BRUNEI DARUSSALAM NATIONAL PUBLIC PRIVATE PARTNERSHIP GUIDELINES

Department of Economic Planning and Development
Prime Minister’s Office
Brunei Darussalam
Foreword
A

Ihamdulillah, the Department of Economic Planning and Development, Prime Minister’s Office has successfully developed The National Public Private Partnership Guidelines for Brunei Darussalam.

Public-Private Partnerships is an innovative infrastructure delivery option that would enable the governments to harness the complementary resources and expertise available from both the public and private sectors.

The guidelines was presented to The Executive Committee of the Tenth National Development Plan which was chaired by His Royal Highness Prince Haji Al-Muhtadee Billah ibni His Majesty Sultan Haji Hassanal Bolkiah Mu’izzaddin Waddaulah, The Crown Prince and Senior Minister at the Prime Minister’s Office on the 28th April 2014 and has been given approval for its application.

This publication acts as a guiding framework for the provision of public services and public infrastructure through the use of Public Private Partnership initiative.

To maintain its relevancy over multiple National Development Plans (NDP) in an ever changing economic conditions, the guidelines will be updated periodically as and when necessary.

I hope the National Public Private Partnership Guidelines for Brunei Darussalam will enable all stakeholders; public and private sector to work together in the delivery of public services.


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Haji Abdul Amin bin Haji Hashim
 Acting Director General
Department of Economic Planning and Development
Prime Minister’s Office
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This Guideline may be subject to change from time to time.
Excerpts of His Majesty’s Titah
Excerpts of His Majesty’s Titah

“... Brunei Darussalam will forever remain as an independent, sovereign and democratic Malay Islamic Monarchy country, founded on the teachings of Islamic according to Ahli Sunnah Wal-Jamaah and based on justice, trust and freedom; and with the guidance and pleasure of Allah Subhanahu Wata’ala will strive to achieve peace and security, welfare and happiness for the citizens of Brunei Darussalam …”

(His Majesty’s Titah in conjunction with the Declaration of Brunei Darussalam’s Independence Day in 1984)

“... In addition, we have an obligation to improve the physical infrastructure, the long term development plan after 2005. It has been incorporated as part of the direction and shape of the National Vision …”

(His Majesty’s Titah in conjunction with Brunei Darussalam’s 20th National Day celebration on 23rd February 2004)

“... Hence, we have designed a credible Brunei Vision as a legacy for the nation. This Vision has mapped the nation’s future direction, steering it towards more systematic planning in our goal for a nation of well-education, highly-skilled and accomplished population of quality, with a dynamic and resilient economy …”

(His Majesty’s Titah in conjunction with the 2010 New Year address to the nation on 31st December 2009)
Wawasan Brunei 2035

An Educated, Highly Skilled and Accomplished People

A High Quality of Life

A Dynamic & Sustainable Economy
Outline of Strategies & Policies for Development (OSPD)
PPP also support the following policy directions under the Outline of Strategies and Policies for Development (OSPD) 2007-2017:

<table>
<thead>
<tr>
<th>Policy Direction</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>#6</td>
<td>Promoting research, development and innovation both in government-funded institutions and through public-private and international partnerships.</td>
</tr>
<tr>
<td>#14</td>
<td>Investing in the world class infrastructure that is required to attract foreign and domestic investment in new export industries.</td>
</tr>
<tr>
<td>#16</td>
<td>Privatising those services currently provided by the public sector that are best undertaken by the private sector.</td>
</tr>
<tr>
<td>#22</td>
<td>Implementing new approaches to the development of military infrastructure and to procurement in order to ensure greater efficiency and cost effectiveness, including, where appropriate, through public-private partnerships.</td>
</tr>
<tr>
<td>#36</td>
<td>Privatising, commercialising and outsourcing of government services as a way of expanding opportunities for local SMEs and entrepreneurs.</td>
</tr>
<tr>
<td>#39</td>
<td>Providing adequate social infrastructure particularly in public housing, health care and education.</td>
</tr>
<tr>
<td>#40</td>
<td>Adopting appropriate legal and regulatory frameworks to promote investment in social and industrial infrastructure, including privatisation and public-private partnerships (PPP) in line with international best practice.</td>
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</table>
1.1 Our Policy

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. Towards this, the Government is actively pursuing Public Private Partnership (PPP) as an alternative infrastructure delivery option that makes the best use of resources from both the public and private sectors.

PPP is a proven infrastructure procurement strategy that is increasingly used worldwide. The Government recognises the benefits from PPP in infrastructure development in terms of harnessing private sector investment and operational efficiencies in the provision of public infrastructure and related services. In addition, PPP contributes to the Infrastructure Development Strategy under our National Development Plan (RKN) towards realising our Wawasan Brunei 2035.

With PPPs, the private sector takes on a more substantive role in our country’s economic development. His Majesty the Sultan and Yang Di-Pertuan Negara Brunei Darussalam in many times has encouraged the participation of the private sector in national development. Amongst the excerpts of his Titahs are;

‘... private sector is also believed to play a more important role in an effort to accelerate the economic growth of the country’
- In conjunction with the Celebration His Majesty’s Birthday on 15 July, 1997

‘... I always hope that the private sector and the people will continue to cooperate with the Government and the public sector in an effort towards growth and development.’
- In conjunction with the New Year Celebration, 2003
‘… in looking ahead, it is important to further deepen the linkages and dialogue between government and the business community, especially through stronger public-private partnerships that will bring benefit and opportunity to the region. I believe that the private sector can play a significant role in ASEAN's efforts whether it is through projects that promote the participation of youth and women in the economy of those which address infrastructural needs for the benefit of the regions poorest.’
- In conjunction with the launching ceremony of the ASEAN Business and Investment Summit (ASEAN BIS) 2013

In addition, Duli Yang Teramat Mulia Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah, the Crown Prince and Senior Minister at the Prime Minister’s Office, also underscored the importance of PPP in realising the objectives of the National Development Plan in his Sabda as follows;

‘… it is my earnest hope that Islamic financial institutions would seriously look into suitable and competitive PPP models that can be adopted to support the government’s aspiration to realise the National Development Plan.’
- In conjunction with the Brunei Islamic Investment Summit, 2013

The aim of PPP is to deliver improved services and better value for money primarily through appropriate risk transfer, encouraging innovation, greater asset utilisation and an integrated whole-of-life management, underpinned by Islamic financing. The Government also recognises the need for a best-practice and consistent national approach to PPP delivery. This will be implemented through the adoption of the National PPP Policy and Guidance material.
Both the public and private sectors will benefit through minimisation of transaction costs, removal of disincentives to participation in the project and a stronger pipeline of PPP projects by ensuring only best-suited projects are considered for PPP delivery. Importantly, the Government will also consider the potential impact of the projects on public interest matters such as privacy, accountability, health and safety, consumer rights, public access and equity.

The choice between public and private provision of infrastructure will be based on a rigorous value for money assessment. Achieving value for money is a key requirement of the government and is a combination of the service outcome to be delivered by the private sector, together with the degree of risk transfer and financial implications for government. The Government will aim to ensure the choice of contractors will be based on a consistent and transparent system of competitive tendering.

PPPs can draw upon the best available skills, knowledge and resources, whether they are in the public or private sector. Departments and agencies can focus their own efforts on the delivery of core services, and use the savings generated to improve or expand other services.

It is envisaged that PPP strategy will be successful in accelerating infrastructure development in the country and hence, contributes to our national development.
2.1 Definition of PPP

Public Private Partnership is defined as a long-term contractual relationship between the Government and the private sector for the provision of services, whereby the responsibilities and risks involved are shared between the Government and the private sector according to their respective competencies.

2.2 What is PPP?

Public Private Partnership (PPP) refers to a long-term contractual agreement for the delivery of public services, whereby there is a significant degree of risk sharing between the public and the private sectors.

PPP differs from the conventional procurement model (see Figure 1). Conventionally, government agencies have only engaged the private sector to construct infrastructure facilities or supply equipment. Government agencies will then own and operate the facilities or equipment to deliver services.

With PPP, the Government will focus on acquiring services at the most cost-effective basis, rather than directly owning and operating assets. The private sector can look forward to providing a wider range of services over a longer contract period. For example, if PPP is used to develop a power plant, the private sector will be engaged to not only construct the plant, but also to design, operate, maintain and raise the financing to build the plant to supply electricity to the government agency. So instead of owning and operating the power plant, the government will purchase the electricity supply from the private sector.

This means that the private sector has more room to introduce innovations into the delivery of public services. The key principle is that the government should engage private sector providers to deliver non-core government services if it is more efficient to do so.
Figure 1: Example of Conventional Procurement Model

(Source: Singapore’s PPP Handbook)
2.3 Key Characteristics of PPP

Some of the key characteristics of PPP projects are as follows:-

- Long-term contractual relationship between the Government and the private sector (usually 10 years or more).

- Responsibilities and risks are shared between the Government and the private sector according to their respective competencies.

- The government specifies the output of the services it requires (i.e. output specifications) to encourage the private sector to provide innovative services in achieving the required objectives.

- Payment to the private sector is linked with pre-determined Key Performance Indicators (KPIs).

- In general, the private sector provides a package of services, integrating design, construction, finance, operations and maintenance as part of the contract.

- Optimal whole lifecycle costing as PPP projects are usually awarded based on lowest total cost over the project life cycle as opposed to lowest construction costs under conventional procurement.

- Enables the Government to obtain value for money in the provision of services.

- Promotes ‘maintenance culture’ whereby the private sector will be responsible for the long-term maintenance of the assets throughout the contract period.
2.4 Differences between PPP and Conventional Procurement

It is important to understand the differences between PPP and conventional procurement, as these differences necessitate a different approach to manage a PPP provider as compared to managing a contractor under conventional procurement.

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

<table>
<thead>
<tr>
<th>Conventional Procurement</th>
<th>PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term design and construction contracts</td>
<td>One long-term contract integrating design, construction, finance and maintenance</td>
</tr>
<tr>
<td>Input-based specifications前一天, number of kilometres of road area.</td>
<td>Output-based specifications E.g. for a road project, a certain specific quality of the road surface.</td>
</tr>
<tr>
<td>Often no on-going performance standards</td>
<td>Private sector will only be paid if performance meet with predetermined Key Performance Indicators (KPI)</td>
</tr>
<tr>
<td>Government retains whole-of-life asset risk</td>
<td>Risks are allocated between parties which can manage them most efficiently</td>
</tr>
<tr>
<td>Procurements are funded directly by the Government i.e. RKN or annual budget</td>
<td>Funding can come from private financial resources</td>
</tr>
</tbody>
</table>
There are some key points to take note in terms of the differences between PPP and conventional procurement:

- A PPP project is not a construction project. Government agencies should avoid the tendency to manage a PPP project the same way as a conventional construction project and inadvertently limiting the room for the PPP provider to innovate in the design and construction of the infrastructure facility.

- PPP focuses on acquiring the services and not on the asset. It emphasises on the performances of the PPP provider in delivering the services according to the stipulated service levels by the Government.

- The Government may need to ensure that the asset is in a reasonable condition at the expiry of the PPP contract should the asset still have residual economic lifespan.

- Due to the long tenure and complex risks involved in PPP, as compared to conventional procurement, the Government has to manage the project carefully before and throughout the contract period.
2.5 PPP Models

There is no single PPP model that is suitable for all PPP projects. In that sense, each PPP project is unique. Therefore, both public and private sectors need to work closely in order to determine the optimal scope of collaboration in each PPP project.

The following are examples of common PPP models:

i) **Management contract** (~ 2-5 years)

The Government contracts out the management of public services to a private company, while retaining its obligation for the provision of services. The private company will be paid a pre-determined fee. The private company usually provides working capital but not capital investments.

Example: Transportation, waste management.

ii) **Lease contract** (~10-15 years)

The Government transfers the responsibility for service provision to a private company. The private company is then responsible for the maintenance and operations of the infrastructure facility as well as collecting its revenue or charges directly from the users. Capital investments remain the responsibility of the Government.

Example: Operating airport terminals, seaport container terminals.
iii) **Build-Operate-Transfer (BOT) and its variants** (~period varies)

Private sector constructs infrastructure facility and operates it for a concessionary period; and at the end of the concession period transfers the infrastructure asset back to the government. Under BOT, the private sector company is allowed to collect charges from the public who uses the facility.

**Example:** Tolled highways, water treatment plants, desalination plants.

**Variants** such as Build-Transfer-Operate (BTO), Build-Lease-Transfer (BLT), Build-Own-Operate (BOO), Build-Own-Operate-Remove (BOOR) etc.

iv) **Concession** (~20-30 years)

Private sector operator (concessionaire) is responsible for the full delivery of services in a specified area, including construction, operations, management and maintenance. The concessionaire may collect fees directly from the users and also pay the government for its concession rights. Responsibility for capital investments lies with the concessionaire. The Government is responsible for establishing performance standards and ensuring that the concessionaire meets them. At the end of the concession period, the ownership of the infrastructure asset is usually reverted back to the Government.

**Example:** Water concessions, railways.

In addition to the above common models, Private Finance Initiative (PFI) is also a commonly found initiative on PPPs.
v) Private Finance Initiative (PFI)

PFI is a form of PPP where, in its most common form, the private sector designs, builds, finances and operates (DBFO) the infrastructure facility based on ‘output’ specifications decided by the Government. Under PFI, the Government does not own the assets and in return, pays the private sector a fixed payment stream for the use of the facility during the contract period. PFI is derived from UK’s initiatives on PPPs and is mainly applied to social infrastructure projects.

Example: UK’s PFI for schools and hospitals.

Figure 2: Example of DBFO Model

Source: Singapore’s PPP Handbook

• Government signs a contractual agreement with a private consortium known as the Special Purpose Vehicle (SPV).

• Usually SPV is formed from a joint venture between a construction contractor and a facilities management company capable of running and maintaining the asset.

• The private consortium
  ◊ Designs the facility based on the output specifications set by the Government; builds the facility;
  ◊ Builds the facility;
  ◊ Finance the upfront cost of design and building the facility through raising money from equity and/or debt investors;
  ◊ Operates the facility once construction is completed.

• The Government will pay upon satisfactory services delivered by the consortium (based on agreed performance standards or KPIs), throughout the entire contract length.

• At the end of the contract, ownership of the facility may be returned to the Government.
Below is a summary table on the various PPP models.

<table>
<thead>
<tr>
<th>Type of Model</th>
<th>Description</th>
<th>Duration (years)</th>
<th>Asset Ownership</th>
<th>Capital Investment</th>
<th>Level of risk assumed by private sector</th>
<th>Private sector roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Contract</td>
<td>Contract for management of a part/whole of the operations</td>
<td>2 - 5</td>
<td>Public</td>
<td>Public</td>
<td>Low / Medium</td>
<td>Management of all aspects of operation; Maintenance</td>
</tr>
<tr>
<td>Lease Contract</td>
<td>Contract for management of operations and specific renewals</td>
<td>10 - 15</td>
<td>Public</td>
<td>Public</td>
<td>Medium</td>
<td>Management; Operations; Maintenance</td>
</tr>
<tr>
<td>Build-Operate-Transfer Contract and its variants</td>
<td>Contract for investment in and operation of a specific component of the infrastructure service</td>
<td>Varies</td>
<td>Public / Private</td>
<td>Private</td>
<td>High</td>
<td>Can be combination from the following: Design; Construction; Finance; Own; Operation; Manage; Maintain; Transfer</td>
</tr>
<tr>
<td>Concession</td>
<td>Contract for financing and operations and execution of specific investments</td>
<td>20 - 30</td>
<td>Public / Private</td>
<td>Private</td>
<td>High</td>
<td>Design; Finance; Construct; Manage; Maintain</td>
</tr>
</tbody>
</table>
2.6 Special Purpose Vehicle (SPV)

A Special Purpose Vehicle (SPV) is an integral part of a PPP arrangement. It is the party that enters into a contractual agreement with the government for the provision of services on a PPP basis. It is also commonly known as a ‘Project Company’.

Generally, companies in the private sector may form consortiums to bid for PPP contracts. Once the winning bidders are selected, the SPV is formed from a joint venture between an experienced construction contractor and a facilities management or service operations company. In some cases, the government may also invest equity in the SPV, thus it will also hold ownership in the SPV.

A SPV is a separate legal entity which can sue and be sued in its own name. It has to be incorporated as a company in Brunei Darussalam under the Companies Act. The rationales for SPVs are as follows:-

i. The risks associated with the project are encapsulated with the SPV such that the government as project sponsor can be safeguarded from the limited liabilities of the SPV;

ii. Interested private sector parties such as construction companies and facilities management companies to pool in their skills and finances in a consortium as equity shareholders that will form the basis of the SPV.

iii. The SPV can raise funds through the issuance of securities, provided that it is formulated in its articles of association and that it complies with the present regulatory requirements such as under the Securities Market Order;

iv. Through limited recourse funding, financing risks are limited to the SPV and thus parent companies are protected from the risks of project failure;

v. The SPV becomes the focal point of the public in relation to any issues or queries regarding the provision of services crafted under the PPP arrangement.

The structure of a SPV may differ from projects to projects. It varies depending on the legal and financial arrangements with the parties involved in a project. There is no universal SPV structure that is applicable for all PPP projects since each PPP projects serves a unique economic or social purpose.
2.7 Economic vs. Social Infrastructure

Infrastructure can be broadly defined as long-term physical assets that operate in markets with high barriers to entry and enable the provision of goods and services. Infrastructure can be differentiated by economic infrastructure and social infrastructure.

Economic infrastructure supports economic activity and is often characterised by ‘user-pays’ or demand-based revenue streams. In contrast, social infrastructure typically includes assets that accommodate social services, and is typically funded by the government.

**Examples of Economic Infrastructure:**
- Transportation – roads, airports, seaports, railways
- Energy – power generation plants
- Gas – natural gas pipelines
- Water – water treatment plants, drainage system
- Sewage – sewage collection and treatment system
- Meeting, Incentives, Conventions, Exhibitions (MICE) facilities

**Examples of Social Infrastructure:**
- Health & Safety – general and teaching hospitals, clinics, medical centres
- Education – schools, universities, residential student accommodation
- Civic – community centers, sports facilities
- Corrections and Justice – prisons, court houses

Payment mechanisms and PPP modality may differ between economic infrastructure projects and social infrastructure projects. For example, Private Finance Initiative (PFI) is typically used for social infrastructure projects whereby the Government pays the private sector a fixed payment stream for the use of the infrastructure asset during the contract period.
2.8 Payment Mechanism

Payment mechanism is an important component which has to be determined in a PPP project. It refers to the payment modality for infrastructure services of which the private sector company earns their revenues.

The options for payment mechanisms of PPP projects are as follows:

i. **User Charges**
   The private PPP provider sells services directly to the users (usually the general public or businesses) and charges them a fee for using the services.

   **Example:** Toll roads, water utilities.

ii. **Availability performance-based payments**
   The private PPP provider is paid by the Government based on the availability of certain services or based on predetermined performance measures (KPI).

   **Example:** Schools, hospitals.

iii. Combination of above i) and ii)
2.9 Important Considerations

There are many important economic, social, political, legal, and administrative aspects, which need to be carefully assessed before approval of PPPs are considered by the government. PPPs have various limitations that should also be taken into account while their considerations are made.

The major limitations include:

- **Not all projects are possible** (for various reasons: political, legal, commercial viability, etc.).

- The private sector may not take interest in a project due to perceived high risks or may lack technical, financial or managerial capacity to implement the project.

- A PPP project **may be more costly** unless additional costs (due to higher transaction and financing costs) can be off-set through efficiency gains.

- Change in operation and management control of an infrastructure asset through a PPP may not be sufficient to improve its economic performance unless other necessary conditions are met. These conditions may include appropriate sector and market reform, and change in operational and management practices of infrastructure operation.

- Often, the success of PPPs depends on regulatory efficiency.

There can be underlying fiscal costs and contingent liabilities of PPPs on government that may arise in the medium- and long-term. These underlying fiscal costs and contingent liabilities on government should be duly considered when a PPP project is considered.
Volume 3
Benefits of PPP
3.1 Benefits of PPP

PPP offers a **win-win solution** for both the public sector and the private sector. The key types of benefits include:

- The ability to develop new infrastructure services despite short-term fiscal constraints;
- Value for money through efficiencies in procurement, construction and operation; and
- Improved service quality and innovation through use of private sector expertise and performance incentives.
- They can enhance the supply of much needed infrastructure services
- This arrangement may not require any immediate cash spending
- They provide relief from the burden of the cost of design and construction.

3.2 Benefits of PPP for the Public Sector:

i. **Private Sector Innovation**

PPP allows the Government to capitalise on the private sector’s capacity to innovate. In a PPP, the Government needs only to spell out the services it requires and its desired outcomes/outputs. The Government does not need to specify how the service should be delivered or how a particular asset should be designed and built. It becomes the responsibility of the private sector to do so and this provides them the opportunity to introduce innovative solutions into the design and delivery of services or infrastructure to meet the Government’s objectives. Through such innovation, value for money can be achieved which can benefit both the private and public sector.
ii. **Optimal Whole lifecycle costing**

This is achieved when the Government transfers the responsibility of design, construction, maintenance and operations of a given project to a single company (or consortium). Because the same company (or consortium) is responsible for the overall project, it is in a good position to optimise the design such that economies of scale in construction, operations and maintenance can be achieved. This is far less possible under conventional procurement where design, construction, maintenance and operations are undertaken by different entities.

iii. **Optimal sharing of responsibilities between the public and private sector**

The responsibilities for delivering a service are shared between the Government and private sector, distributed in accordance to the expertise held by each party. For example, the Government’s core competence is in the identification of public needs and will be responsible for clearly defining the service requirements and desired outcomes.

On the other hand, the private sector is often better able to manage construction, asset utilisation and operational issues. Hence, the private sector is typically responsible for designing, building and operating assets to deliver the service. By sharing these responsibilities optimally, Government and the private sector can put together their financial and human resources and skills expertise to deliver the public service in the way that brings the best value for both parties.

**Better asset utilization**

This can be achieved when Government assets or facilities are shared with other third party users. For example, empty spaces in government buildings can be rented out to third party users for suitable and alternative uses. The PPP provider which has expertise in managing assets, will help the Government determine the optimal way of using and sharing Government’ assets or facilities with third-party users.
3.3 Benefits of PPP for the Private Sector:

i. Through PPPs, the private sector is engaged to provide a full suite of services including design, construction, operations and maintenance. Conventionally, these services are often executed in-house by Government agencies or performed by multiple private contractors. By engaging the private sector to provide a full range of services, PPP offers more business opportunities to the private sector.

ii. In PPPs, the private sector does not necessarily deliver assets according to specified design requirements. More often, the private sector is given the flexibility to design and deliver innovative solutions as long as the desired outputs and objectives of the Government are met. As a result, the private sector has more room to innovate and offer more efficient solutions for the delivery of public services.
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Volume 4
PPP Suitability Criteria
4.1 PPP Suitability Criteria

It is important to note that public investments in infrastructure are essential and that PPP provides an alternative approach to the implementation of national development projects compared to conventional procurement.

Not all projects are suitable for PPP. For this very reason, a project proposal has to be assessed according to the PPP Suitability Criteria. This allows the policymaker to decide whether the project would be suitable to be implemented via PPP.

The PPP Suitability Criteria is as follows:

1. **Objective of project is aligned with Wawasan Brunei 2035**;

2. **Meet the minimum project value threshold which is BND 40 million for economic infrastructure projects or BND 10 million for social infrastructure projects, whether single or bundled**;

3. **Indication of ‘bankability’ for the project**;

4. **Viability of project to be implemented via PPP based on international best practices**;

5. **Better Value for Money to the government if developed through PPP**.
The following explains the PPP Suitability Criteria in more detail.

1. **Objective of project is aligned with Wawasan Brunei 2035.**

   National development projects should be aimed at realising Wawasan Brunei 2035. Under Wawasan Brunei 2035, Brunei Darussalam aims to achieve:
   i) Accomplished, well-educated, highly skilled people;
   ii) High quality of life; and
   iii) Dynamic and sustainable economy.

2. **Meet the minimum project value threshold which is BND 40 million for economic infrastructure projects or BND 10 million for social infrastructure projects, whether single or bundled.**

   Projects should be of relatively large value to ensure economies of scale because a typical PPP project can incur high costs due to complexity of structuring a PPP deal. For differentiation and examples of economic and social infrastructure projects, please refer to Volume 2 of the PPP Guidelines.

   Exception to this threshold can only be made in the following circumstances:
   i) Directive from higher authority; or
   ii) Projects that do not require any financial obligations from the Government such as revitalisation and utilisation of idle Government assets.

3. **Indication of ‘bankability’ for the project.**

   Project has to satisfy that the project will be able to generate sufficient revenue and profits to attract private sector participation, for the whole life of the asset.
4. **Suitability of project to be implemented via PPP based on international best practices.**

Projects should be based in sectors where there had been successful PPP cases and these may include: 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.

5. **Better Value for Money to the government if developed through PPP.**

An assessment method such as Public Sector Comparator (PSC) test has to be used to test for Value for Money (VfM) in procuring the project through PPP as opposed to conventional procurement.
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Volume 5
Institutional Framework
5.1 Institutional Structure

A strong institutional structure and project management structure within the public sector agency is important to ensure success and proper implementation of PPP projects in Brunei. The institutional structure for PPP in Brunei Darussalam is as follows:

- **Jawatankuasa Tertinggi Rancangan Kemajuan Negara (JKTR)**
  This Committee is chaired by Duli Yang Teramat Mulia Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah, the Crown Prince and Senior Minister at the Prime Minister’s Office. The Deputy Chairman is the Second Finance Minister at the Prime Minister’s Office.

- **Jawatankuasa Kerja Rancangan Kemajuan Negara (JKK)**
  This Committee is chaired by the Deputy Minister, Prime Minister’s Office. The Deputy Chairman is the Permanent Secretary (International, Economic, Finance, Research and Development), Prime Minister’s Office.

- **Department of Planning (DOP), JPKE**
  Department of Planning (DOP), JPKE is the central facilitator for PPP projects in Brunei Darussalam. It also acts as the secretariat to JKK.

- **Core Project Team**
  Includes in-house staff of Department of Planning, JPKE, members from the Project Sponsor and assigned members with relevant expertise (such as financial, legal and technical expertise); and

- **Project Sponsor**
  The Project Sponsor is the government agency that is procuring the project, which is also part of the Core Project Team.
5.2 Reporting Structure

The reporting structure for PPP projects is as follows:

The next Section explains on the terms of references of JKTR, JKK, DOP and Core Project Team in more detail.
5.3 JKTR

The members of Jawatankuasa Tertinggi Rancangan Kemajuan Negara (JKTR) are as follows:

| **Chairman** | Duli Yang Teramat Mulia Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah, Crown Prince and Senior Minister at the Prime Minister’s Office |
| **Deputy Chairman** | Second Finance Minister at the Prime Minister's Office |
| **Members** | • Minister of Development  
• Minister of Industry and Primary Resources  
• Minister of Energy at the Prime Minister’s Office  
• Deputy Minister at the Prime Minister’s Office  
• Deputy Minister of Finance  
• Deputy Minister of Education  
• Permanent Secretary (International, Economic, Finance, Research and Development), Prime Minister’s Office  
• Permanent Secretary (Performance), Ministry of Finance |
| **Secretary** | Director-General of Economic Planning and Development |
| **Secretariat** | Department of Economic Planning and Development, Prime Minister’s Office |
Among others, **JKTR’s responsibilities** are:

i. To provide advice and directives in the preparation of RKN10 including the theme and development thrusts;

ii. To ensure that the RKN10 was planned on the basis of government revenue projection and prudent spending;

iii. To approve the recommendations of the RKN10 report, list of projects and budget allocation of the RKN10 submitted by Jawatankuasa Kerja Rancangan Kemajuan Negara (JKK); and

iv. To submit the proposed draft of the RKN10 report, list of projects and the budget allocation of the RKN10 for the approval of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam.

*JKTR’s responsibilities are based on those outlined in the 10th National Development Plan (2012-2017) book.*
The members and terms of reference of JKK are as follows:-

<table>
<thead>
<tr>
<th><strong>Chairman</strong></th>
<th>Deputy Minister at the Prime Minister’s Office*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deputy Chairman</strong></td>
<td>Permanent Secretary (International, Economic, Finance, Research and Development), Prime Minister’s Office</td>
</tr>
</tbody>
</table>
| **Members** | i. Permanent Secretary (Policy), Ministry of Finance  
ii. Permanent Secretary (Higher Education), Ministry of Education  
iii. Permanent Secretary (Technical and Professional), Ministry of Development  
v. Director General of Economic Planning and Development, Prime Minister’s Office |
| **Secretary** | Deputy Director-General, Department of Economic Planning and Development, Prime Minister’s Office |
| **Secretariat** | Department of Planning, Department of Economic Planning and Development, Prime Minister’s Office |
| **Resource Person** | Representative from relevant agency |

The responsibilities of JKK, in relation to PPP are as follows:

i. To reaffirm the feasibility of the PPP project supported by feasibility studies and market testing;

ii. To ensure the procurement plan for the PPP project is in order;

iii. To provide approval for projects to proceed with the PPP procurement process;

iv. To oversee the tender evaluation process by the Core Project Team;

v. To endorse the recommendation made by the Core Project Team on the selected tenderer for the PPP contract;

vi. To regularly update JKTR on the progress of PPP projects;

vii. To provide recommendations on major issues related to the feasibility, planning, procurement and implementation of PPP projects;

The Terms of reference may change from time to time if the need arise with respect to issues that require consideration from JKK.
5.5 JPKE

Department of Economic Planning and Development (JPKE) acts as the central facilitator for PPP projects in Brunei Darussalam.

The roles and functions of JPKE, specific on PPP are as follows:

- Policy & Research Section:
  - Provides framework for PPP initiatives such as policies, processes, procedures and guidelines;
  - Prepare strategic and action plans for PPP initiatives in the country;
  - Provide, improve and update the guidelines for PPP from time to time; and
  - Conduct research and provide recommendations on the improvement of the PPP program.

- Public Relations Section

- Coordination & Monitoring Section
Coordination and Monitoring

- Review and assess PPP proposals based on information provided and with the assistance of relevant government and private agencies;
- Evaluate, facilitate, coordinate, and monitor PPP projects;
- Conduct negotiations on the terms of agreements for PPP contracts, as part of the Core Project Team; and
- Support and facilitate Ministries and Departments in developing and implementing PPP projects.

Public Relations

- Promote and advocate PPP as an alternative approach for infrastructure development; and
- Establish strategic partnership with relevant stakeholders including investors, financiers, private companies and overseas agencies.

Other Roles & Responsibilities

- Apart from PPP projects, Department of Planning is also responsible as the central facilitator for Privatisation and Corporatisation projects in the country being the secretariat to Jawatankuasa Khas Penswastaan (JKP).
PPP, being a long-term service-purchase contract, can be more complex than most government procurement projects. Public agencies and potential private sector providers need to address several issues, such as crafting and understanding output/outcome specification, preparing whole lifecycle costing, structuring a viable and realistic payment mechanism and ensuring fair termination rights. For the success of the PPP project, it is important to have a strong core project management team within the public sector agency to oversee the implementation of the project.

The Core Project Team will be responsible for the planning, evaluation and implementation of the project. It should also continuously liaise with the Project Sponsor to ensure that the project succeeds. This team should have competencies in the financial, legal and technical aspects of contracting through PPP.

**Members of the Core Project Team:**

- Project Sponsor;
- JPKE through the Department of Planning, as the central facilitator of PPP projects;
- Relevant agency (such as those that can provide technical, financial and legal expertise); and
- Consultants (if necessary).
The main responsibilities of the Core Project Team include the following:

- Structure the PPP tender such that it delivers ‘value for money’ to the Government while providing sufficient business opportunities for the private sector. This could include carrying out a detailed study to recommend a feasible PPP scheme, including the financial arrangements, pre-qualifying criteria of the PPP provider and preparation of the PPP tender documents;

- Evaluate the tender proposals to select the most suitable company for the PPP contract;

- Prepare the final PPP contract document after the preferred bidder has been selected;

- Monitor the progress and performance of the private company’s work; and

- Provide regular updates to JPKE, JKK and JKTR on the progress of the PPP project.
BRUNEI DARUSSALAM
NATIONAL
PUBLIC PRIVATE PARTNERSHIP
GUIDELINES

Volume 6
PPP Project Development Process
6.1 Reporting Structure

Stage 1
Inception

Submission of Project Proposal to JPKE

Assessment by JPKE ‘Filtering’

Approval by JKK

Y

Revise Project

N

RKN / Other Proposal

Stage 2
Feasibility

Comprehensive Analysis

Market Testing

Y

Revise Project

N

Approval by JKK & JKTR

Y

Formation of Core Project Team

Stage 3
Procurement

Draft tender

Advertise RFP

Tender Evaluation

Y

Sign Contract

Approval from the concern agency

Validate the appointment of the selected company

Identifying shortlisted companies

Stage 4
Implementation

Implementation
6.2 Stage 1: Inception

<table>
<thead>
<tr>
<th>Stage</th>
<th>Responsible</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1.1 Submission of Project Proposal to JPKE | Government Agency (‘Project Sponsor’) | A government agency (‘Project Sponsor’) submits formal letter and supporting documents to JPKE through Permanent Secretary (PE), Prime Minister’s Office for any PPP project proposals. Project Sponsor has to provide sufficient information on proposed PPP project to enable assessment by JPKE. Supporting documents that have to be submitted to JPKE are:  
  i. **Statement of Needs**  
     (Refer to Annex 1.1 Strategic Needs Assessment)  
  ii. **Proposal Paper**  
     (Refer to Annex 1.2 Sample Format of Proposal Paper)  
  iii. **Supporting Information**  
     (Refer to Annex 1.3 List of Required Information) |
| 1.2 Assessment by JPKE | DOP, JPKE | Department of Planning, JPKE will firstly conduct a two-step assessment, which are:  
  i. **Strategic Needs Assessment**  
     – To assess whether the proposed project is doable, critical and urgent by identifying the service gap, the level of desired service; and possible options for addressing the service gap.  
  ii. ‘**Suitability Criteria**’ (refer to Volume 4)  
     – To ensure the project is suitable to be procured via PPP.  
  JPKE will then inform the government agency (‘Project Sponsor’) of the recommendations from the assessment. |
| 1.3 Approval by JKK | JKK | Approval from Jawatankuasa Kerja RKN (JKK) has to be obtained before proceeding with the project through PPP modality.  
  If approval is not obtained, then the project proposal has to be revised and resubmitted or recommended for RKN or other procurement method. |
## 6.3 Stage 2: Feasibility

<table>
<thead>
<tr>
<th>Stage</th>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td><strong>Comprehensive Analysis</strong></td>
<td>Project Sponsor should have a dedicated team working on the project with the necessary expertise.</td>
</tr>
<tr>
<td></td>
<td>Project Sponsor</td>
<td>The Project Sponsor Work Team and JPKE will conduct full analysis of the project, which should include:—</td>
</tr>
<tr>
<td></td>
<td>JPKE</td>
<td>• Feasibility Study; and</td>
</tr>
<tr>
<td></td>
<td>Other Relevant Agencies</td>
<td>• Procurement Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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.</td>
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<tr>
<td></td>
<td></td>
<td>The Procurement Plan then sets out timelines, processes, and strategies. The Procurement Plan should be regularly updated throughout the procurement phase.</td>
</tr>
<tr>
<td>2.2</td>
<td><strong>Market Testing</strong></td>
<td>Once study proves project is PPP-feasible, potential investors can be approached to test market interest. This can be done formally through Expression of Interest (EOI) or informally through discussions with potential investors.</td>
</tr>
<tr>
<td></td>
<td>Project Sponsor</td>
<td>The project may also be refined during the process of market testing to ensure attractiveness to private sector.</td>
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<tr>
<td></td>
<td>JPKE</td>
<td></td>
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<tr>
<td></td>
<td>Other Relevant Agencies</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td><strong>Approval by JKK &amp; JKTR</strong></td>
<td>Approval to proceed with PPP procurement will only be granted if JKK and JKTR are satisfied that the project is feasible and that there are interested parties.</td>
</tr>
<tr>
<td></td>
<td>JKK</td>
<td>Otherwise, the project may have to be revised or proposed for RKN or other procurement methods.</td>
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<tr>
<td></td>
<td>JKTR</td>
<td></td>
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<tr>
<td>2.4</td>
<td><strong>Formation of Core Project Team</strong></td>
<td>A Core Project Team is then formed for the PPP project. It is necessary to consider the expertise required in the Core Project Team.</td>
</tr>
</tbody>
</table>
### 6.4 Stage 3: Procurement

<table>
<thead>
<tr>
<th>Stage</th>
<th>Responsible</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Core Project Team</td>
<td><strong>Draft tender documents</strong>&lt;br&gt;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.&lt;br&gt;It should also clearly set out the value-for-money drivers which have been identified; output specifications; Key Performance Indicators; and payment mechanisms.</td>
</tr>
<tr>
<td>3.2</td>
<td>Core Project Team</td>
<td><strong>Advertise RFP</strong>&lt;br&gt;Request for Proposal (RFP) will be advertised in major newspaper (both local and international), relevant websites as well as reputable magazines.</td>
</tr>
<tr>
<td>3.3</td>
<td>Core Project Team</td>
<td><strong>Tender Evaluation</strong>&lt;br&gt;Core Project Team will evaluate the submitted proposals, and forward its recommendation on the selected company to the JKK for endorsement.</td>
</tr>
<tr>
<td>3.4</td>
<td>JKK</td>
<td><strong>Endorsement of Selected Company</strong>&lt;br&gt;Due to specialised nature of PPP, the endorsement of selected company is obtained from JKK.&lt;br&gt;This is to take into account the long-term commitments for PPP projects and that evaluation of PPP tenders will not be similar to tenders under conventional procurement.&lt;br&gt;JKK will decide whether to endorse the recommendation by the Core Project Team. JKK will then pass on the recommendation to JKTR.</td>
</tr>
<tr>
<td>3.5</td>
<td>JKTR</td>
<td><strong>Validate the appointment of the selected companies</strong>&lt;br&gt;JKTR will decide whether to approve the selected company for the PPP project.</td>
</tr>
<tr>
<td>3.6</td>
<td>Concern Agency / His Majesty</td>
<td><strong>Approval from the concern agency</strong>&lt;br&gt;Approval from JKTR will be submitted to concern agency / His Majesty for consent.</td>
</tr>
<tr>
<td>3.7</td>
<td>Project Sponsor</td>
<td><strong>Sign Contract</strong>&lt;br&gt;Further negotiation may be held with the selected company, if necessary, before signing of contract.</td>
</tr>
</tbody>
</table>
6.5 Stage 4: Implementation

<table>
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<tr>
<th>Stage</th>
<th>Responsible</th>
<th>Description</th>
</tr>
</thead>
</table>
| Implementation & Contract Management | Core Project Team & Government Agency ('Project Sponsor')                     | During the construction phase, the Core Project Team will be monitoring quality and timescale during the development of the project. After construction, the Core Project Team will hand over the project to the Project Sponsor. Core Project Team is then dissolved.
During the operational phase, the Project Sponsor will focus on monitoring to ensure that the project KPIs set by the government are met throughout the contract period. The Project Sponsor has to also submit regular progress reports and issues to JKK.
At the end of the contract period, subject to the terms in the contract, all assets will normally be required to be transferred back to the government. |
7.1 Frequently Asked Questions

Q: What is PPP?

Answer:
- Public Private Partnership (PPP) is another approach of government procurement for national development projects.
- It refers to a long-term contractual agreement between the government and private sector for the provision of services, whereby the responsibilities and risks involved are shared between the Government and the private sector according to their respective competencies.
- It is also designed to allocate risks between public and private sectors to those parties best positioned to manage them.

Q: What is PFI?

Answer:
- PFI stands for Private Financial Initiative (PFI), a method of financing public investment which requires the private sector design, build, finance and operate facilities.
- PFI is a form of public private partnership (PPP).

Q: Is PPP for infrastructure projects only?

Answer:
- Depending on the definition of PPP, it can be used in other industries or sectors. However typically, PPP in a narrow sense is associated with infrastructure projects only.
Q: When is PPP an appropriate approach for delivery of infrastructure services?

Answer:

- It is important to recognise that PPP is one of many options available to the government for the delivery of an infrastructure service. When deciding if PPP is the appropriate approach, it is important to assess whether other options offer higher efficiencies to government and greater holistic benefits to the public at large.

Q: Why PPP for Brunei Darussalam?

Answer:

- PPP can help reduce government’s expenditure and administrative burden (right sizing the public sector) encourage and widen private sector participation in the national economic development by attracting capital, Technical and specialist expertise and know how as well as enhancing the efficiency in the delivery of public goods and services.
- Efficient use of public assets through better and stronger partnership between the public and private sector.
- Private sector participation is needed to meet the needs of providing better, higher quality services for Brunei Darussalam. Services needs to be made more efficient and cost-effective, through innovations and productivity gains that only private sector can achieve. Government recognises that the technical and management know how of private sector has much to contribute in this respect.
Q: Why use PPP method when Government can fund the project?

Answer:
In the present context of Brunei Darussalam’s development, the benefits of applying the PPP method are, but not limited to, the following:

- Private sector development
- Industry development
- Employment opportunities
- Establish yield curve
- Benchmark for private companies lending in Brunei
- Make use of excess liquidity of funds in market
- Put resources to better use to earn higher rates (e.g. investments in alternative assets which provide higher returns)
- Reduce government spending (through optimal whole lifecycle costing)
- Ensure timely payments to contractors
- Effective monitoring to ensure project is implemented on time

Q: Is there legislation that enables PPPs in Brunei Darussalam?

Answer:

- Currently there is no specific legislation of financial regulation.
- PPP projects can still occur, however.
- In the future, depending on the situation then, there might be the need to establish a legal and financial regulatory platform.
Q: What are the benefits of PPP for the government, private sector and members of the public?

Answer:

- **For Government:** PPP allows the public sector to get better value for money in the delivery of public services. Through closer partnership, efficiency and effectiveness gains can be reaped particularly from the following sources:
  - Private sector innovation
  - Optimal whole lifecycle costing
  - Better asset utilisation by sharing the Government assets / facilities with third-party users
  - Optimal sharing of responsibilities and risks between the Government and private sector.

- **For Private Sector**
  - PPP offers **more business opportunities** to private sector.
  - Private sector will be engaged to deliver a full suite of services and also allows the private sector to move from just constructing assets according to clearly specified designs, to **designing and delivering innovative solutions**.
  - Private sector has **more room to innovate** and **offer efficient solutions** for public services.

- **For Members of the Public**
  - PPP brings together the expertise of the Government and the private sector to **meet the needs of the public effectively and efficiently**.
  - PPP aims to act in the delivery of public services to better meet the needs of the public without compromising public policy goal and needs.
  - Clear accountability when services are delivered by the private sector and the public knows who to approach for service queries and feedback.
  - Public security, health and safety will also be considered in the PPP projects.
Q: What are the economic and financial benefits of PPP?

Answer:

- **Economic Benefits**
  - Promote private sector development
  - Induce more local employment opportunities
  - Financial market development
  - Private sector innovation: Government specifies what it requires and private sector provides innovative solutions to meet with the requirements.
  - Optimal whole lifecycle costing: Single consortium is responsible for overall project. As such, the consortium can optimise the design such that economies of scale can be achieved in operations and maintenance stage.
  - Sharing of risks and responsibilities between public and private sectors: Certain responsibilities are transferred to the private sector as they have better expertise.

- Apart from the advantages mentioned above, PPP can help to address the issues in projects:
  - Slow project implementation rate
  - Public sector budget constraints
  - Quality of infrastructure
  - Faster payment to suppliers

- **Financial Benefits**:
  - More PPP projects undertaken by the private sector will indirectly boost national income via taxes charged.
  - Cost savings as a result from optimal whole lifecycle costing, improvement procurement procedures and efficient service delivery.
Q: What are the critical success factors for PPP? (*i.e. How to avoid failure of PPP?)*

**Answer:**
- Strong Political support
- Enabling PPP Framework (*process, institutional framework, PPP funding support*)
- Expertise in area of PPP
- Project prioritisation and preparation (*requires central planning agency*)
- Deal flow and standardisation of agreements (*to maintain interest, confidence and consistency*)

Q: Is PPP cheaper than conventional procurement?

**Answer:**
- A contract under traditional procurement is usually short-term, whereas a PPP contractual agreement is for long term and encompasses aspects such as operations and maintenance. As such, it can be anticipated that at the upfront, a PPP project will seem to be more expensive than a project undertaken via traditional procurement.

- However, if taking into account that PPP is for longer term and encompasses operations and maintenance, there actually exists cost savings as under PPP, the private consortium will be responsible for the overall project i.e. depending on the PPP structure, from design and construction to operations and maintenance. As such, this consortium is in a good position to optimise its design such that economies of scale can be achieved in the operations and maintenance stage. This is far less possible under the traditional approach whereby design, construction, operations and maintenance are undertaken by separate entities.
Q: What are the differences between conventional, PPP and privatisation acquisition methods?

Answer:
- The differences between the three acquisition methods as follows:

<table>
<thead>
<tr>
<th></th>
<th>Conventional</th>
<th>PPP</th>
<th>Privatisation</th>
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</thead>
<tbody>
<tr>
<td>Acquisition is directly financed through the government's budget</td>
<td>Financing is from the private sectors' sources with government surety</td>
<td>Financing is from the private sectors' sources without any government surety</td>
<td></td>
</tr>
<tr>
<td>Direct impact upon the financial standing of the public sector</td>
<td>Impact on the public budget is distributed during the term of concession.</td>
<td>No impact upon the public sector’s spending</td>
<td></td>
</tr>
<tr>
<td>Risks are fully borne by the public sector</td>
<td>Distribution of risks to the party which is able to best manage it</td>
<td>Risks are fully borne by the private sector</td>
<td></td>
</tr>
<tr>
<td>Extensive involvement of the public sector during the project’s life cycle</td>
<td>The private sector’s involvement through the enforcement of the accorded KPI</td>
<td>The government acts as the supervising body</td>
<td></td>
</tr>
<tr>
<td>Short-term contract with the private sector</td>
<td>Long-term contract with the private sector</td>
<td>Long-term contract with the private sector</td>
<td></td>
</tr>
<tr>
<td>Suitable for projects with high socio-economic returns and for strategic contemplation</td>
<td>Suitable for commercially-viable projects</td>
<td>Suitable for highly commercially-viable projects</td>
<td></td>
</tr>
</tbody>
</table>
Q: What is the difference between PPP and conventional procurement?

Answer:

<table>
<thead>
<tr>
<th>Private Sector Involvement</th>
<th>PPP</th>
<th>Conventional Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depending on PPP structure private sector can provide a wider range of services (e.g. design, build, operate and maintain)</td>
<td>Usually one-off procurement (e.g Company A designs and builds, while Company B does maintenance)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Long term (typically more than 7 years)</th>
<th>Short term</th>
</tr>
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<table>
<thead>
<tr>
<th>Risk</th>
<th>Shared between public and private sectors</th>
<th>Borne by government</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Asset Ownership</th>
<th>Can be public or private</th>
<th>Public</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Funding</th>
<th>Can be from private financial resources</th>
<th>From government budget</th>
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</table>

Q: How is a proposal forwarded for consideration under PPP?

Answer:
- PPP project proposals must be submitted by the project sponsor or the procuring agency to Director-General, Department of Economic Planning and Development (JPKE) for consideration.
- The Department of Planning (DOP) under JPKE will then assess the suitability of the proposed project to be undertaken via PPP modality.
Q: Why is it necessary for government to set up a central agency unit for PPP?

Answer:

- The setting up of a central unit for PPP is to prove the government’s seriousness in upgrading the conveying system of the processing and procedural form in relation to the success of the PPP project implementations.
- With the presence of this unit under the Prime Minister’s Office, the control and legal aspects under the PPP project will be awarded more scrutiny to ensure the successful implementation of the PPP project. It is also to indicate the government’s seriousness in aiding businesses through the upgrading of public conveyance system’s efficiency and effectiveness while paying the government’s tribute to the increasing role of the private sector in national economics.
- All the above, are geared towards achieving the Wawasan Brunei 2035.
Q: What are the types of PPP Structure that are usually adopted?

Answer:

| Build, Operate and Transfer (BOT) | • the private partner is responsible to Transfer (BOT) design, build, operate (during the contracted period) and transfer back the facility to the public sector.  
• The private sector partner is expected to bring the finance for the project and take the responsibility to construct and maintain it. The public sector will either pay a rent for using the facility or allow it to collect revenue from the users. |
| --- | --- |
| Build, Own, Operate Transfer (BOOT) | • Variation of the BOT model, except that the ownership of the newly built facility will rest with the private party during the period of contract.  
• This will result in the transfer of most of the risks related to planning, design, construction and operation of the project to the private partner.  
• The public sector partner will contract to ‘purchase’ the goods and services produced by the project on mutually agreed terms and conditions.  
• However, the project built under PPP will be transferred back to the government department or agency at the end of the contract period, generally at the residual value and after the private partner recovers its investment and reasonable return agreed to as per the contract. |
| Design, Build, Operate (DBFO) or Design, Build, Operate and Maintain | • These are other variations of PPP and the private party assumes the entire responsibility for the design, construct, finance, and operate and maintain the project for the period of concession. These are also referred to as “Concessions”.  
• The private participant to the project will recover its investment and return on investments (ROI) through the concessions granted or through annuity payments etc.  
• It may be noted that most of the project risks related to the design, financing and construction would stand transferred to the private partner. The public sector may provide guarantees to financing agencies, help with the acquisition of land and assist to obtain statutory and environmental clearances and approvals and also assure a reasonable return as per established norms or industry practice throughout the period of concession. |
Q: What is a PPP Consortium?

Answer:
- PPP Consortium is those private sector companies which together intend to deliver a PPP project.

Q: What is KPI?

Answer:
- KPI stands for ‘Key Performance Indicator and it could be either financial or non-financial indicators used to measure progress or success of the private party during the operating term, on critical factors relevant to the project, and which will also vary depending on the Contracted Services and other attributes of the project.

Q: What is meant by optimum risks distribution in the acquisition through the PPP method?

Answer:
- Optimum risks distribution means that the risks involved in certain projects is allocated to the authority which can best manage the project. For example, the risks of designing and constructing are allocated to the private sector and that payment will only be made to the private sector when the services are made available.
Q: What is meant by the phrase Value for Money (VfM) in acquisition through the PPP method?

Answer:
- VfM refers to the combination of optimum whole life cycle cost and quality to fulfill the clients’ needs and not only focusing on the lowest-cost based services.

Q: How can Value for Money (VfM) be achieved through PPP?

Answer:
- VfM is achievable through the distribution of optimum risks between the public and private sectors in long-term contracts encompassing life cycle costing, applications of output specifications which encourage innovations, competitive competitions, skill and success oriented payment mechanism and the expertise of the private sector involved.

Q: What are the criteria for the companies that would want to get involved in PPP projects?

Answer:
- Among the main criteria required is for the leading company to have a sound financial standing.
- It must also possess necessary management expertise and technical know-how and capacity to complete the PPP project.
Q: How to ensure project delivery in PPP meets the expectation of client agency?

Answer:

- In PPP, the government (client agency) only requires to specify the services it requires and its desired outcomes/outputs. How the service should be delivered or how a particular asset should be designed becomes the responsibility of the private sector to propose and this provides them the opportunity to introduce innovative solutions to meet with the Government’s desired outcomes/outputs.

- Also, to ensure the project delivery meets with its expectations, the government will specify performance measurements or key performance indicators (KPIs) in the PPP contract. Based on the contract, the government will only make payments provided that services made are in accordance with the KPIs. As such, the private sector has added responsibility to ensure delivery of services based on the KPI as agreed upon in the PPP contract.

Q: How are payments made to the private sector under the PPP method?

Answer:

- Payments are made based on the performance of the services provided by the companies whereby the government will only make payments provided that the services made are in accordance with the level of services agreed upon (pre-agreed service level) or Key Performance Indicator (KPI) that has been stipulated.
Q: What are the possible challenges in making PPP successful? How to overcome them?

Answer:

- **Time and cost required to implement PPP could be long.**
  As PPP projects are long-term obligations, and involve risk allocations, the projects need to be planned, analysed and implemented correctly. As such, time required could be long as it usually requires technical and legal advisors. Therefore, for a project to be considered to be developed via the PPP mode, it is recommended that a project to be valued at least B$40 million for economic infrastructure projects or B$10 million for social infrastructure projects, to achieve economies of scale.

- **Service discontinuity if private provider fails.**
  In some cases, the private provider may run into financial difficulties during the contract length. There are concerns that the government might not be able to take over the function immediately, which will ultimately affect service continuity. The risk of the private provider failing exists as long as the service is outsourced, regardless of whether a PPP model is used or not. These challenges can be mitigated by establishing appropriate measures. By having a PPP framework in place such as KPI’s and continuous monitoring, these issues can be addressed up front to remedy any possible risk.

- **Expectations management.**
  Some stakeholders may not have in-depth knowledge of PPP or have some misunderstanding on PPP. For example, it is a misconception that PPP is free but in fact, it may involve some future financial obligations and some form of consideration from the Government. In some cases, the public sector may have unrealistic expectations from PPPs. All these expectations need to be managed carefully from the beginning to ensure successful implementation of projects through briefing, road shows, Q&A sessions, workshops etc.
Q: How will contract disputes be resolved and enforced, and what rights and obligations are required of the parties if the project does not go according to plan?

Answer:
- In the PPP agreement, there will be clauses on dispute resolution. It will protect parties that are involved and penalise parties that are at fault.
- The preferred dispute resolution route will be consistent with the government approach i.e. the arbitration route.
- This program will also follow existing Financial Regulation (FR) and General Order (GO) regulations that may apply to this project.

Q: How will changes to the contract be handled, and what compensation mechanisms will be used?

Answer:
- If the changes are of a specific milestone, normal route process will be pursued.
- If the changes are out of normal milestone points, mutual discussion will begin the process of correcting and adopting the changes in the contract.
- Failing that, the end process for this will be in the form of an arbitration process.
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Annex 1.1
Strategic Needs Assessment
Strategic Needs Assessment

The Strategic Needs Assessment is required to assess whether the proposed project is doable, critical and urgent. The assessment serves to ensure that the proposed project is feasibly sound.

Government Ministries / Departments are required to submit a ‘Statement of Needs’ to confirm that the proposed project is doable, critical and urgent. The following sample questions can guide Government Ministries / Departments in preparing responses to submit in the ‘Statement of Needs’.

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Agency response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Strategic</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Is this project consistent with the country’s development strategy and with the relevant Ministry’s strategic plan?</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>What are the risks in delaying this project and what are the risks in moving forward with this project now?</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Are there any other alternatives other than developing new infrastructure for the project?</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Has the site been identified and gazetted for the project?</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Economic</strong></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>What are the socio-economic benefits of the project?</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Will the benefits of having this project outweigh the costs to</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Will this project encourage local business development?</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>How infrastructure proposed for the site might be extended</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Questions</td>
<td>Agency response</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td><strong>Commercial</strong></td>
<td></td>
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<tr>
<td>9</td>
<td>Does this project satisfies the existing service gap and provides the desired level of service?</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>What are the existing and proposed rates for this kind of utility service?</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Will the increased taxes or user charges for the upgraded infrastructure facilities hurt existing users?</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Financial</strong></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Would sharing infrastructure facilities reduce the costs of this project?</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>How else can we pay for the infrastructure facilities other than what has been proposed for the project?</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>What is the budget for all operational and maintenance costs that the proposed infrastructure will generate?</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Management</strong></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Have relevant stakeholders been consulted with regards to their requirements for the project?</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Can the project actually be implemented as planned, using proven technologies, and without unreasonable technical risks?</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Does the project comply with environmental and planning standards?</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>What technology alternatives have been considered in the proposal?</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Are there any legal barriers to the project?</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Are there any pending regulatory changes which may make</td>
<td></td>
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</tbody>
</table>
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Annex 1.2
Sample Format of Proposal Paper
Sample Format of Proposal Paper

PPP proposals can be categorised into two main types:

i) **PPP Proposals from Government Ministries or Departments**

Any PPP project proposals from Government agencies should be submitted to JPKE through their respective Permanent Secretary. The following outlines the recommended format for the proposal paper:

<table>
<thead>
<tr>
<th>PROJECT TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. EXECUTIVE SUMMARY</td>
</tr>
<tr>
<td>II. INTRODUCTION</td>
</tr>
<tr>
<td>• Background</td>
</tr>
<tr>
<td>• Project Scope</td>
</tr>
<tr>
<td>• Problem Statement</td>
</tr>
<tr>
<td>III. OBJECTIVES</td>
</tr>
<tr>
<td>IV. JUSTIFICATION</td>
</tr>
<tr>
<td>• Rationale for PPP approach</td>
</tr>
<tr>
<td>V. PROJECT INFORMATION</td>
</tr>
<tr>
<td>• Proposed PPP modality</td>
</tr>
<tr>
<td>• Output specifications and Key Performance Indicators</td>
</tr>
<tr>
<td>• Payment mechanism</td>
</tr>
<tr>
<td>• Risk analysis</td>
</tr>
<tr>
<td>• Proposed concession / contract period</td>
</tr>
<tr>
<td>• Proposed site / land issues</td>
</tr>
<tr>
<td>VI. FINANCIAL PLAN</td>
</tr>
<tr>
<td>• Cost schedule</td>
</tr>
</tbody>
</table>
ii) Unsolicited proposal from private sector companies

Interested parties from the private sector who would like to submit a PPP proposal are welcomed to submit it directly to the relevant Government Ministry or Department.
Annex 1.3
List of Required Information
# List of Required Information

## 1. General

1.1 Name of the Project

1.2 Ministry / Department (‘Project Sponsor’)

1.3 Brief description of the project

1.4 Objectives of the project

## 2. Project Information

2.1 Proposed PPP modality

2.2 Justification for using PPP for the project

2.3 Possible alternative procurement options (if any)

2.4 Estimated capital costs with breakdown of major categories of expenditure.

2.5 Phasing of investment

2.6 Project implementation schedule

## 3. Financing Arrangement

3.1 Sources of financing (equity, debt, Sukuk etc)

3.2 Indicate the revenue streams of the project (annual flows over project life). Also indicate the underlying assumptions.

3.3 Payment mechanism – who pays?

3.4 Who will fix the tariff / user charges? Please specify in detail.

3.5 Have any Financial Institutions been approached? If yes, the response may be indicated.
<table>
<thead>
<tr>
<th>4. Financial Analysis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Project IRR (if computed)</td>
<td></td>
</tr>
<tr>
<td>4.2 Net Present Value (if computed)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Approval / Clearance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Status of Environmental clearances</td>
<td></td>
</tr>
<tr>
<td>5.2 Clearance required from other local authority (e.g. JKR)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Government Support</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Any government funding required for project (if applicable)</td>
<td></td>
</tr>
<tr>
<td>6.2 Government guarantees being sought, if any</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Concession Agreement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Concession Terms (e.g. length of concession and other relevant information)</td>
<td></td>
</tr>
<tr>
<td>7.2 Output specifications</td>
<td></td>
</tr>
<tr>
<td>7.3 Key Performance Indicators (KPIs)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Others</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Remarks, if any</td>
<td></td>
</tr>
</tbody>
</table>
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Annex 2
Expression of Interest
(EOI)
What is EOI?

• Expression of Interest or EOI is a way to conduct market sounding to allow the procurers to identify what skills, resources and capacity of what interested applicants can bring to the advertised projects.

Why EOI?

• Before embarking into any projects that involve private sector participation, it is imperative for any related departments or ministries to determine the number of interested parties.

• The prime objective of EOI is to identify interested parties’ competencies, financial strength and adequate capacity to undertake the proposed project. Through the initial market sounding phase, better selection and healthy competition between the bidders will be created. This, in turn, will foster healthy competition, innovative as well as effective and efficient solutions to the proposed project.

When to issue EOI?

• Normally the market sounding phase takes place between 3 to 6 months prior to the issue of Public Private Partnership (PPP) project tender. It is advisable for related departments or ministries to complete the information as stated in the requirement when issuing EOI.
Where to issue?

- The relevant department may advertise their EOI through mass media; not limited to government publications i.e. Pelita Brunei, Public Newspaper such as Brunei Times, Borneo Bulletin, electronic World Wide Web and others. The cost of advertising such EOI shall be borne by the relevant department or ministries.

Where to submit the EOI?

- Interested bidders for the proposed project shall submit their expression of interest to the departments/Ministries as stated in the EOI advertisement.
Process Flow for EOI

**Step 1**
*Conduct market sounding 3-6 months*

**Activities:**
- Publish PPP project as EOI notice through approved mass media
- Receive letter of interests from interested bidders

**Note:** Advertisement cost shall be borne by the client agency.

**Step 2**
*Pre-procurement briefing*

**Activities:**
- Invite interested bidder to pre-procurement briefing
- Conduct pre-procurement briefing
- Receive feedback related to project from interested bidders

**Step 3**
*Establish prequalifying criteria*

**Activities:**
- Conduct meeting with client agency to establish prequalifying / selection criteria
- Finalise prequalifying / selection criteria
# Checklist for EOI

<table>
<thead>
<tr>
<th>No.</th>
<th>Particular</th>
<th>Tick (✓) or (✗)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of relevant department or ministries</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Title of Project</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Expression of Interest Reference Number</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Name of Proposed Project</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Background of Project which Includes Broad Scope of Work</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Instruction to interested bidders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>⇒ Eligibility Criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td>⇒ Documents to be submitted by eligible members such as company’s profile,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>company’s experience on similar projects, list of current clients/recent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>clients/references</td>
<td></td>
</tr>
<tr>
<td></td>
<td>⇒ Audited financial statements of latest three years</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Submission Date</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Contact Person</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Email Address</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Contact Number</td>
<td></td>
</tr>
</tbody>
</table>
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Annex 3
Request for Proposal (RFP)
What is Request for Proposal (RFP)?

- A Request for Proposal (RFP) is the primary document that is sent to suppliers that invites them to submit a proposal to provide goods or services.

- It is an excellent tool that purchasing parties can use to source the best products or services from among several vendor offerings, if used correctly and in the correct circumstances.

- Unlike a Request for Information (RFI) or a Request for Quotation (RFQ), an RFP is designed to get suppliers to provide a creative solution to a business problem or issue.

- RFPs should be used carefully since they can take a lot of time for both the organization and its suppliers. However, for more complex projects, a RFP may be the most effective way to source the goods or services required.

When to Use an RFP?

- Purchasing parties should not use an RFP when they are only requesting information from suppliers, want merely pricing information, or only want to engage in a competitive bidding scenario.

- A RFP does make use of competitive bidding (this is an effective way to source), but a RFP should not be used if cost is the sole or main evaluation criteria. A RFP should be used when a project is sufficiently complex that it warrants a proposal from a supplier.

- RFPs are helpful when supplier creativity and innovative approaches to problems are needed. It is important to remember that the RFP process can take a significant amount of time to complete and could result in delays to the commencement of the project.

- Therefore, it only makes sense to use this when the benefits from obtaining supplier proposals are greater than the extra time it takes to prepare the RFP and to manage the RFP process.
Benefits of RFP

- One of the main benefits that can arise if the RFP process is handled well is that the organization will have a good handle on the potential project risks for a complex project.
- The organization will also understand the prospective benefits that it can realize during the course of the project.
- Using a RFP also encourages suppliers to submit organized proposals that can be evaluated using a quantifiable methodology. In addition, a RFP lets suppliers know that the situation will be competitive.
- The competitive bidding scenario is often the best method available for obtaining the best pricing and, if done correctly, the best value.
- A RFP also gives purchasing personnel and project stakeholders the ability to visualize how the project will go and the approach that the suppliers will use to complete it.

Drawbacks of RFP

- First, they can be extremely time consuming for purchasing parties.
- Second, they can be extremely time consuming for suppliers. Some suppliers will look at the RFP and will choose not to participate because it would take them too long to respond. These suppliers may also become discouraged and feel that a low chance of winning precludes them from investing the time required to create the proposal.
- Third, it can often be very difficult to accurately summarize the requirements for the project. This can lead to poor supplier responses or poor pricing since the supplier did not really know what the organization was looking to purchase.
- Finally, it can be more difficult to accurately score or assess supplier responses to an RFP since they can be lengthy, detailed, or require specialized knowledge to evaluate.
- However, RFP provides a unique insight into the project risk and can help to determine the best way to move forward with a complex project.
Key Elements

• A well designed Request for Proposal should contain several important elements. Most elements are common for RFPs, but can vary across industries and between the public and private sectors. These include the following:

   **Must Have Items:**

   ➢ *An overview of the business issue / Background*
   
   There should be a concise description of the business issue or problem that is driving this particular purchase. It should be stated in one or two paragraphs and should give suppliers a summary of the sourcing project and why it was initiated.

   ➢ *A description of the product or services required*
   
   The Request for Proposal should contain a brief but coherent description of the products or services that are needed. In most RFPs, the goods or services that the company needs are complex and may be difficult to describe in detail. Nevertheless, a good description of these goods or services will greatly assist suppliers in developing an excellent and highly targeted proposal.

   ➢ *Detail Business requirements*
   
   In addition to the description of products or services, with most RFPs there are detailed business requirements that need to be clearly outlined in the document. These can include support requirements, delivery guidelines, design specifications, quality metrics, etc. The purpose of the business requirements section is to give the suppliers details of what is needed by the company for this purchase so that the suppliers can come up with a proposal that meets these requirements. Often times, the requirements section takes up a good portion of the RFP. If the requirements do not accurately reflect the company’s needs, suppliers will not present proposals that address the key issues. It is always important to collaborate with the people who are using the products or services for this sourcing project to ensure that the requirements are accurate.
⇒ **Other information**

Sometimes there is additional information that suppliers will need in order to formulate a proposal. This information is usually the information about the organization's internal operations that the proposal writers will need. This information can include usage metrics, demand projections, current performance information, internal survey results etc. The key for this section is not to provide suppliers with too little or too much information. Rather, it is to provide them only with the information that they need.

⇒ **Proposal format**

Any RFP needs to specify the format and length of the supplier proposals. A highly structured format for proposals makes it easier to compare the responses from suppliers. It will also encourage clarity and provide focus in the supplier proposals. RFPs place their business requirements in a point by point format and encourage suppliers to respond to each point. The RFP should state the maximum length of the proposal in order to reduce the time needed to review the proposal and will also ensure that suppliers keep unnecessary information to a minimum.

⇒ **Due date**

The due date for the supplier proposals should be clearly stated near the beginning of the RFP and in other relevant places. This makes sure that suppliers know when it is due.

⇒ **Selection criteria**

This is an important section and contains essential information for suppliers. This should clearly state the areas and metrics that supplier proposals will be evaluated on. If possible, the RFP should disclose the weighting that a particular section or topic will be given as a part of the overall proposal score. This weighting is often described as a percentage or in terms of points out of a total possible score. This section more than any other, helps suppliers focus their responses on the criteria on which their proposals will be judged.
⇒ *Time line*

The time line should display the RFP creation date, the RFP send date, the time period for questions, the due date for proposals, the selection and negotiation period, and the projected award date. This should all be communicated as clearly as possible.

⇒ *Questions*

Supplier may request clarification or ask question about even the most well written RFPs. Any RFP should clearly specify the mechanism by which suppliers can ask questions. Most good RFPs will set a time period during which supplier questions can be submitted. This time period should not be too close to the deadline for the proposal submissions. The contact point for the RFP will then get answers and provide responses in written form to the suppliers. It is generally helpful to display the questions and answers so all suppliers can see them and to make them a part of the RFP as an amendment. This can bring additional clarity to the requirements and provide documentation for the project.

⇒ *How to respond*

This will include special instructions on how to respond to the RFP solicitation. This can include information on the address of where to send the proposal. It should include the submission format (hard copy, soft copy, electronic etc). It should also specify any additional submission requirements and can emphasize the deadline.

⇒ *Point of contact*

The point of contact is the person that handles interactions with the suppliers. This means that all supplier questions and comments about the RFP will be directed to this person. Some companies also include a back-up point of contact in case the primary point of contact is out of the office or unavailable.

⇒ *Performance Metrics*

If applicable, describe some performance metrics that will be used to measure supplier performance of the contract in the future. This will help suppliers get a quantifiable idea of what will constitute excellent performance.
Optional item (Nice to have):

⇒ **Breakdown Of the Costs**
   This section is optional and is included in only some proposals. To enable cost comparisons, some RFPs will require that suppliers submit a breakdown of the costs to ensure comparison. It is always a good idea to specify a pricing format in this section to make sure pricing can be accurately compared.

⇒ **Approach suggestions**
   For RFPs in which the purchasing personnel know what they require, it may make sense to suggest an approach for the suppliers. Many companies will not have this section because they are looking for creative ways to approach the problem.

⇒ **Other document**
   Some RFPs have other documents that need to be filled out as part of the RFP process. These could be diversity certifications, agreements to certain terms and conditions, or other company specific forms, projected cash flow for total project life, audited account of the company, local employment generated throughout project life. These should also be included with the RFP if they are part of a company's standard procedures.
RFP Process Flow

1. RFP Issuance to Potential Bidders
   (x months)

2. Deadline for payment

3. Deadline for RFP Submission

4. Evaluation
   (x weeks)

5. Clarification Period
   (x weeks)

6. Presentation by shortlisted investors
   / Preliminary negotiations

7. Wrap Up Evaluations
   (x weeks)

8. Recommendations

9. Submit for approval to Higher Authority
## Sample Selection Criteria

### PROPOSAL CONCEPT

**PROPOSAL CONCEPT**
Based on overall concept of the proposed development in comparison to others

<table>
<thead>
<tr>
<th>Agree (5)</th>
<th>Somewhat Agree (4)</th>
<th>Neutral (3)</th>
<th>Somewhat Disagree (2)</th>
<th>Disagree (1)</th>
<th>PROVIDE DETAILS/ COMMENTS/ JUSTIFICATION</th>
</tr>
</thead>
</table>

### Design

**PROPOSED DEVELOPMENT**
- The proposed site covers an area of approximately XXX acres. There is evidence that the Investor has taken into account the limitations of the area for the design of the development and is optimising the site.
- The proposed design is such that it is a government building development and there is evidence of an effective use of inviting and modern colours to heighten the visual experience of the new development.
- The proposed site for the development shares the same access road for the M&E building.
- The proposal includes a well thought out traffic flow management plan for both peak and non-peak hours during construction and operations.

### PARKING SPACE

- There is evidence that the design of the car park is well thought out, for example, well ventilated, adequate lighting and security aspects has been taken into account.

### COMMERCIAL AND RETAIL AREA

- There is evidence that there is a well thought out design for the commercial and retail area and there is a good mix of architecture to attract patrons to the commercial area.

### Other Requirements:

- The design considers linking the facility in Site B to the main community and commercial area in Site A through the innovative use of street paths, pedestrian crossings, traffic lights to create a holistic and integrated provision.
- There is sufficient evidence that the parking facilities will reduce traffic congestion around the premises. Please provide details.
- The development of practical and aligned infrastructure including but not limited to, drainage systems, utility corridors to support the infrastructures proposed within the development;
- The proposed business activities are activities that would complement and/or add value to the services readily available.
- The activities are health centric or health conscious in nature and aims to promote healthy living and lifestyle.

**TOTAL (55 points max)**

**WEIGHTAGE (10% max)**

0
### Practicability and Commercial Sustainability

<table>
<thead>
<tr>
<th>Agree(5)</th>
<th>Somewhat Agree(4)</th>
<th>Neutral (3)</th>
<th>Somewhat Disagree(2)</th>
<th>Disagree (1)</th>
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<tbody>
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</table>

The concept is as per the requested tender specification

The proposal includes forecasted revenues for the proposed developed and supported by practical assumption that are in line with its overall business strategy

The investor may lease out the commercial and retail areas to a third party. The investor has included proposed rental rates for the commercial area which are feasible (compared against current market rates within the area). Please also indicate the proposed rental rate.

**TOTAL (15 points max)**

<table>
<thead>
<tr>
<th>WEIGHTAGE (10% max)</th>
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### Fixed Investment Amount

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<th>Neutral (3)</th>
<th>Somewhat Disagree(2)</th>
<th>Disagree (1)</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note investment amount and rate each company against each other in relation to proposed investment amount, upon completion of all evaluation. Assess the realistic nature of this amount against what is being proposed for the development

**TOTAL (5 points max)**

<table>
<thead>
<tr>
<th>WEIGHTAGE (5% max)</th>
<th>0</th>
</tr>
</thead>
</table>

### Operational and Marketing Strategy

<table>
<thead>
<tr>
<th>Agree(5)</th>
<th>Somewhat Agree(4)</th>
<th>Neutral (3)</th>
<th>Somewhat Disagree(2)</th>
<th>Disagree (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There is evidence of a well thought out and implementable marketing and operational strategy for the development

There are additional and innovative strategies and approaches evident in the proposed marketing strategy

**TOTAL (10 points max)**

<table>
<thead>
<tr>
<th>WEIGHTAGE (5%)</th>
<th>0</th>
</tr>
</thead>
</table>

### Environmental Sustainability

<table>
<thead>
<tr>
<th>Agree(6)</th>
<th>Somewhat Agree(4)</th>
<th>Neutral (3)</th>
<th>Somewhat Disagree(2)</th>
<th>Disagree (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

The proposed development concept takes into account the environment and has incorporated these considerations or green concepts into the overall design and construction of the building

Does the requirements meet at least the minimum requirements to International Best Practices Building Construction conform to "Greenmark Certified". Is there evidence of this?

**TOTAL (10 points max)**

<table>
<thead>
<tr>
<th>WEIGHTAGE (5% max)</th>
<th>0</th>
</tr>
</thead>
</table>

**GRAND TOTAL/WEIGHT**

| 0 |
## Operational Capability & Financial Sustainability

### Operational Capability

Based on the information provided, please assess whether investor has provided sufficient evidence to execute the projects from start to finish based on their financial and operational capability.

*(Rate each item in comparison to the rest of the proposals)*

<table>
<thead>
<tr>
<th>OPERATIONAL CAPABILITY &amp; FINANCIAL SUSTAINABILITY</th>
<th>Agree (6)</th>
<th>Somewhat Agree (4)</th>
<th>Neutral (3)</th>
<th>Somewhat Disagree (2)</th>
<th>Disagree (1)</th>
<th>PROVIDE DETAILS/COMMENTS/JUSTIFICATION</th>
</tr>
</thead>
</table>

### Design and Build

There is sufficient evidence that the Investor or Lead Consortium or Main consortium member have sufficient experience in the design and construction of a multi-storey development or any similar building works. Please provide details.

### Operations

- There is sufficient evidence that the Investor or proposed operator have sufficient experience in operating parking and commercial facilities or similar developments. Please provide details.
- There is sufficient evidence that the Investor of Proposed Operator have sufficient experience in maintaining the Government Building development.
- There is evidence that the maintenance of the entire development has been taken into account for the entire proposed concession period.

**TOTAL (20 points max)**

**WEIGHTAGE (22.5%)**

### Financial Capability

Based on the financial information provided, please assess whether the Investor is able to demonstrate the following:

- The proposal showcases a solid business case and practicability of commercialising the concept.
- The forecasted revenues are supported by practical assumptions that are in line with its overall business strategy and is able to demonstrate the sustainability of its operations for the proposed concession period.
- The projected returns for their investment is realistic when compared to their projected revenue from lease and operations of the commercial and parking facilities.
- There is a solid marketing plan to ensure they secure the right tenant mix for the commercial facilities and that it is aimed to encourage healthy living and lifestyle concept.

**TOTAL (20 points max)**

**WEIGHTAGE (22.5% max)**

**GRAND TOTAL/WEIGHT**

0
### Nice To Have Item / In-Kind Item

<table>
<thead>
<tr>
<th>OPTIONAL PROJECT REQUIREMENTS</th>
<th>Y/N</th>
<th>VALUE</th>
<th>PROVIDE DETAIL/COMMENTS/JUSTIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Investor may choose to include providing the following items to the Client. Please indicate which items will be provided and its value.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward each item with one point for each optional in kind provided (for example, stated as below):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment for lecture theatre</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office furniture for administration area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture for training area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office furniture and equipment for conference room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 syndicate rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture for syndicate rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 prayer rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL VALUE OF OPTIONAL IN-KIND ITEMS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Please give weightage based on the TOTAL VALUE of optional in-kind items provided.</td>
<td></td>
<td></td>
<td>Weightage</td>
</tr>
<tr>
<td>Weightage 20% (Proposal that provides the best value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For example, if most value is $100,000, therefore weightage will be $100,000/$100,000 x 20% = 20%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Glossary
# Glossary

| **Bankable** | A project is considered to be bankable if it is able to generate sufficient revenue and profits to attract private sector participation. |
| **Economic Infrastructure** | Economic infrastructure supports economic activity and is often characterised by ‘user-pays’ or demand-based revenue streams. |
| **Expression of Interest (EOI)** | A method to conduct market sounding to allow the procurers to identify what skills, resources and capacity of what interested applicants can bring to the advertised project. |
| **Key Performance Indicators** | Financial or non-financial indicators used to measure progress or success of the private partner during the operating term, on critical factors relevant to the project, which will also vary depending on the Contracted Services and other attributes of the project. |
| **Output specifications** | 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. |
| **Private Finance Initiative** | A form of Public Private Partnership (PPP) where the private sector designs, builds, finances and operates facilities based on output specifications provided by the Government. |
| **Public Private Partnership** | A long-term contractual relationship between the Government and the private sector for the provision of services, whereby the responsibilities and risks involved are shared between the Government and the private sector according to their respective competencies. |
### Glossary *(continue)*

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Request for Proposal (RFP)</strong></td>
<td>A Request for Proposal (RFP) is the primary document that is sent to suppliers that invites them to submit a proposal to provide goods or services. It is an excellent tool that purchasing parties can use to source the best products or services from among several vendor offerings, if used correctly and in the correct circumstances.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>The chance of an event occurring that will cause the actual project circumstances to differ from those assumed when forecasting the benefits and costs of the project.</td>
</tr>
<tr>
<td><strong>Special Purpose Vehicle (SPV)</strong></td>
<td>The party that enters into a contractual agreement with the government for the provision of services on a PPP basis. Generally, companies in the private sector may form consortiums to bid for PPP contracts. SPV is an entity created to act as the legal manifestation of a project consortium.</td>
</tr>
<tr>
<td><strong>Social Infrastructure</strong></td>
<td>Social infrastructure typically includes assets that accommodate social services, and is typically funded by the government.</td>
</tr>
<tr>
<td><strong>Whole Lifecycle Costs</strong></td>
<td>The total cost of a project, including development, operation and maintenance costs, over its useful economic life.</td>
</tr>
</tbody>
</table>
For any clarifications or feedback on this PPP Guidelines, please contact:

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Website: www.depd.gov.bn