

PUBLIC PRIVATE PARTNERSHIP

MANUAL PROJECT SCREENING TOOL 2019

MINISTRY OF FINANCE ROYAL GOVERNMENT OF BHUTAN



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1 Screening Tool

1.1 Context

To determine whether projects are viable as PPPs and eventually eligible for funding, the projects identified by public agencies have to go through a thorough screening process at the PPP Unit level to determine whether these projects indeed have potential to be developed as a PPP project and are at a sufficient stage of preparation / development to be ready.

From both international and regional experience it has become clear that proper project identification and screening of projects to determine whether they have real potential to be transacted in the near future, is key to the successful implementation of PPPs and to maintain the interest of both public agencies and the private sector.

1.2 Applicability

According to the Bhutanese PPP Rules and Regulations (2017), prior the project can proceed to the project needs & options analysis, responsible agency needs to prepare a Project Concept Note and submit it to the PPP Unit for a review. In order to decide which projects should be prioritized as PPPs and proceed to the next phase, there is a need for a tool that would both assess the suitability of a project on an individual basis as well allow to compare projects between each other.

The figure below presents Bhutanese framework for PPP project preparation, prior the procurement stage. The specific moment when a project screening can be applied has been highlighted in the figure below.





The tool will allow to establish a transparent and structured framework to select PPP projects for their further development and implementation.

The screening process will be undertaken by the PPP Unit when reviewing Project Concept Notes received from implementing agencies. The individual project screening will be organized in a joint session between the PPP Unit and the submitting agency. Simultaneously, the tool can be used both by ministries and local government units to assess the viability of potential PPP projects prior preparing the Project Concept Note.

1.3 Structure of the screening tool

The project screening tool consists of two stages:

- Elimination Stage
- Selection Stage.

The Elimination Stage includes PPP eligibility questions that can be easily answered and judge whether the project is eligible for development as a

PPP. It is important to conduct this Elimination Stage first, as one can then immediately determine whether any further time should be spent on the project.

Once the project has passed the Elimination Stage, PPP Unit may continue with the Selection Stage. The Selection Stage guides where further work may be required on the project (e.g. missing data and information) or where particular attention may be needed (e.g. particularly aspects of the project where additional due diligence is needed) if that project is developed further.

Given that in the early stages of identification projects lack detailed information on the cost, economic benefit, and more, the criteria are of a qualitative nature; the tool can still be useful for thinking logically through the various issues that will be required for the project to be a successful PPP. As a result, it advisable to conduct the screening together with a responsible agency.

The tool has been developed in an *Microsoft Excel* format to be easily used by all the agencies. The following chapters explain the structure of the tool and provide instructions how it can be used. In addition, they provide context on how the results of the tool can be interpreted and used by the agencies.

2 Elimination Stage

2.1 Project elimination stage

PPP Unit is responsible to select projects that will be subject to project needs & option analysis, and if approved such will proceed to the technical, financial and commercial feasibility for PPP implementation. For the success of the PPP development process and effective allocation of limited resources and experience to support the development and transaction of PPP projects, it is important to pre-select projects that have real potential to be implemented as a PPP project in the foreseeable future.

Elimination stage is performed to discard projects that are clearly not suitable for PPP, are not (urgently) needed or have no clear benefits and/ or projects that are expected to face substantial issues that may seriously delay or prevent their implementation.

In order to manage mutual expectations between the Project Steering Committee, PPP Unit and implementing agencies and to enhance the eligibility / viability of projects proposed by the public agencies for project development support, mutual understanding of the PPP concept, policy objectives and screening criteria is a pre-condition.

At the stage of elimination of PPP projects, it is recommended to validate whether a project can meet certain pre-conditions that justify government involvement towards project implementation and to assess next whether the project can satisfy a specific set of pass/fail criteria regarding the project's viability as a PPP project.

2.2 Validation of criteria

			Eva	luation
	teria to consider a project as a potential PPP oject	Pass	Fail	Additional info required
1	Does the project fall under the legal mandate of the submitting agency? Assessment: In order to develop a project on a <i>Public-Private</i> <i>Partnership</i> basis, the project must fall within the responsibility / mandate of the government of Bhutan and must also be a public infrastructure or service in economic terms			
2	Does the project concern the delivery of public infrastructure or services under the responsibility of the government? Assessment: This includes the provision of key infrastructure assets and services such as roads, rail, airports, water and electricity production and distribution, health and education and waste management, etc. Conversely activities which are private by nature such as the industrial production of consumer goods are not to be considered as a public service and will not qualify as a PPP project.			
3	Does the project comply with or is consistent with relevant national, sector or other planning? Assessment: Projects that potentially conflict with existing regulations and plans and/or do not contribute to the realization of the Bhutanese government's development objectives should not be selected.			

			Evaluation		
	Criteria to consider a project as a potential PPP project			Additional info required	
4	Does the prevailing legal framework allow private sector participation in such public interest and investment project? Assessment: A project has to uphold public interest and be eligible for public investment to be procured. The current legal framework includes a list of sector and objects of national importance that cannot be procured by the private party. Therefore, this question checks whether these factors are met for a project to be selected for the PPP pipeline, or traditional procurement is more appropriate.				

2.3 Instructions

The following list of instructions should be used when carrying out the Step 1: Elimination:

- 1) Questions must be answered by the PPP Unit together with the implementing agency (ministry, Thromde, etc.)
- 2) Questions are based on the current status of the project development
- 3) Responses require high-level information and logical thinking to answer
- 4) The following information about each project must be filled in:
 - a. Project number
 - b. Project name
 - c. Submitting agency
 - d. Date of submission
- 5) Please respond to each question under "Select the response" by selecting an answer "yes" or "no"

Project 1	Title	Responsible agency	Date of Submission	Decision	pass, proceed to next question	pass, proceed to question below
Proj	1	Responsi	Date of S	Please, select the response for each question	SB	268 768
				Example of supporting evidence assisting in answering questions	Legal mandate of the implementing institution	
				Rationale for the question (why the question is evidence assisting in response for necessary) answering questions each question	In order for implementing institution to be able to develop and implement a project, it must correspond to the institution's legal responsibilities.	Does the project concern the delivery of The purpose of the project under assessment subblic infrastructure or services under the should be to develop or deliver public infrastructure responsibility of the government? investment and upholds the public interest.
Project Number	Project Name/Title	Submitting agency	Date of Submission	Question to determine the mandatory conditions	Does the project fall under the legal mandate of the submitting institution?	Does the project concern the delivery of The purpose of the project under assessment public infrastructure or services under the should be to develop or deliver public infrastructure or service that meets the criteria of public interest.

Figure 2 Snapshot of the Step 1: Elimination Stage

- 6) All questions must be answered in the order as they appear in the tool
- 7) All answers must be "yes" for the project to proceed to Step 2: Selection Stage
- 8) If any of the answers is "no" the tool will automatically eliminate the project (signaling with coloring in red)

2.4 Visual example from the tool

Figure 3 Snapshot of the Step 1: Elimination Stage

Project Number			Proi	Project 1	Proi	Project 2
Project Name/Title			Τü	Title	Title	le
Submitting agency			Responsib	Responsible agency	Responsible agency	le agency
Date of Submission			Date of Si	Date of Submission	Date of Submission	Ibmission
Question to determine the mandatory conditions	Rationale for the question (why the question is necessary)	Example of supporting evidence assisting in answering questions	Please, select the response for each question	Decision	Please, select the response for each question	Decision
Does the project fall under the legal mandate of the submitting agency?	In order for implementing agency to be able to develop and implement a project, it must correspond to the agency's legal responsibilities.	Legal mandate of the implementing institution	yes	pass, proceed to next question	yes	pass, proceed to next question
Does the project concern the delivery of public infrastructure or services under the responsibility of the government?	The purpose of the project under assessment should be to develop or deliver public infrastructure or service that meets the criteria of public investment and upholds the public interest.	Relevant policy/regulation	Say	pass, proceed to question below	yes	pass, proceed to question below
Does the project comply with or is consistent with relevant national, sector or other planning?	Does the project comply with or is Projects that potentially conflict with existing consistent with relevant national, sector or regulations and plans a updor do not contribute to the realization of the Bhutanese government's other planning?		ę	Stop, cannot proceed to Step 2: Selection Stage . The project requires further due dilligence	yes	pass, proceed to question below
Does the prevailing legal framework allow. A project has to uphold public interest and be private sector participation in such public. Regime three work interests and investment projects of matorial importance that cannot be beeters of matorial importance that cannot be appropriate these factors are and appropriate or traditional procurement is more appropriate.	Does the prevailing legal framework allow A project has to uphold public interest and be Applicable laws and private sector participation in such public eligible for upblic meterators to be procured and investment project? The applicable and provide that and investment projects the sector approximate that cannot be procured by the private parts that cannot be applicable be sected for the master PPP pipeline, or traditional procurement is more applicable.	Applicable laws and regulations governing implementation of a particular projec	yes	Stop, previous response is negative. Cannot proceed to Step 2: Selecting studies further project requinds souther	38(pass, proceed to question below
Summary			Stop. Cannot proceed Sta	Stop. Cannot proceed to Stage 2: Selection Stage.	Pass. Proceed to Stage 2: Selection Stage.	je 2: Selection Stage.
Response	yes		pass			
	Q	fa	fail, requires further due dilligence	e		

3 Selection Stage

3.1 Project selection stage

The selection stage aims at appraising and ranking the PPP opportunities in order to prioritize the ones with the highest potential for further assessment during the project needs & option analysis within a relatively short time span. The selection and prioritization of projects will be based on a predefined set of questions.

At the stage of selection of PPP projects, each project is scored against the following categories of questions:

- **1.** Government readiness
- 2. Project readiness
- 3. Market / sector readiness.

Each category consists of several questions where each can be scored from 0 to 3, latter being the maximum. Each question has a corresponding definition of the score.

The table below provides an overview of the maximum score per category.

Category	Maximum
Government readiness	15
Project readiness	27
Market / sector readiness	12

3.2 Government readiness assessment

These questions assess the project considered in terms of the existence of a government agency driving the process, its determination to implement the project and the capacity of this agency to carry out the project successfully. A project which is not backed by high level officials or for which the agency in charge has very limited implementation capacity will typically score low, whereas a project which is championed by a high level official and driven by a motivated PPP team will score high. Projects that are not supported by the local community and/or targeted end users / beneficiaries have a low chance to be implemented.

Government		Searing the answer
rea	adiness	Scoring the answer
1	Is the project on the priority list of the implementing agency?	 0 – The implementation of the project has not been prioritized by the implementing agency. 1 – The project has been identified and included in sectoral plans. 2 – The project has been included in the list of flagship / priority projects but supportive decisions have not been taken towards the implementation of the project. 3 – The project has been included in the list of flagship / priority projects and supportive decisions have been taken towards the implementation of the project.
Rationale: A project is more likely to be successful when there is Minister/ Mayor which is demonstrated by an official le project included in the priority list of projects for the pro- a pre-defined term.		is demonstrated by an official letter or having the
2	Does the implementing agency have experience with development of similar projects?	 0 – The government agency has not procured other or similar PPP projects and prefers other modes of procurement over PPPs. 1 – The government agency has not procured other or similar PPP projects but is willing to explore procurement through PPP. 2 – The government agency has successfully procured other types of PPP projects. 3 – The government agency has successfully procured similar PPP projects.
Ra	ationale:	

Experience with similar projects increases implementing agency's capacity, ability and expertise to develop another project.

Government readiness		Scoring the answer
3	Is the	0 - The project does not comply with PPP
	implementing	regulations and the implementing agency is not
	agency willing	willing / able to allocate resources.
	to allocate	1 - The project does not comply with PPP
	resources to	regulations, but the government agency is willing
	prepare and	/ able to allocate resources to investigate if
	procure the	alternative structure can be defined.
	project as per	2 - The project complies with most PPP
	PPP regulations?	regulations, and the government agency is willing
		/ able to allocate resources accordingly.
		3 – The project complies with all PPP regulations
		and the government agency is willing / able to
		allocate resources accordingly.

Rationale:

When the implementing agency is willing to allocate resources (staff, technical expertise and budget) to prepare and tender a project, it has a better chance of attracting private sector's interest and resulting in financial closure.

	1	
4	Is the sector	0 – The sector is not well organized. There are
	well organized	no sector policies in place and responsibilities of
	(has policies	agencies in the sector are not defined.
	in place and	1 – The sector is partly organized. There are no
	responsibilities	sector policies in place but the responsibilities of
	of agencies	agencies in the sector are defined.
	within the sector	2 – The sector is organized. There are sector
	are clearly	policies in place and responsibilities of agencies
	defined)?	in the sector are defined, although further sector
		reform is required.
		3 – The sector is well organized. There are clear
		sector policies in place and the responsibilities of
		agencies in the sector are well defined.

Gc	overnment	Coorting the ensurer
rea	adiness	Scoring the answer
Rationale:		
When government po		licy is clear on the permissible deployment of
•		tal in the sector, the potential to implement PPP
		he chance of legal and other challenges to a PPP
•		the interest of the private sector to undertake the
-	pject should increase	-
•		
5	Does the	0 – The project requires major enforcements
	project require	and the implementing agency is unwilling to
	enforcement	accommodate those.
	and is the	1 – The project requires small enforcements but
	implementing	the implementing agency is in doubt if those can
	agency willing	be accommodated.
	to accommodate	2 - The project requires enforcement and the
	such for	implementing agency is willing to accommodate
	example, an	those.
	increase in user	3 – The project does not require enforcement by
	tariffs, etc.)?	the implementing agency.
D	41	

Rationale:

Project requiring least enforcement have the biggest chance to be implemented. However, if enforcement is needed, the ability and willingness of the implementing agency to enforce such is crucial.

3.3 Project's readiness assessment

This set of questions assesses the project considered in terms of its intrinsic characteristics and commercial potential as a PPP.

Pro	oject readiness	Scoring the answer
1	Is there	0 – There are no available previous studies for the
	information	project.
	available	1 – There are some previous studies available for
	about the	the project but these are incomplete.
	project from	2 – There is an existing study for the project but it
	any previous	requires to be updated.
	studies?	3 – There is an existing recent study for the project.

Scoring the answer

Rationale:

When there are recent previous studies available, the implementing agency has more information at hand to ease the process of preparation.

2	Has the legal	0 – The legal due diligence of the project has not
	due diligence	been completed.
	for existence of	1 - There are serious legal obstacles that will
	any major legal	hamper the project.
	and regulatory	2 – There are legal obstacles, but further work has
	obstacles been	commenced to solve such prior the implantation.
	completed?	3 – There are no legal obstacles present for
		successful implementation of the project.

Rationale:

In case major legal changes have to be introduced, it can delay the project development for months. Therefore, projects that conflict with current laws and regulations, and where adjustment cannot easily be solved, should be carefully evaluated prior further development.

3	Are the	0 – No commercial (e.g. users, other asset uses,
	revenue	etc.) funding sources have been identified or are
	streams of the	apparent and no government support of any form
	project clearly	is foreseeable.
	identified?	1 - No commercial funding sources have been
		identified, but potential government support
		required (e.g. minimum off-take agreements,
		guarantees, output based subsidies) is known
		although not yet assured.
		2 - Potential commercial revenue sources are
		identified, and government support required is
		known but not yet assured.
		3 – Commercial funding sources are clearly
		identified, and additional government support is
		either assured or is not required.

Scoring the answer

Rationale:

The private sector would more likely show interest for projects that have identified revenue streams from users and/or can benefit from government financial support measures such as availability payments, minimum off-take agreements, guarantees, and output based subsidies. These revenue streams will be needed to recover operational expenses, to service the debt and to provide a reasonable rate of return on the capital invested.

4	Can the project	0 – The project is too complex to be specified.
	requirements	1 – The project can be specified on an input basis.
	easily be	2 - Parts of the project can be specified on an
	defined	output basis.
	as output	3 – The project can be fully specified on an output
	specifications?	basis.

Rationale:

One of the main motivations to undertake a project as a PPP is to tap the private sector's expertise. If project specifications can be easily defined in output terms, the private sector is given much more flexibility to introduce technologies that the government may not be well aware of.

5	Is the land	0 - Significant resettlement is required for the
Э	is the land	
	readily	project to be implemented, and this has already
	available for	been a source of conflict or problems.
	the project	1 - Significant resettlement is required, and the
	and does	resettlement process is untried or anticipated to
	not require	encounter problems.
	resettlement?	2 – Some resettlement is required, and a proven
		resettlement process is underway.
		3 – Little to no resettlement is required and/or
		required resettlement has been completed and
		land is readily available.

Scoring the answer

Rationale:

Availability of required resources (e.g. land for project site, construction materials, etc.) to implement a project is a key success indicator for a project. For example, the resettlement is one of the biggest deal-breakers for projects as it spurs resistance.

6	Are	0 - Safeguard issues (environment, health &
	environmental,	safety, gender, vulnerable persons/groups, etc.)
	social,	are complex and costly, and are already a source
	health and	of conflict or problems.
	safety issues	1 – Safeguard issues are still unclear and could
	manageable?	result in complex and/or costly solutions.
		2 – Safeguard issues are clear and are foreseen,
		and these can be addressed in a reasonably
		effective and cost efficient manner.
		3 - Safeguard issues are not foreseen / relevant
		for the project.

Rationale:

If a project has manageable environmental, health and safety issues, the project implementation will be easier.

7	Is the	0 - Project implementation requires unproven
	technology	technology that is not yet employed in Bhutan or
	requirement	sector/region.
	of the project	1 – Project implementation requires technology
	an easily	that is already employed in Bhutan, but not used
	accessible	in the sector.
	and proven	2 - Project implementation involves technology
	technology?	that has been applied in Bhutan and sector.
		3 – Project implementation involves proven
		technology that has been applied in Bhutan in
		similar or the same projects.

Rationale:

This question tests whether or not the technical design of the project is the most reasonable and contributes to achieving the objectives, serve the needs and meet public's expectations.

Pro	oject readiness	Scoring the answer
8	Is there an initial realistic financial feasibility assessment done for the project?	 0 – There is a realistic initial assessment of the project's financial feasibility which shows clearly that the project is not feasible. 1 – There is no initial assessment of the project's financial feasibility. 2 – There is an initial assessment of the project's financial feasibility, but it is likely that the project will require public financial support for it to be feasible. 3 – There is a realistic initial assessment of the project's financial feasibility.
Bet det The	ermine that the p	reparation budget for this project, it is important to roject makes sense from the financial standpoint. ble when the revenues exceed the operating costs,
9	Have the major project risks been identified and whether typical risks can be transferred to the private sector?	 0 – Many unidentified risks and no allocation proposed based on standardized PPP allocation principles. 1 – Some unidentified risks and/or sub-optimal allocation proposed based on standardized PPP allocation principles. 2 – Key risks are identified and the proposed risk allocation tends to comply with standardized PPP allocation principles – international and / or domestic guidance but limited precedence. 3 – Adequate risk identification and assessment and well thought through allocation of the project's typical key risks is proposed – there are existing risk allocation matrixes from comparable projects domestically and internationally.

Scoring the answer

Rationale:

Proper risk identification is the basis of any project, including PPP. The government needs to know project risks in order to facilitate the process of risk allocation and management at a later stage of project development. The markets response to a proposed PPP project and the bankability of the project (the potential to reach financial close) are dependent on the project risks and their proposed allocation. In PPPs the principal risk allocation principle is that risk are allocated with the party who is best able to manage and mitigate them. 15 year of international practice with PPP development has led to a more or less standardized risk allocation.

3.4 Market / sector readiness assessment

This set of questions assesses the project considered in terms of level of attractiveness for the private sector. A project for which no potential bidder has been targeted and which requires skills or technologies that are unlikely to be offered in Bhutan in the near future will typically score low, whereas a project which has raised significant public interest from the local or international private sector, whether on an informal or formal basis, will score high.

	arket / sector adiness	Scoring the answer
1	Are the	0 - There is no legal / regulatory framework that
	sector	supports private investment / operations in the sector.
	policies /	1 - The sector requires substantial reforms prior the
	regulations	project can be implemented.
	open to	2 - There are draft policies and regulations in place
	private	but are subject to improvement.
	sector	3 - There are policies and regulations in place which
	involvement?	have supported actual project implementation.

Market / sector readiness

Scoring the answer

Rationale:

PPP, in the sense of private delivery of public services and assets, requires that the sector regulations somehow allow for private sector investment and operation in that sector. It needs to be confirmed that the private sector can invest in and operate the assets and is entitled to charge the government or end –user for the services provided. Without adequate provisions to effectively use / amend assets and charge the government / end user, most types of PPPs may not be feasible or it may require substantial sector reforms before PPPs can be accommodated.

ſ	2 Is the	0 - The private sector does not show interest to invest
	private	and operate in the sector.
	sector	1 - The private sector shows some interest to invest
	interested	and operate in the respective sector.
	and willing	2 - The private sector shows strong interest to invest
	to invest?	and operate in the respective sector and has submitted
		proposals to undertake this project or similar projects.
		3 - The private sector is already investing in and
		operating similar or the same projects in the sector.

Rationale:

The general market appetite can be assessed by whether experienced private parties have shown interest in the project itself or in similar projects. It is also important to note if the private sector has shown skepticism, criticism or general lack of interest in such projects. Market appetite informs whether the project is likely to attract bidders in the procurement stage, as well as whether the project will need to be strongly marketed. When international companies' interest is strong, competition is further encouraged and would hence lead to a favorable pricing to the government.

Μ	arket / sector	
	adiness	Scoring the answer
	Will the	0 – The return of the project is not appropriate given
	project	the financial ambitions of potential investors.
	generate	1 – The return of the project is minor / uncertain and will
	sufficient	not generate sufficient interest from investors.
	financial	2 – The return of the project is appropriate for potential
	return to	investors.
	potential	3 – The return of the project is excessive and allows
	investors?	the implementing agency to earn a concession fee.
R	ationale:	
Tł	ne private party	will look into the project if its presents a lucrative deal
ar	nd it can make	money on its investments. It is important to consider
w	hat the revenue	es and also the payment mechanisms will be for the
pr	oject.	
4	Can a	0 – Neither local financial institutions nor International
	long-term	Financial Institutions are providing finance for similar
	financing be	projects.
	secured for	1 – Only International Financial Institutions are willing
	the project	and capable to provide financing for the project.
	(local or	2 – Local Financial Institutions are willing to provide
	international	financing but are not capable to fund the project on
	lender	their own. International Financial Institutions are
	including	required to partially fund the project and are willing
	commercial	to do so.
	banks, IFIs,	3 – Both local financial institutions and International
	etc.)?	Financial Institutions are themselves willing and
		capable to provide financing for the project.
1	ationale:	
P	rivate sector pa	rticipation does not only come in the form of an equity

Private sector participation does not only come in the form of an equity investor. Often the larger component of project financing is from financial institutions (banks) in the form of loans. Therefore, to ensure a successful PPP project, the financial institutions must be willing to lend to the equity investors. Likewise, these institutions must also have the capacity to provide the financing required for PPP projects, which are long-term contracts.

3.5 Instructions

The following list of instructions should be followed when carrying out the Step 2: Selection:

- 1) Questions must be answered by the PPP Unit together with the implementing agency (ministry, Thromde, etc.)
- 2) Questions are based on the current status of the project development
- 3) Responses require high-level information and logical thinking to answer
- 4) Please fill out the following information about each project:
 - a. Project number
 - b. Project name
 - c. Submitting agency
 - d. Date of submission
- 5) Please respond to each question under "Select the response" by assigning score 0 ,1, 2, or 3
- 6) Based on the score assigned, the cell will automatically color in:
 - a. Green (3),
 - b. Yellow (2),
 - c. Grey (1) or
 - d. Red (0).

Project Number				Project 1	Project 2
Project Name/Title				Title	Title
Submitting Agency				Responsible agency	Responsible agency
Date of Submission				Date of Submission	Date of Submission
Questions to determine the government's readiness	Scoring the answer	Rationale for the question (why the question is necessary)	Example of supporting evidence assisting in answering questions	Score	Score
Is the project on the priority list of the implementing agency? Does the implementing agency have experience with development of similar projects?	 o – The implementation of the project has not been prioritized by the implementing agency. 1 – The project has been identified and included in sectoral plans. 2 – The project has been included in the list of flagship projects but supportive decisions have not been taken towards the implementation of the project. The project has been included in the list of flagship projects and supportive decisions have been taken towards the implementation of the project. The projects and prefets other modes of projects but is williar PPP projects under gency has not procured other or similar PPP projects. 1 – The government agency has successfully procured other types of PPP projects. 2 – The government agency has successfully procured other types of PPP projects. 	A project is more likely to be successful when there is a Official list of flagship support from the Minister/ Mayor which is projects or a supporting demonstrated by an official letter or having the letter procuring agency for a pre-defined term. Experience with similar projects increases Ally implementing agency's capacity, ability and expertise previously successfully to develop another project.	Official list of flagship hrojects or a supporting letter A list of similar and developed projects developed projects		•

Figure 4 Snapshot of the Step 2: Selection Stage

Project Number				Project 1	Project 2	Project 3	Project 4
Project Name/Title				7/66	1/ike	Title	7/16
Submitting Agency				Responsible agency	Responsible agency	Responsible agency	Responsible agency
Date of Submission				Date of Submission	Date of Submission	Date of Submission	Date of Submission
Questions to determine the government's readiness	Scoring the answer	Rationale for the question (why the question is necessary)	Example of supporting evidence assisting in answering questions	Score	Score	Score	Score
is the project on the priority list of the implementing agency?	D. The implementation of the project hear not been prioritized by the method of the prioritized and the prioritized by the second plane. 1. The project hear microbial of a flagspropriory bits that composite the been microbial of the prioritized prioritized and project and the prioritized been heard by the prioritized by the the priorit. The prioritized hear been been blanch in the prioritized by the prioritized of the been index in the prioritized by the prioritized by the prioritized by the index model of the index success the been blanch in the index model of the index success the been blanch in the prioritized by the index model of the success the been blanch blanch in the index model of the success the base of the prioritized by the index model of the success the base of the prioritized by the index model of the success the base of the prioritized by the index model of the success the base of the prioritized by the index model of the success the base of the prioritized by the prioritized by the index model of the success the base of the prioritized by the index model of the success the base of the prioritized by the index model of the success the base of the base of the prioritized by the index model of the success the base of the base of the base of the prioritized by the index model of the success the base of the base of the base of the prioritized by the prioritized b	A protect more than the second where here a 10 find at all flaght protects a sport time the thready table accessing alerce and accessing teles a sport time the transfer the processing the priority and protects for the processing approving a pro- defined arm.	Dirical las of flagship projects or a supporting letter	÷	-	M	~
Dres fre implementing agreeu have operience with development of similar projects?		 A led of mink and seven and the seven and the seven and the seven and the seven approximation approxima approximation approximation approximati	A list of similar and previously successfully developed projects	N	-	N	-
s the implementing agency, willing to allocate rescues to prepare and procure the project as per FFP regulations?		is willing a lacker transmission provinced with the provided the provided in the provided of t	Hgh-Herei plan no susting acterits and resources the agency has and what is required for the projects		-	-	~
Is fre sector well arganized (hos dides in place and responsibilities of agricoles which the sector are clearly defined()?	A serve and agrazations are not an agrazation are not associated matrixes of a parameter process of a parameter process of a server and an advance of a direct and a server and an advance of advance advance and advance a	deforment of more metal points and on the promissible deforment of more wildle and could in the anosh us of the point is primated. The chance of legal and the challinger to a PFP postel reduced at the project should increase. underlash the project should increase.	Underlying policy	œ	2	×	
Dees the project require enforcement, and is the imprementing against willing a accommodele such for example, an increase in user tainfs, etc.]?	Date hap reject require and content and the molementing in the project requires the appendition of the molementing approximately	Project requiring least enforcement have the biggest provide the information haves. If a fructurent is supervolve enforce auchis crucial agency to enforce auchis crucial			~	~	-
Total score				Ņ	2	2	2
Maxim possible score				ξΩ	μα Γ	ξ	γe
Standardized score [used only					:		

 All questions must be answered for the project to be considered to pass the selection stage.

Visual example from the tool

3.6

Project Number				Project 1	Project 2	Project 3	Project 4
Project Name/Title				Title	Title	7 <i>ille</i>	Title
Submitting Agency			L	Responsible agency	Responsible agency	Responsible agency	Reponsible agency
Date of Submission				Date of Submission	Date of Submission	Date of Submission	Date of Submission
Questions to determine the projekt's readiness	Scoring the answer	Rationale for the question (why the question is necessary)	Example of supporting evidence assisting in answering questions	Score	Score	Score	Score
Is there information available about the project from any previous studies?	si there information available about the [0.1 There are no available previous studies for the project projectifrom any previous soluties?] [1.1 There are some provisus available in the project but are incomplete 2.1 There is an existing subuly for the prosted but interputes to be updated 3.1 There is an existing event study for the project.	When there are nexert previous studies available, the implementing apency has more information at hand to ease the process of preparation.	Previous studies	~	e	2	-
Has the legal due diligence for existence of any image legal and regulatory dostacles been completed?	 The legal dura diagraces of the project has not been completed. There are shown legal detablished will immare the project. There are legal detablishes, but harther work has commenced to salve such prior the immediate database. There are no legal detablishes present for successful implementation of the 3-There are no legal detablishes present for successful implementation of the 3-There are no legal detablishes present for successful implementation of the 		list of the major legal dostacles for the preparation and implementation of the project	e	~	-	m
Are the revenue a travenue of the project dearly indentified?	Are the remove streams of the project () - to commonal (a) curso to preserve and the project () - to commonal (a) curso to preserve the element and preserve and the commendance of a project () - to common all notify curso the access the element can are the commendance of the com			Ð	2	-	-
Can the project requirements easily be defined as output specifications?	Zen the protect requirements easily be [1 – The protect is two complex to be specified defined as output specifications? 1 – The protect can be specified on an incurb basis. 2 – Thera or of the protect can be specified on an output basis. 3 – The protect can be fully specified on an output basis.	Dre of the main molivations to undentate a project as a PFP is to tag the private societ's expension. It project specifications can be easily defined in output terms, the private sector is given much more flexability to introduce technologies that the goverment may not be well avere of.			E	٣	œ
Is the land teadly anallable for the project and does not track in resellment?	0 Spring reselements including the protect to be implemented, and this has already been a succe of conflict or problems. The signal reselement is matured, and the resellement process is united or anticipated researcher problem. The process is underway, 2. Little to no resellement is required and required resellement has been completed and lend is required and required resellement has been completed and lend is required and regiment and resellement has been completed and lend is required and regiment.		Deneship doounent or a plan on how lo oblain the land		2		-
Are environmental, scoal health and safety issues managedate?	Are environmental social insufti and ID - Songuard issues (environment health is safet), parchs, vulnerable in [1 is ponient hars magazitike environmental, health is used by its succer and angle and an environmental environmental insues in anagazitie) as used of the environmental environmental environmental environmental environmentation and the envisionmentation and the envisionmentation and	ll a project has margadide environmental health and safely issues, the project implementation will be easier.		e	z	2	-

e	-	-	7 7	2.6
-	-	7	3 4	41
-	2	-	3 8	67
e	~	en e	11	100
ils of comparies with relevant openieros	Estimates of caper, poer, terenues, state support, cost of admisers	isk malix.		
The question treat whether are on the textural elegation of the fund are around the most hearmable and contributes to adhering the proprietore objectives, serve the mesks and meet public's expenditions to be address of the texture of the texture of the texture of the dependence of the texture of the texture of the texture of the dependence of the texture of the texture of the texture of the dependence of the texture of the texture of the texture of the dependence of the texture of the texture of the texture of the texture of the dependence of the texture of		Program risk i cherifications the basis of any project, including TePP. The comment means both more packness incurde to the comment means the more packness incurde to the comment means the segment as a last radja of any comment the mark and the comparent as a last radja of the comment of th		
inquires unproven lectradogu (hal is no jug employed) requires technologu (hal is al each employed) nBhulan, involves technologu (hal has been applied in involves proven technologu (hal has been applied in ne projects.	0 - There is a realistic mild assessment of the project's financial feasibility which. Before allocating a progradition budget for this project, it is shown be advected in the project is not absorble interval and an advected in the project is progradition. There is an initial assessment of the project financial feasibility. In the interval all advection in the advected for the project is provided when the 1-2 meets on initial assessment of the project financial feasibility. In the interval advection in the advection of the project financial feasibility. It is likely interval advection for a service where the the advection is advective interval advection of the project financial feasibility, but it is likely interval as a second the project is financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility which advective interval assessment of the project's financial feasibility.	dinks and/no allocation proposed based on startbardbard FPP tinks and/no sub-optimal allocation proposed based on tocation principles. In a second principles - international and/or adments/putatore and/or principles - international and/or adments/ allocation processestiment and international discondin- al location processing and international discondin- disk projects domestically and international discondin- atore processional or and international discondin- disk projects domestically and international discondin- disconding processional or admentational disconding and admentational disconding processional or admentational disconding admentational disconding processional or admentational disconding admentational disconding admentational disconding admentational disconding processional disconding admentational disconding admentational disconding processional disconding admentational di		
Is the behavioral series of the 0. Project indemnation project an easily accessible and proven (FRU: an or exoluting) (1. Project in the series) but not used in the series but not used in the series and sector. 3. Project indemnation and sector.	Is there an initial realistic financial of feesibility assessment done for the state of the project?	Have fremary project risks been 10 Many uncharities identified and where trypical risks core, allowabound be transferred to the private security 1.2. Frame multiteration standards and the private security 1.2. For private 2.3. Automotic security 1.3. Automotic prior sector 3.3. Automotic private security for the difference of the private security for the multitras fram compo-	Total score	Standardized score (used only for prioritization purposes)

Project Number				Project 1	Project 2	Project 3	Project 4
Project Name/Title				Title	Title	7/16	Title
Submitting Agency				Responsible agency	Responsible agency	Responsible agency	Reponsible agency
Date of Submission				Date of Submission	Date of Submission	Date of Submission	Date of Submission
Questions to determine market's readiness	Scoring the answer	Rationale for the question	Example of supporting evidence assisting in answering questions	Score	Score	Score	Score
Are the second protest information 0. There is no spall in quero to private aector involvemental in corrections in the second reparts 1. The second reparts 2. There are defaultion 3. There are protocal incident analysis.	Chere is no logal singularity iteration for supports protest investment if the protect process and supports protect process and supports processore in the processor of public sorts and supports approximation of the processor	The Pin view sector equations from the pine intervent of assess, requires that has exercinguistic transformal dimit for prious sector memory and operation in the sector. It needs to be confirmed that the private sector memorial models are the sector of transford to charge the government or end-user for the sector sector and thread address provision with the sector of the sector sector and thread address provision with the sector of the sector sector charge the government or end-user for the sector sector to be sector memory and address the sector and model the sector modeled.		~	n	-	~
Is the privale sector interested and willing to invest?	1. The private solution down leaves this will mark and operation in the responsion of the solution solution solution solution and the responsion and the	The greed and the sould end are shown indexed in the proget/table experienced/prode potent areas shown indexed in the proget/table to minimar product in distingtown and the source if the product show the shown experient mitiation are greed allow of interfact in uch project. Hold expedite forms where the project is likely to prove it media to be strongly marked. When interfactors prove and interfactors are strong and the governance and prove and interfactors are strong and the governance and prove and and a show above provide the provention what the strong and the governance and and and prove and an area and a show above provide the governance and what these areas above a show above provide the governance and and and an area above a show above provide the governance and	Lis of interested and expensioned comparties		-		~
Will the project generale sufficient return to poliential investors?	The hearing of the properties of appropriate grant the financial antibilities of the final investment of the properties in the out the out of the properties afficient 1. The return of the properties in the out the out of the properties of the out of the properties of the out of the properties of the properties of the properties of the out of the properties of the prop	The private purpose to the local hole free points and the period and the period for the period of the and the new part in the interface fuel of the point of the project. The fuel her period is and a privat mechanism will be for the project.	The main revenue streams together with the position party or source of funding if the government is the paying party.	œ	-	~	-
Can a long-term financing be secured for the project (local or international lender including commercial banks, IFIs, etc.]?	provide the land interact induction for the mature fractual from that are provided fractions for indiration to the mature of the provide the structure provide fraction of the structure of the provide the structure provident fractions for the structure of the other fractions of the structure of the structure of the biolized the provident fractions are shown for a the structure provident in the structure of the the structure of the structure and the the structure of the the structure of the structure and the the structure of the the the structure of the the the structure of the the the structure of the the the the the the the the	The react sector address data was the frame in the fram car a early investor. There he larger component of project frameworks is fram informations (Lareal) in the form of larger. Therefore, the most and installance (Lareal) in information and the animation of the the sector) investors. Largers, these metablance must address which are larger an conference of PPP projects, which are larger monthesits.	List of banks, repainment periods, interest rates and size of the loan	n	~	-	
Total score				Ŧ	<i></i>	ۍ	~
Maximum possible score				12	2	12	12
Standardized score (used only				9.2	7.5	42	6.7



4 Project Appraisal and Ranking

4.1 Rationale

The final step of the tool is project appraisal. The tool allows to appraise individual projects as well as multiple ones, ranking them based on the strongest potential to be implemented as a PPP.

4.2 Instructions

The final sheet "Project appraisal and ranking" provides a summary per project. Tabs indicate whether the project passed the Step 1: Elimination Stage or did not. Cells automatically colour in green (*yes*) or red (*no*).

Figure 6 Snapshot of the Step 3: Ranking Stage

Project appraisal and ranking

Project Name / Title		Title		Title			Title			Title		
Elimination decision	Pass. Proceed	to Stage 2: !	Selection	Stop. Cannot proc	eed to Stage	2: Selection	Pass. Proceed to Stage 2: Selection			Stop. Cannot proceed to Stage 2:		
Is project proceeding to Step 2: Selection Stage?	Project is proce	eding to Select	ion Stage	No, the project can	No, the project cannot be selected for Selection Stage		Project is proceeding to Selection Stage			No, the project cannot be selected for Selection Stage		
Summary Selection Stage	Standardized Score	Weighting (0 - 100%)	Weighted Standardiz ed Score	Standardized Score	Weighting (0 - 100%)	Weighted Standardiz ed Score	Standardized Score	Weighting (0 - 100%)	Weighted Standardiz ed Score	Standardized Score	Weighting (0 - 100%)	Weighted Standardiz ed Score
Government readiness	9-3	30%	2.8	3-3	20%	0.7	8.0	40%	3.2	4-7	30%	1.4
Project Readiness	10.0	40%	4.0	6.7	50%	3-3	4.1	40%	1.6	2.6	40%	1.0
Market / Sector Readiness	9.2	3096	2.8	7-5	3096	2.3	4-2	2096	0.8	6.7	30%	2.0
Composite weighted standardized score	28.5	100%	9.6	17.5	100%	0.0	16.2	100%	5-7	13.9	100%	0.0



In order to capture individual characteristics per sector and / or project itself, it is suggested to use weighting in calculating the final score per project. Greater weight is assigned to the readiness criteria that is the most important in PPP procurement and implementation. It is recommendable that the weighting is defined by the PPP Unit together with the implementing agency (ministry, Thromde, etc.). The combined weighting per criteria per project must equal 100%.

Figure 7 Weighting of the readiness

Project Name / Title		Title		Title				
Elimination decision	Pass. Proceed to	Stage 2: Selecti	on Stage.	Stop. Cannot proceed to Stage 2: Selection Stage.				
Is project proceeding to Step 2: Selection Stage?	Project is proce	eding to Selection	Stage	No, the project cannot	be selected for Sel	ection Stage		
Summary Selection Stage	Standardized Score 100%) Weighting (o - 100%) Weighted Standardized Score		Standardized Score	Weighting (o - 100%)	Weighted Standardized Score			
Government readiness	9-3	30%	2.8	3-3	20%	0.7		
Project Readiness	10.0	40%	4.0	6.7	50%	3-3		
Market / Sector Readiness	9.2	30%	2.8	7-5	30%	2.3		
Composite weighted standardized score	28.5	100%	9.6	17.5	100%	0.0		

Based on the weighting assigned, the composite weighted standardized score will be calculated automatically in the grey coloured cell. Maximum score to be calculated per project is 10.0.

Figure 8 Weighting standardized score

Project Name / Title		Title		Title			
Elimination decision	Pass. Proceed to	Stage 2: Selection	on Stage.	Stop. Cannot procee	d to Stage 2: Sel	ection Stage.	
Is project proceeding to Step 2: Selection Stage?	Project is proc	eeding to Selection	Stage	No, the project cannot	t be selected for Sel	ection Stage	
Summary Selection Stage	Standardized Score	Weighting (o - 100%)	Weighted Standardized Score	Standardized Score	Weighting (o - 100%)	Weighted Standardized Score	
Government readiness	9-3	30%	2.8	3-3	20%	0.7	
Project Readiness	10.0	40%	4.0	6.7	50%	3-3	
Market / Sector Readiness	9.2	30%	2.8	7.5	30%	2.3	
Composite weighted standardized score	28.5	100%	9.6	17.5	100%	0.0	

The follow up actions per project are determined by the resulting weighted standardized score. The instructions are shown in the table below.

Minimum	Maximum	Instructions
		Project has reasonable PPP potential, and
8.0	10.0	implementing agency may proceed to project needs
		& options analysis.
	7.9	It is recommended to collect more detailed information
4.0		on those questions that scored the lowest, and if
4.0	7.9	necessary, resubmit the response based on more
		detailed information.
		It is recommended for the implementing agency to
0	0 3.9	conduct further due diligence on the project and revisit
		the PPP suitability assessment.



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