

GENERIC PPP PROJECT LIFE CYCLE

Reflecting Treasury Regulation 16 issued May 2002 in terms of the Public Finance Management Act, 1999



NATIONAL TREASURY

PPP UNIT TECHNICAL ASSISTANCE

Sequence of Activities by accounting officers of national and provincial departments and accounting authorities of schedule 3 public entities

- Decision to explore PPP solution
- Inform PPP Unit of decision, and of expertise available
- Include project in the budget process

- Appoint project officer
- Assign project team

- Terms of reference for advisers
- Select and assign transaction adviser team

- Prepare a feasibility study which:
- Describes the institutional function to be performed by the private party
 - Sets out results of a sector needs and options analysis
 - Demonstrates affordability
 - Shows how risk will be transferred to private party
 - Gives an initial indication of how value for money will be achieved
 - Describes institutional arrangements for monitoring the PPP

- Possible expression of interest phase
- Prepare and disseminate a request for qualification (RFQ) document.

- Prepare a request for proposals (RFP) document and a draft contract.
- Ensure fair, transparent, competitive process

- Issue RFP to pre-qualified parties
- Structured engagement with bidders for clarification
- Receive bids
- Evaluate
- Compare with feasibility study
- Select preferred bidder, based on best value for money

- Negotiate contract with preferred bidder
- Set up contract management system

- Sign contract
- Conclude close-out report

Transfer responsibility for the operation of the project and/or begin construction

- Management of the partnership
- Monitor and control the contract, including liaison and settlement of any disputes with private contractor
 - Report progress in the annual report
 - Scrutiny by Auditor General

Treasury Approval I

Demonstrating affordability.

Treasury must approve the feasibility study before procurement

Treasury Approved II

Demonstrating value for money.

II (a) Treasury must approve the draft RFP and draft contract.
II (b) Treasury must approve a value for money report

Treasury Approval III

Financial Closure.

- Treasury must approve the negotiated contract
- Treasury must approve the contract management plan

NATIONAL TREASURY APPROVALS