PUBLIC PRIVATE PARTNERSHIP POLICY

MARCH, 2016

ROYAL GOVERNMENT OF BHUTAN

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FOREWORD

Public Private Partnership (PPP) is an arrangement to leverage private sector resources for development of public infrastructure. Indeed, PPP is an institutionalized framework for private sector participation in partnership with a public sector agency for development and delivery of efficient and cost effective socio-economic goods and services. The private sector, besides using its own resources and expertise also assumes the associated risks of undertaking and receives benefits and financial remuneration according to the agreed terms.

The Government recognizing the important role of the private sector in implementing PPP projects has approved a PPP policy during the 98th session of the Lhengye Zhungtshog held in March, 2016. The PPP policy provides a structured, transparent and institutionalized approach to PPPs – establishing uniform procedures for ensuring fair and equal access in the award of PPP projects. The PPP policy provides an excellent platform for the private sector to partake in development of viable and feasible projects that offer reasonable returns to the private sector, better service delivery options for the citizens of Bhutan, while assuming the associated risks. Therefore, the PPP policy 2016 provides the enabling environment to strengthen the role of private sector in achieving the noble goal of economic growth and sustainable development through improved infrastructure and optimal utilization of resources.

In order for the policy to be relevant and user friendly, the PPP policy, 2016 has been formulated in consultation with the key stakeholders. For facilitating the effective implementation of PPP policy, a PPP Agency/Unit has been established under the Ministry of Finance.

Since the PPP policy will go a long way in promoting the private sector participation in the delivery of socio-economic good and services, I would like to solicit the kind support and cooperation of all the agencies to derive maximum benefit from the PPP policy.

Tashi Delek!

(Namgay Dorji)
Finance Minister

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I. POLICY STATEMENT

1. Global experience has shown that there is a close relationship between economic growth and infrastructure development. Insufficient and inefficient infrastructure stifles economic growth whereas efficient infrastructure results in higher rates of growth by increasing and enhancing productive capacity. Infrastructure can also contribute significantly to a country's social development strategies such as provision of better and more health and education services.

2. The Royal Government of Bhutan (RGoB) aims to augment its economic growth and social development through improved infrastructure and best utilization of its assets. However, given the Government's fiscal limitations, it will need to adopt supplementary and innovative methods by leveraging private sector resources to achieve its aims.

3. PPPs have taken place mainly in economic infrastructure, such as transport and power production. However, recently, attention has also turned to social infrastructure, such as health and education, and other services (facilities management, etc.). A PPP entails an arrangement between the public institution and private sector parties whereby the private party renovates, constructs, operates, maintains, and/or manages an asset to provide a service in whole or in part, in accordance with specified output specifications. The private party assumes the associated risks for a significant period of time and in return, receives benefits and financial remuneration

according to agreed terms. PPPs constitute a cooperative venture built on the synergy of expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks and rewards.

4. The RGoB will pursue PPPs where they represent priority projects that are affordable to the Government and end-users, and represent Value-for-Money.

5. However, the RGoB understands that some projects may be economically and socially viable, but not financially feasible, i.e., they lack the ability to raise the requisite revenues to ensure adequate returns for the private party risk; in such cases, the Royal Government will provide grants, subsidies and other support to make the project viable for the investor and bankable for the financiers.

6. The Royal Government will manage the fiscal risks, created by assuming certain responsibilities and obligations under PPP Agreements, within the Royal Government's overall financial and budgetary framework; adding and improving capacities where needed.

7. Finally, the Royal Government will protect the interests of end-users, project affected persons, and other stakeholders when undertaking PPPs.

Policy Objectives

8. The main objective of this Policy is to build a sustainable PPP market in Bhutan. Specifically it aims to:

    i. Facilitate and promote a structured, institutionalized and predictable approach to PPPs – establishing uniform procedures across various sectors.
    ii. Ensure transparency in the structuring, procurement and implementation of PPP projects - ensuring fair and equal access in the award of PPP projects.
    iii. Promote priority projects that are affordable to the Government and end-users and represent Value for Money.
    iv. Encourage innovation in the provision of infrastructure and related service delivery.
    v. Clearly articulate accountability for outcomes.
    vi. Support the development of viable and feasible projects as PPPs that offer reasonable returns to the private sector, while protecting the Government from fiscal risks.

Effective Date

9. This Policy shall be effective from March, 2016.

10. This Policy shall supersede the ‘Private Participation in Infrastructure Framework of 2010.

II. THE CONCEPT

11. A PPP is a contract between an Institution and a private party whereby the private party renovates, constructs, operates, maintains, and/or manages an asset to provide a service in whole or in part, in accordance with specified output specifications. The private party assumes the associated risks for a significant period of time and in return, receives benefits and financial remuneration according to agreed terms. PPPs constitute a cooperative venture built on the synergy of expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks and rewards.

12. The essential aspects of a PPP arrangement that distinguish it from the direct delivery of a public service by a public sector Institution are:

    i. A focus on project outputs to be provided, not necessarily the inputs to be employed.

    ii. The private party accepts the risks and responsibilities for all activities within the control of the private party associated with the provision of project outputs.

13. While project delivery through a PPP changes the means of delivery, it does not change an Institution's accountability for ensuring that the desired outcomes are delivered. Thus, under a PPP arrangement, an Institution becomes a contract manager rather than a resource manager.

14. Contract management by Institutions will allow them to 'regulate' projects undertaken in currently unregulated sectors by drawing up comprehensive PPP agreements that address financial, technical and operational issues otherwise prescribed and monitored by independent sector regulatory bodies.

15. Royal Government will identify projects to be undertaken on PPP called as "PPP Program".

16. Subject to the provisions of this Policy, PPP projects may be implemented using a range of project financing and operating models.

17. All PPP projects will be subject to all existing laws and regulations including those related to the environment.

III. THE SCOPE

18. The scope of this Policy covers all infrastructure and services where the private sector is able to provide public infrastructure and services that results in cost effectiveness and efficient delivery of the contracted obligation for the public good

19. This Policy will apply for private provision of services be it using existing or new public infrastructure or direct provision of public services.

IV. GOALS

20. All PPP projects must be in line with the principles of Gross National Happiness (GNH).

21. PPP projects must benefit:

    i. The Institutions, as a viable and beneficial infrastructure and service delivery option for the people of Bhutan.

    ii. The users of services, as they will receive more accessible, affordable, reliable and safe services that are delivered to prescribed standards of quality.

    iii. The society, by supporting the furtherance of important societal/ GNH goals, such as, employment, the environment, and social equity.

    iv. The private parties, as they will receive investment opportunities that are financially viable and bankable.

22. These benefits will be achieved through:

    i. Providing stronger governance and improved public sector management skills (shifting focus from budget expenditure administration to whole life cycle cost management by transferring substantial technical, construction, maintenance, operational and management risk to the private parties).

ii. Providing clearly defined and transparent procedures supported by a robust institutional framework.

iii. Faster project implementation by transferring design and construction risks to the private party.

iv. Enhanced accountability in project delivery based on firm contractual arrangements (non-compliance by the private sector will be penalized and may result in contract termination).

v. Compliance with all rules and regulations as may be laid down by Royal Government of Bhutan from time to time.

V. INSTITUTIONAL STRUCTURE

Royal Government of Bhutan

23. The broadly stated Royal Government functions in the PPP Policy will be to:

    i. Provide Financial Assistance for qualifying projects that are socially and economically viable but not financially feasible.

    ii. Develop the process for project identification, conducting feasibility study, procurement, contract negotiation and management of PPP Agreements to be followed and implemented by Institutions (Ministries, Departments and Public Entities).

iii. Prepare guidelines, and standard agreements to facilitate Institutions and private parties undertaking PPPs and hold consultations with stakeholders.

iv. Conduct training workshops and seminars for capacity building of the Institutions and private parties undertaking PPPs.

v. Provide technical assistance to Institutions proposing or implementing PPPs.

24. These and related functions of the Royal Government will be performed on an on-going basis, and will be refined and updated based on experience and feedback.

25. The Royal Government will delegate to the P3A its responsibilities identified in Article V above – except for providing Financial Assistance. The Financial Assistance to the projects will be provided directly by the Royal Government with the approval of the Lhengye Zhuntshog.

Public Private Partnership Agency

26. The Royal Government will establish a Public Private Partnership Agency (P3A) under the Ministry of Finance to enhance the Royal Government's ability to manage the PPP program effectively. The P3A will provide cross-sectoral support with a mandate spanning across all sectors prescribed in the Scope of this Policy.

27. The P3A will be set-up as an Autonomous Agency under an Executive Order of the Lhengye Zhuntshog, operating under the Ministry of Finance. The P3A will initially rely on budget appropriation from the Government, as well as support from donors and multilateral, where possible.

28. Specifically, the P3A will:

    i. Address capacity and institutional issues for the development of a strong PPP market by providing:

        a) Skills and expertise that are not usually available in the public sector

        b) Capacity building of all stakeholders

        c) A focal point responsible for developing common standards, practices and benchmarks – promoting consistency in how PPPs are developed and delivering confidence to stakeholders

        d) Coordination among Institutions for educated and efficient decision making

        e) An institutional champion for promoting the PPP program, proactively engaged in advocacy and outreach

        f) A knowledge center for best practice.

    ii. Ensure consistency in Policy and practice and coherence across the program

iii. Provide technical assistance to Institutions at the various stages of the project cycle.

iv. Provide quality assurance and oversight to the review of feasibility studies and bidding documents

v. Developing necessary procedures, guidelines and institutional capacity to establish and operationalize the Project Development Fund, with the active involvement and support of the multilaterals and donors.

29. Once P3A is operational, fully staffed and firmly established, it will be encouraged to raise revenues through advisory and training fee from the Institutions it is supporting. This practice will allow allocation of costs where they belong.

Project Committee

30. Each implementing Institution will set-up a working level Project Committee. The Project Committee will consist of staff from the Institution, P3A, National Land Commission and relevant Ministries/Agencies for sectoral inputs that are assisted by a Transaction Advisor. It will be responsible for quality control and time management of all deliverables of the Advisor, for onward submission to the PPP Steering Committee for its consideration and approval. The Project Committee will be chaired by the implementing Institution and will have final authority. The role of other allied agencies will be advisory in nature.

PPP Steering Committee

31. The PPP Steering Committee will guide and supervise the activities of the P3A and the Project Committees of the implementing agencies. The members of the PSC will be Secretary of Finance; Secretary of GNHC; Secretary of National Land Commission and Secretary/Heads of the concerned sectoral Ministry/agencies identified and appointed by the Royal Government. It will also provide inter-Institutional and inter-sectoral coordination for PPP projects and approve the following on the recommendation and advice of the P3A/ Project Committee:

    i. Appointment of Transaction Advisors.

    ii. Project Options Paper (document described later) and Feasibility Study.

    iii. Project Information Memorandum, Request for Qualification and Request for Proposal documents (documents described later).

    iv. Appointment of project 'Preferred Bidder'.

    v. Signing of the final negotiated project PPP Agreement.

    vi. Recommendation of projects to be included in PPP Program of RGoB.

32. The PPP Steering Committee will recommend to the Lhengye Zhuntshog for its approval, on the recommendation and advice of the P3A/ Project Committee, the following:

i. Suitable projects for inclusion in the list of approved PPP projects after approval of GNHC.

ii. PPP rules and regulations, guidelines and standard agreements developed by the P3A after approval by GNHC.

iii. In-principle approval for Financial Assistance to qualifying projects prior to bidding process.

iv. Final approval of Financial Assistance on selection of preferred bidder.

v. Approval for any material amendments to a PPP Agreement post award.

Role of GNHC in PPP Projects.

33. The GNHC's role shall be to monitor PPP projects as per the development priorities of the Bhutan. Specifically, the GNHC will:

i. On advice and recommendation of PPP Steering Committee, review and approve inclusion of projects into the PPP Program.

ii. Review and assessment of all public infrastructure and service delivery projects during the five year planning process for using PPPs as a potential procurement/delivery method based on financial thresholds to be established under every work plan review.

iii. Review and endorse monitoring and evaluation reports and commission evaluations when necessary of PPP Projects.

iv. Review and approve the PPP rules and regulations, guidelines and standard agreements prepared by P3Abefore submission to the Lhengye Zhuntshog for final approval.

Role of the Ministry of Finance

34. The Ministry of Finance will ensure that the PPPs are undertaken in a fiscally responsible manner and that they are mainstreamed in the budgetary process. It will do so by:

i. Being the focal agency for co-ordination of PPPs in the country.

ii. Reviewing various project documents as a member of the PPP Steering Committee and providing opinions and recommendations on the proposed project's budgetary, subsidy and contingent support requirements, and their justification.

iii. Advising on the approval of the project and its overall Financial Assistance requirements.

iv. Reforming the budgetary process to allow for appropriations specific to PPPs.

v. Developing necessary procedures, guidelines and institutional capacity to identify, evaluate, cost, manage and report on contingent support and liabilities related to PPPs.

vi. Developing necessary procedures, guidelines and institutional capacity to establish and operationalize the Viability Gap Fund, with the active involvement and support of the multilaterals and donors.

VI. TYPICAL PPP PROJECT LIFE CYCLE

Overview

35. The steps in a typical project life cycle for development and execution of approved PPP projects that involves provision of infrastructure and related services are presented in the diagram below followed by a brief description. For projects included in the PPP Program with overall value of less than Nu. 150 million or any other number as may be prescribed in the rules and regulations from time to time or utilization of Public Property, a simplified and expedited procurement life cycle will be developed by the P3A in one of its guidelines.

36. Once a project has been identified as a potential PPP project, the P3A Agency in partnership with Institution will draft a brief Project Information Note (PIN) that sets out the project in sufficient detail for the consideration of the PPP Steering Committee (as the first filter) and then submit it to the GNHC for approval in the PPP Program.

37. First and foremost each project must comply with the principles and goals of the GNH and must contribute to the national good. The PIN will describe the basis for identifying the project and the justification for selecting it as a potential project. The criteria for preparing a PIN will be elaborated in the rules and regulations.

38. Once a project has been selected to be explored as a PPP, the Royal Government will appoint a Transaction Advisor for it upon the PPP Steering Committee's approval. The Transaction Advisor

would do all of the detailed financial, technical, and legal work required to implement the PPP as described in the PIN. In some cases the P3A may act as the surrogate transaction advisor in accordance with the applicable guidelines.

39. The Royal Government will establish a Project Development Fund (PDF) to finance the appointment of the Transaction Advisors, when it deems it as appropriate, based on the size of the emerging PPP program. The PDF will operate according to standard operating procedures and guidelines issued by P3A.

40. P3A will develop rules, regulations and guidelines wherever may be required for each step of the procurement life cycle.

VII. MANAGING PPP AGREEMENTS

Institutions' Responsibility

41. The Institutions will have an on-going role in managing and monitoring PPP projects during their development and operational phase.

42. The Institution that is a party to a PPP Agreement is responsible for ensuring that the PPP Agreement is properly implemented, managed, enforced, monitored and reported on; and must maintain such mechanisms and procedures as approved by the PPP Steering Committee. The P3A shall provide the relevant Institution with technical assistance in the monitoring of PPP Agreements.

43. A PPP Agreement involving the performance of an Institutional Function does not divest the Institution concerned of the responsibility for ensuring that such Institutional Function is effectively and efficiently performed in the public interest or on behalf of the public.

44. A PPP Agreement involving the use of Public Property by a private partner does not divest the Institution of the responsibility of ensuring that such Public Property is appropriately protected against forfeiture, theft, loss, wastage and misuse.

VIII. AMENDMENTS TO PPP AGREEMENTS

45. Amendments to the PPP Agreement will be exceptions and not the norm. Stringent criteria will be spelt out in the guidelines to justify amendments.

46. The prior written approval of the PPP Steering Committee supported by P3A is required for any material amendments to a PPP Agreement including any material variations to the outputs therein or waivers contemplated or provided for in a PPP Agreement.

47. The PPP Steering Committee will recommend to Lhengye Zhuntshog a material amendment only if it is satisfied that the PPP Agreement, if so amended, will continue to provide technical, operational, financial and environmental risk transfer to the private partner of a substantially similar nature and extent as the existing PPP Agreement.

IX. PROJECT REVENUE SOURCES

48. Decisions on appropriate revenue sources will be based on the findings of the Feasibility Study and recommendation of the P3A (the approval of the Feasibility Study would include an approval of an appropriate revenue source). Revenue sources for the private party could include tariffs and/or annuity payments as discussed below.

Tariff

49. For many infrastructure projects, a user tariff based agreement is appropriate. Initial tariffs and subsequent tariff escalation are initially determined within feasibility studies to ensure a proper or market acceptable rate of return based on an efficient operation. Competitive bidding process aims to minimize the initially Government estimated tariffs and the subsequent escalation rate.

50. The proposed tariffs and basis for tariff escalation during the PPP term should be project-based (as opposed to being sector-based) and both should be written into the PPP Agreement. PPP Agreement shall allow for tariff resetting and clearly define the mechanism and methodology for resetting.

Unitary or Annuity Payments

51. Periodic unitary or fixed or annuity or off-take payment structure is suitable for certain types of projects such as those:

i. without a direct revenue stream, or

ii. with a weak revenue base, or

iii. with a weaker than acceptable demand, or

iv. with higher than acceptable risks.

X. FINANCIAL ASSISTANCE

52. As provided in Article VII above -if the PPP Steering Committee determines that a project is economically viable but not financially viable without Financial Assistance, it will seek approval of the Lhengye Zhuntshog for such Assistance.

53. It should be noted that funds available to the Royal Government to support projects are limited, therefore, only the highest priority projects will likely receive Financial Assistance.

Contingent Support

54. Risk sharing and contingent support may be available where studies indicate that a project is considered financially viable but where there are higher than acceptable risks. However, PPP Agreements may include compensation to the Royal Government for providing contingent support if returns exceed the forecasted levels.

55. The Ministry of Finance will develop and implement an adequate fiscal and risk management framework that is capable of estimating

the fiscal implications of project risk and contingencies retained by the Royal Government.

Subsidies

56. The Royal Government will provide subsidies or viability gap funding for PPP projects that are economically and socially justified but fall short of financial viability. This would be an explicit subsidy that is performance driven (based on private party achieving measurable outputs) and, if possible, targeted towards socio-economically disadvantaged users or groups of users.

57. For this purpose, the Ministry of Finance will issue guidelines setting the criteria for eligibility to receive funding and the procedure for applying, approving, disbursing and monitoring the use of funding.

XI. SAFE GUARDING PUBLIC INTEREST AND CONSUMER RIGHTS

58. In safeguarding public interest and consumer rights, at least the following issues will be catered in PPP Agreements:

    i. Public health, safety, social safeguards and protection of environment.
    ii. Adequate protection of users 'rights to privacy'.
    iii. Information to the public about the obligations of the private sector and the Government relating to PPP projects.

iv. Affordable user charges and tariff structures.

XII. CONSULTATION

59. PPP projects will require specific consultation with the private sector including project developers, contractors and sources of finance to ensure that projects will be taken up by the market and be tendered competitively. The consultations will also include consent/views of the end users- user satisfaction, grievances.

60. Broad analysis and potential project structures will be 'sounded-out' through regular dialogue with the market in the project preparation stages before finally going to tender.

XIII. UNSOLICITED PROPOSALS

61. Unsolicited proposals by private proposers, i.e., project proposals that have not been identified or selected by the Institutions/ Government will not be accepted under this Policy; as entertaining them may result in lack of transparency, and lack of fair and equal treatment of potential bidders.

XIV. PROJECT ENTITLEMENTS

62. A PPP project and its sponsors, lenders and contractors are entitled to the concessions, incentives and other favourable treatment laid down in various policies of the Government from time to time,

including those under the Foreign Direct Investment Policy, the Economic Development Policy, the Fiscal Incentives and any related rules or regulations, all as varied or amended from time to time.

63. Land lease period shall be determined so as to recover the cost of investments subject to provisions of the Land Act 2007 and its amendments. Provisions in the PPP Agreement for compensation upon wrongful termination or resumption of lease will be valid and binding on the Institution.

64. The main project sponsor(s) can exit from the project(s) after the second year of project operation, but may not exit the project earlier without permission of the Institution.

65. RGoB shall start a focussed programme towards the development and deepening of financial markets for purposes of increasing access to long term finance. As a first step the RGoB may seek line of credit from multilateral institutions, which may be extended to banks within Bhutan for onward lending to onwards to projects. RGoB may also initiate the partnership with ADB or World Bank to enable them offer Credit enhancement products (CEPs) are risk-sharing and mitigation instruments. In long-term RGoB may commission technical assistance programme to develop financial markets institutional arrangements for new financing instruments and local currency long term financing for PPPs.

XV. IMPROVING THE ENABLING ENVIRONMENT

66. The following actions will be undertaken to improve and facilitate the PPP enabling environment:

    i. Appropriate amendments will be made to the Procurement Rules and Regulations, 2009 to make them conform to the PPP project procurement processes.

    ii. The Government will enact a 'Law of Contract' at the earliest opportunity that will apply to PPP Agreements.

67. The rules, regulations and guidelines will be notified to make the Policy effective.

68. Any dispute settlement relating to the PPP project/programme shall be governed by the provisions of UNCITRAL and the relevant laws of Bhutan.

XVI. MONITORING AND EVALUATION

69. The implementing agency and P3A shall bear primary responsibility to oversee the implementation and compliance with the contractual obligations and performance criteria agreed in the contract.

70. The monitoring and evaluation of PPP projects will use existing institutional arrangements and conduct external audits and other studies to evaluate the projects and/or appoint a fiduciary agent to oversee business at the project level.

71. Day-to-day project monitoring during construction and operations will be done by implementing agency who will submit monthly report to P3A as per pre –specified format.

72. The implementing agency can request reports and external audits on the performance of the project.

73. A PPP Contract Monitoring Unit under P3A shall be established to monitor all PPP contracts and shall receive and verify reports on progress against the contract terms and where financial assistance has been received from RGoB.

    The unit shall have powers to audit and report on payments made.

74. The PPP Contract Monitoring Unit can be assisted by l PPP experts to provide appropriate expertise and advice in assessing PPP projects and programmes. The cost of these experts will be factored into the PPP projects.

75. The GNHC may consider evaluation of PPP projects as part of its evaluation programme.

76. The Royal Audit Authority may conduct audits of all PPP projects based on agreed timelines/schedules with the implementing agency and P3A to a) assess effectiveness of investment in infrastructure assets and financial assistance provided, if any, to particular project; and b) review activities of implementing agencies, P3A and other institutions to suggest course correction if required.

XVII. GLOSSARY

Affordability means that an Institution shall be able to meet the financial commitments likely to be incurred in relation to a PPP project from its existing or future budgetary allocations and, where the benefits receivable by the private partner include user charges, fees or tariffs, then the level of such charges, fees or tariffs is reasonably affordable to the end-users or buyers of project services.

Constructing includes building, refurbishment, repair, improvement, demolition, extension and/ or replacement.

Financial Assistance means subsidies, grants, actual or contingent debt, and includes any undertaking, commitment or obligation that is required to be provided to a project in order to ensure that a project that is beneficial to the Government is viable for the investors and bankable for the financiers.

Government means the Royal Government of Bhutan.

Guidelines means detailed guidelines prepared by P3A from time to time to assist and guide public and private stakeholders in undertaking and implementing PPPs.

Infrastructure Facilities means physical facilities and systems that directly or indirectly assist in the provision of services necessary to perform an Institutional Function.

Institution means a Line Ministry, an administrative department reporting to it, or a public entity established or owned by or reporting to a Line Ministry.

Institutional Function means a service, task, assignment or other function that an Institution is obliged or entitled to perform under the law or in the public interest, and includes any incidental or ancillary service, task, assignment or other function required to perform the primary service, task, assignment or function.

Line Ministry means a Government Ministry responsible for a sector or sectors.

Preferred Bidder means the bidder, including any bidding consortium that presents the best overall bid proposal and becomes eligible to enter into negotiations with an Institution.

Public Private Partnership or PPP means a commercial transaction, that is of benefit to the Government in terms of its plan and policies, between an Institution and a private partner in terms of which the private partner:

i. performs an Institutional Function on behalf of an Institution by designing, Constructing, financing, operating and/ or maintaining Infrastructure Facilities; and/or

ii. assumes the use of Public Property for its own commercial purposes; and

iii. assumes optimal financial, technical, operational and/or environmental risks in connection with the performance of the Institutional Function and/or use of the Public Property, in terms of the PPP Agreement; and

iv. receives compensation for performing the Institutional Function or from utilising the Public Property provided it meets the prescribed quality and quantity standards in terms of the PPP Agreement, either by way of:

a) consideration to be paid by an Institution from its budget or revenue; or

b) charges, fees or tariffs to be collected by the private partner from end-users/buyers; or

c) a combination of such consideration and such charges, fees or tariffs.

PPP Program, or PPP Program list, means the list of projects already identified and approved to be implemented on Public Private Partnership under Annual Work Program. Any new projects not included in the PPP Program shall be included, on approval by GNHC, based on the PPP Steering Committee's recommendation.

Public Private Partnership Agency, or P3A, means the agency established as the focal point implementation agency for Bhutan's PPP program.

Public Private Partnership Agreement, or PPP Agreement means a written agreement, for a fixed duration of time, between an Institution and a private partner that sets forth the terms and conditions for the implementation of a Public Private Partnership.

Public Property means any asset and rights owned by the Government and include any movable or immovable property as well as any intellectual property vested in the Government.

Sponsoring Institution means the government agency proposing the PPP project.

Transaction Advisor means any person or firm appointed in writing by an Institution who has appropriate skills and experience to assist and advise the Institution in connection with a Project, including the preparation and conclusion of a PPP Agreement.

Value for Money means that the provision of the Institutional Function or the use of Public Property by a Private Party in terms of a PPP Agreement results in the project being undertaken earlier than it would have been otherwise as well as it resulting in a net benefit to the Institution defined in terms of the optimum combination of whole life asset cost, delivery methods and time, quality and transfer and allocation of risk.

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