

Introduction to EPEC's Project Preparation Tool

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“European policymakers now face a race against time to get projects into the pipeline”

Roundtable view – Freshfields’ outlook for infrastructure 2014

“We don’t have a funding gap anymore; we have an asset gap”

Roundtable view – Freshfields’ outlook for infrastructure 2014

“There is a lack of quality and standardized project preparation”

World Bank – Global Infrastructure Facility , 2014

“We must improve the availability of transparent information and data on new PPP projects”

Communication from EC on Long Term Financing in the European Economy, 2014

Aims of the Tool

- For procuring authorities:
 - Spot potential areas of weakness and address them early in the preparation process
 - Develop a structured approach to PPP preparation
- For other PPP market stakeholders (e.g. PPP units, IFIs, financiers):
 - Gain/share an overall understanding of the preparation status of projects in the pipeline

Key characteristics of the Tool

- A preparation status assessment tool, not a tool to assess the quality of projects or a project management tool
- By reference to a typical good-practice PPP project development process (i.e. Guide to Guidance)
- Based on the answers provided by the procuring authority itself to a structured list of questions
- Follows a sequential approach from early identification up to the launch of the procurement process
- Highlights interdependence of topics
- Can be utilised for a broad range of projects

Development of the Tool

- Prepared in the context of the **advisory assignment** funded by the Western Balkans Investment Framework
- Designed and developed by the **EPEC Team**
- Discussed and tested with a number of **EPEC Members**
- **Available** in English and Serbo-Croatian on the WBIF and EPEC websites, **to be used** by any interested entity
- The Tool will be **updated** based on user feedback

How the Tool works in practice

- An Excel spreadsheet
- The questionnaire is at the heart of the Tool
 - “green-coloured” questions focus on process
 - “yellow-coloured” questions focus on key results
- Possibility to record data for (i) the same project at different preparation stages and (ii) for several projects
- An overall assessment page shows the project preparation status in a (very) summarised way

Snapshot of the questionnaire

QUESTIONNAIRE PAGE

Now working on project: **Example1_2014-1-1**

RETURN TO MAIN MENU	GO TO OVERALL ASSESSMENT PAGE	STORE THIS PROJECT IN THE DATABASE
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NOTE: The symbol ∞ is used to signal to the user the interdependence of the question with other sections of the questionnaire marked in bold.

Selecting and defining the investment [Click to know more about this topic](#)

Developing the PPP project

Assessing the PPP option against alternative project delivery options

[Click to know more about this topic](#)

Has the PPP option been compared against alternative private and public project delivery options?	YES
If yes:	
Is there a mandatory approach to carrying out this comparison assessment?	YES
If yes, has this approach been applied?	YES
Has the assessment involved a comparison of the overall long-term cost of various project delivery options of similar scope and service requirements?	YES
Has this assessment valued the impact of risks associated with each project delivery option?	YES
Has this assessment considered qualitative factors for each project delivery option, such as scope for flexibility, opportunities for innovation, management and organisational consequences for the Authority, commencement of service?	YES
Has this assessment been based on evidence available from previous projects?	YES
∞ Has the assessment included the level of competition in the market for each project delivery option ? (see Market sounding and bankability analysis)	YES
∞ Have the capacity and resources of the project team to manage each project delivery option been assessed? (see Setting up a project team and a governance structure)	YES
∞ Has the timetable of each project delivery option been assessed with respect to the required deadline? (see Developing a plan and a timetable)	YES

Budgeting, accounting and statistical treatment

[Click to know more about this topic](#)

Has an assessment of the impact of the project on the Authority's budget been carried out in accordance with the Authority's own budgeting rules?	YES
Has an analysis of the likely accounting treatment of the project in the Authority's financial statements been carried out?	YES
Is the country subject to Eurostat's European System of Accounts?	YES
If yes, has an analysis of the likely statistical treatment of the project (in accordance with Eurostat rules on PPPs and concessions) been carried out?	YES
∞ If yes, has this analysis been performed with the support of the Advisers or the national statistical office? (see Setting up a project team and a governance structure)	YES

Illustrative sample of questions

Has the PPP option been compared against alternative private and public project delivery options?

If yes:

Is there a mandatory approach to carrying out this comparison assessment?

If yes, has this approach been applied?

Has the assessment involved a comparison of the overall long-term cost of various project delivery options of similar scope and service requirements?

Has this assessment valued the impact of risks associated with each project delivery option?

Has this assessment considered qualitative factors for each project delivery option, such as scope for flexibility, opportunities for innovation, management and organisational consequences for the Authority, commencement of service?

Has this assessment been based on evidence available from previous projects?



Has the assessment included the level of competition in the market for each project delivery option? (see **Market sounding and bankability analysis**)















Have the capacity and resources of the project team to manage each project delivery option been assessed? (see **Setting up a project team and a governance structure**)



Has the timetable of each project delivery option been assessed with respect to the required deadline? (see **Developing a plan and a timetable**)

Snapshot of the overall assessment page

ACTIVITY	STATUS
Selecting and defining the investment	
Readiness to start preparing the project as a PPP	
Managing and planning the process	
Developing the PPP project	
- Developing the affordability analysis	
- Developing the risk analysis	
- Performing market sounding and bankability analysis	
- Assessing the PPP option against alternative project delivery options	
- Budgeting, accounting and statistical treatment	
Preparing for procurement	
Readiness to procure the project	
All areas in the relevant activity are likely to be complete	
Some areas in the relevant activity may still need to be completed	
Many areas in the relevant activity may still need to be completed	
No areas in the relevant activity are currently completed	

Conclusion and “take-aways”

- EPEC developed a Tool to assess, strengthen and share information about the preparation status of PPP projects
- This tool could be used, in the coming months, to monitor the WBs’ PPP pipeline
- Any feedback from using the Tool would be most welcome