (e.g. labour reductions).
- The public authority benefits from stable cash flow without having to manage operations or maintenance of the facilities.

Disadvantages include:

- Responsibility for capital investment remains with the government and no private investment capital is mobilized.
- Private sector cannot improve physical infrastructure on its own so technical inefficiencies are often not addressed.

2.4.4. Concessions

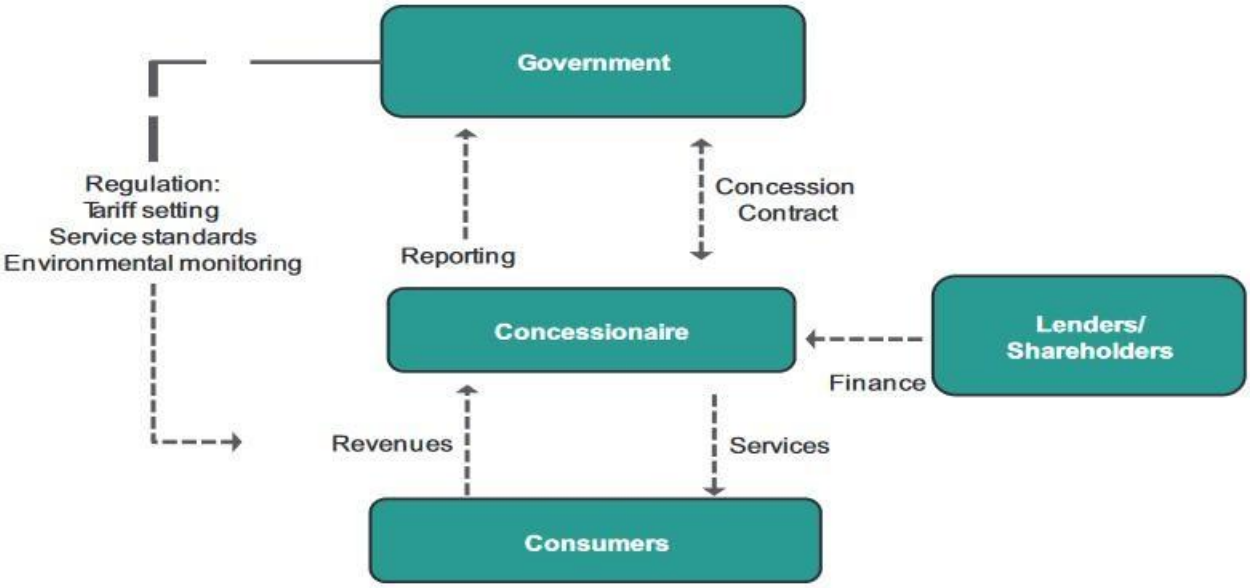
A Concession contract grants the private sector operator (Concessionaire) full responsibility for the delivery of services in a specified area, including construction, operation, maintenance, billing and revenue collection, management, and rehabilitation of the system.

Some countries distinguish the term “concession” from other types of PPP arrangements with similar features. For this Manual, the term “concession” will be used broadly to encompass PPP models such as Build-Own Operate (BOO), Build-Operate Transfer (BOT), Buy-Build-Operate (BBO), Design-Build-Operate (DBO), Build-Develop-Operate (BDO), etc.

Although the private sector operator is responsible for providing the assets, these assets often remain publicly owned and are transferred back to the government at the end of the Concession period. The public sector is responsible for overseeing the Concessionaire's compliance with performance standards thus shifting its role from being the service provider to regulating the price and quality of service.

The Concessionaire collects fees directly from users, with tariffs typically set by a regulator. As part of the Concession agreement tariff adjustment mechanisms will be established in advance. The Concessionaire is responsible for financing capital investments and working capital from its own resources and from the tariffs paid by the users. In some cases the government may offer financing support (e.g. VGF) to support the Concessionaire's capital expenditures. Due to the complexity and the need for long-term financing, a Concession contract is typically valid for a much longer period than a service contract, management contract, or lease agreement.

Figure 4: Structure of Concessions



Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), etc. are specialized concessions in which a private firm or consortium finances and develops new infrastructure projects or major components, meeting performance standards set by the government.

Table 2: Characteristics of Various Concessions

Nature of Contract	Characteristics				Financial Responsibility
	Asset Ownership	Design	Build	O&M	
Build-Operate-Transfer (BOT)	Public	Private by fee contract	Private by fee contract	Private by fee contract	Public
Design-Build-Finance-Operate (DBFO)	Public	Private by fee contract	Private by fee contract	Private by fee contract	Public, Public / Private or Private
Build-Own- Operate (BOO)	Private	Private by contract	Private by contract	Private by Contract	Private by Contract

Advantages include:

- An effective mechanism for attracting private finance for new construction or rehabilitate existing facilities.
- Potentially reduces initial capital construction costs due to private sector's expertise.
- Incentivizes private sector performance improvements as efficiency gains increase profitability for the Concessionaire.

Disadvantages include:

- Governments may need to upgrade their regulatory capacity and performance monitoring.
- Tenders for long-term and large-scale projects can be complex and time-consuming.
- Benefits of competition are limited to the initial bidding process as a private operator often has a monopoly of the service and contracts cannot be terminated easily.
- Challenges in predicting long-term changes often necessitate contract renegotiation.

Table 3: Summary Table (PPP Delivery Model)

S/n	PPP Models	Asset Ownership	Risk Allocation			Financial Responsibility	Service & Payment Structure
			O&M	Capital Investment	Commercial Risk		
1	***<u>Service Contract</u>*** *(1 to 3 years)*	Public	Public & Private	Public	Public	Public	A definitive, often technical service fee paid by government to private sector for specific services.
2	***<u>Management Contract</u>*** *(3 to 8 years)*	Public	Private	Public	Public	Public	Private sector manages the operation of a government service and receives fees paid directly by government.
3	***<u>Lease Contract</u>*** *(5 to 10 years)*	Public	Private	Public	Private	Public (end user) & Private	Private sector manages, operates, repairs and / or maintains a public service to specified standards and outputs. Fees are charged to consumers / users and the service provider pays the government rent for the use of the facility.
4	***<u>Concession Contract</u>*** *(10 to 30 years)*	Public & Private	Private	Private	Private	Public & Private	
	Type	**Ownership**	**Design**	**Build**	**O&M**	**Fin. Resp.**	
a.	***Design-Build-Operate (DBO)***	Public	Private (fees)	Private (fees)	Public	Public	Private sector manages, operates, repairs, maintains and / or invests in infrastructure to specified standards and outputs. Fees are charged to consumers / users. The service provider may also pay a Concession Fee to the government
b.	***Build-Operate-Transfer (BOT)***	Public	Private (fees)	Private (fees)	Private (fees)	Public	
c.	***Design-Build-Finance-Operate (DBFO)***	Public	Private (fees)	Private (fees)	Private (fees)	Public / Public-Private / Private	
d.	***Build-Own-Operate (BOO)***	Private	Private (contract)	Private (contract)	Private (contract)	Private (contract)	

2.5. Pros and Cons of PPP

PPPs offer the public sector potential cost, quality, and scale advantages in achieving infrastructure service targets. PPPs also have certain disadvantages, however. In general, in a well-designed and supported PPP, the advantages will outweigh the disadvantages. The advantages and the disadvantages of implementing projects through the PPP route are listed below:

2.5.1. Advantages of PPP

The major advantages of using PPP as a route to implement infrastructure projects are:

- access to private sector finance;
- increased efficiency resulting from the use of private sector skills and transfer of risks to the private sector;
- Introduction of sector reforms through reallocation of roles, incentives, and accountability.

A brief discussion of each of these advantages follows.

- ***Access to Private Sector Finance***

One of the key factors driving the economic growth of any nation is the availability of adequate infrastructure facilities. With the increase in population and the passage of time, there is a constant need for rehabilitation and refurbishment of the existing infrastructure and addition of new infrastructure facilities to meet the growing infrastructure needs of the population.

Infrastructure projects by their very nature are highly capital- intensive and require large capital investments. As a result, governments often experience an ever- increasing need to find sufficient financing to develop and maintain the infrastructure required to support growing populations. Governments are challenged by the demands of increasing urbanization, the rehabilitation requirements of aging infrastructure, the need to expand networks to new populations, and the goal of reaching previously non-served or underserved areas. Furthermore, infrastructure services are often provided at an operating deficit, which is covered only through subsidies; subsidies result in an additional drain on public resources.

Combined with most governments' limited financial capacity, these pressures drive a desire to mobilize private sector capital for infrastructure investment. PPPs help to mobilize this private sector capital. PPP projects involve the private sector in arranging and providing finance. This frees the government from the need to meet financing requirements from its own revenues (taxes) or through borrowings. By taking over the responsibility for raising finance from the government, PPPs can enable more investment in infrastructure and increased access to infrastructure services.

By using private financing, governments can sometimes move significant capital projects "off the balance sheet". This has been a motivating factor for PPPs in countries where the constraint on finance is a government commitment to borrowing (i.e., public debt).

PPPs also provides the private sector with the opportunity to participate in implementing infrastructure projects and benefiting from its capacity and experience in managing businesses (utilities in particular). The private sector seeks compensation for its services through fees for services rendered, resulting in an appropriate return on capital invested.

- ***Increased Efficiency Resulting from Private Sector Participation (PSP)***

The public sector often lacks adequate skills to effectively utilize the scarce public resources in an efficient manner. The public sector typically offers weak incentives for efficiency and is thus poorly positioned to efficiently build and operate infrastructure. Injecting such incentives into an entrenched public sector is difficult, though possible.

The private sector in contrast is exposed to competitive pressures that are difficult to replicate for public agencies. This gives the private sector an edge over the public sector in carrying out the capital (design, construction) and operating phases of the project. Private sector operators have a clear goal of maximizing profits, which are generated, in part, by increased efficiency in investment and operations. Improving the efficiency of services and operations also increases the chances of those services being economically sustainable and their provision at competitive rates, even after satisfying the profit requirements of the private operators.

PPPs allows the government to pass operational roles to efficient private sector operators while retaining and improving its focus on core public sector responsibilities, such as regulation and supervision. Properly implemented, this approach should result in a lower aggregate cash outlay for the government and better and cheaper services to the consumer. This should hold true even if the government continues to bear a part of the investment or operational cost since the government's cost obligation is likely to be targeted, limited, and structured within a rational overall financing strategy.

- ***Sector Reformation Through Reallocation of Roles, Incentives, and Accountability***

PPPs can serve as a catalyst to provoke a larger discussion of and commitment to a sector reform agenda. A reform program that includes PPP provides an opportunity to reconsider the assignment of sector roles to remove any potential conflicts and to consider a private entity as a possible sector participant.

Implementing a specific PPP transaction often entails executing concrete reform steps to support the new allocation of sector roles such as the passage of laws and establishment of separate regulatory bodies.

2.5.2. Disadvantages of PPP

The disadvantages of PPPs are described below. Many of these disadvantages can be minimized under certain circumstances and through careful management of the PPP design by the Contracting Authourity. However, public sector capacity (experience and expertise) is required to manage the PPP process.

- ***Difficulty in Demonstrating Value for Money (VFM) in Advance***

Ideally, a project should be procured as a PPP based on a clear demonstration that it provides value for money (VFM) compared to public sector procurement. However, it is difficult to demonstrate VFM in advance due to uncertainties in predicting what will happen over the life of the project and due to lack of information about comparable previous projects.

- ***Complex Procurement Process with Associated High Transaction Costs***

The PPP project must be clearly specified, including the allocation of risks and a clear statement of the service output requirements. The long-term nature of PPP contracts requires greater consideration and specification of contingencies in advance. Transaction costs can be significant, typically ranging from1-3% of project value, due to the involvement of transaction advisors and legal consultants.

- ***Risk of Contract Renegotiation***

PPPs usually cover a long-term period of service provision (for example 25 to 40 years or life of the asset). Any agreement covering such an extended period into the future is subject to uncertainty. If the requirements of the public sponsor or the conditions facing the private sector change during the lifetime of the PPP, the contract may need to be renegotiated to reflect these changes. This can increase public sector costs, and competitive bidding benefits may be lost.

However, this issue can be mitigated by selecting relatively stable projects as PPPs and by specifying in the original contract terms how future contract variations should be handled and priced.

- ***Enforcement and Monitoring***

The successful implementation of a PPP project depends upon the ability of the sponsor to monitor performance against standards during the construction and operations period and to enforce the terms of the contract. However, this is usually difficult to attain unless special mechanisms and dedicated monitoring capacity are put in place by the sponsor.

2.6. Challenges and Pitfalls in PPP Procurement

Although PPP projects can be beneficial to the Government and the private sector, there are certain areas in which care needs to be taken to ensure that the Public-Private Partnership (PPP) is implemented successfully with the acceptance of all stakeholders and to the satisfaction of all beneficiaries. Based on World Bank analysis, developing Nations (such as Nigeria) and particularly the Sub-nationals are much more affected by several distinct challenges in implementing PPPs). Some common pitfalls are described below.

2.6.1. Project-Specific Challenges

- <u>Ineffective Risk Allocation</u> – While PPPs are meant to transfer risk to the private sector, developing Country contexts can make effective risk allocation difficult. Some risks like expropriation, cannot be fully transferred, while unforeseen events can require contract re-negotiation, which often lead to higher costs.

- <u>Ineffective Planning and Project Selection</u> – Poor planning and weak analysis can lead to selecting projects that lack commercial viability or are not aligned with a Government’s overall development strategy.

- <u>Small Size of Projects and Limited Market</u> – In smaller developing economies, the size of a project may not offer sufficient economies of scale to be attractive to private investors. A lack of Private Sector Players can also stifle competition during the bidding stage.

- <u>Serving the Poor and Informal Settlements</u> – Ensuring that services reach low-income and informal settlements presents unique challenges. Legal restrictions, high connection costs, and difficulties in billing and collection, can hinder access for the poor, who are often forced to rely on informal, low-quality services.

2.6.2. Political and Institutional Challenges

- Political Risk and Lack of Political Support – The political landscape in developing Countries can be volatile, posing a risk to long-term contracts. Regime changes or opposition from consumers and politicians can lead to project delays or cancellation. The Private Sector fears political decisions that could harm the project such as unfair tariff regulations or contract breaches.

- Weak Public Sector Capacity – Government in developing Nations often lack the necessary skills and experience to properly develop, negotiate, and manage complex PPP contracts. This can result in poorly structured(“un-bankable”) projects and have the Government at a disadvantage in negotiations with Private Partners.

- Inappropriate Legal and Regulatory Frameworks – A stable and transparent legal framework is crucial for PPPs. However, many developing Countries have inappropriate or non-existent legislature for regulating Private Sector Participation in infrastructure. This creates uncertainty for investors and can lead to issues like lack of protection foe operators or weak dispute resolution systems.

- Lack of Transparency and Corruption – Non-transparent procurement processes and weak governance can increase the risk of corruption. A lack of clear legal frameworks can open the door to political interference in tariffs, which undermines cost recovery and investment.

2.6.3. Financial Market Challenges

- Financial Constraints on the Government – More Governments turn to PPPs because they lack sufficient public funds for infrastructure development. However, this can create gidden deficits and increase fiscal riskif not carefully managed. Governments may underestimate the full cost of bearing risk under the PPP agreement.

- Difficulty Accessing Long-term Financing – State Governments implementing Public Private Partnership projects in Nigeria continue to face structural constraints in securing long-term financing that aligns with the economic life of infrastructure assets. Domestic financial markets at the subnational level are largely dominated by commercial banks whose lending practices are characterized by short to medium tenors, high interest rates, and stringent collateral requirements. These conditions are generally incompatible with the long gestation periods and revenue profiles of PPP infrastructure projects.

  Although institutional investors such as pension funds and insurance companies represent a growing pool of long-term capital, their participation in State-level PPP projects remains limited. This is due to concerns relating to project bankability, weak project preparation, perceived political and regulatory risks, and uncertainties around revenue security and State creditworthiness. In the absence of well-structured credit enhancement mechanisms and clear fiscal risk management frameworks, these investors tend to adopt a cautious approach to subnational infrastructure investments.

  In response to domestic financing constraints, PPP projects may seek foreign currency-denominated funding to access longer tenors and more competitive financing terms. However, this approach introduces foreign exchange exposure, particularly where project revenues are denominated in Naira. Exchange rate volatility and foreign exchange liquidity constraints can significantly increase project costs and elevate fiscal risks to the State, especially where government support mechanisms or guarantees are provided.

  The limited availability of suitable long-term financing increases the overall cost of PPP projects, complicates financial structuring, and may undermine value for money outcomes. It also heightens the risk of explicit and contingent fiscal obligations for the State. Addressing these challenges requires deliberate policy measures aimed at improving project preparation, strengthening fiscal credibility, enhancing transparency, and facilitating greater participation of domestic long-term investors within a robust PPP and fiscal risk management framework.

- Affordability Issues for End-users – In many developing Nations, citizens on lower income may be unable to afford full cost-recovery tariffs for essential services like water and electricity. If user-charges cannot cover costs, the Government must provide subsidies, which adds to the financial burden.

- High Project Development Costs – The initial costs for the Private Sector to develop a project – including feasibility studies and security rights – can be high and may not be recoverable if the project fails. This high-risk investment is a significant deterrent for Private Developer / Partner.

2.7. Myths and Facts about PPP Procurement

Even with the success of PPPs in several jurisdictions, certain misconceptions continue to undermine the rate of its accomplishments. Some of these are outlined in the table below;

Table 3: Myths and Facts about PPP Procurement

S/n	Myth	Reality
i.	PPPs are more expensive and lead to excessive profits.	PPP frequently contain a maximum rate of return and termination provisions, or a maximum availability payment in the absence of tolls, to protect both the public partner and the users of the facility.
ii.	The government can borrow the money cheaper.	This is true, but that is because a lender to the government is not taking any risk. The risk does not disappear however; and as the government 'retains' the risk, the cost of the risk should be added to the cost of government borrowing before attempting to directly. The cost of government borrowing, even if nominally less than private finance is of limited relevance where there are tight fiscal constraints and government has limited ability to borrow in the market.
iii.	A PPP may be too complex for public-sector officials to handle.	Structuring and implementing PPP Agreements can be very complex. In cases where the skills required to develop, procure, negotiate and monitor implemented contracts are lacking (and cannot be brought in by the appointment of consultants and transaction advisors); some benefits, such as risk transfer, may be lost
iv.	Lack of flexibility	It is certainly true that making major changes in a PPP Agreement can be expensive as it is impossible to anticipate all the circumstances that may arise over the life of a PPP Agreement and provide for them. On the other hand, the contractual framework associated with PPPs protects projects from political interference and disruption.
V	Private companies are not accountable to the public and thus may cut corners or allow projects to deteriorate.	The public partner owns and controls the transportation asset. Strict contractual requirements, performance standards, and remedies hold the private partner accountable to the public partner. Indeed, because of this contractual standard for performance, PPPs lead to more accountability in the quality, operations, and long-term maintenance of projects. Also, in the particular case of highway toll concessions -as well as other Concessions where revenue is dependent on volume of sales-, the private partner is highly motivated to provide customer satisfaction. PPP projects are typically better maintained than conventional projects since the concessionaire is subject to both contractual standards and market pressures. As such, PPPs are sometimes referred to as "performance-based infrastructure"
Vi	PPPs are a means to cut jobs and labour costs.	PPP projects create construction and service industry jobs because most projects would otherwise be delayed or never built. Furthermore, compliance, with labour law, prevailing wage regulations, and participation of local firms, is a requirement that applies to PPPs under general legislation and may be reinforced by the specific terms of PPP contracts.
Vii	PPP procurements are secretive and lack transparency.	The laws that permit PPPs require an open and transparent public procurement process, typically through competitive bids to set requirements. Public involvement in the selection of projects and routes matches the process for public projects, and the rules that apply to public procurement processes apply to all of a PPP project's public policy decisions. Further transparency can be built into the procurement process and documentation through various Acts.
Viii	PPPs diminish environmental protection.	All environmental laws, land use, zoning, and mitigation requirements apply to public infrastructure projects and private PPP projects alike. Indeed, concession terms can be structured to incentivize environmental protection so that JVs deliver even greater environmental benefits or fund additional offsite mitigation or recreational improvements. PPPs also help the environment in two more ways; because they allow for

S/n	Myth	Reality
		accelerated project delivery, smog- inducing congestion can be reduced more quickly, and because some projects depend on user fees or congestion pricing, traffic patterns can be rationalized and existing or new capacity can be utilized more efficiently to prevent the need for facilities sized just for peak loads. Excess revenue sharing can also be used to subsidize mass transit or to fund less economic public infrastructure and environmental enhancements.
Ix	PPPs are equivalent to privatization.	In a PPP project, the government retains ultimate ownership of the facility, defines the extent of private-sector participation and continues to hold regulatory oversight and control of the facility. In privatization, the government relinquishes its ownership of the asset to the private sector, who now owns and operates it. Although the private party is accountable, the success of the PPP will largely depend on the ability of the public entity to monitor the performance of the private partner and enforce the terms of the agreement. It is also pertinent to note that government retains the legal and/or effective political obligation to provide what may be essential services under a PPP. This may mean that failure of the private party to provide service simply reloads government with the full cost of service provision. There is likely to be limited recourse to the private principal for compensation due to the financial terms/structure of the SPV.

3. The Enabling Framework for PPPs

3.1. Edo State Public-Private Partnership Agency (EDPPPA) Law 2025

The Edo State Public-Private Partnership Agency (EDPPPA) Law of 2025 was established to create the comprehensive legal framework that facilitates and governs Public Private Public-Private Partnerships (PPPs) in Edo State, ensuring effective collaboration between the public and private sectors. The Law also positions the Agency as the central coordinating body for PPP initiatives, provides oversight, support, and guidance for all PPP projects within the State.

The Agency's:

- **Mandate** is to develop sectorial blueprints in collaboration with MDAs for the Identification, procurement and implementation of PPPs and Private Sector-Led Infrastructure Projects.
- **Vision** is to position Edo Sate for global competitiveness through partnership with the private sector in the provision of physical and social infrastructure.
- **Mission** is to leverage on the factor endowments of the State to attract strategic investments in all key sectors in our quest for economic growth and development.
- **Strategic Initiative** is to make Edo State the investment destination for private sector collaborations in terms of meeting the social, economic and infrastructural goals across various strategic sectors, such as: transportation; water; waste management; industrial; agricultural / agro-processing; power; commercial real estate; health; tourism; etc.

The EDPPPA Law 2025 serves as the foundational legal framework for PPPs in Edo State, as defined in ***Section 5 & 6*** of the Law. It empowers EDPPPA to develop, implement, and monitor PPP projects in the State, and be the advisory body to the Governor on PPPs in the State. The law assigns EDPPPA several key roles throughout the lifecycle of a PPP project, including:

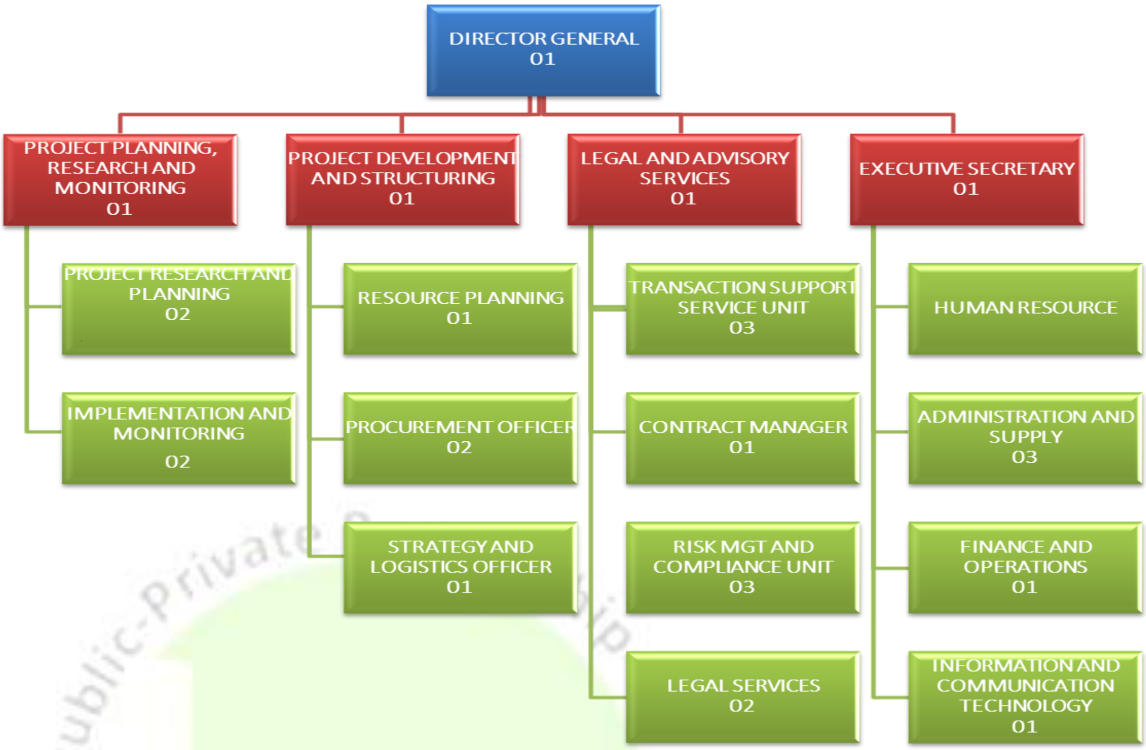
1. **Technical Assistance**: EDPPPA provides technical assistance to ministries, departments, agencies, and specific Contracting Authorities during the life cycle of a PPP project, ensuring alignment with State priorities and standards.
2. **Procurement Oversight**: The Agency is responsible for overseeing the procurement process for PPP projects on behalf of the public sector, ensuring that projects align with the State's strategic objectives and that procedures are transparent, efficient, and in compliance with EDPPPA's legal and procedural frameworks.
3. **Private Sector Facilitation**: EDPPPA serves as the primary point of contact between the private sector and government agencies, offering support in regulatory navigation and partnership facilitation. This includes acting as the PPP for all private-sector investment enquiries.
4. **Management of Project Development Fund (PDF)**: One of EDPPPA's critical roles is receiving, managing and disbursing resources for PPPs. The EDPPPA PDF supports bankability of PPP projects through Viability Gap Funding (VGF), provides financial support for the development, preparation, and implementation of PPP projects; contributes to the equity or debt financing of PPP projects; covers transaction costs associated with PPPs; and provides financial guarantees or security

Section 7 of the EDPPPA Law 2025 establishes the PPP Board, who's charged with the general control and superintendence of policies, finances and property of the Agency. The Board is responsible for the overall policy and strategic direction of the Agency to oversee the PPP process in the State. The Board is assisted by a PPP Secretariat within EDPPPA, which is responsible for the daily administration and coordination of PPP projects.

The development of this Manual adheres to the provisions of ***Sections 18 (1) (c), (h)*** and ***18(3)d*** of the EDPPPA LAW 2025, which addresses the legal and regulatory framework for the development and delivery of PPPs in the State.

3.1.1. EDPPPA Organogram

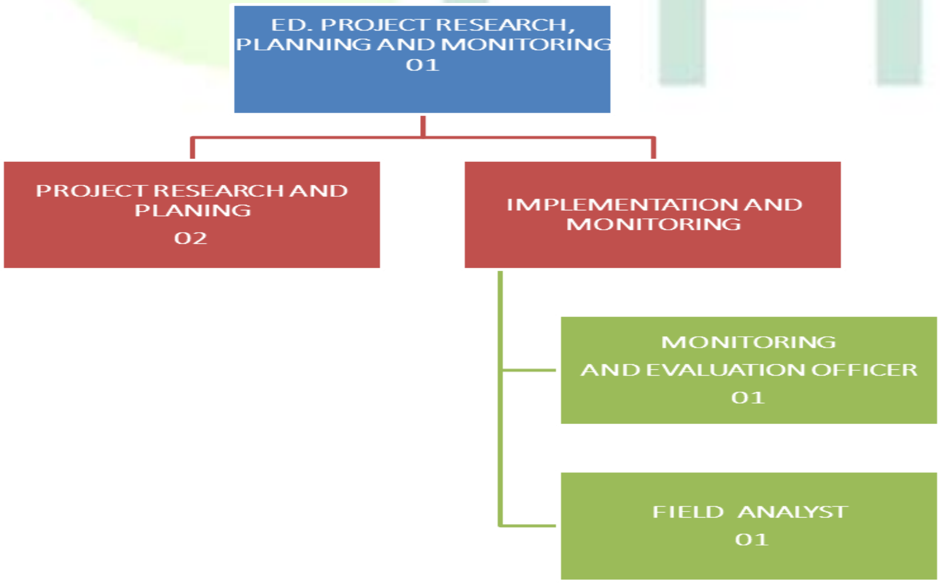
Sections 19 and ***22*** of the EDPPPA Law 2025 establishes the Management and Staff of the Agency.The organogram of the Agency is thus:



3.1.2. Roles / Responsibilities of the EDPPPA Departments

Sections 19(5) and ***22*** of the EDPPPA Law 2025 clearly identified the various departments within the Agency. The expanded departmental organograms, mandates and roles are:

a. Project Research, Planning and Monitoring



Mandate -

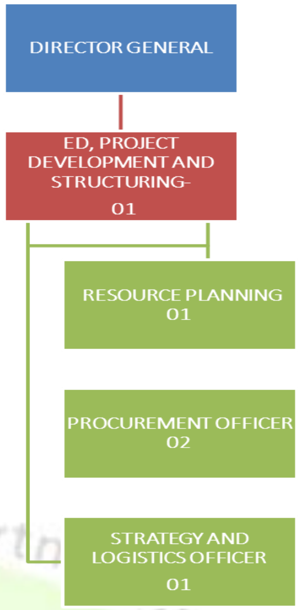
- Assist in the preparation and review of transaction documents, negotiation of PPP proposals, review of technical assumptions and market assessment, securing of approval from relevant approving government bodies, and conduct of the procurement process, manage consultants and consulting service contracts and ensures that the entire process is characterized by transparency, accountability, predictability, and participation.
- Take initial steps in identifying, formulating, recommending, and advocating policy procedures and guidelines, reviews, studies and researches, and reforms on the numerous policy issues and bottlenecks for the

development, appraisal, implementation, and monitoring and evaluation of PPP projects and contracts in consultation with appropriate oversight committees, implementing agencies, and the private sector.

Roles

- Identify challenges and opportunities facing the various sectors and promote best practice and innovation policy in PPP procurements.
- Conduct research and provide advice on best practice approaches to initiative, proposal and project planning and appraisal.
- Formulate for the State, and from time to time modify, the Master Plan which sets out the priorities and objectives of the State for PPPs. *(The Master Plan shall identify potential projects that are desirable, achievable, and viable for execution through PPP arrangements)*.
- Review and provide intensive project-specific advice on PPP arrangements, initiatives, proposals and projects.
- Develop an investment strategy that will serve as planning tool for the development of PPP infrastructure.
- Inform EDPPPA investment advice, support decision-making by critical stakeholders' and provide information for Government Industry and Community interest for specific projects.
- Ensure intensive stakeholders mapping, sensitization and engagement to ensure that all project stakeholders understand the overall benefit of PPP projects.
- Promote and develop public awareness of PPP projects including through data sharing.
- Organize and facilitate external engagements with the various PPP initiative, proposal and project stakeholder groups
- Act as the Agency's resource center on the implementation of the PPP Policy, planning, execution and regulation.
- Provide access to appropriate guidance, training, and expertise, institutional framework that will reinforce the accountability of the MDAs for the delivery of public service whilst ensuring that they have access to appropriate expertise and resources to plan, procure and manage investment projects and public services efficiently and effectively.
- Ensure that transparency and accountability are followed in the procurement of PPPs. Also ensure that contracts entered into by the Agency are properly monitored to hold the private party accountable and drive efficiency of the PPP projects.
- Review principles of proposed PPP and make recommendations at the various stages of the PPP lifecycle.
- Manage the project steering committee (PSC) / Project Development Team (PDT) for each PPP arrangement, initiative, proposal and project.
- Provide progress reports on implementation plans, priority projects and pipeline projects.
- Develop bankable PPP projects and advocate for changes in the PPP framework to accelerate projects reaching financial close.
- Provide technical assistance to the team in the selection of priority projects
- Streamline project preparation timelines and implementation strategies.
- Ensure that PPP policy(ies) on user charges and tariff subsidies are sustainable and meet the needs of both investors and users.
- Achieve Value for Money in structuring the financial aspects of PPP projects.

b. Project Development and Structuring



Mandate -

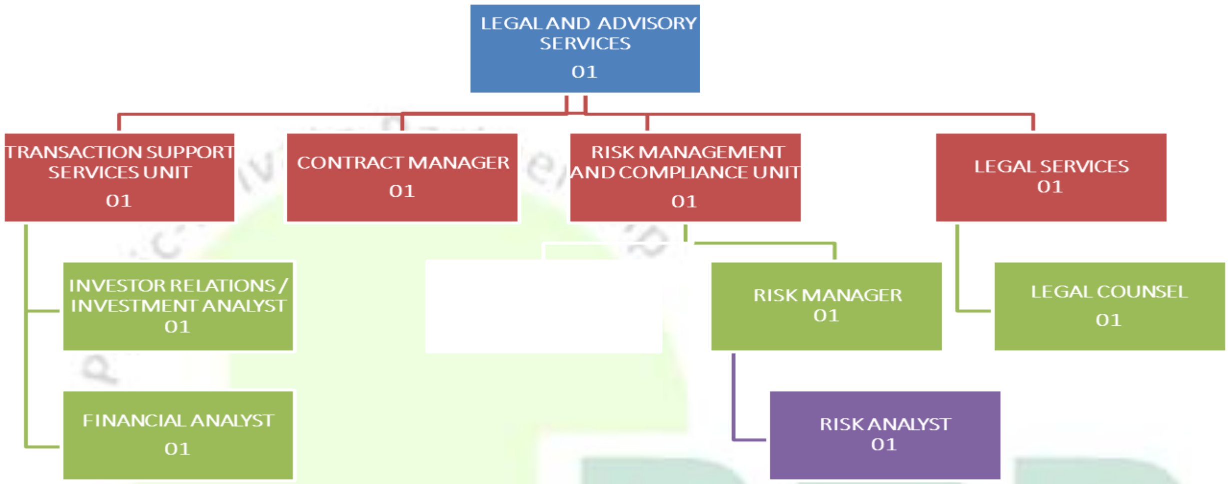
- Manage and administer the project development and monitoring activities of EDPPPA.
- Screen, evaluate, and process proposals, develop project implementation plan and strategies, monitor and ensure effective implementation of PPP projects; provide facilitation, advisory, and technical assistance to various implementing agencies in the process of evaluation, formulation, development, structuring, and packaging of PPP projects to ensure that infrastructure projects go through the proper selection, preparation and bidding process

Roles

- Review and provide advice on the quality and feasibility of major infrastructure proposals across different sectors on the basis of strategic fit, economic, social, environmental value, bankability and deliverability.
- Maintain the specific project implementation plans, as well as evaluate Initiative, proposal and project submissions in line with the laid down assessment framework.
- Rigorous planning and assessment underpin investment decisions.
- Review and provide intensive project-specific advice on PPP arrangements, initiatives, proposals and projects.
- Advice on budgeting and accounting for PPP projects to ensure that forecast costs – including any subsidies that may be required to make a project financially viable..
- Determine the framework for engagement and remuneration of consultants, specialists and advisers for the PPP in the State.
- Recommend such consultants, specialists and Transaction and Technical Advisers for the implementation of specific PPP projects.
- Appoint external Advisers to assist with the preparation of all the project business cases, the procurement process.
- Provide guidance and technical assistance to the MDAs in the development and procurement of PPP projects.
- Implement the PPP framework taking into consideration international environmental and social requirements.
- Develop procurement templates and determine standard methods for PPP procurements.
- Lead implementation of targeted transaction activities such as: project design validation; technical due diligence & analysis; community engagements & environmental assessments; commercial & financial structuring & assistance.
- Execute project development with full consideration of people related issues that may arise.
- Ensure that no Project Affected Persons (PAPs) will be unfairly displaced and adequate compensation paid for acquisition of land and right of way.
- Ensure intensive stakeholders' mapping, sensitization and engagement to ensure that all PAPs understand the overall benefit of PPP projects.

- Responsible for the needs assessment and proffer specific policy responses to the challenges and opportunities identified for PPP strategies.
- Develop assessment framework for specific PPP projects. Review and update the assessment framework that will establish the process EDPPPA uses to consider initiatives, proposals and projects for inclusion on the PPP priority list. *(The framework will outline a staged evidence-based approach to project development and ensure that rigorous planning and assessment underpin investment decisions)*.

c. *Legal and Advisory Services*



<u>**Mandate**</u> -

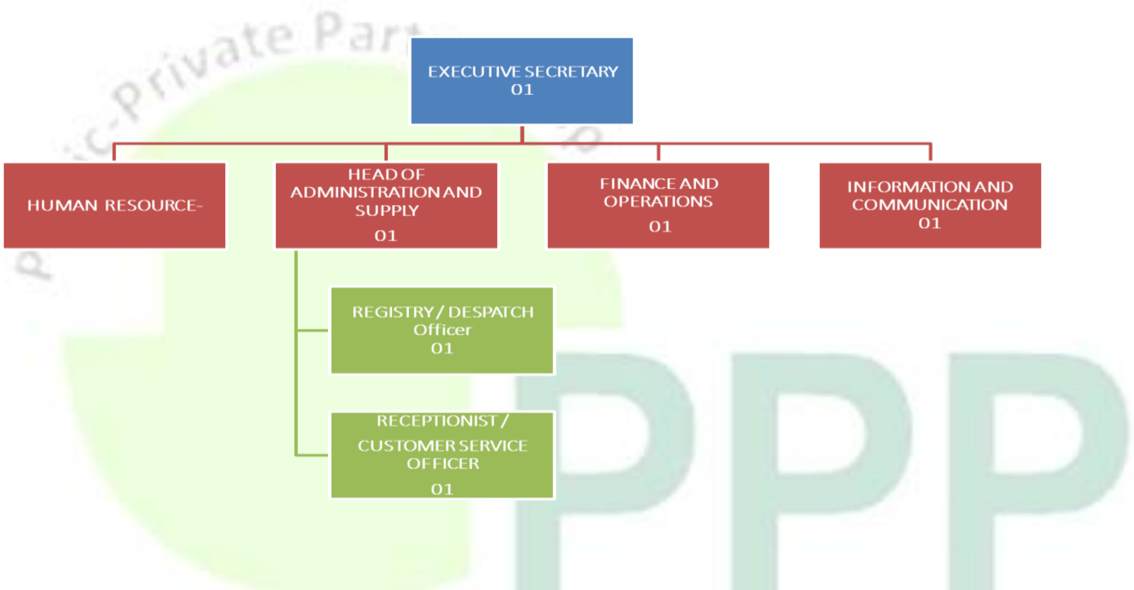
- Play a significant role in rendering responsive and insightful legal advice and assistance in the course of project development in all projects in the PPP pipeline to ensure that all transactions, project documents, and organizational processes are legally sound and strictly compliant with legal requirements.
- Conduct legal research and studies, monitors various laws, administrative, probity and other legal issues relative to PPP.
- Provide legal opinion and advice on contracts, documents and other legal matters significant to its operations and processes. the department renders legal and risk management advisory assistance and intervention to various issues and concerns to ensure that contractual milestones and obligations are met.

<u>**Roles**</u>

- Review and provide intensive project-specific advice on PPP arrangements, initiatives, proposals and projects.
- Review PPP agreements to ensure value for money and compliance with applicable laws, rules and regulations.
- Negotiate and conclude all PPP agreements initiated by EDPPPA.
- Make recommendations to alter and revoke rules and regulations for the execution of PPP arrangements.
- Advise on viable relationship agreement or partnership with the private sector in the furtherance of PPP objectives.
- Make recommendations for the approval of the award of a PPP contract.
- Propose amendments to existing legislation and / or propose new legislation when necessary:
- Provide transparent, efficient and competitive procurement procedures for PPP contracts.
- Negotiate all transactions implemented by the Agency.
- Ensure that all PPP agreements promote local content and corporate social responsibility.
- Provide legal advice necessary to strengthen PPP project implementation.

- Lead the design and delivery of regulatory and legal reform activities.
- Spearhead commercial agreement negotiations.
- Provide legal support, comments and recommendations on laws, regulations, procedures and policies as it relates to PPPs.
- Conduct legal and regulatory due diligence analysis.
- Implement targeted transaction support activities.
- Facilitate the work of technical Transaction Advisers.
- Develop procedures to evaluate any contingent liabilities and risks that arise from PPP contracts and associated agreements and any other guarantees, partial risk insurance, subsidies or exchange rate volatilities.

d. *Executive Secretary*



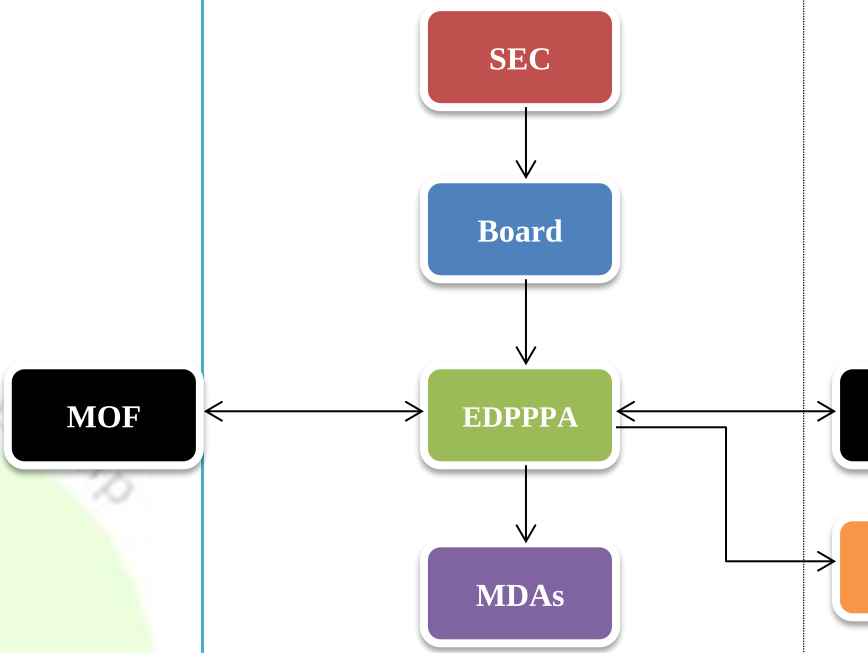
Mandate - Develop, implement and sustain a system that fosters the efficient and effective management of all administrative, Human Resources, ICT and related matters of EDPPPA

Roles

- Develop and manage strategic Information and Communications Technologies (ICT).
- Determine remuneration, allowances and the terms and conditions of service of the employees of EDPPPA.
- Make regulation for the appointment, promotion, deployment and disciplinary control of the Directors and other staff of the Agency.
- Ensure technical and managerial skills and knowledge transfer on PPPs.
- Ensure yearly budgetary allocations are made to fund yearly PPP provisions
- Ensure the establishment of a project development fund budget sub-head for the Agency. *(This fund shall be applied to meet project development costs including payments for consultancy, advisory, feasibility studies, etc. which may be repaid from the project funding as part of pre-operational expenses for reimbursement or capitalized as equity)*.
- Ensure that funding for payment obligations and the project development fund are set aside subject to appropriate executive approval.
- Establish escrow accounts under the management of agreed independent parties, as may be required.

3.1.3. PPP Governance Organogram

PPP Governance Organogram



Legend

- **SEC** – State Executive Council
- **Board** – EDPPPA Board
- **EDPPPA** – Edo State Public-Private Partnership Agency (EDPPPA)
- **MDAs** – Line Ministries, Department and Agencies
- **MOF** – Ministry of Finance
- **EDPPA** – Edo State Public Procurement Agency
- **PDT** – Project Delivery Team

PPP Governance Organogram

Tier 1: High-Level Oversight

- **State Executive Council (SEC)**: Final approval for all major PPPs, ensuring they align with the State development strategy.
- **EDPPPA Board**: Provides strategic direction and oversight for the PPP program. Recommends projects for final approval to SEC.
- **Reporting Lines**: The EDPPPA and Line MDAs report up to EDPPPA Board, which reports to SEC.

Tier 2: Central Coordinating Body

- **EDPPPA**:

  Role: The technical expert / central coordinating body responsible for the overall management of Edo State Government's PPP programme.

  Responsibilities:
  - Developing the overall PPP policy, strategy, and legal framework.
  - Screening and evaluating project proposals from line MDAs.
  - Providing technical assistance to line MDAs.
  - Managing the project pipeline and monitoring fiscal commitments.
  - Facilitating coordination among different government entities.

  Reporting Lines: Reports to EDPPPA Board.

Tier 3: Implementing Body

- **Line MDAs**:

  Role: Identify, prioritize, and manage individual PPP projects within their specific sector.

  Responsibilities:
  - Initial project identification and feasibility analysis.
  - Serving as the Contracting Authority during procurement and throughout the project lifecycle.
  - Supervising day-to-day project implementation and managing the contract with the private partner (under the coordination of EDPPPA).

  Reporting Lines: Report to EDPPPA and their MDA leadership.

Tier 4: Project-Delivery Teams

- **Project Teams**:

Role: Established within the line MDA for a specific PPP project.

Responsibilities:
- Drafting the feasibility study and procurement documents.
- Negotiating with potential private partners.
- Managing the specific project's lifecycle.

Reporting Lines: Report to the leadership within the line MDA.

Approval Hierachy

The approval process (inclusive of checks-and-balance) is outlined thus:

1. **Project Idea:** A line MDA identifies a need and proposes a potential PPP.
2. **Screening:** The line MDA submits the proposal to EDPPPA for initial screening and feasibility assessment.
3. **Strategic Approval:** The EDPPPA Board reviews EDPPPA’s recommendation and provides strategic guidance and approval to proceed.
4. **Final Approval:** The State Executive Council (SEC) gives final, formal approval to proceed with the procurement of the project.
5. **Implementation:** The line MDA and Project Delivery Team (PDT) (under the coordination of EDPPPA) proceeds with procurement and contract management.

PPP Governance Matrix Table

The PPP Governance Matrix outlines the key responsibilities and decision points across the PPP project lifecycle for the primary Government entities involved in PPPs. This matrix which highlights the day-to-day implementation and management, uses a RACI-like approach for core Government roles:

R – **Responsible** entity that performs the task / activity

A – **Accountable / Approving** entity that has final approval authority

C – **Consulted** entity whose input is sought

I – **Informed** entity that is kept up-to-date

PPP Governance Matrix				
Key Activity / Decision Point	**Line MDA**	**EDPPPA**	**EDPPPA Board**	**SEC**
Stage 1 – Project Identification & Feasibility (preparation / development)				
Identify and prioritize potential projects	R , A	C	I	I
Screen for PPP potential (VfM viability)	R , C	A	I	I
Decision point: approve project for further development	C	R	A	A
Conduct feasibility studies (technical, economic, environmental & social)	R ,A	C	I	I
Assess Value for Money (VfM) and fiscal implication	C	R , A	I	I
Structure the project and allocate risks	R , C	A	I	I
Decision point: approve feasibility and structure	C	R , A	A	A
Stage 2 – PPP Procurement & Contract Award				
Prepare	R , A	C	I	I

PPP Governance Matrix				
Key Activity / Decision Point	**Line MDA**	**EDPPPA**	**EDPPPA Board**	**SEC**
tender / bid documents and contract				
Manage the bidding process and evaluate bids	R , A	C	I	I
Negotiate with preferred bidder(s)	R , A	C	I	I
Decision point: approve the award of contract	C	R	A	A
Achieve financial close	R , A	C	I	I
Sign the PPP contract	A	C	I	I
Stage 3 – Project Implementation & Monitoring				
Establish contract management structure	R , A	I	I	I
Monitor performance and compliance	R , A	C	I	I
Manage contract changes and disputes	R , A	C	I	I
Report on project performance and fiscal risks	R , C	A	A	A
Stage 4 – Post Completion & Contract Expiry				
Manage asset handover at contract expiry	R , A	C	I	I

Approval Threshold Between EDPPPA Board and SEC

S/n	Approving Authority	Approval Threshold	Scope of Authority

S/n	Approving Authority	Approval Threshold	Scope of Authority
1	**EDPPPA Board** *(ensures technical support & good practice)*	Projects below **N1**	Approves medium-value PPP projects / contracts in the target sectors, and within specific financial limits, after due process certification by EDPPA. And below the specified financial threshold.
2	**State Executive** Council – SEC *(provides strategic & political mandate for major financial commitments)*	Projects exceeding **N1**	Retains final authority for high-value or strategic, or multi-agency contracts and all PPP projects that exceed the monetary thresholds set for the Ministerial Tenders Board (MTB), or It also provides final approval for projects where significant State Government financial guarantees / commitments are required.

3.1.4. Standard Operating Procedures (SOP) of EDPPPA

In line with ***Sections 22*** and ***23*** of the EDPPPA Law 2025, the Standard Operating Procedures for the Agency are outlined below:

PPP Standard Operating Procedure (SOP)		
Activity Description	**S/n**	**Department**
Project Identification	1	*Project Research, Planning and Monitoring*
Needs Assessment - Justify project need by conducting Value for Money (VFM) and People First Project (PFP) analyses.	2	
Inclusion in Specific State Sector Plan (SSSP)	3	
Budgetary Appropriation	4	
Conduct Project Due Diligence (DD)	5	
Conduct Legal and Regulatory DD		
Develop Project Information Memorandum (PIM)	6	
Define Proposed Project Structure / PPP Model	7	
Identify Project Stakeholders'	8	
a). Internal Stakeholders'		
b). External Stakeholders'		
c). Project Sponsors		
d). Establish Project Steering Committee (PSC) Project Development Team (PDT)		
Develop Outline Business Case (OBC)	9	
Secure Approval in Principle	10	
Conduct Market Sounding	1	*Project Development and Structuring Department*
Conduct Feasibility Study (FS)	2	
Conduct Full Business Case (FBC)	3	
Conduct Environmental Social Impact Assessment (ESIA) - If Applicable	4	
Commence Land Acquisition Activities (If Applicable)	5	
Launch Procurement	6	
a). Define Terms of Reference		
b). Define Procurement Plan		
c). Secure Approval for Procurement Plan		
d). Prepare Bid documents		
e). Launch Invitation to Tender		
f). Prepare Request for Proposal (RFP) Document		
g). Issue RFP in line with Approved Method		
h). Receive Response to Bids		
i). Bid Opening		
j). Bid Evaluation		
k). Select Preferred and Reserved Bidder / Private Sector Proponent		
l). Debrief Unsuccessful Bidders (If Applicable)		
m). Announce Preferred Bidder		
The Ministerial Tender's Board (MTB) or State Tender's Board (STB) Reviews bid opening and evaluation Report by	1	*Legal And Advisory Department*
Initial Negotiations with Preferred Bidder	2	
Secure Tender's Board Recommendation	3	
EDPPA Reviews / Issues Certificate of Compliance (COC)	4	
Secure Approval to Award Contract	5	
Further Negotiations with Preferred Bidder	6	
Award of Contract	8	
Contract Execution and Management	9	
Contract Close Out	10	

3.1..5. EDPPPA Capacity Building Framework

Sections 19(9) and ***53*** of the EDPPPA Law 2025 establishes the framework for capacity building of both the Staff of the Agency and the Edo State Government Team respectively.

Public-Private Partnership ecosystem is very dynamic such that it continuously evolves, thus the need for the Agency to invest generously in the up-skilling of its Staff and other relevant stakeholders within EDSG for the effective delivery of PPP projects / transactions in Edo State.

IIts capacity building framework should entail:

1	***Needs Assessment and Gap Analysis***	Analysis of existing capacity Identification of skill gaps Consultation of stakeholders
2	***Learning Objectives and Indicators***	Definition of clear goals Setting of Key Performance Indicators (KPIs) Establishment of benchmarks

3	***Design of Learning Activities and Materials***	Structuring of program (curriculum) Incorporation of diverse learning tools Creation of relevant materials
4	***Program Delivery***	Targeted training Focus on competencies Promotion of continuous learning
5	***Evaluation and Monitoring***	Assessing effectiveness Gathering feedback Measuring impact Review and Revision

PPP Capacity Building Plan Template

Basic Information

Section	Description	Key Information to Include
Plan Title	*The name of the capacity-building initiative.*	*e.g., "National/State PPP Unit Capacity Enhancement Plan 2025-2027"*
Assisted Organization(s)	*The government agency(ies) receiving the capacity building.*	*e.g., Ministry of Finance, Ministry of Environment, EDPPPA, etc.*
Assisting Organization(s)	*The partners providing the assistance (if applicable).*	*e.g., World Bank, Aninver, local consultants, etc.*
Date of Plan	*The date the plan is finalized and accepted.*	*e.g., November 31st, 2025*

1. Organizational Assessment & Gap Analysis

Capacity Pillar	Current Capacity (Strengths & Weaknesses)	Desired C apacity	Identified Gaps (Human Resources or Training?)
Leadership/Governance			
Competencies (Skills)			
Management Systems			
Enabling Policies/Legal			
Knowledge/Learning			

2. Capacity Building Action Plan

Objective	Action / Intervention	Target Audience	Timeframe (Start / End Dates)	Estimated Budget (₦)	Key Performance Indicators (KPIs)
Objective 1:					
Objective 2:					
Objective 3:					
Objective 4:					
Objective 1:					

3. Monitoring and Evaluation (M&E) Plan

M&E Activity	Frequency	Data Source	Responsibility
Progress Review Meetings			
Training Effectiveness Surveys			
Institutional Audits			
Overall Program Impact Assessment			

4. Approval and Signature

This plan is accepted and approved by the following parties

Name	Designation	MDA / Organization	Signature	Date
[Name]	[Title]	[Organization]		

[Name]	[Title]	[Organization]		

NB: A minimum of two (2) capacity development training must be ensured and provided for Staff of EDPPPA on PPPs and related matters such as PPP Masterclasses, Courses, Certifications, etc organized by seasoned Professionals (Global and Local) in the PPP ecosystem.

Also, EDPPPA should ensure to organize continuous PPP trainings for EDSG MDAs at least one (1) every year.

3.2. Edo State Public Procurement Agency (EDPPA) Law 2020

The Edo State Public Procurement Agency (EDPPA) Law 2020 provides the statutory framework for the procurement of goods, works, and services by the State Government and its procurement entities. The law establishes the Public Procurement Agency, which is responsible to uphold transparency, accountability, and efficiency in all state-level procurement processes.

The EDPPA Law 2020 governs the principles and procedures for the procurement of goods, works, and services by public institutions in the State. Its primary focus is on value-for-money, competition, and transparency. This framework ensures that all procurement activities, including those involving PPPs, are carried out in a manner that is competitive, fair, and in line with international best practices. The EDPPA Law aligns with the State's development objectives and supports EDPPPA's mandate by establishing a transparent procurement environment conducive to private sector participation in public projects.

3.2.1. Harmonized Procurement Procedure Between EDPPPA and EDPPA

Sections 29 to 41 of the EDPPPA Law 2025 addresses all matters relating to PPP procurement and its relation with the Edo State Public Procurement Agency (EDPPA).

Harmonized procurement procedures between EDPPA and EDPPPA involves clear legal delineation and coordination to ensure consistency, transparency, and value for money, while respecting the distinct characteristics of PPP projects.

Key Principles of Harmonization

The core challenge is that general public procurement focuses on purchasing inputs (goods, works, services) with specific budgets, while PPP procurement focuses on long-term service delivery, risk transfer, and attracting private finance. Harmonization is typically achieved through legislation that clarifies the scope and oversight of each Agency.

- **Legislative Clarity**: Edo State laws typically define that the EDPPPA Law 2035 takes precedence for projects structured as Public-Private Partnerships / concessions, and the EDPPA Law 2020 governs traditional procurement. This avoids regulatory conflict.
- **Shared Principles**: Both Agencies adhere to fundamental principles of public finance:
  - Transparency and Accountability
  - Fair Competition and Equal Opportunity for bidders
  - Value for Money (VfM)
  - Efficiency and Economy.
- **Mandatory Consultation / Certification**: EDPPPA has the lead role in the PPP process, but the EDPPA is a mandatory consultee or certifier at critical stages, often issuing a "Certificate of No Objection" or participating in the Tenders Board.

Harmonized Procedure Flow

The procedure integrates the specialized requirements of EDPPPA with the standard oversight of EDPPA.

Stage	Activity	Lead Agency	Coordinating Agency (EDPPA Role)
Project	Initial project identification and	Line MDA	EDPPA is informed (I)

Identification	business case development		
Appraisal & Structuring	Conduct feasibility study, VfM analysis, risk assessment	EDPPPA	EDPPA reviews documentation for compliance with general procurement standards; participates in the Project Steering Committee / Project Delivery Team.
Approval to Procure	Decision Point: PPP Agency certifies Outline Business Case and readiness to tender.	EDPPPA	EDPPA issues a Certificate of "No Objection" before advertising for bids.
Procurement (Tendering)	Prepare bid documents (RFP), advertise, evaluate bids, negotiate terms	Line MDA / EDPPPA	EDPPA monitors the process to ensure fairness and adherence to competitive bidding rules.
Contract Award Approval	Decision Point: Recommend preferred bidder for final approval	Line MDA / EDPPPA	EDPPA sits on the Ministerial Tenders Board / State Executive Council meeting to provide final certification of the procurement process.
Contract Management	Monitor performance, manage variations	Line MDA	EDPPA is informed of contract variations and performance issues, ensuring fiscal compliance.

Key Differences in Procurement Approach

Feature	EDPPA	EDPPPA
Focus	Purchasing inputs (goods / works)	Procuring services / outcomes over the long term
Procurement Method	Primarily open competitive bidding (sealed bids)	Competitive dialogue, structured negotiation, and sometimes unsolicited proposals (under strict guidelines)
Contract Type	Short to medium term (1 to 5 years)	Long term (10 to 30+ years)
Evaluation	Lowest evaluated responsive bid	Best value for money, risk transfer, and long-term viability

NB: The goal is that while the methods may differ, the outcomes align with the overarching State's objectives of transparency and fiscal prudence, as regulated by EDPPA and EDPPPA.

Flowchart of the PPP Procurement Process

1. • **Needs Assessment** - The major objective for the PPP procurement.
2. • **Appropriation** - Incorporation of the proposed project cost in the State's budget.
3. • **Procurement Plan** -Open competitve bidding is best. However, selective tendering may be used in very rare circumstances.
4. • **Secure Approval To Use Procurement Plan** - Once secured, EDPPA to issue "No Objection" certificate to officially commence the procurement process.
5. • **Identification of Shortlisted Firms, Preparation of Bidding Documents and Letter of Invitation** - Preparation of the Request for Proposal (RFP, forwarding of invitation letter & RFP to the shortlisted Firms.
6. • **Bid Submission** - Submission of Technical and Commercial documents by the shortlisted firms within the stipulated submission timeframe.
7. • **Bid Opening** - Invitation of the shortlisted firms to examine their enclosed bids to ensure the non-tampering of the bids, public opening of all bids immediately after deadline for bid submission.
8. • **Bid Examination** - Examination of all bids to ensure its adherence to the minimum eligibility requirements as stated in the RFP, among others.
9. • **Bid Evaluation** - Evaluation and comparison of bids that have been adjudged as valid for evaluation in terms of: technical experience; lowest cost; and choosing of the highest rated bidder (preferred bidder).
10. • **Approval to Award** - Secure approval to award the preferred bidder.
11. • **Award of Contract** - Contact the preferred bidder to negotiate fees / costs, and prepare & sign engagement letter / cntract agreement.
12. • **Debriefing of Unsuccessful Bidders (If Applicable**) - Ynforming other bidders of the chosen preffered bidder.
13. • **Contract Execution and Management** - - Execution of activities / milestones as stipulated in the engagement letter, monitoring & evaluation of activities / milestones and scheduled payments per milestone achievements.
14. • **Contract Close Out** -Completion and termination of contract.

3.3. Edo State Sectorial Laws

In the delivery of PPPs within Edo State, various sectorial laws will play a significant role. PPP projects often span multiple sectors such as transport, energy, water, health, agriculture, etc, each governed by specific regulatory frameworks that must be adhered to for successful project implementation. The integration of sectorial laws ensures that PPP arrangements are compliant with industry standards, regulatory requirements, and best practices.

While the EDPPPA Law 2025 and the EDPPA Law 2020 provide the overarching framework for PPPs, sector-specific regulations are critical for project delivery. These laws will come into play based on the type of infrastructure or service being developed, and they guide aspects such as licensing, environmental compliance, health and safety, and the operation of services.

3.4. Fiscal Commitment and Contingent Liability Framework

The EDPPPA Fiscal Commitment and Contingent Liability (FCCL) Framework is a critical component of the enabling environment for Public-Private Partnerships (PPPs) in Edo State. It ensures that the State Government can adequately assess, manage, and monitor the fiscal implications of PPP projects throughout their lifecycle. This framework is essential for safeguarding the State's fiscal sustainability while fostering private-sector investment in infrastructure development and service delivery.

3.4.1. Objectives of the FCCL Framework

- The FCCL Framework in Edo State serves the following key objectives:
- Strengthen fiscal sustainability
- Enhance risk management across the PPP lifecycle
- Improve transparency and accountability
- Boost investor confidence in Edo State's PPP framework
- Comply with international best practices (e.g., IMF, World Bank, and Nigeria's PPP guidelines).
- Implement risk-sharing mechanisms to safeguard public finances.
- Identify, quantify, and mitigate fiscal risks (direct, contingent, and implicit liabilities).

3.4.2. Application of the FCCL Framework in the PPP Process

The FCCL Framework is applied at critical stages of the PPP project lifecycle:

- **Project Identification & Feasibility (preparation / development)**
  - During the Outline Business Case (OBC) or Feasibility Study stage, the FCCL Framework is used to estimate the potential fiscal commitments and contingent liabilities associated with the project.
  - Key fiscal risks are identified and evaluated, such as the likelihood and impact of guarantees, revenue support mechanisms, or compensation events.
  - The results of this assessment are factored into the project's Value for Money (VfM) analysis and affordability determination.
  - As the project progresses to the Full Business Case (FBC) stage, the FCCL Framework is revisited to refine initial estimates and incorporate changes in project scope or structure.
  - The framework guides the design of risk-sharing mechanisms between the public and private sectors, ensuring that fiscal risks are mitigated and appropriately allocated.
  - The appraisal process includes stress-testing the fiscal commitments under various scenarios to confirm the State's capacity to absorb potential liabilities.

- **Procurement & Contract Award**
  - During the procurement phase, the FCCL Framework ensures that contractual terms, including guarantees and payment obligations, are aligned with the State's fiscal policies and financial strategies.
  - The framework provides a basis for negotiating risk-sharing agreements that minimize the State's exposure to contingent liabilities.

- **Implementation & Monitoring**
  - After financial close, the FCCL Framework supports ongoing monitoring of the State's fiscal commitments and the realization of contingent liabilities.
  - Mechanisms are established to report fiscal impacts regularly, ensuring that risks are managed proactively throughout the project's operational phase.

- **Post-Completion & Contract Expiry**
  - Mechanisms are established to report fiscal impacts regularly, ensuring that risks are managed proactively even at the post-completion and contract expiry phase.

3.4.3. Institutional Roles in FCCL Management

- ***EDPPPA***

As the primary coordinating authority for PPPs, EDPPPA integrates the FCCL Framework into the assessment and implementation of PPP projects.

- It provides technical support to contracting authorities in:
    - Identifying potential fiscal commitments and contingent liabilities.
    - Designing risk-sharing mechanisms to allocate risks appropriately between public and private partners.
- EDPPPA ensures compliance with the FCCL Framework across all stages of the PPP lifecycle, from feasibility studies to post-implementation monitoring.
- It manages the Edo State PPP Project Development Fund, which can be utilized to support projects through mechanisms such as Viability Gap Funding (VGF), thereby reducing fiscal risks.
- It manages stakeholders engagement and serves as the clearinghouse for PPP development, facilitating collaboration between Ministries, Departments and Agencies (MDAs), private sector partners, communities, and oversight institutions.
- It ensures the appropriate risk management responsibility in terms of risk assessment, risk mitigation and contractual safeguards, etc.

- ***EDPPPA Board***

- The EDPPPA Board provides oversight on the application of the FCCL Framework, ensuring that projects meet the State's fiscal sustainability standards.
- It reviews and approves key fiscal and risk-related aspects of PPP projects, ensuring alignment with the State's strategic objectives and financial policies.
- The Board ensures that contingent liabilities are properly accounted for and that risk-sharing arrangements are balanced and transparent.

- ***Ministry of Finance (MOF)***

- The Ministry of Finance focuses on the budgetary and fiscal policy implications of fiscal commitments and contingent liabilities.
- It assesses the affordability of PPP-related obligations within the broader State budget, ensuring that projects do not compromise fiscal stability.
- The Ministry evaluates the long-term fiscal sustainability of projects, providing approvals for commitments that impact the State's fiscal framework.
- It monitors the impact of direct fiscal commitments on the State's expenditure ceiling and overall fiscal strategy

- ***Debt Management Office (DMO)***

The DMO is responsible for managing and monitoring contingent liabilities associated with PPP projects.

- It incorporates these liabilities into the State's debt sustainability analysis (DSA), ensuring that both direct and contingent liabilities align with the State's debt management strategy.
- The DMO evaluates risk triggers for contingent liabilities, tracking their potential realization and ensuring that these risks are appropriately reflected in the State's debt portfolio.
- It provides regular reports on the State's contingent liability exposure, enhancing transparency and enabling proactive management.
- The DMO collaborates with EDPPPA and the Ministry of Finance to ensure alignment between project-specific liabilities and the State's debt policies.

- ***State Auditor-General's Office:***

- **Independent Audit**: Conducts independent audits of the state's fiscal commitments and contingent liabilities linked to PPPs. This independent scrutiny ensures compliance with legal and financial standards, promotes accountability, and fosters public trust.
- **Performance Audits**: May also conduct performance audits to assess the efficiency, effectiveness, and economy of PPP projects.

- ***Edo State House of Assembly (EDHA)***
- **Legislative Oversight**:
    - Reviews and authorizes significant fiscal commitments related to PPP agreements, ensuring legislative oversight and accountability within the budgeting process.
    - Plays a key role in the approval of PPP projects that involve substantial financial commitments.
- **Mandated Audits**: Mandates regular independent audits of all PPP-related fiscal exposures, enhancing the integrity and reliability of fiscal reporting.
- **Budget Approval:** Reviews and approves the state budget, including any fiscal commitments related to PPP projects.

- ***State Executive Council (EXCO)***
- Provides final approval for PPP projects, based on the fiscal risk assessments and clearances provided by EDPPPA and MOF.

3.4.4. Tools and Processes for FCCL Management

- **Risk Assessment Models:** These tools, which are part of the Edo State FCCL are used to quantify potential contingent liabilities and assess the probability of their occurrence.
- **Fiscal Reporting Mechanisms:** Regular reports are generated to provide transparency on fiscal impacts and contingent liability exposure.
- **Viability Gap Funding (VGF):** The PPP Project Development Fund, managed by EDPPPA, supports the bankability of projects by covering viability gaps, ensuring fiscal risks are minimized.

The FCCL Framework complements the EDPPPA Law 2025 and the Edo State Public Procurement Law 2020, and forms an integral part of the State's overarching PPP governance structure.

3.4.5. PPP Performance and Fiscal Dashboard

For strengthened feedback mechanism between monitoring and fiscal entities, there is the need for a PPP Performance and Fiscal Dashboard.

This is a critical management tool, guided by World Bank best practices, that provides real-time visibility into project health and governmental financial exposure. It integrates both project-level performance metrics and aggregate fiscal impact indicators to ensure accountability and sustainability.

The dashboard typically structured into two (2) main sections:

1. Project Performance Indicators (KPIs); and
2. Fiscal Management & Risk Indicators

PPP Performance and Fiscal Dashboard			
Category	**Indicator**	**Metric / Measurement**	**Data Source**
Section 1: Project KEY Performance Indicators (KPIs)			

PPP Performance and Fiscal Dashboard			
Category	**Indicator**	**Metric / Measurement**	**Data Source**
These metrics focus on service delivery, adherence to contractual obligations, and value for money (VfM) realization. The data is usually reported by the Line Ministry (contracting authority) and the private partner.			
Service Delivery	Service Availability Rate	% of time asset / service is available (e.g., road open, hospital operational)	Private Partner Reports / Line MDA Monitoring
	Service Quality Score	Compliance with output specifications (e.g., cleanliness, response times, safety standards)	Line MDA Audits / User Surveys
	User Satisfaction	% of users satisfied with the service (e.g., public transport, water supply)	Independent Surveys
Contract Compliance	Penalty Points/Deductions	Total financial penalties applied for performance failures	Line MDA Financial Records
	Dispute Frequency	Number of active or resolved disputes/conflicts	Inter-Agency Committee Records
	Contract Variations	Number and value of contract amendments / changes	Line MDA / EDPPPA Records
Project Milestones	Construction Progress	% completion vs. planned schedule	Line MDA / Independent Engineer Reports
	Target Financial Close	Date achieved vs. planned date	EDPPPA / Ministry of Finance
Section 2: Fiscal Management and Risk Indicators ***These metrics provide the Ministry of Finance and the State Executive Council with a clear picture of the government's current and future financial obligations and risks. The IMF and World Bank's PFRAM tool is a key analytical model used for this purpose.***			
Direct Liabilities	Availability Payments	Total annual payments made to private partners	Ministry of Finance Records
	Capital Subsidies	Total capital contributions made by the government	Ministry of Finance Records
	Total Committed Payments	Sum of all future direct payments across all active PPPs	EDPPPA / Ministry of Finance Records
Contingent Liabilities	Government Guarantees Exposure	Total value of guarantees provided (e.g., minimum revenue guarantee)	Ministry of Finance / EDPPPA Risk Register
	Fiscal Risk Exposure	Assessed probability and magnitude of potential risks materializing (e.g., early termination compensation, adverse events)	EDPPPA Risk Assessment / PFRAM Analysis

PPP Performance and Fiscal Dashboard			
Category	**Indicator**	**Metric / Measurement**	**Data Source**
Overall Program Health	PPPs as % of Total State Debt	Indicator of fiscal sustainability and adherence to budget limits	Ministry of Finance
	Value for Money (VfM)	Quantitative measure of expected savings vs. traditional procurement (Public Sector Comparator)	EDPPPA Business Case

Dashboard Features
○ **Traffic Light System: Use *Red* / *Amber* / *Green* indicators to highlight performance status (e.g., Green = on track, Red = significant deviation).** ○ **Drill-Down Capability: Ability to click on a specific project to view detailed reports, contracts, and risk matrices.** ○ **Transparency: Per World Bank guidelines, key data from the dashboard (contracts, performance, risk registers) should be publicly disclosed. EDPPA in collaboration with EDPPPA can host this information.** ○ **Regular Reporting: The dashboard should be updated regularly (e.g., quarterly) and formally presented to the State Executive Council for strategic oversight and decision-making.**

3.5. Project Lifecycle Disclosure Requirements

The PPP Disclosure Framework is a critical component of Edo State's institutional framework for Public-Private Partnerships (PPPs). It promotes transparency, accountability, and stakeholder confidence by ensuring that key information about PPP projects is publicly disclosed at every stage of the project lifecycle. The framework aligns with global best practices and supports the principles of openness and inclusivity in governance.

3.5.1. Purpose of the PPP Disclosure Framework

The PPP Disclosure Framework is designed to:

- Enhance transparency and accountability by providing structured guidelines for disclosing PPP-related information.
- Ensure compliance with legal mandates and international best practices.
- Standardize the format, content, and timelines for PPP disclosures across all government institutions.
- Facilitate informed decision-making by ensuring the availability of accurate, up-to-date information.
- Support proactive disclosure, strengthening collaboration between government, private ExCotor, and citizens.
- Balance transparency with commercial confidentiality, using clear procedures for redactions and exemptions.
- Integrate with open government and procurement initiatives, promoting sustainable and inclusive development.

3.5.2. Information to be Disclosed

According to ***Section*** 29 of the EDPPPA Law (2025), the PPP Disclosure framework applies to **all stages of the PPP project lifecycle**, ensuring that disclosure requirements are met at each critical decision point and implementation phase as provided below:

Stage	Applicable Activities Covered
Project Identification & Feasibility	Project concept notes, Outline Business Cases (OBCs), pre-feasibility studies, market sounding results, FCCL screening summaries.
Procurement & Contract Award	Request for Qualifications (RFQ), Request for Proposals (RFP), bidder shortlists, bid evaluations, signed and redacted PPP contracts.
Implementation & Monitoring	Construction updates, quarterly performance monitoring reports, key performance indicators (KPIs), variations, and dispute resolutions.
Post-Completion & Contract Expiry	Handover reports, post-implementation reviews, ex-post value-for-money (VfM) assessments, terminal audits.

Furthermore, the following types of information must be disclosed at each phase of the PPP project lifecycle:

- ***Project Identification & Feasibility (preparation / development) Stage:***

- Project concept and objectives;
- Justification for PPP model selection;
- Preliminary feasibility study reports;
- Expected fiscal commitments and contingent liabilities;
- Environmental and social impact assessments;
- Add details on the methodology used for feasibility studies, including economic, financial, and technical assessments;
- Specify the level of detail required for environmental and social impact assessments (ESIAs), including public consultation processes;
- Include the projected economic impact of the project.

- ***Procurement & Contract Award Stage:***

- Request for Qualification (RFQ) and Request for Proposal (RFP) documents;
- List of pre-qualified bidders;
- Evaluation criteria and bid evaluation reports;
- Name of the selected private partner and contract summary;
- Key financial and legal obligations of the government;
- Include the criteria for pre-qualification of bidders and the weight assigned to each criterion;
- Detail the bid evaluation process, including the composition of the evaluation committee and any external expert involvement;
- Provide a summary of the risk allocation matrix and how risks are shared between the government and the private partner;
- Include the full un-redacted contract to the auditor general.

- ***Implementation & Monitoring Stage:***

- PPP contract and financial structure;
- Performance monitoring reports (e.g., service delivery, financial compliance);
- State's financial commitments (availability payments, guarantees, etc.);
- Changes or amendments to PPP agreements;
- Risk allocation framework and force majeure events disclosure;

- Specify the frequency and format of performance monitoring reports, including key performance indicators (KPIs) and service level agreements (SLAs);
- Detail the process for handling contract variations and amendments, including approval procedures and justification requirements;
- Provide information on dispute resolution mechanisms and any ongoing disputes;
- Include information about if the private partner is meeting local content requirements.

- ***Post-Completion & Contract Expiry Stage:***

- Post-project evaluation and impact assessment;
- Final project costs and financial statements;
- Transfer of assets to the government (if applicable);
- Lessons learned and recommendations for future PPPs;
- Include details on the asset transfer process, including valuation methodologies and handover protocols;
- Provide a comprehensive post-project evaluation, including lessons learned and recommendations for future PPPs;
- Include a review of the projects impact on the local economy.

NB: All PPP projects will include a dedicated section addressing climate-related risks and corresponding mitigation strategies, and will also:

- **Identify Climate Risks**: Clearly outline physical risks (e.g., flooding, extreme weather, temperature increases) and transitional risks (e.g., regulatory changes, market shifts) relevant to the project;
- **Assess Impact**: Provide an analysis of how identified risks may affect project viability, operations, financing, and sustainability over the project lifecycle;
- **Mitigation Measures**: Detail planned or adopted mitigation and adaptation strategies, including infrastructure resilience measures, use of green technologies, and emission reduction initiatives;
- **Monitoring and Reporting**: Specify mechanisms for continuous monitoring, periodic review, and public reporting of climate risks and mitigation performance;
- **Alignment with National and International Frameworks**: Demonstrate how the project aligns with national climate policies and commitments (e.g., Nigeria's NDCs under the Paris Agreement) and relevant ESG or climate disclosure standards.

3.5.3. The PPP Disclosure Portal

The Edo State PPP Disclosure Portal (accessible at https://ppp.edostate.gov.ng) serves as the central platform for public access to PPP-related information. It is managed by the Edo State Public-Private Partnership Agency (EDPPPA) and will provide stakeholders with easy access to project data, including:

- Project database with key details of all PPP projects;
- Downloadable reports and contracts for easy reference;
- Frequently Asked Questions (FAQs) section for stakeholder engagement;
- Include interactive features, such as data visualization tools and online feedback forms;
- Ensure the portal is accessible to persons with disabilities;
- Provide multilingual support (if necessary);
- Include an alert system, to notify users of updates.

The portal will support real-time updates, downloadable documents, and search functionalities to enhance usability and transparency.

3.5.4. Institutional Roles in Disclosure

- ***EDPPPA***
- Oversee and manage the Edo PPP Disclosure Portal;
- Develop and maintain a comprehensive PPP Disclosure Policy;
- Ensure compliance with the transparency requirements of the PPP Law and Disclosure Framework;
- Conduct quarterly updates and periodic reviews of project data;
- Provide ongoing training and capacity-building to MDAs and private sector actors on disclosure compliance;
- Appoint a dedicated Disclosure Officer to coordinate disclosure functions across institutions.

- ***Ministry of Finance (MOF)***
- Validate and publish financial and fiscal data related to PPP projects;
- Ensure alignment with Debt Sustainability and FCCL Frameworks;
- Develop guidelines for financial disclosures specific to PPPs;
- Conduct financial audits and integrate PPP risks into the State's budget documentation

- ***Office of the Auditor-General***
- Conduct independent audits of PPP financial obligations and fiscal risks;
- Evaluate contract performance in terms of transparency and VfM;
- Report findings to the House of Assembly and ensure public access to reports.

- ***Edo State House of Assembly (EDHA)***
- Mandate and review annual PPP disclosures.
- Hold public hearings on fiscal risks, contract transparency, and disclosure compliance;
- Establish a dedicated PPP Oversight and Transparency Committee;
- Ensure legislative review of the PPP Disclosure Framework every three years.

- ***Sponsoring Ministries, Departments and Agencies (MDAs)***
- Initiate and prepare all relevant PPP project documentation;
- Coordinate with the EDPPP Agency on disclosure compliance;
- Track updates throughout the project lifecycle and report any variations.

NB: More details concerning the PPP Disclosure framework can be found on https://ppp.edostate.gov.ng

3.6. Inter-Agency Coordination Committee

There shall be established an Inter-Agency Coordination Committee in accordance with Section 18 (10) of the EDPPPA Law, 2025 to coordinate and manage communication between the relevant PPP MDAs. It shall basically consist of high-level Officers / representatives from the following MDAs involved in PPPs and State finance:

1. Honourable Commissioner, Ministry of Finance / Special Adviser on Infrastructure (**Chairperson**)
2. **Members**: Representatives from:

- Ministry of Finance (fiscal oversight)
- Ministry of Justice (legal compliance)
- Ministry of Budget and Economic Planning (strategic alignment)

- EDPPPA (technical lead)
- EDPPA (due process)
- Specific Line MDA relevant to current priority projects (Ministry of Business Trade and Investment, Ministry of Transport, etc)

3.6.1. Terms of Reference of the Committee

Purpose

The purpose of the Inter-Agency Coordination Committee is to ensure smooth coordination and resolution of conflicts between MDAs during PPP project development and implementation.

Functions

- Reviewing and harmonizing inter-ministerial policies that affect PPP projects.
- Mediating disputes or disagreements between the Contracting Authourity (MDA) and EDPPPA
- Providing a unified Government position on complex project issues to the State Executive Council (ESC)
- Monitoring overall PPP program performance across sectors

Reporting Lines

The Inter-Agency Coordination Committee reports directly to EDPPPA Board.

3.6.2. Standard Operating Procedures of the Committee

S/n	Operating Procedures	Practical Guidelines
1	***Frequency of Meetings***	• Matters requiring higher-level decision, policy guidance, or approval beyond the Committee's delegated authority shall be formally escalated to the Edo State Public Private Partnership Agency (EDPPPA) Board. • The escalation shall be initiated through a written report or memorandum prepared by the Committee Secretariat and endorsed by the Chairperson. • The report shall clearly state: - The background and context of the issue; - Actions already taken by the Committee; - Challenges or constraints encountered; and - Specific recommendations or decisions sought from the Board. • The Secretariat shall transmit the report to the Director-General/Chief Executive Officer of EDPPPA within five (5) working days of the Committee's resolution to escalate the matter. • The EDPPPA Board's decision or directive shall be communicated back to the Committee through the Secretariat for implementation or further action.
2	***Quorum***	• A simple majority of members shall constitute a quorum for

S/n	Operating Procedures	Practical Guidelines
	Requirements	any meeting of the Committee. • In the absence of the Chairperson, the Vice Chairperson or any member designated by the Committee may preside over the meeting, provided that a quorum is formed. • Decisions shall be made by consensus, and where consensus cannot be reached, by a majority vote of the members present and voting. • No decision of the Committee shall be valid unless a quorum is present at the time the decision is taken.
3	***Process for Escalating Issues to EDPPPA Board***	• Matters requiring higher-level decision, policy guidance, or approval beyond the Committee's delegated authority shall be formally escalated to the Edo State Public Private Partnership Agency (EDPPPA) Board. • The escalation shall be initiated through a written report or memorandum prepared by the Committee Secretariat and endorsed by the Chairperson. • The report shall clearly state: - The background and context of the issue; - Actions already taken by the Committee; - Challenges or constraints encountered; and - Specific recommendations or decisions sought from the Board. • The Secretariat shall transmit the report to the Director-General/Chief Executive Officer of EDPPPA within five (5) working days of the Committee's resolution to escalate the matter. • The EDPPPA Board's decision or directive shall be communicated back to the Committee through the Secretariat for implementation or further action.
3	***Documentation and Information Sharing Protocols***	• The Committee Secretariat shall ensure comprehensive documentations of all meetings, deliberations, resolutions, and actions taken, in both electronic and physical formats. • Minutes of meetings shall be recorded, approved by the Chairperson, and circulated to all members within five (5) working days after each meeting.

S/n	Operating Procedures	Practical Guidelines
		• A centralized digital repository shall be maintained by the Secretariat for storing and managing all Committee documents, including correspondence, reports, project records, and submissions. • Access to documents shall be restricted to authorized members and relevant officers, in accordance with the Agency's data protection and confidentiality policy. • Information sharing with external parties (e.g., Ministries, Departments, Agencies, private partners, or consultants) shall be done only with prior authorization from the Chairperson or the EDPPPA Director-General, and in line with applicable transparency and disclosure frameworks. • The Secretariat shall also ensure secure transmission of sensitive information through password-protected files, official emails, or approved document management systems.

3.6.3. Powers and Decision Making Authority

- The Committee shall review and make recommendations on matters within its mandate, including project proposals, reports, and implementation updates.
- It may request relevant information or clarification from Ministries, Departments, Agencies, private partners, or consultants as required.
- The Committee may invite technical experts to provide professional advice on specific issues where necessary.
- It may endorse and forward recommendations or reports to the Edo State Public Private Partnership Agency (EDPPPA) Board for consideration and approval.
- Final approval and policy direction shall rest with the EDPPPA Board or any other authority empowered by law.
- All decisions of the Committee shall be duly recorded and implemented through the Secretariat.

In addition to the power to issue binding directives, this Committee is empowered to independently make the following decisions

- Resolving process isues.
- Minor policy interpretation.

3.7. Alignmnt with National PPP Framework

The Edo State PPP Manual aligns closely with National Frameworks like the Infrastructure Concession Regulatory Commission (ICRC) 2008 Act and the National PPP Policy (2009), primarily by embracing core principles of Value for Money (VFM), risk allocation, competitive procurement, and a structured project lifecycle. This alignment ensures a cohesive legal and operational environment for PPP projects in Nigeria and specifically Edo State.

3.7.1. Alignment with the ICRC 2008 Act and National PPP Policy

- Establishment of a Legal and Institutional Framework: The Edo State PPP Manual, in line with the ICRC Act and National Policy, provides a dedicated legal and regulatory structure for PPPs at the State level. This mirrors the Federal requirement for a clear mandate and institutional setup (the ICRC at the federal level) to govern PPP processes.
- Emphasis on Value for Money (VfM): Both frameworks prioritize the achievement of VfM, ensuring that PPP projects are only pursued if they offer better value than traditional public procurement. The Edo Manual mandates rigorous appraisal processes, including technical, economic, and financial analysis, similar to the Federal requirement for an Outline Business Case (OBC) and Full Business Case (FBC) to prove project viability.
- Structured Project Lifecycle: As outlined in the National PPP Manual for Nigeria, the Edo State Manual adopts the Internationally recognized stages of the PPP project cycle, albeit named differently (Project Identification & Feasibility, Procurement & Contract Award, Implementation & Monitoring, and Post-Completion & Contract Expiry). This ensures predictability and transparency.
- Risk Allocation and Management: Both frameworks stress the importance of appropriate risk allocation to the party best able to manage it. The Edo PPP Manual incorporates guidelines for identifying, assessing, and allocating risks to ensure project bankability and success, a central tenet of the national policy and best practices.
- Competitive Procurement: The Edo State PPP Manual advocates for a competitive and transparent procurement process, typically involving Request for Qualifications (RFQ) and Request for Proposals (RFP), which is a key requirement of the national policy to ensure fairness and attract qualified private partners.
- Contractual Compliance and Monitoring: Like the ICRC, which is mandated to take custody of and monitor all Federal PPP contracts, the Edo State Framework establishes mechanisms for contract management, performance monitoring, and dispute resolution to ensure accountability and sustainability.

3.7.2. Incorporation of Best Practices in Nigeria

Learning from Sub-national Collaboration: Edo State's Framework benefits from its participation in the Nigerian Public Private Partnership Network (NPPPN), a platform coordinated by the ICRC for experience sharing among States. This collaboration facilitates the incorporation of best practices and lessons learned from other successful projects, such as the Azura Power Plant in Edo State.

- Clear Roles and Responsibilities: The PPP Manual defines clear roles for Government MDAs, EDPPPA, and the private sector, aligning with National Guidelines that aim to avoid regulatory inconsistencies and ensure smooth project delivery.
- Ensuring Policy Continuity: The Framework attempts to mitigate challenges such as project abandonment due to changes in administration by embedding projects within a robust legal and Policy Framework, a common recommendation for improving PPPs in Nigeria.
- Focus on Private Sector Expertise: The PPP Manual, consistent with the National Policy, focuses on leveraging private sector expertise and financial resources to accelerate infrastructure development and improve service delivery.

PART II: PPP Project Development & Delivery Lifecycle

4. The Edo State PPP Project Lifecycle

4.1. Overview

Like the PPP Project Lifecycle in many other countries, the process for planning, developing, procuring, implementing, and managing the exit from a PPP in Edo State consists of the following phases and steps.

This section of the manual provides an overview of the key stages involved in the development, procurement, and implementation of a project through the PPP route. The section first provides an overview of the Project lifecycle Process and then describes each step, in detail.

The overview of the PPP Process is shown in the flow diagram below, and the detailed procedure is set out in the table after.

Figure 5: High Level PPP Process of Edo State

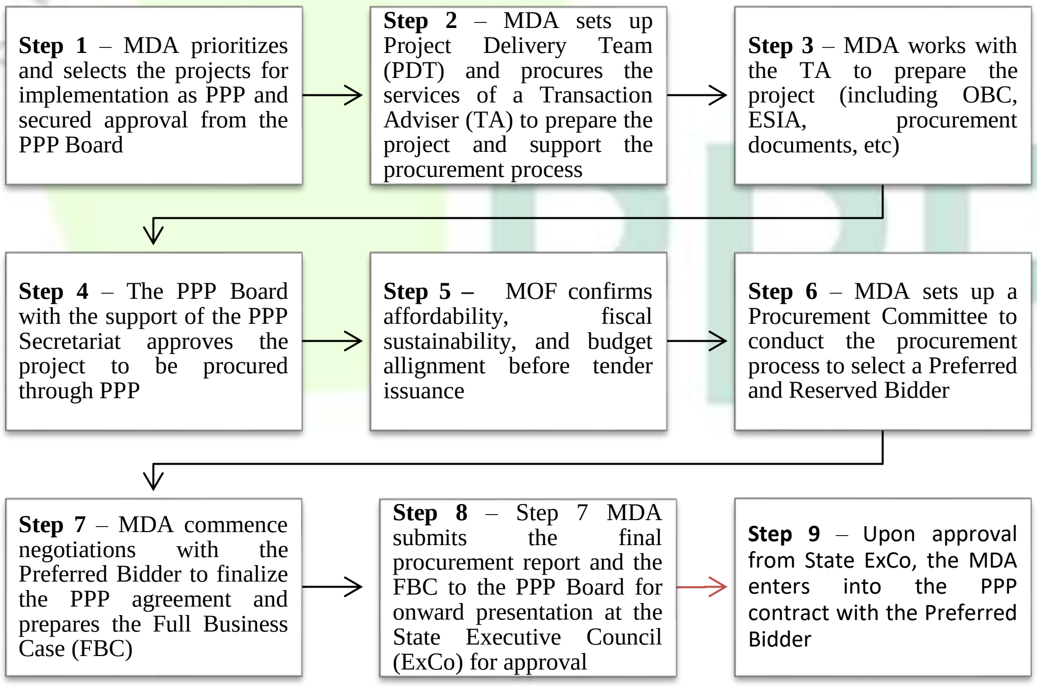


Table 4: Detailed Edo State PPP Process

PPP Project Lifecycle	Key Activities	Institutional Stakeholder
Project Identification & Feasibility (preparation / development)	Project identification, prioritization and Concept Note development	Ministry, Department, and Agency (MDA)
	Review and Approval of Project Concept Note	EDPPPA
	Set up Project Delivery Teams (PDT) with cross cutting membership (teams include membership from sponsoring MDA, PPP Agency, Ministry of Finance, Public Procurement Agency, Ministry of Justice, etc)	MDA & EDPPPA
	Development of Transaction Adviser (TA) Procurement Documents Issuance of RFQ and RFP for TA	Project Delivery Team (PDT)
	Approval of Appointment of TA	Governor with ratification by State Executive Council
	Preparation of Outline Business Case (OBC)	Transaction Adviser (TA)
	Review of OBC (Including the examination of Direct/	PDT & Ministry of Finance

PPP Project Lifecycle	Key Activities	Institutional Stakeholder
	Contingent Liability issues)	(MoF)
	Pre-Tender Approval to ensure affordability, fiscal responsibility, and project alignment with the State's overall financial management framework, and grants approval to launch the PPP tenders process.	Ministry of Finance
	Development of some or all of; i. Financial and risk structure of the project. ii. RFQ and RFP for Private Partner Selection iii. Contract Management Plan iv. Value for Money Report v. Bid Process Evaluation Criteria vi. Summary Information Sheet vii. Procurement Strategy viii. Knowledge Management strategy ix. Preliminary Information Memorandum x. Stakeholder Management plan xi. Draft Concession Agreement xii. Approach to Negotiation Strategy	Transaction Adviser (TA)
PPP Procurement & Contract Award	Issue RFQ, respond to queries, and shortlist bidders	PDT
	Submit Draft Concession Agreement and submit to Ministry of Justice (MoJ) for Approval	TA / MoJ
	Issue RFP to shortlisted bidders (including the evaluation of proposals to identify preferred and reserve bidder)	PDT
	Negotiations with Preferred Bidder	PDT & TA
	Completion of Full Business Case (FBC)	TA & PDT
	Submit negotiation report to Procurement Agency (EDPPPA)and issuance of no objection to MDA or EDPPPA	MDA & EDPPA
	Submission of FBC by MDA to State Executive Council (ExCo) for ratification and approval	State ExCo
	Contract Signing between EDSG(MDA) and preferred bidder	The Secretary to Edo State Government (SSG)
Project Implementation & Monitoring	Fulfill precedent for project to reach financial close (land, compensation, settlement, etc).	Sponsoring MDA
	Oversight of project implementation and compliance with contract	Sponsoring MDA
Post-Completion & Contract Expiry	PPP Hand-back / termination	Private Partner / PDT
	Termination of PPP Contract	Private Partner / EDSG (MDA)
	Asset condition at expiry of PPP Contract	Private Partner

4.2. Project Identification

4.2.1. Project Inception

The PPP project is usually initiated by a Ministry, Department, and Agency (MDA) (acting as the Contracting Authority) of the government. In certain cases, the project could be initiated by the private sector as an Unsolicited Proposal which must follow a transparent and competitive process which will also be managed by an MDA (see **Section 7**).

Typically, the first step in a PPP project identification process is for the Contracting Authority (MDA) to develop and submit a Project Concept Note (see **Annex 1** for a sample template) to EDPPPA for approval by the PPP Board. However, Part ***IV, Section 30*** of the EDPPPA LAW 2025 does not expressly reference nor require it.

While developing the Project Concept Note, the MDA must ensure to consider the following key aspects of the project;

- Potential to provide value for money
- Opportunities for risk transfer

- Market capability and appetite
- Integration of social and economic safeguards.

After submission of the Project Concept Note by the MDA, EDPPPA shall register it if:

- It is specified in the Development Master Plan or PPP Priority List;
- It revalidates the pre-feasibility study submitted by the Contracting Authority with its application for Inclusion;
- It demonstrates expertise in the Contracting Authority to proceed with the project and includes a detailed profile of the members of its project team and the project management arrangements for undertaking the project;
- It outlines the need for the appointment / employment of staff (eg: Transaction Advisor) if deemed necessary; (see ***Part III, Sections 19(4) and 24(1)*** of the EDPPPA Law 2025)

The EDPPPA shall within **60 days** of registering a proposal assess and present it to the Board with its recommendations thereon as to whether or not to proceed with it as a PPP project. (see ***Part IV, Section 31(4)***).

4.2.2. Appraisal and Approval of Project

- ***Step 1:***

EDPPPA is responsible for registering and assessing the PPP Concept Note presented to it. The Agency will start its assessment by using a **Project Screening Tool** (such as the Poverty, Gender Equality, Social Inclusion, and Climate Change Screening Framework). The Poverty, Gender Equality, and Social Inclusion & Climate Change (PGESI&CC) Framework, developed by the United Kingdom Nigeria Infrastructure Advisory Facility (UKNIAF) and adopted by EDPPPA, serves as a comprehensive tool for screening and evaluating PPP projects in Nigeria.

The (PGESI&CC) Framework is designed to ensure that projects align with National and State development priorities, international commitments, and best practices. The framework addresses a broad spectrum of criteria, including commercial, financial, and economic viability, climate change mitigation and adaptation, environmental and social risk management, gender equality, and poverty reduction. These criteria are essential for meeting both regulatory and investor requirements while supporting the State's broader economic and social development goals.

Concept Notes that pass the PGESI&CC screening will be evaluated in more detail based on the following;

- consistency with strategic objectives;
- technical feasibility;
- socio-economic feasibility; and
- financial affordability.

The assessment of socio-economic feasibility is based on the following considerations:

- project capital costs;
- projected maintenance expenses;
- expected project benefits; and
- comparative importance based on social, strategic, environmental and/or other factors.

EDPPPA shall present the screening results and detailed evaluation with recommendations to the PPP Board.

A positive decision means **the project is consistent with strategic development objectives, as well as technically and socio-economically feasible**. The positive decision does not imply that the project will be funded. It only implies that further design work to develop a pre-feasibility study (or directly to full feasibility / Outline Business Case, depending on the project complexity) could be undertaken within agreed cost and time parameters.

A postponed decision implies that **the project is not consistent with strategic development objectives or / and are not technically and socio-economically feasible**. Therefore, it should not be a part of the investment & development plan considered for financing from the available financing options.

NB: Specific requests for clarification will accompany a decision to return the Project Concept Note for revision. Project Concept Notes that do not comply with the requirements in the template provided (for example, because of missing or inaccurate information) are then returned to Contracting Authorities for additional input.

- ***Step 2***

The PPP Board, after reviewing the proposal and EDPPPA's recommendation, will issue an "in- principle" approval (if an approval is its decision) to proceed to the next stage. The next stage will be:

- The set-up of a Project Delivery Team (PDT)
- The Engagement of a Transaction Advisor (TA)

It is pertinent to note, that in certain cases, the in-principle approval given by the PPP Board might be accompanied with certain recommendations, such as updating the Concept Note based on gaps identified, or further developing a Pre-Feasibility Studies, before proceeding with the project (mostly for complex projects). The Approval and any recommendation thereon will be communicated by EDPPPA to the MDA (i.e. Contracting Authority).

Where the PPP Board decides to reject the proposal, this shall also be communicated to the MDA by EDPPPA, and the reasons for the decision will be provided.

4.2.3. Pre-Feasibility Assessment

Projects receiving a positive assessment can proceed to a Pre-Feasibility Study or directly engage a Transaction Adviser for a Full Feasibility Study / Outline Business Case (OBC), as required. The Pre-Feasibility Study builds on the Project Concept Stage by examining costs and benefits in more detail. It improves the cost estimates by preparing initial engineering drawings. Whenever possible, data derived from secondary sources at the project concept note phase should be substituted with more accurate estimates.

Contracting Authorities are responsible for carrying out financial and socio-economic analysis of their projects, which can be conducted using either the cost-benefit or cost-effectiveness methods of analysis. The Pre-Feasibility Study should also specify the date that pre-feasibility analysis was completed. This analysis would then remain valid for a maximum of three years. After this period, the project should be revalidated. A project may also need to be reappraised if there are significant changes in the project environment.

The pre-feasibility study should include a project implementation plan and management scheme, as well as a draft procurement plan. Additional impact assessment studies should include:

- A preliminary environmental impact assessment;
- A social impact assessment;
- Initial VfM Assessment;
- Potential procurement options – noting particularly if there is sufficient interest from the private sector to undertake the project under a JV agreement;
- Cost estimates for conducting the Feasibility Study; and
- Any other relevant studies required

NB: Unless EDPPPA decides that the project shall go through reappraisal, the project shall immediately proceed in its delivery lifecycle after the Pre-feasibility studies is completed.

4.2.4. Project Development Team (PDT)

- **PDT Composition**

The Contracting Authority must establish a dedicated Project Development Team (PDT) to lead and monitor the project from inception to project implementation, and into post-award contract management and hand-back.

The Contracting Authority will identify all relevant MDAs whose participation and support shall be necessary to execute the project and ensure that the MDAs roles and responsibilities are clearly spelt out to them, the precise deliverables required of it and the time frame within which such deliverables must be available.

Typically, the Project Development Team will consist of staff with the appropriate skill from the Contracting Authority, EDPPPA, the Ministry of Finance, the Ministry of Justice, and other relevant MDAs. The Project Delivery Team will be led by a Project Manager, who will act as the focal point for the project.

The PDT will also have a dedicated PPP Advisor from EDPPA, to provide support as required by the PDT throughout the project development lifecycle.

- **PDT Functions**

The Primary functions of the Project Development Team (PDT) include:

- Appraise, review, monitor, evaluate and recommend action to the Board on project-specific PPPs in the State
- Provide all necessary support to ensure successful completion of the project.
- Facilitate the engagement with its Agencies, and secure similar support and cooperation of any community or interested persons and Authority, as may be required for establishing the project.
- Ensure that the progress of the project is effectively communicated within both parties and the communities affected at large
- Facilitate and provide full support to the private sector and serve as liaison between the private sector and government Agencies and relevant authorities regarding PPPs in the State
- Review and endorse documentation to be submitted to any relevant MDA
- Give updates on project implementation
- Facilitate the issuance or renewal of all public sector regulatory approvals for PPP Projects in the State
- Review, evaluate and recommend project proposals and feasibility studies and oversee the procurement process for the PPP projects on behalf of the public sector
- Recommend to the Board, the extension, termination or renegotiation of PPP agreements in force
- Ensure that the expiration of a PPP Agreement, all parties thereto fully enjoy the irrespective rights and discharge the irrespective obligations in accordance with the said PPP Agreement
- Issue progress reports detailing project status, compliance with timelines, and any challenges encountered

- **The Project Manager (PM)**

The Project Development Team will be led by a Project Manager (PM), who is competent and appropriately qualified to manage a PPP Project. The role and responsibilities of the Project Manager will include;

- Managing the planning and implementation of the project
- Ensuring adequate stakeholder engagement and support
- Leading the coordination of projects teams, including internal staff, external consultants and contractors
- Monitoring financial performance and report any issues or deviations
- Preparing progress reports, including project status, outcomes and, any issues encountered.
- Ensuring that projects comply with all relevant legal and regulatory requirements.
- Overseeing the maintenance and evaluation of the project
- Advising on financial structure for mobilization of debt
- Recommending the preferred procurement and financing options for the project

- Advising on legal documentation, including concession agreement, shareholder agreements and other binding contracts
- Providing insights on project costs, financing structures, and potential funding sources (including public funds, private investments and loans)

- **The PPP Advisor from EDPPPA**

EDPPPA will assign a dedicated Project Advisor who will provide hands-on technical assistance to support the development and delivery of projects being considered for delivery under the PPP, throughout the project's lifecycle.

The Project Advisor:

- supports the Contracting Authority through every step of the PPP project cycle, drawing on best practices from other projects, and advising on how the Contracting Authority can best meet the requirements of PPP
- ensures that the PPP Secretariat approval applications are processed efficiently within a reasonable time
- checks that professional communication is maintained between all critical stakeholders in the project

The Project Advisor's tasks will include support as appropriate to the PDT Project Manager to:

- establish a project team with appropriate skills and representation from relevant Agencies
- draft the TOR for the Transaction Advisor (TA)
- calculate a suitable budget for the costs of the TA
- make an application to any available Project Development Facility (PDF), if applicable
- oversee the procurement of services of the TA.

4.2.5. Budgeting for the PPP Procurement

An early task for the Project Manager (PM) is to identify the budgets needed to manage and administer the project, to hire the services of a Transaction Advisor (TA), and to cater for additional funding for the Contracting Authority's in-house team members who may need to travel and incur expenses during the PPP procurement processes and / or to obtain additional staff, temporary or permanent, to cover for or fill in for and perform the normal duties of the said in-house team.

The expenditures may be significant as Transaction Advisor costs for complex infrastructure projects can reach several million Dollars. The PPP procurement processes may also take several months, during which time the Contracting Authority's in-house team members may not be able to attend to their non-PPP procurement related duties. The Contracting Authority should priorities securing the required funding.

The Project Manager will need to identify budgets in the services line items of the Contracting Authority's Medium-Term Expenditure Framework (MTEF) to fund the PPP project and ensure that this funding is included in the next available budget cycle.

In addition, the Project Manager should assess the requirements for accessing funds from the EDPPPA Project Development Fund (PDF) or any other Project Preparation Development Facility (PDF) either nationally or from Development Financial Institutions (DFIs), International Development Partners (IDPs) and Multilateral Institutions.

4.2.6. Engagement of Transaction Advisors (TAs)

Using Transaction Advisors (TAs) is strongly recommended to support the process of preparing and delivering a PPP Project. Engaging a Transaction Advisor (TA) is critical to ensuring that the project is structured, procured, and delivered successfully. The TA typically provides technical, financial, environmental, and legal expertise to the Project Delivery Team helping them to navigate the complexities of PPP arrangements.

The preparation of the feasibility study / OBC documents typically starts with the selection of a Transaction Advisor (TA) to assist the PDT in assessing the strategic, commercial, financial, economic and legal viability of a potential PPP project – including advising on the potential implementation options.

A TA is usually a consortium of experienced professional consultants with legal, financial and technical expertise, who work collectively as a team, under direct contract with the Contracting Authority. A TA assists in developing and preparing a PPP project for public procurement. A well- structured and properly marketed transaction is critical to the success of a PPP, and increases the likelihood of the successful completion of a PPP Agreement.

Where appointed, the selection of Transaction Advisors should adhere to the Edo State Public Procurement Law 2020.

- **Advantages of using a Transaction Advisor (TA)**

Effective Transaction Advisors bring clear advantages to the Contracting Authority:

- experience in similar transactions;
- protection against costly, avoidable mistakes;
- access to national and international best practices;
- technical strength to bolster the Contracting Authority's team;
- enhancement of investor confidence;
- an opportunity for skills development among government officials;
- a single point of accountability for achieving objectives and meeting deadlines;
- an opportunity to grow the number of local consultants in the Nigerian PPP market.

- **Transaction Advisor (TA) Responsibilities**

In line with the EDPPPA Law, the Transaction Advisor (TA) performs all detailed financial, technical, economic, and legal activities and functions required for the Contracting Authority to conduct the assessments required for the approval to execute a PPP agreement, including:

- Completion of a feasibility study / OBC to a standard that will enable the Contracting Authority to obtain approval to proceed with procurement;
- Preparation of all procurement documents, including the draft PPP agreement and assisting in the implementation of the procurement processes, including preparing all necessary documentation to enable the Contracting Authority to obtain approval for issuance of tender documents;
- Assisting in the negotiations process with the preferred bidder, obtaining an agreed PPP agreement and enabling the PPP agreement to be awarded;
- Additionally, the TA may be required to provide PPP agreement management support to the Contracting Authority after the execution of the PPP agreement.

Typically, the TA will be responsible for developing some / all of the following:

- Outline Business Case
- Financial and risk structure of the project.
- RFQ and RFP for Private Partner Selection
- Contract Management Plan
- Value for Money Report
- Bid Process Evaluation Criteria
- Summary Information Sheet
- Procurement Strategy
- Knowledge Management strategy

- Preliminary Information Memorandum
- Stakeholder Management plan
- Draft Concession Agreement
- Approach to Negotiation Strategy
- Monitoring and Collaboration

NB: Throughout the project lifecycle - particularly for complex transactions, the TA collaborates with the Contracting Authority, PDT, and other stakeholders, to ensure that the project meets its objectives and adheres to best practices. For less complex transactions, the TAs can be on-boarded after it is clear that the project is proceeding to procurement.

- **Transaction Advisor (TA) Payment**

To ensure the continued support and commitment of the TA until financial close is reached, Contracting Authorities may consider two payment options;

- **Option 1** - is to include an appropriate success fee component to the Transaction Advisory contract fee — payable on financial close. This aligns the incentives of the TA to those of the Contracting Authority and encourages ongoing support to get to financial close.

- **Option 2** - is to use two contractual payment mechanisms for Transaction Advisory services: a fixed- price component to get to commercial close (typically easier to plan for and budget), and a time and expenses component thereafter until financial close is reached. This allows the Contracting Authority to leverage support services on an as-needed basis, without the constraints of a fixed budget.

- **Transaction Advisors (TAs) Procurement**

The process of selecting a Transaction Advisor includes the following steps:

- Define Scope of Work and Prepare the Procurement Documents
- Conduct a Procurement Process for the selection of a Transaction Advisor in line with the Edo State Public Procurement Law (2020) and any other relevant regulation
- Appoint / Contract the Transaction Advisor

A sample Terms of Reference for Transaction Advisors is attached as **Annex 4.**

4.3. Project Feasibility (Development / Preparation)

4.3.1. Feasibility Study / Outline Business Case (OBC)

The Transaction Advisors (TAs) will work collaboratively with the Contracting Authority to develop the Feasibility Study / Outline Business Case (OBC).

The **Feasibility Study / Outline Business Case (OBC)** is a critical component of any PPP project. It is designed to determine the technical, economic, financial, and environmental viability of a proposed project. This process ensures that the project aligns with Edo State's strategic development plans, such as improving public infrastructure, stimulating economic growth, and ensuring value for money. The feasibility study aims to confirm that the project aligns with public policy and strategic objectives, evaluates the potential to attract private sector investment, identifies and assess risks, and develop mitigation strategies, ensure the project’s affordability and sustainability over its lifecycle.

The Outline Business Case (OBC) consolidates the findings from the Concept Note and Pre-feasibility study and further develops the analysis to form the basis for decision-making. The purpose of developing an OBC is to combine all project development information, including technical, legal, social, economic, financial, and environmental aspects, into one document prior to seeking the government’s approval to proceed to the procurement phase. The OBC also sets out the proposed project structure, such as a PPP, the procurement process for awarding the contract, the required resources and proposed management arrangements. The OBC is the critical document of the project preparation phase.

The completion and approval of an OBC, however, often does not mean that all project preparation has been completed. The government may not require that an OBC contains all the studies / analysis that is necessary before contract award. For example, although screening of the project's environmental and social impact will have been done for the OBC, the full ESIA may be on-going during the early stages of the procurement and the costs of any mitigation against adverse impacts only estimated for the OBC. Similarly, more detailed ground investigations may be carried out in consultation with the bidders who will be preparing their outline designs during the bidding phase. The OBC is a living document, and through procurement and negotiations, further detailed studies will be completed, which will be used to update the OBC into a Full Business Case before contract signing.

The OBC provides a structured framework for evaluating the project's potential from several critical perspectives. Following the UK Treasury 5 Case Model, the OBC makes the case for investment in a PPP Project by explaining:

- where are we now;
- where do we want to get to; and
- how are we going to get there?

In more detail this OBC asks five key questions:

- Is the project strategically necessary?
- Is the project economically and socially desirable?
- Is the project commercially viable?
- Is the project affordable?
- Can the project be practicably delivered?

These questions are answered in turn through five individual cases, each of which will be prepared using a combination of stakeholders workshops, technical studies, and desktop research:

International experience indicates that using this approach leads to:

- a more transparent system for infrastructure planning and development;
- better quality projects;
- fewer failed and stalled projects;
- more and better bidders and bids;
- lower transaction costs and quicker delivery times;
- easier investment decisions for lenders;
- improved understanding of risk and delivery confidence across projects and programmes;
- better decision-making for the government; and
- increased access and equity.

These are critically important to incentivize private sector investment, reduce waste in public expenditure and maximize the economic and social benefits of investment that infrastructure can bring.

Each of the five cases ensures that the project is viable from different perspectives:

- **The Strategic Case** provides the rationale for the project, describes its fit with wider policy/strategy, sets the project's scope and boundaries, describes clear project objectives, summarizes environmental and social risks and opportunities, and identifies the outcomes expected. It should clearly express the "strategic need" for the project.
- **The Economic Case** demonstrates that a wide range of options for developing the project has been considered and refined to a shortlist, and eventually a "preferred option" using cost-benefit analysis. With a PPP project, the Economic Case considers the cost of using private finance compared to using public capital (the "Public

Sector Comparator").

- **The Commercial Case** demonstrates that the project is commercially viable. It sets out the proposed contractual structure, allocation of risk and the procurement strategy.
- **The Financial Case** demonstrates that capital investment and operating costs are affordable from public resources and that sufficient allowance has been made for risk management, monitoring and unexpected events. This includes any expected income which the government may earn from the project.
- **The Management Case** describes the project delivery team and demonstrates it has the right skills and experience, appropriate governance, and a realistic project delivery plan. It should include plans for stakeholder engagement, risk management and benefits realization.

NB It is important to note that the assessment of Fiscal Commitment and Contingent Liability (FCCL) primarily sits within the Financial Case, as it evaluates the project's affordability and the government's ability to manage both direct fiscal obligations and potential contingent liabilities. However, it also influences the Commercial Case, particularly in determining risk allocation and ensuring that contractual structures adequately address fiscal exposures. An OBC Template is attached as **Annex 1**

It is also important to note, that as part of the project preparation led by the Transaction Advisors, the deliverables at a minimum will include the following;

- The Feasibility Report / Outline Business Case (OBC)
- Preliminary / Final Environmental and Social Impact Assessment (ESIA) Report
- The Procurement Documents (Procurement Notice, RFQ, RFP)
- Draft PPP Agreement
- Contract Management Plan

4.3.2. Submission of the Feasibility Study / Outline Business Case (OBC)

The EDPPPA Law (2025) requires that the feasibility study report / OBC and other relevant project preparation documents must be submitted to EDPPPA for consideration for approval by the PPP Board. After review, EDPPPA will submit recommendations PPP Board for the Board's determination.

Upon receipt of the project documents together with the recommendations of the Edo State Public-Private Partnership Agency (EDPPA), the Board may:

- approve the project to proceed to procurement, or
- reject the project and give its reasons for rejection, or
- provisionally approve the project to proceed to procurement on fulfillment of certain conditions specified by the Board; or

After approval of the Feasibility Studies / OBC by the PPP Board, and subsequent approval of the Draft PPP Agreement, the Contracting Authority then proceeds to procurement.

4.4. PPP Procurement

4.4.1. Overview

Once a PPP project has its Feasibility Study / OBC approved and all other necessary studies completed, the project moves to the procurement phase. The key to a successful PPP procurement process is to maximize transparency and competition. Participating private sector entities expect that the process will provide all bidders with the information they need to properly evaluate the opportunity and an equal chance to win the project.

As part of the commencement process of the procurement phase of the Project, the TA working with the PDT, will complete all procurement documents, and develop a procurement strategy that will guide the procurement process.

The key to a successful PPP procurement process is to maximize transparency and competition. Participating private sector entities expect that the process will provide all bidders with the information they need to properly evaluate the opportunity and an equal chance to win the project.

4.4.2. The Competitive Bidding Process

PPP projects should always undergo a competitive bidding process. Competition ensures transparency in procurement and provides a mechanism for maximizing value for money. Most international lending institutions and grant funding organizations require competitive procurement as a precondition for their support.

It is important to recognize that the benefits of competition are only realized if there is sufficient interest to generate multiple bidders, however. Competitive Bidding therefore requires a significantly higher level of preparation by the MDA compared to conventional procurement. ***One of the major differences is that PPP projects should follow a Two-Stage Process***.

Competitive Bidding following a Two-Stage Process should be adopted for the selection of the private developer. In the first stage, applications to qualify are invited against technical and financial threshold criteria specified in the Request for Qualification (RFQ) document. Firms are short-listed based on their Technical and Financial capabilities. The shortlisted firms are required to submit detailed proposals in response to a Request for Proposal (RFP) document. The Proposals are then evaluated as per the conditions of the RFP. The table below provides the indicative steps and timelines in a Two-Stage Bidding process.

Table 5: Indicative steps and timelines – Two-stage bidding

S/n	Stage and Activity	Duration
Stage-1: Pre-Qualification Stage		
1	Publication of R	Zero Date (X)

S/n	Stage and Activity	Duration
	FQ document	
2	Submission of query by the prospect	X + 15 days

S/n	Stage and Activity	Duration
	ive bidders	
3	Pre-bid meeting	X + 20 days
4	Authority response t	X + 30 days

S/n	Stage and Activity	Duration
	o queries	
5	Application Submission Due Date	X + 60 days
6	Openin	X + 60 day

S/n	Stage and Activity	Duration
	g of Technical Proposal	s
7	Technical Capability Ev	X + 75 days

S/n	Stage and Activity	Duration
	aluation Report	
8	Acceptance of Technical Evaluat	X + 80 days

S/n	Stage and Activity	Duration
	ion Report by the Procurement Committee	
Stage-2: Bid Stage		
1	Sale	X + 90 da

S/n	Stage and Activity	Duration
	of Bid/RFP document to short-listed applicant	ys

S/n	Stage and Activitys	Duration
2	Submission of query by the prospective applic	X + 105 days

S/n	Stage and Activity	Duration
	ants	
3	Pre-Bid meeting	X + 110 days
4	Authority response to queri	X + 130 days

S/n	Stage and Activities	Duration
5	Bid Submission Due Date	X + 150 days
6	Opening of Bids	X + 150 days
7	Letter	Within 30 days of Bid Due

S/n	Stage and Activity	Duration
	of Intent (LOI)	Date
8	Signing of the Contract	Within 30 days of LOI

Steps in a Typical Bidding Process

In the **first stage**, applications to qualify are invited against technical and financial threshold criteria specified in a Request for Qualification (RFQ) document. Any firm may respond to an open, public RFQ. The best firms are then short-listed based on their technical and financial capabilities, but not on their specific vision or approach for the project. The purpose of the RFQ stage is simply to determine whether an interested firm has the technical and financial capabilities to implement the project.

Firms that exceed the RFQ threshold criteria are then shortlisted and are offered the opportunity at a late date to submit detailed proposals in response to a Request for Proposal (RFP) document. Full proposals are then evaluated as per the conditions of the RFP. To manage each step correctly and allow the interested firms sufficient time to evaluate the project and prepare their bids, this whole process can take several months, or even up to a year to complete.

Table 6: The PPP Procurement Process

Step	Activity
1	Formation of Procurement Committee comprising

Step	Activity
	officials of key MDAs including relevant Independent Ob

Step	Activity
	servers (from a Civil Society Organization preferably)

Step	Activity
	Finalization of Procurement
2	Notice Inviting Tenders (NIT

Step	Activity
	), RFQ and Publication of the Procurement Notice in the

Step	Activity
	press and other media and upload the RFQ on Public Secto

Step	Activity
	r Agency's website
3	Pre-Application meeting to resolve que

Step	Activity
	ries on the RFQ Document
4	Evaluation of Applications and S

Step	Activity
	hort listing of Bidders
5	Finalization of Bid Documents – R

Step	Activity
	FP and Draft PPP Agreement, and issuance of both to the

Step	Activity
	shortlisted applicants
6	Bidders' Conference and Processing

Step	Activity
	of Clarifications
7	Formation of Technical and Financial E

Step	Activity
	valuation Sub-Committees and Evaluation of the Technical

Step	Activity
	and Financial Bid
8	Open negotiations with Preferred Bidde

Step	Activity
	r and Conduct of Due Diligence, and update the Outline B

Step	Activity
	usiness Case into a Full Business Case based on the outc

Step	Activity
	ome of the Negotiations
9	Apply and Secure for a Certificat

Step	Activity
	e of No Objection on the Procurement Process from EDPPA
1	C

Step	Activity
0	ompletion of the Full Business Case (FBC)
11	Approval of Con

Step	Activity
	tract by the State Executive Council and issuance of Let

Step	Activity
	ter of Intent to Preferred Bidder, sign Concession Agree

Step	Activity
	ment, and reach Financial Close

The Project Delivery Team (PDT) must document and record accurately each aspect of the procurement process. At a minimum this documentation and recording of proceedings should include:

- the names of all respondents to a Request for Qualification (RFQ) or Expression of Interest (EOI) and a Request for Proposal (RFP);
- minutes of all meetings;
- a review of how each of the bidder's submissions was compared and evaluated at the RFQ or EOI and RFP stages of the process, and the reasoning behind the elimination of bidders at each stage of the process;
- all information that was disclosed in response to questions or requests for information from bidders and how the requests were handled.

Maintaining these documents and records is essential as it ensures that the procurement process was fair, open and transparent. Not only does this build trust with the private sector for future PPP tenders but also confidence from constituents/the public who will be the end users of infrastructure or services provided by the PPP.

Such record keeping also assists in capturing relevant experience of key challenges and success factors that can be utilized in developing future projects.

The steps for conducting the procurement process for the PPP are further set out below

- ***Step 1: Formation of a Procurement Committee***

A **Procurement Committee**, often called a **Tender Evaluation Committee**, is formed for overseeing and conducting the bidding process. Typically, the Procurement Committee is formed with representatives from several MDAs with responsibility for the financial, legal, and operational aspects of the project as well as the representatives from relevant regulatory bodies, such as EDPPA. This structure ensures diversity and prevents any single government group from being solely responsible for selecting the preferred bidder. The Committee appoints an in-house Coordinator or an external consultant (Transaction Advisor) to manage the daily aspects of the bidding process. However, the Procurement Committee itself (and not the Coordinator or Transaction Advisor) is responsible for making the final decision of the preferred bidder.

The Procurement Committee, in turn, could be divided into functional teams to focus on evaluation of specific aspects of the bidders' proposals. For example, the Procurement Committee could have separate teams for technical review, legal review, local preference review and financial review. The number of teams may depend upon the complexity of the project evaluation.

- ***Step 2: Procurement Notice Inviting Expressions of Interest (EOI) and Request for Qualification (RFQ)***

The MDA finalizes and issues the Procurement Notice Inviting Expressions of Interest (EOI) from firms or consortia interested in providing the range of services required for the proposed project. This Notice Inviting EOIs provides a brief overview of the project and scope of the services to be provided (including the requirement to raise finance for the project) and sets out qualification / eligibility criteria, together with the submission deadline. The Notice Inviting EOIs is widely published in appropriate internationally circulated newspapers, journals, and websites as well as official gazettes and government websites. Typically, the Notice **Inviting EOIs remains open for 30 to 90 days**.

The Notice Inviting EOIs will provide details of where interested parties can obtain the Request for Qualification (RFQ) document and Project Information Memorandum (PIM), which provides details of the qualification and eligibility criteria, with instructions for submission of applications, and background to the project and scope of services. The RFQ could also be uploaded on the official website of the MDA and / or other relevant agencies. ***The RFQ may be provided free of charge or for a nominal fee to exclude the most frivolous parties from participating***.

The RFQ includes the formats for submission of applications and instructions for presenting proof / testimonials of eligibility and qualification. This typically includes details about the applicant, experience with similar projects and their Completion Certificates, Statement of Legal Capacity, Board Resolution, Solvency Certificate, Non-Collusion Certificate, Financial Statements for the previous 3 years, Certificate of Incorporation of Entity.

- ***Step 3: Pre-Application Meeting and Issue of Clarifications***

A Pre-Application meeting may be held to clarify doubts and answer queries from prospective bidders regarding the project and the RFQ. The purpose of this meeting is not to answer detailed project information, which will come after firms are shortlisted, rather to provide a forum for any general inquiries about the RFQ process itself. After the meeting, the RFQ may be modified if deemed necessary, to update any changes to the requirements by issuing an addendum. The revised RFQ documents are uploaded again on the website.

- ***Step 4: Evaluation of Applications and Short listing of Bidders***

The applications are evaluated based on the technical and financial capabilities to implement the project according to the selection criteria given in the RFQ. At this stage, the evaluation focuses on threshold criteria with all proposals meeting the criteria shortlisted for the next stage and non-confirming proposals rejected. A **Pass** / **Fail** approach is generally the preferred approach for evaluation of responses to the RFQ. However, a target number (3 to 5) of shortlisted bidders is usually preferred to ensure sufficient competition without overcrowding the bidding process, and therefore sometimes only the highest qualifying firms will pass on to the full tender phase. If firms perceive too many bidders, and thus the odds of winning are low, they may not participate in the full tender.

- ***Step 5: Finalization of Bid Documents – RFP and Draft PPP Agreement, and issuance of both to the shortlisted Applicants***

The RFQ stage culminates in the approval of the shortlisted bidders by the Procurement Committee and issuance of the RFP to the shortlisted bidders. Depending on the type of contract and the local requirements, the bid package can range from a concise set of documents to several volumes of material. Even if the full RFP package is ready to issue at the time of shortlisting and the project is relatively straightforward, there will usually still be a significant time period (e.g. **minimum 90 working days**) for shortlisted firms to review the RFP, further evaluate the project opportunity, and prepare their full bid.

- ***Step 6: Bidders' Conference and Processing of Clarifications***

A Bidders Conference is a key element of the communication strategy that helps the MDA build trust and confidence with the bidders and other stakeholders. Key elements include:

- Adequate time should be provided between the issue of RFQ / RFP and the date of the Bidders' Conference and the deadline for submission of bids.
- All information, including answers to any one firm's questions, should be made available to all shortlisted bidders.
- Shortlisted firms should provide their queries in writing within a specified number of days (**eg: 7 working days**) before the Bidders' Conference.
- The Bidders' Conference should be attended by senior representatives of the MDA together with their Transaction Advisers on the project. All shortlisted firms are invited to attend.
- Further project details should be provided at the Bidders' Conference, including answers to all the queries submitted in writing, and additional questions may be entertained at the Bidders' Conference.
- The Bidders' Conference may be followed by a visit to the project site or service area arranged by the MDA.

The discussions at the Bidders' Conference will be documented and all responses and clarifications will be communicated in writing to all shortlisted firms. The responses should also be published on the MDA's website.

- ***Step 7: Proposal Evaluation***

At the RFP stage, bidders are required to submit their proposals in two parts: a Technical Offer and a Financial Offer. The Technical Offer is normally evaluated by the Transaction Advisor, along with Procurement Committee members and other technical experts, using a scoring approach with a threshold cut-off score (often set at 70%). Financial Offers of only those bidders scoring above this technical threshold are opened. A scoring system which combines the technical score with the financial offer is then used to determine the winner of the tender.

It might be expedient to set up Sub-Committees of experts from the Procurement Committee to support the evaluation of the Technical and Financial Bids, given the technical skill that is involved in such evaluation. The Procurement Committee can also engage external independent evaluators to form part of the Sub- Committees. The Evaluation Report submitted by the Sub-Committees to the Procurement Committee is advisory, as the Procurement Committee makes final reviews and decision. The Transaction Advisers can guide this process, and also form part of the independent evaluators of the Sub-Committees.

At the end of the evaluation process, the Procurement Committee selects a Preferred Bidder and a Reserve Bidder. The Reserve bidder will only be engaged if negotiations fail with the preferred bidder.

- ***Step 8: Negotiation with Preferred Bidder, and Conduct of Due Diligence***

After the Procurement Committee has selected the Preferred Bidder based on the evaluation of proposals, the next step is to enter into negotiations. These negotiations typically focus on finalizing the terms of the contract, addressing any outstanding concerns from either party or ensuring that the bidder can meet all contractual obligations.

During this stage, due diligence is conducted to verify the bidder's technical, financial, and legal capacity to implement the project. This may include reviewing the bidder's financial stability, ensuring compliance with regulatory requirements, and confirming the availability of resources and expertise for the project.

The goal of the negotiation and due diligence process is to reach a mutually acceptable agreement while maintaining transparency and adherence to the procurement guidelines. This ensures that the project is awarded to a capable and reliable bidder, minimizing risks for the contracting authority.

- ***Step 9: Apply and Secure for a Certificate of "No Objection" on the Procurement Process from EDPPA***

Once negotiations with the Preferred Bidder have been concluded and the contract terms finalized, the next step is to apply for a "Certificate of No Objection" from EDPPA. This certification is a formal approval indicating that the procurement process was conducted in compliance with the relevant laws, guidelines, and best practices set forth by the BPP.

To secure this certificate, the contracting authority (e.g., the MDA or Procurement Committee) submits a comprehensive report detailing all stages of the procurement process, including:

- **Details of the Project**: A summary of the project objectives, scope, and the need for the procurement.
- **Procurement Process Documentation:** This includes evidence of publication of notices (EOI, RFQ, and RFP), minutes from meetings (such as pre-bid and bidder conferences), evaluation reports, and the outcomes of negotiations with the Preferred Bidder.
- **Evaluation and Due Diligence**: Proof that technical, legal, and financial evaluations were conducted in accordance with the set criteria, and that the Preferred Bidder met all the requirements.
- **Contractual Terms**: A draft of the final concession agreement or contract negotiated with the Preferred Bidder.

EDPPA reviews this submission to ensure that the procurement process was transparent, competitive, and compliant with all legal frameworks. Upon satisfactory review, the BPP issues a "***Certificate of No Objection***" which is a mandatory approval needed before the contract can be signed. This certificate serves as an additional safeguard, ensuring accountability and adherence to procurement standards.

- ***Step10: Completion of the Full Business Case***

The Full Business Case (FBC) integrates the Preferred Bidder's technical and financial proposals, the Outline Business Case (OBC), and the outcomes of the negotiation process. This step ensures that the final project structure is aligned with the agreed terms and conditions of the contract.

Key actions in completing the FBC include:

- **Integration of Preferred Bidder's Proposals**: The technical and financial details from the Preferred Bidder's submission are incorporated into the FBC. These details include the technical design, implementation plans, pricing, and financing structure that has been agreed upon during negotiations.
- **Alignment with the Outline Business Case (OBC)**: The FBC builds on the previously approved OBC, updating it to reflect the Preferred Bidder's inputs. This ensures that the project's strategic objectives, cost estimates, and risk assessments are consistent with the final proposals and the agreed terms in the contract.
- **Negotiation Outcomes:** The final terms of the contract, including any adjustments made during the negotiation phase, are reflected in the FBC. This ensures that all negotiated aspects, such as risk allocation, project timelines, and financial responsibilities, are formally documented.
- **Value-for-Money (VfM) and Risk Analysis**: The FBC incorporates updated assessments of the project's Value-for-Money and risk management strategies, based on the Preferred Bidder's proposals. This demonstrates that the final contract offers the best possible outcome for the public sector.
- **Final Documentation**: The FBC also includes the draft contract, finalized concession agreement, and any additional agreements needed for financial closure.

Once completed, the FBC is submitted to the PPP Board for final approval and submission to the State Executive Council for ratification. The FBC shows that the project is financially viable, technically sound, and ready for implementation. The FBC serves as the formal foundation for the project's execution and financial close.

- ***Step 11: PPP Board Approval and State Executive Council Ratification of the Signing of the Contract***

After finalizing the Full Business Case and completing negotiations with the Preferred Bidder, the project requires formal approval and ratification from key government bodies. The following steps outline the process:

- **PPP Board Approval**: The Full Business Case, along with the proposed contract, is submitted to the Public-Private Partnership (PPP) Board for review and approval. The PPP Board evaluates the project's compliance with regulatory and financial guidelines, ensuring that it delivers value for money and meets the government's objectives. This approval is a critical step toward proceeding with the contract signing.
- **State Executive Council Ratification**: After the PPP Board grants its approval, the project is presented to the State Executive Council for ratification. This ratification signifies the final governmental endorsement of the project, allowing the signing of the contract with the Preferred Bidder to proceed.
- **Pre-Tender Approval**: Once the Ministry of Finance (MOF) has ensured affordability, fiscal responsibility, and project alignment with the State's overall financial management framework, it grants approval to launch the PPP tenders process.
- **Issuance of Letter of Intent (LoI)**: Following ratification, the Ministry, Department, or Agency (MDA) issues a Letter of Intent (LoI) to the Preferred Bidder. This letter formally confirms the government's intent to award the contract, subject to the fulfillment of certain Conditions Precedent. The LoI typically outlines the following key requirements:
- **Legal Compliance**: The Preferred Bidder must ensure that all legal requirements are met, including verifying the signatories and any land ownership issues.
- **Performance Security and Project Fees**: The Preferred Bidder is required to furnish any necessary Performance Security and pay any applicable Project Development Fees as specified in the contract terms.
- **Formation of Special Purpose Vehicle (SPV)**: If required under the Request for Proposals (RFP), the Preferred Bidder must form an SPV to carry out the project.
- **Completion of Conditions Precedent**: The Preferred Bidder must fulfill all the Conditions Precedent outlined in the LoI. This includes completing legal, financial, and administrative requirements before the final contract is signed.
- **Signing of the Contract Agreement**: Once all Conditions Precedent have been satisfied, the Contract Agreement is signed between the Sponsoring MDA Commissioner, the Permanent Secretary or the head of the MDA as the case may be and the Preferred Bidder, with attestation by the Attorney-General or his representative, formalizing the partnership and enabling the project to move forward to the implementation and financial closure stages.

4.4.3. The Request for Qualification (RFQ) Documentation and Evaluation Process

Some content of the Bid documents will differ depending upon the contract type and the procurement approach being followed for the selection of the private developer. However, some standard bid documents involved during the procurement of the private project developer are described.

- ***Request for Qualification (RFQ) and Evaluation Methodology***

An RFQ includes the following information about the project and qualification procedure:

- Description of key project details including;
    - a description of the project scope and objectives, with a focus on the services to be provided, including performance levels;
    - proposed model and financing mechanism; envisaged payment mechanism;
    - Project timeframe and indicative implementation schedule; and
- Details of the qualification requirements and bidding process, including:
    - Qualifying criteria for the evaluation and selection of shortlisted bidders;
    - Details of the pre-submission conference or meeting and of other opportunities to ask questions or seek clarification;
    - Process for submitting responses and evaluation; Indicative procurement schedule;
    - Specific legal requirements or restrictions associated with the RFQ or the project; Other general instructions to applicants; and

- Application forms (as **Annexs 7, 8, 12, 13**)

The qualifying criteria used to evaluate the responses to the RFQ should be based on the project requirements, related to a scoring system, and clearly stated in the RFQ itself. Qualifying criteria may include:

- **Technical Qualifications**
  - Experience with similar projects, in terms of service outputs, size, and complexity Experience with PPPs in similar projects and generally
  - Relevant experience locally and internationally
  - Specific technical capabilities of the firm or consortium
  - Experience of working together (if firms are forming a consortium)
- **Financial Qualifications**
  - Ability to raise sufficient funding for the project and in the form required
  - Consortium structure, including minimum equity contribution of lead firm and evidence of binding agreement among the members
- Evidence of No Conflict of Interest
- The RFQ may also request brief comments on the project scope and structure to evaluate the firm's or consortium's understanding of the service output requirements.

A scoring system is developed to allow the firms to be ranked. The Independent Monitor may review the criteria and the scoring system.

Both the criteria and the scoring system are explicitly stated in the RFQ. This allows potential bidders to judge whether they are sufficiently qualified for the project and allows them to focus their responses on what the MDA wants.

- ***Details of EDPPPA RFQ Process***

Government considers it to be best practice for a Contracting Authority to limit the number of private parties eligible to participate in PPP procurement by carrying out a pre-qualification exercise. This is the Expression of Interest. The objectives of this exercise are to:

- Select a limited number of bidders that are qualified – technically and financially and have sufficient experience and commitment to prepare proposals and execute the project;
- Set out the rules of participation in the procurement process clearly and unequivocally;
- Disseminate information on the project;
- Give guidance on the expected structure of a bidder – for most PPPs, the preferred structure of a bidder is a consortium, which, if selected, will form a Special Purpose Vehicle (SPV) to execute the project; and
- Gather information from a bidder that is verifiable and can be evaluated.

NB: Only pre-qualified bidders will be invited to submit proposals at the RFP stage.

- ***Critical Considerations at the EOI Stage***

The **number of pre-qualified bidders** should be kept to a minimum of three (3) and a maximum of six (6). Bid preparation is a costly undertaking, and limiting the number of pre-qualified bidders provides a level of comfort to the short-listed bidders that they have a reasonable chance of success. Furthermore, RFP bid evaluation is a costly and time-consuming process for the Contracting Authority and project committee, and limiting the number of pre-qualified bidders will ensure that the RFP evaluation will be carefully and deliberately undertaken.

To avoid the risk of pre-qualified bidders dropping out of the process, **a bid bond should be required** from them before the RFP is issued. Pre-qualification should be contingent upon providing such a bond, in an approved format. The amount of the bid bond should approximate the cost to the Contracting Authority of restarting the procurement from the EOI stage.

The level of **local participation** by a bidder also deserves careful consideration. In most PPPs for infrastructure delivery, there are ample opportunities for local participation in the construction of the infrastructure, and also as suppliers to the successful SPV during the delivery stage. The requirement for local participation is typically mentioned at the EOI, but quantified and evaluated at the RFP stage.

The nature and status of parties eligible to participate in a bidder's consortium also deserve careful consideration. These considerations include:

- For **Privately-Owned Firms**, if they have been blacklisted by Central Government or by any professional body, or have been found guilty of fraud or corruption, they should not be eligible for participation.
- **Not-for-Profit Entities** are typically not eligible to lead a bidder's consortium, because of the financial uncertainty of their existence. They may, however, play an important role in achieving the socio- economic aims of the project. Their participation in a bidder's consortium should be at the invitation, and risk, of the private party.
- **Public Entities** are, by definition, not private parties. Since the essence of a PPP is to access private sector funding, which is put at risk during the project's implementation, public entities are not eligible for participation. Public sector financial institutions may, however, play a role in providing debt financing for a PPP, as long as it does not duplicate what the private sector provides and is provided at competitive rates, in a competitive environment, and such financing is made available to all pre-qualified bidders.
- Conflicts of interest considerations are also important. No member of one bidder's consortium should be a member of any other bidder's consortium or bid independently. Any bidder that contravenes this provision shall be disqualified.
- No advisor or member of a consortium should also be the lead arranger, underwriter or lead bank to the consortium.
- No member of the PDT, including its Transaction Advisor, should have any interest in a bidding consortium.

- **Prepare the EOI Document**

The EOI document provides bidders with the opportunity to present relevant information about themselves, their capacities and capabilities. The document must also clearly set out how the EOI will be evaluated, the evaluation criteria and processes. Any special requirements of the Contracting Authority must be clearly stated. The precise content of the EOI document may slightly vary according to the specific requirements of each project. However, as per the Edo State Public Procurement Law 2020 as well as best practice, the document should identify the contracting authority and describe the proposed PPP project. It shall specify;

- the minimum professional and technical qualifications, human resources, equipment and other physical facilities needed to carry out all the phases of the project, including design, construction, operation and maintenance; and
- he evidence and information potential counterparties will be required to demonstrate capability to manage the financial aspects of the project and their ability to sustain its financial requirements; and
- he minimum managerial and organizational capability, reliability and experience required from potential counterparties, including their previous experience in providing or operating similar infrastructure, assets, facilities or services.

Additional best practice inclusions in the EOI include the following;

- A general disclaimer to the effect that the Contracting Authority does not warrant any of the information contained in the document, and that it reserves the right to terminate the procurement at any stage in the proceeding;
- The terms and conditions for issuance of the EOI, including when and where the responses are to be submitted, specifying the date, time and place;
- The purpose of issuing the EOI – that the Contracting Authority is seeking to qualify a specified number of suitable qualified bidding consortia to be invited to respond to an RFP to be issued subsequent to the determination of the short-list;

An outline of the contents of the EOI;

- Information about the project:
  - Project description and background;
  - The Contracting Authority's view of the PPP;
  - Any land issues that may be relevant;
  - Socio-economic requirements;
  - Performance parameters;
  - PGESI&CC requirements or considerations for the project
  - Legal requirements related to the PPP;
  - Financial requirements;
  - Identified revenue sources, as appropriate;
  - Envisaged risk transfer to the private party; and
  - SPV requirements for consortium membership.

- Procurement process
  - Stages and timelines;
  - Clarification processes;
  - Changes to the consortium composition;
  - Prohibition against participation in more than one consortium; and
  - Bid bond requirement

- Instructions to bidders
  - Format of submissions, including compulsory forms of response;
  - Treatment of late submissions;
  - Structure and composition of bidders
  - Contracting Authority contact restrictions;
  - Contracting Authority contact details; and
  - Grounds for disqualification, including ineligible parties.

- Required information from bidders
  - Consortium capability and strength;
  - Structure of consortium with roles of each member clearly described;
  - Skill and experience of consortium members in projects of a similar nature;
  - Financial commitments;
  - Financial and market standing;
  - Proposed consortium equity, ownership and directorship;
  - Ability to fulfil socio-economic requirements;
  - Capacity to deliver;
  - Commitment to meet project timetable;
  - Ability to raise debt and equity and provide security;
  - Project management capability;
  - Risk management capability;
  - Demonstrated understanding of key project requirements;
  - Previous relationship, if any, with the NSG;
  - Quality assurance systems; and
  - Approach to the PPP and integration of deliverables.

- The EOI evaluation process
  - Methodology; and
  - Evaluation criteria.

- ***Publishing of the EOI Notice***

The method of EOI distribution must follow the agreed project delivery team and Contracting Authority's preferred procurement plan in line with the Edo State Public Procurement Law (2020). This can involve advertising the project in relevant publications locally and globally, and in Edo's News Bulletin. This will encourage participation in the process and ensure fairness and openness, as well as ensuring that the full target market is covered.

The publishing of the EOI should include:

- a brief description of the project including names of the contracting authority

- the role that will be played by the successful private sector partner
- a summary of the evaluation criteria
- the location and deadline for submissions
- the expected format of submissions
- a contact name
- an address where the full EOI document can be obtained
- quantum and form of bid bonds required (where necessary)

A briefing session may also be held, to give the Contracting Authority and PDT, an opportunity to clarify their view of the project's scope, gain further market feedback on the project structure and deliverables, and discuss any other relevant matters. Briefings and communications must be transparent, and interested parties must be treated in a fair and equitable manner.

As a general rule, potential bidders / counterparties should have between **30 and 60 days from the date of the advertisement to prepare their submissions**. Providing sufficient time for submissions generally improves the quality of submissions.

- ***Evaluate the Submissions***

The EOI evaluation is based on the evaluation criteria set out in the EOI document, and the information provided by the bidders in terms of the criteria. In line with the Edo State Public Procurement Law 2020 these criteria are the;

- professional and technical qualifications, human resources, equipment and other physical facilities needed to carry out all the phases of the project, including design, construction, operation and maintenance;
- evidence and information that demonstrate the capability to manage the financial aspects of the project and the ability to sustain its financial requirements;
- managerial and organizational capability, reliability and experience, including previous experience in providing or operating similar infrastructure, assets, facilities or services.
- proof of compliance with statutory licenses and certifications for businesses in Nigeria

The evaluation will be undertaken by the PDT, with the assistance of the Transaction Advisor (TA). The TA will act as a resource to the PDT but will not make any recommendation as to the evaluation outcome. The EOI submission should be evaluated as to completeness – that is, "did the bidder provide information on all of the mandatory requirements listed in the EOI?" If not, the submission should generally be disqualified from further consideration.

As for submissions that provide all of the mandatory information, it is helpful to construct a table listing the evaluation criteria, and scoring each bid using the table. Scoring should be on the basis of "good", "adequate" or "poor" in respect of each criterion. If the project committee or transaction advisor lacks expertise on any particular criterion, such expertise should be brought in to the project committee to assist in the evaluation. **Only the PDT may score the evaluation table.**

Table 7: Examples of some RFQ evaluation criteria

CRITERIA	SCORE (Good, Adequate or Poor)
Bidders capability and strength	
Con	

CRITERIA	SCORE (Good, Adequate or Poor)
sortium composition and structure	

CRITERIA	SCORE (Good, Adequate or Poor)
clearly spelt out	
Skill and experie	

CRITERIA	SCORE (Good, Adequate or Poor)
nce of consortium in:	

CRITERIA	SCORE (Good, Adequate or Poor)
Financial and m	

CRITERIA	SCORE (Good, Adequate or Poor)
arket standing	
Ability to raise deb	

CRITERIA	SCORE (Good, Adequate or Poor)
t and equity and propose security	
L	

CRITERIA	SCORE (Good, Adequate or Poor)
ocal capacity	
Ability to Deliver	
Com	

CRITERIA	SCORE (Good, Adequate or Poor)
mitment and capacity to meet proje	

CRITERIA	SCORE (Good, Adequate or Poor)
ct timetable	
Project management cap	

CRITERIA	SCORE (Good, Adequate or Poor)
ability	
Risk management capability	
Q	

CRITERIA	SCORE (Good, Adequate or Poor)
uality assurance systems	
Project aw	

CRITERIA	SCORE (Good, Adequate or Poor)
areness	
Demonstration of understand	

CRITERIA	SCORE (Good, Adequate or Poor)
ing of key project demands	
Approach	

CRITERIA	SCORE (Good, Adequate or Poor)
to PPP and integration of deliver	

CRITERIA	SCORE (Good, Adequate or Poor)
ables	

The selected number of bidders with the most scores in the “good” and “adequate” range should be selected for short-listing. EDPPPA must recommend on this selection.

Again, in line with the Edo State Public Procurement Law 2020, the short-listing of potential counterparties shall be subject to review by EDPPPA and the accounting officer of the contracting authority shall communicate its outcome to all potential counterparties that submitted expressions of interest.

- ***Communicate with Bidders***

The Project Manager or PDT must advise all bidders of the EOI evaluation outcome at the same time. This includes those that are short-listed for the RFP stage as well as those that are eliminated. The Project Manager may wish to publicly announce the short-listed firms.

It is important to provide relevant feedback to the eliminated bidders, in line with legal requirements. The PDT may on the request of individual non-short-listed bidders, meet with them to discuss the selection process.

A pre-bid conference with the short-listed bidders may then be called, where information on the RFP processes and timelines will be communicated.

4.4.4. The Request for Proposal (RFP) Documentation and Evaluation Process

The RFP, together with the Draft Concession Agreement (CA), or Heads of Terms of the CA, comprise the full tender bid documents. These are the most important documents in the bidding process. The RFP and CA specify the main terms of the project which are non-negotiable at the award stage. It is therefore important that these terms are clear and well understood by all parties. The CA also lays the foundation for the contract management process throughout the life of the PPP.

A quality RFP provides bidders with clarity on the requirements of the project and assures them that the public partner is credible and well-organized. This increases the likelihood of bidders devoting resources to bid and reduces the chance of delays to the bidding process because of subsequent changes to the RFP.

The draft Bid documents are finalized based on details from:

- The project specifications contained in the feasibility study;
- VGF or other grant approvals and any added requirements or requested changes; and
- The qualification criteria developed at the RFQ stage

- ***Contents of the RFP***

The RFP is the comprehensive request for proposal from the shortlisted firms or consortia. The RFP communicates to the bidders the MDA‘s requirements. The RFP typically includes several sections detailing the essential aspects of the project and the bid, for example:

General instructions to bidders including:

- Introduction and overview of the RFP itself, detailing its contents and purpose
- Instructions to bidders, including details of the minimum submission requirements, required format for financial bids, and submission procedures
- Details of pre-bid meetings, site visits and data room
- Requirements for Bid Security or contract performance security

Detailed description of the project scope and required service outputs based on the specifications developed in the feasibility study / Outline Business Case including:

- Output-focused specification
- Site-specific details
- Financing requirements
- Environmental and social safeguard requirements

Draft Concession Agreement specifying the commercial framework in legal terms including:

- The intended risk allocation
- Roles, rights, and responsibilities of all parties
- Key schedules to the Agreement, including
  - Site description
  - Specifications and standards
  - Required tests and inspections, and procedures for testing, independent inspections, and reporting
  - Schedule of user fees / tariff rates
  - Financial arrangements, such as performance security and escrow account

- ***Criteria for Bid Evaluation***

The evaluation of bids is based on the following approaches

- In the **case of projects where the developer is responsible for the detailed design of the facilities**, there is flexibility available to introduce innovation and design efficiencies, and a Quality cum Cost Based Selection (QCBS) approach may be used. But where Technical Proposals shall be allotted a specified weight, the Financial/Price Proposal shall carry the residual weight. Selection of weights depends on the specific requirements of the PPP project.
- In **all other projects**, a Least Cost approach shall be used. Under the Least Cost approach, the financial proposals of all bidders who qualify on technical criteria are opened, and assessed. The bidder quoting the most advantageous financial offer to government is then selected as the preferred bidder.

The process and evaluation methodology are set out so that bidders take comfort from an auditable process with the necessary checks. The RFP specifies that the technical and financial criteria of the bid will each be scored out of 100 points. The scores achieved should be combined into the bidder's overall score using the following formula:

Total Bid Score = X * (Technical Score/100) + Y * (Financial Score/100)

Where:

X is the weight for technical;

Y is the weight for financial, with Y at 100% in the Least Cost approach;

NB: In this formula, "technical" refers to all project factors under evaluation other than price elements.

Evaluation of the various elements of the technical and financial proposal shall be aimed at gauging whether the proposal provides an integrated solution to the service delivery requirement of the MDA. Weights for technical and financial proposals may vary across projects. The evaluation of the bid is performed from the perspective of an integrated service delivery solution.

If discount rates are used for the assessment of Financial Proposals, the rate shall be the Government of Nigeria bond rate adjusted for a project-related risk premium. The selected government bond should have a maturity similar to the project life.

The Selection/Financial criteria for a PPP project may be one or a combination of the following:

- Lowest contract value;
- Lowest bid in terms of the present value of user fees;
- Highest revenue share to the Government;
- Highest upfront fee;
- Shortest concession period;
- Lowest present value of the subsidy or grant;
- Lowest capital cost and Operation & Management cost for Projects having a definite scope;
- Highest equity premium;

Lowest quantum of State Support solicited in present value terms; All clarification requests and responses shall be documented and shared with all pre-qualified bidders. The MDA shall maintain a register of bidder notes and meetings and copies of the minutes of such meetings should be circulated among the bidders.

The evaluation is typically conducted by an Evaluation Sub-Committee (appointed by the Procurement Committee), who then make their submission or recommendations to the Procurement Committee. The financial evaluation Sub-Committee will include:

- The Transaction Advisor;
- Selected members from the MDA;
- A representative from EDPPPA;
- Any other member as considered necessary for the project.

The Evaluation Sub-Committee may be divided into functional teams to focus on evaluation of specific aspects of the bidders' proposals. For example, the Evaluation Sub-Committee could have separate teams for undertaking technical review, legal review, and financial review. The number of teams depends upon the complexity of the project evaluation.

Where applicable, alternate or variant bids submitted by bidders that meet the minimum requirements of the RFP, shall be evaluated after the evaluation of conforming bids. Each alternate bid shall be evaluated as a stand-alone proposal.

The evaluation report of the Evaluation Sub-Committee along with all supporting scores sheets and notes will be submitted to the Procurement Committee to be reviewed for final decision on the scoring.

If no single bidder emerges as the preferred bidder, the Procurement Committee can recommend to the PPP Board for a Best and Final Offer (BAFO) process (see ***Annex 5*** for a BAFO Process).

Following this evaluation, the highest-ranking bid based on the evaluation criteria shall be declared the preferred Bidder and the MDA shall award the contract to the Bidder who submitted the highest-ranking bid.

Typically, the RFP Document comprises of three parts as described below:

Part I Instructions to Bidders (ITB)

This document contains an introduction to the MDA, project scope and objective, instructions for preparing the bid document, forms to be included in the bid, timelines for the bidding process, and required documents to be attached for the bidding.

Part II: Project Information Memorandum (PIM)

The project information memorandum consists of project details, including:

- Population profile (i.e., density, income group, economic activities in the project area)
- Detailed land information with proof of ownership
- Report on existing assets and their potential use for the proposed infrastructure services
- Contour map of the site
- Revenue from any existing infrastructure services with assumptions on user charges Construction and O&M guidelines
- Environmental guidelines
- Existing contract if any for the proposed infrastructure services and any other pertinent information.

Part III: Draft Concession Agreement

The Draft Concession Agreement sets out the detailed terms and conditions on which the project is awarded and broadly covers:

- Scope of Services and Performance Standards with incentives and penalty arrangements
- Period of Contract
- Construction period
- Parameters for contract award
- Obligations of the PPP service provider and Contracting Authourity
- Process of handing over of site to PPP service provider
- Monitoring and supervision details
- Safety and environmental minimum requirements
- Support and incentives, if any to be given by the Contracting Authourity
- Minimum Operations & Maintenance requirements which link to the Performance Standards
- Force majeure and Termination payment arrangements
- Dispute resolution mechanism, and
- Other terms and conditions relevant to the project.

- ***Preparing the RFP***

The RFP is a two-way communication tool between the Contracting Authority and the bidders. The RFP must communicate project data and the Contracting Authority's requirements to bidders, and describe how bidders must communicate their proposals, in response, to the Contracting Authority.

A Request for Proposals sent to potential counterparties that have been short-listed in accordance with the Edo State Public Procurement Law 2020:

- may expand on the requirements specified in the call for expressions of interest (provided that the amplification does not make the requirements more restrictive); and
- shall specify the following:
  - whether the bidding will be held in one or two stages;
  - whether the project will be financed entirely from fees or tariffs or from other sources;
  - the technical requirements and relative weighting that will be accorded to such requirements in accordance with the Law, including the minimum threshold for accepting offers;
  - environmental standards, if any, to be met by the project, and the weight that will be accorded to them;
  - the operational feasibility for the project; and
  - the quality of service expected of the counterparty.

More generally, the RFP document includes:

- General information to bidders;
- Essential minimum requirements;
- Service specifications
- Standard specifications
- Payment mechanism and penalty regime;
- Legal requirements and draft PPP agreement;
- Commitments required from bidders;
- Evaluation criteria; and
- Bid formalities.

General information to bidders

General information to bidders consists of:

- An explanation of the project, taken from the feasibility study or Outline Business Case, communicating the background to the project and the Contracting Authority's desired outcomes;
- A description of the institutional environment, including the regulatory, physical, political and social environments;
- The Contracting Authority's view of what the PPP is and how it may be structured, including the envisaged relationship between the parties and the financing structure;
- Identification of all the project assets the Contracting Authority requires the private party to take over, and the expected condition thereof at the end of the project term, together with a statement as to whether any such assets may be encumbered during the term of the project;
- An outline of the procurement framework and timelines, explaining how the procurement will be carried out, the governing legislation for the procurement, and how the project has complied with that legislation to date. The process must be comprehensively described, including any parallel requirement of obtaining any required permissions and consents;
- Instructions to bidders, listing all items that must be completed for a valid bid including:
  - Structure of the bid consortium;
  - The requirement that the consortium must be an incorporated entity when the bid is submitted;
  - Consortium change requirements;
  - Submission of proposal requirements;
  - Communication with the Contracting Authority requirements;
  - Site visit arrangements;

  - Bid clarification meetings, including draft PPP agreement clarification meetings;
  - Costs of submissions are borne by the bidder;
  - Confidentiality requirements;
  - Bid bond requirements;
  - Grounds for disqualification; and
  - Other project specific requirements.

- Third-party requirements, such as requirements for provision of utilities;

  The identification of a data room, where all project information to be given to the short-listed bidders will be kept and managed. It is recommended that the Public Sector Comparator (PSC) (which is expected to be prepared along with the Feasibility Report or Outline Business Case during the project development phase) be provided to short-listed bidders so they may know the Contracting Authority's understanding of its costs, were it to undertake the project in its own right. It is important that bidders understand that all information is being provided without warranty and that each bidder must conduct its own verification of any information provided.

- Disclosure of available environmental impact data, without warranty, concerning all environmental impact activities carried out, and the requirements for each bidder with regard to finalizing all such processes;

- A requirement that each bidder undertake a due diligence before bid submission, in terms of all information provided on technical, financial and legal matters;

- A clear statement on the quality management system that each bidder must propose to ensure provision of the proposed services, retaining the right of the Contracting Authority to audit any quality management system proposed, if implemented; and

- Important definitions of terms used throughout the RFP, which must be the same as those used in the draft PPP agreement.

- ***Essential Minimum Requirements***

Essential minimum requirements include those requirements necessary for a bidder to meet the project objectives, including, at least, the following:

- **Financial** – the bidder must demonstrate that it has the financial resources necessary to undertake the project; and this might be backed by submission of a bid bond, to ensure commitment to the process, and prevent the winning bidder from withdrawing without good cause. This bid bond might increase to meet the definitive guarantee once the contract is awarded.

- **Legal** – the bidder must demonstrate that the consortium is composed of eligible participants, consortium member details, term sheets or draft first-tier sub-contracts and a markup of the draft PPP agreement to indicate proposed deviations from the draft provided in the RFP, explaining the reasons for all deviations;

- **Technical** – the bidder must demonstrate its knowledge of each component making up the life-cycle of the proposed service and understand the minimum operational requirements; Local Empowerment- each bidder demonstrates its ability to meet the local empowerment requirements of the RFP; and

- **Other Minimum Requirements**, such as tax clearance certificates for all consortium members.

NB: Bids that do not meet these minimum requirements may be rejected for non-compliance.

- ***Service Specifications***

The service specifications listed in the RFP refine the specifications described in the feasibility study or Outline Business Case. All required outputs for the service must be specified. Details of how the service specifications are to be met will be included as schedules to the draft PPP agreement attached to the RFP, and are to be completed by each bidder. Service specifications generally include the following:

- A statement of the required service outcome, not how that outcome is to be provided;

- A statement of required input specifications. Most projects require minimal input specifications to meet the specific institutional needs of the project. Since all inputs represent an assumption of risk by the Contracting Authority, and create constraints on the bidders; they must be carefully considered before including them in an RFP; and

- Asset condition specifications for the condition and value of assets at the project term's end when they revert to the Contracting Authority, which involves maintenance cycles by the private party and financial implications.

- ***Standard Specifications***

The Contracting Authority should use specifications applicable to all standard components of the project, including construction specification and standard operational requirements. ISO standards, for example, are commonly used.

- **Payment Mechanism and Penalty Regime**

The RFP must include a payment mechanism, which includes at least the following in a unitary payment structure:

- A single, indivisible unitary payment for full availability and performance of the services;
- An appropriate payment indexation;
- A mechanism for penalizing partial or complete failure of the availability and performance of the service, by penalty deductions; and
- A mechanism for dealing with changes to service requirements.

Legal Requirements

These are the requirements necessary to ensure the bidder's consortium has the legal status and capacity to fulfill the requirements of the PPP agreement, including:

- Shareholding agreements;
- Corporate governance requirements; and
- A full disclosure of the consortium makeup, including lenders, sponsors and parent companies.

Draft PPP Agreement

The RFP must include a draft PPP Agreement that allows for structured bidder input, incorporating the Standardized Provisions. Additional provisions should include limits to deductions for non-availability and the amount of debt the Contracting Authority must repay to a financial institution upon private party default.

- ***Required Bidder Commitments***

This is a critical section in the RFP, outlining the information required from bidders on all aspects of their bid, including:

- Technical aspects, including relevant service details, particularly the description of how the service specifications are to be met, to be included as schedules to the PPP agreement;
- Level of funding commitment from the bidder's financial institutions;
- Acknowledgement of anti-competition requirements;
- Corporate governance commitment;
- Financial and project structure;
- Security requirements, specifying the amount of any security – construction bond, operating bond, parent company guarantee, and associated costs;
- Any cap on liquidated damages;
- The contents of the bidder's financial model, including:
  - Its base date (as specified in the RFP),
  - The funding structure of the project, including debt and equity and from whom the equity is contributed and in what form and the cost of debt.
  - The model must also provide:

- ✓ An explanation and operation guide;
- ✓ Inflation assumptions;
- ✓ Key output ratios and return metrics;
- ✓ All tax treatments;
- ✓ Capital expenditure according to component breakdown in the RFP;
- ✓ A funding plan;
- ✓ A debt schedule;
- ✓ Total operating cost and maintenance assumptions;
- ✓ The NPV of real revenues using the discount rate specified in the RFP;
- ✓ The projected rate of return (IRR), both real and nominal;
- ✓ The return on equity for the entire term of the PPP agreement;
- ✓ Interest cover;
- ✓ Various sensitivities, as prescribed;
- ✓ Risk pricing;
- ✓ Assumptions on penalty deductions; and
- ✓ Any forecast gains from refinancing.

- For project finance PPPs, the model must set out:
  - Debt to equity ratio;
  - Annual debt service cover ratios;
  - Loan life cover ratio;
  - Project life cover ratio; and
  - The percentage of debt to be repaid in the event of private party default.

- ***Evaluation Criteria***

The categories for evaluation must be described in sufficient detail to focus the bidder's attention on the value-for-money (VfM) areas of the RFP. The evaluation process and methodology must also be clearly explained. The scoring criteria for each project will vary according to the strategic importance of the various elements.

It is important to note, that the Evaluation Criteria for a **Quality and Cost Based Procurement method** is different from that of a **Least Cost Approach**

An example of a scoring formula for a **<u>Quality and Cost Based Procurement method</u>** should be in terms of the following:

A * (technical score/100) + B * (financial score/100) = C

Where:

A is the weighting for technical (typically 70%, but could be adjusted based on project peculiarity or complexity)

B is the weighting for financial (Typically, 30%, but could be between 25% and 45% depending on the project peculiarity and complexity)

C is the total bidder's score

For <u>a Least Cost approach</u> a technical benchmark is set (for instance at 70%). All bidders who meet the Technical Score Hurdle Rate are evaluated based on their financial proposal, to determine which offer provides the best value for money. Financial proposals of all bidders who qualify on technical criteria are opened and assessed. **The bidder with the most advantageous financial offer to government is then selected as the preferred bidder**.

- ***Considerations for Evaluating the PPP Solution at the RFP Stage***

Technical Solution

In a typical PPP, there will be two phases – a development phase where the services infrastructure is constructed, and a delivery phase where the services to be provided from the infrastructure take place. Each bidder must propose a solution for each phase, and will be evaluated in accordance with the following criteria:

- **The Development Phase Solution -** evaluation criteria for a bidder's proposed development phase solution include:
  - Extent, quality, safety, cost effectiveness, functionality and innovation of designs;
  - Level of design and robustness of cost estimates;
  - Impact of the infrastructure on social and physical environments;
  - Deliverability and time schedules;
  - Integration of design, development and operations with a clear commissioning programme; and
  - Quality management system.
- **The Delivery Phase Solution** - the delivery phase solution of each bidder will be evaluated based on:
  - ✓ Extent to which proposed performance targets and measurement systems exceed minimum specifications;
    - ✓ Operating methodology;
    - ✓ Quality and type of services to end users;
    - ✓ Extent to which the proposed asset management and maintenance supports the project's objectives and maximizes value-for-money;
    - ✓ Quality of the proposed management structure, staffing, systems and practices;
    - ✓ Quality and extent of proposals on branding, promotion and public relations;
    - ✓ Quality of the safety plans;
    - ✓ Integration of the PPP with existing services;
    - ✓ Integration of the PPP information systems with the existing IT systems;
    - ✓ Quality management system proposed for the delivery phase; and
    - ✓ Compliance with the Contracting Authority's monitoring and reporting requirements.

Legal Solution

The legal solution is considered a part of the technical solution. Each bidder's legal solution will be evaluated in terms of:

- **Bidder's SPV Structure**;
  - Robustness of the bidder's consortium structure
    - ✓ Does the bidder's bid representations reflect the structure?
    - ✓ The level of commitment of each consortium member.
    - ✓ The equity participation of each member
  - The level of mark-up of the draft PPP agreement and its impact on risk allocation
- **Financial Solution -** Likewise, the financial solution is considered part of the technical solution. Each bidder's financial solution will be evaluated in terms of:
  - Total project cost compared to the affordability constraints of the PPP;
  - Realism of the operating and capital expenditures are, and whether the cost of the quality management system is included in such expenditures;
  - Robustness of the financial proposals, including sensitivity to changes in operating and maintenance costs, currency fluctuations, inflation and interest rates, and changes in the cash-flow profiles;
  - Robustness of the funding structure, including the level and nature of equity in it;
  - Commitment demonstrated by debt and equity providers, including terms and conditions linked to providing this funding;
  - Level and types of risk assumed and deviation from the tender documentation, including:
    - ✓ Nature and extent of the risk;
    - ✓ Likelihood of the risk occurring; and
    - ✓ Whether the risk is passed down to other entities
  - Cost, level and nature of insurance cover proposed;

- Consistency between the financing arrangement and the draft PPP agreement as marked up by the bidder, together with the level of acceptance by the bidder's financiers of the terms of the marked up PPP agreement; and
- What percentage of total debt outstanding the bidder believes should be repaid in the event of private party default

Financial Bid Evaluation

The financial bid is evaluated separately from other components of the proposal, and bidders must be clearly informed of this. In the context of Public-Private Partnerships (PPPs), the term **'financial'** refers to the consideration or financial commitment involved in the transaction, which may differ depending on the structure of the project.

For most PPPs, the financial implication can take various forms, including but not limited to, payments made by the government to the private party (such as in the case of Private Finance Initiative (PFI)-type schemes) or payments by the private party to the government for the right to provide a service. In both instances, the price typically represents the net amount to be exchanged between the parties over the life of the project.

The Request for Proposal (RFP) should require that each bidder sets forth its price in terms of the Net Present Value (NPV) of unitary payments to be received over the life of the project, applying the prescribed discount rate. The NPV calculation will ensure that the future stream of payments is appropriately valued at present, allowing for a fair comparison across proposals. In PFI-type structures, where payments flow from the government to the Special Purpose Vehicle (SPV) or private party, the RFP must clarify that this value represents the government's financial commitment, which should align with the financial model.

Additionally, the bidder's response to the qualitative aspects of the financial solution (such as risk allocation, project financing, and value for money considerations) will directly inform the price evaluation process. This ensures that the proposed price is not only competitive but also represents a sustainable, feasible, and risk- managed financial solution.

It is essential to recognize that the Viability Gap Fund (VGF), if applicable, will impact the price. VGF may reduce the financial burden on the private party, thereby influencing the price proposal submitted by bidders. The RFP must clearly outline how VGF support will be factored into the evaluation and ensure bidders are aware of its potential influence on the overall price evaluation.

- ***Overall Integrated Solution***

All of the components of each bid must clearly represent a single, integrated solution capable of delivering VfM to the Contracting Authority.

- ***Bid Formalities***

Bid formalities include:

- The time, date and place of submission, which date will vary depending upon the size and nature of the project, but which should be of a sufficient length of time to allow for submission of quality bids;
- How proposals will be opened;
- Bid bonds;
- Bid validity period;
- Formal requirements for filling out bid forms – e.g. the payment mechanism;
- Formal processes for bidders to communicate with the Contracting Authority;
- The Contracting Authority's right to terminate the procurement process, including the right to terminate negotiations with a preferred bidder if it is unlikely that an agreement will be concluded, in which case negotiations with a reserve bidder may begin, and further that the Contracting Authority must state that it is not bound to enter into any contract with any bidder;

- Evaluation panel discretion for non-compliance in bids; and
- Reservation of the Contracting Authority's right to conduct a Best and Final Offer (BAFO) process.

- ***Obtain EDPPPA Recommendation and Issue the RFP***

The completed RFP document and the draft PPP agreement must be presented by the project committee to the PPP Secretariat for recommendation. Only upon the PPP Secretariat approval may these documents be issued to the pre-qualified bidders.

- ***Code of Conduct***

The PDT, TA and the EDPPPA member assigned to the project must sign a code of conduct that requires compliance with ethical requirements in order to protect the integrity of the project. All pre-qualified bidders must also sign a similar code of conduct, prepared by the project committee for the project.

- ***Clarification Meetings***

Bidder clarification meetings are recommended during proposal preparation:

- Early meetings allow bidders to request clarifications on RFP requirements.
- Later meetings focus on draft PPP agreement provisions.

All such meetings should be formally announced, an attendance register distributed, and minutes taken. Copies of all such minutes should be circulated to all the pre-qualified bidders and maintained by the project committee secretariat in the appropriate file.

- ***Individual Bidder Communications***

The RFP specifies a timeframe for individual bidders to seek clarification in writing. Both the question and response, if not confidential, must be shared with all the short-listed bidders.

The Procurement Committee must have one point of contact, as must each bidder. Attempts by a bidder to communicate with the Procurement Committee through individuals other than the designated contact person must be referred to the designated contact person for response. Communication from a bidder that is not from the designated bidder contact person must be returned to the bidder, with an instruction that communications from the bidder may only be through its designated contact person. The EDPPPA shall maintain records of such communications in the appropriate file.

- ***Changes to Consortia During Bidding***

It is not unusual for consortia formed during the RFQ phase to change during the bidding stage. Permitting such a change may be preferable to disqualifying the bidder. Changes to bidding consortia may take place at any time up to execution of a PPP agreement. The process for changing members of a consortium should be outlined in the RFP, and include the following:

- All requests for changing the membership of a bidder's consortium must be writing, and provide full details of the reason for the change, the parties involved and the impact on the consortium.
- In considering such a request, the project committee must apply the same criteria to the proposed substitution as that used during the RFQ process. If possible, the same evaluation team and processes should be applied.
- The standard for approving a change to a bidder's consortium is that the changed consortium should score at least as high as the consortium did during the RFQ process.
- If such standard is achieved, the project committee must advise the bidder in writing.
- If such standard is not achieved, the project committee must advise the bidder in writing and permit such time as it believes reasonable for the bidder to propose an alternative. Failing this, the consortium is disqualified.

- ***One-Stage Bidding VS Two-Stage Bidding***

Bidding should be held in two stages where the Contracting Authority does not consider it feasible to formulate precise project specifications, performance indicators, financial arrangements or contractual terms in sufficiently detail to allow bidding to be held in one stage.

- Where the **Contracting Authority decides that bidding is to be held in one stage**, then;
  - potential counterparties shall submit their bids as final proposals; and
  - the proceedings shall be subject to review by the Special Procurement Oversight Committee.

- Where the **Contracting Authority decides that bidding is to be held in two-stages**, it should;
  - request potential counterparties to submit initial technical and contractual proposals that exclude financial information;
  - enter into simultaneous negotiations with all the potential counterparties that submitted their proposals; and
  - issue revised specifications for the project to all potential counterparties that submitted their proposals and request them to submit their best and final offers that include financial information.

NB: Before calling for second proposals from potential counterparties, the Contracting Authority:

- may amend the project's initial specifications, including financial requirements, and amend the criteria for making the award;
- shall indicate to all the potential counterparties that submitted proposals whether they all qualified or whether a limited number selected from bidders in the first stage will participate in the second stage; and
- shall inform all bidders invited to submit proposals in the second stage of the criteria to be for evaluating their proposals.

- ***Evaluate the Bids***

The PDT must ensure that the evaluation process conforms to the Edo State Public Procurement Law 2020; and strictly follows the evaluation criteria listed in the RFP.

When evaluating the proposal from a potential counterparty, the PDT should consider:

- the present value of the proposed fees or tariffs, unit prices and other changes over the period of the project;
- the present value of any proposed direct payments by the Contracting Authority;
- the costs of design and construction activities, annual operating costs, the present value of capital costs and of operating and maintenance costs;
- the extent of financial support, if any, expected from the contracting authority;
- the soundness of the counterparty's financial arrangements;
- the extent to which the counterparty accepts any negotiable contractual terms proposed by the Contracting Authority in the request for proposals; and
- the social and economic development potential offered by the proposal.

The evaluation process will primarily have three steps:

- Preliminary evaluation and report to the PDT prepared by the TA.
- Review of the report and final evaluation by the PDT.
- Report of the evaluation and request for evaluation review to EDPPPA.

- ***Preliminary Evaluation and Report by Transaction Advisor***

The Transaction Advisor (TA) team should possess the expertise necessary to undertake a preliminary evaluation and prepare a report to the project committee. The TA will not make any recommendations. It will only conduct preliminary evaluations, in accordance with the RFP.

The preliminary evaluations will be conducted as follows:

- **Completeness** assesses whether the bidder has submitted all required documents, such as consortium formation documents, corporate registration details, and any other documentation specified in the RFP. Incomplete bids will be recorded—meaning they will be formally documented and logged as incomplete in the evaluation process. This record helps track which submissions did not meet the completeness criteria, ensuring transparency and consistency in the evaluation process.
- Checking for compliance. **Compliance** refers to whether the bidder has met the essential minimum requirements set out in the RFP. Great care must be taken to ensure that the essential minimum requirements are fully met. Non- compliant bids will also be recorded.
- A **Detailed Analysis** of bids that are complete and compliant is done. This analysis includes:
  - Technical Solution
    - ✓ Each element of the service specification must be assessed from the design, development and delivery perspectives. The objective is to:
      - ➢ Confirm that the bidder's response to the service specifications meets the Contracting Authority's needs;
      - ➢ Identify deficiencies or added benefits;
      - ➢ Rate the response as inadequate / adequate/good to carry through to scoring;
      - ➢ Compile a list of questions to be answered before an award is made; and
      - ➢ Assess a value-for-money impact.
    - ✓ Each proposal must be checked against the requirements of the standard specifications.
    - ✓ While no scoring methodology is prescribed at this stage, ratings for all technical criteria should be applied to pre-determined weightings. Each technical evaluation will generate:
      - ➢ A weighted score;
      - ➢ A report on the number of inadequate ratings; and
      - ➢ Notes on matters requiring resolution.
  - Legal Solution - There are two tasks in the legal evaluation:
    - ✓ Legal due diligence on the legality of the bidding consortium, and the status of the firms comprising the consortium; and
    - ✓ Evaluation of the marked-up PPP agreement entails:
      - ➢ Capturing all marked up amendments;
      - ➢ Comparing the mark up against the risk matrix from the feasibility study;
      - ➢ Assessing value-for-money implications noted in the feasibility study and commenting on them; and
      - ➢ Working with the financial evaluation member of the transaction advisor team to evaluate value-for-money on issues not identified in the feasibility study.
    - ✓ No scoring is recommended; rather the Transaction Advisor should focus on presenting notes requiring resolution and updating the risk matrix in respect of each bidder, in conjunction with the financial evaluation member of the transaction advisor team.
  - Financial Solution - The financial evaluation of a bid is complex, and requires an understanding of the project costs throughout the whole term of the agreement, the structure of the bidding consortium and its funding, and the value-for-money strengths or weaknesses in each bid. The financial solution evaluator thus requires inputs from the technical, legal and citizen participation members of the Transaction Advisor team, to identify the following:
    - ✓ Affordability;
    - ✓ Certainty of project costs -developmental and operational;
    - ✓ Certainty, nature and costs of funding proposed;
    - ✓ Items omitted by the bidder from its financial model; and
- **Project Bankability**

- The financial evaluation member, with input from Transaction Advisor, will then generate a score for the financial evaluation and a series of notes listing matters that need resolution.
- For financial evaluation, the TA will examine the price of each bid to confirm that it follows the prescribed RFP format. The price must also be consistent with the financial solution. Points for price will be allocated in accordance with the formula described in the RFP.
- The TA will then prepare a report to the PDT presenting its findings on the completeness and compliance of the bids received. The report will include the score sheets and notes from the individual TA team members of their findings as to the technical, legal and financial solutions, together with comments and findings on price aspects of each bid.

- ***Recommendation by the EDPPPA***

EDPPPA will receive the report of the PDT and examine it to confirm that the processes followed are consistent with the Edo State Public Procurement Law 2020, and that the basis for selecting the preferred and reserve bidder is reasonable and justifiable.

If EDPPPA's investigation finds that the processes have not been adequately demonstrated or that the preferred and reserve bidder recommendation is not reasonable or justifiable, it will return the report to the PDT and recommend further actions consistent with its findings.

When EDPPPA has determined that the processes followed are consistent with these guidelines, and that the recommended preferred and reserve bidder is both reasonable and justifiable, it will recommend to the PDT to proceed with negotiations.

4.5. Contract Award

4.5.1. Negotiations

After EDPPPA's recommendation for negotiations to commence, the PDT may begin the negotiations with the preferred bidder/counterparty. It should be noted that negotiations are a process, not an event. Typically, the Contracting Authority and the preferred bidder have different perspectives on negotiations. The private party will have made it clear, by its submission and by its mark-up of the draft PPP agreement that it is seeking to reduce risk and increase its profits, while the Contracting Authority aims to reduce its costs and maximize the value of the services provided through the PPP.

The goal of the negotiations must be a finalized PPP agreement, complete with all required schedules and an agreed upon payment mechanism.

As per the Edo State Public Procurement Law, 2020, when a Contracting Authority and a preferred bidder negotiate a PPP agreement they shall not:

- negotiate or vary any terms stated as being non-negotiable in the request for proposals issued or in the bidder's proposal; or
- change the essential elements of the project.

Negotiations for a PPP agreement between a Contracting Authority and a preferred bidder shall be limited to;

- finalizing the details of the documentation; and
- satisfying the reasonable requirements of lenders or funders of the project.

If a Contracting Authority and a preferred bidder fail to negotiate a PPP agreement, the Contracting Authority should proceed to negotiate an agreement with the next-ranked bidder or reserve bidder and shall not resume negotiations with the original preferred bidder.

- ***Preparatory Work***

The bid evaluation process outlined above provides the basis for preparing for the negotiations. At several stages in the evaluation of each bid, the transaction advisor will have noted deficiencies in the technical solution, and compiled a list of questions to be answered before an award is made. Similarly, during the evaluation of the legal solution, the Transaction Advisor will have made notes requiring resolution in terms of the legal status of the SPV and the mark up of the draft PPP agreement. The TA will also have updated the risk matrix prepared during the feasibility study to reflect the allocation of risks included in each bidder's mark-up of the draft PPP agreement. Further, during the financial solution evaluation, a series of notes would be drawn up listing matters to be resolved.

Finally, during consideration of the overall integrated solution, notes would have been prepared listing resolution issues.

From these notes, lists, questions and deficiencies noted, an initial list of issues for each of the solutions: technical, legal, financial, price and overall integrated solution must be created. The list of issues should then be placed into a matrix, similar to that set forth below, where initial in-house discussions may take place, and initial Institutional positions determined.

- ***The Negotiation Team***

The negotiation team should consist of the transaction advisor team plus representatives from the project committee with appropriate expertise in procurement, technical, legal, and financial/price matters. Ideally, each element of the bid will have a negotiation team composed of a Transaction Advisor representative and a project committee representative. The chair of the project committee serves as the overall negotiation team leader, and is expected to liaise closely with the project committee's PSIP member, who will lead the financial/price sub-team.

The negotiation team will populate the initial list of issues, and the transaction advisor and project committee will jointly define the Contracting Authority's position on the issues. During the compilation of the issues list, it is encouraged to categories each issue as being either deal-breaker, major, important or minor.

- ***Prepare a Negotiations strategy***

It is important to seek resolution of the major issues first, particularly the "deal-breakers", so that time is not spent resolving important and minor issues while negotiations may then fail on a "deal-breaker." Often, major issues will require more time to resolve than important or minor ones. And, there may be more than one major issue in specific bid areas – i.e., legal and financial/price – and none in others.

There should be very few "deal-breaker" issues in any negotiations. These positions may be entered into the "comment" column in the issues list, or an additional column may be provided. Note that any issues list matrix must remain confidential and measures should be taken to secure such documents.

Having prepared the initial issues list, categorized the risks and set the bottom line and fall-back positions on the major and important issues, the next step is to review the negotiations timeline listed in the procurement plan, adjust if necessary, and set a time to meet with the preferred bidder.

- ***Initial Contact with the Preferred Bidder***

The Preferred Bidder should be invited to a meeting, in writing, and given the initial list of issues (without any comments, bottom line or fall-back positions) with a request that the preferred bidder review the list and confirm the recitation of the bidder's position as listed. A further request should be made to expand the list, if necessary, to cover all interests. The invitation letter should also include the names of the negotiating team members, with their contact details, and the negotiating sub-grouping responsibilities that they will address – i.e., technical, legal, financial/price, etc. Depending upon the project, it may be advisable to have separate subgroups within the technical area – i.e., IT, change management or training.

The letter should recommend that the Preferred Bidder form a negotiations team of similar makeup, or propose a different team structure. The Contracting Authority's proposed approach to the negotiations should be outlined, with an invitation to the preferred bidder to suggest an alternative approach.

Allow sufficient time for the preferred bidder to fully comprehend the invitation and prepare its response. The Preferred Bidder should be permitted to suggest a different meeting date, however it is preferred that the venue for the first meeting be on the Contracting Authority's premises.

- ***Engagement***

At the first meeting with the preferred bidder, the agenda should include inter alia:

- Introductions of the negotiation team members for each side, with an exchange of contact details;
- An agreement on the list of issues and the statement of both the Preferred Bidder's positions and the Contracting Authority's positions on each issue;
- Agreement on the timetable for concluding the negotiations;
- Agreement on the methodology for recording discussions on the issues, and the preparation and maintenance of a master issues list and subgroup issue lists;
- A declaration as to the decision-making authority on each side; and
- Agreement on a methodology for resolving deadlocked discussions.

If the methodology agreed upon includes joint subgroups to address the issues for consideration by such subgroups, meeting dates, times and venues should be set. In this regard, it is often more productive to have meetings at venues mutually convenient for the members of the subgroups, rather than on the Contracting Authority's premises.

The timetable agreed should call for regular meetings of both negotiating teams. At the outset, and depending upon the complexity of the negotiations, these high-level meetings should take place at least every two weeks, to maintain the pace of negotiations.

- ***Managing the Negotiations***

Each meeting, whether of a subgroup or the whole negotiating team, should have an agenda and minutes should be kept. The objective of every meeting is to refine issues and seek agreement.

One person from the Contracting Authority's side should be appointed as the assigned document manager, whose shall have the responsibility of maintaining the master issues list and the updated subgroup issues lists. The primary negotiating document is the draft PPP agreement, and it is the assigned document manager's responsibility to reflect all changes, including the date of each update, and ensure that the negotiating teams have the latest, agreed upon version with which to proceed with the negotiations.

During the periodic meetings of both negotiating teams, those issues that seem difficult to refine and resolution in the subgroups should be identified, and a mutually agreed course of action set to allow the negotiations to proceed. At these meetings, the master issue list should be reviewed, and new timetables set for resolution, as necessary.

- ***Achieving resolution***

No two negotiations are alike. Because a partnership is being established, negotiations should be conducted in a professional, transparent manner with a clear desire by both parties to achieve resolution. As the negotiations proceed, it will become clear at the sessions or meetings, whether or not the atmosphere is conducive for resolution. Where it appears the atmosphere is un-conducive for resolution, it is the responsibility of the Contracting Authority's negotiating team to meet separately with the leader of the Preferred Bidder's negotiating team to assess the potential for resolution.

If the parties mutually agree that there is a potential for resolution, definitive timetables should be agreed upon and the negotiations resumed with new vigour. If resolution seems unachievable, the Contracting Authority's negotiating team leader should notify the Preferred Bidder's negotiating team leader that unless resolution is reached by a date certain, negotiations will be terminated, and the reserve bidder invited to negotiate.

Resolution is achieved when each party undertakes to modify and refine positions in a manner that will achieve desired goals.

- ***Final Bargaining***

Final bargaining requires assessing and choosing options or alternatives that may not represent the ideal for both parties, but which are settled on in the interest of concluding the deal. The objective in achieving resolution is to mutually discover a "win-win" scenario that will allow the project to proceed in a manner that continues to demonstrate affordability, transfer of significant risk to the private party and value-for-money. From the Contracting Authority's side, an apparent affordability gap may be bridged by clarifying commercial details and modifying output specifications.

It is important, however, that final bargaining does not leave items on the table for resolution as a condition precedent to project funding. There should be very few conditions precedent to any final PPP agreement, and certainly no conditions precedent that will negatively affect the availability of funding.

- ***Formal settlement***

All details of negotiated points and resolutions must be recorded and reflected in the PPP agreement and schedules. Any conditions precedent must be clearly defined and achievable in a very short period of time. An example might be the receipt of a record of decision on an environmental impact statement, or the provision of access to the infrastructure site.

During this period of time it is also important for the Contracting Authority to engage the preferred bidder in the development of the Contracting Authority's contract management plan (CMP). A mutually-agreed CMP will be a major step forward in ensuring the success of the PPP. Outstanding minor issues may also be resolved by addressing them in the CMP.

- ***PPP Agreement Signing***

Before Final Signing of the PPP agreement, the Contracting Authority should ensure that;

- there has been total compliance with the EDPPPA Law and the Edo State Public Procurement Law 2020, as well as other relevant laws
- approval from the State Executive Council has been acquired,
- approval has been secured from the Edo State Public Procurement Agency (EDPPA)

Thereafter, both sides should agree on a schedule for signing the PPP agreement upon the contract award.

4.5.2. Commercial Close

Commercial Close signifies that the procurement has been successfully completed and the final PPP agreement signed, subsequent to all necessary approvals. Financial close should occur as soon as possible after the signing of the PPP Agreement and careful preparation should be done to ensure this is achieved.

4.5.3. Financial Close

Financial Close occurs when all project and financing agreements have been signed and all the required conditions contained in them have been met. It enables funds (e.g. loans, equity, grants) to start flowing so that the project implementation can start.

Any remaining "conditions precedent" contained in the financing agreements need to be fulfilled before funds can be disbursed. Typically:

- the main permitting and planning approvals have been secured;
- the key land acquisition steps have been completed;
- the outstanding technical design issues have been clarified;
- any remaining key project and financing documents have been finalized and signed;
- all funding approvals are in place; and

- proper registration of the security for the loans has been confirmed.

The project committee will need to confirm that the requirements of all internal approvals have been met. These could include:

- confirmation of the legality of the procurement;
- approval of derogations from any standard contracting terms;
- the VfM check; and
- the affordability check.

The counterparty and the project committee will need to carry out a considerable amount of detailed work to reach financial close. The effort needed should not be underestimated. The project committee will need to manage its tasks effectively and should seek the support of its Transaction Advisors.

4.6. Project Implementation and Monitoring

4.6.1. Project Operation

The oversight of the project will shift from the PDT to an MDA Project Board and / or Management Board at this stage. The commencement of construction begins, and the MDA should appoint Independent Engineers jointly with the developer, to review and audit the construction activities. The Independent Engineers ensure that the construction conforms to contractual commitments and notify the MDA of any deviations. After the project is constructed and begins operating, the MDA Project Delivery Team, supported by EDPPPA, monitors the performance of the PPP Company / SPV throughout the concession period. The monitoring should include:

- Service delivery by the PPP Company / SPV;
- Fulfillment of obligations to the MDA, including payment obligations, if any, by the PPP Company;
- Project monitoring and financial audit by the MDA or any other government authority.

Depending on the sector, any regulator of tariffs will also be heavily involved in the operations of the project to make sure the PPP Company / SPV is receiving fair revenues for the services provided. The Project Implementation stage is predominantly the responsibility of the MDA, with some oversight from the State PPP Secretariat with no approvals required from any other authorities.

4.6.2. Project Company Finance

From a project finance perspective, the most important milestone in this stage is the disbursement of debt and equity to the PPP Company / SPV so that it can pay for project construction (or rehabilitation and maintenance of existing facilities). In the construction phase it is essential to complete the investment on time, within the planned budget, and according to the specifications and the financing allocated to the construction contract. Cost overruns may not have financing available and therefore can jeopardize the entire project, and time delays may cause the repayment of loans to become too expensive while the project is still not generating revenue. The construction contract will therefore be based on a firm date fixed price, time certain contract.

Once a project is physically ready for operations, project commissioning is critical as this is when the project is accepted by the government as ready-to-operate and the PPP assumes the ability to charge customers for its services. From the lender's point of view, operations and revenues should allow for more confidence that a loan can be repaid. From an equity investor's perspective, the project demand will become clearer and the PPP Company / SPV can be valued more accurately. In addition, equity income in the form of interest on mezzanine finance or quasi equity loans may become available to the equity holder, as dividend income is normally not payable until the later stages of the PPP project when net cash flow is sufficient. Once the project has been properly accepted and commissioned one of the core risks (completion risk) has also been eliminated.

4.6.3. Contract Management

The objective of PPP contract management is to obtain the services specified in the output specifications and ensure ongoing affordability, value for money (VfM), and appropriate management of risk transfer. PPP contract management enables the public partner to exercise its rights and meet its obligations to ensure the objectives required from the PPP contract are met. Contract management is also important because a project is rarely undertaken in complete isolation from other initiatives of the public partner and other government (municipal) agencies. For example, a road PPP will form part of the wider road network and may link with other transport infrastructure such as airports and ports, and a hospital PPP forms part of the government's overall strategy for providing healthcare services to the community. The public partner's management of PPP contracts ensures that PPPs play their role as part of the overall network of infrastructure that supports positive economic and social outcomes.

Contract management is important not just in the context of an individual project, but because no project is undertaken in isolation from other PPP initiatives. The learning's from one project should inform improvements in subsequent projects. The public sector must therefore recognize the value and opportunities created by effective PPP contract management, and must develop a strategic approach to capitalizing on this model throughout the project life cycle, to continuously inform and improve the way that private sector involvement is used in the delivery of public infrastructure.

- ***Shareholders Support Agreement***

In this case, stakeholders play an active role in the PPP process, and they must be given not only a forum for participation but also the information they need to participate effectively. The appropriate forum to communicate and build support for PPP is through an iterative dialogue with stakeholders. Each communications program must be tailored to the local context and specific PPP, but should include some or all of the components below:

Opinion research: Opinion research gathers data on stakeholders, their perceptions, and behaviors related to issues concerning a specific PPP. The research influences the content and media of the communications program, as well as the reforms themselves. The research is conducted on a relatively formal basis through questionnaires, polling, etc.

Stakeholder Consultation is a less formal process through which themes and policies of interest are discussed within or across stakeholder groups. It is intended to gather information and build an understanding among the reformers regarding current perceptions and understanding and the basis of those opinions. A key part of stakeholder consultation is to manage expectations with respect to how feedback will be incorporated into the reform process; that is, the feedback may not translate into direct change in the PPP design or process but will be one stream of influence. This might be accomplished through focus groups or stakeholder discussion groups.

- ***Operating & Maintenance Contract***

Performance monitoring allows the public sector sponsor to ensure that the services being provided are consistent with the contract. Armed with measures of performance, public sector sponsors can formulate policy and implement plans that are relevant to any problems they identify and, conversely, that avoid unnecessary action.

Performance monitoring should take place against a number of clearly defined indicators; performance targets can be developed for a particular period and for the local context, enabling managers to identify areas for improvement.

The operators of the service should be required to: publish key performance indicators regularly; provide convenient consumer inquiry and complaint mechanisms; and consult consumers regarding major new investments through surveys and public forums. In addition, the public sector sponsors could establish their own mechanisms, such as a formal consumer committees and surveys, for assessing public opinion about services.

- ***Contract Monitoring Framework***

While the private sector is responsible for the daily management of a PPP project, the State Government has an important role to play in project oversight and, when necessary, enabling modifications to a project structure. Given the large number of agreements involved in a typical PPP project, the monitoring of the SPV's compliance will require substantial attention and resources from the government. The MDA will need to set-up a Contract Monitoring Framework covering the following major elements:

- **Risk Mitigation**: Managing the PPP from the perspective of risk mitigation by identifying, monitoring and managing risks to minimize them when possible.

- **Service Delivery and Performance**: Ensuring that the PPP Company is achieving required service delivery to agreed-upon performance standards.
- **Relationship Management**: Managing the structure of authority and accountability within the PPP service delivery framework.
- **Contract Administration**: Following administrative processes required making sure all procedural and documentation requirement issues are followed, such as periodic reporting and service quality reviews.

4.6.4. Contract Management Team

The existence of an effective contract management team is vital to ensure a project's objectives are met in the long term. This section provides guidance on how to set up a Procuring Authority's contract management team to carry out this role in the most effective manner, considering the challenges any project is likely to face. Training of project staff also needs to be planned and delivered by the Procuring Authority, covering both general training as well as PPP specific training, and this chapter provides guidance on the specific topic of staff training. For the purposes of this chapter, the 'contract management team' refers to the Procuring Authority's contract management team. The Project Company / SPV will also have a team responsible for managing its contractual obligations and liabilities and interfacing with the Procuring Authority's team;

The following checklist shows the key issues to be addressed in setting up the contract management team:

- conduct an initial Partnering Workshop;
- identify the extent of contract management resources required during the initial business planning process;
- quantify and secure funding for the contract management team early in the business planning process;
- allocate contract management responsibility early in the procurement stage;
- identify any staff already working in the government who have skills, knowledge and abilities that can be transferred to a PPP / PFI project;
- if external recruitment is required, then start this process early;
- involve the contract manager, or their representative, in Competitive Dialogue and evaluation of bids during the competitive dialogue period to ensure thorough understanding of the contract and ownership;
- ensure that the contract management team is in place well in advance of service commencement;
- ensure that the partnership ethos is developed and maintained;
- identify initial and ongoing team training requirements;
- ensure the contract manager fully understands the contract, output specification and payment mechanism that are being, or have been agreed;
- produce a Contract Management Manual for handover between the procurement team and contract management team.

- ***Project Officer***

Key responsibilities of the Project Officer include**:**

- contract compliance;
- stakeholder coordination;
- monitoring and reporting;
- risk management;
- contract amendments;
- dispute resolution;
- performance management

- ***Account Officer***

Key responsibilities of the Account Officer include**:**

- budget oversight;
- payment processing;
- financial reporting;
- auditing & compliance;
- risk mitigation;
- Value for Money.

- ***Technical Advisory Team***

Key responsibilities of the Technical Advisory Team include**:**

- technical compliance;
- quality assurance;
- due diligence;
- project evaluation;
- risk assessment;
- contract variation;
- support to the Project Officer.

Figure 7: Components of a Contract Management Plan

Table 9: Template for Contract Management Plan (CMP)

Sections	Subsections	Summary of Contents
Purpose and Approach	Purpose	Purpose of the PPP contract management plan

	Approach	• Partnership principles • Benefits to the institution and the private party of a successful partnership The institution's approach to PPP contract management
Strategic Objectives and Key Deliverables	Objectives Key deliverables	Summary of project objectives Journey management plan
Partnership Management	Partnership management plan	Summary of the output specifications and key deliverables
Service Delivery Management	Risk management	Risk management plan
	Performance management	Performance management plan
PPP Contract Administration	PPP Contract administration	PPP Administration Plan
Exit Strategy	Exit strategy	• Evaluation of the options for continuing the service after termination/expiry based on the provisions of the PPP contract • Outline of the procedures, roles and responsibilities and resources required for a smooth transition to the new service delivery arrangements
Implementation Plan	Inception Procurement Taking Charge Integration Consolidation Exit	Project Plan strategy, resources, KPI, Risks, and key milestones

4.6.5. Dispute Resolution and Management

Disputes within a PPP project emerge for many reasons; there are often deeper underlying reasons for why disagreements arise in the first place and why they can escalate into a dispute. Some of these relate to the inherent complexities associated with PPPs:

- PPP contracts are long-term and unexpected circumstances are likely to arise at times
- PPP projects tend to be complex in their scope with multiple stakeholders involved
- Contract documents are complex and subject to interpretation (particularly given multiple interfaces between different parties and potential contradictions between a large number of different but interrelated project documents)

Other underlying reasons for why disagreements arise in PPPs are detailed throughout this chapter. These include a lack of understanding of the PPP contract and / or the performance monitoring requirements of a PPP; poor relationship management; ambiguous contract drafting; and weak underlying project economics.

Given the long-term nature and complexity of PPP projects, it is not uncommon for there to be some form of disagreement or dispute during the contract management period. Disputes have the potential to damage the relationship between the Project Company and the Procuring Authority. In addition, while they are being resolved there is a risk that the service levels will be affected. The most important goal of any party involved in dispute resolution is to make decisions that will ensure the project moves forward in a viable and sustainable manner while maintaining value for money.

4.6.6. PPP Project Modifications

In many cases there are specific circumstances that could not be anticipated or quantified when the PPP contract was signed and that may represent changes to the works, services or the form of delivery. PPP projects generally involve long-term contracts, and unforeseen changes can happen to the project's enabling environment (e.g. macroeconomic fluctuations, currency depreciations, natural disasters, etc.). If no variation provisions are included, the contract may be too inflexible to handle these unforeseen circumstances.

To avoid this pitfall, particularly in long-term projects, it is important to build in flexibility to specify the conditions in which modifications are allowed and to define the adjustment process. These variation provisions should be balanced and equally benefit both the public and private sectors. In addition, termination clauses should also be included to allow both parties to cancel the contract under exceptional circumstances, with fair compensation (to either party), if necessary.

There are typically four categories of modifications:

- **Modifications without Additional Costs**: The government and the PPP Company should discuss the best way of implementing the proposed change. If the modification results in a reduction in costs to the PPP Company, the parties will need to agree on how to distribute these savings, including any potential cost reductions to the users. The parties are expected to agree modifications to the project financial model and to contracts without recourse to dispute resolution procedures.
- **Small Works Variations**: These modifications usually cover minor, unforeseen circumstances that require additional small works outside of the original contracts. Any dispute between the parties relating to small works variations must be determined in accordance with the dispute resolution procedures and is generally decided on a case-by-case basis with adjustment as necessary to the project's financial model without major modifications to existing agreements.
- **Government-Requested Modifications**: If the government wishes to make a change to the PPP project deliverables, it must first submit this request to the PPP Company. The proposal must describe the nature of the variation and require the PPP Company to provide an assessment of the technical, financial, contractual and timetable implications of the proposed change. After reviewing, the government must decide who will fund the modification (i.e. PPP Company / SPV, government, or users). If the PPP Company / SPV is adversely affected by this modification, they should be compensated in some manner and the project financial model adjusted accordingly.
- **PPP Company-Requested Modifications**: If the PPP Company wishes to introduce a variation, it must submit a proposal to the government outlining the modification details and the likely impact on service delivery and the PPP contract via the use of the project financial model. The government must decide whether to accept the proposal and, if accepted, how to adjust the funding regime and the project financial model.

4.6.7. Other Forms of PPP Contract Contingency Planning

Contingency Planning is one of the most important steps within both contract management and financial allocation for PPPs. Both the government and the private partner should undertake contingency planning, albeit for different reasons. The private party will, within its cost baseline, set aside contingency reserves as a budget allocated for identified risks that it has accepted and for which contingent or mitigating responses are developed.

Contingency reserves are often viewed as part of the budget intended to address the "known-unknowns" that can affect a project. For example, the re-work of some project deliverables could be anticipated, but the amount of this re-work may be unknown. Contingency reserves may be estimated to account for this unknown amount of re-work. Such reserves can provide for a specific activity, for the whole project, or both.

The contingency reserve may be a percentage of the estimated cost, a fixed amount, or may be developed by using quantitative analysis methods. As more precise information about the project becomes available, the contingency reserve may be used, reduced, or eliminated. Contingency reserves should be clearly identified in cost documentation and are part of the cost baseline together with the overall funding requirements for the project.

For the government, contingency planning is related to the risks it retains, for example, land acquisition or funding of variations it requires. It is unusual for the government to maintain explicit reserves, as this is generally discouraged under public budgeting rules. Instead, budget adjustments are made on an annual or semi-annual basis for contingencies that have been realized. A contingency plan should be developed as part of the contract management manual.

This contingency plan covers what happens if the private partner fails in its duty to deliver the services, whether as a result of an external emergency or due to issues within the private partner and its sub-contractor group. It should include emergency planning measures that should be implemented in the event of a major incident that affects the availability of all or a large part of a facility.

The plan should not be over-complicated or extensive because if it needs to be implemented, it is likely to be during a period of high pressure. As a result, it needs to be accessible and easy to implement effectively. The plan should identify the following information:

- events that will lead to service failure and/or default;
- impact on the services, both short- and long-term;
- remedies and timelines in the contract;
- emergency planning measures in the event of a major incident;
- communication strategy (internal and external);
- staff and resources needed and how these will be mobilized at short notice;
- the steps needed to return the project to normal monitoring post-crisis;
- any consent that may be required and from whom it is needed;
- a list of key personnel, including their contact information and each person's role and responsibility.

Contingency planning is an important element of the PPP contract management process. In the event that the private party fails to deliver the services as specified under the PPP contract, the government may have to act swiftly and should have the necessary planning in place to do so. Some types of additional contingency planning include:

- **Business Continuity and Disaster Recovery Plan**,which covers events that disrupt service delivery but do not involve default by the private party
- **Step-in Plan**, which covers events that disrupt service delivery and involve a default by the private party. If there is a lenders' Direct Agreement in place, this will set out the agreed procedure to be followed.
- **Default Plan**, which covers private party defaults that do not disrupt service delivery. Government should identify all significant contingency events related to the PPP Project and develop appropriate contingency plans that should form part of the CMP.

4.7. Post-Completion & Contract Expiry

4.7.1. Project Hand-back / Termination

PPP contracts have specific provisions for the orderly asset handover at the end of the contractual term of the contract and clearly define the approach for the transition of assets and operations at the end of the contract.

The project hand-back period is the end of the operating phase of the PPP project. At this stage the Contracting Authority begins the process of hand-back or transfer of full project management and asset control to the state government pursuant to the terms of the contract.

All Public-Private Partnership (PPP) agreements in the State shall have a defined duration of **twenty-five (25) years**, except where an extension is expressly approved by the State Executive Council upon the mutual agreement of the Edo State Government (EDSG) and the private partner. Each PPP contract shall stipulate the terms and conditions to be observed both prior to and during the handover or termination period.

4.7.2. Critical Considerations to Asset Hand-back

The Concession Agreement outlines specific and detailed obligations that need to be fulfilled by both the State Government and the private sector.

The Concession Agreement should lay out these components:

- A clear and well-defined asset hand-back standard on the handover date.
- Financial requirements.
- Provisions for the establishment of a contingency fund for any maintenance needs after hand-back.
- Asset hand-back provisions: lay out the required condition for the contract authority to hand-back assets and

financial penalties for failure to meet the required standards.

- Termination conditions: lay out conditions in which the contract may be terminated ahead of the hand-back date either due either to a breach or force majeure (unforeseen circumstances or events).
- Dispute resolution: lay out mechanisms for resolving conflicts.
- Monitoring and reporting: lay out procedures for monitoring and reporting standards by the state government until the hand-back date.

The Contracting Authority objectives for the hand-back period will be:

- Ensuring that the PPP assets are in the standard condition as stipulated on the contract.
- Ensuring that, where, needed there is continuity in service delivery during and after the contract expires.
- Ensuring that there is a budget for miscellaneous expenses and liabilities associated with the hand- back period.
- Extending the PPP contract (if applicable, depending on the type of PPP contract).

The project committee manages the entire handover of documents and records, the continuity of service delivery and maintenance and any other business.

4.7.3. Grounds for Termination of PPP Contract

Grounds for termination include:

- Default by the Contracting Authority
- Default by the State Government
- Termination due to prolonged force majeure
- Failure to comply with provisions of the EDPPPA Law.

The PPP contract should clearly outline the conditions under which either party may terminate the agreement, particularly in cases where the other party fails to meet its obligations. For termination to occur, a breach must be significant, and, where feasible, should be subject to "**remedy periods**" to allow for corrections. For instance, the Edo State Government, would be entitled to terminate the PPP contract if the private entity becomes insolvent or bankrupt, or if there is a critical deficiency in service delivery (e.g., where public safety or health is at risk), that compromises the objectives of the partnership.

A common instance of default by the Contracting Authority under a Concession Agreement is the non- payment of agreed amounts to the Concessionaire (e.g., operational fees or subsidies). This also includes the failure by the Contracting Authority to adjust the Concessionaire's compensation in line with the agreed terms of the concession. Persistent default on payments can lead to a breach of contract, warranting termination if unresolved within specified cure periods.

A typical PPP Agreement should describe in detail the circumstances that allow a party to terminate the contract; another typical example is a default by the Contracting Authority in failing to put the agreed equity into the project. This includes cases where the Contracting Authority has not made the necessary equity contributions in accordance with the terms of the PPP agreement. Such failures can significantly affect the project's financial structure and viability, potentially leading to termination if the situation is not remedied within the stipulated time frame.

- ***Termination Payment***

In the event of a default by the Contracting Authority, termination payments will be structured to ensure that the Contracting Authority bears the primary responsibility for the default. Partners may also face potential losses to reinforce their incentives to address issues, though this approach may affect the overall bankability of the project. The following options will be considered when determining termination payments:

- Re-tendering the project in the open market
- The depreciated value of the assets involved

- Fairness

In the event that the State Government defaults, a fair contract should ensure the private party is fairly compensated. Termination payments in such cases will typically cover the full value of the outstanding debt, along with a reasonable measure of equity. Additionally, compensation may include lost future profits, where applicable, to ensure the private party is not unduly disadvantaged by the government's default

- ***Contract Expiry***

As the Public-Private Partnership (PPP) contract nears its expiration, a critical element is the successful handover of project assets and services back to the contracting authority. This process involves ensuring that all assets are transferred in accordance with the quality standards specified in the contract.

Few years before the contract's termination, an audit should be conducted to assess the condition of the assets. This audit helps identify any improvements needed to meet the quality standards agreed upon in the contract, ensuring that the assets are handed over in good condition, given that these assets will become a valuable resource for the government after the contract's conclusion

- **Termination by Default of the Contracting Authority**

Each of the following, if not cured within the permitted period, is a Contracting Authority Event of Default which shall entitle Edo State Government (EDSG) to issue a Notice of Intention to Terminate immediately:

- The commencement of any action for the dissolution or liquidation of the Contracting Authority except for the purposes of amalgamation or reconstruction on terms approved in advance by EDSG in writing;
- The occurrence of a material breach by the Contracting Authority of its obligations under any Agreement that has continued unresolved for **thirty (30) days** or more after notice has been given to it by EDSG;
- The Contracting Authority abandoning the Project for a period of **seven (7) days** without the prior written consent of EDSG
- If the Contracting Authority becomes insolvent or bankrupt, or goes into liquidation or receivership, whether compulsory or voluntary
- Where a PPP project sponsor is deemed to have defaulted in meeting its obligations as stipulated in the project agreement, the lenders shall have the right to assume and perform (or to arrange for a third party to assume and perform) the project sponsor's obligations under the project agreements.

- ***Default by the State Government***

Each of the following, if not cured within the time period permitted, is an EDSG Event of Default which shall entitle the Contracting Authority to issue a Notice of Intention to Terminate immediately:

- A material breach by EDSG of any of its obligations under this Agreement that has continued unresolved for **thirty (30) days or more** after notice has been given to it by the Contracting Authority specifying the breach and requiring NASG to remedy the same; or
- Any representation or warranty made by EDSG in any Agreement proving to have been materially incorrect when made such that the EDSG's ability to perform its obligations under this Agreement is materially adversely affected.

- ***Termination Due to Prolonged Force Majeure;***
- Where any Agreement becomes non-viable due to a force majeure or the force majeure subsists for a period **exceeding six (6) calendar months from the Effective Date**, the Agreement shall terminate immediately upon notice by either Party.
- Upon termination of any Agreement pursuant to any force majeure, neither Party shall be liable to the other for any damages or losses in respect of such termination.
- Force majeure shall not include insufficiency of funds to undertake the Project by the Contracting Authority.

4.7.4. Asset Condition at Expiry of the PPP Contract;

The contract should include clear provisions to ensure that all assets are handed back to the State Government in good condition at the expiry of the agreement and that the legal ownership of the assets remains with the public sector throughout the contract. While the rights to use the assets will be transferred back upon contract expiry, key provisions could include:

- **Condition Indicators:** The contract should specify the condition in which the assets must be at expiry. This may include performance metrics such as the expected remaining useful life of each asset or the ability to pass certain performance tests.
- **Independent Assessment:** Prior to contract expiry, a third-party assessment should be conducted by an independent expert to evaluate the condition of the assets and determine any necessary works to meet the required standards. This assessment should occur sufficiently far in advance of the expiration date to allow for any corrective actions.
- **Retention of Service Fees:** The contract could include provisions for retaining a portion of the service fee over a defined period leading up to contract expiry. The retained amount would be held in a reserve account as a guarantee to cover any necessary asset improvements or repairs.
- **Verification and Release of Retention:** An independent expert would also verify that the required works to meet hand-back conditions have been satisfactorily completed. Upon verification, the retention sums held in reserve would be released to the Contracting Authority.

PART III: PPP Project Financing, Contract Management, and Dealing with Unsolicited Proposals

5. PPP Project Financing

5.1. Introduction

Project Financing is a critical component of Public-Private Partnerships (PPPs), where external funds are required to cover initial investment costs and are gradually recovered through future revenue streams. Whether sourced from the public or private sector, these funds come with associated costs that significantly influence the project's financial structure and long-term affordability. The relationship between perceived credit risks (arising from technical, commercial, and operational uncertainties) and the cost of finance plays a pivotal role in shaping the economic viability of PPP projects.

Typically, governments can access financing at lower costs compared to private operators, even when both operate within the same country. However, private sector involvement in financing often increases the overall cost due to higher perceived risks. Despite this, the efficiency gains achieved through PPPs often offset the additional financial burden. These efficiency improvements can lead to cost savings and better service delivery for consumers in the long run. Furthermore, the scarcity of public sector funding is a key driver for PPPs, encouraging private investment to bridge the gap and ensure the successful implementation of vital infrastructure projects.

5.2. Project Financing Approach

When a project is proposed as a PPP, the responsibility for arranging the funds for financing the project typically rests with the private bidders. In general, there are two approaches to finance a PPP project: **Corporate Finance**, which is rarely utilized, and **Project Finance**.

5.2.1. Corporate Finance

Corporate Finance, also sometimes referred to as **Balance Sheet Finance**, refers to a financial structure in which PPP project sponsors raise funding for a project from their corporate balance sheet or tie funding (at least partially) to their corporate balance sheet. The capital investment decision for the project is made at the corporate level and finance comes from the corporate coffers, either in the form of existing company funds or through outside loans/equity directly to the company.

Project funding can be structured in many ways. If the project is funded directly by the sponsor through existing resources, then it can be structured as a loan and / or equity investment from the sponsor to the PPP Company. If the project is funded by lenders, they will base their decision to finance upon the strength of the overall corporate balance sheet of the project sponsor, usually secured by a corporate guarantee in addition to specific project cash flow analysis. If it is funded by investors, the sponsor company may issue stock or seek direct equity finance and investors will base their willingness to participate based on the expected increase in the corporate stock prices, the equity's liquidity, and / or other forms of equity returns. In all cases, if the PPP Company is unable to repay a loan, then the PPP Company's sponsor(s) will be held liable by the lenders.

There are certain advantages to a Corporate Finance approach for funding. If the PPP project is considered risky for lenders / investors to finance directly, the recourse to the sponsor's overall corporate balance sheet offers a higher level of security. If the sponsor is a publicly listed company, then information on its performance and viability is usually available through stock markets, rating agencies, and other market- making institutions. This combination of **security**, **liquidity**, and **information availability** allows debt to be issued at a lower cost than through project finance. Further, because the enterprise's overall risk is diversified over all the activities that it is engaged in, the cost of equity is also usually lower. Therefore, the financing of a PPP project by corporate finance usually makes both the cost of debt and equity capital less expensive but exposes the sponsor companies to additional risks. This form of financing of PPP projects is the exception to the rule in international PPP projects.

5.2.2. Project Finance

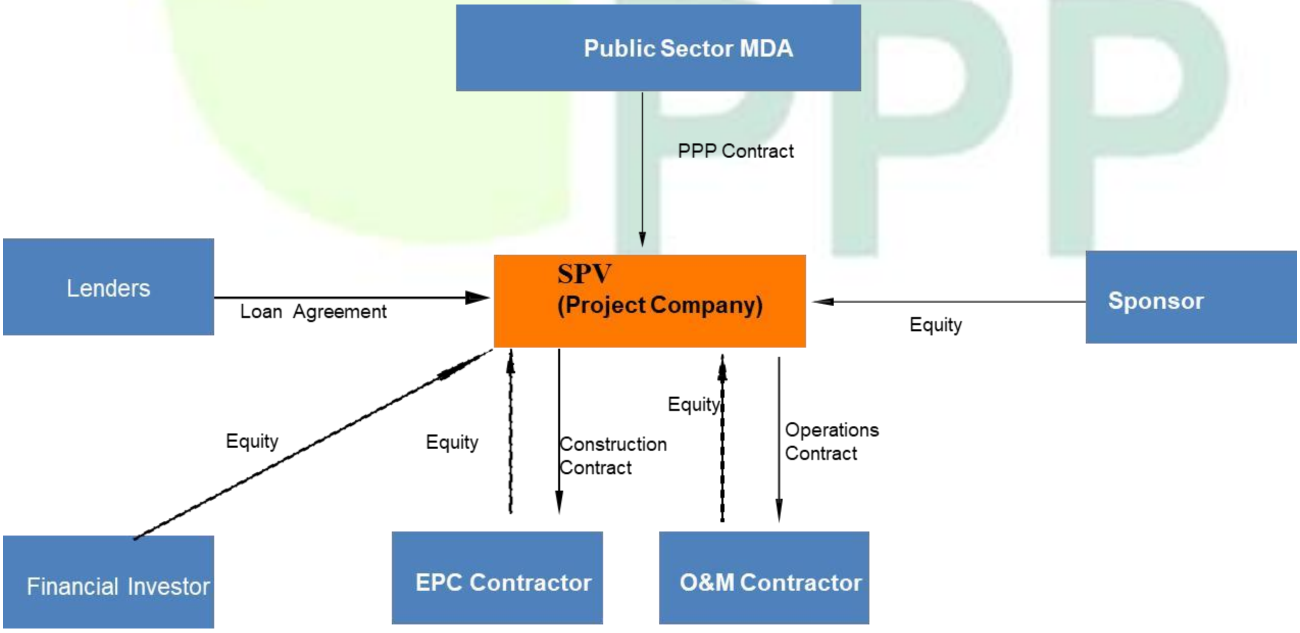
A common approach to financing PPP projects is to structure the PPP Company as a Special Purpose Vehicle (SPV). The investors / lenders have rights to the cash flows of only the SPV itself and have no or limited recourse to the cash flows of the project sponsor. In other words, project loans and investments are only secured by the project assets with no claim on the assets of the project sponsor. A sponsor structures projects this way to safeguard their company from the complex and ever-changing project risks.

To get a Project Finance arrangement started, the SPV receives seed money financed with debt and / or equity from one or more sponsoring firms recoverable as development costs from the first drawdown of the loans arranged to finance the PPP project. However, the specific assets and liabilities of the SPV do not appear on the sponsors' balance sheet and, as a result, the SPV does not have access to the internally-generated cash flows of the sponsoring firm.

After the SPV receives some seed capital from its sponsors, the SPV will approach the market for additional financing. Investors and lenders are asked to only consider the bankable financial opportunity of the project for which the SPV was created. As a result, all the interest, loan repayments, and equity returns come only from the cash flows generated from the project. The term of the investment is also limited, as the SPV is dissolved once the project is completed and the concession reaches maturity, although this may not be for up to 30 years.

Since the SPV is a standalone, legally independent company, the debt and / or equity is structured without recourse to the sponsor. This can make the cost of debt and equity higher, although it may also provide a higher risk / reward return to equity investors.

Figure 8: Project Financing Structure



5.2.3. Islamic Finance

Islamic finance can play an important role in funding PPP projects in certain parts of the world. The rise of sovereign wealth funds, particularly from the Middle East, has created a potential source of regional financing for PPP projects. The important characteristic is that Islamic finance is consistent with the principles of Sharia Law, which does not allow the charging of specific interest or fees (known as 'riba' or 'usury') for loans. For Islamic banks to make returns, the focus is therefore on the sharing of profit and loss.

More specifically, Islamic modes of financing are classified into two categories: equity and debt. The **equity instruments** include '**mudarabah and musharakah**', and the **debt** or the **fixed-income instruments** include '**murabahah (cost-plus or mark-up sale), bai-muajjal (price-deferred sale), istisna/salam (object-deferred sale or pre-paid sale) and ijarah (leasing)**'.

For example, the PPP project assets may be bought by the Islamic financial institution at a certain price, and then resold back to the Project Company at a higher price with a payment installment plan.

5.3. Project Bankability

Project bankability refers to the likelihood of a project attracting financing from investors or lenders based on its financial viability, risk profile, and overall structure. In the context of Public-Private Partnerships (PPPs), the bankability of a project is influenced by factors that determine whether the project will generate predictable, sufficient cash flows to meet its financial obligations.

Some of the key elements that affect project bankability are:

- **Commercially Attractive Design and Tariffs:** The project should be designed in a way that offers a reasonable return on investment (ROI) for investors. Shorter payback periods and clear revenue models, such as well-structured tariffs, make the project more attractive and financially viable.
- **Off-take Arrangements**: Strong off-take agreements (contracts ensuring the purchase of the project's output) can reduce market or revenue risk. These agreements create predictability in cash flow, as they guarantee a buyer for the services or goods the project generates, thus reducing uncertainties.
- **Regulatory Certainty and Transparency**: A stable and clear regulatory environment provides confidence in the future cash flow of the project. Investors need to be assured that regulatory policies, including tariffs and other market rules, will remain consistent and predictable over time.
- **Government Support**: if the lenders / investors are not confident about the robustness of the of the project's cash flows, they may require financial support from the government in the form of a capital grant, guarantee, Viability Gap Funding (VGF) availability payment arrangement, or equity contribution to provide them with additional comfort for investing in the project.

5.4. PPP Financial Milestones

Financial milestones are critical benchmarks that reflect the progress of the PPP project through the project lifecycle. These milestones are divided into four key phases.

Table 10: Template for Contract Management Plan (CMP)

S/n	PPP Lifecycle	PPP Financial Milestones
1	***Project Identification & Feasibility (preparation / development)***	• Determining bankability • Multilateral involvement • Ability to receive Royalty Payment • Need for VGF / Availability Payment / Guarantee • Equity Contribution • Tariff / Regulation Adjustment
2	***PPP Procurement & Contract Award***	• Financing Plus • Financial Bid • Acquiring Insurance • Commercial Close • Financial Close
3	***Implementation & Monitoring***	• Loan Drawdown • Issuing Bond • Construction funding • Principal and interest repayment • Commission • Collection of user fees • Payment of Dividends
4	***Post Completion & Contract Expiry***	• Investment recuperation • Project extension

5.5. Sources of Finance

PPP projects or large-scale projects in general, are financed by a combination of equity financing and debt financing. Equity investors bear the most risk with respect to any losses on the project and as such they require a higher return on their investment. Since debt financing is generally considered cheaper than equity financing, given the investment risks associated with equity financing, there is a tendency for the project company to be highly leveraged. Equity investors typically adopt a project finance structure with respect to any debt finance that is obtained for the project company (SPV), this is to ensure that the lenders' recourse in the case of a default by the SPV is solely to the assets of the SPV but not the balance sheet of the equity investors – hence the term "off-balance sheet financing".

The Contracting Authority will be concerned with ensuring that the SPV is not too thinly capitalized as it is important for the private party/consortium to have enough "skin in the game" to ensure that their interests are aligned. Typically, lenders in a project finance scenario will also acquire a supervisory role (including rights to step in in place of the project company) with respect to the project, so as to ensure that the project is operational and generating revenue which will be used to service their debt. It is also often the case that lenders will require some additional credit support from the SPV's shareholders and/or third parties.

- **Equity**: Provided by project sponsors or private investors who expect returns through dividends or appreciation from the PPP project.
- **Climate Finance**: Climate finance refers to financial resources provided to support initiatives aimed at reducing greenhouse gas emissions and adapting to the impacts of climate change
- **Debt**: Loans from commercial banks, development finance institutions (DFIs), or infrastructure bonds.
- **Government Grants / Support**: Governments may provide Viability Gap Funding (VGF) to make the project more attractive and bankable.
- **Mezzanine funding and quasi-equity:** Secondary call on the project cash flows

5.5.1. Equity

Equity in PPP projects is typically provided by project sponsors, who hold an operational interest in the contract, or by financial investors, who have a purely investment-based interest. It is common for governments or lending institutions to require private project sponsors to invest a specific percentage of equity capital into the project. This equity contribution can come from a single private sponsor or through a consortium of operational investors.

The benefit of using a consortium of equity investors, as seen in other PPP projects, lies in its ability to mitigate project risks. Each member of the consortium can take responsibility for managing risks within their specific area of expertise, ensuring a more balanced risk management approach.

5.5.2. Climate Finance

Climate Finance refers to financial resources provided to support initiatives aimed at reducing greenhouse gas emissions and adapting to the impacts of climate change, it is especially important in infrastructure development, where investment needs align with sustainability goals.in the context of PPP projects, climate finance can be a critical component of funding especially for projects that address environmental sustainability, renewable energy, and climate resilience.

There are various sources of climate finance that can be leveraged for PPP projects include:

- **Loans**: climate finance loans have a longer repayment period and also attract a lower interest rate than regular loans issued by financial institutions
- **Green Bonds**: Climate Bonds offer investors a return on their capital. Climate or green bonds are linked to climate change solutions.
- **Grants**: Climate grants are usually provided for non-revenue generating programs such as knowledge management and capacity building.
- **Guarantees**: These are Guarantees taken by a third party to fulfill obligations in the event of non-performance or default.

- **Equity**: Equity involves the investor taking a stake in a company or a project because of the climate initiative of the project.
- **Insurance**: The insurance company pays if a particular risk materialises The insurance company pays if a particular risk materializes, such as in the case of natural disasters or environmental damage.
- **Debt Swaps**: Offer debt relief in exchange for commitments to invest in climate actions.

5.5.3. Debt

In project finance, Debt refers to borrowed capital used to finance a portion of the total project cost. For PPP projects, debt is typically raised from financial institutions, such as commercial banks, development banks, or through the issuance of bonds. The project company (SPV) that is set up to manage the project borrows this capital, which must be repaid over time, along with interest.

Debt in PPP projects generally has a long-term maturity period, aligning with the lifespan of the infrastructure being developed. Debt financing allows the project to leverage capital from lenders without diluting the equity stakes of the project sponsors (typically the private sector).

Debt in a PPP project can be raised through:

- **Loans from Bank**: One of the most common ways to raise debt in PPP projects is through commercial loans from banks. These loans are typically extended to the SPV based on the project's expected future cash flows. Bank loans are structured on the basis of expected project cash flows, with a moratorium or a grace period, interest repayment, and principal repayment schedule. Bank loans are generally fully secured and have recourse to project assets in the event of any default. Given that PPP projects are highly capital-intensive in nature, they are often funded using a high proportion of debt (to reduce overall funding costs) to reduce individual exposure, banks often prefer to be part of a consortium or syndicate
- **Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs)** Many PPP projects, especially in emerging markets, raise debt from DFIs and MDBs like the World Bank, African Development Bank (AfDB), or the International Finance Corporation (IFC). These institutions provide long-term, concessional loans with favorable terms to promote infrastructure development and economic growth.
- **Bonds**: Bonds are debt financing raised from the capital Markets. The advantage of issuing bonds is that it allows multiple investors to participate, each contributing a small portion of the overall loan required for the project. Investors in a bond issuance generally fall into four main categories: (1) banks and financial institutions, (2) insurance companies, provident funds, and pension funds, (3) mutual funds, and (4) retail investors.

5.5.4. Mezzanine Financing

Also known as **Quasi-Equity**, Mezzanine Financing is a type of funding that sits between senior debt and pure equity, combining elements of both. It can take forms such as subordinated loans, convertible subordinated loans, redeemable preference shares, or debt with stock warrants. This financing typically carries more risk than senior debt, as it ranks lower in terms of collateral rights and access to cash flow. In many cases, it may also be unsecured, relying solely on project cash flow, leading to higher interest rates compared to senior debt.

One notable benefit of quasi-equity is that the interest can be deducted from the SPV's taxable income, unlike dividends, which are paid from after-tax revenue. This can reduce the overall cost of equity and lessen the need for government financial support.

5.5.5. Government Support:

In certain situations, particularly for high-risk or high-development impact projects, national or sub-national governments may provide financial contributions to improve the project's viability. The primary goal of such support is often to make the project more "bankable" or attractive to private sector investors. Key reasons for government intervention include:

- Supporting economically and socially disadvantaged groups who may be unable to afford commercial rates for essential services;

- Promoting the use of public amenities or environmentally beneficial alternatives, such as public transport systems or hostel accommodations projects, by offering concessional pricing;
- Fulfilling their social mandate to provide specific services free of charge to citizens, such as benefits for senior citizens.

5.6. Key Financial Indicators

Table 11: Key financial indicators

Financial Ratio	Formula	Definitions and Notes
Capital Structure Ratio (CSR)	(Equity + Quasi-equity) ÷ Financial Capital	Provides a ratio of equity to all the financial resources invested and placed under the company's control by the capital providers.
Debt-Equity Ratio (DER)	Total Long-term Liabilities ÷ (Equity + Quasi-equity)	Indicates the proportion of the fixed assets of the project that are funded by owners' funds versus the proportion of fixed assets funded by borrowed funds. Long-term liabilities include all liabilities such as loans and debts that the sponsor raises.
Annual Debt Service Coverage Ratio (ADSCR)	Available cash flow for servicing the debt (Profit After Tax (PAT) + Interest + Depreciation) ÷ Annual debt service (Interest + Principal repayment installment)	Calculated each year providing a continuous view of a project's ability to service its debt. Measures the surplus of free cash flows available after meeting all operating expenses to service the debt. The DER for funding a project is always capped by the ADSCR requirement of the lenders.
Net Present Value Debt Cover Ratio (NPV CDR)	NPV of cash flow available for servicing the debt over the loan life ÷ Outstanding debt	Also called the Loan Life Cover Ratio. This is a commonly preferred practice in financial analysis. The discounted value is preferred to the average value because it considers the time value of money. The discount rate used in calculating the NPV represents the minimum return expectation for the given risk profile of the project.
Project life cover ratio	Cash flow available to service debt over the project life ÷ outstanding debt	Used by lenders as it indicates strength of cash flow available over the project life.
Internal Rate of Return (IRR)	Discount rate required to receive a NPV of 0	Based on the discounted cash flow method. The discount rate that equates the present value of future cash benefits (cash inflows) to the present value of capital cost over the economic life of the project (cash outflows).
Return on Capital Employed (ROCE)	Earnings before Interest and Taxes (EBIT) ÷ Capital Employed (Long- Term Liabilities + Shareholders' Equity)	Provides a measure of the returns generated by a project on the capital invested in it on a yearly basis.
Return on Equity (ROE)	Profit after Tax (PAT) ÷ Shareholders' Equity	Provides a measure of the returns generated by a project on the equity invested in it on a year-on-year basis.
Operating Profit Margin (EBITDA Margin)	Operating Profit ÷ Sales	Provides the measure of the operating profit as a percentage of sales. The operating profit margin is ideal for comparing investments as it is independent of their capital structures, enabling investors to base decisions solely on operating performance.
Net Profit Margin (PAT Margin)	Profit after Tax (PAT) ÷ Sales	Provides the measure of PAT as a percentage of sales.

6. Contract Management

6.1. Introduction

The terms of a PPP are set out in the contract to outline responsibilities of individual parties and allocate risk(s) accordingly. PPP Contract Management is one of the most critical elements of PPP delivery lifecycle; and it typically involves monitoring and enforcing the contract requirements, managing the relationship between the public and private partners.

All PPP projects undergo transitions between various phases, such as from financial close to construction, from construction to operations, and from operations to hand-back. A contract management plan for a PPP project must be flexible to accommodate all phases of the project.

The groundwork for effective contract management is established early in the PPP implementation process. Procedures for handling changes and mechanisms for dispute resolution should be outlined in the PPP agreement. The Contracting Authority is expected to use this plan as a guide to monitor and evaluate the PPP project.

A Contract Management Plan for PPP seeks to ensure that;

- All services are delivered diligently in compliance with the contract and all payments/penalties are handled accordingly.
- All contractual responsibilities and risk allocations are maintained and managed efficiently in practice.
- Any changes in external environment are spotted and acted on effectively.
- The hand-back provisions and efficiency expectations in the contract are adhered to.
- A well-executed PPP contract management plan contributes to the long-term success of the project.

6.2. Types of PPP Contract

There are different types of Public-Private Partnership (PPP) contracts in the private finance initiative depending on the: type of project; level of risk transfer; investment level; and the desired outcome.

6.2.1. Build-Operate-Transfer (B0T)

A BOT model is the responsibility of the private partner. The private entity is responsible for designing, financing, constructing, and operating a public infrastructure asset for a specified period **between 15 to 30 years**, after which ownership is transferred to the public sector.

Under the BOT contract, the government entity usually grants a concession to a private company to finance, build, and operate a project; the company operates for a period with the goal of recouping its investment, and then transfers control of the project back to the public entity

6.2.2. Design-Build-Finance-Operate-Maintain (DBFOM)

This model allows the private partner to take on responsibilities for designing, building, financing and maintaining a project over its life cycle, while the public sector retains ownership of the asset. This model is usually used for large-scale projects with a long lifespan, such as roads and bridges. It can also be used for smaller-scale projects such as schools, or hospitals.

The main advantage of using this model is that it allows the public sector to transfer the risks associated with designing, building and financing infrastructure projects to the private sector.

6.2.3. Build-Operate-Own (BOO)

The BOO is a project delivery model used for large, complex PPP infrastructure projects. In this kind of arrangement, the government sells the Private Partner, the right to construct, finance, build, and operate the infrastructure for over a specified period according to the agreed design specifications and the Contracting Authority, retains ownership of the infrastructure in perpetuity. In this case, the government might offer some sort of incentives, such as tax exemptions.

6.2.4. Concession Contracts

In a Concession Contract Model, the concession grants a concessionaire the long-term right to use all utility assets conferred on the concessionaire, including responsibility for operations and some investment. Under a typical concession, the public sector grants (concessions) the private sector (concessionaire) a right to deliver certain services in certain areas for a fee paid by the concessionaire for those rights.

The private sector operator is responsible for operation, maintenance and even rehabilitation of the asset including any capital required for upgrade and expansion even though ownership of the asset remains with the government throughout the duration of the concession period. The public sector sets performance standards and ensures that they are met thereby being in effect regulators of the price and the quality of services delivered.

In a concession the concessionaire typically obtains most of its revenues directly from the consumer and so it has a direct relationship with the consumer. A concession covers an entire infrastructure system (so may include the concessionaire taking over existing assets as well as building and operating new assets).

6.2.5. Design Build and Operate (DBO)

A Design, Build, Operate contract is a project delivery model in which a single contractor is appointed to design and build a project and then to operate it for a period of time.

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 phases into a DBO approach maintains the continuity of private sector involvement and can facilitate private-sector financing of public projects supported by user fees generated during the operations phase.

6.2.6. Rehabilitate Operate and Transfer (ROT)

This is a contractual arrangement whereby an existing facility is turned over to the private sector to refurbish, operate and maintain for a period. At the expiry of the concession/agreement, the legal title to the facility is returned to the Contracting Authority.

6.2.7. Lease Develop Operate and Transfer (LDOT)

In this type of PPP arrangement, an asset is leased to the private sector under specific terms, to operate and maintain the asset for the term of the concession period, after which the asset is transferred to the Contracting Authority.

6.2.8. Design Build Finance Operate and Transfer (DBFOT)

In this type of PPP model, the project is developed by private partners on design, build, finance, operate and transfer framework. In consideration for performing its obligations under the agreement, the private sector party may be paid by the Contracting Authority or from fees collected from the project's end users. The asset is transferred to the government at the end of the Agreement.

6.2.9. Operation and Maintenance (O&M)

Under this model, the Contracting Authority bids out the right to deliver a specific service or gives part of the undertaking to the private sector for operations and maintenance of the asset

6.2.10. Joint Venture Agreement (JVA)

This JVA is an arrangement between two parties collaborating to work on a project or initiative to develop a project. Joint Ventures are often alternatives to full privatizations in which the infrastructure is co-owned and operated by both the public and private sector. In practice, the private sector often assumes the operational role. Under a Joint Venture both parties may decide to incorporate a joint venture company which would be responsible for the project.

6.2.11. Management Contract

A Management Contract is a contract where the Private Partner manages the operations of an existing asset for the Public Authority.

6.2.12. Build Transfer Operate (BTO)

Under a Build Transfer Operate (BTO) contract, asset ownership is transferred once construction is complete.

6.2.13. Service Contract

Service Contract or a Service Level Agreement is one between two parties, covering the maintenance and servicing of equipment over a specified period.

6.3. Contract Monitoring Framework

A typical PPP project has numerous agreements; therefore, monitoring a PPP contract demands careful consideration and resources from the State Government.

The PPP contract should clearly outline:

- The performance standards associated with the required output specifications.
- The methods the contracting authority will use to monitor the Private Party's performance against these standards.
- The repercussions for the Private Party in the event of failing to meet the required performance levels.

Monitoring Committee: To effectively oversee the implementation and performance of the PPP contract, a Monitoring Committee should be established. This committee will be tasked with regularly assessing the performance of the Private Party against the established standards and ensuring that the required output specifications are met throughout the life of the project. The Monitoring Committee should include representatives from relevant government agencies, technical experts, and, where applicable, independent auditors. It will be responsible for conducting periodic reviews, reporting on compliance, and recommending corrective actions or penalties if performance falls below agreed-upon standards. Additionally, the committee will play a critical role in ensuring transparency, resolving disputes, and facilitating communication between the contracting authority and the private partner.

6.3.1. Elements of Contract Monitoring Framework

A **Contract Monitoring Framework** should cover the following elements;

- **Risk Management**: The risk management plan should be developed by the Contract Manager before the start of the contract to identify, minimize and manage emerging risk associated with the project. EDPPPA shall provide technical assistance to Contracting Authorities on risk allocation and the Board shall issue regulations on risk allocation and specific measures by the Contracting Authorities and / or State Government to mitigate or eliminate project risk.
- **Relationship Management**: Organizing and managing the authority structure within the PPP project delivery model
- **Contract Management**: Adhering to administrative processes to ensure compliance with all procedural and documentation requirements, including regular reporting and service quality assessments.

- **Service Delivery and Performance Management**: Ensuring that the Contracting Authority meets the required service delivery standards as stipulated on the contract.

A Monitoring Report should be prepared periodically to summarize the performance of the PPP project based on the terms and conditions set out in the project agreement. This report serves as a key tool for evaluating the project's progress and ensuring that it aligns with the contractual commitments and performance standards.

The report should include the following components:

- **Summary of Project Performance**: A detailed assessment of the project's performance against the agreed-upon performance standards, milestones, and output specifications outlined in the project agreement. This section should highlight both successes and areas where the project may be falling short of expectations.
- **Identification of Issues and Concerns**: Any challenges, delays, or issues encountered during the project implementation that may impact its overall success. These issues should be categorized according to their nature, whether operational, financial, or related to compliance with contractual obligations.
- **Proposed Remedial Actions**: For any areas where performance is not meeting the required standards, the report should propose appropriate corrective actions. These actions should be aimed at addressing the specific issues identified and should outline steps to bring the project back on track.
- **Progress Against Key Milestones**: A review of the key milestones in the project timeline, detailing whether the project is on schedule and, if not, providing an explanation of the delays and the impact on the overall project delivery.
- **Risk Management Update**: A review of the risk management strategies in place, including any new risks that may have emerged during the reporting period and how these risks are being managed. This should also include any updates to the risk register, if applicable.
- **Stakeholder Engagement and Communication**: An overview of the communication and engagement with stakeholders, including government representatives, the private partner, and any other key parties involved in the project. This section should also cover any feedback received and how it is being addressed.

The monitoring report should be submitted at agreed intervals, as specified in the project agreement, and should be used as a basis for decision-making and potential adjustments to the project implementation plan. It plays a crucial role in ensuring that the project remains on track, within scope, and in alignment with the agreed-upon goals and timelines.

6.3.2. Consequences for Not Meeting Service Levels

Monitoring should serve as the foundation for assessing performance against outputs. Any failure to meet output requirements will be addressed according to the contract, including:

- Formal warnings
- Penalty deductions
- Step-in rights

These measures should be implemented to ensure a constructive response

7. Dealing with Unsolicited Proposals

7.1. Introduction

Unsolicited Proposals refer to project proposals submitted to Edo State Government by private sector entities without being specifically requested or included in the State's existing Development Master Plan or Public-Private Partnership (PPP) priority list. These proposals present an innovative opportunity for the government to access private sector creativity, expertise, and resources that may not have been initially identified or planned for by the government itself.

Unsolicited Proposals offer private entities the chance to bring forward new, potentially groundbreaking infrastructure or service delivery solutions that can contribute to the development of the State. They are especially useful for identifying untapped opportunities in critical sectors, fast-tracking the delivery of public services and filling gaps in the government's planned infrastructure projects.

By their nature, unsolicited proposals are initiated by the private sector. However, they still require careful evaluation to ensure they align with the government's broader policy objectives, provide value for money, and adhere to regulatory standards. Edo State Government, through EDPPPA, has established a framework to guide the submission, review, and potential acceptance of unsolicited proposals, balancing the innovative contributions from the private sector with the government's public interest priorities.

7.2. What are Unsolicited Proposals / Bids?

Unsolicited Bids, (for an expression of interest) means a proposal that is prepared or made without the invitation, solicitation, supervision or request of a Contracting Authority. ***Section 38*** of the EDPPPA Law 2025 provides for the terms for addressing unsolicited proposals.

Contracting Authorities should note that unsolicited PPP bids can present a serious risk of entering into obligations that fail to demonstrate affordability, transfer of significant risk to the private sector and value-for- money. Unsolicited PPP bids, if not properly managed, can also encourage corrupt activity, and dissuade other private sector firms and financial institutions from participating in competitive PPP procurement bids.

It should also be noted that the **cost of conducting the feasibility studies shall be borne entirely by the unsolicited proposal proponent / sponsor**. However, if the sponsor fails to win the bid, after subjecting the proposal to a competitive process, then the winning bidder shall compensate the unsolicited proposal proponent for the cost of conducting the feasibility studies, as well as other related verifiable cost.

7.3. Principles for Considering Unsolicited Proposals

The Public-Private Infrastructure Advisory Facility (PPIAF) report on Policy Guidelines for Managing Unsolicited Proposals in Infrastructure Projects ("PPIAF report") outlined six key principles for Contracting Authorities to follow to successfully manage a direct Unsolicited Proposal negotiation. These principles are relevant throughout any Unsolicited Proposal process - from evaluation of the original Unsolicited Proposal through project feasibility studies, procurement (if required) and implementation - and should be embedded in all its approvals and decision-making processes by the necessary authorities.

Unsolicited Proposals require greater technical expertise within the public sector than publicly initiated PPPs, due to the challenges associated with the imbalance of information available to the public sector as compared to the private sector and a weaker government negotiating position. The four key principles are as follows:

- **Public Interest** – An Unsolicited Proposal project must align with national infrastructure priorities and meet a societal and economic need and reflect the government's growth policies and development plans.
- **Value for Money (VfM)** – Contracting Authority should only structure Unsolicited Proposal projects as PPPs if they are expected to generate greater VfM under PPP delivery than under conventional delivery. Generating VfM from an Unsolicited Proposal requires greater technical capacity than doing so from a publicly initiated PPP. The Unsolicited Proposal proponents will have greater knowledge of the Project; therefore, it is advisable that the Procuring Authority appoints its external Advisors to support the Contracting Authority's interest and provide independent advice. Additionally, the Unsolicited Proposal proponents may

scope it to meet their own competitive advantages, which could limit market interest and competition if the Unsolicited Proposal is subject to open procurement competition, and thus also VfM.

- **Fair Market Pricing** – The Contracting Authority must ensure that PPP contracts resulting from Unsolicited Proposals reflect market prices, avoid excessive private returns and include a risk allocation appropriate for the government. As with publicly procured PPP projects, Unsolicited Proposal projects are more likely to generate a fair market price when they are procured in a competitive tender that attracts more than one bidder. In a direct negotiation, a government will not be able to compare the price proposed by the Unsolicited Proposal proponent with prices proposed by other bidders. Therefore, the government will need to rely on alternative approaches to ensuring that they represents a fair market price, such as benchmarking, market sounding and introducing competition in specific sub-contracts of the project.
- **Transparency and Accountability** – Contracting Authorities should publicly disclose the Unsolicited Proposal as soon as possible; engage relevant government agencies, decision makers, and technical experts early on in the negotiation process and at significant decision points (as applicable). Disclosure is particularly important for directly negotiated Unsolicited Proposals, which often are negotiated behind closed doors. Perceptions of corruption and irregular processes will likely reduce public support and private-sector interest in participating in PPP tenders.

Section 38 (3) of the EDPPPA Law, 2025 provides the legal framework under which these proposals can be evaluated, ensuring transparency, competitiveness, and fairness in the approval process.

7.3.1. Approaches to Unsolicited Proposals

There are three basic approaches to handling unsolicited proposals.

- direct negotiation with the Offeror;
- purchase of the project concept followed by competitive tendering among a range of bidders; and
- offering the Original Project Proponent (OPP) a predefined advantage in recognition of the value of the original proposal (bonus system) and open bidding.

NB: The original proponent is given the right of first refusal to match the most responsive bid if they do not emerge as the Preferred Bidder after a competitive process (swiss challenge)

7.4. Guideline for Dealing with Unsolicited Proposals

The EDPPPA Law (2025) establishes a clear process for managing Unsolicited Proposal projects. These proposals, which are not part of the State's Development Master Plan or PPP priority list, follow a structured review and approval process to ensure they meet State requirements and add value.

Outlined below are the steps involved:

7.4.1. Step 1: Submission of the Unsolicited Proposal

Any private entity submitting a proposal for a Public-Private Partnership (PPP) project to the Edo State Government that is not part of the State's Development Master Plan or the PPP priority list is classified as submitting an "Unsolicited Project Proposal."

7.4.2. Step 2: Initial Review by the Contracting Authority

The relevant Contracting Authority, upon receiving the unsolicited project proposal, conducts a preliminary review of the submission. The Contracting Authority must prepare comments and recommendations regarding the proposal's relevance, feasibility and alignment with public sector priorities.

7.4.3. Step 3: Forwarding to EDPPPA

Once the Contracting Authority has completed its review, it must forward the unsolicited proposal, along with its comments and recommendations, to EDPPPA for further evaluation.

7.4.4. Step 4: Comprehensive Review by EDPPPA

EDPPPA will undertake a thorough assessment of the unsolicited proposal. This review includes examining the proposal's technical, financial, and legal aspects to ensure that it meets the standards and criteria outlined by the Agency. After completing the review, EDPPPA prepares a report to submit to the State's PPP Board.

7.4.5. Step 5: Submission to the PPP Board

EDPPPA forwards its assessment, along with the Contracting Authority's recommendations, to the PPP Board. The Board evaluates the proposal and ensures that it adheres to the framework established by the EDPPPA Law.

7.4.6. Step 6: Approval by the State Executive Council

The PPP Board presents the proposal to the State Executive Council for final approval. Only unsolicited proposals that satisfy the criteria specified in ***Section 38 (1) and (2)*** of the EDPPPA Law 2025 are eligible for approval by the Council.

7.4.7. Step 7: Integration into the Development Master Plan or PPP Priority List

Once approved by the State Executive Council, the unsolicited proposal is officially incorporated into the Edo State Development Master Plan or PPP Priority List. At this stage, the proposal is treated similarly to other planned projects and becomes subject to the provisions of the EDPPPA Law 2025.

7.4.8. Step 8: Swiss Challenge at Procurement Stage

Upon inclusion in the Master Plan or Priority List, the unsolicited proposal will be subjected to a Swiss Challenge during the procurement phase. This process allows other interested parties to bid for the same project, ensuring a transparent, competitive procurement environment that secures the best value for the State.

Annexes

Annex 1: Project Concept Note (CPN) and Outline Business Case (OBC) Template & Form

Overview of PCN / OBC Guide

This template / guide is intended for both Project Concept Notes (PCNs) and Outline Business Cases (OBCs). While the structure is the same for the different stages of project preparation, the level of detail and the extent of analysis and evidence deployed will be significantly greater at the OBC level.

Irrespective of the number of Annexs needed to cover the details of the submission, the main document for PCNs should be around 15 pages, while that of OBCs should not exceed 30 pages.

The Annexs would cover:

- project description and strategic / policy / institutional context;
- technical / physical options, costing and analysis;
- demand projections under different physical and pricing scenarios;
- socio-economic costs and benefits including PGESI;
- climate and environment / nature costs and benefits / analysis;
- commercial options and analysis;
- financial projections and analysis;
- organizational / institutional / management readiness / capability.

The main text should draw things together as required under the five different cases and set out overall conclusions and recommendations. It should be concise with a clear narrative flow. Matters of detail should to a large extent rely on cross-references to where things are dealt with in the Annexs.

In addition to the main PCN / OBC text, there should be an executive summary of no more than three pages.

Drafting Approach

A lead writer should be appointed for each PCN / OBC (usually the overall team leader). The lead-writer has responsibility for drafting the entire main report and executive summary. Topic experts are responsible for drafting material included in PCN / OBC Annexs only but will assist the lead writer in identifying key material for inclusion in the main report and in responding to queries. The team leader is responsible for QA for all annex material.

Contents / Structure

Executive Summary

The Executive Summary should be extremely concise and simply drafted. It should include:

- a very brief statement of the problem / opportunity;
- a short description of the preferred option, together with bullets covering *(for the preferred option only)*:
  - the strategic case;
  - the economic case;
  - the commercial case;
  - the financial case;
  - the management case;
- a very abridged summary of the other options considered but not preferred, likely in a tabular format;
- summary of conclusions and recommendations including:

- whether the project is considered strong enough to take forwards to the next stage of the project preparation and appraisal process;
- the particular options that should be taken forward for further evaluation;
- key issues identified that should be addressed:
  - ✓ ahead of proceeding to the next stage; and / or
  - ✓ during the course of studies/analysis forming part of the next stage work.

1. Introduction and Overview

This section should be short. Its purpose is:

- to introduce the reader to the project (at the simplest and highest level[1]) and to the principal project actors (sponsoring MDA, project owner, etc.);
- to explain the purpose of the PCN / OBC and to set it in the context of the wider project preparation/transaction process (including what came before and what—depending on the outcome of the current stage—will be the next steps);
- to set out the bare bones of the work that has been done in preparing the PCN / OBC and set out the collaboration between EDSG and the client / counterpart;
- to introduce the 5-case model in outline and explain its role in the appraisal[2];
- to summarize and signpost contents and role of subsequent sections of the PCN/OBC main document and the Annexes to it.[3]

The section should conclude with a very brief but clear elaboration of the Nigerian project investment context and the importance of contriving projects that meet the requirements and priorities of the community of potential investors. It will explain that a major focus of project preparation work has been done to ensure that the project is positioned to attract a blend of climate finance, social finance and private finance that, when taken together, will enable projects with strong developmental, climate / nature and PGESI benefits to be implemented—if possible, without making any claim on public financial resources.

[Suggested page length: 1 - 2 pages]

2. Project Description

This section should provide a more detailed description of the project, covering:

- **the problem** - the project is intended to address or **the opportunity** that it is intended to exploit;
- **the base case** - what will happen if the project is not implemented (the 'do nothing'—sometimes 'do minimum'—base case);[4]
- **options**—the main project options, including location, summarized quantitative data, such as the numbers benefiting, capital costs, projected operating costs, projected annual income, project economic life, indicative construction period, commissioning date;[5]

Note, although more detailed, the data / projections describing the base case and options can still be kept fairly simple here. The real detail should be set out in the appropriate Annex (see below) and just cross-referenced / summarized in the main text. The object here is to highlight the salient features of, and differences between, the project options.

[Suggested page length: 2 pages]

[1] - For example, "the project is to develop the Benin Enterprise Park in Ikpoba-Okha LGA", "the project is to develop the Benin Port in Ovia North-East LGA". Further details not related to the project are not appropriate / not appropriate.

[2] - We will prepare short boiler-plate text that can be used for this on a fully standard basis.

[3] - We will prepare boiler-plate text that can be included with minimal editing.

[4] - The 'do minimum' case, if it arises, will usual represent a zero or negligible cost option, often a pure management or operational solution, that will contribute towards the (partial) achievement of project objectives without implementation of the project itself. It is effectively an optimized do-nothing case.

[5] - The particular information to include will depend on the particularities of the individual project,

3. Strategic Case

This section is concerned with whether the project is well-aligned with relevant government policies, strategies and institutional (legal and regulatory) frameworks.

While the primary focus should be on the national and sub-national government strategic context, it is also appropriate to consider alignment with FCDO and other international stakeholder priorities and programmes in this section.

For the avoidance of doubt, this section should not address organizational and capacity issues. These should be addressed in the Management Case.
[Suggested page length: 1-2 pages]

4. Economic Case

This section is concerned with demonstrating that the total value that the project is projected to deliver over time exceeds the total cost of delivering it, and that it represents a worthwhile application of resources taking into account potential alternatives. It is not concerned with the balance of costs and benefits falling to particular parties, such as government, private sector, beneficiaries, etc.

The main report section should not include detailed data or supporting calculations, which should be set out in appendices / Annexes, and report only key values/results. The section should have a strong narrative.

The economic case appraisal should focus on comparing the main project options against a base case 'do- nothing' (or sometimes 'do-minimum') option.

We should include four categories of costs / benefits:

Economic:

- capital expenditure, including the market value of land valued:
  - on an opportunity cost basis (i.e., market / alternative use value);
  - on a resource cost basis (i.e., net of transfer payments such as taxes, levies, etc.).
- operating expenditure (also valued at opportunity/resource cost basis);
- operating income;
- external capital costs (costs associated with things like access road improvements, utilities, etc.);
- external operating costs and benefits falling to users and/or the wider community, for example:
  - travel time savings or penalties experienced by other road users resulting from a bus mass transit scheme;
  - vehicle operating costs savings or increases;
  - additional maintenance costs on assets that do not form part of a project (resulting from higher footfall/usage).

In general, economic costs and benefits should be both **quantified** and **monetized**. All monetary projections should be made in *real* terms (i.e., at constant prices without including inflation).

We can consider the question of whether to include multiplier effects … the knock-on gains in terms of growth in GDP in activities upstream and downstream to the project. In general, we should not include them, however, as they can be hard to justify.

Climate Change:

- changes in Green House Gas (GHG) emissions *directly attributable* to the project (computed by comparison with the base case);
- changes in GHG emissions *indirectly attributable* to the project (assessed by comparison with the base case);
- climate change adaptation effects (assessed by comparison with the base case).

In general, climate change costs and benefits should be **quantified** and, where possible should also be **monetized**. All monetary projections should be made in *real* terms (i.e., at constant prices without including inflation).

Environment and Nature / Biodiversity:

- local non-climate related environmental / biodiversity impacts such as:
    - air and water pollution, including exposure to harmful / toxic emissions quality of the local environment (visual and noise intrusion);
    - levels of motorized vehicular traffic destruction/preservation of natural habitat disturbance during construction phase.

Costs and benefits should be **quantified**, where possible, although monetization is not generally expected.

Social:

- impact on vulnerable members of society with a focus on women, girls and people living with disabilities including;
    - personal security including exposure to risk of GBV ability to participate fully in family/community/political life breadth of available life-choices.
- health, longevity and related quality of life impacts.

Costs and benefits should be **quantified**, where possible, although monetization is not generally expected.

Overall Assessment of Economic Case

A cost-benefit analysis should be carried comprising all monetized costs and benefits.

Note:

- the timescale for the CBA should cover the full expected usable life of the principal project assets or, for very long-lived assets, should include their estimated terminal value.
  Note *that the evaluation period for the economic case is unrelated to the proposed contract period for the associated PPP.*

- net present value (NPV) should be computed based on the appropriate real terms social time preference rate (currently advised at 7% p.a. for Nigeria).
  Note *that all projects with a positive NPV greater than zero are (technically) worthwhile. However, it is best to look out for higher returns before a project can be recommended to go ahead (see below on benefit to costs ratio). This reflects the scarcity of available capital resources.*

- the economic internal rate of return (EIRR) may also be computed.

- the projected benefit-cost ratio (BCR) should be computed.
  Note *that a minimum BCR of 2x is required but a BCR of at least 3 is preferred.*

- the above should be calculated for a range of project options and should be subject to sensitivity testing and, for OBCs, should be subject to scenario assessment (i.e., assessment of the combined effect of a plausible, internally consistent, .set of adverse or advantageous assumptions.

It is recognized that some key elements of costs and benefits may not be monetizable, especially at the PCN stage. These elements should be quantified as far as possible and then included in multi-criteria analysis (MCA). MCA entails scoring different project attributes (costs and benefits) on a consistent basis across the different options. By attaching weights to the different attributes/criteria, MCA then allows a systematic/consistent comparative assessment to be made of the different options in terms of non- monetizable costs and benefits.

Overall performance of each of the project options should be compared using both the monetized CBA results and the qualitative MCA and a judgment reached on their relative merits. A subset of options should be selected to take forward to commercial and financial assessment. This comparative assessment inevitably entails qualitative elements and collaborative assessment with the client/ counterpart at an appraisal workshop is essential to this.

[Suggested page length: 3 - 4 pages for PCN, 5 - 7 pages for OBC]

5. Commercial Case

The focus of the commercial case is to identify the preferred commercial model(s) for project implementation. It is particularly concerned with how project expenditure and income is distributed between:

- the project sponsor (usually a government MDA);

- the project developer; and
- project users / beneficiaries.

It includes:

- the business model through which project benefits can be captured as revenue by the developer and / or project sponsor;
- the type of PPP arrangement / funding model that will best allocate risks and returns between the key protagonists (private developer, government, and possibly third-party participants such as donors, DFIs, etc.);
- how charges will be regulated, if appropriate;
- where required, mechanisms proposed to bundle the project returns with returns from associated activities / projects (for example, arrangements to give the project developer preferential rights to benefit from other potential income streams).

Note: An MCA approach should successfully be adopted to evaluate commercial alternatives in all OBC works.
[Suggested page length: up to one page max. for PCN, 3-4 pages for OBC]

6. Financial Case

The financial case is designed to demonstrate that the project delivers an acceptable return / good value for money from the perspective of each individual participant. Financial modeling for the financial case assessment should use the same cost and income streams as those used for the economic appraisal, except as advised below.

- market costs / prices should be used rather than 'resource costs' so that the projections will reflect the actual expected cash flows of the different participants.
- all non-cash items (for example, monetized externalities included in the economic case assessment) and accounting provisions (notably depreciation) should be excluded from the evaluation.
- cash flows should be separated to reflect the position of each project participant.
- the appraisal should be carried out in real (constant price) terms.
- the cost of capital to be used to evaluate the viability of the different project options from the point of view of private participants will depend on the evaluation approach adopted.
  - at the concept note stage, discounting the project level cash-flows using real terms weighted average pre-tax cost of capital for private investment is probably appropriate.
  - at the OBC stage, discounting cash-flows from the perspective of equity holders may be preferred and the post-tax cost of equity financing is then appropriate.
- the cost of capital to be used to evaluate the value for money delivered to the public sector sponsors should be the national social time preference rate (assumed 7% p.a. real).
- sensitivity testing and, where appropriate, scenario evaluation should be employed to assess the robustness of the financial case for each option under appraisal.
- options should be ranked according to their financial attractiveness to the private developer.
- demonstrating VfM for the government does not require use of the public sector comparator and should focus instead on the benefit-cost ratio.

Note that the financial and commercial case assessments are very closely intertwined and cannot be undertaken on a strictly sequential basis. If there is a viability gap that needs to be bridged this will need to be taken into account in selecting the commercial / PPP model, possibly involving a blended financing approach.
[Suggested page length: up to 2 pages for PCN, 3 - 4 pages for OBC]

7. Management Case

The focus of the management case should be on assessment of capability of the project sponsor and other relevant agencies including:

- the ability of the public sector counterpart to fulfill its obligations under the expected form of commercial arrangement.

- the ability of the public sector counterpart supervise the private developer/operator during project development and subsequent operation.
- ability to manage the tendering process and negotiations with the preferred bidder.

Appropriate measures to remedy management weaknesses should be identified and / or changes to the commercial model that would reduce the management load.
[Suggested page length: up to 1 page for PCN, 2-3 pages for OBC]

8. Conclusions and Recommendations

The overall conclusions and recommended next steps should be set out succinctly together with the reasons underlying them.

Consideration may be given to preparing conclusions and recommendations separately for FCDO and for the client, especially if there any sensitive political economy issues arise.
[Suggested page length: up to 1 page for PCN and OBC]

Outline Business Case (OBC) Form

Section	Details / Instructions	Response
Project Title	Provide the official project name	
Project Description & Objectives	Briefly describe the project and its intended outcomes	
Strategic Alignment	Describe alignment with Edo State policy, sector plan, and PPP priorities	
Preliminary Cost Estimate	Estimated capital and operational costs	
Preliminary Funding Sources	Identify sources: Government, private sector, donors	
Preliminary Risk Assessment	List key risks and mitigation ideas	
Preliminary Value for Money Assessment	Explain why the PPP approach is justified	
Expected Benefits	Economic, social, environmental impacts	
Recommended Next Steps	Outline studies, approvals, and FBC preparation	

Annex 2: Full Business Case (FBC)

A Full Business Case (FBC) for a Public-Private Partnership (PPP) expands on the Outline Business Case (OBC) and provides comprehensive details to support a final decision to award a contract and commit funding. It follows a similar structure to the OBC, with updates reflecting the negotiated agreement with the preferred bidder.

1. Executive Summary

Project Overview:

A concise summary of the project's objectives, scope, and key deliverables.

Recommendation:

The recommended PPP option.

Key Figures:

Summary of total project cost, funding sources, and value for money assessment.

Next Steps:

Required approvals and immediate next actions.

2. Strategic Case

Project Background:

Description of the problem or need the project addresses.

Alignment:

How the project aligns with national / sectoral plans, policies, and broader development goals.

Objectives:

Clear, measurable project objectives and anticipated

benefits, including performance metrics. **Options Analysis Summary:** *A summary of the initial options assessment and why the selected PPP option provides the best value for money.* **3. Economic Case** **Value for Money (VFM) Assessment:** *Detailed analysis demonstrating the optimal mix of benefits, costs, and risks.* **Public Sector Comparator (PSC):** *The cost of the most efficient form of public sector delivery, adjusted for risk, used as a benchmark.* **Cost-Benefit Analysis:** *Comprehensive appraisal of all costs and benefits.* **4. Commercial Case** **Procurement Process:** *Overview of the procurement process, including how competition was managed.*

Contractual Arrangements:

The proposed PPP model and specific contract type to be used (e.g., Design, Build, Operate, Transfer - DBOT).

Key Contract Terms:

Summary of the main terms and conditions negotiated with the preferred bidder.

Risk Allocation:

A detailed risk register and matrix, clearly defining the allocation of risks between the public and private parties, and proposed mitigation strategies.

5. Financial Case

Project Cost:

Total project cost, broken down into capital and revenue requirements.

Funding and Financing:

Detailed explanation of the proposed funding structure, sources of finance, and payment mechanism.

Affordability:

Confirmation that the public authority can afford the project's costs and ongoing financial commitments.

Accounting Treatment:

The anticipated accounting treatment of the project on public accounts. **6. Management Case** **Governance and Project Management:** *Roles, responsibilities, and governance structure for project execution and monitoring.* **Stakeholder Management:** *Strategy for engaging all stakeholders, including target beneficiaries and potentially affected groups.* **Monitoring and Evaluation (M&E):** *Plans and metrics for tracking progress and ensuring benefits realization.* **Project Plan:** High-level work plan, including key milestones leading to commercial and financial close.

Full Business Case (FBC) Form

Section	Details / Instructions	Response
Project Overview & Objectives	Detailed description of project purpose	
Project Description	Full technical and operational description	
Strategic & Policy Alignment	Alignment with Edo State development priorities	
Market / Demand Assessment	Demand analysis, user base, market study summary	
Financial Appraisal	Cost-benefit analysis, VfM, affordability	

Section	Details / Instructions	Response
Risk Allocation & Management	Identify risks, allocation to parties, mitigation	
Procurement Strategy & PPP Structure	Proposed PPP model and contracting approach	
Legal & Regulatory Considerations	Relevant laws, permits, licenses required	
Environmental & Social Impact Summary	Summary of EIA, social & climate assessments	
Implementation Plan & Timeline	Key milestones from preparation to operation	
Monitoring & Evaluation Framework	KPIs, reporting schedule, compliance plan	
Conclusion & Recommendation	Clear recommendation for approval / next steps	

Annex 3: Contract Management Template

Contract Summary and Background of the Scope of Work

This section provides an overview of the project or program, detailing the type of work to be undertaken, the objectives of the contract, the location of performance, and key features of the contract.

Summary

The project involves [***insert type of work***], aimed at achieving [***insert goals of the contract***]. The work will be carried out in [***insert place of performance***]. Notable aspects of the contract include [***insert significant features of the contract***].

Key Contract Management Team Members

This section identifies individuals responsible for overseeing the contract to ensure the government receives the required deliverables.

Key members may include:

- **Contracting Officer:** (*Name*) - (*Responsibilities*);
- **Contracting Officer Representative (COR):** (*Name*) - (*Responsibilities*);
- **Technical Monitors:** (*Name*) - (*Responsibilities*);
- **Federal Project Director:** (*Name*) - (*Responsibilities*);
- **Quality Assurance Monitors:** (*Name*) - (*Responsibilities*);
- **Facilities Representatives:** (*Name*) - (*Responsibilities*);
- **Program Officials:** (*Name*) - (*Responsibilities*);
- **HR Specialists:** (*Name*) - (*Responsibilities*);
- **Property Management Officer:** (*Name*) - (*Responsibilities*).

Authorities and Limitations

- **Authorities:** (*Outline decision-making powers*).
- **Limitations:** (*Specify any constraints*).

Contract Monitoring Template

Section	Summary
1. Contract Overview This section provides an overview of the project, detailing the type of work to be undertaken, the objectives of the	(The project involves [***insert type of work***], aimed at achieving [***insert goals of the contract***]. The work will be carried out in [***insert place of performance***].

Section	Summary
contract, the location of performance, and key features of the contract.	Notable aspects of the contract include [***insert significant features of the contract***].
a. Project Name b. Contract Number c. Contracting Parties d. Contract Start Date e. Contract End Date f. Contract Value	a. (***insert Project Name***) b. (***insert contract Name***) c. Public Entity (***insert Name***) Private Entity (***insert Name***) d. (***insert Start Date***) e. (***insert End Date)*** f. (***insert Value***)
2. Project Objective	(***insert objective***)
3. Roles and Responsibilities a. Contract Managers' Name: b. Project Team Members:	(***insert Name***) (***insert Names***)
4. **Contract Monitoring** (*Outline the approach for monitoring contract performance to ensure compliance and quality*) a. Performance Metrics b. Monitoring Schedule c. Reporting Process	(***insert KPIs***) Review Frequency: (***insert Frequency***) Format: (***insert Format***)
5. **Risk Management** (*Outline the approach for identifying, assessing, and mitigating risks throughout the project*) a. Risk Identification b. Risk Mitigation Strategies c. Contingency Plans	(***insert Identified Risks***) (***insert Mitigation for identified risk***) (***insert plans***)
6. **Communication Plan** (*Define the communication strategies to ensure effective information sharing*) a. Communication channels b. Meeting schedule c. Documentation	(***insert channels***) (***insert frequency***) (***insert process for documenting Communication***)
7. **Change Management** (*Outline the process for managing changes to the contract, ensuring clarity and control*) a. Change Request Process b. Impact Assessment	(***insert Procedure for Change Requests***) (***insert Assessment Process***)
8. **Contract Closure** (*Outline the steps required to formally close the contract, ensuring all obligations are fulfilled*) a. Closure Criteria b. Final evaluation c. Formal closure	(***insert Criteria***) (***insert Process***) (***insert Steps***)
9. Conclusion	(***insert Summary Statement)***

Annex 4: Draft Code of Conduct for Bid Evaluation Panel Member

CODE OF CONDUCT FOR BID EVALUATION PANEL MEMBER INTRODUCTION

This Code of Conduct outlines the principles and expectations for members of the Bid Evaluation Panel for Public-Private Partnerships (PPP) in Edo State. Adhering to these guidelines ensures transparency, integrity, and fairness in the evaluation process.

Ethical Principles

- **Integrity**

All members must at all times act honestly and uphold the highest ethical standards in all evaluations.

- **Transparency**

The Bidding process shall be fair and relevant bid documents must be readily accessible to all parties to maintain public trust and confidence.

- **Fairness**

All evaluations must be conducted impartially, ensuring that all bidders are treated equally without favoritism or prejudice.

- **Confidentiality**

All members must protect sensitive information and not disclose any details related to the bids outside the evaluation process.

- **Accountability**

All members are accountable for their actions and decisions and must be prepared to justify them.

Responsibilities of Panel Members

- **Conflict of Interest**
    - All members shall disclose to all relevant parties any potential conflicts of interest before participating in the evaluation process.
    - Members shall withdraw themselves from discussions or decisions where there is bias.

- **Compliance with Laws and Regulations**

All members shall at all times comply and adhere with all relevant laws, regulations, and guidelines governing the bidding process.

- **Evaluation Criteria**

Members shall use the established evaluation criteria consistently and objectively to assess bids.

- **Decision-Making**
    - Members shall base all decisions on factual information and data, avoiding personal biases or preferences.
    - Members shall not mis-present facts in order to influence decision making.

- **Gifts and Hospitality**

All members shall refrain from accepting gifts or hospitality either directly or indirectly from bidders at all times to prevent any potential influence on their decision-making.

- **Fraudulent Activities**
  - Members shall avoid any deceptive financial practices, including bribery, double billing, or any other improper financial activities.
  - Members shall not collude with parties with the intention of depriving other parties of fair and open competition.
  - Members shall not unlawfully obtain data relating to the process in order to influence decision making.

- **Documentation**

All members shall maintain thorough and accurate records of the evaluation process and decision-making rationale.

Conduct During Meetings

- **Respectful Interaction**

Treat all panel members, bidders, and stakeholders with respect and professionalism.

- **Active Participation**

Engage actively in discussions, providing constructive feedback and insights.

- **Time Management**

Respect the scheduled times for meetings and evaluations, ensuring efficient time management.

Violations of the Code

- **Reporting Violations**

Members must report any suspected violations of this Code to the appropriate authorities.

- **Consequences**

Violations of this Code may result in disciplinary action, including and not limited to removal from the panel.

NOTE: ***This Code of Conduct serves as a commitment to uphold the principles of integrity, transparency, and fairness in the bid evaluation process for PPP projects in Edo State. Members are encouraged to embody these values in all their professional interactions and decisions.***

Annex 5: Appointment and Management of Transaction Advisors (TAs)

Who is a Transaction Advisor?

A Transaction Advisor (TA) is a person or group of persons (firm or company) that either possesses or has access to the professional expertise in financial analysis, economic analysis, legal analysis, environmental impact analysis, contract documentation preparation, tender processing, engineering, and cost estimating. The role of a TA is to bring a PPP project from the concept stage through public bidding and award to actual execution.

Need for a Transaction Advisor (TA)

The project development process might require the inputs of a TA of the Edo State Public-Private Partnership Agency (EDPPPA) and the Government feels that capacity within itself is not adequate to manage the project development process, especially if the project is complex. Even if the capacity within the Government is adequate to manage the project development process, a professional firm associated as the Technical Advisor is considered to add value to the process by:

- Bringing in their experience in similar transactions and protecting against costly, avoidable mistakes;
- Providing technical strength to the MDA's and EDPPPA's team;
- Bringing legitimacy to the PPP process and placing an external stamp of endorsement on the Government's proposals, increasing investor and public confidence;
- Providing an opportunity for knowledge transfer;
- Developing strategies for government consideration;
- Helping develop public messages and information;
- Performing analysis of PPP options;
- Supporting the bidding and negotiation processes; etc.

Accordingly, EDPPPA may hire the services of the TAs and / or Specialist Advisors such as lawyers, financial analysts, financiers, economists, sociologists, and sector specialists to support it and the Government for successful implementation of the project through the PPP route. These Advisors can be procured as a team or recruited individually, in which case coordination among the team members should be ensured.

Considerations for the Appointment of Transaction Advisors (TAs)

Some essential considerations to be taken care of when appointing a Transaction Advisor and during the tenure in the project include:

- The TA should be hired at the start of the PPP project development and retained either until after the signing of the PPP agreement or at the end of the procurement phase.
- The procurement of the TA must be fair, equitable, transparent, competitive, and cost-effective.
- The terms of reference for the TA should be precise and focused on clear deliverables.
- The terms of the contract between the Public Sector Agency and the TA should incentivize quality completion of milestones on time and within the budget.
- The Public Sector Agency should avoid separately retaining or subsequently hiring additional consultants for the project outside of the TA. Otherwise, conflicting work streams and accountability can be created which might be detrimental to both the quality and timing of the project.
- The project team should meet regularly with the TA to receive progress updates, provide project direction, resolve impasses, and ensure ongoing institutional input and support.

Terms of Reference for the Transaction Advisor (TA)

The terms of reference (TOR) for the Transaction Advisor (TA) should clearly articulate the requirements and expectations of the Public Sector Agency. The TOR and the proposal submitted by the TA will form the deliverables schedule of the TA's contract. Hence the clearer and more precise the TOR are, the higher would be the quality of bids received. Some of the example contents of TOR for appointing a TA are as follows:

- ***Introduction:*** Briefly describe the project and its objectives, and how these align with the institution's strategic vision. Briefly narrate the background of the assignment including the institutional mandate to proceed with the project, needs that led to the project and any preparatory work which has been carried out.
- ***Scope of Work:*** Outline the scope of work for the TA during the project development process, including but not limited to, feasibility analysis and procurement support.
- ***Deliverables:*** List the deliverables required from the TA and the schedule which they need to conform while submitting the deliverable.
- ***Required Skills/ Experience:*** List the professional experience of the TA that is required for the specific project. List the firm level skills and team member level skills that are required for the specific project.
- ***Payment Terms:*** The payment terms will narrate the remuneration system and schedule.
- ***Performance Terms:*** Set out the appointment, reporting and decision-making arrangements under which the TA will be required to team, and the project officer's contact details.
- ***Bidding Procedure:*** Briefly narrate the bidding procedure, mostly in conceptual terms for a general understanding of the bidders.

Selection of Transaction Advisor (TA)

The selection of Transaction Advisors (TAs) will vary from project to project depending, in part, on the country in which it is being undertaken, the type of project and the source of financing. However, best practice selection should follow four main rules as below.

- ***Transparency:*** As much information as possible should be made publicly available. A transparent process eliminates doubt about the quality of the final winning team. Furthermore, it is a pre- requisite to the participation of most top consultancies, which will not bother to participate in a process that is opaque and difficult to understand.
- ***Fairness:*** All parties are treated equally. All parties receive the same information at the same time and are evaluated on the same criteria.
- ***Cost-effectiveness:*** Costs should be minimized without sacrificing quality. Costs can be minimized, and quality of service maintained by choosing and employing the appropriate selection method (For example a form of competitive bidding and by understanding the likely cost components of the work while drafting the TOR).
- ***Freedom from conflicts of interest:*** The selection process should avoid both actual and perceived conflicts of interest. This requires avoiding the participation of companies that may be involved as investors or consumers, the participation of government officials who have current or recent connections to the companies involved and the linking of rewards to anything other than performance.

The appointment of a Transaction Advisor would preferably be done based on proposals submitted in accordance with a comprehensive RFP. Prospective TAs would preferably be required to submit proposals in two sections as described below.

Technical Proposal

The technical proposal would normally carry the highest weighting of say 60 -70 percent of the overall assigned scores for evaluation. The technical proposal could consist of the following sections:

- Company and staff experience (say about 75 percent of the total weight assigned to the technical proposal).
- Proposed execution plan (say around 10 percent of the total weight assigned to the technical proposal).

- Understanding of transaction requirements (say about 15 percent of the weight assigned to the technical proposal).

The technical proposal would also be accompanied by the relevant documents to support the above.

A threshold may also be established in terms of which a prospective Transaction Advisor's proposal might need to achieve a minimum number of technical evaluation points for that bid to be further evaluated based on its financial proposal.

Financial Proposal

The components of the financial proposal could be the total cost, retainer, and success fee. For the evaluation of the financial proposal, the maximum number of points could be awarded to the proposal with the lowest total tendered cost, being the aggregate of a retainer and a success fee. The retainer fee could consist of the sum disbursed regardless of the success or financial closure of the project. The success fee on the other hand, could be contingent on the success or financial closure of the project. The other proposals could be awarded on a pro rata number of points, calculated on the percentage difference in cost between their tendered costs and the lowest tendered total cost.

Managing the Transaction Advisors

Once Transaction Advisors (TAs) have been appointed it is crucial that they are managed properly. Getting maximum benefit from a transaction advisor requires good management and effective leadership and oversight the Public Sector Agency right from defining the TA's tasks, to choosing the TA, and monitoring and managing their performance throughout their engagement with the Public Sector Agency. Without this, the TA's work can be misdirected, misunderstood, and may even amount to fruitless expenditure by the Public Sector Agency.

The Public Sector Agency would appoint a Project team lead by a Project Officer for the implementation of the Project. The Project Officer and the Project team play a pivotal role in managing the TA. The TA would be managed on a daily basis by the Project Officer and will play the key technical roles in the work of the Project team. The Transaction Advisor will furnish the Project team, in a format to be agreed upon by the Project team, with all the documentation required during the project. The project team could meet the Transaction Advisor at regular intervals to assess the progress of the project and the progression the Transaction Advisor's deliverables and to assist the Transaction Advisor with the necessary data requirements of the TA, obtaining the approvals and the clearances as required for the successful implementation of the project.

Categories of Transaction Advisors (TAs)

PPP Financial Advisers:

- Firms and individuals with relevant financial skills and experience of PPP and project- finance arrangement
- They should understand the different risk and return appetites of different financial markets and instruments
- Can act as Transaction Advisory Team Leader if need also for Legal Advisory skills and Technical Advisory skills

Legal Advisers:

- Firms and individuals with relevant financial knowledge and experience of PPP and project-finance arrangements
- International lawyers can work together with local lawyers if international and national legal experience is required
- They can explain to the public sector PPP project sponsor the implications of contract terms and other legal and security issues
- They can document for the public sector PPP project sponsor how the proposed contract will achieve the allocation of risk and the commercial terms which the sponsor has negotiated with their selected preferred bidder

Annex 6: Best and Final Offer (BAFO)

The outcome of the evaluation process should be the selection of a single preferred bidder and a reserve bidder. In some cases, there may not be a clear preferred bidder and procurement may have to go into a BAFO process.

There are two main reasons to extend the bidding process:

- the bids are identical or too similar to choose a clear preferred bidder
- no single bid meets the Contracting Authority's defined project objectives which may occur as a result of:
  - bidders' misunderstanding of the objectives;
  - evaluation criteria or processes that are not aligned with the Contracting Authority's priorities and objectives;
  - bids may have contrasting strengths and weaknesses.

These circumstances may arise if the bidders do not fully understand or acknowledge the project objectives or evaluation criteria, do not fully elaborate on their offers, or adopt different commercial approaches to the project. A well-structured RFP, with bidder interactions and clarifications -- and not BAFO -- is the best way to prevent such problems. Most projects do not need a BAFO process, and the decision to seek BAFOs should not be taken lightly.

Steps in a BAFO process

- ***Inform the Bidders*** - The short-listed bidders must be informed that a BAFO process is to be used. Not all of the short-listed bidders should be invited to participate in the BAFO process. The two strongest bids should be invited, and the remaining short-listed bidders informed of the reasons for not extending an invitation to participate in the BAFO process. It must be explained, especially that the BAFO process does not allow a re-writing of the bids, but only a refinement of the bids in specific areas.
- ***Prepare a Request for Best and Final Offer*** - The request for Best and Final Offer may not necessarily be the same for the two short-listed bidders invited to participate; for example, the areas of bid refinement may not be the same.

A request for Best and Final Offer should be created separately for each of the bidders invited to participate, specifying the areas in the bid submitted that require refinement and citing the particular area of the RFP to be addressed. The evaluation criteria for adjudging the refinement sought must also be listed. It should be noted that a BAFO submission addressing areas other than those specified in the request for best and final offer will be disregarded.

The time for submission of the BAFO response must be specified, including its format, and the time for requesting clarification described, together with a reminder that the bidder communication rules listed in the RFP will apply during the BAFO process, including all of the bid formalities, including the maintenance of the bid bond.

Consortium changes are not permitted during the BAFO process, and the bidders should be again reminded that the Contracting Authority may terminate the procurement process at any time.

Receive the BAFO submissions and evaluate them. At the appointed date and time, the BAFO submissions should be received and recorded. The evaluation process should focus only on the particular areas of refinement requested of the BAFO participants, generally following the evaluation methodology listed in previous sub-sections, including preparation of a report containing the recommendation of a preferred bidder.

Annex 7: Sample Template for Options Analysis

S/n	Section	Description
1	***Executive Summary***	This section should provide a summary of the findings of the options analysis. Sufficient information should be included to allow key decision- makers to understand the issues and the rationale for the selected short- listed options. Necessary clarification of the implications of the proposed initiative should also be specified.
2	***Description of Service Requirements***	This section provides a description of service requirements.
3	***Project Functions, Objectives and Critical Success Factors***	This section provides a description of the Project functions, objectives and critical success factors.
4	***Alignment with Strategic Objectives***	This section provides a description of the strategic objectives of the parties.
5	***Stakeholder(s) Identification***	This section provides a description of the stakeholders involved
6	***Options Analysis***	In evaluating project options, the full range of feasible possibilities should be considered. A qualitative assessment of the advantages and disadvantages of each option may be undertaken to support decision-making. For major project proposals, risk-adjusted estimates of revenues, costs, duration, and benefits must be applied, taking into account the characteristics of the project, the level of available knowledge, and the degree of confidence in the estimates. When completing the template, the following criteria must be addressed: • **Options to be considered** will generally include: ✓ **Base Case (Do Nothing)** – maintaining the status quo. ✓ **Minimal Approach / Non-Asset Solutions** – such as demand management, service transformation, optimization of existing operations or asset use, alternative maintenance strategies, or reinvestment in replacement/renewal. ✓ **Enhancement of Existing Infrastructure** – upgrading or expanding current assets. ✓ **Investment in New Assets** – through traditional public procurement or via Public-Private Partnership (PPP) arrangements. • **Evaluation of options** should include: ✓ Extent to which project objectives are achieved. ✓ Extent to which broader strategic objectives are achieved. ✓ Capital costs (in present value terms, with associated confidence levels). ✓ Recurrent costs (with confidence levels). ✓ Potential revenues (with confidence levels). ✓ Environmental and social benefits, including distributional impacts. ✓ Key assumptions and risk matrix. ✓ Timing of service delivery and the consequences should the project not proceed
7	***Project Delivery Alternatives***	For each of the above proposal options, all appropriate project procurement delivery approaches should be considered. These may range from traditional public procurement to design-construct or PPP Project procurement delivery, depending on the nature of the

S/n	Section	Description
		investment proposal.
8	***Preliminary Risk Assessment***	For each option, a high-level analysis of potential risks is required to estimate their likelihood and consequences and determine the risk level. These highest-ranking risks should be listed in the options Risk Matrix assessment along with potential cost implications, responsibility for/sharing of individual risks and any indicative risk reduction strategies.
9	***Preferred Option***	Based on the options analysis and the preliminary risk assessment a prioritized short-listing of options and any clear preferred option for further analysis is provided. Reasons for the preferred option or prioritized shortlisting should be documented, including key assumptions made, the details of the ranking process and the assessment criteria. The preferred timing and sequencing for the project should also be documented
10	***Actions to Progress to Business Case***	Actions required to further progress the proposal should be listed. This may case include: further iterations of the options analysis; determining the impacts of deferring the project; issues to be specifically addressed in the business case; timeframe required to develop the outline business case and further the full business case; further studies for addressing information gaps
11	***Supporting Documents***	All documentation that supports the finding of the options analysis

Annex 8: Preliminary Project Assessment Form

S/n	Particulars	Details (to be filled by the MDA)
1	***Project Name***	Provide the name of the Project.
2	***MDA Name***	Provide the name of the MDA acting as the procuring entity.
3	***Brief Description of the Project***	Provide a description of the project including location, capacity, size etc.
4	***Project Being Implemented Under Which MDA***	Provide the Line Ministry under which the project is implemented.
5	***Objective of the Project and Expected Outcomes***	The objective for pursuing this project and the outcomes expected are to be provided here.
6	***Technical Feasibility***	The MDA's preliminary view on the technical feasibility of the project. Successful precedent of similar projects may be included here.
7	***Legal Framework***	The MDA's view on the legal framework for the implementation of the project.
8	***Project Impact and Suitability***	The MDA's preliminary view on the likely impact of the project on the environment and community, as well as social acceptability and public benefits of the project. Long-term impact on the goals and position of the MDA. ***Please add more details as an Annex to this form***.
9	***Brief Description of Social and Community Requirements***	***Please add more details as an Annex to this form***.
10	***Estimated Capital Expenditure***	This should be a preliminary estimate and need not be a detailed calculation.
11	***Estimated O&M Expenditure Over the Asset Life in Present Terms***	This should be a preliminary estimate and need not be a detailed calculation. The projected O&M expenditure over the expenditure over the asset life should be discounted to arrive at the present value.
12	***Estimated Investment***	Summation of Capital Expenditure and Present Value of O&M Expenditure.
13	***Revenue Generating Potential***	State the various sources of revenues for this project. If available, also include the preliminary potential annual expected revenue.
14	***Proposed Means of Financing***	State the various proposed means of financing the project, indicative proportions and amount.

S/n		Source	Proportion (%)	Amount (₦'000,000)
1		Private Sector		
2		MDA		
3		Edo State Government		
4		Any Other (specify)		
5		Total		
6	***Estimated Project IRR (Internal Rate of Return) (where developed)***	If estimation of returns is very difficult at this stage then, do not include it at this stage.		
7	***Key Risks Envisaged***	The key risks identified for this project should be provided under this section.		
8	***Does the Preliminary Assessment Show that the Project is Suitable for PPP?***	Reasons and necessity for involving Private Sector in the Project and analysis of suitability of alternative models of project delivery. Roles of MDA and Private Sector.		
9	***Estimated Project Development Expenses (₦)***			

Signature and seal

Name of the Authorized Signatory:

S/n	Source	Proportion (%)	Amount (₦'000,000)
Designation of Authorized signatory: **Name of the MDA:** **Date:**			

Annex 9: Sample Checklists

Feasibility Study Checklist

S/n	Particulars (Tick "" the Applicable Box)	Provided	Not Provided	Not Applicable
1	**General**			
	Name of the Project			
	Type of PPP (BOT, BOOT etc.)			
	Location (Province / District / Town)			
	Responsible Ministry / Department / Agency			
2	**Project Description**			
	Brief Description of the Project			
	Justification for the Project			
	Possible Alternatives (if any)			
	Estimated Capital Costs with Break-up Under Major Heads of Expenditure Also Indicate the Basis of Cost Estimated			
	Phasing of Investment (if required)			
3	**Financing Arrangements**			
	Sources of Financing (equity, debt, mezzanine capital etc.)			
	Indicate the Revenue Streams of the Project (annual flows over project life). Also indicate the underlying assumptions			
	Who Will Fix the Tariff / User Charges? (Please specify in detail)			
	Have Any Financial Institutions Been Approached? (If YES, their response may be indicated)			
4	**Internal Rate of Returns (IRR)**			
	Economic IRR (if computed)			
	Financial IRR (project and equity), indicating various assumptions			
5	**Clearances**			
	Status of Environmental Clearances			
	Clearance Required from the MDA and Other Local Bodies			
	Other Support Required from the MDA			
6	**Federal and / or State Government Support**			
	Viability Gap Funding (VGF) / Capital Grant or Availability Payment Support (if required)			
	Federal Government of Nigeria Guarantees Being Sought (if any)			
7	**Concession Agreement**			
	Heads of Terms of the Proposed Concession Agreement			
8	**Criteria for Shortlisting at RFQ Stage**			
	Indicatethe Criteria for Shortlisting			

Annex 10: Concession Agreement Checklist

S/n	Particulars (Tick "" the Applicable Box)	Provided	Not Provided	Not Applicable
1	**General**			
	Scope of the Project			
	Name of Concession to be Granted			
	Period of Concession and Justification for Fixing the Period			
	Estimated Capital Cost			
	Likely Construction Period			
	Conditions Precedent (if any), for the Concession to be Effective			
	Status of Land Acquisition			
2	**Construction and O&M**			
	Monitoring of Construction, Whether an Independent Agency / Engineer is Contemplated			
	Minimum Standards of Operation and Maintenance (O&M)			
	Penalties for Violation of Prescribed O&M Standards or Incentives for Better Performance			
	Safety Related Provisions			
	Environmental Related Provisions			
3	**Financial**			
	Maximum Period for Achieving Financial Close			
	Nature and Extent of Capital Grant / VGF Availability Payments Contemplated			
	Bidding Parameters (capital grant, VGF Availability Payment or Other Parameter			
	Provisions for Change of Scope and the Financial Burden Thereof			
	Concession Fee (if any), Payable by the Concessionaire			
	User Charges to be collected by the Concessionaire or to be paid by Government			
	Indicate how the User Charges is to be Determined; the Legal Provisions in Support of the User Charge; and the Extent and Nature of Indexation for Inflation			
	Provisions (if any), for Mitigating the Risk of Lower Revenue Collection			
	Provisions Relating to Escrow Account (if any)			
	Provisions Relating to Insurance			
	Provisions Relating to Audit and Certification of Claims, Use and Responsibilities of an Independent Engineer			
	Provisions Relating to the Assignment / Substitution Rights Relating to Lenders Direct Agreement			
	Provisions Relating to Change in Law			
	Provisions (if any), for Compulsory Buy-Back of Assets Upon Termination / Expiry			
	Contingent Liabilities of the MDA			
	Maximum Termination Payment for the MDA's Default			
	Maximum Termination Payment for Private Sector's Default			

S/n	Particulars (Tick "" the Applicable Box)	Provided	Not Provided	Not Applicable
	Specify Any Other Penalty, Compensation or Payment Contemplated Under the Agreement			
4	**Others**			
	Provisions Relating to Competing Facilities (if any)			
	Specify the Proposed Dispute Resolution Mechanism			
	Specify the Proposed Governing Law and Jurisdiction			

Annex 11: Commercial Case Checklist

S/n	Particulars (Tick "" the Applicable Box)	Provided	Not Provided	Not Applicable
1	Is the Project Expected to Achieve a Satisfactory Rate of Returns?			
	Explanatory Notes			
2	Is the Project Likely to Achieve Value for Money (VfM)?			
	Explanatory Notes			
3	Are the Project Outputs, Services, Levels and Performance Requirements Clearly Specified?			
	Explanatory Notes			
4	Are Credible Proposed Financing Arrangements in Place?			
	Explanatory Notes			

Annex 12: Risk Management Checklist

S/n	Particulars (Tick “” the Applicable Box)	Provided	Not Provided	Not Applicable
1	Have All Major Risks Been Identified, Understood and Evaluated?			
	Explanatory Notes			
2	Are Risk Management and Sharing Plans in Place?			
	Explanatory Notes			
3	Are Approvals, Processes and Clearances Being Addressed?			
	Explanatory Notes			
4	Are Environmental and Social Issues Being Addressed?			
	Explanatory Notes			
5	Are Land Acquisition Issues Being Addressed?			
	Explanatory Notes			

Annex 13: Readiness for Procurement Checklist

S/n	Particulars (Tick "" the Applicable Box)	Provided	Not Provided	Not Applicable
1	Is a Robust Procurement Strategy in Place, Including for the Management of Deviations?			
	Explanatory Notes			
2	Has the Proposed Procurement Procedure Been Evaluated and in Particular, its Compliance with Legal Requirements Confirmed?			
	Explanatory Notes			
3	Has the Stakeholder Consultation Confirmed the Acceptability of the Project and Procurement Strategy?			
	Explanatory Notes			
4	Is There Adequate Knowledge of the Market and Potential Suppliers / Operators?			
	Explanatory Notes			
5	Is Process in Obtaining Permits, Approvals and Clearances Satisfactory and in Accordance with the Procurement Strategy?			
	Explanatory Notes			

Annex 14: Procurement Plan Checklist

S/n	Particulars (Tick "" the Applicable Box)	Yes	No	Unsure
1	Are the Project Budget and Financials Under Control?			
	Explanatory Notes			
2	Does the Project Team Have Adequate Skills and Resources Including Appropriate External Advisors?			
	Explanatory Notes			
3	Have the Remaining Project Activities Been Timetabled, Defined and Resourced?			
	Explanatory Notes			

Annex 15: Capacity of the MDA Checklist

S/n	Particulars (Tick "" the Applicable Box)	Yes	No	Unsure
1	Has a Suitable Contract Management Team Been Formed?			
	Explanatory Notes			
2	Have Financial Resources Been Secured for Managing and Monitoring the Contract During the Current Budgetary Cycle?			
	Explanatory Notes			
3	Has a Contract Management Plan Been Prepared?			
	Explanatory Notes			
4	Does the Plan for Contract Management and Monitoring Meet the 4-Guiding Principles for Contract Management (**simple and focused**, **low cost**, **conducive to partnership**, and **clear dispute resolution procedures**)?			
	Explanatory Notes			
5	Has a Monitoring Schedule Been Developed?			
	Explanatory Notes			
6	Are Training and Capacity Building Opportunities Available to the Contract Management Personnel(s)?			
	Explanatory Notes			
7	Are Plans in Place to Respond to Difficulties or Problems in Contract Implementation as they Arise?			
	Explanatory Notes			

Annex 16: Summary Disclosure Checklist

Stage	Disclosure Item	Responsible Institution	Disclosure Status	Remarks
Project Identification & Feasibility (preparation / development)	Project Concept Note	MDA	☐ Disclosed ☐ Withheld	
	Outline Business Case (OBC) Summary	MDA / EDPPPA	☐ Disclosed ☐ Withheld	
	FCCL Screening Summary	MoF	☐ Disclosed ☐ Withheld	
Procurement & Contract Award	RFQ / RFP	MDA / EDPPPA	☐ Disclosed ☐ Withheld	
	Prequalified Bidders List	MDA	☐ Disclosed ☐ Withheld	
	Bid Evaluation Summary	MDA / EDPPPA	☐ Disclosed ☐ Withheld	
	Executed PPP Contract (Redacted)	MDA / MoJ	☐ Disclosed ☐ Withheld	
Implementation & Monitoring	Quarterly Performance Reports	MDA	☐ Disclosed ☐ Withheld	
	FCCL Updates	MoF / DMO	☐ Disclosed ☐ Withheld	
Post-Completion & Contract Expiry	Final Project Report	MDA / EDPPPA	☐ Disclosed ☐ Withheld	
	Asset Handover Report	MDA	☐ Disclosed ☐ Withheld	

Annex 17: Financial Appraisal Checklist & Form

Financial Appraisal Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (description / comment)**
1	***Executive Summary and Strategic Fit***	Has the overall business plan or project objective been clearly defined?	
		Is the project aligned with EDPPPA's / the Company's overall strategic goals?	
		Are the key assumptions underlying the financial projections reasonable and explicitly stated?	
2	***Financial Projections and Models***	Is there a detailed projection of revenues over a specified period (eg: 3 to 5 years)?	
		Have all operating expenses (fixed and variable) been forecasted accurately?	
		Have Capital Expenditures (CAPEX) been identified and included in the in the projection?	
		Is a complete cashflow projection available, detailing cash inflows and outflows?	
		Does the model include a forecast of the project's balance sheet and profit & loss (P&L) statements?	

Financial Appraisal Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (description / comment)**
		Is a break-even analysis included to demonstrate when the project will cover the cost?	
3	***Investment and Funding***	Is the total initial investment clearly defined?	
		Have all potential sources of funding (debt, equity, grants, etc) been identified?	
		Is the financing structure (eg: interest rates repayment schedule) realistic and sustainable?	
		Have working capital requirements been adequately assessed?	
4	***Financial Metrics and Ratios***	Is the Net Present Value (NPV) positive, indicating potential profitability?	
		Is the Internal Rate of Return (IRR) higher than the cost of capital?	
		Have the PayBack Period (PBP) been calculated, and is it acceptable?	
		Have key profitability ratios (Return on Investment – ROI, Net Profit Margin – NPM) been calculated and benchmarked against industry standards?	

Financial Appraisal Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (description / comment)**
		Has the Company's long-term debt capacity been considered (eg: debt-to-equity ratio)?	
		Have liquidity ratios (eg: current ratio, quick ratio) been assessed to ensure the Company can meet its short-term obligations?	
5	***Risk Assessment and Sensitivity***	Have the major risks associated with the project (eg: market risk, operational risk) been identified and analyzed?	
		Is there a sensitivity analysis demonstrating how the financial outcomes might change if key variables (eg: sales volume, costs) fluctuate?	
		Are clear risk mitigation strategies documented?	
6	***Documentation and Approvals***	Is there a complete financial appraisal report or a bankable feasibility study?	
		Are all supporting documents (quotas, contracts, market studies) attached or referenced?	
		Is there a recommendation on whether to	

Financial Appraisal Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (description / comment)**
		proceed with the project?	
		Has the proposal been submitted to all required parties for approval (eg: board, investors)?	

Financial Appraisal Form

Section	**Instructions**	**Response**
Project Costs	Capital, operating, lifecycle costs	
Revenue Streams & Assumptions	User fees, government payments, tariffs	
Funding Sources	Equity, debt, grants, guarantees	
Financial Modelling / Sensitivity Analysis	Scenario analysis of risks	
Value for Money Assessment	Comparison to alternative options	
Affordability & Fiscal Risk	Fiscal impact and risk assessment	
Financial Recommendations	Go / No-Go recommendation	

Annex 18: EDSG (Financial) Support Examples

Purpose of EDSG Support

EDSG's primary purpose to provide support in PPPs, is to make economically and socially important projects commercially viable for private investors. This is crucial because it bridges the infrastructure gaps and leverages private sector resources for projects with high upfront costs, long payback periods, or limited financial returns;

Invariably it will help to bridge the viability gap, mitigate risks, encourage private investment, ensure affordability, stimulate economic growth, and attract expertise & efficiency.

Key (Financial) Support - Description

S/n	Key (Financial) Support	Description
1	*Construction Capital Grant*	• Provide capital grant to ensure reasonable returns. • Provide competitively bid capital grant, mainly to ensure that highway tolls are at reasonable levels. • Provide capital grant to ensure reasonable returns and reasonable tolls are given as compensation to a Concessionaire for large fluctuations in currency exchange rates. • Provide capital grant for specific projects, only for exceptional circumstances
2	*Unitary Payment Mechanism*	Mechanism to compensate a Concessionaire for construction cost, operating cost, and financing cost through lease payments / service payments.
3	*Minimum Revenue Guarantee*	EDSG guarantee to compensate a Concessionaire for actual traffic being less than projected traffic
4	*Operational Grant Availability Payments*	EDSG guarantee to compensate a Concessionaire for actual traffic being less than projected traffic
5	*Viability Gap Financing Grant*	Competitively bid capital
6	*Build Transfer Lease Scheme*	Mechanism to compensate a Concessionaire for construction cost, operating cost, and financing cost through lease payments/service payments
7	*Infrastructure Credit Guarantee*	Guarantee by a statutory entity in favour of infrastructure SPVs borrowing funds from financial institutions
8	*PFI Credit Mechanism*	Mechanism to support capital expenditure in projects implemented at local levels
9	*DBFO Programme of Highways Agency*	Mechanism to compensate a Concessionaire for construction cost, operating cost, and financing cost through shadow tolls / availability payments
10	*Tax Incentives*	Specific reductions, exemptions, or concession on tax liabilities granted to Private Partner to make the project more financially attractive and viable. EG: tax holiday, reduced tax rates, investment allowances / credits, accelerated depreciation, exemption from other taxes & duties, etc
11	*In-kind Support*	Provision of tangible and intangible assets by Government, rather than direct cash payments, to assist a Private Partner to develp and operate a project

Key (Financial) Support - Eligibility Criteria

S/n	Key (Financial) Support	Requirements / Eligibility Criteria
1	*Construction Capital Grant*	• Project must demonstrate clear **public benefit and affordability**

S/n	Key (Financial) Support	Requirements / Eligibility Criteria
		constraints. • A **minimum of 30–40% private capital contribution** must be committed. • The project must have passed **Value for Money (VfM)** and **Fiscal Risk** assessments. • Construction milestones must be verifiable and monitored by an **independent engineer**. • Grant must not exceed a **defined percentage (e.g. 20–30%)** of total project cost.
2	***Unitary Payment Mechanism***	• Project must have a **performance-based contract structure**. • Payment obligations must be **affordable within the medium-term expenditure framework (MTEF)**. • Payment mechanism must be **approved by the Ministry of Finance and EDPPPA**. • **Output specifications and KPIs** must be clearly defined and measurable. • Must pass the **PFRAM affordability and fiscal risk tests**.
3	***Minimum Revenue Guarantee***	• Applicable only to **commercially viable but demand-uncertain projects** (e.g. toll roads, terminals). • Government exposure must be **capped** (maximum annual fiscal limit). • Project must include **demand forecasting and sensitivity analysis**. • Trigger conditions must be **objective, auditable, and time-bound**. • Must include **revenue-sharing clause** in case of excess revenues.
4	***Operational Grant Availability Payments***	• Applicable only to **social infrastructure** (health, education, water, etc.). • Must demonstrate **service delivery efficiency** and public need. • Must be backed by a **multi-year budget commitment**. • Performance metrics must be **linked to grant disbursement**. • Subject to **annual performance audit and evaluation**.
5	***Viability Gap Financing Grant***	• Project must show **positive economic rate of return (EIRR ≥ 10–12%)**. • Must fail to achieve financial close **without VGF support**.

S/n	Key (Financial) Support	Requirements / Eligibility Criteria
		• Private sponsor must contribute **at least 60% of project cost**. • VGF limited to **maximum 20–40% of capital cost**. • Must be approved by the **VGF Committee/PPP Unit/Finance Ministry**.
6	***Build Transfer Lease Scheme***	• Suitable for **public asset renewal or rehabilitation**. • Project must be **economically justified and technically feasible**. • Government must commit to **lease payments** within budget ceilings. • Legal framework must **permit asset transfer and lease-back**. • Contract must clearly define **ownership reversion and residual value**.
7	***Infrastructure Credit Guarantee***	• Project must have **robust cash flow** and meet **credit assessment benchmarks**. • Guarantee limited to **specific debt tranches or risk periods**. • Must undergo **fiscal exposure evaluation** and **risk-sharing agreement**. • Project sponsor must retain **sufficient risk exposure**. • Guarantee duration not to exceed **50–75% of loan tenor**.
8	***PFI Credit Mechanism***	• Project must have **long-term service contract with measurable outputs**. • Requires **public sector comparator (PSC)** to justify private financing. • Affordability and VfM analyses must be **independently validated**. • Government must record obligations as **contingent liabilities** under FCCL. • Payment structure must be **transparent and performance-linked**.
9	***DBFO Programme of Highways Agency***	• Project must form part of **state or regional transport master plan**. • Must undergo **traffic, environmental, and engineering due diligence**. • Concession tenor must match **asset life-cycle economics**. • Revenue model (toll, shadow toll, availability) must be **clearly defined**. • Contract must include **maintenance and performance guarantees**.
10	***Tax Incentives***	• Project must be **approved PPP or strategic infrastructure investment**. • Incentive limited to **time-bound period (e.g. 5–10 years)**.

S/n	Key (Financial) Support	Requirements / Eligibility Criteria
		• Must show **positive fiscal impact or economic multiplier**. • Compliant with **national tax laws and investment codes**. • Must undergo **cost-benefit review** before approval.
11	***In-kind Support***	• Support may include **land, right-of-way, existing assets, or utilities**. • Asset contribution must be **properly valued and documented**. • Government contribution must **not distort project risk allocation**. • Must be approved and registered by **EDPPPA and Ministry of Finance**. • Land and assets must be **free of encumbrances** before handover.

Key (Financial) Support – Application and Approval Process

(inclusive of: MoF Review and Fiscal Impact Assessment

S/n	Key (Financial) Support	Application and Approval Process
1	***Construction Capital Grant***	**Step 1 – Application:** The Project Sponsor submits a formal application through the Edo State Public-Private Partnership Agency (EDPPPA) with supporting feasibility studies, cost estimates, and justification for the capital grant. **Step 2 – Assessment:** EDPPPA, in collaboration with the Ministry of Finance and Budget Office, conducts a **Value for Money (VfM)** and **affordability analysis** to confirm the need and fiscal space for the grant. **Step 3 – Technical Review:** An independent engineer validates construction cost benchmarks and progress milestones. **Step 4 – Approval:** The **Capital Grant Committee** (chaired by MoF) approves eligible projects based on fiscal impact, within budget ceilings. **Step 5 – Disbursement & Monitoring:** Funds are released in tranches upon verified construction milestones, monitored by EDPPPA and MoF.
2	***Unitary Payment Mechanism***	**Step 1 – Proposal Submission:** The Contracting Authority submits a proposed payment structure as part of its PPP Business Case. **Step 2 – Affordability Evaluation:** The Ministry of Finance reviews the medium-term fiscal implications,

S/n	Key (Financial) Support	Application and Approval Process
		ensuring compliance with MTEF ceilings. **Step 3 – Contract Review:** EDPPPA validates that the payment mechanism is **output- and performance-based**, with measurable KPIs. **Step 4 – Approval:** EDPPPA and the Fiscal Risk Management Committee jointly approve the mechanism before financial close. **Step 5 – Implementation:** Payments are made through the Treasury upon verified service delivery and performance certification.
3	***Minimum Revenue Guarantee***	**Step 1 – Application:** Private Partner applies to include MRG in the PPP structure, providing demand projections and risk models. **Step 2 – Risk Assessment:** EDPPPA and MoF conduct fiscal exposure analysis and define **maximum liability caps**. **Step 3 – Legal & Contract Review:** Guarantee terms, trigger events, and compensation formulas are reviewed by the Attorney-General's office and EDPPPA. **Step 4 – Approval:** Governor-in-Council approves MRG inclusion based on recommendations from the Fiscal Risk Committee. **Step 5 – Monitoring:** MRG claims are audited and verified annually by MoF and Auditor-General before payment.
4	***Operational Grant Availability Payments***	**Step 1 – Submission:** Contracting Authority proposes operational grant requirements within the PPP project business case. **Step 2 – Fiscal Appraisal:** MoF evaluates operational cost implications under the annual and medium-term budgets. **Step 3 – Performance Framework:** EDPPPA ensures KPIs and performance criteria are measurable and linked to disbursement. **Step 4 – Approval:** The **Budget Office and MoF** approve operational grant allocations based on affordability limits. **Step 5 – Implementation:** Disbursements occur quarterly upon verified performance reports by the

S/n	Key (Financial) Support	Application and Approval Process
		Contracting Authority.
5	***Viability Gap Financing Grant***	**Step 1 – Application:** The Project Sponsor submits a VGF application to EDPPPA with feasibility studies and financial models showing funding gap. **Step 2 – Evaluation:** EDPPPA and MoF jointly assess project economic viability, fiscal affordability, and private sector contribution. **Step 3 – Technical Committee Review:** The VGF Technical Committee reviews submissions and may request clarification or redesign. **Step 4 – Approval:** Governor-in-Council approves VGF based on fiscal capacity and value-for-money tests. **Step 5 – Disbursement:** Grants are disbursed against construction milestones, verified by independent supervision.
6	***Build Transfer Lease Scheme***	**Step 1 – Expression of Interest:** Private Partner or Contracting Authority proposes a BTL arrangement with supporting concept note. **Step 2 – Feasibility & Legal Review:** EDPPPA confirms technical, economic, and legal feasibility of asset transfer and lease-back arrangements. **Step 3 – Fiscal Evaluation:** MoF examines lease payment obligations and fiscal sustainability. **Step 4 – Approval:** Approval granted by the State Executive Council based on PPP screening and fiscal clearance. **Step 5 – Contract Execution:** BTL agreement is executed and registered with EDPPPA. MoF monitors lease payment performance.
7	***Infrastructure Credit Guarantee***	**Step 1 – Application:** Private Partner applies for partial credit guarantee through the Contracting Authority. **Step 2 – Risk Evaluation:** MoF performs fiscal exposure analysis and determines guarantee coverage limit. **Step 3 – Due Diligence:** EDPPPA reviews financial structure and lender requirements.

S/n	Key (Financial) Support	Application and Approval Process
		Step 4 – Approval: Guarantee instrument is approved by the Fiscal Risk Management Committee and signed by MoF. **Step 5 – Monitoring:** Guarantee exposure and contingent liabilities are tracked quarterly and reported in the FCCL Statement.
8	*PFI Credit Mechanism*	**Step 1 – Proposal Submission:** Contracting Authority submits project proposal under the PFI structure to EDPPPA. **Step 2 – Appraisal:** EDPPPA assesses VfM, affordability, and Public Sector Comparator (PSC). **Step 3 – Fiscal Clearance:** MoF reviews payment profiles and contingent liabilities. **Step 4 – Approval:** State Executive Council approves financing structure and inclusion in annual fiscal plan. **Step 5 – Oversight:** PFI commitments are recorded as contingent liabilities and monitored through annual FCCL reporting.
9	*DBFO Programme of Highways Agency*	**Step 1 – Project Identification:** Contracting Authority identifies DBFO project aligned with the State Transport or Infrastructure Master Plan. **Step 2 – Feasibility & Screening:** EDPPPA conducts economic, technical, and environmental screening. **Step 3 – Fiscal & Risk Review:** MoF evaluates fiscal exposure and potential contingent liabilities. **Step 4 – Approval:** Governor-in-Council approves project entry into the DBFO programme. **Step 5 – Implementation:** Concession agreement executed; EDPPPA oversees performance and fiscal reporting.
10	*Tax Incentives*	**Step 1 – Application:** Project Sponsor applies for eligible tax incentives through EDPPPA and Ministry of Finance. **Step 2 – Evaluation:** MoF and the State Internal Revenue Service (EIRS) assess eligibility under tax and investment laws. **Step 3 – Cost–Benefit Analysis:**

S/n	Key (Financial) Support	Application and Approval Process
		Economic impact assessment conducted to justify fiscal expenditure. **Step 4 – Approval:** Governor-in-Council grants approval upon recommendation from MoF and EIRS. **Step 5 – Monitoring:** Periodic audit to verify compliance with investment obligations and incentive conditions.
11	*In-kind Support*	**Step 1 – Application:** Contracting Authority requests in-kind support (e.g., land, assets, or utilities) for project development. **Step 2 – Verification:** EDPPPA and Ministry of Physical Planning verify asset ownership, valuation, and encumbrance status. **Step 3 – Fiscal Clearance:** MoF records in-kind contribution as part of government equity and assesses fiscal implications. **Step 4 – Approval:** Governor-in-Council approves allocation and transfer based on verified documentation. **Step 5 – Transfer & Monitoring:** Assets are transferred formally to the project SPV and monitored for compliance with contractual obligations.

Key (Financial) Support – Monitoring and Reporting of Fiscal Commitments

S/n	Key (Financial) Support	Monitoring and Reporting Of Fiscal Committments
1	*Construction Capital Grant*	**Monitoring:** • The **EDPPPA** and **Ministry of Finance (MoF)** shall jointly track disbursement progress against verified construction milestones. • Independent engineers shall issue progress certificates before each tranche release. • Deviations in project cost or scope must be immediately reported to the **Fiscal Risk Management Committee**. **Reporting:** • Quarterly grant utilization and performance reports submitted by the Contracting Authority to MoF and EDPPPA. • Annual reconciliation of grant expenditures against budget and project completion status. • Summary disclosures included in the **State FCCL Report.**

S/n	Key (Financial) Support	Monitoring and Reporting Of Fiscal Committments
2	***Unitary Payment Mechanism***	**Monitoring:** • The **Contracting Authority** shall monitor service performance and validate Key Performance Indicators (KPIs) before authorizing payments. • **EDPPPA** conducts independent performance audits at least once annually. • The **Budget Office** tracks cumulative payment obligations under the MTEF. **Reporting:** • Monthly payment performance summaries submitted to MoF. • Annual statement of unitary payment liabilities disclosed in the FCCL Statement and State Accounts. • Deviations from contractually approved payment structure require MoF and EDPPPA clearance.
3	***Minimum Revenue Guarantee***	**Monitoring:** • The **MoF** shall monitor actual versus projected project revenues, using verified financial statements from the private partner. • Triggers for MRG payments are validated by EDPPPA and subject to independent audit. • All MRG exposures shall be updated quarterly in the contingent liability register. **Reporting:** • Quarterly fiscal exposure reports prepared by MoF and reviewed by the Fiscal Risk Management Committee. • Annual report to the State Executive Council on total guarantees invoked or outstanding. • Inclusion of MRG obligations in the **Annual Fiscal Risk Disclosure Annex**.
4	***Operational Grant Availability Payments***	**Monitoring:** • Performance indicators for service delivery are tracked by the **Contracting Authority**, verified by EDPPPA. • The **MoF** ensures payments align with approved budget provisions. • Independent performance audits conducted annually. **Reporting:** • Quarterly operational grant disbursement reports submitted to MoF. • Annual performance evaluation summarizing service quality and fiscal outturns. • Consolidated disclosure in the FCCL and Public Expenditure

S/n	Key (Financial) Support	Monitoring and Reporting Of Fiscal Committments
		Report.
5	***Viability Gap Financing Grant***	**Monitoring:** • The **EDPPPA** and **MoF** jointly monitor VGF utilization and project progress. • Verification of construction milestones by independent engineers. • Any cost escalation or deviation must be reported to the Fiscal Risk Management Committee. **Reporting:** • Quarterly VGF utilization statements with physical and financial progress details. • Annual report on total VGF commitments, disbursements, and project completion ratios. • Inclusion in the **State PPP Fiscal Exposure Register** and FCCL disclosure.
6	***Build Transfer Lease Scheme***	**Monitoring:** • The **Contracting Authority** and **MoF** track lease payment obligations and compliance with asset transfer provisions. • Asset performance and lease terms are reviewed periodically by EDPPPA. • Independent audits of lease payments and asset condition conducted every two years. **Reporting:** • Quarterly fiscal reports on lease payment schedule and outstanding obligations. • Annual valuation of leased assets reflected in the State's financial statements. • Disclosure of total lease liabilities under contingent and direct commitments.
7	***Infrastructure Credit Guarantee***	**Monitoring:** • **MoF** maintains a real-time record of all guarantees issued, invoked, or expired. • EDPPPA verifies that guaranteed projects maintain compliance with loan covenants. • Guarantee exposures are re-assessed semi-annually to determine updated fiscal risk levels. **Reporting:** • Quarterly Guarantee Register submitted to the Fiscal Risk Management Committee. • Annual Guarantee Statement included in the **State Debt and**

S/n	Key (Financial) Support	Monitoring and Reporting Of Fiscal Committments
		Fiscal Risk Report. • Notification to the State Executive Council of any guarantee calls or renegotiations.
8	***PFI Credit Mechanism***	**Monitoring:** • **EDPPPA** monitors project delivery and service performance under the PFI structure. • **MoF** tracks fiscal payments, contingent liabilities, and contract variations. • Independent performance audits conducted at mid-term and completion stages. **Reporting:** • Quarterly updates on PFI commitments and payment obligations. • Annual fiscal report capturing total PFI exposure and liabilities due within five years. • Disclosure in the FCCL Statement as part of PPP obligations.
9	***DBFO Programme of Highways Agency***	**Monitoring:** • **EDPPPA** oversees construction, financing, and operational performance milestones. • The **MoF** monitors all fiscal commitments arising from shadow tolls or availability payments. • Project KPIs and service levels independently validated. **Reporting:** • Quarterly project status reports submitted to EDPPPA and MoF. • Annual evaluation of DBFO portfolio performance and fiscal implications. • Consolidated DBFO exposure reflected in the **State PPP Fiscal Register**.
10	***Tax Incentives***	**Monitoring:** • The **Edo State Internal Revenue Service (EIRS)** monitors compliance with tax incentive conditions. • **MoF** tracks foregone revenue as part of fiscal expenditure reporting. • EDPPPA ensures incentives align with PPP obligations and performance targets. **Reporting:** • Bi-annual report on fiscal cost of incentives prepared by EIRS and submitted to MoF. • Annual disclosure of total tax expenditures in the Fiscal Risk Statement.

S/n	Key (Financial) Support	Monitoring and Reporting Of Fiscal Committments
		• Incentive impact evaluation published in the Public Finance Transparency Report.
11	***In-kind Support***	**Monitoring:** • **EDPPPA** and the **Ministry of Physical Planning** monitor land and asset use to ensure compliance with approved project purposes. • **MoF** tracks valuation and depreciation of contributed assets. • Asset verification audits conducted periodically to ensure no encumbrances arise post-transfer. **Reporting:** • Quarterly report on utilization and valuation of in-kind assets. • Annual update of the In-Kind Contribution Register maintained by MoF. • Disclosure in the FCCL Statement showing the value and status of state-contributed assets.

Key (Financial) Support – Established Conditions for Continued Support

S/n	Key (Financial) Support	Conditions for Continued Support
1	***Construction Capital Grant***	• Project must maintain approved construction schedule and cost parameters. • All disbursement requests must be backed by verified progress certificates. • No material deviation in design or scope without prior approval from EDPPPA and MoF. • The project must pass ongoing financial and technical audits. • Compliance with environmental and social safeguards must be sustained.
2	***Unitary Payment Mechanism***	• The private partner must maintain service delivery at or above agreed KPIs. • Performance failures or deductions exceeding tolerance thresholds may lead to payment suspension. • Contracting Authority must submit quarterly performance reports validated by EDPPPA. • The project must remain affordable within the MTEF limits. • Payments contingent on compliance with audited output specifications.

S/n	Key (Financial) Support	Conditions for Continued Support
3	***Minimum Revenue Guarantee***	• Project revenues and demand data must be accurately reported and independently verified. • No manipulation or misreporting of traffic or usage statistics. • Private partner must demonstrate continued operational efficiency and adherence to tariff policy. • Government exposure must remain within approved fiscal limits. • Annual fiscal risk reassessment must confirm continued justification for MRG coverage.
4	***Operational Grant Availability Payments***	• Sustained compliance with performance-based service standards. • Contracting Authority must demonstrate budgetary provision for ongoing payments. • No outstanding audit queries or misuse of grant funds. • Continued adherence to annual performance audits and KPIs. • Any material service failure or non-performance may result in withholding of payments.
5	***Viability Gap Financing Grant***	• Project must continue to meet agreed implementation milestones. • No cost overruns beyond the approved variance without MoF and EDPPPA approval. • The private partner must retain the minimum equity contribution. • Project must maintain economic and financial viability as confirmed by periodic reassessment. • Compliance with procurement, disclosure, and audit requirements remains mandatory.
6	***Build Transfer Lease Scheme***	• Asset must remain in functional and operational condition throughout the lease term. • Lease payments must be made timely and within budgetary limits. • The private partner must comply with maintenance and insurance obligations. • Ownership and residual value provisions must be unchanged without consent. • Continued support contingent upon periodic asset inspection and financial reporting.
7	***Infrastructure Credit Guarantee***	• Borrower must maintain loan repayment discipline and covenant

S/n	Key (Financial) Support	Conditions for Continued Support
		compliance. • Project cash flows must remain adequate to meet debt service obligations. • No default, restructuring, or refinancing without prior MoF approval. • Government guarantee exposure must remain within approved contingent liability thresholds. • Periodic fiscal risk reviews must validate continued justification for guarantee coverage.
8	***PFI Credit Mechanism***	• Project must continue to deliver contracted outputs and service levels. • Payments must remain affordable and fiscally sustainable within MTEF ceilings. • All performance audits and financial reports must be current and satisfactory. • Any contract variations must be approved by EDPPPA and MoF. • Failure to comply with monitoring or disclosure requirements may suspend PFI support.
9	***DBFO Programme of Highways Agency***	• Project must maintain operational performance and maintenance standards. • Traffic, usage, or output data must be accurate and verifiable. • Compliance with environmental, safety, and engineering requirements must continue. • Government commitments must remain within approved fiscal envelopes. • Periodic independent audits must confirm continued VfM and service efficiency.
10	***Tax Incentives***	• Beneficiary must continue to operate within approved investment scope and timelines. • No violation of tax laws, revenue reporting, or employment obligations. • Demonstrated contribution to economic growth, employment, or social impact. • Incentives may be reviewed or withdrawn if project underperforms or breaches compliance. • EIRS must validate annual compliance before renewal or continuation.

S/n	Key (Financial) Support	Conditions for Continued Support
11	***In-kind Support***	• Land or assets provided must be used solely for approved project purposes. • No transfer, sale, or encumbrance without government consent. • Asset condition and use must remain compliant with lease or concession terms. • Continued compliance with environmental and planning approvals required. • Non-compliance may result in withdrawal or repossession of in-kind support.

Annex 19: Environmental Impact Assessment *EIA) Checklist &Form

Environmental Impact Assessment (EIA) Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
	A. Project Identification		
1	***Project Title & Description***	Is the project type, size, location and scope clearly defined?	
2	***Legal Framework***	Does the project fall under National or Local regulations requiring a full EIA?	
3	***Project Alternatives***	Have feasible alternatives (including the 'no action' option been considered?	
	B. Physical Environment		
1	***Topography / Geology / Soils***	Will the project cause significant changes in topography, erosion, or soil contamination?	
2	***Air Quality***	Will construction or operation release pollutants, dust, or hazardous substances into the air?	
3	***Noise & Vibration***	Will the project result in increased noise levels (construction / traffic)?	
4	***Climate Change***	Will the project significantly contribute to GHG emissions?	
	C. Water Resources		
1	***Surface Water***	Will the project affect the quality or quantity of surface water	

Environmental Impact Assessment (EIA) Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		bodies (rivers, lakes)?	
2	***Ground Water***	Will the project affect ground water levels, quality or extraction?	
3	***Drainage / Flooding***	Will the project alter natural drainage systems or increase flood risk?	
4	***Waste Water***	Will waste water be generated, treated, and disposed off appropriately?	
D. Biological Environment			
1	***Flora & Fauna***	Will the project impact rare, endangered, or protected species / habitats?	
2	***Ecosystems***	Will the project damage sensitive ecosystems like wetlands, forests, or marine environments?	
3	***Biodiversity***	Will the project cause habitat destruction or fragmentation?	
E. Socio-Economic & Health			
1	***Land Use & Acquisition***	Will the project change existing land use or require displacement of residential / commercial properties?	
2	***Land Community / Livelihoods***	Will the project negatively affect local communities, livelihoods or employment?	
3	***Public Health & Safety***	Are there potential impacts on	

Environmental Impact Assessment (EIA) Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		public health and safety during construction or operation?	
4	***Cultural & Heritage Sites***	Will the project impact any historical, cultural, or archeological sites?	
5	***Traffic***	Will the project lead to increased traffic congestion or road safety issues?	
F. Waste & Risk Management			
1	***Solid Waste***	Will the project generate construction or operational solid waste, and is there a proper disposal plan?	
2	***Hazardous Materials***	Are hazardous materials present or used , and are there management / storage procedures?	
3	***Risk Assessment***	Is there a plan for potential accidents or natural disasters (eg: fire, spills, explosions)	
G. Monitoring & Consultation			
1	***Stakeholder Engagement***	Have the public and relevant stakeholders been informed and consulted about the project?	
2	***Environmental Management Plan (EMP)***	Is there a plan outlining the implementation and monitoring of all mitigation	

Environmental Impact Assessment (EIA) Checklist (General)			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		measures?	
3	***Monitoring Plan***	Are specific metrics and frequency defined for monitoring environmental compliance post-construction?	

Environmental Impact Assessment (EIA) Form

Section	**Instructions**	**Response**
Project Description	Nature, size, location of project	
Environmental Baseline Data	Air, water, soil, flora, fauna	
Potential Impacts	Positive and negative environmental effects	
Mitigation Measures	Plans to reduce negative impacts	
Monitoring Plan	Frequency and methods of monitoring	
Findings & Recommendations	Summary of environmental risks and solutions	

Annex 20: Social and Climate Impact Assessment (SCIA) Checklist & Form

Integrated Social and Climate Impact Assessment Checklist			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
	A. Project Identification & Contract		
1	***Project Rationale***	Is the project purpose clearly defined, and does it align with SDGs?	
2	***Legal Framework***	Does National regulation require an EIA / SIA for this activity?	
3	***Stakeholder Identification***	Have all key stakeholders been identified, including vulnerable groups (indigenous peoples, women, minorities)?	
4	***Alternatives***	Have project alternatives, including a 'no action' alternative, been considered and compared?	
	B. Social Impacts		
1	***Livelihood & Employment***	Will the project create or destroy local jobs, or affect existing livelihoods (eg: impact on farming / fishing land)?	
2	***Land Use & Resettlement***	Will the project require significant land acquisition or lead to physical or economic displacement / involuntary resettlement?	
3	***Community Cohesion***	Is it likely the project will cause or increase tensions	

Integrated Social and Climate Impact Assessment Checklist			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		between community members (eg: between beneficiaries and non beneficiaries)?	
4	***Health & Well-beiing***	Are there potential impacts on public health, safety, access to clean water, or local disease patterns?	
5	***Cultural Heritage***	Will the project adversely impact sites, structures, or objects with historical, cultural, or religious value?	
6	***Equity & Vulnerable Groups***	Will the project cause disproportionate impacts to disadvantaged or vulnerable groups?	
C. Climate Impacts			
1	***GHG Emission (Mitigation)***	Will the project result in a significant increase in GHG emissions (direct and indirect sources)?	
2	***Energy Use***	Will the project increase demand for nonrenewable energies?	
3	***Land Use Charge***	Does the project involve deforestation, change in land use, or loss of habitat that affects carbon sequestration?	
D. Climate Adaptation & Resilience			
1	***Climate Risk***	Is the project location vulnerable to	

Integrated Social and Climate Impact Assessment Checklist			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		climate-related hazards (eg: sea-level rise, severe storms, flooding, drought)?	
2	***Project Resilience***	Has the project design been adopted to be resilient to future climate change conditions?	
3	***Ecosystem Services***	Will the project affect biodiversity and / or ecosystem services that support community resilience?	
4	***Adaptation Capacity***	Could beneficiaries develop dependencies on climate-adaptation resources or services?	
E. Management & Monitoring			
1	***Mitigation Measures***	Are clear measures included in the plan to minimize the costs and maximize benefits with respect to social and climate impacts?	
2	***Public Consultation***	Have stakeholders been consulted and their concerns integrated into the peoject design and management plan?	
3	***Monitoring & Evaluation***	Is there a feasible plan with specific metrics to monitor social	

Integrated Social and Climate Impact Assessment Checklist			
S/n	**Category**	**Checklist Question**	**Yes / No (if 'Yes', describe impact / mitigation)**
		performance and climate performance over time?	

Outline Business Case (OBC) Form

Section	Checklist Items	Status / Notes
Stakeholder Consultation	Has a stakeholder engagement plan been prepared?	
Resettlement / Livelihood Impacts	Are there any resettlement needs? Have mitigation plans been prepared?	
Gender & Inclusion	Are women, vulnerable groups, and minorities considered?	
Health & Safety	Have health risks been identified and addressed?	
Climate Risks	Are resilience and adaptation measures included?	
Emissions & Environmental Footprint	Are emissions quantified and minimized?	
Mitigation & Management Plan	Are clear measures, responsibilities, and timelines defined?	
Monitoring & Reporting	Is a schedule for reporting impacts in place?	
Approvals	Has the assessment been reviewed / approved by EDPPA?	

Annex 21: PPP Case Studies (Nigeria)

Project Name:	Domestic Terminal at Muritala Muhammed Airport, Lagos
Country:	Nigeria
Sector:	Transportation
Sub-Sector:	Airports
Type of PPP:	Concession / BOT
Status:	Operations
Project Concept:	Following the destruction of the domestic terminal in a fire in 2000, the project involves the design, construction, and operation of a new domestic terminal and ancillary facilities at the MurItala Muhammed Airport in Lagos. The new terminal, MurItala Muhammed Airport Two (MMA2), has a land area of 20,000m2 and comprises a terminal building, a multi-storey car park, and an apron.
Procurement Details:	In 2003, the Ministry of Aviation advertised for bids for the project. Among the bidders were Royal Sanderton Ventures Limited and Bi-Courtney Limited. Initially, Sanderton was awarded the contract. However, after no significant construction had started six months into the contract signing, the government decided to revoke Sanderton's mandate and award the contract to Bi-Courtney following direct negotiations with the company. The contract was awarded for a period of 12 years and subsequently extended to 36 years. The Nigerian contracting entities are the Federal Government, represented by the Minister of Aviation, and Federal Airports Authority of Nigeria (FAAN), the Nigerian Airports Authority.
PPP Company:	Bi-Courtney Limited, a Nigerian firm, is the parent company of Bi-Courtney Aviation Services Limited
Project Funding:	The estimated cost of the project was **US$200M** for investments in physical assets. The project was part-financed with a loan of **US$150M** from a consortium of six banks -- Oceanic Bank International Plc, Zenith Bank Plc, GT Bank Plc, First Bank Plc, First City Monument Bank Plc and Access Bank Plc
Other Stakeholders:	N/A
Key Lessons Learned:	Key lessons include: • the importance of having an agreed financial model and long term financing in place at the outset of the project; • the initial bidding process also points to the importance of managing politicians' expectations and setting realistic goals regarding timelines; • revoking a contract and re-awarding it to a different company not only delayed the project but also triggered doubts in private participants' minds about whether such changes were spurred by political rather than economic • issues; • the difficulty of enforcing contractual agreements in some developing countries where institutions are competing interests (e.g. while the contract has a clause assuring that all scheduled domestic flights in and out of FAAN's airports in Lagos shall operate from the new terminal during the concession period, FAAN continues to operate the old domestic terminal (GAT); and • any conflict of interest faced by the Government puts significant pressures on the ability of the private sponsor to recover its investments and thus placed the financial viability of the project at risk

Project Name:	Lekki Toll Road Concession Project, Lagos Area
Country:	Nigeria
Sector:	Transportation
Sub-Sector:	Roads
Type of PPP:	Concession / BOT
Status:	Construction
Project Concept:	The project is proposed to be implemented in two phases. Phase I involves upgrading and maintenance of approximately 50 km of the Lekki-Epe Expressway on a BOT basis. The concession period for Phase I is 30 years. Phase II of the project involves construction of approximately 20 km of the Coastal Road on the Lekki Peninsular.
Procurement Details:	The Concession was awarded to Lekki Concession Company Limited ("LCC")
PPP Company:	Lekki Concession Company Limited ("LCC") is an SPV formed by the ARM Group of Companies for the execution of this project.
Project Funding:	The project cost was funded, using a mix of debt and equity with some support from the State and the Federal Government of Nigeria. The various sources of funding included DFI soft loans, Federal Government loans / grants, and private sector finance. The major shareholders in the project include Macquarie Bank and Old Mutual of South Africa through the African Infrastructure Investment Fund. The project was able to raise the first ever 15-year tenured local-currency debt financing in Nigeria from Standard Bank. Support from the State Government of Lagos has been received in the form of a mezzanine loan.
Other Stakeholders:	N/A
Project Outcome:	The UN has forecast a population of 20 million in 2020 for the Lagos State. Given the population of the state, it is estimated that approximately one million motor vehicles are stationed in Lagos today with a daily traffic flow between the Lagos Mainland and the Lagos Island of about 5,000,000 vehicles. The poor condition of the roads in Lagos, characterized by crumbling sidewalks, badly pot-holed road surfaces, non-functional traffic lights, poor signage, and blocked or non-existent drainage systems lead to traffic congestion and high journey times, high fuel consumption, and low productivity. Improved road conditions will help in solving all the above- mentioned problems and result in time-saving and increased productivity of the citizens. Fuel would also be saved and thus the costs for both motor car owners and the Government would reduce, resulting in rapid development of the nation.
Key Lessons Learned:	Lessons learned to date include: • the importance of stakeholder consultation in the early phases of the project (during feasibility study) as during the construction phase, communities living along the Lekki-Epe corridor began to protest about having to pay tolls and, as a result, tolling was suspended; • the need for a strong contract management function within the Government team; and • the importance of managing public and investor perceptions during project implementation, as the project has been delayed resulting in commuter frustration with the perceived lack of progress. • the need for minimum service performance standards backed by an incentive/penalty system to reward/punish service performance above and below the agreed minimum service

[redacted]	standards. • the need to take a "willingness to pay" survey into account when setting toll levels and identify any government support required to cover total project costs.

Annex 22: PPP Case Studies (Africa-Wide)

Project Name:	Dar es Salaam Water Distribution Project
Country:	Tanzania
Sector:	Water and Sanitation
Sub-Sector:	Water utility with sewerage
Type of PPP:	Lease Contract
Status:	Construction
Project Concept:	The project involved the leasing of Dar es Salaam's Water and Sewerage Authority's (DAWASA's) infrastructure for water distribution to a private consortium for operation. The private company was responsible for billing, collecting revenues from customers, making new connections, and performing routine maintenance. Ownership of the infrastructure was still in the hands of DAWASA. Alongside the lease contract, there were contracts to install or refurbish pumps at treatment plants, repair transmission mains, supply customer meters, and manage 'Delegated Capital Works.
Procurement Details:	Initially, there were three bidders for the project – two French companies and the winning bidder, City Water. While the bid criterion was to be the lowest tariff, the two French companies did not submit their final tender and therefore City Water was awarded the contract. In addition to the main lease contract, two ancillary contracts for priority works were also awarded to City Water, including the refurbishment of pumps at treatment plants and repairs of transmission mains. The contract was awarded for a period of 10 years, commencing August 1, 2003. However, it was terminated within two years of operation. The Tanzanian contracting entity was the Republic of Tanzania, represented by DAWASA
PPP Company:	The private consortium was led by Biwater, a UK-based water company with a 26% share, along with the Tanzanian local company Super Doll Trailer Manufacturer Company (SDT) with a 49% share and H.P. Gauff Ingenieure GmbH Co, a German company with 26% share
Project Funding:	**US$8.5M** of investments in physical assets and payments to the Government under the lease contract. Significant further investment was to be undertaken under the ancillary contracts
Other Stakeholders:	The project received multilateral support from the World Bank, AfDB and EIB (total loan amount of **US$140M**). DFID also provided support, with the funding of a consultancy contract to publicise the project.
Project Outcome:	The contract was cancelled after two years, followed by complex arbitrations between the Government of Tanzania and City Water under the lease contract, and between the Government of Tanzania and Biwater Guaff (Tanzania) under international law. The lease contract arbitration was awarded in favour of the Government of Tanzania, and Biwater's claims for damages under the UK-Tanzania Bilateral Investment Treaty were dismissed. It was determined that City Water did not perform as • revenue collection targets were not met, • improvements to the water distribution system (e.g., introduction of a new billing system) were not introduced, • City Water stopped paying its monthly fee for leasing DAWASA's piping and other infrastructure in July 2004, less than a year into the contract, • there were internal management problems within the consortium with SDT refusing to put in more equity without a greater share in the management, and • City Water had a social obligation to contribute to a fund for

Key Lessons Learned:	first-time connections, which was never created The overall lesson was that given the difficult operating environment, considerable care needs to be applied in structuring a PPP transaction, with appropriate risk mitigation measures in place to ensure the financial viability and success of the transaction. More specifically, • the Government and its donors failed to ensure that DAWASA had a capable team of advisors to monitor City Water's performance adequately, • only City Water submitted a proposal at the final tender stage, so there was no comparator to evaluate bids on a least cost basis, • the contract needs to be viewed against available private expertise as there were assessments suggesting that Biwater did not have the experience of running a huge management operation before and that the project team was inexperienced, and • the negotiations were undertaken in the run-up to the elections in Tanzania, and the Government was under pressure to 'resolve' the contract suitably

Project Name:	Kenya-Uganda Railways
Country:	Kenya and Uganda
Sector:	Transportation
Sub-Sector:	Railways
Type of PPP:	Concession
Status:	Operations
Project Concept:	With an objective of improving overall performance, the concessionaire is responsible for the rehabilitation, operation, and maintenance of the railways systems in both countries, which were previously run by the government (the Kenya Railways Corporation and the Uganda Railways Corporation), The concessionaire also provides freight services in both the countries and passenger services in Kenya for at least five years
Procurement Details:	While the two concessions for the Kenyan and Ugandan parts of the rail network are legally separate, the tendering process was undertaken jointly by the two governments and the contracts are fundamentally identical. The concession was awarded through an international, competitive bidding process and the bid criterion was the highest price paid to the government. From the two groups that bid for the project, the Rift Valley Railways (RVR) Consortium was awarded the concession. The concession was granted for 25 years and the concessionaires took over in December 2006
PPP Company:	When RVR was first awarded the concession, it was led by South Africa's Sheltam Rail Company (61%), with the remaining participants being Prime Fuels (Kenya, 15%), Comazar (South Africa, 10%), Mirambo Holding (Tanzania, 10%), and CDIO Institute for Africa Development Trust (South Africa, 4%). In March 2009, ongoing difficulties forced the parties into a further restructuring of the consortium whereby Sheltam's share was diluted from 35% to 10%, and the difference was taken by TransCentury and its partners
Project Funding:	The project was expected to cost **US$404M** of which **US$4M** was made in payments to the governments and the remaining balance for investment commitments in physical assets. Of the **US$404M**, **US$111M** was estimated to be the cost for the first five years of the project, of which **US$47M** would be contributed to by the consortium in the form of direct equity and internal cash generation. The balance would be funded by loans from international organizations. Overall, the debt-to-equity ratio of the project was envisaged to be about

	70:30
Other Stakeholders:	The original deal envisaged IFC and KfW providing loans worth **US$32M** each. IFC/DevCo and Canarail acted as advisors to the governments of Kenya and Uganda respectively. PwC provided assistance to the concession operators. PIDG provided support to DevCo, and additional grants were also obtained through the Technical Assistance Facility. In addition, the World Bank provided Partial Risk Guarantees (PRG) of **US$45M** for Kenya and **US$10M** for Uganda. An IDA credit for **US$44M** was made to fund labour retrenchment in Kenya.
Project Outcome:	Outcomes included: • the Kenya-Uganda railway concession is a flagship transport sector PPP in East Africa and won Euro money's Project Finance "Africa Transport Deal of the Year" award in 2006. However, the project has run into considerable operational and legal difficulties since then, which have seriously hampered its likelihood of success; contrary to the conditions governing the concession, the consortium has not undertaken any significant investment in structures or rolling stock. As a result, the **US$64M** in loans from the IFC and KfW have not been released in full; • the overall operational effectiveness of the project has been reduced as Kenyan freight traffic has not increased as stipulated in the Concession Agreement; • there were funding shortfalls to finance the retrenchment of 6,200 employees in Kenya and 1,000 employees in Uganda; and • there have been restructuring of the consortium arrangements.
Key Lessons Learned:	The key lessons were: • the importance of attracting 'competent' private companies for the successful implementation of the contract, • a cross- border project requires that the two governments take similar positions on issue, and • greater political issues may alter the incentives of the parties involved and negatively impact the outcome of a transaction.

Project Name:	National Referral Hospital
Country:	Lesotho
Sector:	Health
Sub-Sector:	Health
Type of PPP:	Concession / BOT
Status:	Construction
Project Concept:	The project involves the replacement of Lesotho's main hospital, Queen Elizabeth II, an ageing facility with derelict infrastructure. The private company is responsible for designing, building, partially financing, fully maintaining and operating the new 390- bed public hospital. The project also features the refurbishment, upgrading and operation of three urban filter clinics
Procurement Details:	The Government of Lesotho undertook an internationally competitive bidding process for the project, and selected Tsepong (Pty) Limited, a consortium led by Netcare, as its preferred bidder. The PPP agreement between the Government and the consortium was signed in October 2008, and the contract was awarded for a period of 18 years.
PPP Company:	The private consortium is led by Netcare (40%), a leading private health care provider that has operations in South Africa and the UK, and is listed in the Johannesburg Stock Exchange (JSE).

	The consortium also included Excel Health (20%), an investment company for Lesotho-based specialists and general practitioners (GP's); Afri'nnai (20%), an investment company for Bloemfontein-based specialists and GP's; D10 Investments (10%), the investment arm of the Lesotho Chamber of Commerce; and WIC (10%), a Basotho women's investment company
Project Funding:	The project is expected to cost **US$100M**. 80% of the capital costs will be provided by the Government and the remaining 20% will come from the private sector. The capital structure (excluding the government grant portion) has a debt-to-equity ratio of 85:15. All debt is provided by the Development Bank of Southern Africa (DBSA). 10% of equity is in the form of pure equity (40% provided by Netcare and 60% by the remaining consortium members) while 90% is in the form of loans (40% of which is a Netcare shareholder loan and 60% is a mezzanine loan/bridge finance from DBSA).
Other Stakeholders:	The IFC acted as lead Transaction Advisor to Lesotho's Government. In addition, the Government has requested Partial Risk Guarantee (PRG) from the World Bank in order to provide the consortium, at their expense, with partial coverage against the Government's failing to make the unitary payment. The World Bank will also provide support to the Government with contract management. The Global Partnership for Output-based Aid (GPOBA) provided a grant of **US$6.25M**, which is payable over the first five years of the project, to augment the unitary payment by the Government
Project Outcome:	This is a pioneering social sector PPP in Africa, which if successful, will have strong positive demonstration effects for future transactions. Expected outcomes include: • the project was structured such that the operating costs of the new facility would be roughly equivalent to those at the existing referral hospital, and thus fit into the Government's affordability envelope; • since the cost of the services remains the same, patients will not need to pay extra to benefit from the higher level of medical services at the new hospital; • the project won the 2008 "Social Infrastructure Deal of the Year" award from media outlet Africa-investor due to the pioneering nature of the deal and its ability to be replicated in other African countries, as well as for the project's commitment to supporting local businesses and communities
Key Lessons Learned:	Although the project is relatively new, some key lessons learned to date include: the importance of robust political support for attracting competent bidders to a project; • the possibility of structuring a financially attractive deal for the private sector without having to increase the charges imposed on users; • a financial deal can also be made more compelling for the private sector by securing risk guarantees from various institutions against the failure of payments from the Government; and • substantial involvement of local and regional stakeholders, as evidenced by the participation of Lesotho-based GPs and specialists, build long-lasting diverse support for a project.

Annex 23: PPP Case Studies (World-Wide)

Project Name:	Panagarh-Palsit Highway Project
Country:	India
Sector:	Transportation
Sub-Sector:	Roads
Type of PPP:	Concession / BOT
Status:	Operational
Project Concept:	The project involves the design, construction, operation and maintenance of a 63km four-lane carriageway between Panaragh and Palsit, which forms part of the Delhi-Kolkata section of the 'Golden Quadrilateral Project' (main highway links between the major cities of India)
Procurement Details:	Initially, the National Highways Authority of India (NHAI) shortlisted six bids from a mix of international and domestic companies – Larsen & Toubro, Kvaerner Construction, Road Builder, IJM Berhard Corp, Reliance Industries, and Gamuda WCT. The bid criterion was the lowest annuity amount that would be paid semi-annually by the NHAI to the private sponsor. However, the NHAI found the annuity amount quoted by the lowest bidder to be too high and decided to call for fresh bids from all six parties in a second round of bidding. Only Larsen & Toubro, Road Builder, and Gamuda-WCT participated in the second round, which Gamuda-WCT won. The contract was awarded for a period of 15 years, and the agreement between NHAI and Gamuda-WCT was signed in November 2001.
PPP Company:	Gamuda-WCT is a joint venture (JV) between Gamuda (70%) and WCT (30%), two Malaysian engineering and construction companies.
Project Funding:	The project's estimated cost is **US$69M**. The financing package has a debt- equity ratio of 2:1. As the annuity payments are considered to be a secure and stable source of funding by the financial community, annuity-based models tend to be financed with higher debt-equity ratios compared to typical toll-based projects
Other Stakeholders:	Infrastructure Development Finance Company (IDFC) acted as the Financial Advisor to NHAI. IDFC was established in 1997 as a specialised financial intermediary to lead private capital to commercially viable infrastructure projects in India.
Project Outcome:	This was one of the first projects that were undertaken under the BOT-Annuity framework. The construction phase of the project was completed in June 2005, five months behind schedule. The delay was caused by land availability issues and finalisation of change of scope orders. The Comptroller & Auditor General of India (CAG) report on BOT road projects undertaken by the NHAI had the following findings related to the Panagarh-Palsit section: • cracks and patch repairs were found to be less than 5% implying good maintenance; • one hundred and thirty-two locations were test-checked for roughness with only one location's roughness within the "desirable" level (the rest were "acceptable" as per the Concession Agreement); • deflection values in 10 out of 12 test-checked sections were more than the "acceptable" level stipulated in the Agreement, which indicates that the selected sections of the road are structurally weak and require overlay; and • in two out of the five test-checked pits, the combined thickness of wet mix macadam and granular sub-base layers did not comply

	with the specifications.
Key Lessons Learned:	Key lessons learned include: • revenue risks put significant uncertainty on the private sector's ability to recover its investments and may discourage participation in toll-based road PPPs, but an annuity method removes the revenue risks for the private sector and makes the deal more appealing to the private sponsor; • the annuity payments reflect a transfer of revenue risk from the private sector to the government and if the government encounters difficulties in setting up toll charges, the annuity payments may put a strain on its budget; and • considerable attention needs to be given to the way the PPP agreement is structured to make sure that the private participant is sufficiently incentivized to deliver the project on time (e.g., the Panagarh-Palsit Agreement did not stipulate target dates for individual project milestones and consequent penalty for non-achievement of milestones)

Project Name:	Cross-Harbor Tunnel, Hong Kong
Country:	China
Sector:	Transportation
Sub-Sector:	Tunnel
Type of PPP:	Concession / BOT
Status:	Operational
Project Concept:	The project involved the construction, maintenance and operation of a tunnel connecting Kowloon to Hong Kong Island. The 1.9km Cross-Harbour Tunnel (CHT) was Hong Kong's first underwater tunnel and formed the first road connection between the Island and Kowloon.
Procurement Details:	The procurement was done via reverse tender whereby the bids were evaluated on the basis of the lowest public sector subsidy required. On the basis of this criterion, the Cross-Harbour Tunnel Company Limited was awarded the contract. The contract was awarded for a period of 30 years, commencing in 1969
PPP Company:	The company is a Hong Kong-based investment holding company with emphasis on transport infrastructures, such as tunnel operation, tunnel management, operation of driver training centres, and operation of electronic toll collection systems
Project Funding:	The financing package had a debt-equity ratio of 64:36. Royalty payments amounted to 12.5% of operating receipts.
Other Stakeholders:	N/A
Project Outcome:	Construction work commenced in September 1969 and the tunnel became operational ahead of schedule in August 1972. It successfully reached the end of its 30-year concession period and its control was transferred to the government in 1999. Other outcomes include: • CHT is the first BOT project in Hong Kong that did not need to be re-negotiated and is widely considered to be a success story; • despite facing competition from an effective and cheap ferry service, the tunnel proved to be very popular and began to make • profits four years after its opening, and had repaid all debts by 1977; at the time of its construction, CHT was at the forefront of tunnel engineering as the harbour's deep waters made a conventional underground tunnel impractical, so engineers devised an estuarine tube tunnel that would sit on the seabed and, at the time, was the longest immersed tube tunnel ever constructed;

	• two more cross-harbour tunnels have been built since CHT became operational but CHT continues to be the most popular, with more than half the cross-harbour traffic passing through it; and • successful factors included that the private company had the necessary skills for undertaking the project, it was first and therefore, occupied strategically the best location for harbour crossing, and the concession period coincided with Hong Kong's rapid economic development
Key Lessons Learned:	Lessons learned include: • the importance of strong political support for successful completion of a project and a major tunnel project involved massive effort by the government through the planning and implementation stages; • the importance of structuring the PPP transaction in an appropriate way to attract capable private sponsors; • the government can transfer much of the operating risk to the private company by choosing a central location for the tunnel and thus ensuring a steady flow of traffic; • with the right project characteristics and a strong government counterpart agency the government does not necessarily have to provide direct guarantees to sweeten the deal for the private sector, and that alternative incentives can be found that make the deal attractive to the private participant without increasing the risk that the government needs to assume

Project Name:	Hamburg International Airport
Country:	Germany
Sector:	Transportation
Sub-Sector:	Airports
Type of PPP:	Concession
Status:	Operational
Project Concept:	The project involved the construction of a new terminal with large commercially usable real estate, extension of parking areas and establishment of connectivity of the Hamburg International Airport to the suburban rail network. The project is part of a country-wide initiative to support further development of airports by extending their capacities in all functions in line with the demand for overall airport services.
Procurement Details:	An EU-wide tender procedure was held and the contract was awarded, with the Senate of Hamburg's approval in July 2000, to a consortium Hamburg Airport Partners formed by Hochtief AirPort GmbH and Aer Rianta International GmbH, a subsidiary of the Irish airport operating company.
PPP Company:	Flughafen Hamburg GmbH (FHG) was the original company responsible for the operations of the Hamburg International Airport. FHG was originally owned by City State of Hamburg (64%), FRG (26%), and State of Schleswig- Holstein (10%). Post tendering, the private sector consortium formed by Hochtief AirPort GmbH and Aer Rianta International GmbH owns 40% stake in FHG and the remaining stake is owned by City State of Hamburg and other government agencies
Project Funding:	The construction and the extension of the Hamburg International Airport required capital investment to the extent of **€350M**. This was funded by means of a 36% stake sale in FHG to the private sector consortium of Hochtief AirPort GmbH and Aer Rianta International GmbH for **€296M**

	and through a **€220M** loan support from EIB, received through a local bank.
Other Stakeholders:	The project received support from EIB in the form of a loan through a local bank of **€220M**.
Project Outcome:	The project is one of the first airport projects in Germany to be undertaken through the PPP route. The capacity augmentation of the Hamburg International Airport has provided quality airport infrastructure, solving the problem of capacity bottlenecks and resulting in higher revenues and increased profitability for all the stakeholders.
Key Lessons Learned:	The Hamburg International Airport case shows that major PPP projects in airport construction can be successfully realized if the needs of all parties are integrated. Airports present particular environmental and social issues but these can be successfully addressed. The case shows that: • compensations like advanced noise protecting programs or noise quota systems can be established contractually and financially integrated. • it is possible that private and business customers benefit from sophisticated contractual instruments like price-cap regulations. • a right of veto in cases of conflict, granted to each of the partners within the partnership agreement, acts as a central instrument of risk management strategy

Project Name:	Point Lisas Desalination Plant
Country:	Trinidad and Tobago
Sector:	Water and Sanitation
Sub-Sector:	Bulk Water Supply
Type of PPP:	Concession / BOO
Status:	Operational
Project Concept:	The project includes the financing, construction, and operation of an 110,000m3/day capacity desalination plant to service the industrial park at Point Lisas on the west coast of Trinidad. Trinidad's Water and Sewerage Authority (WASA) is the sole purchaser of the treated water and on-sells to industries located in Point Lisas and pumps the excess into the potable supply
Procurement Details:	In 1999, a selection committee acting on behalf of the Government awarded the contract for the plant to a Joint Venture (JV) named the Desalination Company of Trinidad and Tobago (Desalcott). The contract was awarded for a period of 20 years
PPP Company:	Desalcott is a Joint Venture (JV) between the local company Hafeez Karamath Engineering Services Ltd. (60%) and Ionics Inc. (40%), a US-based company specializing in desalination, water reuse and recycling, and industrial ultrapure water services. Ionics was bought by General Electric (GE) in 2004.
Project Funding:	The estimated cost of the project is **US$120M**
Other Stakeholders:	Initially, Desalcott attempted to raise financing for the project through the Overseas Private Investment Corporation (OPIC), a US government agency that helps US businesses invest overseas. Eventually, OPIC dropped out of the project as a result of the difficulties in securing government guarantees for the project.
Project Outcome:	The plant became fully operational in 2002 and was subsequently expanded in 2004. Water from this plant accounts for more than 10% of the total water production in the country and it is the largest seawater reverse osmosis system in the western hemisphere.

	The plant was originally designed for 50% overall recovery but by 2006, it was already operating at around 62% recovery with significantly lower-than expected chemical consumption. The plant operates extremely reliably with an availability of over 95%. Despite the positive operational performance, public opinion of the desalination plant has been mixed. The water supply system in Trinidad is quite unreliable and even though the plant has made significant improvements in water supply to the industrial area, there is widespread conviction that WASA is giving foreign-owned companies preferential treatment at the expense of the general public. The project has also been subject to corruption allegations. The probe began in 2002 after the new Government promised an investigation into the contract which was entered into by the previous administration. It is claimed that the bid process was rigged and that payments to certain Trinidadian officials were made to make sure that Desalcott would be awarded the contract. In 2006, Desalcott's executive chairman Hafeez Karamath was arrested on fraud charges.
Key Lessons Learned:	Lessons learned include: • operational success does not necessarily guarantee public support, and that it may be beneficial to undertake an effective public relations campaign to inform the general public of the benefits of the project; • implementing PPPs in developing countries' water sector may be particularly difficult as increasing water tariffs tends to be a highly political issue and the inability to increase tariffs may put a serious strain on the financial viability of the project; • a government's reluctance to grant tariff increase sets a bad precedent in enforcing the overall rule of law in some developing countries; • during the tender process, significant attention needs to be paid to the ability of the private sector to raise financing for the project; and companies should not partake in corrupt practices to win a tender – it is never worth it in the long-run.

Project Name:	Tala Transmission Project
Country:	India
Sector:	Energy
Sub-Sector:	Transmission
Type of PPP:	Concession / BOT
Status:	Operational
Project Concept:	The project is to build, operate and maintain five 400kV and one 220kV double circuit electricity transmission lines of approximately 1,200 km, with a maximum load capacity of about 3,000MW. The new transmission system has been undertaken to transmit power from the Tala Hydro Project in Bhutan and carry surplus electricity from North-Eastern India to the power-deficient Northern Indian belt
Procurement Details:	As a result of an international competitive bidding process, Tata Power was awarded the contract. The only other pre-qualified bidder was National Grid of the UK. The contract was awarded for a period of 30 years, and reached financial closure in April 2004. The Indian contracting entity was the federal government
PPP Company:	The project is undertaken by Tala-Delhi Transmission Limited (TDTL), a Joint Venture (JV) between Tata Power (owning 51% of TDTL) and the Government of India's Power Grid Corporation of India Limited (PGCIL) which owns 49% of TDTL. Tata Power's main line of business is the generation, transmission and

	distribution of electricity. It is the country's largest private power utility.
Project Funding:	The estimated cost of the project is **US$269M**. The amount will be spent on investments in physical assets. The financing package consists of 30% equity and 70% debt. State Bank of India and IDFC provided term loans.
Other Stakeholders:	The project received support from the IFC in the form of a **US$75M** loan. The Asian Development Bank also extended a **US$62.24M** private sector loan to the project.
Project Outcome:	The Tala transmission project is India's first inter-state transmission project undertaken via PPP. It is also the first BOT electricity transmission line outside Latin America and the Caribbean region. The construction phase was completed within schedule and the project has been operating commercially since September 2006. In its first year of operation, the transmission line was able to ensure exchange of about 3,500 million units of surplus energy from the eastern to the northern regions.
Key Lessons Learned:	• The Tala case highlights the importance of structuring the PPP transaction in an appropriate way so as to make the project more attractive for the private sector. • In this particular example, interest from private parties was initially limited as the returns on the project were deemed too low due to the tariff structure adopted by PGCIL. • As a result of a petition filed by National Grid, the Central Electricity Regulatory Commission (CERC) of India decided to allow private transmission

Annex 24: Value for Money (VfM)

The purpose of a Value for Money (VfM) assessment is to determine whether a proposed PPP project delivers the best possible combination of cost, quality, and risk allocation. It evaluates different project delivery options based on their potential to generate benefits that exceed the costs, while factoring in the risks and long-term sustainability of the project. The VfM assessment provides the basis for deciding whether to proceed with a PPP or consider alternative delivery methods.

In this context, the assessment should focus on the value the project delivers to the government and its stakeholders rather than strictly comparing a PPP model with traditional public procurement through a Public Sector Comparator (PSC), which may not always provide a clear or meaningful comparison, notably where there is little or no practicable possibility of a project actually being taken forward using conventional procurement/financing methods.

Key Steps in the VfM Assessment:

- ### Assessment of Project Objectives and Benefits

The first step is to clearly define the objectives of the project and the expected benefits, both financial and non-financial (e.g., social, environmental, and economic impacts). These benefits should be aligned with the government's strategic goals, such as improving infrastructure, promoting innovation, or fostering sustainable development. A Benefit-Cost Ratio (BCR), or other relevant benefit metrics, should be used to quantify the expected benefits relative to the total project costs.

- ### Cost and Risk Evaluation

An important part of the VfM assessment is to evaluate the costs and risks associated with each project delivery option. This includes the capital and operational costs, as well as the risks that will be transferred to the private sector under the PPP model. The assessment should consider both the financial costs and the non-financial risks, including the likelihood of delays, cost overruns, and performance shortfalls. By shifting risk to the private sector, the PPP model may generate value through efficiency gains and better project delivery, but these factors should be weighed against the cost of financing and the management of these risks.

- ### Evaluation of Financing Options

The financing model plays a key role in the overall VfM assessment. A PPP typically involves private sector financing, which may be more expensive than public financing. However, this can be offset by the value derived from risk transfer, efficiency, and the expertise of the private sector. The financial model should assess the total cost of capital and compare the public sector's ability to fund the project directly, considering any constraints on public sector budgets or debt capacity.

- ### Alternative Delivery Models

The VfM assessment should not be limited to comparing a PPP model to a traditional procurement model (PSC). Instead, it should consider all potential delivery models, including hybrid models, design-build-finance-operate (DBFO), or management contracts, to determine which option best meets the project's objectives while providing optimal value. For example, a hybrid approach may combine elements of both public and private financing, with varying degrees of risk-sharing and management responsibilities. A robust analysis of alternative delivery models will ensure that the chosen approach is the most cost-effective and efficient in achieving the project's goals.

- ### Sustainability and Long-term Value

An essential element of the VfM assessment is to ensure that the project will deliver long-term value, not only in terms of financial returns but also in terms of sustainability. This includes assessing the environmental and social benefits, such as promoting renewable energy, reducing carbon emissions, or enhancing community welfare. The assessment should evaluate whether the PPP model provides sufficient incentives for long-term sustainability, innovation, and efficiency.

- ### Viability Gap Funding (VGF) Consideration

In some cases, a project may require Viability Gap Funding (VGF) to make it financially viable, particularly if the project's returns are lower than what the private sector would require for investment. The VfM assessment should consider how VGF can support the project without undermining its overall value proposition. The assessment should also include an analysis of whether the required VGF is affordable within the government's budget and whether it enhances the project's overall value.

- ### Value for Money (VfM) Analysis

The final step in the VfM assessment is to determine whether the project delivers value for the government and its stakeholders. If the project provides sufficient benefits (as measured by the BCR or other relevant metrics) and is affordable, sustainable, and well-aligned with the government's objectives, then it should proceed as a PPP. If the project does not demonstrate clear value for money, alternative delivery methods or adjustments to the project's design may be considered.

The decision should be based on a holistic evaluation of costs, benefits, risks, and financing options rather than simply comparing the cost of a PPP to the traditional procurement model. The VfM assessment should ensure that the selected option delivers the best overall outcome for the public sector and its citizens.

Annex 25: Request for Proposal (RfP) – Sample Table of Contents

Source: ***Model Request for Proposal (RfP) document***

Request for Proposal (RFP) Form

Section	Instructions	Response
Project Title & Scope	Full description	
Project Background & Objectives	Context and rationale	
Proposal Submission Requirements	Technical, financial, operational proposals	
Evaluation Criteria & Scoring	Points system for evaluation	
Submission Format & Deadline	File format, submission date	
Terms & Conditions	Legal and procedural obligations	
Clarifications / Queries	Process for submitting questions	

Annex 26: Request for Expression for interest (EOD)

Section	Instructions	Response
Project Title	Official name of project	
Project Overview	Brief summary of project scope	
Eligibility Criteria	Technical, financial, legal requirements	
Submission Requirements	Documents, formats, deadlines	
Evaluation Criteria	Preliminary scoring for shortlisting	
Instructions to Applicants	Submission process, contact info	
Contact Details	EDPPA contact for queries	

Annex 27: Bid Documents and Examples of Bid Selection Criteria

General Bidding Document Template

Part 1: Bidding Procedures

This section guides bidders on how to prepare and submit their bids.

Section I. Instructions to Bidders (ITB):

Provides detailed guidance on the bidding process, including:

- Scope of the bid and source of funds.
- Eligibility and qualification criteria of bidders.
- Clarification of bidding documents and pre-bid meeting details.
- Preparation of bids (language, format, signing).
- Submission and opening of bids

(deadline, sealing, marking).

- Evaluation and comparison of bids.
- Award of contract and post-qualification requirements.

Section II. Bid Data Sheet (BDS):

Contains specific information that modifies or supplements the general ITB clauses to address project-specific details (e.g., exact bid submission address, specific bid validity period, amount of bid security).

Section III. Evaluation and Qualification Criteria:

Outlines the specific methodologies and criteria that will be used to evaluate bids and determine the successful bidder's qualifications.

Section IV. Bidding Forms:

Standard forms that bidders must complete and submit, including:

- Bid Submission Sheet.
- Price Schedules (Bill of Quantities or Activity Schedule).
- Bid Security Form.
- Technical Offer Forms.
- Bidder Information Sheet and

Qualification Forms.

Section V. Eligible Countries:

Lists countries whose goods, works, and services are eligible for this project.

Part 2: Requirements

This section describes the work to be performed, the goods to be supplied, or the services to be provided.

Section VI. Schedule of Requirements / Scope of Work:

- For Goods: Detailed list of items, quantities, delivery dates, and locations.
- For Works: Description of the site, works execution, and associated services.
- For Services: Detailed Terms of Reference (TOR) or an activity schedule.

Section VII. Technical Specifications:

Detailed technical descriptions and performance requirements for the goods, works, or services.

Section VIII. Drawings (if applicable):

A complete set of engineering or architectural drawings.

Section IX. Inspections and Tests (if applicable):

Outlines any required inspection or testing procedures.

Part 3: Contract

This section contains the actual contract forms that the successful bidder will sign.

Section X. General Conditions of Contract (GCC):

Standard legal conditions that govern the relationship between the client and the contractor (e.g., definitions, payment terms, intellectual property rights, liabilities, dispute resolution, governing law).

Section XI. Special Conditions of Contract (SCC):

Specific clauses that amend or supplement the GCC to address the particularities of the project, country, and funding source (e.g., specific dates, names, addresses).

Section XII. Contract Forms:

Forms for the final contract agreement, performance security, advance payment guarantee, and other necessary legal instruments.

Bid Selection Criteria (Examples)

Country	Relevant Legislation Frameworks	Practice
United Kingdom	• Directive 2004/17/EC of The European Parliament • The Public Contracts Regulations 2006 • UK Treasury requirements for PPP projects (see web site)	Choice between: • **Price only** (lowest price to the public procurer); and • **Price and economic benefits** (value of features of the tender linked to subject matter of the contract)
South Africa	• PPP Manual (published by PPP Unit of South Africa); • Preferential Procurement Policy Framework Act 2000	Weighted average of the following factors: • **Price** (weight between 20% and 40%) • **Technical Evaluation Score** (weight between 50% and 70% • **Black Economic Empowerment Score** (weight between 10% and 20%
South Korea	• Basic Plan for Private Participation in Infrastructure 2007	Weighted average of the following factors: • **Engineering Factor -** focusing on the content, plans and drawings (weight of 50%) • **Price Factor -** Net Present Value of all payments to be made by the public entity (weight of 50%)
Australia	• Practitioners' Guide- National PPP Guidelines	Combination of the following: • **Highest savings as compared to Public Sector Comparator** (Bidder ranked accordingly) **Qualitative assessment of individual bids**

Annex 28: Step-In-Rights

1. Purpose and Context

In Edo State's Public–Private Partnership (PPP) programme, *step-in rights* are safeguards that allow either the Government or project lenders to temporarily take control of a project in order to prevent service disruption, protect public interest, or secure financial investment.
They ensure that essential public services continue even when the private partner fails to perform its obligations or when the project faces serious operational or financial difficulty.

Step-in arrangements must be carefully managed to preserve the value of the project, maintain public confidence, and limit fiscal exposure to the State.

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2. Lenders' Step-In Rights

Lenders may exercise step-in rights when the private partner defaults on its financing obligations, breaches critical performance standards, or risks project failure.
In such cases, lenders may assume temporary control or appoint a competent operator to restore performance and protect their investment.

Before doing so, lenders must:

- Notify the **Edo State PPP Agency (EDPPA)** and the relevant **Ministry, Department or Agency (MDA)**;
- Obtain written clearance from the **Ministry of Finance**; and
- Ensure that public service continuity is maintained at all times.

Lender step-in is intended to stabilise the project, not to change ownership or permanently alter contract terms.

3. Government Step-In Rights

The Edo State Government may step in when there is:

- A serious threat to public safety or essential service delivery;
- A material breach of the PPP contract by the private partner;
- Persistent non-performance despite formal warnings; or
- A failure that exposes the State to significant fiscal or reputational risk.

Government intervention should be **temporary and proportionate** — focused on restoring normal operations, not taking over the project.
All government step-ins must be transparent, properly documented, and cleared by the EDPPA and the Ministry of Finance before implementation.

4. Step-In Procedure

a. Triggers for Step-In

Step-in may be initiated if any of the following occur:

- Private partner insolvency or inability to perform contractual duties;

- Repeated failure to meet agreed service or performance standards;
- Suspension or withdrawal of project funding by lenders;
- Emergency or force majeure affecting public safety; or
- Non-compliance with government directives after notice.

b. Timelines

- **Notice period:** At least 14 working days before intervention (except in emergencies).
- **Duration:** Only for the period required to restore acceptable performance.
- **Handover:** Once issues are resolved, control reverts to the private partner or an approved substitute operator.

c. Notice Requirements

Written notice of intention to step-in must be issued to the private partner, the lenders, the EDPPA, and the relevant MDA. The notice must clearly state the reason, scope, and intended duration of the intervention.

d. Approvals

All step-in actions must receive prior clearance from:

1. The **Edo State Public Procurement Agency (EDPPA)** – for contractual and procedural compliance;
2. The **relevant MDA** – for sectoral oversight; and
3. The **Ministry of Finance** – for fiscal control and risk monitoring.

5. Coordination between Government and Lenders

Where both the Government and lenders have grounds to step-in, they must act in a coordinated manner. The order of priority shall follow the provisions of the **Direct Agreement**, with both parties consulting to avoid duplication or conflict.
The joint objective should always be to restore stability, protect public interest, and maintain project viability.

6. Contractual Provisions

Every PPP or Concession Agreement in Edo State should contain clear clauses describing:

- The conditions and procedure for step-in;
- The roles and responsibilities of each party during intervention;
- Notice, approval, and reporting requirements;
- Liability limits and indemnities; and
- The process for reinstatement or transfer after step-in.

This ensures predictability, transparency, and fairness in project management.

7. Model Clause Example

"If the Concessionaire fails to perform a material obligation and does not remedy the breach within the cure period specified in this Agreement, the Government or the Lenders may, upon written notice to the Concessionaire and to each other, exercise Step-In Rights.
Such Step-In shall be temporary, limited to essential functions, and implemented in accordance with the procedures and approvals set out in this Agreement and in the Edo State PPP Manual."

8. Managing Liabilities during Step-In

During step-in, the Government or lenders are responsible only for actions taken within the period of intervention.
The private partner remains liable for previous obligations, debts, and breaches unless a written variation is approved by the EDPPA and the Ministry of Finance.
All indemnities and fiscal exposures must be recorded and disclosed in the project's fiscal risk register.

9. Transition and Post Step-In Actions

a. Reinstating the Private Partner

Once the performance issues are resolved and certified by the EDPPA, control of the project should return to the private partner.
An independent verification may be required to confirm compliance with service and financial obligations.

b. Selecting a Replacement or New Sponsor

If the original partner cannot resume operations, the lenders or the Government, through the EDPPA, may identify a qualified replacement through a transparent and competitive process, subject to State approval.

c. Project Restructuring

Where the step-in reveals deeper financial or operational weaknesses, the project may be restructured, with revised terms, financing, or timelines — subject to approval by the **Ministry of Finance**, **EDPPA**, and the **Fiscal Risk Management Committee**.

10. Oversight, Documentation and Reporting

Every step-in event must be:

- Recorded in detail by the EDPPA;
- Reviewed by the **Fiscal Risk Management Committee**; and
- Reported annually in the **Edo State PPP Fiscal Commitments and Contingent Liabilities (FCCL) Report**.

This ensures transparency, accountability, and learning for future projects.

Annex 29: Monitoring and Evaluation

1. Purpose and Context

Monitoring and Evaluation (M&E) form a critical part of Edo State's Public–Private Partnership (PPP) governance framework.
They ensure that PPP projects deliver the expected quality of service, remain affordable, and achieve value for money throughout their lifecycle.
Regular monitoring also helps the State identify risks early, enforce compliance with contractual obligations, and ensure transparency in both fiscal and operational performance.

The M&E framework is designed to promote accountability and continuous learning across all Ministries, Departments, and Agencies (MDAs) implementing PPP projects.

2. Institutional Responsibility for Monitoring and Evaluation

The overall coordination of M&E for PPP projects in Edo State shall be led by the **Edo State Public Procurement Agency (EDPPA)** through its PPP Unit, working closely with:

1. **The Implementing MDA** – responsible for day-to-day supervision of the project, technical monitoring, and data collection.
2. **The Ministry of Finance (MOF)** – responsible for tracking fiscal commitments, contingent liabilities, and verifying financial reports from the private partner.
3. **The Fiscal Risk Management Committee (FRMC)** – responsible for reviewing overall PPP performance, fiscal implications, and compliance with the State's FCCL framework.

Each entity must perform its assigned role, maintain accurate records, and share periodic reports with the EDPPA for consolidation.

3. Roles and Focus Areas

a. Technical Monitoring

- The implementing MDA shall monitor design, construction quality, and adherence to approved technical specifications.
- Inspections must be conducted at agreed intervals during construction and operation, supported by engineering or performance reports.
- The MDA shall immediately report any deviation or defect to the EDPPA for corrective action.

b. Financial Monitoring

- The Ministry of Finance, in collaboration with EDPPA, shall monitor the financial health of PPP projects, including payments, unitary charges, guarantees, and fiscal exposures.
- The private partner must submit audited financial statements annually.
- Any fiscal risk or variance detected shall be escalated to the Fiscal Risk Management Committee for review and action.

c. Operational Monitoring

- The EDPPA and the relevant MDA shall assess service delivery levels, maintenance standards, safety compliance, and customer satisfaction.

- Operational reports should compare performance outcomes against agreed Key Performance Indicators (KPIs).
- Persistent underperformance should trigger remedial measures as provided in the PPP contract.

4. Key Performance Indicators (KPIs)

a. Definition and Purpose

KPIs are measurable indicators used to evaluate whether a PPP project is meeting its technical, financial, and service delivery objectives.
Each project shall have a defined set of KPIs approved by the EDPPA at contract signing.

b. Standard KPI Template

A standard KPI table shall be used for all PPP projects, tailored to the sector:

Category	Indicator	Baseline	Target	Data Source	Frequency	Responsible Entity
Technical	Compliance with design and construction standards	100% design approval	≥95%	Engineer's report	Quarterly	MDA / EDPPA
Financial	Accuracy of fiscal disbursements and payments	N/A	100% verified	MOF reports	Semi-annual	MOF
Operational	Service availability (uptime)	95%	≥98%	Operator's records	Monthly	MDA
Customer	User satisfaction	N/A	≥80%	Survey	Annual	EDPPA

All KPIs shall be reviewed annually to ensure alignment with evolving project realities.

5. Frequency of Evaluation

1. **Construction Phase:**
   - Monthly site inspections and quarterly progress reports by the MDA and EDPPA.
2. **Operation Phase:**
   - Continuous data collection and quarterly service performance reviews.
3. **Annual Evaluation:**
   - Comprehensive review of technical, financial, and operational performance by EDPPA and the relevant MDA.
4. **Mid-Term and End-of-Term Evaluations:**
   - Conducted for long-term projects to assess sustainability, lessons learned, and readiness for renewal or transfer.

6. Annual Reporting and Compliance Scoring

At the end of each fiscal year, the EDPPA shall prepare an **Annual PPP Performance and Compliance Report**, incorporating inputs from all MDAs and the Ministry of Finance.
This report shall:

- Summarize each project's performance across technical, financial, and operational areas;
- Include a compliance score for each project; and
- Be presented to the **Fiscal Risk Management Committee** and the **Executive Council** for review.

Compliance Scoring Framework:

Score Range	Rating	Description
90–100%	Excellent	Fully compliant; model project
75–89%	Satisfactory	Meets most standards; minor issues
50–74%	Needs Improvement	Material issues requiring remedial action
Below 50%	Unsatisfactory	Non-compliant; subject to intervention

Projects that consistently perform well may be considered for future expansion or incentives, while those scoring low will be subject to corrective or contractual review.

7. Corrective and Feedback Mechanism

Where deficiencies are identified, the following steps shall apply:

1. **Notification:** The EDPPA shall issue a written notice to the private partner detailing areas of non-compliance.
2. **Corrective Action Plan:** The private partner must prepare and implement an agreed plan with specific timelines for improvement.
3. **Follow-Up Evaluation:** The MDA and EDPPA shall conduct follow-up inspections to verify implementation.
4. **Escalation:** If issues remain unresolved, the matter shall be referred to the Fiscal Risk Management Committee for higher-level decision or intervention.

Lessons learned from each review shall inform the design of future PPP contracts and fiscal frameworks.

8. Transparency and Public Disclosure

To enhance public confidence and accountability:

- The EDPPA shall publish a summary of the annual PPP performance and compliance report on the **Edo State PPP Portal**;
- Performance results shall also be included in the **State's Fiscal Commitments and Contingent Liabilities (FCCL) Report**; and
- The State may organise annual stakeholder sessions to present results and discuss performance improvements.

9. Continuous Improvement

The EDPPA shall develop and maintain a **PPP Monitoring and Evaluation Handbook**, including:

- Standard templates for inspection and reporting;
- Guidance on KPI setting and adjustment;
- Data collection tools; and
- Performance audit checklists.

MDAs and private partners must use these templates to ensure consistency and comparability across all PPP projects in Edo State.

Annex 30: Dispute Resolution

(1) Purpose and Context

Dispute resolution in Edo State PPP projects ensures that conflicts between the Government and private partners are resolved quickly, fairly, and efficiently.
The objective is to maintain project continuity, protect public interest, safeguard investment, and minimise financial or operational disruption.
All dispute resolution processes must comply with the **Edo State Public Procurement and PPP Law (EDPPA Law, 2025)**.

(2) Available Dispute Resolution Options

PPP contracts in Edo State must include a **tiered dispute resolution framework** to encourage early and amicable settlement before escalating to formal proceedings. Typical options include:

a) **Negotiation** – Direct discussions between the Government and the private partner to resolve disagreements.
b) **Mediation** – Involving a neutral third-party mediator appointed by mutual consent to help the parties reach agreement.
c) **Adjudication** – A binding decision by an independent adjudicator or panel as specified in the contract.
d) **Arbitration** – Formal arbitration under Nigerian law or another agreed framework; decisions are legally enforceable.
e) **Litigation** – Court proceedings, used only as a last resort, consistent with the contract and the EDPPA Law.

Each contract must clearly define the **escalation path**, timelines, and responsibilities for each stage of dispute resolution.

(3) Risk Sharing Arrangements

Dispute resolution is linked to the allocation of project risks. Both the Government and private partner have responsibilities to reduce, manage, and resolve disputes.

a) Government Responsibilities

- Provide clear contractual obligations to minimise disputes.
- Respond promptly and fairly to any dispute raised by the private partner.
- Ensure regulatory consistency and fairness, avoiding actions that could trigger unnecessary conflicts.
- Engage in negotiation or mediation before escalation to formal procedures.

b) Private Partner Responsibilities

- Comply fully with contractual obligations and performance standards.
- Notify the Government in writing of any disputes promptly.
- Engage in negotiation or mediation in good faith before initiating formal proceedings.
- Provide necessary documentation and evidence to facilitate dispute resolution.

(4) Alignment with EDPPA Law (2025)

All dispute resolution mechanisms must comply with the **EDPPA Law (2025)**:

- The **EDPPA** has oversight authority to facilitate and supervise PPP dispute resolution.
- Negotiation, mediation, and arbitration outcomes are legally recognised.
- The **Fiscal Risk Management Committee** must review disputes that may affect the State's fiscal exposure.
- Step-in measures and dispute resolution must not halt essential services.

PPP contracts should explicitly reference EDPPA Law provisions to ensure enforceability and alignment with State policy.

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(5) Practical Guidelines for Dispute Management

- Include a **dispute escalation matrix** in all PPP contracts specifying the responsible party or committee at each stage.
- Maintain detailed **records of disputes, communications, and resolutions** for audit and transparency.
- Notify the **Ministry of Finance** and **Fiscal Risk Management Committee** immediately for disputes with fiscal implications.
- Prioritise **negotiation and mediation** to maintain service continuity.
- Escalate to arbitration or litigation only after all amicable options have been exhausted.

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(6) Objective

Annex 29 provides Edo State PPP stakeholders with a structured, fair, and predictable approach to managing conflicts, protecting the public interest, preserving project value, and ensuring uninterrupted service delivery.

Annex 31: Force Majeure

(1) Purpose and Context

Force majeure provisions in Edo State PPP projects provide a framework for handling **unforeseen events** beyond the control of either the Government or the private partner that prevent or delay the performance of contractual obligations.
These provisions protect both public and private investment, maintain essential service delivery, and ensure fair risk allocation in extraordinary circumstances.

(2) Definition and Scope of Force Majeure

A force majeure event may include, but is not limited to:

- Natural disasters such as floods, earthquakes, storms, or droughts;
- Epidemics, pandemics, or public health emergencies;
- Acts of war, terrorism, or civil unrest;
- Government-imposed restrictions beyond the control of the parties;
- Other extraordinary events that could not reasonably have been foreseen, prevented, or mitigated.

PPP contracts must clearly define what constitutes force majeure, the procedures for notification, and the steps to mitigate its impact.

(3) Exceptional Circumstances for Force Majeure

Force majeure is applicable when an event:

- Prevents the private partner from delivering agreed services or completing construction on time;
- Disrupts the Government's ability to provide support or payments as stipulated in the contract; or
- Threatens public safety, health, or continuity of essential services.

The affected party must provide **written notice to the other party immediately**, including supporting evidence of the event and its effect on contractual obligations.

(4) Arrangements for Termination Payments

If a force majeure event results in contract termination:

- The private partner may receive **termination payments** for completed work, investments made, and costs incurred.
- Payment amounts must follow the terms specified in the contract and be **approved by the EDPPA and the Ministry of Finance**.
- These arrangements aim to balance fair compensation to the private partner with the protection of Edo State's fiscal interests.

(5) Risk Sharing Arrangement for Force Majeure

Force majeure risks are **shared between the Government and the private partner**:

a) Government Responsibilities

- Provide reasonable support within contractual obligations;

- Approve temporary suspension of obligations or adjustments to payments;
- Collaborate with the private partner to mitigate impacts and restore project operations.

b) Private Partner Responsibilities

- Take reasonable steps to mitigate the impact of the event;
- Notify the Government promptly with documentation of the event and its consequences;
- Resume operations as soon as practicable after the force majeure event ends.

(6) Conditions for Contract Termination

A PPP contract may be terminated due to force majeure only if:

- The event persists for a **prolonged period** as defined in the contract (e.g., 180 days);
- The project becomes economically or operationally unviable;
- All mitigation and consultation steps agreed in the contract have been exhausted.

Termination must be formally approved by the **EDPPA** and the **Ministry of Finance**, and recorded in the **Fiscal Commitments and Contingent Liabilities (FCCL) Report**.

(7) Practical Guidelines

- Include a **force majeure clause** in all PPP contracts, specifying events, notification procedures, and arrangements for termination and payments;
- Keep detailed records of all force majeure events, notices, and mitigation actions;
- Prioritise continuity of essential services where possible;
- Review each event to inform future risk management and contract drafting.

(8) Implementation Note

The **EDPPA** shall maintain a **Force Majeure Handbook** containing:

- Standard notification templates;
- Guidelines for termination payments and risk allocation;
- Procedures for mitigation, resumption, and post-event recovery.

All PPP contracts in Edo State should reference this annex to ensure consistent, fair, and predictable handling of exceptional events.

Annex 32: Concession Agreement – Sample Table of Contents

Model Concession Agreement for Highway / Road in Edo State

Annex 33: Checklist for Selecting an Unsolicited Proposal

In the context of Edo State's use of the Swiss Challenge approach for handling unsolicited proposals, it is essential to establish a clear and structured process for evaluating and selecting such proposals. The Swiss Challenge method allows the government to assess unsolicited proposals while ensuring transparency, competition, and value for money.

The following checklist outlines the key criteria to be considered when selecting an unsolicited proposal for further evaluation:

i. *Alignment with State Priorities and Policy Objectives*

- Does the proposal align with the strategic priorities and development objectives of Edo State, as outlined in relevant sectorial plans, such as the State Economic Development Plan or other public policy frameworks?
- Is the proposal consistent with the State's long-term goals, including sustainability, social impact, and economic development?

ii. *Completeness of the Proposal*

- Has the proposal been submitted with all required documents and information, including detailed technical and financial proposals, legal documents, feasibility studies, and risk assessments?
- Does the proposal clearly define the scope of the project, the expected outcomes, and timelines for delivery?

iii. *Financial Viability*

- Is the financial model of the proposal robust and realistic, demonstrating a clear path to financial sustainability?
- Does the proposal specify the funding sources, including any equity, debt, or government support required?
- Is the proposed financing structure feasible, and does it offer value for money (VfM) compared to alternative delivery models?

iv. *Innovation and Added Value*

- Does the proposal offer innovative solutions, technologies, or approaches that provide added value to Edo State?
- Is the proposal likely to introduce efficiencies, cost savings, or other benefits not available through conventional procurement methods?

v. *Risk Allocation and Management*

- How well does the proposal identify and allocate risks between the public and private sectors?
- Does the proposal include a clear risk management plan, detailing how risks such as environmental, financial, and operational risks will be mitigated?

vi. *Private Sector Capability and Experience*

- Does the private party or consortium submitting the proposal have a proven track record in delivering similar projects?
- Are the qualifications, experience, and financial capacity of the private party sufficient to successfully implement and operate the proposed project?

vii. *Market Interest and Competition*

- Is there sufficient market interest in the proposal, and is there potential for attracting competitive bids through the Swiss Challenge process?
- Can the Swiss Challenge approach effectively encourage competition, and does the proposal provide adequate incentive for other parties to challenge it?

viii. *Legal and Regulatory Compliance*

- Does the proposal comply with Edo State's procurement laws, policies, and regulations governing unsolicited proposals and PPPs?
- Are there any potential legal or regulatory barriers to implementing the proposal, and how are these addressed?

ix. *Sustainability and Environmental Impact*

- Does the proposal consider long-term environmental sustainability, including resource management, waste reduction, and carbon footprint minimization?
- Are the environmental and social impacts of the project thoroughly assessed and mitigated?

x. Public and Stakeholder Support

- Is there evidence of stakeholder support for the proposal, including from the local community, relevant government agencies, and other key stakeholders?
- Does the proposal include a clear communication strategy for engaging stakeholders and addressing any concerns or objections?

xi. Monitoring and Evaluation Framework

- Does the proposal outline a clear framework for monitoring, evaluating, and reporting on the project's performance throughout its lifecycle?
- Are there mechanisms for ensuring accountability, transparency, and continuous improvement?

xii. Exit and Transition Strategy

- Does the proposal include a well-defined exit or transition strategy at the end of the contract period, ensuring the smooth transfer of responsibilities or assets back to the government if necessary?

Annex 34: Risk Identification and Allocation

Risk is an inherent part of all projects. In the context of the Public Sector Comparator (PSC), **risk** reflects the potential for additional costs above the base case assumed in the primary PSC or for revenue below it. For the PSC to provide a meaningful test for value for money against the private bids, it must include a comprehensive and realistic pricing of all quantifiable and material risks.

In constructing the PSC, the value of risk is included in the cash flow numerator of the PSC. This is seen as offering the following advantages:

- By valuing risk as a separate cash flow item, government is better able to focus on the key factors influencing the optimal level of risk allocation;
- Cash flow valuation takes better account of the timing of risk by analyzing the risk profile of each risk. For example, construction risk arises early in the project, while upgrade and residual value risks arise towards the end;
- The value and impact of a particular risk may vary over time; and
- Cash flow valuation provides a transparent methodology by using a consistent government discount rate across projects.

Identifying the project Risks

The first step in managing and allocating risk is to identify all risks associated with a project. Risks are usually identified by reference to generic risk categories and/or risks based on different phases of the project. The risks associated with project phases include bid phases; negotiation with bidders; construction; operation and transfer risks. The first two project phase risks are not accounted for in the PPP agreement. An illustrative list of risks associated with a project is presented in the table below.

Constructing a Risk Matrix – Risk Identification

S/n	Risk Category	Description Of Risk
1	***Commissioning Risk***	The risk that the infrastructure will not receive all approvals to satisfy an output specification, such as expected changes in legislation which allows for a specific output specification not materializing
2	***Construction Risk***	The risk that the construction of the assets required for the project will not be completed on time, budget or to specification
3	***Demand (Usage) Risk***	The risk that actual demand for a service is lower than planned
4	***Design Risk***	The risk that the proposed design will be unable to meet the performance and service requirements in the output specification
5	***Environmental Risk***	The risks that the project could have an adverse environmental impact which affects project costs not foreseen in the environmental impact assessment
6	***Financial Risk***	The risk that the private sector over stresses a project by inappropriate financial structuring
7	***Force Majeure Risk***	An act occasioned by an unanticipated, unnatural, or natural disaster such as war, earthquake, or flood of such magnitude that it delays or destroys the project and cannot be mitigated
8	***Industrial Relation Risk***	Industrial relations risk is the risk that industrial relations issues will adversely affect construction costs, timetable, and service delivery
9	***Latent Defect Risk***	The risk that an inherent defect exists in the structure being built or equipment used, which is not identified upfront,

S/n	Risk Category	Description Of Risk
		and which will inhibit provision of the required service
10	***Operating Risk***	The risks associated with the daily operation of the project, including an unexpected change in operating costs over budget
11	***Performance Risk***	The risk that the operator will not perform to the specified service level, such as a power generator supplying less power than demanded
12	***Change in Law***	The risk that the current regulatory regime will change materially over the project or produce unexpected results
13	***Residual Value Risk***	The risk relating to differences from the expected realizable value of the underlying assets at the end of the project
14	***Technology Obsolescence Risk***	The risk that the technology used will be unexpectedly superseded during the term of the project and will not be able to satisfy the requirements in the output specification
15	***Upgrade Risk***	The risks associated with the need for upgrade of the assets over the term of the project to meet performance requirements

Source: ***Partnerships Victoria, Technical Note on Public Sector Comparator***

The depth and accuracy of information collected should reflect the materiality of the costs (or revenues) to be quantified. It would generally be inappropriate to devote excessive time and resources to valuing minor or less sensitive risks. To constructing the PSC, only material risks should be included.

Risk Assessment

After all material risks have been identified, the next step would be to assess and quantify the consequence of each risk. The two factors impacting the consequence of the risk are first the **likelihood of its occurrence** and second the **size of its consequence** if it were to materialize.

The consequences of risk can be either direct or indirect. **Direct consequences** include time and cost overruns over the initial base costs used in the Raw PSC. **Indirect consequences** arise from the interaction between risks, where the occurrence of one risk has flow-on implications for other aspects of the project. When identifying the consequences of a particular risk, the potential interaction between risks needs to be considered. This is particularly relevant where the risk would delay the critical path and has a flow-on effect throughout the project.

Constructing a Risk Matrix – Direct Consequences of risk

S/n	Risk Category	Direct Consequence
1	***Commissioning Risk***	Additional ramp-up costs, cost of maintaining existing infrastructure or providing a temporary alternative solution where this leads to a delay in the provision of the service
2	***Construction Risk***	Additional raw materials and labour costs, cost of maintaining existing infrastructure or providing a temporary alternative solution where this leads to a delay in the provision of the service
3	***Demand (Usage) Risk***	Reduced revenue based on lower throughput risk
4	***Design Risk***	Cost of modification, redesign costs
5	***Environmental Risk***	Additional costs incurred to rectify an adverse environmental impact on the project, incurred from the construction or operation of the project or pre-existing environmental contamination
6	***Financial Risk***	Additional funding costs for increased margins or unexpected refinancing costs
7	***Force Majeure Risk***	Additional costs to rectify

S/n	Risk Category	Direct Consequence
8	***Industrial Relation Risk***	Increased employee costs, lost revenue, or additional expenditure during delay in construction or service provision (post-construction)
9	***Latent Defect Risk***	Cost of new equipment or modification to existing infrastructure
10	***Operating Risk***	Increased operating costs or reduced revenue over the project term
11	***Performance Risk***	Cost of failing to comply with performance standards
12	***Change in Law***	Cost of complying with new regulations
13	***Residual Value Risk***	Lower realizable value for underlying assets at end of project term
14	***Technology Obsolescence Risk***	Cost of replacement technology
15	***Upgrade Risk***	Additional capital costs required to maintain specified service above the level included in the base case financial model
16	***Maintenance Risk***	Increased cost of repairs above the level included in the base case financial model

Source: ***Partnerships Victoria, Technical Note on Public Sector Comparator***

A useful tool for identifying the consequences and financial impact of risk is a risk matrix. A comprehensive risk matrix should be more than an indication of whether each risk should be transferred, retained, or shared. It should also identify the main con sequences, financial impact and potential mitigation strategies for each risk. This allows the risk matrix to serve as a reference point for valuing risk in a PSC.
An example of a risk matrix is presented in the table below:

Constructing a Risk Matrix – Example of a Risk Matrix Element

Risk	Cause	Consequence of Risk	Potential Financial Impact	Strategy Mitigation
Commissioning Risk – delay in service provision	1. Failure to complete or construct adequately	• Cost and time overturns (e.g., additional ramp- up costs) • Cost of maintaining existing infrastructure or providing a temporary solution through inability to deliver the new facility as planned	• Dependent on extent of time overrun • known (monthly/ daily) but dependent on extent of time overruns • Dependent on probability of risk occurring	• Allocate risk to bidder: fixed time and price contract with an experienced builder • Ensure construction company provides a liquidated damages bond
	2. Council failure to deliver approvals in a timely manner	• Cost and time overrun (e.g., additional ramp-up costs) • Cost of maintaining existing infrastructure or providing a temporary solution through inability to deliver the new facility as planned	• Dependent on time taken to acquire approvals (if they can be obtained at all) • Dependent on probability of risk occurring	• Simplify approval process (as far as is reasonable) • Obtain as many approvals as is possible prior to contract signature • Use best legal advisers to determine and obtain all approvals required
	3. Flaws in output specification	• Cost and time overruns (e.g., additional ramp-up costs) • Cost of maintaining existing infrastructure or	• Dependent on extent of time overrun • Known (monthly/ daily) cost but dependent on extent of time overrun • Potential cost of	• Remove high risk technological elements from specification (keep it simple and unambiguous) • Nature of

		providing a temporary solution through inability to deliver the new facility as planned	redefining the output specification • Dependent on probability of risk occurring	commissioning tests should be clearly spelt out upfront, focusing attention on whether the output specification will be met

Source: ***Partnerships Victoria, Technical Note on Public Sector Comparator***

It is useful to separate the different causes and consequences of each risk for two reasons:

- Different consequences may have a different probability of eventuating — typically, more severe consequences have a lower probability of occurring; and
- It may be optimal to allocate different causes for the same risk between the parties, based on their ability to manage it at least cost.

This process is performed for each risk to complete the risk matrix. The entire process should be thoroughly documented to ensure an adequate probity trail exists to justify the risk valuation and allocation, and to allow for future review of the process.

Having identified the material risks and assessed the variety of potential consequences, it is then necessary to estimate the probability of each of the consequences occurring. There are various risk valuation techniques that can be used to provide probability estimates. These range from simple techniques that provide a subjective estimate of probability, to more advanced techniques that produce weighted probabilities for specific risks based on given confidence intervals, and single comprehensive risk estimates for all project risks using multivariable statistical techniques.

Quantifying the Risk

This step involves assessing the financial impact of the risk. Given that the project risks are being captured only in the numerator of the cash flows rather than being an intrinsic element of the discount rate, hence a contingency factor should be included in each major risk category (e.g. construction, operations and maintenance) to account for any unobservable costs which would otherwise lead to the undervaluation of identifiable and quantifiable risks.

The amount of the contingency that should be added to the major risk categories depends on several factors, including:

- The accuracy of information used in valuing the particular risk;
- The size of the contingency (as a proportion of the underlying cost), this will be inversely proportional to the amount of resources devoted to valuing the observable components of the risk; and
- The degree of uncertainty for completeness

The MDA should also gather contingency risk data from previous public procurement projects and base its contingency factor for a particular risk or risk category on this, supplemented by information from the private sector where appropriate (e.g., where these have not been previously included). The value of each risk is then calculated individually using the following probability weighted formula:

Value of Risk = consequence x probability of occurrence + contingency

Once the consequences and probability of the occurrence have been quantified, the value of each risk can be determined. There is often more than one possible consequence for a particular risk. The value of each risk in such cases is the sum of all these probability weighted consequences (assuming the consequences are all independent), plus a contingency amount.

Estimating the Probability of Occurrence

The techniques for estimating the probability of occurrence of a consequence vary from simple probability valuation techniques based on subjective estimates to more advanced probability valuation based on multivariate statistical techniques.

- **Simple Probability Valuation**: In its most basic form probability valuation involves making subjective estimates of likelihood of the occurrence of each risk. It is normally based on experience, current best practices, and anticipated improvements in future. One such technique is to make point estimates. This would involve realistically estimating the extent to which the final cost of the project is likely to be above or below the estimated value of the PSC. Each point estimated will be associated with a likely consequence and the consequence would be dependent on the materiality of the occurrence to the project. In case of subjective estimates as well as in empirical estimation, all assumptions related to the estimation should be clearly stated and documented.

- **Advanced Probability Valuation**: These techniques involve estimating the probability of occurrence by creating a probability distribution and interpreting resulting outputs. These distributions are based on professional experience, supported where available by historical information and reliable assumptions for similar recent projects. Once these distributions have been calculated, a reliable estimate of probability can then be made to a given level of accuracy (known as the confidence interval). Statistical risk measures have the advantage that they are based on rigorous economic principles, use a mix of professional experience and available information, and map a variety of possible outcomes. Conversely, they have the disadvantage that they can be more complicated to calculate and interpret and may require a significant amount of reliable information to determine an appropriate distribution. This may be significantly mitigated where experienced risk professionals are engaged, increasing the ability to make reliable and objective forecasts. The accuracy and reliability of probability distribution estimates therefore depends on the capability to provide reasonable forecasts of likely outcomes, supported by the quality of available information. Instead of estimating each risk and its components separately, it may be possible to calculate a single risk measure through multivariable analysis and simulation. These techniques typically involve the use of computer-based simulation packages. One accepted method of multivariable analysis is Monte Carlo simulation. This technique constructs an artificial probability distribution for total risk, or a subset of risks, based on assumed or actual distributions for each of the individual risks. It then provides a single value for risk by simultaneously solving some different risk relationships.

The choice of risk valuation technique should depend on the size and complexity of the project and the cost benefit analysis of using an advanced probability valuation technique.

Illustration of Estimating of Value of Risk

This illustration of estimating risk is adopted from Partnerships Victoria - Public Sector Comparator, Technical Note.

Consider the construction of some new educational facilities with a total base cost of **USD100 million**. Closer examination indicates that the following risk consequences are associated with construction of the facilities:

1. **Likely increase in construction costs** (based on average cost overruns): Evidence suggests there is a 15 per cent probability that actual total construction costs will be the same as the initial base cost (included in the Raw PSC). It is also determined that there is a 40 per cent probability that total construction costs will exceed the base amount by 10 per cent ('likely' scenario), a 25 per cent probability that costs will exceed the base amount by 15 per cent ('moderate' scenario), and a 15 per cent probability of a 25 per cent increase in costs (extreme' scenario). In addition, there is a 5 per cent probability that costs will be 5 per cent below the base amount;
2. **Increase in costs arising from a delay in the construction schedule** (time overrun): Assume the cost of delay is a uniform **USD 4 million** per year, accumulating at a constant rate over the year. The procurement team estimates there is a 15 per cent probability that the facilities will be completed on time, a 50 per cent probability that completion of the new facility will be delayed by one year, and a 25 per cent probability that construction will be delayed by 18 months. In addition, there is a further 10 per cent probability that the delay will be two years;
3. The **cost of providing similar services during the delay period**, generally from existing facilities ("service maintenance"): In this case, the probability of needing to provide similar services is assumed to be directly related to the probability of a time overrun, and that the cost of utilizing existing facilities to meet required demand will be **USD 3 million** per year;
4. **Increase in construction costs if the planned facility is not sufficient and additional treatment capacity needs to be added** ("upgrade costs"): The procurement team estimates there is a 20 per cent probability that the facilities will be completely adequate, and no upgrade will be required. In the event that additional upgrades are required over the initial design, it is estimated that there is a 40 per cent probability that the cost

will be approximately 5 per cent of the initial base amount (_likely‘ scenario), a 30 per cent probability that the cost will increase by 7 per cent (_moderate‘ scenario), and a further 10 per cent probability that the cost will increase by 10 per cent (_extreme‘ scenario); and a contingency factor of 2 per cent is also included to account for any unobservable costs associated with construction risk.

These scenarios can be represented in a simple risk valuation table.

Constructing a Risk Matrix – Example of Risk Valuation Table

Scenario	Outcome	Consequence	Probability	Value of Risk
1. Cost of Overruns				
Below Base Figure	95	-5	5%	-0.3
No Deviation from Base	100	0	15%	0.0
Overrun – Likely	110	0	40%	4.0
Overrun – Moderate	115	10	25%	3.8
Overrun – Extreme	125	15	15%	3.8
Subtotal				**11.3**
2. Time Overruns				
No Time Overruns	100	0	15%	0.0
Overrun – Likely	104	4	50%	2.0
Overrun – Moderate	106	6	25%	1.5
Overrun – Extreme	108	8	10%	0.8
Subtotal				**4.3**
3. Service Maintenance				
No Deviation from Base	100	0	15%	0.0
Overrun – Likely	103	3	50%	1.5
Overrun – Moderate	104.5	4.5	25%	1.1
Overrun – Extreme	106	6	10%	0.6
Subtotal				**3.2**
4. Upgrade Costs				
No Deviation from Base	100	0	20%	0.0
Overrun – Likely	105	5	40%	2.0
Overrun – Moderate	107	7	30%	2.1
Overrun – Extreme	110	10	10%	1.0
Subtotal				**5.1**
		Contingency Factor (2% value of project)		**2**
		Total Value of Risk		**25.9**

The timing of each possible consequence then needs to be assessed. This may be different for some consequences within a particular risk and is represented in the simple matrix below.

Constructing a Risk Matrix – Timing and Probability of Consequence

Consequence	Year 0	Year 1	Year 2
Cost Overrun	70%	30%	
Time Overrun	71%	29%	
Service Maintenance*		71%	29%
Upgrade Cost*		100%	
Contingency Factor*	70%	30%	
*In practice, these risks may be expected to occur in later years. However, for illustrative purposes, all consequences are assumed to occur in Years 0-2			

For example, the cost of providing a similar service will only be incurred once the service is expected to be delivered under the timetable assumed in the Reference Project (e.g., Year 1). The timing of the contingency factor is assumed to be the same as the cost overrun. The subtotal cost of each risk component is then allocated across the term of the project according to the timing weightings given above. For example, the cost overrun component (in real terms) would be allocated as follows

Constructing a Risk Matrix – Allocating Cost of Risk

(USD Million)

Consequence	Year 0	Year 1	Year 2
Cost Overrun	7.9 (11.3 x 70%)	3.4 (11.3x 30%)	0 (11.3 x 0%)

Each of the components then needs to be converted into nominal cash flows to account for the effect of inflation. In this example, inflation is assumed at 2.5 per cent per year.

Constructing a Risk Matrix – Estimating Present Value of Risk

(USD Million)

Consequence	Year 0	Year 1	Year 2
Construction Risk			
Time Overrun	7.9	3.4	0
Service Maintenance	3.1	1.2	0
Upgrade Cost	0	2.3	0.9
Contingency Factor	0	5.1	0
Real Cost	1.4	0.6	0
Nominal Costs (Assuming inflation at 2.5% p.a.)	**12.4**	**12.9**	**1**
Discounted Cash Flow	**12.4**	**11.9**	**0.8**
Present Value of Construction Risk	**25.1**		

Thus, the **present value of construction risk for this project has been estimated at USD 25.1 million**.

Estimating Transferable Risk

All risks of the project can be classified as either Transferable Risk (those that MDA seeks to allocate to bidders) or Retained Risk (that MDA is willing to accept). However, there may be situations where specific components of a particular risk are allocated between parties, or where an overall risk is shared. In the former situation, the particular risk needs to be separated into both its Transferable and Retained Risk components. Risk sharing may occur in accordance with an agreed formula contained in a negotiated contract. For example, where a department or agency is not expected to be the only end-user of an asset or service, government may specify a base level of demand it will support. Bidders may be required to take demand risk above this base level.

Where a risk is classified as a Transferable Risk, bidders should be given a substantial degree of flexibility to determine the best method of controlling the costs associated with that risk. This creates a powerful incentive for bidders to manage the risk in the overall interests of the project, while delivering greater value for money to government. This is further enhanced using a performance based payment mechanism. Achieving an optimal risk allocation can have substantial value for money implications.

Once all the Transferable Risks have been identified, the size and timing of the expected cash flows associated with each risk needs to be aggregated to determine the NPC of the Transferable Risk component of the PSC. Each of the risks should be included as a separate cash flow item and then added to form the Transferable Risk component, to allow for a detailed analysis of the key risks and their sensitivity to the overall PSC.

Risk Allocation

The principle governing risk transfer is that each risk should be allocated to whoever is best able to manage it at least cost, considering public interest considerations. This requires an optimal rather than maximum transfer of risk. It is determined by assessing the ability of each party to reduce the probability of a risk occurring, and to minimize the consequences if that risk eventuates.

It is unlikely that either government or bidders will be best suited to manage all the risks of a project. Factors to be considered include:

- The nature of the project;
- The respective strengths and ability of each party to manage a risk (this may change over time as each party's risk mitigation skills improve);
- Flexibility of the output specification (whether any constraints exist which influence the method for managing risk);
- Previous levels of risk transfer (this indicates the historical success of each party in managing particular risks and the potential ability to manage risk in the future);
- Prevailing market attitudes towards risk;
- Public interest factors; and
- Other policy considerations

- ### Risk Mitigation

Risk Mitigation is a component of risk allocation. Risk mitigation is any action that can be taken to reduce:

- The likelihood of a risk materializing; or
- The consequences to the contracting party taking the risk if it does materialize.

Risk mitigation is an attempt to reduce the relevant party's exposure to the risk and inherently increases the likelihood of achieving (or bettering) the project's base case scenario. Mitigation practices vary depending on the risks being considered and whether the party concerned is a private or public one.

Private Sector Risk Mitigation Mechanism is passing through the risk to a third party. It is one of the most used and readily available risk mitigation option for private parties is to pass the risk on to other parties who can control it at a lower risk premium. This supplementary risk allocation creates a chain of risk bearers, each best placed to control the particular risk, and each insulated from the collective risks which the private party would otherwise have to bear. Other private sector risk mitigation mechanisms include insurance, use of financial market instrument and developing diversified project portfolios. Public sector risk mitigation measures are like those used in the private sector. Additionally, an MDA could consider taking steps to reduce the risk during the procurement stage.

Constructing a Risk Matrix – Elements of a Risk Matrix

Risk Category	Description	Consequence	Mitigation	Preferred Allocation
Financial Risk	Risk of budget overruns, insufficient funding, or financial instability during the project lifecycle	Delays in project completion, cost overruns, inability to meet financial commitments	Conduct thorough financial modeling and regular audits; secure adequate contingency funds; ensure clear funding sources.	Private sector to manage financial risks, but the government may offer Viability Gap Funding (VGF) if necessary.
Operational Risk	Risk related to the private partner's ability to operate the project efficiently and deliver on performance.	Project underperformance, lower quality of service, operational inefficiencies.	Implement strong performance monitoring systems; establish clear performance indicators and penalties for non-compliance.	Private sector to manage operational risks with oversight from the government.
Legal and Regulatory Risk	Risks arising from changes in laws, regulations, or contractual obligations.	Legal disputes, project delays, inability to meet regulatory requirements, potential penalties.	Ensure clear contract terms; perform due diligence on legal frameworks; include flexibility for changes in laws.	Shared risk—both parties should work together to mitigate legal risks, with the government playing a primary role.
Market Risk	Risk of demand or	Reduced revenue	Conduct thorough	Private sector should

Risk Category	Description	Consequence	Mitigation	Preferred Allocation
	market changes that affect the project's revenue model or profitability.	generation, financial losses, or the project becoming unfeasible.	market analysis; diversify revenue streams; ensure demand guarantees or government support where needed.	bear the market risk but the government can intervene if necessary through subsidies or guarantees.
Construction Risk	Risks associated with construction delays, cost overruns, or quality issues.	Delay in project delivery, increased construction costs, subpar construction quality.	Detailed project planning, setting milestones, and holding contractors accountable for delays and quality standards.	Private sector to manage construction risks with the government monitoring for compliance and oversight.
Environmental Risk	Risk of environmental impacts, such as adverse effects on ecosystems or failure to comply with environmental laws	Damage to the environment, regulatory penalties, and delays in obtaining permits.	Conduct comprehensive environmental assessments; implement environmental management plans; adhere to regulations.	Shared risk—private sector to manage day-to-day environmental risks, but the government ensures regulatory compliance.
Political Risk	Risks stemming from political instability, policy changes, or changes in government priorities.	Project delays, funding disruptions, or changes in project scope due to political interference.	Ensure political support through stakeholder engagement; develop contingency plans for potential political changes.	Shared risk—both parties should engage in regular dialogue with key political stakeholders.
Technological Risk	Risks related to the failure of technology or the adoption of outdated or unsuitable technology.	System breakdowns, increased operational costs, inability to meet project requirements.	Perform detailed technical assessments; adopt adaptable, scalable technologies; maintain up-to-date technical expertise.	Private sector to manage technological risks, but government may provide support through research or pilot programs.
Social Risk	Risks related to the project's social impacts, such as community opposition or changes in public perception.	Delays, legal challenges, or additional costs due to social unrest, opposition, or lack of public support.	Engage with local communities early; develop a robust communication and stakeholder engagement plan.	Shared risk—both parties must ensure effective communication and community engagement.
Force Majeure Risk	Risks arising from natural disasters, pandemics, or other unforeseen catastrophic events.	Project delays, cost increases, or complete disruption to project operations.	Include force majeure clauses in contracts; maintain insurance coverage for major events; establish emergency response plans.	Shared risk—both parties should share responsibility for managing the consequences of force majeure events.
Contractual Risk	Risks related to unclear, incomplete, or poorly defined contractual terms.	Legal disputes, delays in project delivery, financial loss, or breach of contract.	Ensure clear, comprehensive contracts with well-defined roles, responsibilities, and penalties for non-performance.	Shared risk—both parties should be responsible for ensuring contract clarity and compliance.
Reputational Risk	Risks associated with damage to the reputation of either party due to poor project performance or negative publicity.	Damage to the credibility and public trust of the government or private partner.	Ensure high-quality project delivery; transparent communication; address issues proactively before they escalate.	Shared risk—both parties need to act responsibly to maintain their reputations.

Annex 35: Project Officer – Job Description

S/n	Description of the Responsibility
1	Manage the planning and implementation of the PPP project on behalf of then (Accounting Officer/Authority), exercising delegated authority;
2	Consult with the management of the MDA at all relevant stages in the project cycle and ensure on-going consultation and buy-in from relevant stakeholders;
3	Directly support the [Accounting Officer/Authority] to comply with the requirements of the relevant PPP guidelines and regulations;
4	Follow diligently, the Guidelines for PPP issued under Lagos State Policy on Public Private Partnership,
5	Establish and manage a project team;
6	Draft terms of reference and secure a suitable budget for a transaction advisor;
7	Manage the procurement process to appoint a transaction advisor;
8	Direct and manage the work of the transaction advisor at every phase of the project cycle, exercising delegated authority; carry out all functions of inception, feasibility and procurement phases as delegated;
9	Carry out all functions required of the MDA to properly submit applications for all Transaction approvals in terms of PPP Policy and PPP Guidelines and respond to all queries from the relevant Approving Authorities in respect thereof;
10	Diligently manage the project from inception to the signing of the PPP contract and financial closure, to ensure that the project is affordable to the MDA, provides an optimal Value-for-money solution for the [service delivery/use of state property], and appropriately allocates risk to the private party
11	Manage all information systems necessary for the proper planning and implementation of the project;
12	Manage the PPP, into the term of the PPP contract, in terms of the PPP contract management plan, on behalf of the MDA, specifically in the development phase; and the [years] of the delivery phase.
13	Ensure that the PPP contract is properly enforced in terms of the relevant sections PPP Policy and PPP guidelines and in so doing maintain mechanisms and procedures as approved in the PPP contract management plan for: • Measuring the outputs of the PPP contract; • Monitoring and regulating the implementation of, and performance in terms of, the PPP contract; Liaising with the private party; • Resolving disputes and differences with the private party; • Generally overseeing the day-to-day management of the PPP contract; and • Reporting on the PPP contract in the MDA's annual report.
14	Ensure that the MDA's function is effectively and efficiently performed in the public interest, [and/or that state property is appropriately protected];
15	Establish and maintain close links to the relevant officials of the Approving Authorities in order to ensure proper alignment of policy and best practice
16	Prepare and compile any information as may reasonably be required by the MDAs from time to time in connection with the PPP project;
17	Conform to all statutory obligations and non-statutory external obligations binding upon the MDAs in respect of the PPP project;
18	Continuously comply with the MDA's rules, regulations, policies, practices and procedures; and
19	Remain honest and faithful to the MDA in the performance of these duties and responsibilities, acting at all times according to good industry practice and in compliance with the public service code of co

Annex 36: Bibliography

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