

وزارة التجارة والصناعة
Ministry of Commerce and Industry
دولة قطر • State of Qatar



Public Private Partnerships Guidebook



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Definitions

BAFO	Best and Final Offer
BCM	Base Case Model
Bid Bond	The bond to be provided by the Bidder with its Proposal
Bid Deliverables	A detailed outline of the specific information, data and other documents that the Contracting Authority requires to be included in the Proposal
Bid Deliverables Checklist	The checklist specifying the structure of Bid Deliverables required to be included within the Proposal
Bid Forms	Mandatory content and/or format in respect of certain forms, information or other documents that are required to be included as part of Proposals
Bid Price	Price of the unit of a product or a service offered by the bidder
Bidder	Any Qualified Respondent submitting a response to RFP
BOO	A PPP option model: Build, Own, Operate
BOOT	A PPP option model: Build, Own, Operate, Transfer
BOT	A PPP option model: Build, Operate, Transfer
Business Case	A detailed feasibility study that provides a qualitative and quantitative assessment of the VFM savings from procuring the project as a PPP
CAPEX	Capital Expenditures
CAPEX Recommended Threshold	The CAPEX value of a Project, at which the VFM can be achieved, and the project can be recommended to undertaken as PPP
Clarifications	Requests for clarification on aspects of RFP submitted in writing to the Contracting Authority by a Bidder
Commercial Score	The score awarded by the Evaluation Committee to the commercial aspects of the Financial Envelope of a Proposal
Consortium	A joint venture, partnership, or other combination of international and/or local companies jointly participating as a Bidder
Consortium Member	In respect of a Bidder that is a Consortium, any member of the Consortium holding an equity stake in such Consortium
Contracting Authority	Any Government Entity which concludes a Partnership Contract pursuant to the PPP Law
Discount Rate	The discount rate is the interest rate used in discounted cash flow (DCF) analysis to determine the present value of future cash flows. The discount rate in DCF analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate
ECA	Export Credit Agencies
EPC	Engineering, Procurement and Construction



EPC Contract	means the lump sum turnkey contract to be entered into on or before the Closing Date between the Project Company and the EPC Contractor for the engineering, design, manufacture, supply, procurement, transportation, erection, construction, installation, testing, commissioning and warranty of the Facility and associated Interfaces and consistent with the technical specifications and milestone schedule specified in this Agreement
EPC Contractor	means the contractor employed by the Project Company and approved by the Contracting Authority, for the engineering, design, manufacture, supply, procurement, transportation, erection, construction, installation, testing, commissioning and warranty of the [Project/Facility]
Financial Close	The date upon which the financing documents for the Project are signed between the Project Company and the financing parties and are in full force and effect and funds are committed and available to be drawn thereunder
Financial Envelope	The part of the Proposal containing the financial elements to be evaluated
Financial Model	The financial model delivered by the Project Company at the Closing Date in accordance with this Agreement
Handover	The requirement for the Project Company to handover the facilities to the Contracting Authority in a specific condition, ensuring the assets have a specific life expectancy as set out in the Form of PPP Agreement
Internal Rate of Return (IRR)	IRR is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment
KPI	Key Performance Indicators
Legal Score	The score awarded by the Evaluation Committee to the legal aspects of the Technical Envelope of a Proposal
NPV	Net Present Value. NPV is the difference between the present value of cash inflows and the present value of cash outflows. NPV is used to analyse the profitability of a projected investment or project.
OPEX	Operating Expenses
OPEX Recommended Threshold	The annual OPEX value of a Project, at which the VfM can be benefited, and the project can be recommended to undertaken as PPP
Payment Mechanism	The structure of making payments to the private sector participant by the government
PPP	Public Private Partnership
PPP Law	Public Private Partnership Law No. (12) of 2020 Regulating Public Private Partnerships
PPP Unit	The competent administrative unit at the Ministry of Commerce and Industry responsible for the PPP projects governance at the State level



PPP Project Team	Team set up by the Contracting Authority that will be chiefly responsible for carrying out the roles and functions assigned to the Contracting Authority at all stages of the project
PPP Project Lifecycle	Life cycle of the PPP Project consisting of four different stages: 1. Project identification and screening; 2. Preparation of the Project as PPP; 3. Project procurement process and 4. Post-procurement process
Procurement Process	The procurement of the Project in accordance with the PPP Law including EOI, RFQ, RFP Stages and the negotiating and signing of the Project Agreements
Project	A project decided to be implemented or developed as a Partnership in accordance with the PPP Law
Project Agreements	The agreements to be concluded in relation to the Project which include all of the following agreements: the PPP Agreement, Step-in PPP Agreement, Land Lease Agreement and Mandate Agreement and any additional agreements deemed appropriate by the Contracting Authority
Project Company	An established company or a company to be established for the purpose of executing the Project.
Project Committee	The committee formed for each Project in accordance with article (6) of the PPP law.
Project Policy Document	Summary of the Business Case
Proposal	Documentation prepared and submitted by a Bidder in response to RFP
PSC	Public Sector Comparator
Representative(s)	Shall include any person who is a board member, general manager including their legal representatives acting in their stead or any other such person responsible for a Bidder's day to day management and operations
Respondent	Any single legal entity or consortium that submitted a response to the RFQ
RFP	This Request for Proposal document for the Project
RFP Stage	The stage of the Procurement Process beginning on the release of RFP to Qualified Respondents and concluding on the selection of a Preferred Bidder
RFQ	The Request for Qualification document for the Project
SOQ	Statement of Qualification
Technical Score	The score awarded by the Evaluation Committee to the technical aspects of the Technical Envelope of a Proposal
TOR	Terms of Reference
Unsolicited proposals	Proposal made by a private party to undertake a PPP project, submitted at the initiative of the private firm, rather than in response to a request from the government



Value for Money (VFM)	VFM analysis is a process of developing and comparing the Project's total costs, under the two delivery models: traditional procurement and PPP
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Overview and Background



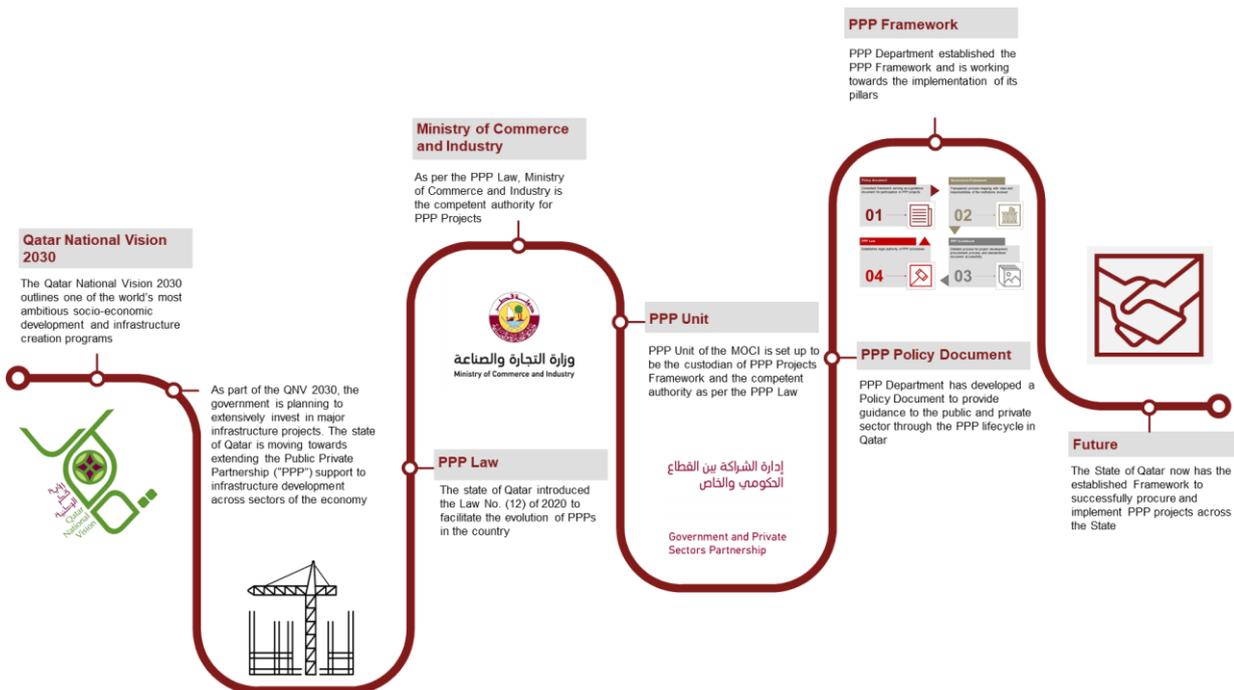


1. Overview and Background

1.1. Overview

The state of Qatar introduced the PPP Law to facilitate the evolution of PPPs in the country. As per the PPP Law, the Ministry of Commerce and Industry (“MOCI”) is the governing body for the PPP projects. In accordance with the law, MOCI has established a PPP Unit (“the Department”) to implement the law and the Department will develop and issue operating guidelines based on best practices across the procurement lifecycle as well as formulate a uniform approach to manage the PPP projects in the State of Qatar.

Figure 1: PPP Journey in Qatar



1.2. Purpose of the Guidebook

The Public Private Partnership (PPP) Guidebook has been developed by MOCI to assist the Contracting Authorities and other key stakeholders in implementing PPP process across the lifecycle of a PPP project seamlessly. This PPP Guidebook is a part of the PPP Framework outlined by MOCI and as such should be read in conjunction with other elements of the PPP Framework, i.e., PPP Policy Document, PPP Governance and PPP Law.

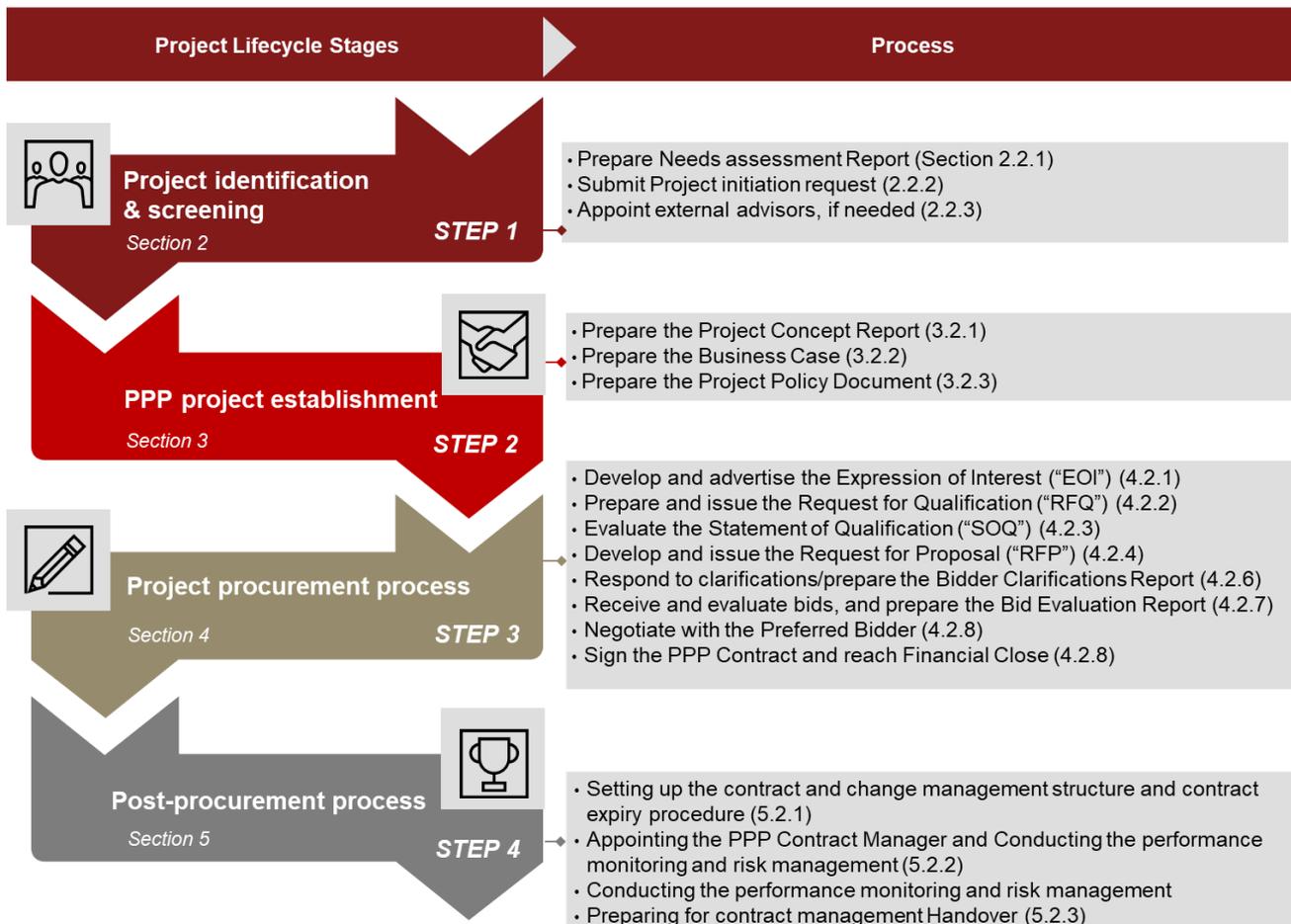
Contracting authorities and other stakeholders are advised to use this guidebook for clarity of processes and ensure that the selected PPP delivery model maximizes social and economic benefits to the state of Qatar. The authorities can also use this guidebook to design and execute a PPP delivery process so that the project reaches financial closure in the anticipated timeframe. It is also aimed at enhancing transparency in the PPP process by giving a checklist of documents required at each stage. In addition, the document defines the roles and responsibilities of all stakeholders so that the PPP process can be carried out with full transparency and fairness towards all participants.



1.3. Structure of the Document

The Guidebook will play an important role in the implementation of PPP projects, hence the document structure will follow a stepwise process across the four stages of PPP Project Lifecycle. The “Project Lifecycle Stages” are defined to represent the list of activities as part of the “Process”. It involves the steps by which PPP projects are identified, developed, appraised, implemented, and managed, while defining the role of entities in that process.

Figure 2: PPP Project Lifecycle



Under each of these stages, the Guidebook covers the following sub-sections:

1. **Objectives:** outlines the purpose of detailing the project lifecycle stage and the intended output.
2. **Guidance:** details the guidelines to be followed while executing a project lifecycle stage.
3. **Approval Process:** provides the approvals required from the stakeholders for each document in order to move on to the next stage.
4. **Role and Responsibilities:** Describes the role and responsibility for each stakeholder involved in the stage.

The Guidebook will also cover the institutional responsibilities of internal and external stakeholders, along with the approval points, wherever applicable.

This structure is followed to create an efficient and transparent process that can effectively control the quality of PPP projects.



1.4. What are the PPPs?

As per the PPP Law, a PPP is defined as a contractual agreement between the government entity and the private sector for the implementation and financing of the works or the provision of services in accordance with the models set-out in the law.

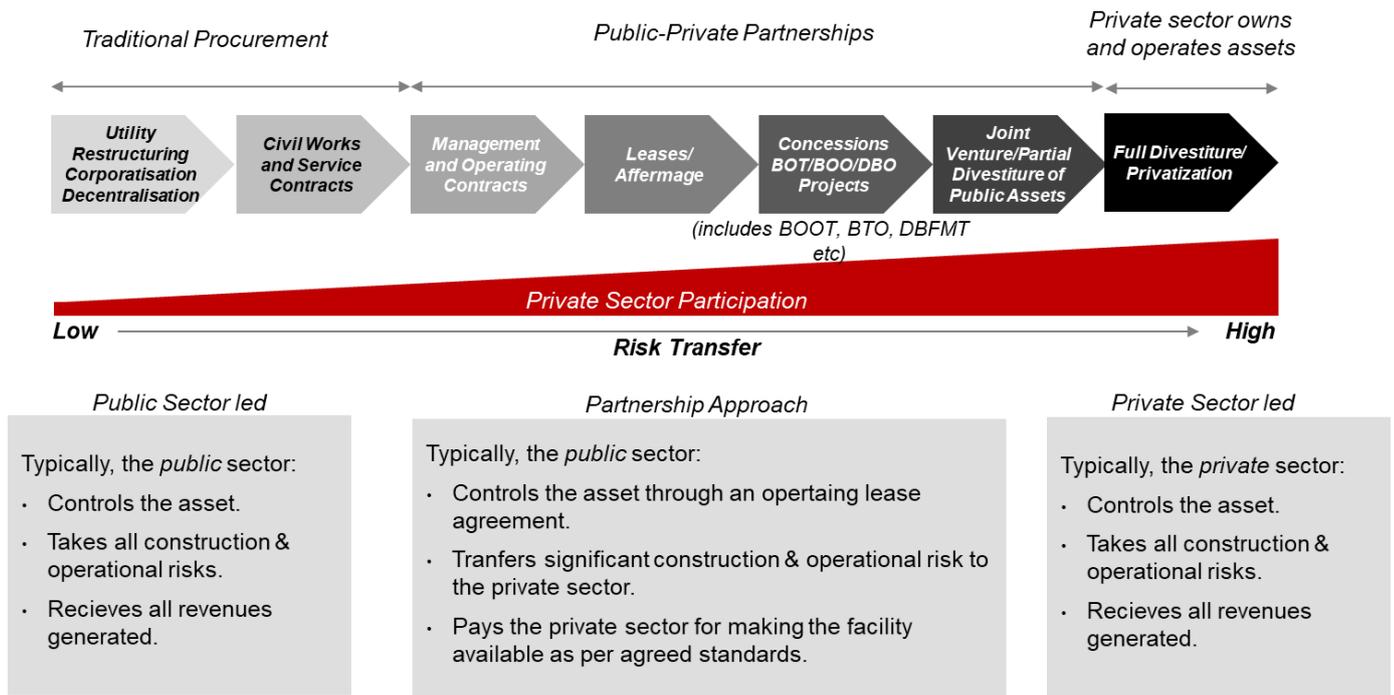
PPPs are classified on the basis of three broad parameters – the type of **asset** involved; **functions** performed by the private sector; and the **payment mechanism**:

- a) **Asset** – asset classes can be “greenfield”, where private sector finance, develop, and operate **new** public assets, or “brownfield”, where private sector upgrade and maintain **existing** public assets.
- b) **Function** – function can be defined as per the scope of services required from the private sector. For instance, design – developing the project from initial concept and output requirements; building new asset or refurbishing an existing asset; raising finance; operation and maintenance and removal, demolition of an asset. Typically, the private sector is responsible for the long-term operation of an asset and provision of a service which can either directly be for a government off-take, or directly to end users.
- c) **Payment mechanism** – payment mechanism is based on the services to be provided by the private sector and the commercial terms and conditions can be agreed upon in the lines of the asset and function considerations. The payment mechanism under a PPP determines the payments that the Contracting Authority makes to the private sector party. Optimal allocation of risks in a project to the private sector party is at the heart of an efficient payment mechanism. Based on the scope of services and risk allocation, payment to the private sector can be of the following nature under a PPP project:
 - a. **“User Pays” PPP**: under this model, the private sector provides a service directly to the users and generates revenue by charging users directly for that service. This revenue may be supplemented by payments or guarantees by the government.
 - b. **“Government Pays” PPP**: under this model, the government is the sole source of revenue for the private sector and the payment to the private sector can be 1) Availability based payments wherein payment is made based on the asset or service being available at a contractually-defined quality or 2) Output based payments wherein payments are made based on the services delivered to the users.
 - c. **“Hybrid” PPP**: under this model, the private sector generates revenues by charging user directly for providing a service and the revenue is also supplemented by payments from the government which could be performance based or output based.

These characteristics can be combined in various ways to produce the full scope of PPP programs and to create a wide range of PPP contract types which are shown in Figure 3 below.

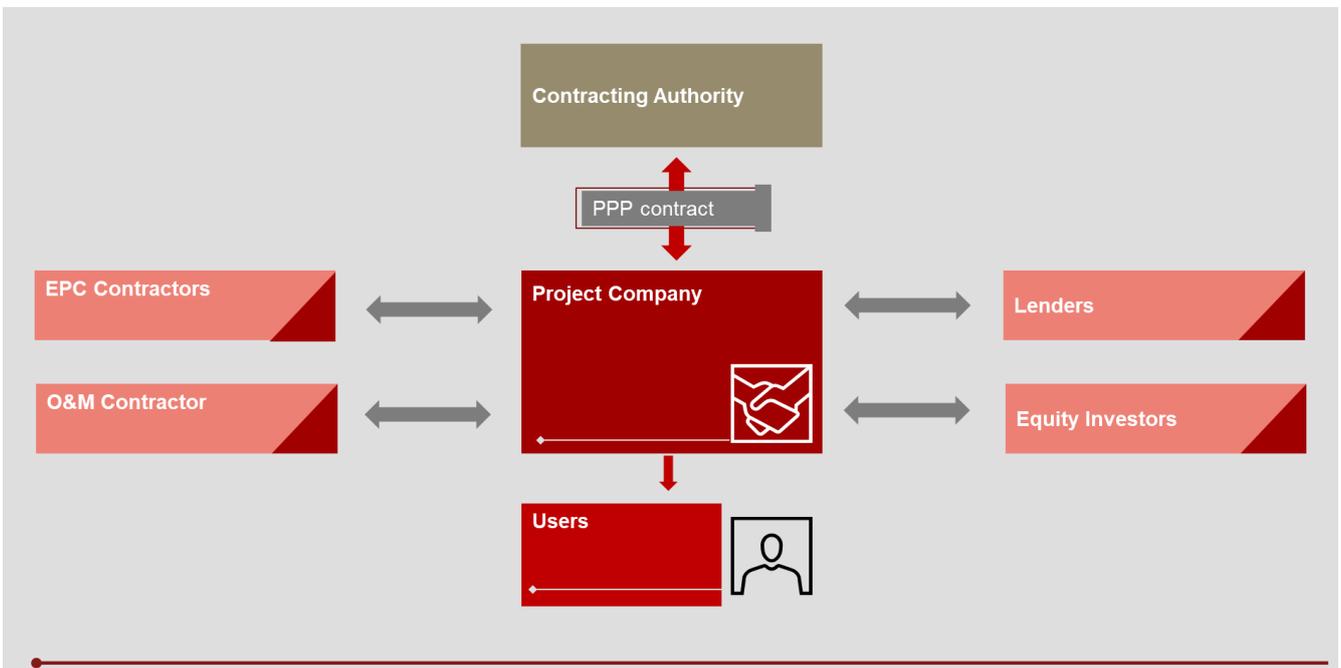


Figure 3: PPP Project Contract Types



A typical PPP project structure is illustrated below:

Figure 4: Typical project structure



As per the Article 3 of the PPP Law, the state of Qatar has identified the following types of PPP models for implementation:

1. Allocation of lands through a lease or a usufruct, for development by the Private Sector.



2. Build - Operate -Transfer (BOT)
3. Build – Transfer - Operate (BTO)
4. Build – Own - Operate -Transfer (BOOT)
5. Operation and Maintenance. (O&M)
6. Any other model adopted by the Council of Ministers upon the proposal of the Minister.

The aim of all PPP models is to ensure that the risk is assigned to the party that has the greatest capacity to manage the risks at a lower cost.

Model	Description
	<p>Allocation of lands through a lease or a usufruct, for development by the Private Sector</p> <p>Government can decide to allocate the land through a lease or a usufruct for a specific sector development by the private sector.</p>
	<p>Build - Operate -Transfer (BOT)</p> <p>A BOT model is generally one of the most used PPP models. Under a BOT contract, a public authority grants a concession to a private company to build, finance and operate a project. The company operates the project for a period of time with the goal of recouping its investment, then transfers control of the project to the public authority.</p>
	<p>Build – Transfer - Operate (BTO)</p> <p>Under a BTO contract, the private sector builds and then transfers the facility to the public authority. The public authority will grant the investor the right to operate that facility for a specified duration to recover investment capital and earn profits.</p>
	<p>Build – Own - Operate -Transfer (BOOT)</p> <p>In BOOT, the private sector builds, owns and operates the facility for the duration of the contract, with the primary goal of recouping construction costs (and more) during the operational phase. The private sector owns the facility during the contract period and at the end of the contract the facility is handed back to the government.</p>
	<p>Operation and Maintenance (O&M)</p> <p>In an O&M contract, a private operator operates and maintains the asset for the public authority, usually to an agreed level with specified obligations. The work is often sub-contracted to specialist maintenance companies. The payment for this contract is either via a fixed fee, where a lump sum is given to the private partner, or more commonly a performance-based fee.</p>
	<p>Any other model adopted by the Council of Ministers upon the proposal of the Minister</p> <p>When it is in the interest of the State, the Minister can propose different models that can be adopted by the Council of Ministers.</p>

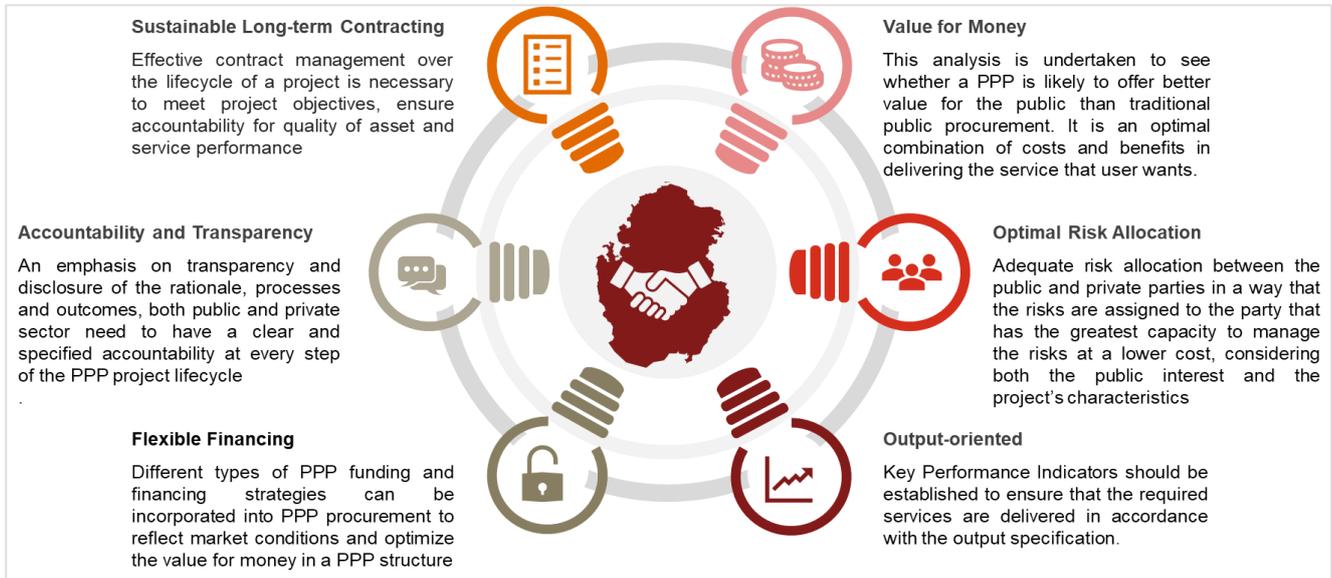
Though the PPP Law is flexible on the type of models that can be implemented, due approval on the project structure is still mandated under the Law. It should be kept in mind that the success of a PPP is determined by the level of detailing in the process and its design. A robust deal structure is the one that achieves envisaged outcome, while keeping public interest in mind.



1.5. Key principles in the application of PPPs

Government is keen to acknowledge that each project will have its unique approach for a successful implementation. The key principles that drive the successful application of PPP are illustrated below:

Figure 5: Key principles of PPP applicability



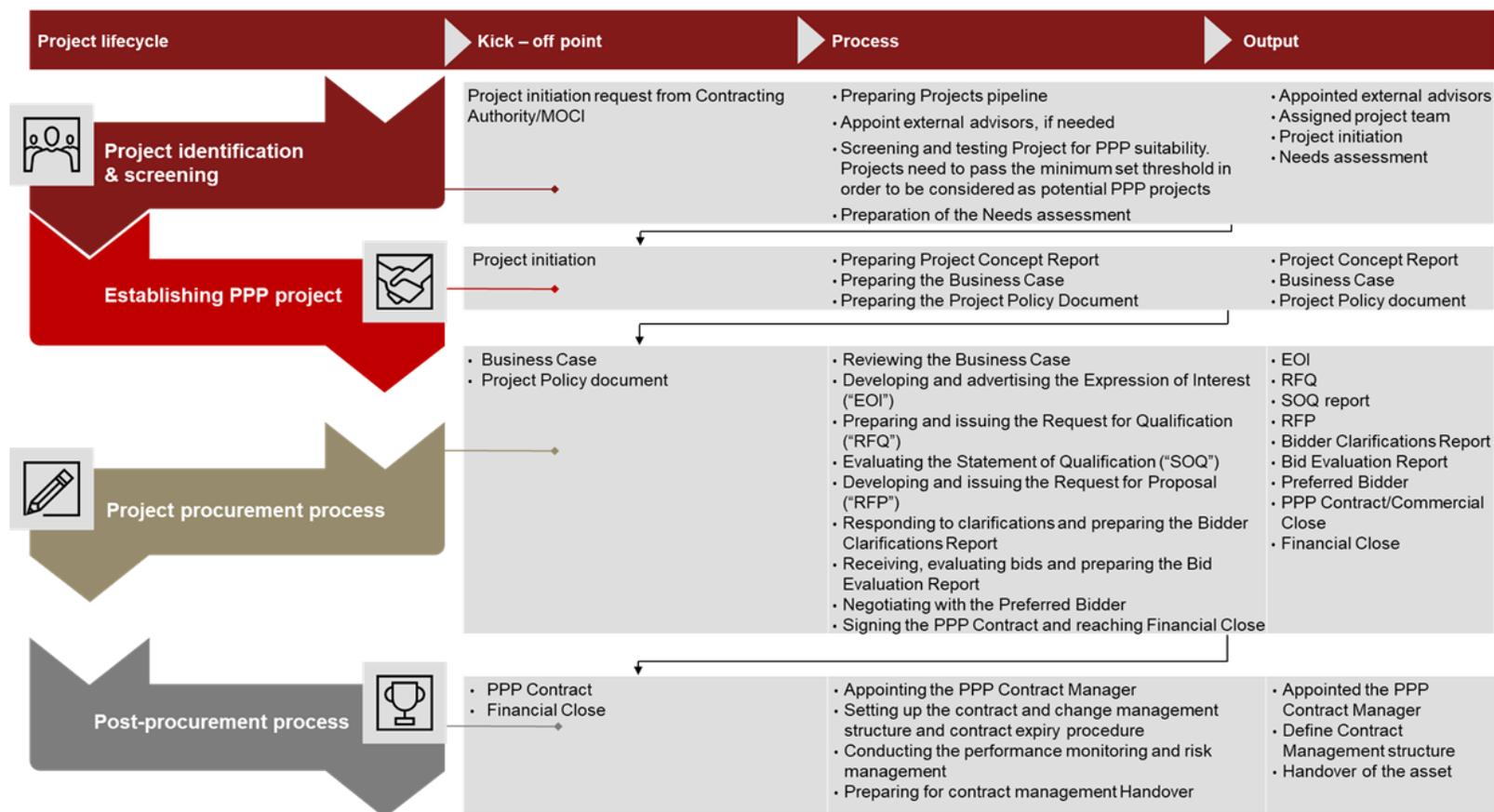
These principles are applicable across multiple stages of PPP Project Lifecycle and lay a foundation for a robust PPP strategy roadmap as well as successful execution.



1.6. PPP Project Lifecycle

The PPP Project Lifecycle consists of 4 stages which start from project identification and screening to post-procurement process. The implementing principles involves the process of implementation of each of the stages in the PPP lifecycle and the desired outcome of following the process. The detailed process for each of the outputs will be described in the PPP Guidebook.

Figure 6: Detailed PPP Project Lifecycle





1.7. Institutional responsibilities

The PPP Unit has the institutional capacity to set up coordination and implement PPPs successfully. The PPP Law is the guiding document for outlining steps by which PPP projects are identified, developed, appraised, implemented, and managed, along with the roles of different entities in the process. These steps will be described in detail in the PPP Guidebook are summarized below

Figure 7: Detailed process mapping across key stakeholders, with Article references to the PPP Law

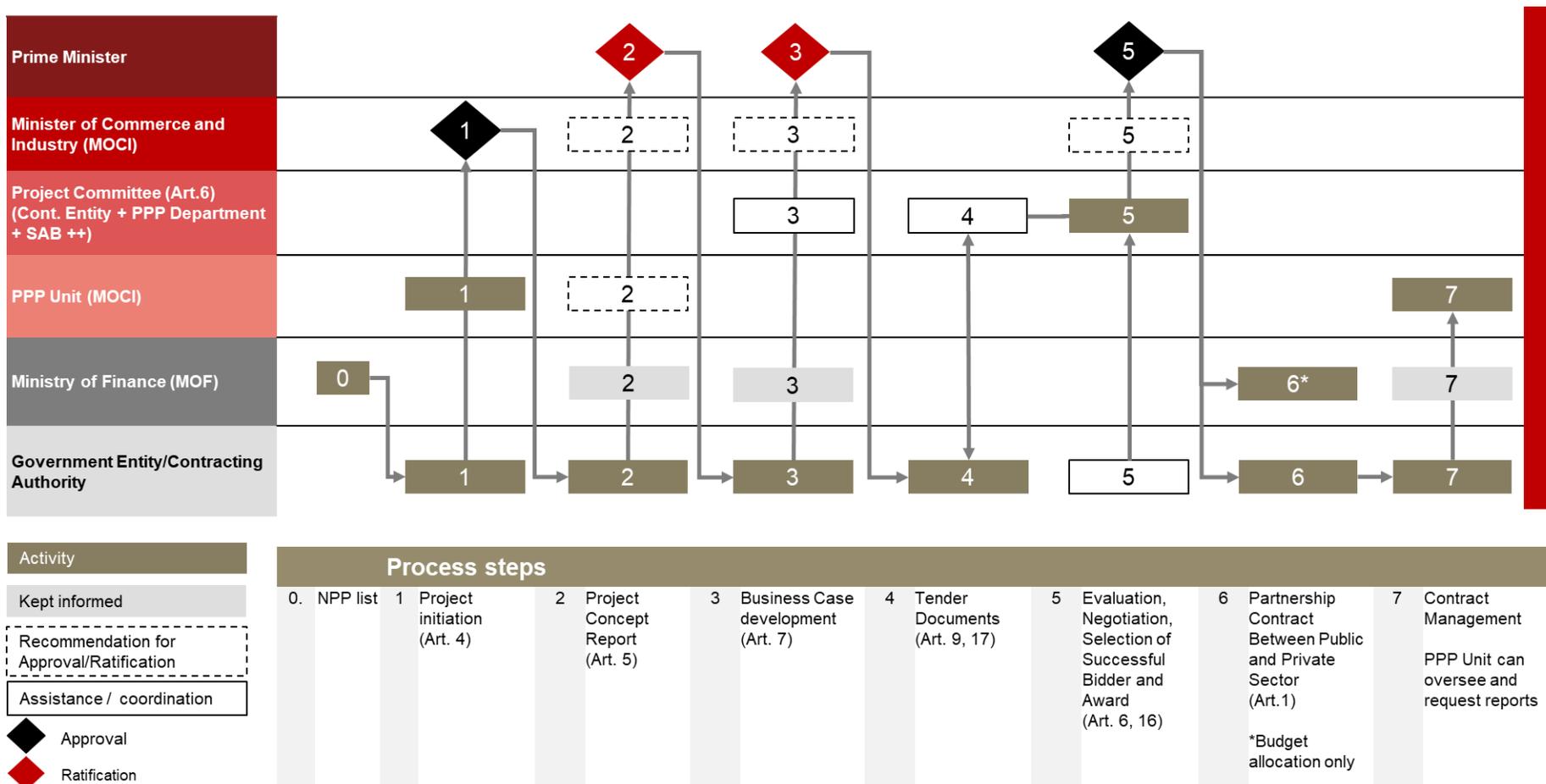
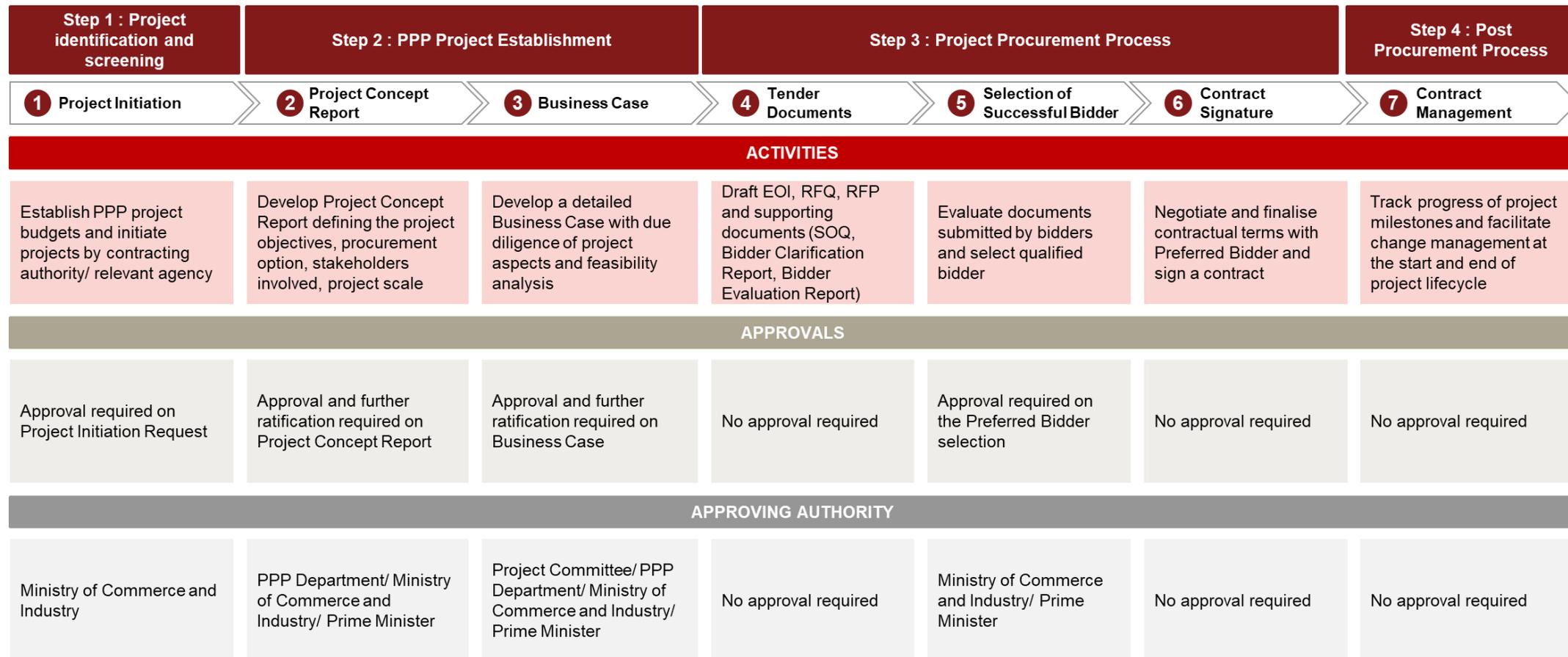




Figure 8: Roles and responsibilities of stakeholders





1. **H.E. Prime Minister:** The Prime Minister shall act as the highest approval authority for the following key decisions under the PPP Law:
 - Ratification of the Project Concept Report;
 - Ratification of the Project Policy Document/Business Case and,
 - Approval of the award of the PPP Contract to the Successful Bidder

2. **H.E. Minister of Commerce and Industry:** The Minister of Commerce and Industry shall be responsible for the following functions, as defined in the PPP Law:
 - Approval of the PPP Projects proposals
 - Recommendation for Ratification of the Project Concept Report to the Prime Minister
 - Recommendation for Ratification of the Business Case to the Prime Minister
 - Recommendation for Approval of the Preferred Bidder to the Prime Minister

3. **PPP Unit of MOCI:** The PPP Unit, which is set up within the Ministry of Commerce and Industry, has the following responsibilities:
 - Act as the main Competent PPP Unit, as specified in the PPP law
 - Define the PPP Framework and prepare its documents
 - Test PPP Projects for their suitability and conduct studies to identify projects that may be procured under the PPP Law
 - Provide approval on Project Initiation Letter based on the needs assessment submitted by the Contracting Authority.
 - Set up Project Specific Committee for each PPP Project
 - Partake in Project Committee meetings
 - Conduct studies to identify projects that may be procured under the PPP Law
 - If requested, on behalf of the H.E. Minister of Commerce and Industry, review Project Concept Report, Business Case and Preferred Bidder recommendation for recommendation for ratification or approval to the H.E Prime Minister
 - Oversees the contract management post signing of the PPP contract and requests reports from the Contracting Authority, when required

4. **Project Committee:** As specified in the PPP Law, a separate committee shall be formed for each Project, upon a decision of the Minister, in coordination with the relevant Government Entities, provided that its composition includes representatives of the Contracting Authority, the PPP Unit and the State Audit Bureau. The Project Committee shall undertake the following:
 - Prepare the Project Policy Document (Summary of the Business Case) and submit it to the Minister of Commerce and Industry for ratification
 - Evaluate tenders
 - Negotiate contracts
 - Submit a recommendation to the Contracting Authority and the H.E. Minister of Commerce and Industry in relation to the successful bidder

5. **Ministry of Finance:** The Ministry is responsible to:
 - Maintains the National Projects Portfolio list. This list pre-clears the project with MOF to initiate it further. It does not approve the project to be the PPP
 - Provide annual project budget pipeline to the PPP Unit
 - Allocate budget for the PPP Project upon award of the project to the Preferred Bidder by H.E Prime Minister.



6. **Contracting Authority:** Public entities that intend to enter into a PPP contract pursuant to the PPP Law with the following responsibilities:
- Initiate the potential PPP Project
 - Confirm if the project was previously considered as Traditional. If it was, provide details.
 - Provide Needs Assessment
 - Prepare the Project Concept Report
 - Informs MOF of the potential PPP project
 - Prepare the Business Case for implementing the proposed Project
 - Requests MOF of the potential budget allocation
 - Prepare Tender documents
 - Coordinate with the Project Committee to determine the appropriate method of Partnership for the Project or service in accordance with the Partnership methods stipulated in the Law
 - Coordinate with PPP Unit (as defined in Article 8 of the PPP Law) to overcome any obstacles that may prevent the implementation of the Project
 - Sign the contract with the successful bidder
 - Manages the contract post signing and provide reports to the PPP Unit, upon request
 - Sets up the Contract Management Unit that will manage the contract



2

Project Identification and Screening





2. Project Identification and Screening

2.1. Objectives

The objective of this stage of the process is to develop and initiate PPP projects. The Ministry of Finance provides an annual project budget pipeline and the PPP Unit along with the relevant stakeholders outline how the proposed PPP projects are aligned with social and economic benefits to the State of Qatar, and screen projects to test for PPP suitability.

Figure 9: Output and Objective of Project Identification and Screening



The outputs achieved in this process will screen projects to test for PPP suitability and analyse if Value for Money can be achieved.



2.2.1 Needs Assessment

2.2.2 Project Initiation Request

2.2.3 Appointment of External Advisors





2.2. Guidance

2.2.1. Needs Assessment

In summary the Project can be initiated by one of the following stakeholders:

1. PPP Unit
2. Contracting Authority (Any government ministry or entity)
3. Private Sector

Any PPP Project that is initiated by one of the above-mentioned entities has to be initiated together with a Needs Assessment Report. Needs Assessment is the study, conducted by the initiating entity, that demonstrates that there is a clear need for the proposed project. This is a requirement before proceeding with the Project Concept Report.

In this section, it is advised to detail how the project will meet a demonstrable service gap. In order to achieve this, the following assessment should be undertaken:

Section	Description
Define project objectives	Determine to what extent the Project would meet the Contracting Authority's objectives
Assess options	Assess key financial, technical, and legal options available to meet project objectives, and decide on a preferred solution that will be evaluated in-depth
Evaluate project scope	Define the key stakeholders for the project and engage with these stakeholders to outline subsequent parameters; and, outline the scope of the project. Key aspects to detail will include, but not be limited to: <ul style="list-style-type: none"> • List of state assets that will be utilised • List of enabling works required • Roles and responsibilities of the government and the private sector on the project
Assess serviceable gaps	After evaluating all options, provide reasoning for private sector intervention to successfully achieve the project objectives

The PPP Unit will initiate a project should it so desire – particularly if it receives an unsolicited proposal directly from the private sector (see Appendix [Section 6.1](#). for guidance on unsolicited proposals), or if the Contracting Authority requests the PPP Unit to lead the initiation stage due to overcapacity.

2.2.2. Project Initiation Request

Given that the Needs Assessment declares that there is a need for a particular project that is potentially suitable for PPP, the PPP Unit or any other entity that is initiating the project, can draft the Project Initiation Request for that project.



Project Initiation Request must follow the format provided in Appendix [Section 6.2](#) of this document. The PPP Unit will submit the project initiation request together with the Needs Assessment to the Contracting Authority for their endorsement.

2.2.3. Appointment of External Advisors

After the approval of the Project Initiation Request and the Needs Assessment, the Contracting Authority must assess the need for resources and enlist the type of advisors required to implement the PPP process and execute the project over the years. Financial, technical, legal, surveyors and other advisors will need to be identified by the Contracting Authority. The Contracting Authority is recommended to appoint qualified advisors who can support them in managing the multiple stages of the PPP project lifecycle. In doing so, the Contracting Authority must develop detailed terms of reference (ToR) for the appointment of the external advisors. The ToR should include project background, detailed scope of services, key deliverables, timeline, and payment milestones.

Scope of the External Advisors should cover the following tasks at various stages of the project lifecycle:

- Project Concept Stage - to develop the Concept Report as per the requirements of this PPP Guidebook and the PPP Law as applicable.
- Business Case Stage - to develop the Business Case as per the requirements of this PPP Guidebook and PPP Law as applicable.
- Project Procurement Stage - to prepare for and implement the PPP procurement process, including preparing all necessary documentation to enable the Contracting Authority to obtain relevant approvals.

Contracting Authority should also specify the eligibility criteria for the External Advisors to ensure that the advisor has the necessary experience and skillsets to manage the procurement activities of the project. Typical eligibility criteria for transaction advisory services includes a combination of technical and financial parameters. The technical parameters may include the following:

- a) Firm credentials – experience of similar transactions (regional and international).
- b) Experience of the team – the professional skills and experience of the team in project finance, contract and administrative law, PPP procurement management, project management, and in technical disciplines relevant to the particular project.
- c) Approach and methodology – understanding of the scope and recommended methodology to achieve the objectives on time.
- d) Financial capacity (threshold in terms of turnover)

Financial parameter would be the fee quoted.

Only after the evaluation and scoring of the technical proposals, the financial proposals should be opened. While the weightings for the technical and financial Proposals would depend upon the complexity of each project, the weighting for the technical proposal should ideally be in the range of 60 - 80%.

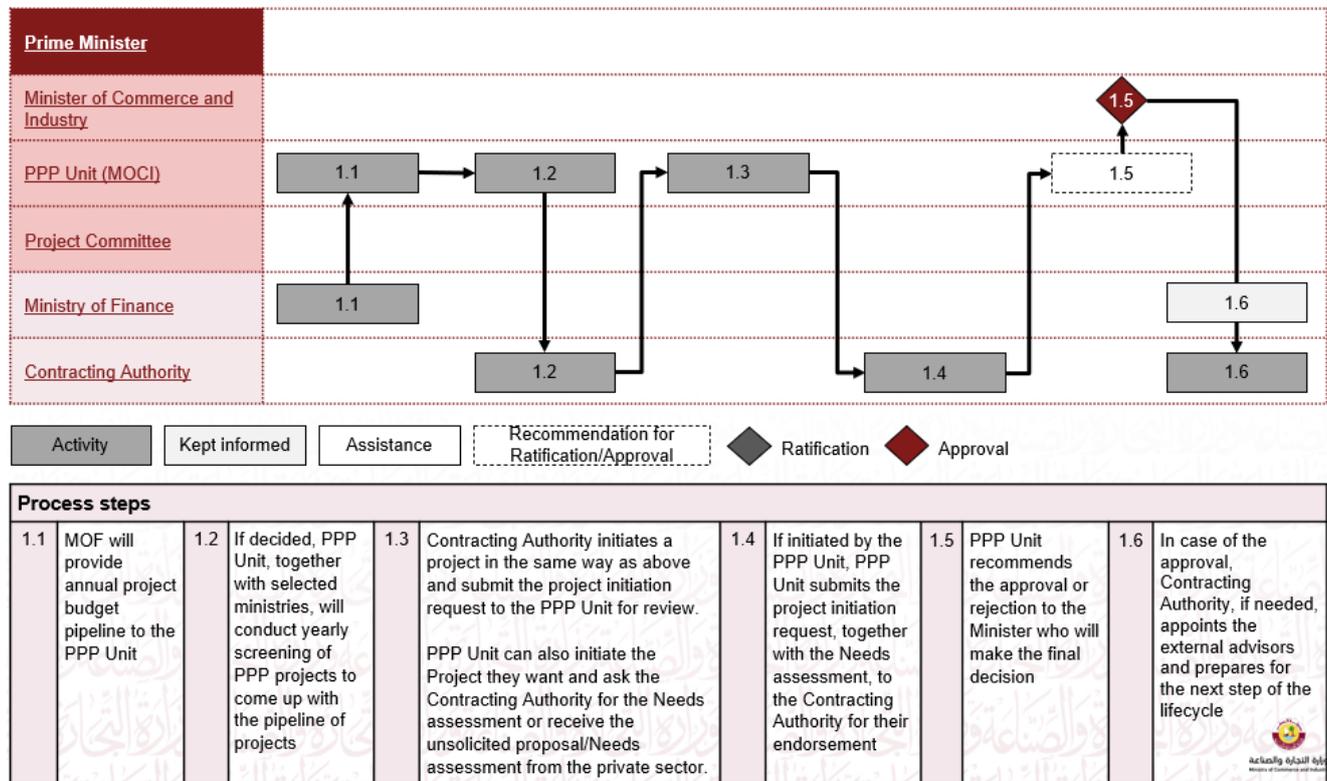
The procurement process for appointment of External Advisors should be conducted in accordance with the procurement rules and regulations applicable to the Contracting Authority.



2.3. Approval Process

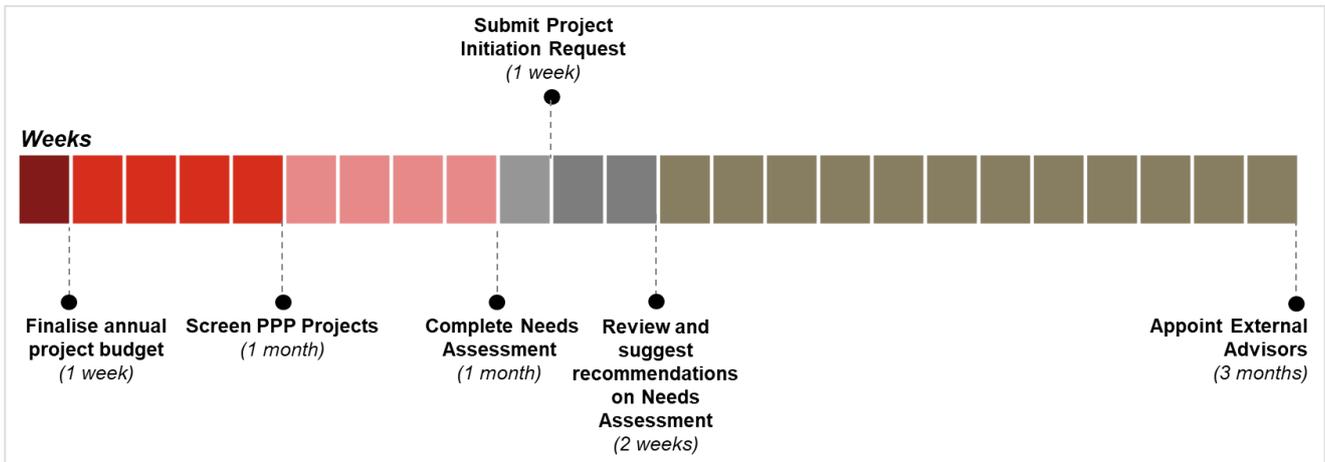
For the Project Identification and Screening phase, the PPP Unit recommends the approval of Project Initiation Request and Needs Assessment Report endorsed by the Contracting Authority. The final decision of approval or rejection lies with the Minister of MOCI.

Figure 10: Approval Process for Project Identification and Screening



2.3.1. Recommended timelines

Process step	Item	Duration	Notes
1.1	Annual project budget	Within 1 week of producing it	
1.2	Screening of PPP projects	1 month	
1.3	Needs assessment	1 month	
1.4	Project initiation request submission	Within 1 week after Needs assessment preparation	
1.5	Review and recommendation of Needs assessment	2 weeks	
1.6	Appointing external advisors	3 months	This includes preparing the RFP, receiving bids and appointing advisors



2.4. Roles and Responsibilities

1. **H.E. Minister of Commerce and Industry:** The Minister of Commerce and Industry will be in charge of reviewing and approving project initiation request and needs assessment.
2. **Contracting Authority:** The Contracting Authority must collate a longlist of projects and, in conjunction with the PPP Unit, undertake an initial needs assessment of the PPP projects it wants to initiate and draft project initiation request to PPP Unit for review. After approval of the request, the Contracting Authority can assign external advisors after assessing the resources required to implement the project.
3. **PPP Unit:** The PPP Unit will be in charge of undertaking needs assessment for the submitted proposals and recommending the endorsed PPP projects to H.E Minister of Commerce and Industry for approval.



3

PPP Project Establishment





3. PPP Project Establishment

3.1. Objectives

The objective of this stage is to critically analyze the project by developing a business case that provides a qualitative and quantitative assessment of the project. This stage requires the stakeholders to align on the project objectives, commercial and financial viability, and the mode of procurement of the PPP project.

Figure 11 Output and Objective of PPP Project Establishment



The above output is pertinent to achieve the following objectives:

- ensure accountability and transparency in identifying the delivery option that provides the greatest VFM savings;
- ensure that sufficient information is provided in order to secure commitment to the best VFM delivery option; and,
- establish a mechanism to gauge and monitor performance at each stage of the project's lifecycle



3.2.1 Project Concept Report

3.2.2 Business Case

3.2.3 Project Policy Document





3.2. Guidance

3.2.1. Project Concept Report

The first deliverable after the approval of the Project Initiation Request is the Project Concept Report, which serves as an overview of the project, and includes a brief description, an initial needs assessment, a high-level cost estimate, and a proposed project delivery timeline. The Project Concept Report must be prepared for all projects that have the Project Initiation Request approved. Project Concept Reports must be prepared by the Contracting Authorities responsible for the project. PPP Unit will set up the Project Specific Committee only after their Project Concept Reports are recommended for approval by the H.E. Minister of Commerce and Industry and ratified by the H.E Prime Minister.

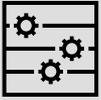
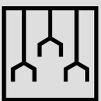
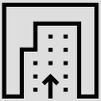
The summary template for the Project Concept Report is provided in Appendix [Section 6.3.](#) of this document and it needs to be populated once the Project Concept Report is finished and submitted together with the report. The report must be brief in nature, typically not exceeding a length of 10 to 15 pages, and comprises primarily of the following sections:

Section	Description
Section 1: Project Objective	Establish alignment of the Project with national and Contracting Authority objectives, with specific mention of the pipeline of priority projects and Qatar National Vision 2030
Section 2: Project description	Provide an overview of the Project, including a brief description of what it would entail; outline the need of the Project and how it would meet a demonstrable service gap; specify the parameters of the Project in terms of technical and operational requirements; determine the broad financial and economic parameters, including broad cost estimates; and identify the role of the private sector and how their expertise can be leveraged for the procurement of the Project
Section 3: Procurement Options Analysis	Provide an assessment to verify the suitability of the project as a PPP. Note that at this stage, it is not expected that the Contracting Authority provides a recommendation on the precise delivery mechanism. This should be addressed at the Business Case stage.
Section 4: Roles and responsibilities	Outline the key roles and responsibilities of the stakeholders, including that of the Contracting Authority

Procurement Options Analysis This step involves an assessment to verify the suitability of the project as a PPP. The following criteria should provide a guide to the Contracting Authority in verifying if the project is appropriate as a PPP:



Figure 12: Determining factors for PPP Suitability

Factors	Description
 Scale of the Project	<p><i>Are transaction costs likely to be justified?</i> Projects with a capital expenditure of lower than CAPEX and OPEX Recommended Thresholds generally do not result in VFM savings significant enough to justify the transaction costs</p>
 Outputs capable of clear specification	<p><i>Is it possible to draft a contract that will hold the provider accountable?</i> Draft provisions with clear Key Performance Indicators</p>
 Opportunities for risk transfer	<p><i>Is there good reason to believe that a PPP will provide VFM compared to the alternative of traditional public procurement?</i> Assign risks to the party best able to control or bear them</p>
 Market capability and appetite	<p><i>Is the project commercially viable and what is the level of market interest in the project?</i> Potential to attract users to the project and achieve the overall project objective</p>
 Initial affordability assessment	<p><i>Is the project affordable for the government?</i> Assess cost of services (unit cost comparisons with other similar and recent projects)</p>
 Initial bankability analysis	<p><i>Whether financial institutions are willing to finance the project and under what terms and conditions?</i> Project returns justify attracting investors to the project</p>

(Source: PPP Knowledge Lab, South Africa PPP Manual)

Type of PPP Solutions:

- Existing asset solutions.** This involves upgrading or refurbishment of an existing infrastructure already owned by a Contracting Authority.
- Non-asset solutions.** This does not involve creation of additional assets, but is instead focused on improved service delivery, developing initiatives to manage demand more effectively or increasing the use of existing assets.
- New asset-based solutions.** This involves development of new infrastructure.

Whilst a PPP format can be applied to both asset-based projects and non-asset based projects, it is more suitable for asset based projects (including those that involve major refurbishment) where the focus is to achieve value for money to all stakeholders through delivery of performance linked operational efficiencies.

A template for evaluation of procurement options has been provided in [Appendix XX](#). The project team needs to fill this template to decide the suitability of PPP.

Delivery model options

The various delivery model options for project procurement along with assessment of suitability and value for money drivers are listed below:

Procurement option	When to use (suitability criteria)	Value for money drivers
PPP – contractual arrangement between a Contracting Authority and	<ul style="list-style-type: none"> Complex and long-term infrastructure projects 	<ul style="list-style-type: none"> Sufficient scale and long-term nature



Procurement option	When to use (suitability criteria)	Value for money drivers
<p>a Private Sector Party for delivering services and / or finance relating to the provision of infrastructure assets.</p> <p>Private Sector Parties will typically finance and build the facility and operate and/or maintain it to specified standards over an agreed tenure.</p>	<ul style="list-style-type: none"> • Outputs can be clearly defined, measured and monitored • Scope for innovation • Whole-of-life asset management is achievable and cost-effective • Market interest • Opportunities for appropriate risk transfer • Potential for third-party revenue 	<ul style="list-style-type: none"> • Complex risk profile and opportunity for risk transfer • Whole-of-life approach from integration of design, construction, operation and maintenance over the life of an asset, in a single project package • Innovation • Appropriate third-party use of facilities, reducing net cost to the Contracting Authority • Efficiency of contract management
<p>Construct only – an arrangement whereby the Contracting Authority has full responsibility for the design and engages a construction contractor to develop the design documentation that forms part of the tender for the works.</p> <p>The Private sector party is responsible only for construction of the infrastructure asset.</p>	<ul style="list-style-type: none"> • The scope is defined and there is little likelihood of scope creep or wholesale changes to requirements • Little incentive or need for innovation from the contractor • It is desirable and there is sufficient time to complete design documentation before tendering • Limited opportunity for bundling services/maintenance and creating whole-of-life efficiencies 	<ul style="list-style-type: none"> • Larger pool of potential tenderers which leads to increased competition • Greater scope for competitive prices because of design certainty • Contract value is set before construction starts
<p>Design & construct – an arrangement whereby the Contracting Authority prepares a design brief, which outlines the functional and key user requirements for the works but is less developed and detailed than under a construction only arrangement.</p> <p>Thereafter, the Contracting Authority conducts a tender to choose the most suitable design.</p> <p>The Private sector parties are responsible for detailed design in accordance with specifications and</p>	<ul style="list-style-type: none"> • The Public Entity's requirements are tightly specified before tender or do not change • Government is best placed to manage most project risks • Limited opportunity for bundling services/maintenance and creating whole-of-life efficiencies 	<ul style="list-style-type: none"> • Single point of accountability for design and construction • Fixed price contract • Potentially, reduced overall project cost because the contractor has the opportunity to contribute construction experience into the design, resulting in innovation and efficiencies



Procurement option	When to use (suitability criteria)	Value for money drivers
construction based on the approved design.		

Checklist for Concept Report stage

SN	Item	Check
1	Has the Project Concept Report Summary been completed? (refer Appendix 6.3.)	<input type="checkbox"/>
2	Has the Procurement Option Analysis Form been completed?	<input type="checkbox"/>
3	Has the ToR, Eligibility Criteria and Procurement process for appointment of External Advisors been finalized (if applicable)?	<input type="checkbox"/>
4	Has a list of approvals required from other ministries been prepared?	<input type="checkbox"/>
5	Has the process for seeking approval from other ministries been initiated?	<input type="checkbox"/>

3.2.2. Business Case

A traditional Business Case focusses on the assessment of public policy, and economic and technical feasibility studies conducted by the Contracting Authority. The aim of a PPP Business Case is to go beyond this and undertake a detailed procurement options analysis in order to identify the most appropriate method of procurement that provides the greatest VFM savings. The Business Case is to be developed by the Contracting Authority and should comprise of, at a minimum, the following:

1. **Budgetary process**
2. **Needs assessment**
3. **Procurement options analysis**
4. **Due diligence**
5. **Financial Model**
6. **Risk assessment**
7. **Qualitative and quantitative VFM analysis**
8. **Procurement Decision**
9. **Procurement Strategy and Roadmap**

The Business Case is not intended nor must it be perceived as a tool to gain approval. Instead, it is a necessary procedure that enables the critical assessment of a project and the preparation of a robust implementation plan, regardless of the eventual method and option of procurement adopted. The Business Case development process outlined in this section represents a standard process to be followed by Contracting Authorities. However, since the circumstances of individual projects vary greatly, Contracting Authorities are encouraged to consult the PPP Unit in order to discuss how these may need to be tailored to suit the particular needs of the project in question. The summary template for the Business Case is provided in Appendix [Section 6.4.](#) of this document and it needs to be populated once the Business Case is finished and submitted together with the Business Case.



Budgetary Process

The Guidebook envisage that all projects shortlisted for implementation as PPPs are undertaken as PPP Projects. Hence, all projects with a Project Value¹ of more than CAPEX Recommended Threshold value should be tested for PPP suitability through a robust process of a feasibility assessment.

As specified in the PPP Policy Document, there are two elements that need to be considered when screening the project for PPP suitability, i.e., total project cost with a threshold of QAR 500 million and/ or average government commitment of QAR 20 million on yearly basis.

Typically, projects with a project value of less than recommended threshold are not expected to provide VFM savings as a PPP. However, once projects cross this project value threshold, the leveraging of private sector innovation may result in significant savings to the government. As a result, the testing of suitability for PPPs through the preparation of a detailed Business Case is mandatory for projects with a Project Value of more than CAPEX Recommended Threshold. Moreover, in brownfield projects or CAPEX-light projects that have a significant annual operating expenditure, the utilisation of private sector expertise can similarly result in large VFM savings through the lifecycle of the project. Consequently, it is also mandatory for projects with an annual operating expenditure of more than QAR 20 million OPEX threshold to be tested for suitability as a PPP.

For projects with a Project Value of less than CAPEX Recommended Threshold, the testing of suitability as a PPP is not mandatory. However, in areas where the government has limited precedent experience of procurement, where the private sector has the capacity to produce truly innovative solutions, and where the Government entity is of the opinion that utilising the private sector can result in VFM savings, testing for PPP suitability is permissible.

Needs Assessment within a Business Case

Need assessment is about the proper identification of the outputs and objective of the project, which is critical to achieving the desired outcome. The need for a new service can stem from several reasons, i.e., new Government policies, regulatory compliance, increased demand for services, replenish asset capacity, provide an alternative range of services, business improvements and efficiencies, sustain service delivery, or enhance service capacity.

An overall need assessment should be carried out, taking into account the types of services users will need, total user demand for those services, and all sources of existing and planned delivery of services.

The Contracting Authority would need to question itself on whether there is a need for the proposed development, whether the capacity of existing assets is adequate to provide the quality service delivery, the lifecycle of existing asset and whether it is time to replace it or augment capacity.

Procurement Options Analysis

Potential procurement options should be evaluated against the objectives of the project, whole-of-life costing, detailed output specifications, the utility of each option in achieving the objectives in an efficient manner, the feedback from market sounding, and the qualitative and quantitative risk assessment – details of which can be found in the subsequent sections.

While evaluating each delivery option, consideration must be given to:

- The capability of the private sector to deliver its portion of the required work and manage the allocated risks
- The ability of the Contracting Authority to finance and deliver its obligations
- The achievement of strategic and project outcomes, especially those denoted specifically by the State of Qatar
- The extent to which the model accounts for exogenous changes in conditions
- Whether the project has any unique characteristics that make it unsuited to traditional methods of delivery
- Whether the project has risks that, even if appropriately allocated, exceed organisational or market tolerance levels.

¹ The project value refers to the sum of *capital expenditure for the Project* and *annual operating expenditure till the Project is with the Private Sector*



The methods of delivery considered can range from traditional government-funded procurement through to a design, build, finance, operation, and maintenance contract. Based on the benchmarking conducted and extensive consultation with key stakeholders, the Contracting Authority can prepare a longlist of the delivery models that can be assessed. These will vary according to the nature of the project and will be refined following the market sounding exercise, aimed to gauge the appetite of the private sector to finance and procure such a project.

Moreover, the Contracting Authority should assess whole-of-life costs, including initial capital expenditure, maintenance and refurbishment costs, operational costs, and the cost of any associated enabling works. This will ensure the comparison is between delivery models that are similar in nature, further helping in narrowing down the longlist.

Choosing the most suitable delivery model depends on the Project's risk allocation structure, OPEX, CAPEX assumptions, as well as its technological and design requirements.

Due Diligence

The Contracting Authority should outline the requirements and construction works required for the project to be implemented, which includes assessment of issues related to technical, environmental, legal, social, and other aspects of the Project.

Technical due diligence

The Technical Advisor, appointed as a member of the External Advisor consortium in the first stage of the process, should determine the technical specifications for the project suitable for a PPP. It should conduct a full review, including visits to project sites identified by the Contracting Authority to assess site feasibility; identify potential roadblocks to project implementation, such as the provision of utilities, harmful effects on the groundwater table; assess accessibility to site; requirements of parking space; and assess other issues that may arise.

The Contracting Authority is encouraged to actively support the External Advisor during this period by facilitating site visits and meetings with applicable government agencies. This will allow the External Advisor to gauge the status of future utility connections, discuss access and egress issues, and discuss the construction of roads near the site, amongst other issues.

The Technical Advisor should estimate the costs for the project, including capital costs required to meet stated outputs, operating costs, and maintenance costs. The costs should be estimated based upon benchmarking analysis conducted using local and regional precedent projects, following inputs and validation from the Contracting Authority. In addition, revenue should also be estimated by the Technical Advisor with the aid of a comprehensive demand assessment that takes into account the scope of the project, benchmarking analysis of comparable projects, and primary and secondary surveys, amongst other project-specific methodology, as determined to be appropriate in conjunction with the Contracting Authority.

Environment due diligence

The Environment Advisor will prepare an environmental scoping report, detailing requisite background information on environmental conditions. They will also outline the process that addresses environmental, social aspects and associated regulatory issues during the procurement stage, and that helps with avoiding retrospective orders for compliance. The Legal Advisor in conjunction with the Environmental Advisor should consider the existing regulatory framework, summarise relevant environmental legislation, and any project-specific regulations that the Preferred Bidder should take into consideration while implementing the Project.

The Contracting Authority should specify a generic set of environmental standards applicable to all projects. These standards can be developed by Ministry of Municipality and Ministry of Environment and Climate Change, or be aligned with international standards, such as the International Finance Corporation's guidelines or the Equator Principles. For negative impacts of the project that deviate from the specified standards, mitigation strategies will need to be discussed with key stakeholders.

Legal due diligence

The Legal Advisor, hired as part of the External Advisor consortium, is encouraged to undertake an extensive review of the existing Qatari regulatory environment that covers all the legal aspects relevant to the implementation of the Project. The legal due diligence should address the following issues:



- PPP-specific, land, construction, and operation related issues
- Review of employment law that private sector will have to abide by, including transfer of staff
- Any existing contracts that private sector will have to honour
- The regulations regarding the production of an adequate, bankable security package
- The rights of private sector, such as an ability to grant security over bank accounts receive payment, and collect revenue directly from end users
- Currency matters and monetary regulation as to whether the Project can be denominated in currencies other than QAR
- Any existing loan tenor regulations, exchange controls; and, regulations regarding interest rate swaps

Financial due diligence

The Financial Advisor should undertake a review of the financial estimates utilised as inputs in the base case model. The financial due diligence should analyse the relevant cash inflows and outflows for the Project.

The Financial Advisor must ensure that a block cost estimation has been undertaken, with all the relevant cost items included from CAPEX and OPEX and conduct a secondary review of the estimates provided. This step is particularly important as inaccurate costing can bias the VFM calculation which will, ultimately, be utilised as the primary method of determining whether the project should be procured as a PPP or not. In addition, the Financial Advisor should also consider whether the Contracting Authority can afford to procure the project, in terms of the budget and/or the end user of the services and must evaluate the Project structure to include appropriate accounting and tax considerations.

Social due diligence

If applicable, the Technical or Financial Advisor may undertake an assessment of the project's impact on the local economy and community, including impact on the health of the citizens, protection and development of the culture and tourism, education and public services.

Benchmarking Analysis

The Contracting Authority can conduct a precedent review of PPP procurements in the same sector i.e., study existing options for financing structures, examine the procurement processes and project implementation, as well as any associated practices that contributed to an efficient procurement process – all these elements can provide valuable insight into the procurement of the project into consideration.

Market Sounding

For a PPP project to be successful, the Contracting Authority should ensure that there is sufficient market interest and that a quorum of interested qualified bidders and developers are in place. Given that, at this stage, the Contracting Authority is aware, broadly, of the nature of the project and has a working knowledge of the initial version of what outputs might be required; this is the appropriate time to gauge the interest of the private sector in such a project.

Importantly, even if the project were to provide real VFM, and satisfy important policy aims and agency objectives, the private sector might be unwilling to invest, either because companies do not have the sufficient economies of scale to realise value from the project, or because they fear the lack of proper financing options, amongst many other possible reasons. In order to undertake the exercise effectively, the PPP Unit will support the Contracting Authorities in the market sounding activities.

For projects where sufficient interest and expertise have already been established, as determined by the benchmarking analysis, the Contracting Authority can focus on the private sector deemed to be interested in projects of a similar nature, by virtue of having participated previously. To gauge this interest, the Contracting Authority can circulate the Expression of Interest (see section 4.2.1. for more details). It is important to emphasise to any interested participants that the process only constitutes the beginning of the project, and that the project might not proceed to procurement stage, and, if it does, they will have to go through the entire procurement process without any scope of favouritism. The Contracting Authority should demonstrate that sufficient number of market players have been consulted and should ensure that the outcome of the market sounding is detailed in the business case.



Payment Mechanism

For each of the shortlisted options, the Contracting Authority must outline the resultant payment mechanism, which details how payments will be made by the relevant Contracting Authority to the Preferred Bidder. The mechanism must detail the structure of the payment, milestones upon which they are delivered, any related penalties and incentives and their payment structure, and the relation between the nature of the payment and performance indicators or other provision determined by the PPP delivery mode.

The shortlisted options, along with the relevant payment mechanism structures, will act as necessary inputs in the risk assessment and the financial model.

Financial Model

Contracting Authority must be required to submit a detailed financial model for the Project which are to be linked to the relevant form sheets, including:

- General requirements – Contracting Authority should be required to take relevant regulations as determined into consideration, as, for instance, that the model must be capable of generating all calculations, that a given concession period should be assumed. Moreover, broader modelling guidelines can also be supplied – such as the usage of logical operators instead of complex nested functions, the usage of notes where formulae are complex, flexibility in terms of the ability to run sensitivities, etc.
- Model inputs – Contracting Authority must also be required to provide a summary of the financial and economic assumptions utilised for the model that must be linked to the rest of the model and be fully functional upon submission to enable a detailed evaluation
- Model outputs – Contracting Authority must be notified of the requisite financial projections that are required to be produced by the model, such as a cash flow statement with ratios, a P&L account, and a balance sheet, etc.
- Model sensitivities – Contracting Authority must be notified of the sensitivities that must be run as part of the model, which can include EPC cost overruns, O&M cost overruns, and inflation, for example.

Risk Assessment

The management of risk is an integral part of all infrastructure projects, and the Contracting Authority must outline the generic and procurement method-specific risks that the project entails. Whilst proper allocation of risk can be extremely cost-effective, risk misallocation increases project costs and grievously impacts service delivery quality. Therefore, the Contracting Authority must abide by the key principle of risk allocation: ensuring that risk is allocated to the party that can manage it efficiently. To that extent, the Contracting Authority is expected to accomplish three critical tasks at the end of this section:

- Build a risk matrix that includes the relevant risks impacting project feasibility
- Develop a standard risk evaluation mechanism to assess the impact of potential risks
- Formulate appropriate risk management and mitigation strategies to optimise risk allocation

To execute a proper risk assessment process, the Contracting Authority is advised to follow the following sequential steps:

Step 1: Identification of risks

A number of techniques could be used to identify risks associated with the project including:

- Structured review meetings – wherein key stakeholders participate and articulate the probable risks
- Risk audit interviews – wherein experienced managers and/or advisers conduct sessions with stakeholders in order to better understand and quantify the risks involved
- Risk brainstorming workshops – which includes all key members involved with the project and encourages innovative, original ideas

A generic list of infrastructure project risks can be circulated at the beginning of such sessions in order to better inform thinking. Once sufficient experience has been gained by the Contracting Authority in such projects,



testimonials from prior projects on risk management in practice can also be shared. It is advised that these meetings should involve senior representatives from the Contracting Authority and the External Advisor consortium – comprising technical consultants such as design engineers, legal advisers and risk analysts as part of the broader financial advisory team, in addition to other governmental and external representatives as deemed fit – in these discussions.

Step 2: Identify the potential impact and estimate the probability of occurrence for each risk

The potential risk impact can be categorised under three elements:

- Effect of risk: The effect that each risk brings to the project, which can manifest itself as cost overruns, timeline delays, and wrongly ascertained revenue, amongst others
- Timing of risk: The period of the project the risk manifests itself in
- Severity of risk: The magnitude of the risk on the project – often expressed as a percentage value; for instance, capital cost overrun risk could be expressed as being valued at 20% of the original value.

The measurable impact of the risk will also depend on its probability of occurrence. The Contracting Authority could identify the probability of risks by:

- Examining any encountered risks that occurred before in previously executed similar projects
- Estimating the most likely probability depending on the key stakeholders' similar experiences on other types of projects.

Some risks may be regarded as having low probability of occurrence, but their economic impacts may be considerably high. Hence, at this stage, it is crucial to analyse all risks, even those indicating lower probability of occurrence.

Step 3: Calculate the cost of each risk

The probability of occurrence and the impact of the risk can then be combined into a matrix, in order to provide a measure of the combined significance of the risk, and can then be ranked from the highest significance of risk to the lowest, thus providing a measure of which risks need to be prioritised for the particular project, based on extensive consultations with relevant stakeholders. The Contracting Authority can then prepare a risk management strategy for those risks retained by the Contracting Authority, with the aim of optimising risk allocation.

In order to calculate the project risk value, a five-step calculation methodology should be followed:

- Establish the base case – the best estimate for each risk option that necessitates assessment of how much it will cost in economic terms
- Calculate the impact severity – assign “Best” case, “Most likely” case, and “Worst” case scenario percentages, building up on the potential impact determined in Step-2
- Calculate the potential value – multiply the base case by each percentage to estimate the potential value of each scenario
- Assign the probability of the risk – estimate the probability of each scenario occurring (sum = 1)
- Calculate the expected value of the risk – multiply the potential value by the respective probability

Step 4: Risk Allocation

Identify in this section which party should bear each risk identified in Step 1. The main objective is to allocate risk to the party best able to manage, control and mitigate it. Risk can be assigned to either the Contracting Authority, or the bidder, or a risk can be shared between parties.

Step 5: Build the risk matrix

Following the cost calculation and risk allocation exercises, a table summarising the value of risks across the project phases, with allocation divided by cost group should be created for each PPP model being evaluated.

Step 6: Identify strategies for mitigating the risks



As the last step, the Contracting Authority is expected to list out certain risk mitigation techniques for each retained risk listed in Step 5. The risk matrix can then be expanded to include mitigation strategies and ways to implement such strategies for the Contracting Authority.

Risk mitigation is about minimising and controlling either or both the consequences and the probability of a risk eventuating. Factors that may help mitigate undertaken risks include:

- ability to influence directly the probability of a risk eventuating
- utilising proven technology and reputable contractors
- developing effective monitoring and risk management practices
- maintaining appropriate insurance coverage

Value for Money (VFM) Analysis

Within the context of PPPs, VFM analysis can be summarised as the process of developing and comparing the Project's total costs, under the two delivery models: traditional procurement and PPP. VFM only exists when the risk adjusted costs of the PPP option are less than risk adjusted costs of conventional procurement. This can be measured in two ways – a Qualitative and a Quantitative Assessment, both of which the Contracting Authority is expected to perform in order to assess VFM with an objective and comprehensive manner. In order to achieve this, sequentially, the Contracting Authority should:

- Carry out a quantitative VFM assessment:
 - Create a base case model (BCM), which reflects the cost of traditional procurement to the government
 - Develop a risk adjusted BCM, which adds the weighted cost of each risk to the BCM, and functions as the Public Sector Comparator (PSC)
 - In parallel, develop the PPP model(s), which accounts for the required payment to be made by the government to the private sector – depending upon the payment mechanism – the costs of the private sector during construction and operation, required equity return, financing structure, etc.
 - Perform the quantitative assessment, which compares the net present cost of the risk-adjusted BCM to the governments with the net present cost of PPP option
- Carry out a qualitative VFM assessment, which outlines the benefits of procuring the project as a PPP following consultations with key stakeholders
- Compare quantitative results of different procurement options along with the qualitative aspects that each option provides

Quantitative VFM Assessment

The quantitative VFM assessment is a crucial step in determining whether a project should be procured as a PPP or not. Therefore, it must be determined on a project-by-project basis as each project will provide a different potential for delivering VFM. Quantitative VFM analysis will assist the Contracting Authority in completing the following critical tasks:

- Establish the PSC for delivering the project through traditional procurement
- Adjust the BCM model for the risks that would be transferred to the private sector under PPP procurement, and determine whether a PPP option is preferable over the traditional method because potential benefits of PPP prevail over traditional costs
- Evaluate the procurement options accordingly, and choose an option, or combination of options, which offers the greatest VFM and appears the most appropriate one to be implemented on the project

Quantitative VFM assessment will cover the development of three different models for comparison:

- Base Case Model (BCM)



- Risk-adjusted BCM
- Risk-adjusted PPP Model (to be compared with the risk-adjusted BCM)

a. *Base Case Model (BCM)*

The Contracting Authority is advised to develop a Base Case Model as the first step in the development of a PSC model, which will include estimates of the key capital, operating, and lifecycle costs of the public sector undertaking the key requirements of the Project using a traditional procurement method. The BCM does not include the quantification of the risk which would be transferred to the Preferred Bidder under the PPP and, therefore, it is not appropriate to compare the cost of the BCM against the cost of the PPP. The model should include all kinds of cash inflows and outflows including but not limited to:

- Capital costs: cost of constructing the relevant facilities as detailed in the project scope, procuring raw material and associated project-specific equipment, land, etc
- Operating costs: includes cost of operating facilities, labour costs, cost of maintaining facilities, and administrative/SPV running costs
- Indirect costs.

b. *Risk-adjusted BCM*

The risk-adjusted BCM model accounts for risks that are usually retained by the government under traditional public procurement methods. The risk-adjusted BCM equals the BCM plus the costs of risks identified in the Risk Assessment section. This model will then be used for the VFM comparison with the risk-adjusted PPP Model.

c. *Risk-adjusted PPP Model*

The PPP model serves as a risk-adjusted estimate of the cost of procuring the project as a PPP. The Contracting Authority must ensure that the underlying base costs in the BCM reflect the costs to government of providing the services to the same specification as expected from the private sector. In addition, it will include PPP-specific financing costs, such as the cost of debt and equity, define a target equity internal rate of return (“IRR”), and solve for the project IRR, which will then be used to compare different scenarios.

Model Assumptions

The Contracting Authority must detail all the assumptions of the model, which will be derived following consultations with related stakeholders. These should include:

- Financing assumptions (target debt/equity ratio, target debt service cover ratio, tenor of loan, interest rate, target equity IRR, unitary charge indexation percentage, working capital days, etc.)
- Estimation of land value
- Underlying base costs (site development, design, construction – including raw materials, plants and equipment, labour, and site management costs – internal fit out and external works of landscaping costs, facility development, SPV costs, administrative costs; facilities management, labour costs, major maintenance costs, etc.)
- Discount rate

Note on discount rate assumption

The discount rate is utilised as a way of calculating the net present value (“NPV”) of future cashflows, and the selection of an appropriate rate is crucial to informing the Contracting Authority’s decision. Globally, there are a number of approaches for calculating a suitable discount rate, ranging from a long-term government borrowing rate, to a government rate plus a risk premium applied to the PPP model, to the cost of capital of the private sector party. Due to the mechanics of how a discount rate calculation works, a higher discount rate would increase the likelihood of a PPP passing the VFM test.

In summary, there are three broad options for determining the discount rate:

1. Where the risk-free rate is utilised for the PSC and PPP – as in Portugal, for example;



2. Where the risk-free rate with a project risk premium is utilised for the PSC and PPP – as in the United Kingdom, for example; and,
3. Where the risk-free rate is utilised for the PSC and the risk-free rate + a project risk premium is used for the PPP – as in Australia.

Option 1: The government risk-free rate – usually a government bond with a tenor that is similar to the project length – is used for the PSC and the PPP models.

- PSC model – as the government will borrow as a whole, and not on particular projects, in Qatar, it is appropriate to use the risk-free rate; and,
- PPP model – using the same rate allows for a like-for-like comparison for the evaluation of VFM.

Option 2: Sum of the government risk-free rate plus a project risk premium is utilised for both the PSC and the PPP models with the purpose of reflecting the project cost of financing for the private sector accurately and incentivising the private sector to participate in riskier projects. The PPP Project Team must note that, for the same project, everything else staying equal, using this higher discount rate is likely to show greater VFM than using only the risk-free rate, as shown below.

NPV calculation

NPV is the sum of the present values of future cash flows. The formula for calculation is shown below:

$$NPV \text{ of unitary payments} = UC_0 + \frac{UC_1}{(1+r)^1} + \frac{UC_2}{(1+r)^2} + \frac{UC_3}{(1+r)^3} + \dots + \frac{UC_{25}}{(1+r)^{25}}$$

Where UC is the unitary charge/availability payment, r is the discount rate, and the concession period is 25 years. If the discount rate is higher, the denominator in the above equation becomes bigger. Hence, the NPV becomes smaller. As payments in the PPP model are over the whole project term, the benefit of discounting are more apparent in a PPP model than in a traditional procurement model, wherein the payment for construction is done during the construction period only.

Option 3: which is only followed in Australia, the PSC model uses the risk-free rate, whilst the PPP model uses the risk-free rate plus a project risk premium. After calculating the project risk premium using an asset beta² and a market risk premium, the systematic risks are listed out to calculate the portion of the risk premium transferred to the private sector. While this method is novel, there are some issues with it, particularly in a Qatari context, as deriving an asset beta and a subsequent project risk premium is conditional on a liquid equity market, which is not the case regionally.

In general, for Qatar, we would recommend **Option 1**. If the tenor of QAR-denominated bonds do not match the requisite concession period, premium yield adjustments taking account of the USD-denominated international bonds and interpolation should be applied to arrive at a final discount rate. However, over time, as the PPP market becomes more liquid and Qatar extends the yield curve with regular debt issuances, it is recommended that the PPP Project Team consider moving to Option 2 – wherein the risk-free rate plus a risk premium is utilised as the rate for the PSC and for the PPP.

Sensitivity analysis

² Also known as 'unlevered beta', asset beta is the beta of a company without taking its debt into account. It compares the risk of an unlevered company to the risk of the market. This number provides a measure of how much systematic risk a firm's equity has when compared to the market.



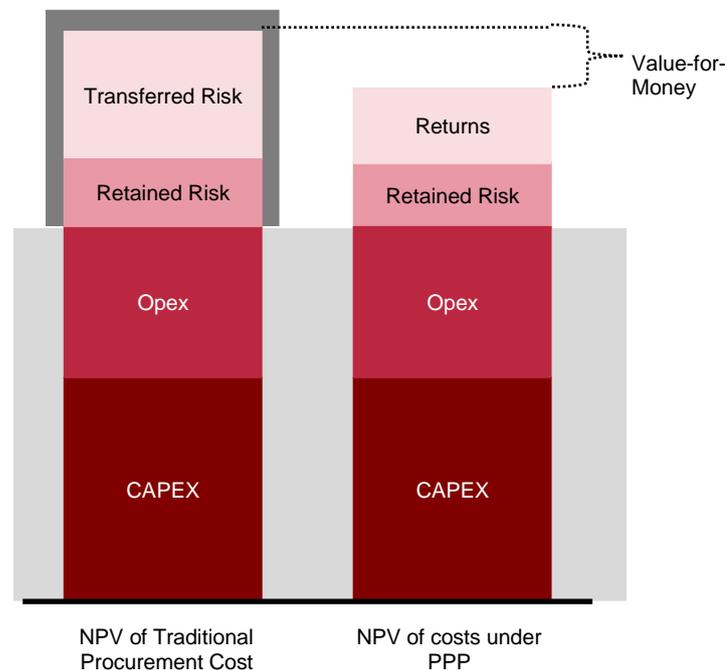
Before creating this model, it is expected that the Contracting Authority would have narrowed down the list of delivery options to three or fewer, running separate versions of the base cost model for each option. When the Contracting Authority settles on one delivery option, based upon a combination of greater VFM and ease of implementation – amongst others – it is advised to run sensitivity and scenario analyses, testing various iterations of key variables to see how the VFM analysis is impacted. These key variables could include:

- Inflation rate;
- Capital expenditure and operating costs – with a +/- percentage change;
- Unitary indexation percentage – with a +/- percentage change;
- Gearing ratio – changing ratio of debt/equity;
- Changes in the concession period – +/- shift in the number of years;
- Project delays; and,
- Financing costs.

VFM test

In the initial VFM test, the PPP Project Team must compare the NPV of the risk-adjusted BCM model, with the NPV of the PPP Model. An illustrative example of VFM shown below:

Figure 13: Illustrative example of VFM analysis



If the NPVs are indistinguishable from each other, the Contracting Authority should consider the qualitative assessment in order to make a final decision on the preferred method of procurement, followed by a few additional steps that should be taken with regards to the VFM analysis:

- Benchmark the VFM results to the VFM results achieved by similar projects with similar transaction structures; and,
- Identify the criteria for the project execution phase to decide when the VFM analysis will be revisited.

At this stage, the Contracting Authority must be fully empowered to make a decision regarding whether it wants to retain the project because the VFM is negligible and the risks are too high for the project to be procured privately with such minimal gain, or whether the innovation and efficiency the private sector might bring, even on the margins, make the project worth transferring to the private sector.



b. Qualitative VFM Assessment

The following is an illustrative list of key VFM drivers for PPP delivery:

- **Complex risk profile and opportunity for risk transfer:** Large, complex projects often have complex risk profiles, and risk management is best performed by allocating some portion of that risk to the private sector, who might be better equipped to handle it;
- **Lifespan costing:** As the whole service delivery process (including construction, operation, monitoring and asset management phases) turns into the responsibility of one private party during the concession period, lifespan costing becomes evident and results in more systematic service provision;
- **Innovation:** As PPPs focus on deriving VFM and reducing fiscal burdens, and allow the private sector to design its own works within the framework of stated output specifications, there is a great incentive for the private sector to provide innovative solutions that deliver the service at specified standards but at lower prices, deriving value through improved productivity as a result; and,
- **Measurable outputs:** As the government emphasises precisely the outputs it requires as part of the contract, PPPs allow for measurable outputs and alignment of the achieved results with what was stated and agreed upon, creating a performance-based contract.
- **Long term budgetary certainty:** The fixed price nature of service payments under a PPP structure generally provides greater budgetary certainty than payment arrangements under traditional procurements, as a result of which service quality remains largely constant and unaffected by exogenous budgetary shocks.
- **Timeliness of delivery:** As a result of contractual stipulations, the private sector partner is compelled to deliver the Project on time, and can also be incentivised to do so before the deadline, by structuring the payment mechanism in an appropriate manner. The loss of income that the Preferred Bidder faces on a PPP project as a result of delayed delivery is likely greater than that a building contractor faces in additional penalties under traditional procurement.

In summary, the Contracting Authority should demonstrate that risks can be properly assigned to the private sector; that the Project has the potential to utilise the private sector's expertise; that the private sector is experienced in achieving quality and timely delivery on similar projects; that there is a competitive market that will ensure a variety of high-quality bids; and, that the risk transfer will be achieved within the PPP framework in a timely manner.

Procurement Decision

Drawing upon the qualitative and quantitative assessment conducted earlier, and, having ultimately refined the list of delivery options to one, the recommended model of delivery for procurement should be outlined herein, stating in detail how the proposed commercial structure was selected.

As per the commercial structure of the project, the payment mechanism should be explained further in this section, along with the proposed contract structure, the main parties to the PPP contract, the cash flow/payment mechanism (i.e. how cash payments will be made by the relevant parties to each other), and the expected budgetary impact of the recommended option to the Contracting Authority, and the sources and uses of funds is to be outlined.

It is also advised to consider the various configuration of procurement options available for the scope of services within the framework of the chosen delivery method. This can include whether activities such as cleaning, catering, and security, need to be retained or be transferred to the private sector, or, if there are multiple sites to be used for procurement, whether it would be more appropriate to procure them as a group, instead of procuring them as separate projects.

Procurement Strategy and Roadmap

Identification of the procurement strategy is important to achieve certain key objectives throughout the procurement process, such as undertaking of a smooth tender process that combines the overriding principles of transparency, freedom of competition, and the fair treatment of bidders. This is a crucial step to ensure the setting of an appropriate precedent procurement and establish credibility for future transactions. In order to implement an appropriate project strategy and roadmap for this purpose, it is advised that the following steps be taken:



- Present an implementation strategy for the recommended delivery option, including the policy framework of the project, list of required approvals and key documents to be addressed during the procurement process, and proposed project management structure;
- Create a project roadmap that includes target dates for completion, and the overall project plan; and,
- Outline the key risks and challenges to the procurement timeline, and suggest mitigation strategies to avoid future complications.

In addition, the roles and responsibilities of the Contracting Authority need to be clearly identified and stated – viz., whether there will be any sovereign guarantees to be provided; the nature, timeline, and quantum of payments to be provided; the provision of all other support, including, but not limited to:

- land
- any additional subsidies provided, and, if so, what the nature of them will be
- any shared services between the government and the Preferred Bidder once the project commences.

Implementation Strategy

- **Policy and procurement framework:** Identify legislative and policy authorities to undertake the PPP procurement as well as any other related stakeholders to be delegated to the Contracting Authority to ensure successful implementation. Additionally, a resourcing plan demonstrating the time commitment required of governance and project team members, the training required to assist team members in effectively executing their responsibilities, and the budget associated to fund time and training commitments should be outlined.
- **Approvals:** List out all approvals that will be required post-business case to move the project from procurement to financial close with key target dates. Additionally, list the approvals that have been received to date and set out a timeline and the processes to be followed to achieve all outstanding approvals.
- **Key documents:** List out the key transaction documents – RFQ, RFP, project agreement, etc. – that are to be produced during the procurement process; describe the types of contracts that the Contracting Authority intends to enter into; and, produce a timeline for the development and approval of critical project documents.
- **Project-specific stakeholder management:** Describe who will conduct communications with the bidders, communications and reporting protocols, through the planning, procurement, construction and operation phases of the project and present a high-level stakeholder communication method for liaising and consulting with the relevant key stakeholders.

Project Deliverables Roadmap

An illustrative example on setting out a roadmap for project deliverables is outlined in the Appendix [Section 6.5](#). Contracting Authorities can refer to the template and make suitable changes based on the shortlisted delivery model.

Project Procurement Roadmap

The overall timeline for the Project from financial close to the end of the concession period should be specified, as outlined in the illustrative template mentioned in Appendix [Section 6.6](#).

The proposed evaluation procedures for both the procurement and post-procurement phases should also be explained in this section, in addition to outlining key risks and challenges to the procurement timeline along with proposed mitigation strategies.

For instance, if there is a risk that there is no precedent for this sort of procurement in Qatar – this can be mitigated by regional and international benchmarking. Similarly, on every project, there is always a risk present that there will be a lack of bidders or that submitted bids are not of a sufficient quality. This can be mitigated by using the market sounding process effectively, providing clear information, carrying out a robust procurement exercise with well-defined risk allocation, adhering to the established timetable, committing to confidentiality, and ensuring



good information management and transparency, which reassures bidders and the market that the Contracting Authority is committed to procuring the Project, as efficiently as possible.

Evaluation

The procurement evaluation process should also be outlined in this section. Tender methods can include any mechanism approved by the Contracting Authority, including two-phase tendering, auction, and competition, with the only applicable rider that the awarding of the contract not be based on the price criterion alone. To this end, it is advised that the technical and scoring methodology be outlined, including the weightage provided to the technical and commercial criteria, as well as applicable and minimum credential eligibility requirements. The reason for adopting a specific evaluation methodology is to maximise VFM for the government and demonstrate that the evaluation methodology leads to the selection of the most beneficial bidder for the purpose of the Project.

Negotiation

Additionally, the project-specific negotiation methodology should also be noted in this section, including the minimum consensus conditions that must be met for negotiations to be considered successful and the procedure to deal with negotiations breaking down.

Payment Mechanism

For each of the shortlisted options, the PPP Project Team must outline the resultant payment mechanism, which details how payments will be made by the relevant Contracting Authority to the project company or the Preferred Bidder. The mechanism must detail the structure of the payment, milestones upon which they are delivered, any related penalties and incentives and how that regime is structured, and the relation of the nature of the payment to performance indicators or other contractual issues that will be governed by the structure of the option.

Types of payment mechanisms that the PPP Project Team must consider and align with relevant options, include availability payment, revenue guarantees, viability funding, and operating subsidies, amongst others. Additionally, the form of the payment must also be clearly stated – viz., whether it will operate as a toll, a tariff, or a user fee, for example.

The shortlisted options, along with the relevant payment mechanism structures, will be imperative to informing the risk assessment and the financial model. For each option, as detailed below, risk will be separately quantified and allocated, with the payment mechanism determining the demand risk allocation.

Example of certain payment mechanism structures

- **Availability payment:** is a mechanism when the government provides payments to the private sector partner irrespective of the demand for the services provided
- **Revenue guarantees:** the government pays to the private sector partner the difference between the forecasted/agreed level of revenues and real revenues received by the private sector partner
- **Viability funding:** is an economic incentive for the private company to receive the funding from the government where the project is economically feasible but financially is not feasible.
- **Operating subsidies:** direct financial support from the government side in the form of a grant or subsidy for operating needs. This type of payment mechanism is mostly applicable to the projects with large Life Cycle Costs.



3.2.3. Project Policy Document

After reviewing the contents of the Business Case submitted by the Contracting Authority, the Project Committee will get the option to approve or reject the Business Case. In case it approves the Business Case, the Project Committee will draft a Project Policy Document that summarizes the output from all the sections and recommend for approval to H.E. Prime Minister.

Figure 14: Contents of Project Policy Document

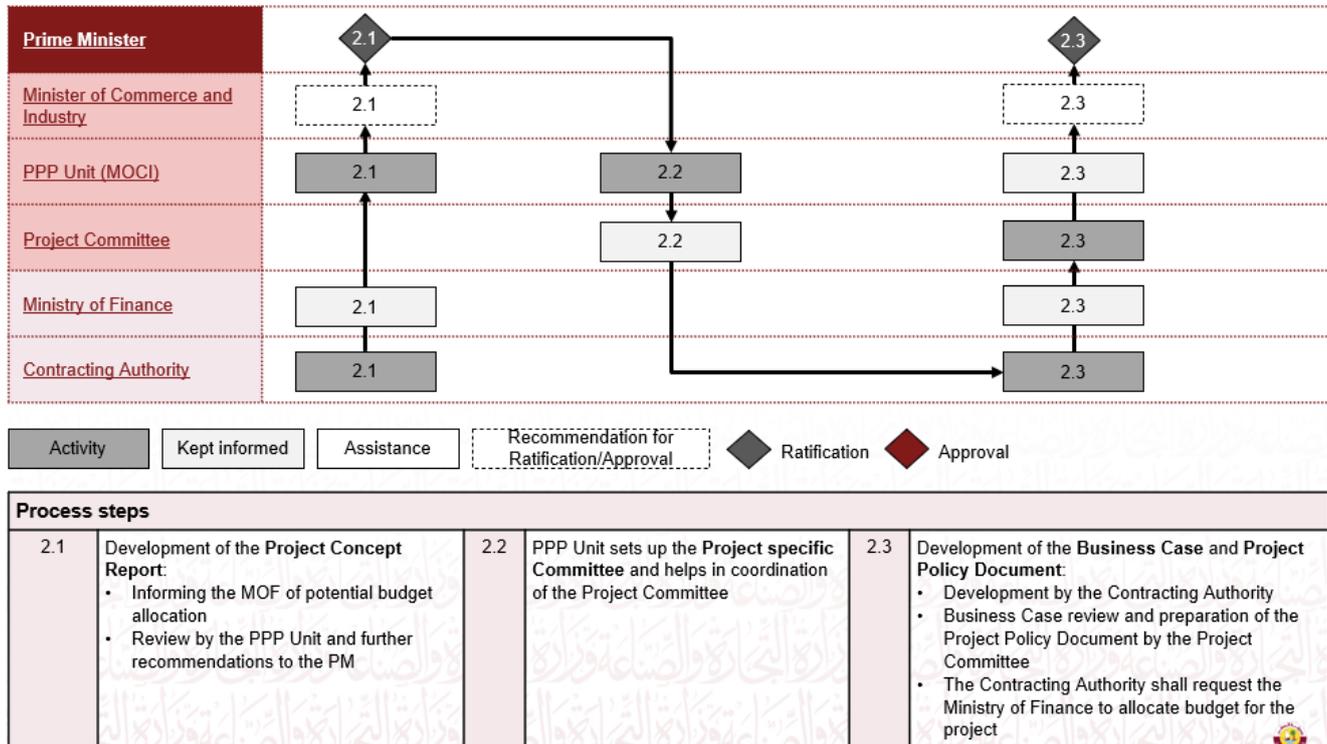
Business Case Section	Output
Section 1: Executive Summary	<ul style="list-style-type: none"> • Summary of the document, outlining key results, figures, recommendations, and the next steps
Section 2: Project Overview	<ul style="list-style-type: none"> • Project description • Project's alignment with national and Contracting Authority objectives
Section 3: Needs Assessment	<ul style="list-style-type: none"> • Needs assessment • List of outputs specified • Due diligence analysis • List of key stakeholders
Section 4: PPP Options Analysis	<ul style="list-style-type: none"> • Project-specific PPP benchmarking analysis • PPP options matrix • Market sounding results • Recommended 2-3 PPP options to be analysed in depth in the next stage
Section 5: Risk Assessment and VFM Analysis	<ul style="list-style-type: none"> • Risk analysis (identification, quantification, allocation, and mitigation) • Financial model • Determine value for money for the shortlisted options from Section 4
Section 6: Procurement Decision	<ul style="list-style-type: none"> • Project delivery model
Section 7: Procurement Strategy and Roadmap	<ul style="list-style-type: none"> • Procurement plan • Tender evaluation methodology • Project procurement roadmap



3.3. Approval Process

The following approval process will be followed across key stakeholders:

Figure 15: Approval Process for Establishing PPP Project

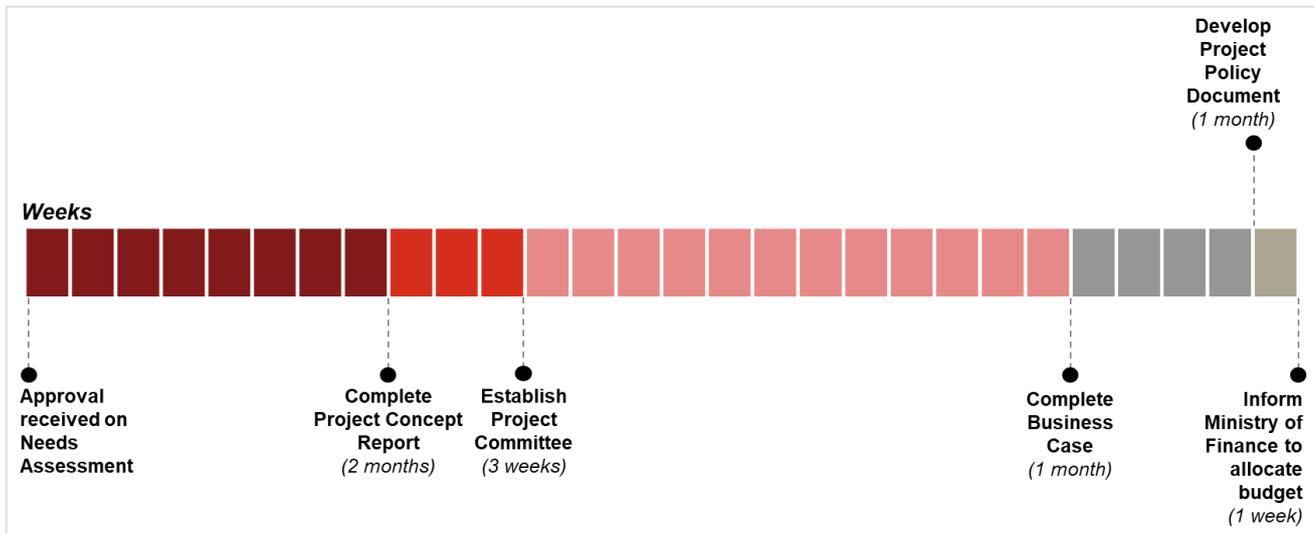


3.3.1. Recommended timelines

Process step	Item	Duration	Notes
2.1	Project Concept Report	Within 2 months of Needs Assessment approval	
2.2	Establish Project Committee	Within 3 weeks of Project Concept Report approval	
2.3	Business Case and Project Policy Document development	4 months	Three months for Business Case Development and a month for Project Policy Document
2.4	Inform Ministry of Finance to allocate budget	Within 1 week of Business Case approval	



3.4. Roles and Responsibilities



- H.E. Prime Minister:** The Prime Minister will serve as the final approver of the Project Concept Report, which is to be prepared by the Contracting Authority and reviewed by the PPP Unit. The Prime Minister is also the approver of the Project Policy Document, which is to be prepared by the Project Committee and reviewed by H.E. Minister of Commerce and Industry and will serve as a summary of the business case document and clearly outline key recommendations.
- H.E. Minister of Commerce and Industry:** The Minister of Commerce and Industry will serve as the final stage of review for the Project Concept Report and recommend for approval to H.E. Prime Minister. The Minister will also serve as the recommender for the project policy document to H.E. Prime Minister.
- Contracting Authority:** The Contracting Authority is primarily responsible for the preparation of the project as a PPP. Following the approval of the Project Concept Report by H.E. Prime Minister, the Contracting Authority may hire External Advisors as part of the PPP Project Team, should it so desire. Prior to commencement, the Contracting Authority should, internally, ensure the delineation of clear roles and responsibilities, and determine the reporting structure to ensure the business case is prepared within a reasonable timeframe. Following the preparation of the first draft of the business case, the Contracting Authority can submit it to the Project Committee for review and assistance. The Contracting Authority, after the approval of the Business Case and Project Policy Document, has to inform the Ministry of Finance on the approved budget allocation for the Project.
- PPP Unit:** The PPP Unit will be in charge of reviewing Project Concept Reports submitted by all Contracting Authorities, recommending them to H.E Minister of Commerce and Industry for recommendation for approval to the H.E the Prime Minister. The Department is also responsible for setting up a Project Specific Committee that helps in project coordination.
- Project Committee:** The Project Committee will be the chief provider of assistance during the preparation of the project as a PPP. Contracting Authorities – particularly at the start of the PPP programme, or those with limited experience of procurement when the programme matures – will require varying degrees of assistance at different stages of Business Case preparation. In addition to the provision of assistance, the Project Committee will serve as the initial reviewer of the Business Case document. Following the PPP Unit’s detailed review, the Contracting Authority will submit a revised version of the Business Case, based on which the Project Committee must prepare the project policy document, and submit both documents to H.E. Minister of Commerce and Industry for recommendation for approval.



4

Project Procurement Process





4. Project Procurement Process

4.1. Objectives

The objective of this stage is to prepare and carry out a competitive tender process. The steps of this stage facilitate in choosing the most suitable private sector partner for the approved PPP Projects.

Figure 16 Output and Objective of Project Procurement Process



The complete process takes months of deliberating, evaluating, and negotiating, hence there are multiple stages to the process, further encouraging transparency to the process.



4.2.1 Expression of Interest

4.2.2 Request for Qualification

4.2.3 Statement of Qualification

4.2.4 Request for Proposal

4.2.5 PPP Contract

4.2.6 Bidder Clarification Report

4.2.7 Bidder Evaluation Report

4.2.8 Contract Signing





4.2. Guidance

4.2.1. Expression of Interest

The Expression of Interest (EOI) is the first step in the procurement process. The purpose of this phase is to:

- Inform the market of the Contracting Authority's desire to tender the project, setting out basic specifications in order to gauge the level of market interest for the project
- Provide private sector with the requisite information to make an informed decision regarding the tender process
- Allow the Contracting Authority to identify, with a level of confidence, the bidders best suited for the project who provide necessary pre-qualifying performance characteristics to deliver the project

By the end of this process, the Contracting Authority is expected to come up with the shortlist of preferred bidders who have the requisite skills and resources to deliver the required output specifications and have the financial capability to engage in the project.

Contracting Authority, in conjunction with the PPP Unit, can prepare the EOI document that should provide clear guidance and sufficient detail of the project's service delivery requirements and the Contracting Authority's evaluation processes. At a minimum, it should contain:

- A summary of the Contracting Authority's primary function, and its purpose for tendering the project
- A brief description of what the project entails, including why it is being tendered, what essential public need it fulfils, and who it intends to serve
- The chosen delivery model for the project including clear scope of services to be delivered by the Private Sector
- Proposed risk allocation mechanism, outlining the roles of both Private Sector and Contracting Authority
- Length of the concession expected
- A description of the project site – including location, area, layout, etc.
- Any relevant background information, policies, laws, or regulations associated with the project, or any infrastructure that the project serves to fulfil, as deemed relevant by the Contracting Authority;
- A physical address or website where interested companies can obtain the Request for EOI document – ideally free of charge;
- A deadline for submission of the EOI responses, and to whom it must be submitted;
- Clarification of the high-level estimated timeline of the Project – when the process will be deemed to be complete, and when the RFQ phase can expect to be announced, amongst other details
- Any qualifications or disclaimers that the Contracting Authority deems necessary to include – such as stating unconditionally the right to amend the scope of the Project, modify, cancel, or suspend the EOI process or any or all stages of the investment opportunity, at any time for any reason without any liabilities

The request for EOI shall be advertised in state broadcasting outlets, local and regional Arabic and English-language dailies, and on the relevant ministry's website. If the Contracting Authority believes that international bidder expertise might be required on the project, advertisements should also be placed in international newspapers, magazines, and journals with a wide circulation.

4.2.2. Request for Qualification

Bidders expressing legitimate interest by responding to the request for EOI should then be sent a Request for Qualification (RFQ) document, which will also include an Information Memorandum (IM). The Contracting Authority can charge a small fee from Bidders for the IM and RFQ.



The IM will allow bidders to understand the scope of the project and evaluate their interest in, and ability to participate in the tender process. The IM should include the following information at a minimum:

- Project Background: a brief background and definition of the nature of the Project
- Commercial and Financial Matters: summary of the financing responsibilities, the anticipated payment structure for the Project, and other commercial matters
- Legal Matters: overview of some of the key legal and regulatory aspects relating to the Project
- Procurement Process: indicative project timeline, the clarification process, and other details of the procurement method
- Submission Instructions: provides instructions with respect to the submission of the reply to the RFQ
- Evaluation: describe the evaluation process that will be utilised in order to prepare a shortlist of respondents who will be qualified to participate in the Request for Proposal (RFP) stage
- Appendices: provide any additional documents and forms that are relevant to the RFQ

The main purpose of this process is to select a limited number of the bidders that are qualified, technically and financially, have adequate experience and commitment to implement the project, and set out the rules of involvement in the procurement process noticeably and explicitly.

The Contracting Authority, in conjunction with the PPP Unit, should develop an evaluation matrix weighing each financial and technical competency and eligibility requirements reflected in the RFQ. The Contracting Authority will then decide which interested private party or consortium qualifies to tender for the project according to the evaluation table results.

4.2.3. Statement of Qualification

While undertaking the evaluation of the submitted responses, the Contracting Authority must ensure that it is done in an objective manner so as to ensure a level playing field. The Statement of Qualification should include:

- Capacity to deliver the stated service: the capacity of the bidder/consortium to raise finance, provide technical expertise, and construct and operate the asset
- Suitability of consortium: if the bidder is bidding as a consortium of members, as is advisable, care must be taken to ensure that each Consortium Member is individually capable and has not been added only in order to satisfy minimum eligibility requirements.
- Credentials: in order to determine experience, precedent transactions and credentials – emphasizing those in the region – must be studied carefully, including the ability to adhere to timelines, the innovation displayed in the method of service delivery, and any specifications adopted that might have maximized VFM.

4.2.4. Request for Proposal

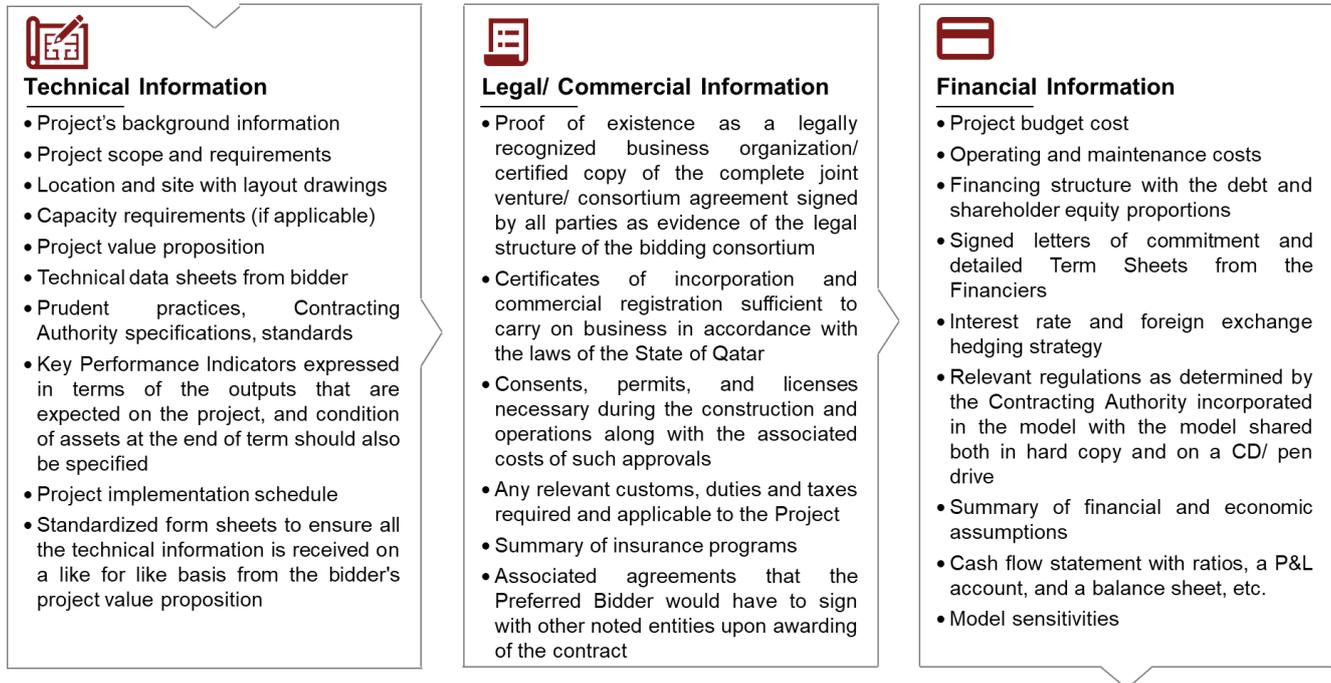
The Request for Proposal (RFP) phase is intended to receive and assess qualified bidders' proposals by setting up a comprehensive, transparent framework, and prepare the PPP Contract and its associated Transaction Contracts. At the end of this process, the Contracting Authority is expected to choose a Preferred Bidder that meets the criteria set out for successfully delivering the project and provides the best VFM, by ensuring an open and satisfactory competition among bidders.

The RFP is intended to be the definitive document that defines the nature and scope of the project in detail, outlines the requisite input and output specifications along with their corresponding performance indicators, the legal, financial and commercial information that needs to be conveyed to bidders, amongst other components.

Given that the document will serve as the primary source for bid submissions, it is important to invest a considerable amount of time and resources to ensure that the document is of the highest quality and that it outlines the project's specifications, scope, and requirements appropriately. It is recommended that the RFP be structured to invite responses in three separate volumes:



Figure 17 Information request from bidders in RFPs



The Contracting Authority must ensure that bidders fill in standard forms to enable ease in comparison of submissions. The document and Bid Forms shall be developed by the Contracting Authority, with the assistance of the PPP Unit, based on the prepared Business Case.

Bid preparation and submission requirements

In order to ensure strict adherence to the stated guidelines, the Contracting Authority should mandate that all bidder proposals respond adequately to the RFP Document, submit completed versions of all form sheets and data forms, and provide all the requisite information as outlined in the document. Due emphasis must be given to:

- The corresponding address proposals must be submitted to
- The required number of copies
- Strict adherence to the stated deadline
- The separation of the technical and financial proposals to enable separate storage
- The requisite regulations surrounding the furnishing of a bid security (in the form of a Bid Bond) in favor of the Contracting Authority. The Bid Bond should comprise of the form sheet, the amount, and the date of validity, which was also set as an RFP requirement, and should be issued by a recognized bank that is acceptable to the Contracting Authority. Suggested conditions for forfeiture of the Bid Bond, which must be stated clearly, include:
 - If the Bidder withdraws its Bid during the Period of Validity
 - If, in the event that the Period of Validity is extended by the Contracting Authority, the Bidder fails to comply with any condition of re-validation or confirmation or fails to deliver a replacement Bid Bond within the timeframe notified by the Contracting Authority

Bid clarification process

As part of the same section, the RFP must also include the procedure adopted by the Contracting Authority regarding Clarifications, noting the following:

- A timeline and a point of contact must be specified for the submission of bidder Clarifications
- A provision stating that the Contracting Authority shall endeavor but is not obliged to respond to all clarifications



- When the Clarification is responded to, such information must be shared with all bidders and not advantage only the bidder who presented the question
- A date for a pre-bid clarification meeting, which is highly recommended, should be stated, noting that attendance, while not mandatory, is encouraged
- State certain matters of legal import
 - The procedure to deal with late bids
 - The period of validity of the bid
 - The potential forfeiture of the bid bond
 - The procedure regarding the modification or withdrawal of a bid
 - Confidentiality regulations

Bid evaluation

The aim of the evaluation is to determine which bid delivers the best VFM and displays the greatest amount of technical competence and adherence to the stated specifications, while introducing a certain degree of innovation that maximizes savings. The RFP must clearly specify the bid evaluation mechanism that will be utilised by the Contracting Authority in evaluating the submitted bids. Specifically, the evaluation mechanism must outline whether:

- Financial and technical proposals will be scored separately, and, if so, what the exact weight given to each component in each proposal will be
- There will be a technical score threshold to meet, following which the lowest price will automatically win
- The technical offers will be evaluated, and a Best and Final Offer (“BAFO”) process followed wherein bidders will be asked to price the best solution, with the “winning” bidder receiving favorable scoring

4.2.5. PPP Contract

The PPP Contract is the legally binding document that the Preferred Bidder will have to sign with the Contracting Authority, if awarded the project. It must be ensured that the draft of the contract is can accommodate necessary changes that the Contracting Authority deems important and subsequent negotiations with the Preferred Bidder.

Any redrafting of the contract will be solely at the discretion of the Contracting Authority, which must consent to all changes, and must seek opinion from the PPP Unit for any material deviations. The Project Contract must contain the following fundamental provisions:

- The type and scope of the works and services that must be performed by the Project Company
- The ownership of assets and intellectual property rights pertaining to the Project, obligations of parties pertaining to the handover of the Project site, and provisions pertaining to the transfer of ownership upon expiry of the term determined in the PPP Contract
- The responsibility for obtaining licenses, permits, and approvals
- The mutual financial and technical obligations of both contracting parties and financing methods
- The rules governing the sale price of the product or charges of the service on which the Project is based, and the principles and rules of determining and changing such price or charges
- The quality assurance methods: financial, administrative, and technical audit and supervision tools required for operating, utilizing, and maintaining the Project; and, the performance indicators of the Project Company
- The rules regulating the right of a Contracting Authority to revoke or amend a PPP Contract, compliance by the Project Company with these amendments, and grounds or methods of compensation in the event of such amendment
- The types and amounts of insurance covering the Partnership Project and its operational and utilization risks, the performance guarantees provided to the Contracting Authority, and the provisions and procedures related to refunding these guarantees
- The bases for the distribution of Project risks in cases of force majeure, emergency situations, or material hardships, and the grounds for assessment of the relevant compensation
- The term of contract; cases of early, partial, or complete termination; and, the rights and obligations of the parties
- The cases where a Contracting Authority may unilaterally terminate the contract



- The penalties that may be imposed on a Project Company if it fails to meet its contractual obligations
- The rules and procedures for recovering the Project upon expiry, unilateral termination, or early or partial termination of the contract
- The procedures for ensuring continuity of the Project and works subject matter of the PPP Contract upon expiry or revocation of the contract, or upon failure by the Project Company to meet its contractual obligations
- The provisions related to using the services of the employees of Contracting Authorities at the Project Company, and allocation of a percentage of Qatari nationals in such companies
- Measures that must be taken by the Project Company to preserve the environment
- Specifications of the end product, the service level that the Project Company must comply with, including performance indicators, safety, security, environmental, and any other standards, and electronic systems and programs that must be used by the Project Company

In addition, all other documentation, which will differ according to the type of the Project, should be outlined in the RFP, with sample draft versions attached to the end in order to allow bidders to submit mark-ups that will be examined by a legal representative of the Contracting Authority, and utilized as the basis for signing agreements.

4.2.6. Bidder Clarification Report

The Contracting Authority is highly encouraged to hold clarification meetings with bidders during the interim period between the release of the RFP and the receipt of bids. The purpose of these meetings will be to clarify issues in the RFP that bidders can discuss openly and to introduce bidders to key representatives of the Contracting Authority. Meetings between the Contracting Authority and bidders can also be organized, provided they are done so in advance, and that any non-proprietary clarification provided to a bidder is shared with all bidders, ensuring a level playing field. The Contracting Authority will compile all the queries and provide its responses in a Bid Clarification Report. This Report will be shared with the interested parties to enable transparency in the procurement process.

4.2.7. Bidder Evaluation Report

The Project Committee will undertake the evaluation of the bids. Though they can delegate the evaluation responsibility to the Contracting Authority if they are low on manpower and capacity. Project Committee must consider both financial and non-financial criteria; however, on each project, the Project Committee has the right to take an informed decision regarding whether a criterion will dominate. The evaluation of the Bid Submission will consist of the evaluation of the technical qualification or credential requirements of each Bidder (or Bidder consortium); the Financial Submission; the Technical Submission; and, the Legal Submission. Weightage given to these submission components, the scoring, and the requirements will be reflected in the RFP document.

Technical Qualification or Credential Requirements

The technical qualification or the minimum credential requirements of each Bidder or Bidder consortium shall be evaluated on the basis of the matters set out in the RFP. If the Bidder is a single entity, it must satisfy each of the Credential Requirements (“CRs”). A Bidder that is a consortium must designate a leading member. Where not all CRs are satisfied by the leading member, the experience of the consortium will be evaluated in respect of the remaining CRs. Any CR that is not met by the leading member must be met by another member of the consortium (a “Qualifying Consortium Member”). Moreover, each CR needs to be passed by a leading member or Qualifying Consortium Member as an individual entity and not in aggregate with another entity.

Financial Evaluation

Financial submissions shall be evaluated on the basis of the matters set out in the RFP, including the evaluation of:

- The tariff proposals (if applicable)
- The Bidder’s Financial Model
- The Bidder’s cost proposal
- The Bidder’s plans for financing the Project

Bidder’s Financial Model



The Bidder's Model should comply with all requirements specified in the RFP that include, but are not limited to, the following:

- Be capable of generating all calculations required by the RFP and faithfully reflect the terms of the form of any additional agreements, as deemed relevant and attached to the RFP document
- Submitted in the specified format
- Adhere to best practice standards as outlined in the RFP
- Subjected to an independent audit
- Supply detailed operating instructions for the Financial Model as described in the RFP
- Generate VFM for the Project

Bidder's Financing Plans

An assessment of a Qualifying Bidder's Financing plans will take the following into consideration:

- Adequacy of the financing commitments to meet the project funding requirements as set out in the form sheet, including interim financing. Qualifying Bidders will be required to submit as part of their Bids evidence of the financing commitments necessary to undertake the Project
- Where financing plans are based on limited or non-recourse financing, Bidders must provide a Bank Commitment Letter
- Level of procurement of Export Credit Agency ("ECA") eligible goods (if applicable) and services to which the Bidder's proposed EPC contractor is willing to commit
- If the financing assumes any support from ECAs, the ECA(s) will also be required to provide commitment letters evidencing that they have fully reviewed the Financial Submission and that they have approved the availability of financing and/or guarantee facilities that form part of the Bidder's Financing Plan
- Bids which are assessed not to have adequate financing commitments to undertake the Project may be rejected
- Evidence that the financing commitments have been provided after the review of project agreements by the financial institutions.

Technical Evaluation

The objective of the evaluation of technical submissions is to assuage the Project Committee that the contractors who will construct the Project have the requisite technical expertise and relevant prior experience necessary to deliver the specified services adhering to the stated timeline. Technical submissions shall be evaluated on the basis of, but not limited to, the following:

- Technical Compliance of the Bid submission with the requirements of the RFP, including as detailed in the project requirements section, functional specifications, as well as other relevant sections
- The extent and nature of deviations, if any, from the requirements of the RFP
- Bidders' proposed operation and maintenance plans in relation to the Project, and the alignment of their financial model with the plans will also be evaluated
- Bidders must demonstrate that their proposals for the Project comply with the architectural, geotechnical, environmental, and technical requirements as detailed in the functional specifications section and additional agreements attached to the RFP. Bids that fail to satisfy this requirement may be deemed non-compliant
- Bidders must demonstrate by way of drawings that their proposed designated layout of the physical structure on the site is practical and that this takes full account of site safety, access to equipment and environmental requirements and that all necessary site services can be made available
- Bidders' proposed construction program in respect of the Project must be detailed as specified in the relevant form sheet. Evidence to support the achievability of the Construction Program, such as confirmation dates for availability of the Main Equipment items must be provided. Credit will be given for firm evidence of the availability of the Main Equipment
- Bidders must provide details of all major proposed subcontractors and suppliers/vendors defining the type of work or service to be subcontracted and the country of origin



- The eligibility of the Bidders' contractors to satisfactorily perform their duties with respect to the Project will be evaluated
- Compliance with Health, Safety, and Environmental guidelines and Ministry of Municipality and Ministry of Environment and Climate Change guidelines

Legal Evaluation

The legal evaluation of the Bid submissions shall take into account, amongst other requirements, the following:

- An assessment of the extent of any deviation from the requirements of each of the agreements annexed to the RFP, including the nature of the deviations and the extent to which the allocation of risk in each of the agreements and the project as a whole is affected
- The compliance of the qualifying Bidder's Bid Bond
- An assessment of the impact of the qualifying Bidder's proposal being conditional on any material outstanding issue
- Submission of a Letter of Commitment
- Compliance with the Credential Requirements
- Confirmation from the Bidder that the Bidder will procure the letter of consent, i.e. letter from Qatar investors in the project company if the Bidder is to be appointed as Preferred Bidder.

Development Security

On behalf of the Project Company, the Preferred Bidder will be required to provide the Contracting Authority a Development Security equal to a certain percentage of the EPC Contract Price, as determined by the Authority. The Development Security must be an irrevocable and unconditional guarantee issued by a recognized bank or banks having a long-term unsecured credit rating that is "investment-grade", which can be defined as possessing a "BBB" or the equivalent from Standard & Poor's Rating Services or "Baa2" or the equivalent from Moody's Investor Services, Inc.

Important considerations for managing the Evaluation Process

Anti-Corruption

Due to the weightage placed on evaluations by the Project Committee, there is a considerable risk of corruption impacting proceedings, skewing the process in favor of certain bidders. Moreover, as all it takes for investor confidence to be negatively impacted is one example of corruption, extreme care should be taken at the highest levels to ensure that a stringent anti-corruption policy is prepared and signed off by all members involved in the Project along with the representatives of the External Advisor, with clearly stated penalties for deviation.

Disclosure

All members of the Project Committee and Contracting Authority, including the representatives of the External Advisor, must be asked to disclose any personal or familial conflict of interest that might be associated with any of the bidders or with the Project. In addition, the Project Committee and Contracting Authority must decide, in advance, what the procedure will be to deal with such conflict, such as the removal of any potentially conflicted members from managing the Project.

Code of Conduct

All members of the Project Committee and Contracting Authority, including the representatives of the External Advisor, must be required to sign off on a code of conduct that requires compliance with certain rules and regulations which will be applied in a uniform manner on every project. A similar code of conduct will also need to be developed that will be signed by all prospective bidding consortiums and their advisors on every Project.

Prohibited Suppliers

The State of Qatar should provide a list of suppliers who are banned from working with government agencies to every Contracting Authority in order to ensure that they are prohibited from bidding on projects for a period of time as decided by the government.



Security Environment

A security plan should be prepared by the Project Committee and the Contracting Authority in order to ensure confidentiality, secrecy of data and work, and prevent acts of industrial espionage and economic theft.

Bidder Due Diligence

In order to receive bidder due diligence, the Project's prior due diligence shall be provided and access to the Project site should be made possible for the bidders. To facilitate this process, communication and access details of when and how those permissions will be granted should be defined in the RFP.

Bid Validity Period

The bid validity period should be reflected in the RFP such that all the bidders' proposals remain valid for a certain period of time determined by the Contracting Authority.

After complying to the above requirements, the Project Committee will prepare a Bid Evaluation Report that states the scoring matrix across evaluation criteria for all bidders.

4.2.8. Signing of the Contract and Financial Close

Once the bidders have been ranked by the Project Committee, it will commence negotiations with the Preferred Bidder related to the terms of the bid. The issues that should be taken into consideration while negotiating are:

- Ensure that the negotiations do not affect material contractual conditions in the PPP Contract or the terms stated in the Bidding Documents (such as EOI, RFP, etc.), which must be treated as being non-negotiable conditions, unless such amendments are expressly approved by H.E. Minister of Commerce and Industry
- The Preferred Bidder must be invited in writing to attend negotiations, and careful records must be kept of all subsequent correspondence and meetings, including pre-determined agendas, minutes, any evolving formal documentation, and action items
- The Project Committee may reserve the right to start negotiations with other bidders if the Preferred Bidder deviates from its written proposal or the proposed risk allocation
- The Project Committee should be empowered to make decisions during the course of negotiation meetings, and can draft in new members as required, should their presence be deemed relevant. The negotiation team is advised to focus initially on common ground, enforcing a climate of mutual respect by resolving minor issues before proceeding to potentially pricklier matters
- The negotiation team and the Preferred Bidder should arrive, by the end of the negotiation period, at a consensus on minimizing conditions precedent, a definitive timeline for signing the PPP Contract, and a detailed system of contract and performance monitoring
- If the negotiation process is deemed successful, the PPP Contract and all relevant ancillary agreements will be finalised by the Project Committee, with the aid of the Contracting Authority. The Project Committee will then recommend it for approval to H.E Minister of Commerce and Industry for the recommendation for approval to H.E. the Prime Minister, following the approval of which, the Contracting Authority will award the Contract to the Preferred Bidder.
- If the negotiation process breaks down with the Preferred Bidder, and the Project Committee reaches a conclusion that the differences are irreconcilable, meetings with the Preferred Bidder should cease. Subsequently, the Project Committee should then communicate, in writing, to both the Preferred Bidder and the Contracting Authority, expressing reasons for the breakdown in negotiations, the chief unresolved issues, and the differences in stated positions. The Project Committee, in consultation with H.E. Minister of Commerce and Industry, will have the prerogative to decide upon the course of action: whether the project should be re-tendered, whether the highest-ranked bidder should be given another chance, or whether the Project Committee can proceed with negotiations with the second bidder on the list, whose identity must then be approved
- Debriefs must be offered to unsuccessful tenderers. Government obligations for disclosure of signed agreements must also be observed

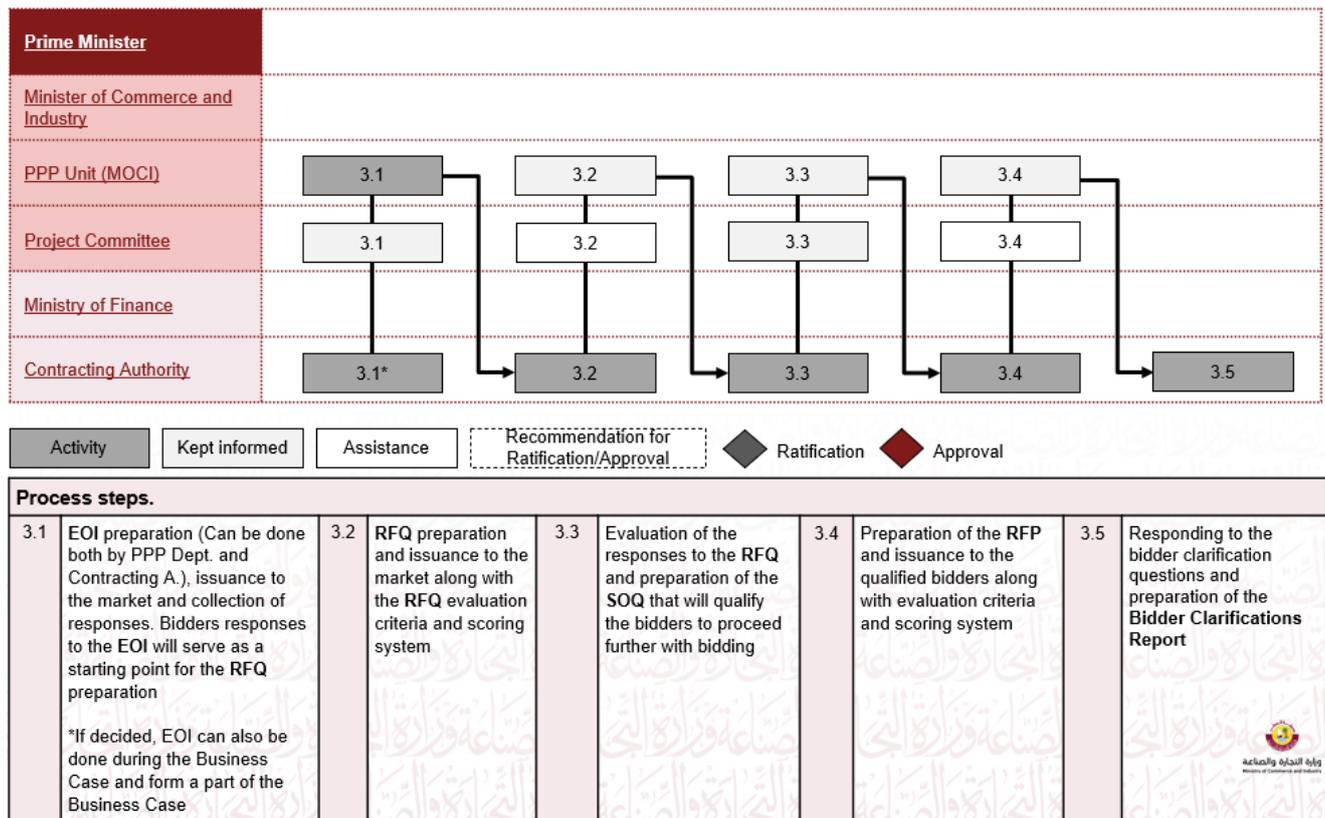
Post the final acceptance of the negotiations, the Contracting Authority and Preferred Bidder sign a contract. This is followed by financial closure where the Preferred Bidder will sign the financing agreements and starts drawing down financing to start the work.

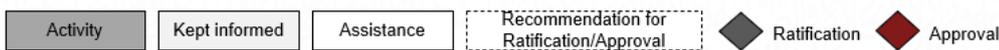
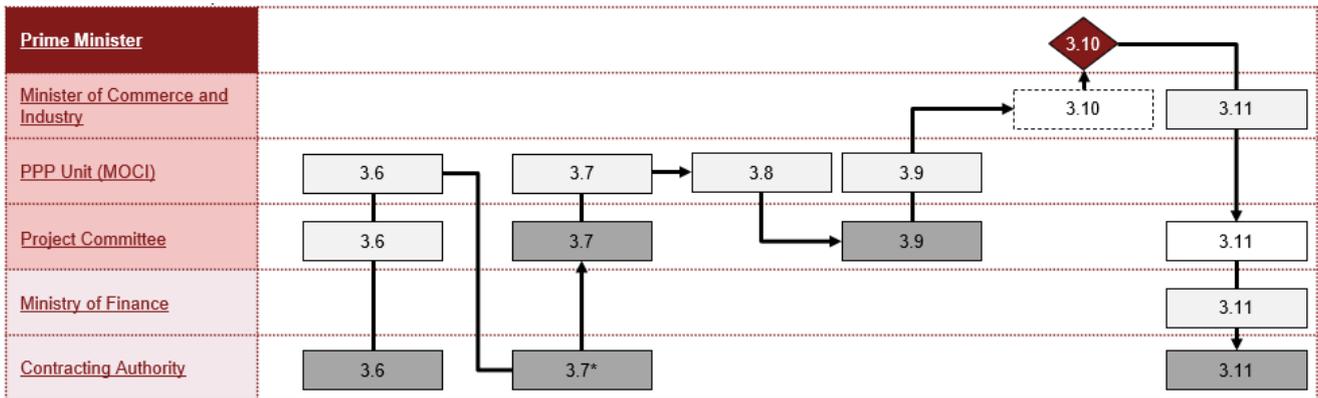


4.3. Approval Process

All tendering documents shall be prepared by the Contracting Authority, in conjunction with the PPP Unit, and, if requested, reviewed by the Project Committee prior to their publishing. Should the Contracting Authority materially deviate from the PPP guidelines or templates of standard documents and contracts, the Project Committee can seek the counsel and final approval of H.E. Minister of Commerce and Industry. The Project Committee is also in charge of reviewing and approving the identity of the Preferred Bidder prior to the commencement of negotiations. When negotiations have been successfully completed, H.E. Prime Minister must approve the identity of the Successful Bidder and the final version of the PPP contract, on the recommendation of the Project Committee and H.E Minister of Commerce and Industry. The Contracting Authority will then sign the contract and award the Project to the Successful Bidder.

Figure 18: Approval Process of Project Procurement Process





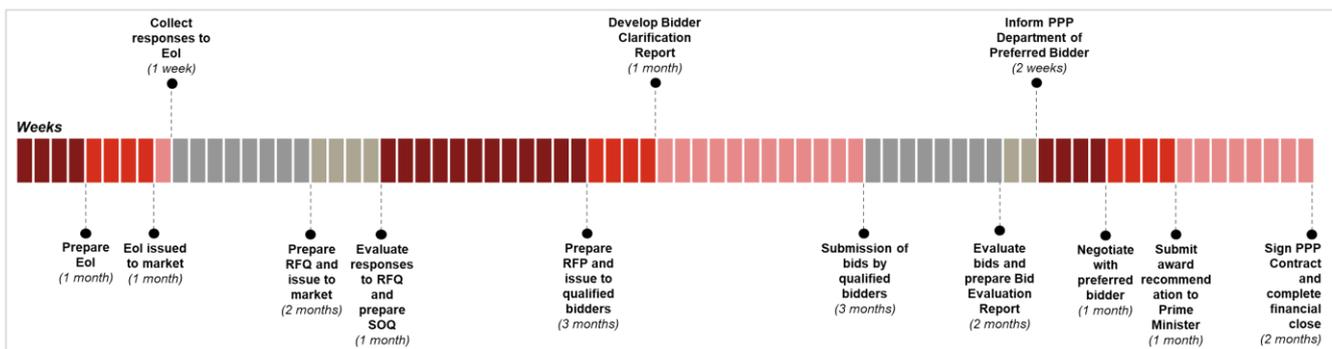
Process steps.	
3.6	Bids are submitted by the qualified bidders to the Contracting Authority that will submit them to the Project Committee
3.7	Evaluation of the bids and preparation of the Bid Evaluation Report. *PPP Law states that the Project Committee is responsible for this activity; however, they could delegate to the Contracting Authority
3.8	Informing the PPP Unit of the Preferred Bidder presented in the Bid Evaluation Report
3.9	Negotiations with the Preferred Bidder
3.10	In case of the successful outcome of the negotiations, recommendation for the award is submitted
3.11	Final acceptance of the negotiations Outcome and signing of the PPP Contract (Commercial Close) followed by the Financial Close

4.3.1. Recommended timelines

Process step	Item	Duration	Notes
3.1	EOI preparation, issuance to market and collection of responses	2 Months and 1 week	1 month preparation and issuance, 1 month for bidders to respond, 1 week for collection of responses
3.2	RFQ preparation and issuance to market	2 months	
3.3	Evaluation of responses to RFQ and preparation of SOQ	1 month	
3.4	Preparation of RFP and issuance to qualified bidders	3 months	
3.5	Preparation of Bidder Clarification Report	1 month	Responding to bidder clarification questions
3.6	Submission of bids by qualified bidders	3 months	This can vary greatly depending on the type and size of the Project
3.7	Evaluation of bids and preparation of Bid Evaluation Report	2 months	



3.8	Inform PPP Unit of the Preferred Bidder	2 weeks	
3.9	Negotiations with the Preferred Bidder	1 month	This can vary greatly depending on the type and size of the Project
3.10	Submission of award recommendation to the Prime Minister	1 month	
3.11	Signing of PPP Contract and completing financial close	2 months	



4.4. Roles and Responsibilities

- 1. H.E. Prime Minister:** The Prime Minister will serve as the final approver of the identity of the Successful Bidder and of the final version of the PPP contract following the conclusion of negotiations between the Project Committee and the Preferred Bidder. Following the Prime Minister's approval, the Contracting Authority can sign the contract and award the Project.
- 2. H.E. Minister of Commerce and Industry:** The Minister of Commerce and Industry is in charge of approving all material deviations from the guidelines and the standard PPP contract, and of approving any explicit requests from the PPP Unit during the course of the regular approval process. The Minister will recommend for approval to the H.E Prime Minister a selection of the preferred bidder and award of the contract.
- 3. Contracting Authority:** The Contracting Authority is responsible for the preparation of the tender documents. Following the approval of the Business Case by the H.E Prime Minister, as outlined in Section 3.4., the Contracting Authority must proceed with the procurement, convening the PPP Project Team in order to outline a project charter that sets out a clear timeline with milestones for the procurement documents to be produced. Interaction with the Project Committee on a regular basis is highly encouraged, and it is advised that the charter outline periodic meetings to inform key stakeholders of project progress. The EOI, IM, RFQ, RFQ evaluation report, RFP and project contracts can all be submitted by the Contracting Authority to the Project Committee for assistance and opinion prior to publication.
- 4. Project Committee:** The Project Committee will be the chief provider of assistance to the Contracting Authority during the preparation of the tender documents and will be responsible for evaluation, negotiation, selection of Successful Bidder and award. The Project Committee is encouraged, particularly at the start of the PPP procurement process, to provide regular assistance and feedback to the Contracting Authority on procurement document drafts, even prior to the official review period. The Project Committee will be in charge of providing formal feedback and assistance, followed by the optional submission of documents by the Contracting Authority. If there are any material deviations from the guidelines, the Project Committee must refer the issue to H.E. Minister of Commerce and Industry for approval before the Contracting Authority can proceed with the procurement. The identity of the Preferred Bidder must be approved by the Project Committee, following which negotiations can commence. The Project Committee should ensure there is adequate representation from the Contracting Authority and other key stakeholders on the negotiation team. Any material amendments from the guidelines and the standard PPP contract must be cleared with H.E.



Minister of Commerce and Industry prior to agreement with the Preferred Bidder. When negotiations have concluded, the Project Committee must approach the H.E Minister of Commerce and Industry for recommendation for approval to the H.E. Prime Minister to approve the final bid and award of the contract.



5

Post Procurement Process





5. Post Procurement Process

5.1. Objectives

The objective of this stage is to establish a management process to be undertaken by the Contracting Authority to manage its relationship with the Preferred Bidder during the Project lifecycle up to handover.

Figure 19 Output and Objective of Post Procurement Process



The overall objective of this stage is to ensure smooth execution of terms and conditions established between the Contracting Authority and Private Sector Player.



5.2.1 Contract Management Structure

5.2.2 Appoint Contract Management Unit

5.2.3 Asset Handover





5.2. Guidance

5.2.1. Contract Management Structure

Contract Management and Change Management

After identifying key stakeholders for the PPP Contract, a whole-of-life communication structure should be outlined, which would include a primary point of contact at the Contracting Authority. Preferably, the personnel who have been involved during the procurement stage would be in charge of scheduling meetings, forming specific teams to deal with the concerns of the Preferred Bidder, and dealing with day-to-day management of the project.

The PPP Contract must be drafted in a manner dissimilar to traditional government contracts given that it needs to retain enough flexibility to adjust to changes over the concession period. Changes to key, agreed elements of the PPP Contract after signing must be taken carefully with due consideration and thorough review, ideally by a formal agency or committee set up by the Contracting Authority, which will review its budgetary impact as well as its effect on VFM calculations.

Additionally, there should also be a clear, swift dispute resolution mechanism in place to deal with the settlement of any disputes that might arise during the Project lifecycle. While disputes can be avoided through careful negotiations and contract drafting before the signing phase, transparent and fair resolution procedures will only serve to increase private sector confidence and make them more likely to participate in future Projects. For Qatar's PPP market, where international bidder expertise might be particularly valuable, it is recommended that international arbitration practices are followed and that out-of-court methods of dispute settlement are encouraged in order to avoid investors from being trapped in legal wrangles. Contract termination procedures, as well as deciding how, whether, and when re-negotiation with the private party should occur must also be considered while drafting the PPP Contract, and should be agreed upon before signing.

PPP Performance Monitoring

Performance monitoring is imperative in order to achieve the VFM promised by a PPP, and it must be ensured that the intended risk allocation of responsibilities are put into practice during the implementation phase. Throughout the lifetime of the contract, an assigned government official, preferably the PPP Contract Manager, should ensure that the private sector partner is delivering services to adequate standards as specified in the contract, that the government is making its payments to the private sector partner on time and in the stated manner with no deviations, and that risk is being allocated and mitigated appropriately as modelled.

In order to implement a robust performance monitoring strategy, the following steps should be taken:

1. *Develop a performance management model as part of the PPP Contract and integrate it into the Contract Management plan*

The Preferred Bidder's performance requires constant measurement against agreed performance indicators, so that any decline or improvement in the provision of services can be noticed early and be penalized or rewarded accordingly. Any alterations to the agreed standards set for quality, delivery, performance, or monitoring methods should be formalized under the Project Contract.

2. *Bring together performance improvement methods*

The project's performance indicators require regular review so that any decline or improvement in service delivery can be monitored and corrective action can be taken if necessary. This should also ensure adherence to the risk allocation strategy.

3. *Execute effective performance monitoring*

While chiefly expected to be conducted by the PPP Contract Manager and the contract management team as chosen by the Contracting Authority, in sectors where there is a chief regulator, some of the monitoring can be performed by that entity.

Sources of monitoring include:



- Data provided by the private party: Usually, the private sector party is responsible for sending regular performance update reports to the Contracting Authority, the content, frequency and format of which should be specified in the contract
- Independent experts: Spot checks and audits can be carried out by independent agencies in order to avoid bias or provide a second opinion, as with the utilization of independent engineers in order to monitor compliance during the construction phase
- Service users: During the operation phase, if the private sector partner has a direct interface with users, the government can set up an interface for direct feedback from the community on the Project Company's performance.

4. *Assess performance and take curative action*

In line with the agreed contractual terms, the PPP Unit must then evaluate the performance against the stated monitoring standards and take relevant action. As outlined in the PPP Contract, there must be a gradation of penalties for poor performance, with the requisite fine progressively getting worse in line with the severity of the transgression. As agreed between the parties, warnings, formal notifications, fee deductions, step-in clauses, and other relevant responses must be considered by the PPP Unit, along with any curative measures that are required. In considering such practice, the PPP Unit must perform a balancing act – if the practice is seen as too rigid, private players will be deterred from bidding and existing provision of services will be impacted, whilst if the regime is too lenient, a situation of moral hazard might be encouraged.

Risk Management

The PPP Unit needs to ensure that the risks allocated to government are being monitored appropriately and that outlined mitigation strategies are being actioned. In doing so, the contract management team will often need to develop a “risk management plan” that lists out the risks and their allocation as determined during the initiation and procurement stages, along with monitoring and mitigation strategies to be decided upon and outlined in the PPP Contract. The contract management team is expected to:

- Establish key indicators to detect evolving risks at certain levels: for instance, if the identified demand risk has been underestimated, and demand is actually much lower than expected, a payment might be triggered, which will have to be identified in advance, with provisions subsequently made accordingly.
- Monitor and manage in-time mitigation activities: the Contracting Authority and the Preferred Bidder would have agreed upon mitigating actions in order to reduce the impact of a particular risk on the project, as outlined in the PPP Contract. Both parties must ensure that either the government or the private sector is performing the necessary controlling strategy, depending upon whom the risk is allocated to, and assure that appropriate and timely action is taken, if necessary. This could be done by either escalating the strategy to a higher level or renegotiating the contract to transfer mitigation responsibility to the party best positioned to handle such risk.
- Implement emergency measures: if there are certain unforeseeable circumstances, emergency action might have to be taken, which will have to be discussed with the Preferred Bidder and performed immediately.

A reporting system should be established to achieve a systemized risk management strategy comprising all the activities summarized above. The reporting system should be owned by the Contracting Authority and designed to facilitate upward reporting about how risk is being managed. The Contract Manager should deliver regular reports on the work performed to keep risk mitigation procedures up to date and in line with PPP agreement management objectives to the PPP Unit. PPP Unit can, at any point in time, request progress reports from the Contract Manager.

5.2.2. Appoint Contract Management Unit

Management of PPPs requires envisioning of all scenarios and corresponding regulations, hence, a skilled PPP Contract Manager, who will function as the primary point of contact with the private sector partner, is required. The PPP Contract Manager should be appointed by the Contracting Authority after the financial closure of the contract.

Moreover, there will be several other governmental entities whose presence might be required whilst managing a contract, working in concert with the Contracting Authority as well as the PPP Contract Manager, including but not limited to:



- Sector regulators: In charge of managing tariff structures when the government is not the primary off taker in a Project, and a private sector partner has been chosen to provide crucial services to the public directly
- PPP Unit: The Department will continue to be a key stakeholder even during the contract management process, especially if contractual changes directly lead to deviations in fiscal implications. In addition, the PPP Unit, at its own discretion, may provide institutional strength to the Contracting Authority, forming taskforces and sub-units should more extensive analysis or support be required during the management phase; however, the full responsibility to run the Contract Management Unit and ensure PPP Contract implementation is still with the Contracting Authority.

5.2.3. Asset Handover

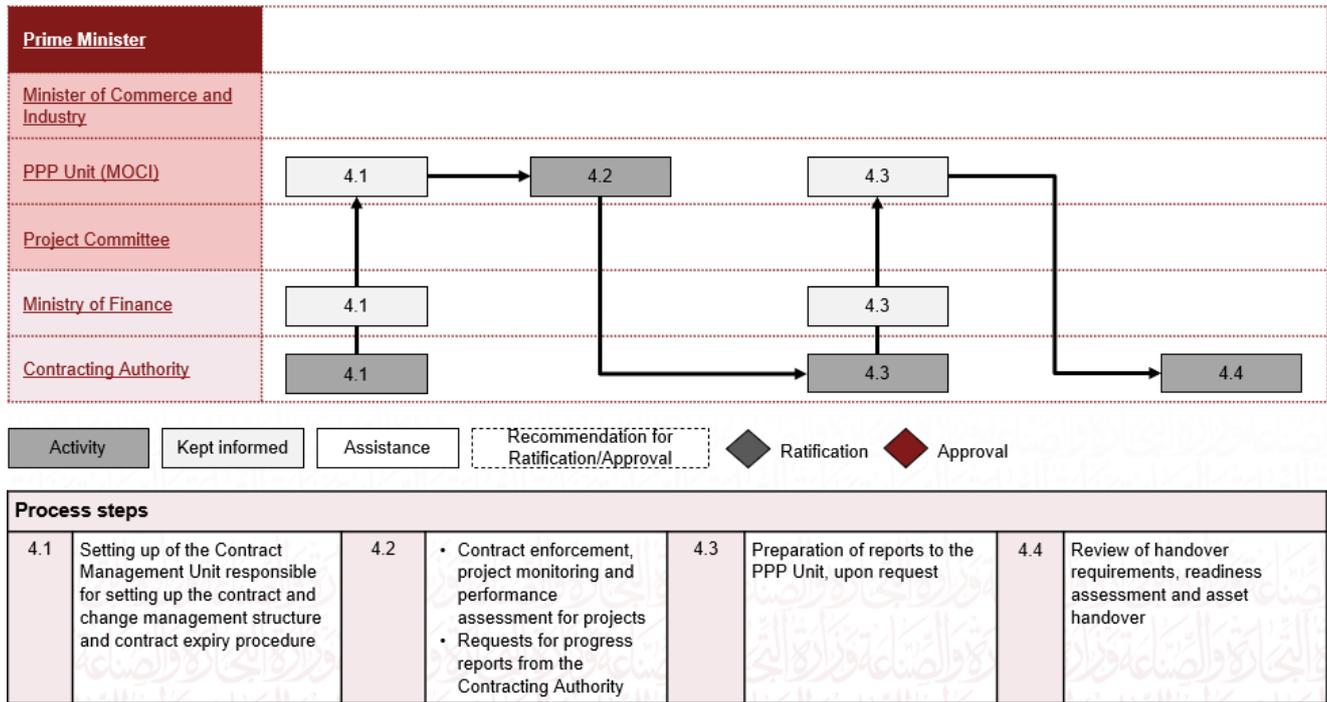
The final task in the management of a PPP Contract is to ensure a seamless handover of assets at the end of the concession period. Depending upon the project-specific method of procurement, there might be conditions that need to be fulfilled regarding asset quality at the handover stage, related incentive payments or fines, and the need for formalized definitions of what constitutes said quality. It is worth considering the usage of independent assessors in order to determine such requirements in order to ensure fairness in evaluation and further contribute to private sector confidence.



5.3. Approval process

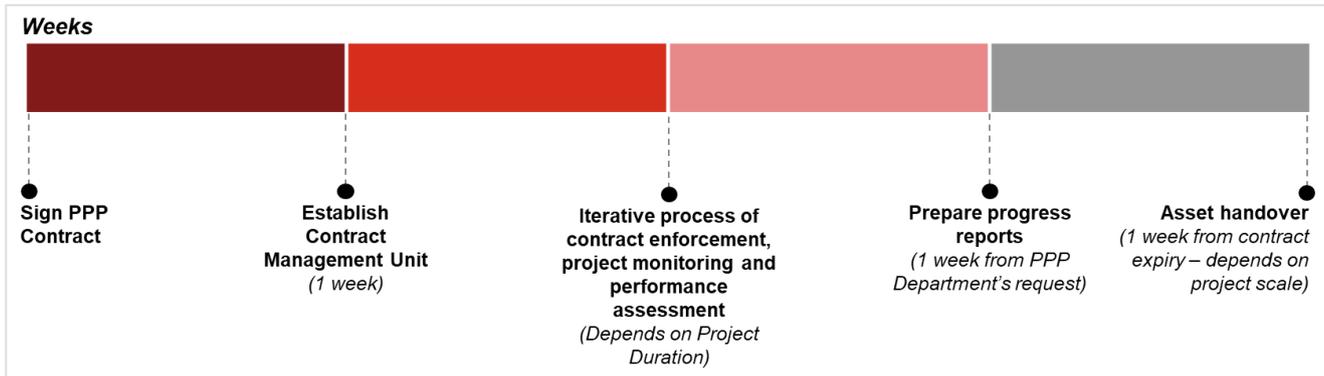
The following approval process will be followed across key stakeholders:

Figure 20: Approval Process of Post Procurement Process



5.3.1. Recommended timelines

Process step	Item	Duration	Notes
4.1	Establish Contract Management Unit	1 week within signing of the PPP Contract	This should be prepared and set up towards the end of the procurement process in order to have the team ready once the PPP Contract is signed
4.2	Contract enforcement, project monitoring and performance assessment by PPP Unit	Depends on project duration	Iterative process throughout project duration
4.3	Preparation of progress reports to PPP Unit	1 week from the PPP Unit's request	Or as agreed with the PPP Unit
4.4	Asset handover	1 week	This can vary greatly depending on the type and size of the Project



5.4. Roles and Responsibilities

- 1. Contracting Authority:** The Contracting Authority is responsible for establishing the Contract Management Unit. It is also responsible for the contract management and performance monitoring phase, regulating the performance of the private sector operator through the duration of the contract till the handover (if applicable). The Contracting Authority must work in conjunction with the PPP Unit to regularly request progress reports from the private sector operator, and consistently track performance to administer the corresponding/penalty incentive regime and observe risks that could materialize so that mitigation measures can be adopted.
- 2. PPP Unit:** The PPP Unit will be the chief provider of, optional, assistance to the Contracting Authority during the post-procurement process. The Department will maintain an oversight role over the monitoring and risk management process, ensuring that the Contracting Authority is adopting the requisite mitigation measures and is implementing the penalty/incentive regime in a fair manner.



6

Appendix





6. Appendices

6.1. Guidance on Unsolicited Proposals

An unsolicited proposal refers to a study prepared by a sole private bidder which is submitted directly to either the PPP Unit at Ministry of Commerce and Industry or to a Contracting Authority for consideration of procurement. By allowing unsolicited proposals for proposed PPP projects, the State of Qatar is seeking to achieve the following objectives:

1. Find innovative solutions to fill the gaps in infrastructure and public services or enhance their efficiency and quality.
2. Encourage private sector participation in achieving the goals laid out in QNV 2030.
3. Increase the pipeline of PPP projects

However, it must be an original, innovative, and comprehensive proposal that directly addresses the need for an issue that is recognized as pressing and demanding of immediate attention by the State of Qatar. The unsolicited proposal must not be based on the request, participation, supervision, or guidance of a government entity and must demonstrate value for money proposition to the State of Qatar. It should be noted that the PPP Unit or the Contracting Authority is under no obligation to study or consider them.

The proposal submitted by the private bidder must function either as a brief version of the feasibility study, or as a comprehensive one:

- The brief version would serve as an extension of the Project Concept Report. The purpose of the brief version of the feasibility study is to serve as an initial overview of the project in order to gauge if the broader idea is worth pursuing before the private bidder spends an unreasonable amount of time and resources on the preparation of a comprehensive feasibility analysis. Should the initial version of the study be approved by the PPP Unit in conjunction with the relevant Contracting Authority, the bidder who submitted the unsolicited proposal would be required to prepare a comprehensive feasibility analysis (Business Case), as would be done on regular PPP projects.
- The comprehensive feasibility study shall include a detailed description of the project; describe the need that the Project addresses; refer to particular State-wide, national, or agency-specific objectives, if applicable; make a case for why the private sector's solution is particularly innovative and worth considering; include a high-level costing estimate; and, include a brief version of the needs assessment – stating the broad parameters of the Project, outlining the key stakeholders, and detailing the scope of the project. The comprehensive feasibility study shall be similar to the feasibility analysis (Business Case) prepared by the Contracting Authority on traditional PPP projects. In summary, this study shall include project-specific objectives, the determination of key stakeholders, outline of the project scope, risk assessment, financial viability as well as the technical, legal, and environmental due diligence analysis.

The feasibility study should be submitted to the PPP Unit, who will review it and provide its initial approval. Following the approval, the PPP Unit will nominate the relevant Contracting Authority and set up a Project Committee. The approval of the feasibility study follows the same procedure, based on threshold values, as outlined in this policy document.

If the feasibility report is approved then, before proceeding to procurement, the Contracting Authority will notify the bidder who submitted the unsolicited proposal of the outcome. The Project Committee, in accordance with Article 8 of the PPP law no. 12 of 2020, may decide to pursue any of the tendering however, due consideration shall be given to the bidder for its efforts in one of two ways, provided at all times that the bidder itself and the solution proposed are legally and technically compliant, as outlined below:

- Either the bidder in question is designated the sole bidder on the Project, with the Project Committee empowered to carry out negotiations with them, which, if they break down, would result in the procurement process being suspended; or,
- Were the project to be openly tendered, the bidder in question would be provided a privileged, in terms of the evaluation, by allowing them to automatically match the lowest bid.



6.2. Template for Project Initiation Request

Any entity that is initiating the project will have to submit the Project Initiation Request together with the Needs Assessment, which is a summary of the project that they want to progress further. The following template has to be followed:

Figure 21: Template for Project Initiation Request

SN	Particulars	Details
1	Project Name	
2	Project Initiating Entity	
3	Has the Contracting Authority been identified? If yes, what is the name?	
4	Brief description of the project <i>Provide a description of the project including location, capacity, size etc.</i>	
5	Objective of the project and expected outcomes	
6	Envisaged PPP Model Type (BOT, BOOT, O&M etc.)	
7	Envisaged Contract Term	
8	State whether land and other infrastructure has been made available for the site	
9	Preliminary risks envisaged	
10	State whether the Needs Assessment has been submitted together with this Project Summary? If not, please elaborate further and provide Prime Minister approval	
11	Indicative procurement timeline	

Name of the authorized signatory:

Designation of authorized signatory:

Name of the Contracting Authority/Company/Other:

Date:

Signature of the authorized signatory



6.3. Template for Project Concept Report summary

Any entity that is producing the Project Concept Report will have to submit the Project Concept Report Summary, which is a summary of the key information from the Project Concept Report. The following template has to be followed:

Figure 22: Template for Project Concept Report

SN	Particulars	Details
1	Project Name	
2	Contracting Authority Name	
3	Brief description of the project <i>Provide a description of the project including location, capacity, size etc.</i>	
4	Objective of the project and expected outcomes	
5	Key risks envisaged	
6	Envisaged PPP Model Type (BOT, BOOT, O&M etc.	
7	Contract Term	
8	State whether land and other infrastructure has been made available for the site	
9	Estimated Capital Expenditure, if available (QAR)	
10	Estimated O&M Expenditure over the contract life, if available (QAR)	
11	Estimated Government Commitment, if available (QAR)	
12	State whether the project requires any other commitment from the Government (MRG etc.). If not required, please provide Prime Minister approval for PPP exemption, if required.	
13	State whether the Authority has submitted the Needs Assessment	

Name of the authorized signatory:

Designation of authorized signatory:

Name of the Contracting Authority:

Date:

Signature of the authorized signatory



6.4. Template for Business Case summary

Any entity that is producing the Business Case will have to submit the Business Case Summary, which is a summary of the key information from the Project Concept Report. The following template has to be followed:

Figure 23: Template for Business Case

SN	Particulars	Details
1.	Project Name	
2.	Contracting Authority Name	
3.	Brief description of the project <i>Provide a description of the project including location, capacity, size etc.</i>	
4.	Objective of the project and expected outcomes	
5.	Envisaged PPP Model Type (BOT, BOOT, O&M etc.	
6.	Contract Term	
7.	Calculated Value for Money estimate (VFM) (QAR)	
8.	State whether land and other infrastructure has been made available for the site	
9.	Estimated Capital Expenditure (QAR)	
10.	Estimated project development expenses (QAR)	
11.	Estimated O&M Expenditure over the contract life (QAR)	
12.	Estimated Government Commitment (QAR)	
13.	State whether the project requires any other commitment from the Government (MRG etc.)	
14.	Technical Feasibility <i>The Contracting authority's view on the technical feasibility of the project. Successful precedent of similar projects may be included here</i>	
15.	Legal Framework <i>The Contracting authority's view on the legal framework for the implementation of the project</i>	



SN	Particulars	Details																		
16.	<p>Project impact and sustainability</p> <p><i>What is the project's likely impact on the environment and community? What is the Contracting Authority's view on the project sustainability?</i></p>																			
17.	<p>Revenue Generating Potential</p> <p><i>State the various sources of revenues for this project. If available, also include the preliminary annual expected revenues</i></p>																			
18.	<p>Proposed Means of Financing</p> <p><i>State the various proposed means of financing the project, indicative proportions and amount</i></p>	<table border="1"> <thead> <tr> <th>Source</th> <th>Proportion (%)</th> <th>Amount (QAR Mn)</th> </tr> </thead> <tbody> <tr> <td>Private sector party</td> <td></td> <td></td> </tr> <tr> <td>Contracting Authority</td> <td></td> <td></td> </tr> <tr> <td>Other government sources</td> <td></td> <td></td> </tr> <tr> <td>Any other (Specify)</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> </tr> </tbody> </table>	Source	Proportion (%)	Amount (QAR Mn)	Private sector party			Contracting Authority			Other government sources			Any other (Specify)			Total		
Source	Proportion (%)	Amount (QAR Mn)																		
Private sector party																				
Contracting Authority																				
Other government sources																				
Any other (Specify)																				
Total																				
19.	Estimated Project IRR (Internal Rate of Return)																			
20.	Estimated Economic IRR																			
21.	Estimated Equity IRR (if applicable)																			

Name of the authorized signatory:

Designation of authorized signatory:

Name of the Contracting Authority:

Date:

Signature of the authorized signatory



6.5. Template for Project Procurement Roadmap Deliverable Roadmap

An illustrative example on setting out a roadmap for project deliverables is outlined below:

Figure 24: Template for Project Deliverable Roadmap

Procurement stage	Description	Duration	Date
Expression of Interest (EOI) phase <ul style="list-style-type: none"> Develop the EOI documentation Evaluate and shortlist 			
Request for Proposal (RFP) phase <ul style="list-style-type: none"> RFP development phase Assisting shortlisted bidders during the RFP bid phase through an interactive tender process RFP evaluation phase Selection of a preferred bidder 			
Negotiation and completion phase <ul style="list-style-type: none"> Settling the negotiation framework Executing the contract Financial close 			

6.6. Template for Project Deliverable Roadmap

The overall timeline for the Project from financial close to the end of the concession period should be specified, as outlined in the sample table below:

Figure 25: Template for Project Procurement Roadmap

Procurement stage	Description	Date
Design		
Construction		
Operation		
Handover		