PUBLIC PRIVATE PARTNERSHIP (PPP) GUIDELINES

Brunei Darussalam

March 2022

JAWATANKUASA KHAS PENGKORPORATAN DAN KERJASAMA AWAM SWASTA (JKPKAS)
SPECIAL COMMITTEE FOR CORPORATISATION AND PUBLIC PRIVATE PARTNERSHIP
MINISTRY OF FINANCE AND ECONOMY

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1. Introduction

1.1. Scope and Purpose

The purpose of the Public-Private Partnership (PPP) guidelines is to inform relevant parties intending to understand or participate in PPP in Brunei Darussalam. These guidelines set out the basic principles of PPP based on international best practices but do not aim to provide an exhaustive and detailed guide to PPP. It also outlines the process of developing and implementing a PPP project in Brunei Darussalam. These guidelines may be revised from time to time and may be subject to changes in requirements and processes as considered necessary.

1.2. Commitment towards PPP

The Government of His Majesty the Sultan and Yang Di-Pertuan Negara Brunei Darussalam is committed to improving the level and quality of economic and social infrastructure in the country as envisaged in Brunei Darussalam Wawasan 2035. Towards this, the Government is actively looking into the possibility of PPP as an alternative infrastructure and/or service delivery option that would make the best use of resources from both the Government and private sector.

In addition, His Majesty the Sultan and Yang di-Pertuan Negara Brunei Darussalam has continuously encouraged the participation of the private sector in developing government projects. In conjunction with the celebration of His Majesty's birthday on 15 July 2016, His Majesty said in his Titah:

"Brunei also encourages creativity and innovation in implementing developmental projects through public-private partnership. This method aims to encourage partnership between the public and the private sector in implanting government projects"

2. Understanding Public-Private Partnership (PPP)

2.1. General

PPP is a long term contract between the Government and a private entity (the PPP service provider) for the development and/or management of a public asset or service, in which the private entity may jointly bear a significant risk and management responsibility in a complimentary manner throughout the life of the contract, and remuneration is significantly linked to performance and/or the demand or use of the asset or service. In addition, the partnership aims to provide optimal service delivery and good value to the public. It is also important to consider the limitation of PPP considering economic, social, political, legal and administrative aspects which need to be assessed prior to realizing a PPP project.

2.2. Features of PPP

The features of PPPs are generally characterized by five elements as follow:

(i) **Duration**

In a PPP project, the relationship between the Government and the private sector is usually on a long-term contractual basis and continuous throughout the contract life to monitor the efficiencies of the long-term private-sector led management.

(ii) **Asset financing, responsibility and ownership**

The asset financing or the method of project funding may be in part or full from the public or private sector. The private sector is encouraged to be responsible for the maintenance of the asset throughout its useful life, which gives an incentive for the private sector to build assets that can optimize its periodic life-cycle maintenance cost. In most PPP cases, the ownership of the asset is often transferred back to the Government at the end of the contract.

(iii) **Performance-based returns**

In PPP arrangements, the specification and delivery of services associated with the procured asset/service are crucial as the payment is contingent on the private sectors meeting a set of performance standards in their service delivery.

(iv) **Output and quality of service specification**

The roles and responsibilities of the Government and private sectors differ. Depending on the arrangement with the Government, the private sectors may participate in different project stages (designing, construction, financing, operation and maintenance). Private sectors are encouraged to be innovative in their input specification to achieve the required objectives. On the other hand, the Government focuses on specifying the outcomes to be attained in terms of the public interest, quality of services provided and pricing policy. Additionally, the Government may also be actively monitoring the compliance with the outcomes and ensuring the efficiencies of the private asset management over the whole life of the project.

(v) **Risk allocation**

In most conventional procurement, risks are usually borne by the Government. In PPP projects, risks are distributed between the Government and the private sector according to their respective abilities to assess, control and mitigate the risk.

2.3. Typical PPP Models

The key elements of PPP models consist of Design, Build, Finance, Operate and Maintain. The PPP Model may be designed to include all or a combination of various functions to be carried out by the PPP service provider throughout its project lifecycle based upon the agreement with the Government. The functions mentioned are illustrated in Figure 1 below:

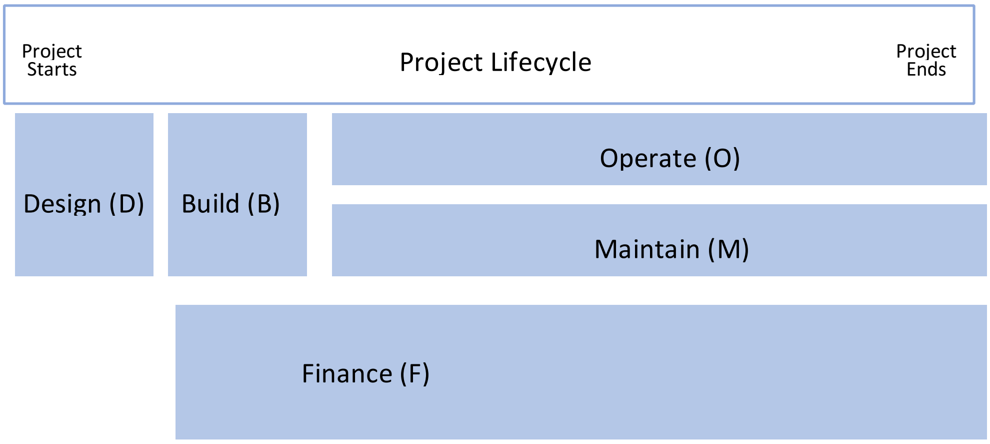

Figure 1- Key elements of PPP during the project lifecycle
Note: Sourced from Foster Infrastructure, Asian Development Bank (ADB) PPP.

In an example where the PPP model involves all the functions of Design, Build, Finance, Operate and Maintain (DBFOM), the PPP service provider is responsible to raise its own capital (either from equity or debt) to finance the designing, construction, operation and maintenance of the facilities or services required by the Government. The PPP service provider will then be compensated for the delivery of facilities or services which meet the agreed performance standards. The payment stream received by the PPP service provider will be used to repay their debt, equity, suppliers or subcontractors.

Private companies that can perform the functions of designing, construction, financing, operation and maintenance may form a consortium or Special Purpose Vehicle (SPV) to bid for the PPP project. The SPV is the entity that enters into a contractual agreement with the Government. In some cases, the Government may also invest equity in the SPV, thus it will also hold ownership in the SPV. Another common model of PPP is DBFM – Design, Build, Finance and Maintain – which in this model, the “Operate” function is taken out from the project contract, but remains the responsibility of the Government.

Figure 2 below shows the different spectrum of risks and control held by the public and private sector and is intended to illustrate the types of projects that would typically be considered as part of a PPP modality and those which are not. This is followed by a brief elaboration of each type of project model.

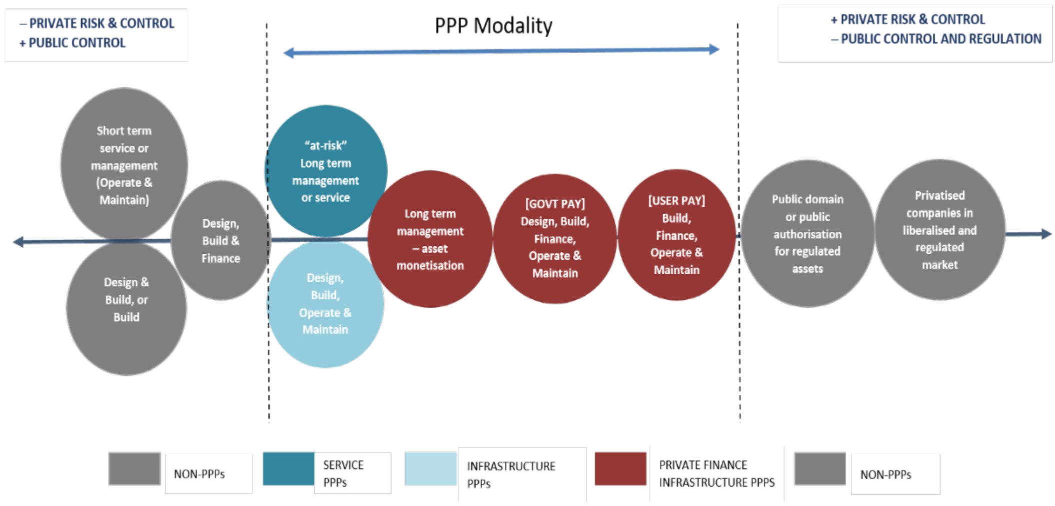

Figure 2 Spectrum of Private Participation in Public Infrastructure and Services
Note: Sourced from APMG Public-Private Partnerships Certification Program

<u>Non-PPPs (Public Sector bears risks)</u> :

(i) ***Short term service or management (Operate & Maintain)***

- Service contracts whereby the private sector does not operate any public assets but to provide a specified level of service. Excluded are simple service contracts that are not linked to performance standards.
- Management contracts typically involve a private sector to take the responsibility of the operation of the public services, where the private sector receives a pre-determined management fee or profit-sharing incentives.
- E.g. Operate & Maintain Contract for a Road.

(ii) ***Design & Build or Build***

- Traditional procurement usually involves Design & Build or Build only contracts and does not transfer any risks to the private sector. When infrastructure is procured by conventional means, the procuring authority pays for the work against its budget and assumes the entire responsibility of asset once construction is completed. Differences between traditional procurement and PPP is further elaborated in Section 2.6.
- E.g. Contract for design and build, or build only, of infrastructure (e.g. road, rail track, entire rail system)

(iii) ***Design, Build & Finance***

- Similar to Design & Build, but having the contractor to pre-finance the works against future payments.

Desired PPP Modality (Public and Private Sectors both shares risks):

(iv) ***"at-risk" Long-term management or service***

- Contracts whose scope is only maintaining or operating infrastructure or a service may be regarded as PPP as long as they transfer significant risks, are performance oriented and have relatively long terms;
- E.g. 10-year contract for managing a water supply service; 15 years contract to manage bus transport operations in a city; 15 years contract to manage renewals and ordinary maintenance in a road, under fixed price and quality deductions.
- Sometimes named lease / affermage / concessions.

(v) ***Design, Build, Operate & Maintain***

- In addition to designing and building the project / infrastructure, the private sector will also operate the service and maintain assets to a standard for a specified period.
- E.g. Contracts for delivering an asset where contractor will also provide maintenance of for a number of years.

(vi) ***Long term management – Asset Monetisation***

- When a government owns and operates (usually through a State Owned Enterprise) existing infrastructure for which either users are charged or other economic operators pay for the use, and the business is profitable, the government may want to involve a private partner into the infrastructure operation and management. The government may decide to retain the ownership of the cash generated by the business but improve cost management and service quality. This may be done by paying the private partner for the operational costs (subject to deductions or to volume risk) and retaining direct ownership of the excess revenue.
- E.g 30-year lease or concession to operate an existing toll road against the payment of an upfront fee, or to operate a water system in a city

(vii) ***Govt-pays "Design, Build, Finance, Operate & Maintain"***

- In a Govt-pay DBFOM, the government will pay the private sector for operating and maintaining a service if the KPIs set are reached, particularly when there is no final user to be charged.
- E.g 25-year DBFOM contract to build, finance and manage a hospital facility/building, or school, a road or a WWTP, etc. Being compensated by performance/availability payments. A Power purchase agreement (PPA) in an Independent Power Project (IPP).

(viii) ***User-pays "Design, Build, Finance, Operate & Maintain"***

- In a User-pay DBFOM contract, the private sector will charge users of the assets for the lifecycle of the contract.

  E.g. DBFOM 30-year contract of a road compensated by charges to users collected by the private partner; or a concession of water supply where extensive refurbishment and upgrading of infrastructure and plants.

Non-PPPs (Private Sector bears all risks):

(ix) ***Public domain or public authorisation for regulated assets***

- In addition to the privatization of existing assets in a regulated market, there may be specific infrastructure development projects where a private promoter is authorized to develop infrastructure or a plant, and operate the asset under regulated conditions, sometimes including subsidies and regulated prices.
- E.g. A concession to use the land in a port location to develop and operate port related facilities for 99 years at the entire risk of the developer; an authorisation to develop a renewable energy IPP to be compensated according to a regulated price subsidised according to renewable energy regulations.

(x) ***Privatised companies in liberalised and regulated market***

- A private sector operates in a liberalized and regulated market where there is no specific procurement to build and/or manage the asset for a limited period of time under a public contract with the private sector.
- E.g. A telecom operator, or electricity distributor that competes for the clients/users under some limits/regulations.

2.4. Structure of Typical PPP

The typical PPP project involves the collaboration between various entities and should be structured for the mutual interest and benefit of all. A PPP project structure which includes the functions of Design, Build, Finance, Operate and Maintain involves the roles and responsibilities of all parties as illustrated in Figure 2 below.

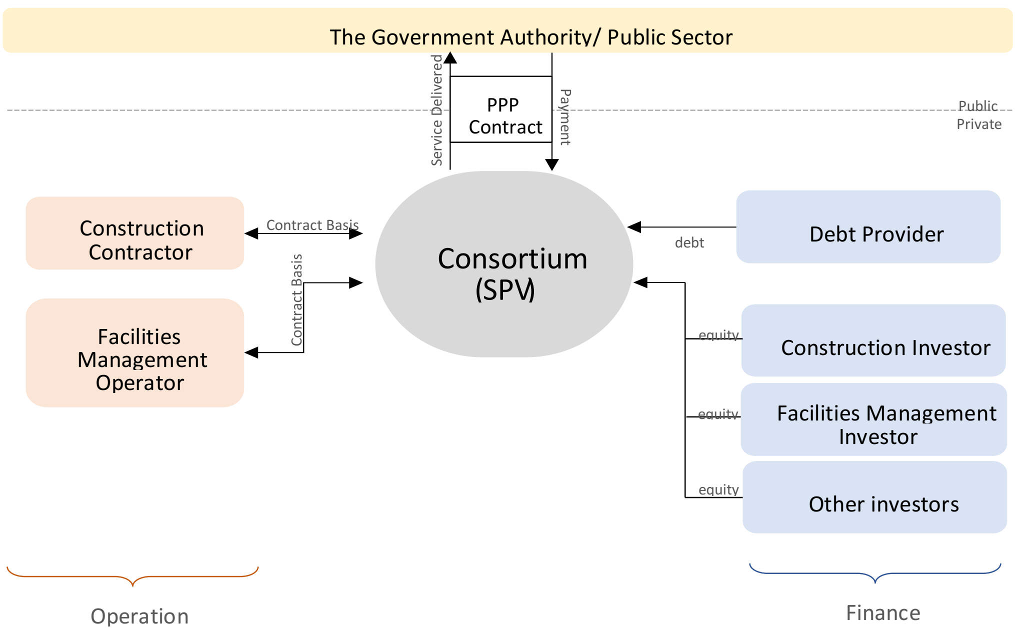

Figure 3 - Typical structure of PPP. [3]
Note: Adapted from Singapore PPP Handbook 2012

In general, the roles and responsibilities of the various parties collaborating in the PPP project are as follows:

a) The Government / Public Sector – The user of the facilities or services such as the Government and/or members of the public. The Government will specify the desired outputs/outcomes and set the performance measures. The user of the facilities or services will then pay the PPP service provider upon delivery of facilities or services that meet the performance standard.

b) Consortium (SPV) – The PPP service provider could be a consortium or Special Purpose Vehicle (SPV) which was formed as a centralized company by private companies which can provide the facilities/services required by the Government. The consortium/SPV may also be responsible for raising funds from the financiers.

c) Financiers – The private financiers may include equity investors and debt providers who are able to provide financing for the PPP project.

d) Construction Contractors – Responsible to carry out the design and construction works in accordance to the contract with the SPV.

e) Facility Management Operator – Responsible to carry out the operating management and the maintenance of the facility according to the contract with the SPV.

2.5. Payment Mechanism

Payment mechanism of PPP projects can be either by the following:

- Volume – Number of users or other relevant outputs:
  Private entity is paid upon the actual usage of goods/services.
- Availability – Amount of services defined in the contract:
  The Government pays the private entity when the required capacity levels are made available at a minimum specified standard.

2.6. PPP and conventional procurement

It is important to understand the differences between PPP and conventional procurement, as different approaches are required to manage a contract procured under PPP and conventional procurement. Traditionally, the Government engages the private sector to build facilities or supply equipment, which the Government will then own and operate to deliver services to the public. With PPP, the Government will focus on procuring services at the most cost efficient manner.

The general differences between PPP and the conventional procurement model are as follows:

	Conventional Procurement	**PPP**
Funding	Procurements are funded directly by the Government i.e. RKN or annual budget.	Funding can come from private financial resources.
Impact on Government budget	Immediate impact on Government's budget according to payment timeline.	Impact on Government's budget is spread over a longer period, upon receiving service delivery that meet the agreed Key Performance Indicators (KPIs).
Risk	Whole-of-life asset risk is borne by the Government.	Risks are allocated between parties which can manage the risk most efficiently.
Asset Ownership	Government	Government or private
Relationship with private sector	Normally short-term contracts.	One long-term contract where the private company can provide a wider range of services, integrating one or more of the following: design, construction, finance, operation and maintenance.
Project Specification	Input-based specifications, e.g. for a road project, the number of kilometres of road area.	Output-based specifications, e.g. for a road project, a certain specific quality of road surface.

2.7. How PPP benefits

PPP can benefit the Government, the private sector and the public. The key types of benefits include:

- Better delivery and quality of public goods and services as the Government and private sector can focus on their respective core responsibilities and expertise – the Government's role in policy making, regulation, identifying public needs and procuring a large scale project while the private sector can deliver services based on their expertise, innovation, networks and competitive advantage. Moreover, the payment is significantly linked to agreed performance standards which meet the objectives and outcomes set by the Government.

- Private sector can use their expertise, innovation, networks and competitive advantage to better maximize asset utilization and commercial potential for the PPP project.

- Private sector may have more business opportunities from delivering the various functions procured under the PPP (design, build, finance, operate and maintain) which would normally be carried out by the Government or various private companies. The experience and expertise gained by the private sector from participating in the PPP project may build a reputable track record and open up opportunities to overseas contracts.

- Better cash flow management for the Government as the private sector may share the financial risk by raising their own financing where the cost of the project can also be recovered by charging the users.

- As PPP may involve combining several functions; design, build, finance, operate and maintain within one project, it promotes the private sector to be more cost efficient by achieving economies of scale and potential synergies.

- Risks associated in the delivery of services can be shared in a complimentary manner by the party that can best manage and bear the respective risks, such as risks associated in design, construction, financing, regulations, demand and revenue.

- As there is clear accountability for the delivery and quality of goods and services, any complaints and feedback would be easily addressed to the liable party.

3. National PPP Policy Framework

3.1. National PPP Core Objectives

Establishing clear and reasonable objectives for a government's PPP program is crucial in order to help the government identify PPP projects that are worth implementing in-line with the national and government's strategic vision, objectives and priorities. Therefore, all PPP project proposals have to fulfill the following ***National PPP Core Objectives***:

Core Objective 1	**Minimizes government costs in the provision of quality public infrastructure, goods and services** ▪ Enables alternative financing source for public investments. ▪ Encourages optimal whole-life cycle cost approach and value for money.

	▪ Allows government to focus on more strategic and core responsibilities.
Core Objective 2	**Improves productivity/efficiency/quality of the mentioned goods/services** ▪ Encourages private sector innovation and efficiency in the delivery. ▪ Utilizes capacity/expertise not available within public sector.
Core Objective 3	**Increases Performance of Sector/Industry** ▪ Stimulating economic growth through local business development, job creation, developing export potentials, creation of new supply links, etc.

3.2 National PPP Criteria

The selection for PPP projects involves a 'filtering process' whereby the key criteria as listed in **ANNEX 1** should be met. Ministry/Agency as the Project Owner will need to complete and submit the required information from the *"PPP Checklist"* as attached in **ANNEX 2** to enable Special Committee For Corporatisation and Public Private partnership (Jawatankuasa Khas Pengkorporatan dan Kerjasama Awam Swasta – JKPKAS) Secretariat to make an initial assessment to the proposed project submitted.

3.3 Institutional Structure

The implementation of PPP is centralized under the purview of the Ministry of Finance and Economy, whereby the reporting structure is illustrated in **ANNEX 3.**

3.4 Process Flow of PPP

There are four (4) stages of PPP Process Flow comprise of Stage 1: Inception; Stage 2: Feasibility; Stage 3: Procurement; and Stage 4: Implementation. The details of the PPP Process flow is as attached in **ANNEX 4.**

3.5 Considerations for Unsolicited Project Proposals

An unsolicited proposal refers to any proposal received by the government which usually originates within the private sector. The challenge with unsolicited proposals however, rests in getting the right balance between encouraging private companies to submit innovative project ideas without losing the transparency and efficiency gains of a competitive tender process.

Therefore, for the purpose of this PPP guidelines, any PPP project proposals, including unsolicited proposals from private sectors, should be submitted to and endorsed by relevant Ministries/agencies. Such proposals can then be submitted to the JKPKAS Secretary by the relevant Ministries/agencies, who would thereafter be the main Project Owner, for JKPKAS consideration. The proponent Government/agency as Project Owner needs to ensure that the proposed project and its desired outcomes are in line with national and the respective institution's strategic objectives and adhere to the requirements as laid out in the National PPP Framework.

However, it is important to note that, once the project enters into procurement phase, the project will be advertised through a competitive tender process, at which the original private proponent will also need to submit their proposal and be subjected to the same process. Hence, no preferential treatment will be given to the original private proponent. The project will be awarded to the best bidder based on the project proposal submitted which fulfils the project objectives and output specifications by the Project Owner and that offers the best value for money to the government.

For clarifications on the PPP Guidelines, please contact:

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Ministry of Finance and Economy
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ANNEX 1: NATIONAL CRITERIA FOR PPP PROJECTS

The selection for PPP projects involves a 'filtering process' whereby the following key criteria should be met:

Criteria 1:	**Objective of project is aligned to Ministry's Strategic Objectives and National Agenda**
	To ensure the best allocation of public resources and that the needs of the economy and society can be met, it is therefore important for projects proposed to be in-line with national agenda and the government's strategic vision. Therefore, all PPP proposals must be directly contributing to the:- *(i) Ministry/Department Strategic Objectives;* *(ii) Fiscal Consolidation Programme;* *(iii) National Agenda (Support Brunei Vision 2035 and other national masterplan such as Economic Blueprint and Digital Economy Masterplan); and* *(iv) Whole of Nation Approach*
Criteria 2:	**Suitability of the project to be implemented via PPP based on international best practices**
	Not all projects are suitable for PPP. For this very reason, a project proposal has to be assessed according to the proposed PPP modality, concession period, project readiness, anticipated risks, etc. *Projects should also be based on sectors where there had been successful PPP cases and these may include but not limited to utility plants such as water treatment plants, power plants, incineration plants; major ICT infrastructure projects; government office buildings; education facilities; health facilities and infrastructure key to attracting investors and economic development.*
Criteria 3:	**Output specification can be clearly identified and quantified**
	Output specifications define the services that are required by the Government from the private operator. The Government provides specifications on what needs to be achieved, but not on how the services should be achieved. *Output specifications should be specific, measureable, achievable, realistic and timely (SMART) so that it can be easily monitored and desired outcomes can be achieved.*
Criteria 4:	**Economically and Financially viable for both government and private sctor (project proponent).**
	The project must be assessed whether it will be economically and financially viable not only to the government but also to the private sector (project proponent). *The project is economically viable (also known as Socio-economic viable) if the economic benefits of the project exceed its economic costs. Hence the analysis for any PPP projects must also take into considerations all other factors, such as and not limited to the utilization of public resources, value that will be created by the project to the society as a whole, enhancement to regional economic activity, externalities and environmental impacts.* *However, a project that may be economically viable if to be procured via PPP, may not be necessarily financially viable and fiscally responsible, especially if the PPP Project requires government injections. Thus, the direct commitments (investment value required to proceed with the PPP project) and contingency commitments (considering the potential risk) must be taken into account. On the other hand, from private sector perspective, the project must have a commercially-viable*

	business case. This means that users have typically to pay for the project to be delivered profitably by a private company without jeopardising fiscal stability in the long run and achieve Value For Money (VFM) for both the government and the private partner. Thus, this will generate a win-win situation for both parties. *In this sense, VFM must be considered in analysing the financial viability, to assess whether the proposed PPP project will provide VFM for the government in procuring the project through PPP as opposed to conventional procurement, considering the PPP projects will be build through the expertise and innovation that the private partner brings with them.*

ANNEX 3: INSTITUTIONAL STRUCTURE

The implementation of PPP is centralized under the purview of the Ministry of Finance and Economy, whereby the reporting structure is illustrated as follows:

Jawatankuasa Khas Pengkorporatan dan Kerjasama Awam Swasta (JKPKAS)

Jawatankuasa Khas Pengkorporatan dan Kerjasama Awam Swasta (JKPKAS) acts as the key decision maker for any privatization projects including PPP in Brunei Darussalam chaired by the Minister in Prime Minister's Office and the Minister of Finance and Economy II, where the committee members consist of Deputy Ministers of Finance and Economy as the Deputy Chairmen, relevant Permanent Secretaries and the Solicitor General.

Jawatankuasa Kerja Penilaian Awal (JKPA)

After receiving proposal from relevant ministries, PPP project proposal has to be discussed at preliminary level which is Jawatankuasa Kerja Penilaian Awal prior to JKPKAS. This committee is chaired by Deputy Ministers of Finance and Economy and is responsible in assessing PPP project proposal feasibility study before approval for RFP at JKPKAS.

Jawatankuasa Kerja Hal Ehwal Sumber Manusia (JKHESM)

Jawatankuasa Kerja Hal Ehwal Sumber Manusia (JKHESM) is responsible in preparing and approving the recruitment/transfer process of Government officers and staff involved in any corporatization or PPP projects. It is chaired by Deputy Minister of Finance and Economy (Fiscal), where the committee members consist of relevant Permanent Secretaries, Director of Public Service Department, Accountant General and Director of Expenditure Division, MOFE. The committee role includes assisting other issues related to Human Resource Affairs such as the process of recruitment/transfer/placement of officers and staffs involved before further endorsement from JKPKAS

Jawatankuasa Kerja Hal Ehwal Struktur Perniagaan (JKHESP)

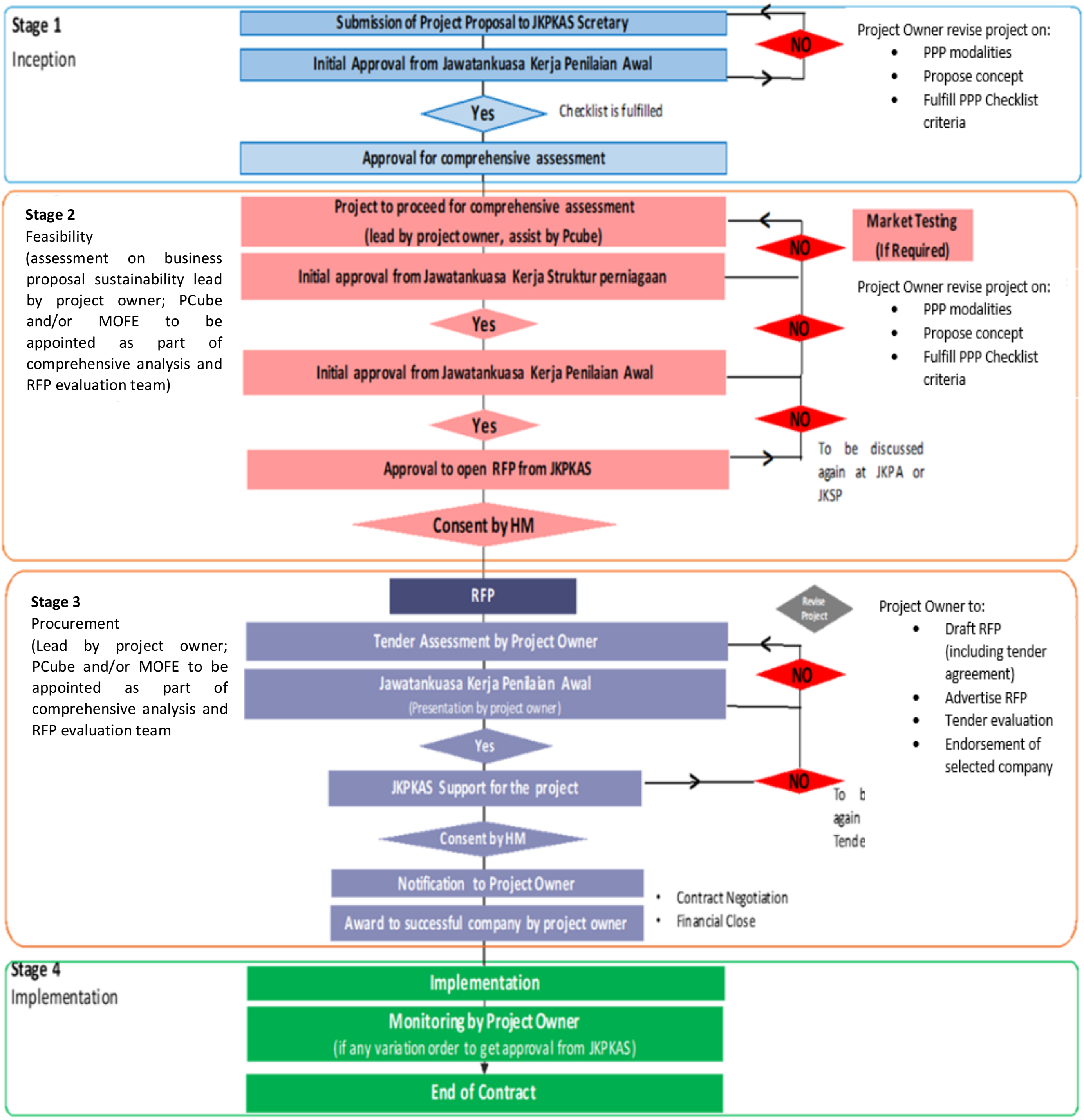
Jawatankuasa Kerja Hal Ehwal Struktur Perniagaan (JKHESP) is chaired by Deputy Minister of Finance and Economy (Economy) and its committee members consist of relevant Permanent Secretaries. The committee is responsible in evaluating and reviewing corporatization and PPP projects proposal on business modality and structure before being considered at JKPKAS level. The committee has to monitor and ensure project implementation meets the scope of the project and adhere to the set of period and requirements.

Jawatankuasa Khas Pengkorporatan dan Kerjasama Awam Swasta (JKPKAS) Secretariat

The JKPKAS Secretariat at Ministry of Finance and Economy act as a centralized facilitator for corporatization and PPP projects; and carry the objectives to ensure the implementation of corporatization and PPP projects in Brunei Darussalam is consistent and coordinated by providing framework and guidelines. The Secretariat is responsible for undertaking the preliminary assessment of corporatization and PPP proposals for its strategic alignment, suitability and readiness, for JKPKAS consideration. To date, the JKPKAS Secretariat includes Strategic Management Office and Expenditure Division under Ministry of Finance and Economy; PCube Sdn Bhd; and Darussalam Assets Sdn Bhd.

PCube Sdn Bhd is a subsidiary company under the Brunei Economic Development Board (BEDB), in the Ministry of Finance and Economy. While Darussalam Assets Sdn Bhd is a private limited company whom is an integral part of the government -led initiative to spur economic development in the country. The key role and responsibility of PCube Sdn Bhd and Darussalam Assets Sdn Bhd includes undertaking comprehensive feasibility/viability assessment as well as the implementation and management of PPP projects assigned/approved by the JKPKAS.

ANNEX 4: PPP Process Flow



STAGE 1: INCEPTION

	Stage	Responsible	Description
1.1	Submission of Project Proposal to JKPKAS Secretary	Respective Ministry (Purchasing Government Agency)	Project owner from respective ministry submits formal letter, PPP proposal and information as required based on PPP Checklist **(ANNEX 2)** and other supporting documents for any PPP project proposals to Permanent Secretary (Policy and Fiscal), Ministry of Finance and Economy as Secretary of Jawatankuasa Khas Pengkorporatan dan Kerjasama Awam Swasta (JKPKAS). Project owner has to provide sufficient information on the proposed PPP project to enable assessment by JKPKAS Secretariat.
1.2	Initial Approval from Jawatankuasa Kerja Penilaian Awal Approval for comprehensive assessment	JKPA / JKPKAS Secretariat	JKPKAS Secretariat will conduct a preliminary assessment based on the national key criteria **(ANNEX 1)** of the projects to be procured via PPP. Project proposal will be discussed at Jawatankuasa Kerja Penilaian Awal to get approval to do comprehensive assessment. If approval is not obtained, project owner may need to revise their project proposal on PPP modalities, proposed concept or PPP checklist and criteria.

STAGE 2: FEASIBILITY

	Stage	Responsible	Description
2.1	**Project to proceed for comprehensive assessment**	Respective Ministry (Purchasing Government Agency) / PCube Sdn Bhd / JKPKAS Secretariat	Project owner to do assessment on business proposal sustainability which will be assisted by PCube and/or MOFE. Core Project Team will conduct full analysis of the project, which should include: • Feasibility Study • Procurement Plan The purpose of the Feasibility Study is to consider all factors associated with the project. Among others, it should consider costing, risks, project structuring, output specifications, Key Performance Indicators (KPIs) and potential constraints. It should also include fiscal implication. The Procurement Plan then sets out timelines, processes, and strategies. The Procurement Plan should be regularly updated throughout the procurement phase.
2.2	**Market Testing (If Required)**	Respective Ministry (Purchasing Government Agency) / PCube Sdn Bhd / JKPKAS Secretariat	Once study proves project is PPP-feasible, potential investors can be approached via market testing. This can be done formally through Expression of Interest (EOI) or informally through discussions with potential investors/ PPP service providers. The project may also be refined during the process of market testing to ensure the attractiveness of the proposed project to the private sector.
2.3	**Initial approval from Jawatankuasa Kerja Struktur perniagaan** **Initial approval from Jawatankuasa Kerja Penilaian Awal**	JKSP	Comprehensive analysis of the project will be discussed at Jawatankuasa Kerja Struktur Perniagaan and Jawatankuasa Kerja Penilaian Awal before endorsement from JKPKAS can be obtained to open RFP. If approval is not obtained the project owner may need to revise the project proposal on PPP modalities, proposed concept or financial risk assessment
2.4	**Approval to open RFP from JKPKAS** **Consent by HM**	JKPKAS	Approval to proceed with RFP from JKPKAS has to be obtained in which the project must be feasible and there are interested parties. Otherwise, the project may have to be revised and resubmitted if required.

STAGE 3: PROCUREMENT

	Stage	Responsible	Description
3.1	RFP Tender Assessment by Project Owner	Respective Ministry (Purchasing Government Agency) / PCube Sdn Bhd / JKPKAS Secretariat	RFP to be done by project owner and assisted by PCube Sdn Bhd and/or MOFE (as part of RFP Evaluation Team). Stages of RFP: **1. Draft tender documents:** The documents that would need to be prepared would, inter-alia, include various aspects such as the concession terms and the rights and obligations of various parties. Project owner should also clearly set out the value-for-money drivers which have been identified; output specifications; Key Performance Indicators; and payment mechanisms. **2. Advertise RFP:** Request for Proposal (RFP) / Call For Tender will be advertised in major newspaper (both local and international), relevant websites as well as reputable magazines. **3. Tender evaluation:** RFP Evaluation team will evaluate the submitted proposals, and forward its recommendation/endorsement on the selected company to JKPKAS for support.
3.2	Jawatankuasa Kerja Penilaian Awal (Presentation by project owner)	Respective Ministry (Purchasing Government Agency) / JKPA	Tender assessment presented by project owner which will be discussed at JKPA before presenting to JKPKAS for approval. If approval is not obtained the project owner may need to revise the tender assessment process.
3.3	JKPKAS Support for the project Consent by HM	JKPKAS	Endorsement of the selected company is obtained from JKPKAS. JKPKAS will then decide whether to approve the selected company for the PPP Project and approval from JKPKAS will then be submitted to His Majesty for consent.
3.4	Notification to Project Owner Award to successful company by project owner	Respective Ministry	Once consent by HM received, JKPKAS Secretariat will informed project owner on the decision made for them to award the project to the successful company. This process may include further negotiation with the selected company, if necessary, before signing of contract.

STAGE 4: IMPLEMENTATION

	Stage	Responsible	Description
4.1	**Implementation**	Respective Ministry	During the implementation phase such as construction, project owner will be actively monitoring quality and timescale during the development of the project.
4.2	**Monitoring by Project Owner** (if any variation order to get approval from JKPKAS)	Respective Ministry	During the operational phase, Project Owner will focus on monitoring to ensure that the project KPIs set by the Government are met throughout the contract period. Approval from JKPKAS has to be obtained if any variation order involved.
4.3	**End of Contract**	Respective Ministry	At the end of the contract, respective ministry shall ensure the smooth transition of assets and delivery of services as determined in the contract. Respective ministry should assess whether to renew the contract with the current service provider or sign a new contract with a replacement.