



## **NATIONAL PUBLIC-PRIVATE PARTNERSHIPS GUIDELINES**

### **Annex B – Project Concept Note Template**

PPP Unit of the Ministry of Finance, Planning and Economic Development

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# 1. Introduction

## 1.1 Background

- 1.1.1. In 2010, the Government of Uganda adopted a PPP policy. The policy creates a framework for the involvement of the private sector in provision of public infrastructure and services.
- 1.1.2. The *Public Private Partnerships Act* came into force on 1 October 2015. The *PPP Act* establishes the legal and institutional framework for the concrete implementation of PPP projects. The *PPP Act* provides for the establishment of the Public Private Partnerships Committee, the Public Private Partnerships Unit and the Project Development Facilitation Fund. The *PPP Act* also sets out the procedure for the implementation of PPP projects across all steps of the project cycle from inception to the end date of the PPP agreement. Furthermore, the *PPP Act* defines the contents of the PPP agreement.
- 1.1.3. Pursuant to the *PPP Act*, the Minister responsible for finance issued the *Public Private Partnerships Regulations, 2019* and the *Public Private Partnerships (Meetings of the Committee) Regulations, 2019* (together, *the PPP Regulations 2019*) . The *PPP Regulations* prescribe the bidding methods and procedures for the selection of a Private Party.
- 1.1.4. The *Guidelines* presented in this document are firmly grounded in the policy and legal framework that has been put in place by the Government for the implementation of PPP projects.

## 1.2 This document

- 1.2.1. The National Public-Private Partnership Guidelines consist of a Main Document and a set of Annexes.
- 1.2.2. This document is Annex B, which contains the Project Concept Note Template.

## 2. Project Concept Note Template

The pages below contain the Project Concept Note Template.

The Project Concept Note Template is divided into eight sections:

1. Brief writeup on the Project
2. Project background and justification
3. Preliminary prefeasibility of the Project
4. Project PPP model
5. Project risk assessment
6. PPP suitability
7. Fiscal impact
8. Project readiness and timeline
9. Documents to be attached with the concept note

# Project Concept Note

## Instructions

To complete the proposal, respond to every question and provide as much detail as possible. Questions that cannot be answered with the available information may be left blank.

The Contracting Authority submitting this Project Concept Note must have the mandate as per Ugandan law to carry out the Project and has obtained necessary approvals to submit this Project Concept Note. To complete the Project Concept Note.

1. Understand the PPP approval process as per the applicable acts and regulations
2. Fill in the blanks with as much detail as possible focusing on the content
3. When answering yes/no questions, provide justification
4. Attach any supporting materials and studies
5. Contact the PPP Unit for any further advice and guidance on completing the Project Concept Note.
6. The Project Concept Note must be submitted with a covering letter from the Accounting Officer responsible for the Project.

<b>Project Name:</b>	
<b>Contracting Authority (CA):</b>	
<b>Location:</b>	
<b>Sector:</b>	
<b>Contact Name:</b>	
<b>Contact Position:</b>	
<b>Contact details (email and phone):</b>	
<b>Submission Date to PPP Unit:</b>	
<b>Project Cost (indicate currency):</b>	
<b>Is this concept note based on an Unsolicited Proposal?</b>	

<b>1. Brief writeup on the project</b>

Project: \_\_\_\_\_

**2. Project Background and Justification**

*Describe the problem or critical issue which the Project seeks to resolve, clearly outlining the service gap the Project will address. What are the other potential technical options evaluated and the rationale for selecting the proposed Project option?*

*Describe the desired outcomes from the Project.*

Project: \_\_\_\_\_

***Who are the primary beneficiaries (or user base) to be served under this Project? And is there a consensus on users' and stakeholders' expectations from the Project?***

***Describe the demand for the services the Project will provide for the next 20 – 30 years and how the Project plans to adapt/accommodate to future shifts in demand?***

***Describe the scope and technical characteristics of the project?***

Project: \_\_\_\_\_

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*Describe the quantity of output/ service to be provided or produced by the Project.*

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*How does the Project align with the National Development Plan? And/ or how does the project fit in the Contracting Authority’s strategic plan and policy directives?*

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*Provide additional details on the strategic significance of the Project, for example ability of the Project to attract new investments in the region or supporting forward or backward linkages with other projects or positive impact on the life of the citizens in terms of reduced cost of living, improved quality of life etc.*

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Project: \_\_\_\_\_

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**3. Preliminary Feasibility of the Project.**

*Have any technical studies been prepared for the Project? [Yes/ No]; If Yes, provide details the nature of studies prepared for the Project.*

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*Provide initial technical analysis on the project scope, technical design requirements, performance requirements, site suitability, site issues, availability of skilled workers for construction, operations and maintenance etc.*

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Project: \_\_\_\_\_

<b>Provide breakdown of estimated Project costs under the following heads along with justification for the same.</b>		
<b><i>Detail</i></b>	<b><i>Cost in Million UGX</i></b>	<b><i>Remarks</i></b>
<b><i>Capital cost estimates</i></b>		
Site development		
Buildings and constructions		
Equipment		
Utilities/ support infrastructure		
.....[any other detail]		
Subtotal costs		
Escalation and contingencies		
Total cost estimate		
<b><i>Operations and Maintenance cost estimates (reference first year of operations after project is commissioned)</i></b>		
Fixed costs		
Variable costs		
Routine maintenance costs		
..... [any other detail]		
Total operations and maintenance cost for the first year		
<b><i>Provide supporting details for the above.</i></b>		
<b><i>Detail</i></b>	<b><i>Cost in Million UGX</i></b>	<b><i>Remarks or Agency to bear the cost</i></b>
<b><i>Project costs to be funded by the CA</i></b>		
Land acquisition		
Environmental and social rehabilitation		

Project: \_\_\_\_\_

Support infrastructure or infrastructure required to make the project operational		
Shifting of utilities		
.....[any other detail]		
Subtotal costs		
Escalation and contingencies		
Total estimate		
<b><i>Budget for preparatory works</i></b>		
Feasibility studies		
PPP Transaction advisory		
Specialist studies		
Communication strategy		
...[any other detail]		
Total budget		

*Provide supporting details for the above*

***Have any environmental and social impact studies been prepared for the Project? [Yes/ No]; If Yes, provide details the nature of studies prepared for the Project.***

Project: \_\_\_\_\_

*List the key conclusions from the environmental impact assessment of the project. In case no studies have been conducted, provide an initial assessment of the CA regarding the potential environmental impacts of the Project.*

*List the key conclusions from the social impact assessment of the project. In case no studies have been conducted, provide an initial assessment of the CA regarding the potential social impact of the Project.*

*Have any preliminary economic cost benefit studies been prepared for the Project? [Yes/ No];*

*If Yes, provide details on the nature of studies and its key conclusions for example the Net Present Value of Economic Benefits or Economic Internal Rate of Return.*

*If No, provide initial assessment of the CA of the economic costs and benefits of the Project and/ or provide expected economic returns of this Project based on similar projects developed in the past by the CA.*

Project: \_\_\_\_\_

***Has any financial feasibility assessment been prepared for the Project? [Yes/ No]; If Yes, provide details the nature of studies, assumptions for analysis and its key results.***

Key results of the financial assessment:

Description	Result	Remarks
Project IRR (Base case)		
Project IRR (Stress case)		
Threshold Project IRR		
Minimum DSCR (Base case)		
Minimum DSCR (Stress case)		
Threshold minimum DSCR		

*Provide supporting details like cash flow statements, revenue and cost assumptions, financing assumptions etc.*

Project: \_\_\_\_\_

***In case no financial feasibility assessment has been conducted then provide an initial assessment of the CA on the financial feasibility of the Project.***

Question	Yes/ No/ Uncertain	Remarks
Have you prepared any annual income and cost estimates for the Project?		
Is the annual income from the project higher than the annual operating costs?		
Will this net annual operating income (annual income less annual operating costs) be able to recover the capital cost of the project in say 15 years?		
Have such similar projects been executed by the CA in the past?		
Can the similar project be used as a basis to justify the conclusions mentioned in rows 1,2 & 3 above?		

***Any other detail the CA may want to provide to establish the initial financial viability of the project.***

***Are there any legal constraints in implementing the project as a PPP? Provide a response based on the CAs assessment of sector laws, regulations or policies; frameworks for levying user charges or making availability-based payments etc.***

Project: \_\_\_\_\_

**4. Project PPP model**

*Provide brief details on the PPP model for the Project along with key roles and responsibilities of the Private Party and the CA.*

*Provide responses to the following on scope of the Project for the Private Party.*

Question	Response	Remarks
What is the type of the Project?	<input type="checkbox"/> Construction, Operations & Maintenance <input type="checkbox"/> Operations & Maintenance <input type="checkbox"/> Construction only	
What is the capital financing structure for the project?	<input type="checkbox"/> Fully financed by the Private Party <input type="checkbox"/> Partially financed by the Private Party balance with support from the Government	
What is the main source of revenues for the Project?	<input type="checkbox"/> User charges <input type="checkbox"/> Availability Payments <input type="checkbox"/> Both	
Is government support required for the project?	<input type="checkbox"/> Direct fiscal support required. <input type="checkbox"/> Guarantees are required.	
What is the project tenure?	<input type="checkbox"/> Construction period – [ ] years <input type="checkbox"/> Operations & Maintenance period- [ ] years <input type="checkbox"/> Total tenure – [ ] years	

Project: \_\_\_\_\_

*Provide supporting details for the above.*

**Will the CA or the Private Party assume the following risks? Or who is likely to be responsible for the actions below? Check which party assumes risk and check both if shared.**

Description of risk	Contracting Authority	Private Party	Remarks
Land acquisition			
Design			
Construction & commissioning			
Operations			
Maintenance			
Financing			
Commercial / Demand/ Market			
Foreign exchange risk			
Environmental			
Political			
Force Majeure			

*Provide supporting details for the above.*

**5. Project Risk Assessment <from the perspective of the private party>**

**Is land required for the Project? [Yes/ No]; If Yes provide the following details**

Total land required for the Project? (Hectares)	
Land available for the Project (Hectares)	
Approximate number of potential land owners and project affected parties to negotiate with for acquiring land.	
Who is responsible for land acquisition? [CA or Private Party]	

*Insert the above rows with a 'Not estimated', if land is required for the Project, but CA is not able to provide details.*



Project: \_\_\_\_\_

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*Provide an assessment of risk of delay in land acquisition based on – land parcels identified; funding/ budget available for land acquisition; voluntary and involuntary resettlement issues; land status – forest or protected land; experience of the CA in land acquisition in the past; and any other factors that may contribute to delay in land acquisition before the start of construction of the Project.*

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*Provide an assessment of financing risk for the project covering – similar projects achieving financial closure in past in Uganda or East Africa; interest expressed by financiers; etc.*

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Project: \_\_\_\_\_

*Provide an assessment of design and construction risks covering – suitability of technology proposed, its commercial track record; site access and related challenges; availability of skills; etc.*

*Provide an assessment of operations and management risks covering – well defined, measurable and verifiable O&M scope; availability of skills; etc.*

*Provide an assessment of Market and Demand Risk covering – demand for the project services based on historical data, firm commitments, surveys, exclusivity of service area; precedence based on similar projects in Uganda or East Africa for ramp up of demand; competing projects; affordability of user charges; transparent processes for setting user charges and managing increases; guarantees or support arrangements or flexibility to reprice services to manage or offset demand shortfalls*

Project: \_\_\_\_\_

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*Provide an assessment of the Government Counterparty risk towards making availability payments covering – CA creditworthiness; payments secured through budgetary arrangements or dedicated funding sources; guarantees and payment securities for timely release of payments; mechanisms for management of disputes in relation to performance management.*

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*Provide an assessment of foreign exchange risk covering – availability of mechanisms to hedge foreign risks; foreign exchange costs factored in the financial model; any other factors that may impact the ability of the project to raise foreign exchange financing*

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Project: \_\_\_\_\_

***Provide an assessment of environmental and social risks covering – credible impact assessment studies; costs of mitigating the risks addressed in project cost estimate; ability of the Private Party to manage the mitigation measures in its scope.***

***Would the Project Agreement include the following internationally accepted good practices?***

Description	Yes/ No/ Uncertain
Provision of 100% unencumbered land will be a conditions precedent	
Financial closure will be a conditions precedent	
Provisions that will allow the private party to manage its design, construction, O&M risks in a manner that passes on risks and provides incentives to Contractors and Subcontractors to partner risks.	
Provision for independent expert to independently review performance of the Private Party.	
Private party will not take on liabilities related to environmental and social risks prior to signing the Project Agreement.	
Measures to reset the project financials in events of delays in executing environmental and social mitigation measures beyond the control of the Private Party.	
Provisions to enforce rights of lenders, for example rights of substitution, step in rights, provisions to recover outstanding loan amounts in event of termination	
Private party will be adequately compensated in event of termination of project agreement for default by the CA.	

**6. PPP Suitability**

*Does the PPP structure adequately integrate design, build and finance and O&M risks under the Private Party that enables it to derive efficiency gains from better management of whole – of – life costs? How?*

*Is there a potential for the Private Party to operate and manage the Project more efficiently than the CA to decrease costs? And / or generate higher revenues through better utilization of assets? How?*

*Are payments to the Private Party linked to performance and based on measurable and quantifiable outputs? How?*

Project: \_\_\_\_\_

***Has there been a quantitative assessment of the value for money for the Project? [Yes/ No] What is the quantitative VFM for the Project? Are the modeling assumptions backed by historical or empirical data?***

***Are there any other project specific factors that will motivate the Private Party to deliver better value for money?***

Project: \_\_\_\_\_

*What is the initial response to the PPP structure of the Project by the private sector? Have similar projects been successfully implemented in the past in Uganda or East Africa? Is the project eligible for funding or guarantees by Government or multilateral/ donor agencies?*

**7. Fiscal Impact**

*Will government support in the form of Direct Fiscal Commitments or Contingent liabilities like guarantees required for the project? [Yes/ No]; If Yes, list the direct fiscal and guarantee support required from the government.*

*What is the rationale for government support and is it consistent with applicable laws and government support policies?*

Project: \_\_\_\_\_

*What is the overall impact of the direct fiscal commitment and contingent liabilities of this Project?*

**8. Project Readiness and Timeline**

*Provide details of the capability within the CA to manage PPP project preparation and procurement processes. Also provide details on any past experience of the CA on PPPs or PPP related experience of the personnel deputed on the Project.*



Project: \_\_\_\_\_

*Provide details on the level of preparedness of the CA for the Project. Details should include project plans with identified deadlines and responsibilities allocated, access to funds or budgeted funds towards project preparatory works for example cost of studies, land acquisition, resettlement costs; communications and stakeholders engagement strategy; strategy to manage licenses, approvals across multiple jurisdictions.*

*Provide details on the project execution capability of the CA. Past experience in implementing the project using public funds and/ or PPPs; capability to manage the operations and maintenance requirements of the project.*

***Documents attached with this concept note***

- Executive summary
- Prefeasibility studies
- Engineering studies
- Financial assessment
- Economic assessment

Project: \_\_\_\_\_

Fiscal assessment

Initial environmental impact assessment

Initial Social impact assessment

If based on a USP, documentation as per Section 24 of the PPP act.

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