



# **A CIRCULAR FOR CONSIDERATION OF PROPOSALS BY THE BUDGET FACILITY FOR INFRASTRUCTURE**

---

March 2025

## **INTRODUCTION**

The Budget Facility for Infrastructure (BFI) is an appraisal review process that supports the consideration of large-scale infrastructure proposals that require fiscal support. The goal is to ensure that investment choices are made in line with effective project development, robust appraisal review, sustainable financing and procurement arrangements and pragmatic delivery of infrastructure.

In line with broader infrastructure reforms led by the National Treasury; the BFI has been reconfigured. The reconfiguration builds on earlier successes, including lessons learnt from the 2024 special window, to improve the operations and strengthen the strategic thrust and impact of the facility. Henceforth, the BFI will undertake appraisal reviews quarterly instead of a single annual window. A National Treasury committee will be convened quarterly to make recommendations into the budget process on evaluated proposals and determine the appropriate fiscal mechanisms to support projects and programmes. This could include government guarantees, appropriations, and other fiscal instruments. The scope of the facility will include the consideration of proposals from pre-feasibility stage with varied evaluation processes for proposals at different stages of development.

The reconfiguration enables the BFI to serve as a centralised gateway for large-scale infrastructure proposals requiring fiscal support to advance. It allows for earlier and better collaboration with sponsors in pursuit of a continuous and investable pipeline; separates financing decisions from the evaluation and budget processes; and complements efforts to leverage non-fiscal resources.

Over time, the facility intends to support the improvement of planning and preparation practices; efficiency and allocation of fiscal and project/programme risks; and faster and effective delivery of infrastructure.

For 2025/26, the submission deadline for the quarterly windows and the committee meeting dates are reflected in Box 1.

**Box 1: Submission Deadlines and Committee Meeting Dates**

Sponsors must adhere to the submission deadlines and note the committee meeting dates where evaluated proposals will be considered for potential fiscal support before the projects and programmes are fed into the budget process and other structures:

**Table 1: Timelines**

Window	Submission Deadline for sponsors	Committee Meeting Dates
1	16 April 2025	09 - 13 June 2025
2	01 July 2025	08 - 12 September 2025
3	01 October 2025	08 - 12 December 2025
4	09 January 2026	09 - 13 March 2026

While submissions to the facility may be made at any time before the cutoff date(s), **sponsors must note that appraisal reviews take time to conduct, and to meet the dates for the committee sitting(s), sufficient lead times must be allowed.** Also, the evaluation process will be iterative, requiring timely and active participation of sponsors in the process to resolve emerging issues. Thus, early submissions by sponsors will assist in ensuring that there is sufficient time for the appraisal review process, and for gaps in the proposals to be resolved.

It is also worth noting that **submissions received after the submission deadline of a specific window will be evaluated in the subsequent window.**

The facility will only consider submissions that **meet the eligibility criteria and contain sufficient information** to inform investment decisions.

**ELIGIBILITY CRITERIA**

The BFI will consider **new and existing infrastructure proposals** from public institutions<sup>1</sup> in respect of projects and programmes that meet the following criteria:

1. A **minimum capital cost threshold of R1 billion**. Proposals with a lower cost threshold may be considered in the case of projects or programmes that propose significant private sector participation in financing and implementation.
2. On-budget social interventions<sup>2</sup>, blended finance initiatives<sup>3</sup> and submissions under private sector participation (PSP) frameworks including public-private partnerships (PPPs)<sup>4</sup>, concessions and special purpose vehicles that have a viability gap related to the social component, sponsors that require access to financing, transactions that need credit enhancement or where there is a market failure or other reasons that impede the proposal to proceed.

<sup>1</sup> Public institutions include national, provincial, municipal spheres of government as well as public entities.

<sup>2</sup> This refers to social interventions that are funded by the government to deliver essential services.

<sup>3</sup> This refers to interventions that have a commercial and social components and require a capital contribution and/or financing instrument to de-risk the investment and crowd in other resources for developmental purposes.

<sup>4</sup> PPP proposals must have completed feasibility studies and received Treasury Approval I (TA I) or Treasury Views and Recommendations I (TVR I).

3. In the following stages of development (*see the Submission Requirements section below for more details*):
- **Category A (Pre-feasibility):** Proposals at this stage will receive initial feedback to refine and/or guide the conceptualisation, preparation and packaging of the project or programme in question. Submission at this stage is optional but encouraged, to strengthen proposals before sponsors submit for an investment decision.
  - **Category B (Feasibility):** Proposals at this stage will be assessed for investment worthiness. Proposals that are deemed investment worthy will be channelled to the relevant budgetary or other structures in the National Treasury for consideration.
  - **Category C (Post-Feasibility):** Proposals at this stage must have been assessed for investment worthiness (i.e., Category B) and have completed planning processes. These proposals will be considered for support based on the execution capacity and readiness to begin construction.
4. For proposals under Category B and C that require fiscal support over the 2026 MTEF period, sponsors must demonstrate readiness to initiate procurement, contracting or construction during the MTEF period. For blended finance initiatives, these must demonstrate that with fiscal support provided, projects or programmes will reach bankability or financial closure over the medium term.
5. Fiscal support is not limited to on budget funding support. The evaluation of proposals will include an examination of the most efficient fiscal mechanism to close the viability gap and will be referred to the relevant regulatory processes in the National Treasury. This may include guarantees issued in terms of sections 66 and 70 of the Public Finance Management Act, and other risk sharing mechanisms such as Public Private Partnerships regulations issued in terms of section 76 of the Public Finance Management Act and section 168 of the Municipal Finance Management Act.

**Proposals that are fully commercial in nature and those that require 100 per cent funding will not be considered. Consideration of unsolicited bids is contingent upon backing from an eligible sponsor.**

## **SUBMISSION REQUIREMENTS**

Submissions must consist of a:

- **Primary Submission Report**, a concise summary of the proposal that must not be longer than 20 pages (*see Box 2 below for more details*);
- Completed **Budget Statement Template**<sup>5</sup>, a simplified or basic financial model template meant to capture key financial information to inform the budget estimates for the project/programme;
- **Letter(s) of Support**<sup>6</sup> from the relevant national department, where applicable; and
- Relevant key supporting documentation depending on the category of the project or programme, as tabled below.

---

<sup>5</sup> Sponsors may download the template from the National Treasury website:  
<http://www.treasury.gov.za/publications/guidelines>.

<sup>6</sup> Letter of support is a formal endorsement of the proposal by the relevant national department in cases of submissions made by subnational spheres of government and public entities. The letter should be signed by the Director General of the national department or any person to whom the function is delegated (letter of delegation should also be provided).

Table 1: Supporting Documentation <sup>7</sup> per Category		
Category A	Category B	Category C
<ul style="list-style-type: none"> <li>Pre-feasibility study or equivalent</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility study or equivalent</li> <li>Conceptual designs</li> <li>Socio-economic analysis reports and models</li> <li>Financial model</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility study or equivalent</li> <li>Detailed designs</li> <li>Comprehensive socio-economic analysis reports and models</li> <li>Detailed financial model</li> </ul>

Supporting documentation should contain sufficient information to validate arguments and conclusions made in the *Primary Submission Report*. These should also provide easy and accessible data sources that can be independently verified. **The *Primary Submission Report* should refer to supporting documentation for ease of reference** and adhere to the page limit. The Annexure details the aspects that the supporting documentation must cover. The supporting documentation cannot substitute for the Primary Submission Report.

The evaluation will consider all documents submitted and failure to submit adequate information will result in the proposal not being considered by the facility for detailed technical analysis.

Submissions must be made in electronic format and be directed to the Secretariat at: [infrastructure@treasury.gov.za](mailto:infrastructure@treasury.gov.za). Sponsors are urged to make submissions well ahead of the specified submission deadlines to allow for adequate time for a robust evaluation process.

**Sponsors that require assistance with preparation and/or packaging of proposals should contact the Secretariat at [infrastructure@treasury.gov.za](mailto:infrastructure@treasury.gov.za) for referral to preparation facilities within the Development Bank of Southern Africa, Infrastructure South Africa and Government Technical Advisory Centre.** Sponsors may independently seek preparation support on their own.

The Secretariat will organise information sessions for project sponsors to assist with submissions and technical requirements. Those who may require detailed guidance in addition to the scheduled information sessions, should send their requests to the Secretariat for consideration.

Sponsors should note that the National Treasury is collaborating with private financiers and funders to support infrastructure projects and programmes. Financing for BFI supported proposals will be separated from broader borrowing requirements. As such, sponsors' cooperation in sharing project or programme information will be critical to enhance monitoring and reporting requirements and to ensure accountability and value for money.

<sup>7</sup> Sponsors should note that the list is not exhaustive, and supporting documentation is not limited to Table 1.

### Box 2: An Overview of Elements in the Primary Submission Report

1. A **description of the project/programme**, including owner/sponsor details; the sector(s) within which the intervention falls; stage of development, construction and operating periods; key stakeholder(s) tasked to plan/implement the intervention; and the legal mandates under which the planning/implementing institution(s) operate, amongst others.
2. An account of the **internal prioritisation and approval processes** followed that resulted in the prioritisation of the project/programme. This should be linked to priorities set out in the National Infrastructure Plan 2050, the Strategic Infrastructure Projects, or sector masterplans.
3. A **justification for the project/programme** through a description of the market analysis and status quo, the challenges that the intervention seeks to resolve and their extent, demand analysis, and consequences of not intervening.
4. A description of the **direct objective(s), outcome(s), and target(s)** of the project/programme.
5. A summary of the **technical options considered** to address the identified challenges, the advantages and disadvantages, the high-level costs, and the rationale for the preferred or selected option(s).
6. A **financial model and budget statement** highlighting the estimated capital, operations and maintenance costs over the intervention's full lifecycle; the proposed funding source(s) and funding requirements per source; cashflow projections; and a contingent liability statement, where applicable. Fiscal support requested through the BFI over the 2026 MTEF period and beyond, and the rationale thereof must be explicitly stated.
7. A **socio-economic analysis** that quantifies the economic costs and benefits associated with the preferred option(s) and the anticipated wider and distributional impacts.
8. A **risk assessment** that identifies, describes, and groups key risks into major risk categories; uses a risk matrix to assign the likelihood of occurrence and quantify the impacts on the project/programme; and provides risk mitigation strategies. Also, a **sensitivity analysis** that tests the assumptions used in the socio-economic analysis and budget statement sections and interprets the results.
9. A **procurement statement** that outlines the proposed delivery management, packaging, contracting, pricing and targeting strategies. A statement that highlights how the procurement strategy aligns with supply chain management prescripts and adheres to constitutional requirements must be provided. A high-level procurement plan showing key milestones and timeframes must also be provided.
10. A statement of **institutional and operational readiness** highlighting the institutional arrangements in place and governance structures to be used to advance the project/programme; the capacity and capability of those tasked with planning/implementing the intervention; due diligence processes undertaken; and a high-level implementation plan.

## APPRAISAL REVIEW PROCESS

The evaluation of proposals will be done in accordance with the 'Infrastructure Planning and Appraisal Guideline' (*refer to Box 3 below for the link*). The Guideline sets out a standardised approach to the design and appraisal review of budget submissions using appropriate and uniform methodologies. It further outlines the principles and criteria that should be used to reach decisions on the desirability of projects and programmes to ensure alignment across government. **The packaging of submissions must therefore follow the Guideline.** Additionally, sponsors should include climate resilience factors in their proposals in light of adverse and frequent climate change impacts.

All submissions will be pre-screened for alignment with the eligibility criteria. Only proposals that meet the criteria and provide adequate information as illustrated in the submission requirements below will be considered for detailed technical analysis. Sponsors may refer to the report titled "Common reasons why submissions fail to meet the BFI appraisal requirements" to avoid typical pitfalls (*see Box 3*). Proposals that have merits but are found to contain inadequate information during the pre-screening and/or detailed technical assessment will be referred to preparation facilities for assistance.

Proposals whose recommendations for fiscal support are accepted by the committee will be submitted to the budget or other processes of the National Treasury for consideration. **The final decision on these will be made by the relevant structures as part of their processes.**

**Box 3: Links to Useful Resources**

- Common Pitfalls: [https://www.gtac.gov.za/wp-content/uploads/2023/05/THE-BFI-APPRAISAL-REQUIREMENTSFS\\_FINAL\\_V2.pdf](https://www.gtac.gov.za/wp-content/uploads/2023/05/THE-BFI-APPRAISAL-REQUIREMENTSFS_FINAL_V2.pdf)
- Planning and Appraisal Guideline: <https://www.treasury.gov.za/publications/guidelines/Infrastructure%20Planning%20and%20Appraisal%20Guideline.pdf>
- National Parameters and Commodity Specific Conversion Factors database: <https://sa.cri-world.com/>
- Framework for Infrastructure Delivery and Procurement Management (FIDPM): [https://cdn.ymaws.com/www.safcec.org.za/resource/resmgr/construction\\_legislation/fipdm/fipdm\\_2019.pdf](https://cdn.ymaws.com/www.safcec.org.za/resource/resmgr/construction_legislation/fipdm/fipdm_2019.pdf)
- Delivery Management Guidelines Practice Guide 2 - Construction Procurement Strategy<sup>8</sup>: <https://www.cidb.org.za/resource-centre/downloads-1/#45-153-wpfd-infrastructure-delivery-management-toolkit>

---

<sup>8</sup> This file is titled *IDM-Toolkit-DMG-6-PG2-ConstructionProcurementStrategy-V9-1-2010-10-16* on the Construction Industry Development Board's site.

## **ANNEXURE: ELEMENTS OF THE DETAILED SUBMISSION**

### **1) DESCRIPTION**

The section must provide key project/programme information, including the name, main features (i.e., output, service levels and capacity) and location(s) of the intervention; the associated infrastructure sector(s) of intervention; strategic nature of the project/programme; stage(s) of development; estimated construction and operating periods; and the name of the sponsor, other key stakeholder(s) tasked to plan/implement the intervention and their respective roles and responsibilities, and the legal mandate under which the planning/implementing institution(s) operate; amongst others.

The section should also highlight the reasons for approaching the BFI (i.e. what is required and for what purpose). Where funding is required, state how much is requested through the BFI: (a) in total, and (b) over the 2026 MTEF period.

### **2) DEMAND AND MARKET ANALYSIS**

The purpose of the section is to outline the need for the project/programme and justify the scale and timing of the intervention. The section can thus be divided into two parts:

- a) **Needs analysis:** The subsection details the market analysis conducted and identifies and describes the status quo around the intervention; the challenges that the intervention seeks to resolve, their extent and impacts; the factors that contribute to the challenges; the consequences if the intervention is not implemented; and identifies potential beneficiaries of the intervention and a justification for their selection.
- b) **Demand analysis:** The analysis assesses the factors that underpin the demand for the intervention; how these factors translate into demand; and quantifies the current levels of demand and how it is expected to evolve over time. This is compared to the output of the intervention to gauge if the project/programme is appropriately sized and well-timed.

### **3) OBJECTIVES**

This section sets out the desired objective(s) and outcome(s) of the intervention. The purpose is to clearly define what the intervention is trying to achieve or solve; the extent to which the intervention will contribute to addressing the problem; and what would constitute a successful outcome or set of outcomes. The section further highlights the broad contribution(s) of the intervention to the economy and society at large.

**Hint for application:** The objective(s) must be specific, measurable, achievable, relevant, and time-bound (SMART), and expressed in general terms so that the range of solution options to meet them can be easily identified. Where feasible, the submission should quantify the extent to which the project/programme addresses or alleviates the identified challenges. It is also important to identify project/programme outcome(s) that are directly related to the identified challenges and project/programme objective(s).

#### 4) **OPTIONS ANALYSIS**

The section describes the options considered during the pre-feasibility/feasibility stage to demonstrate that the solution chosen is optimal and provides the most value for money to government. The purpose of the analysis is to critically evaluate all the possible options against each other to ensure that the selected option(s) can achieve the objectives better and cost-effectively.

Sponsors must present the technical options considered at the pre-feasibility/feasibility stage, and describe each option in detail, covering aspects such as technical configurations (i.e., output, capacity, service levels and site selection), and **environmental safeguards**, amongst others. Further, the advantages and disadvantages of each option, high-level quantification of costs and benefits, and trade-offs must be discussed. Examples of trade-offs to consider could be whether conceptual designs are available, meaning delivery for a particular option can be expedited, or **if there are potentially significant adverse environmental** and social consequences associated with an option. Also, the extent to which each proposed solution meets and resolves the core problem must be demonstrated.

The preferred option(s) must be explicitly stated together with a rationale for its suitability, effectiveness, and cost-efficiency compared to alternatives. When estimating and comparing the high-level costs and benefits of options, the sponsor must consider the full life cycle costs and benefits of the project/programme (i.e., capital, maintenance and operational costs and impacts over the useful life of the asset(s)). The section should ultimately demonstrate the merits of the selected intervention(s) based on its technical, financial, economic, environmental, and social viability.

Sponsors must demonstrate how the preferred option(s) meets the objectives more effectively, including how it provides the best value for money for government.

#### 6) **FINANCIAL MODEL AND BUDGET STATEMENT**

The section uses the estimates in the completed *Budget Statement Template* to assess the financial implications, affordability and sustainability of the intervention over its lifetime. Reference may be made to the financial model, where submitted, especially in cases where further detail on the financial structure and the estimates is provided.

This section details the assumptions and methods used to derive the estimates in the *Budget Statement Template* and the associated level of confidence associated with the estimates. The sponsor must ensure that all cost estimates are accurate and reasonable and, where applicable, make use of cost benchmarks or norms and standards. To the extent that third party estimates are presented, sources must be provided for ease of verification. The estimates must be provided in annual terms.

The section is divided into the following four financial statements:

- a) **Expenditure statement (uses of funds).** This statement details all the payments associated with implementing the project/programme and its services. The expenditure statement should cover all capital payments involved in the construction of the asset(s) and interest



incurred during construction, where debt is used. It should also detail the operating payments associated with running and maintaining (routine and capitalised) the asset(s) over its useful life. All the other payments associated with the intervention must be also included.

- b) **Funding statement (sources of funds).** This statement shows all the sources that will be mobilised to fund the costs indicated in the Expenditure Statement. This may include internal funds, equitable share, conditional grants, revenues generated through direct user charges, and debt. Any debt, equity obligations or concession arrangements that the sponsor intends to mobilise in favour of the project/programme must be disclosed, together with their terms and conditions. Confirmation of support and availability of budgets from the institutions from which the funds are purported to flow, along with associated terms, costs and dependencies must be outlined. The fiscal support required through the BFI must be explicitly stated in this statement, the period over which the support is required and the rationale thereof. In this regard, **sponsors must demonstrate the extent to which conventional and alternative funding solutions have been explored prior to approaching the BFI, and the constraints therein.**
- c) **Cashflow statement.** The sponsor should provide a comprehensive account of the financial inflows and outflows associated with the capital, operations, maintenance and financing activities **over the life** of the asset(s). Where financial inflows are not sufficient to fund operations and maintenance costs, the sponsor must provide a plan to meet these obligations. In addition, the statement must demonstrate the extent to which the project/programme performs against financial matrices such as the net present value (NPV), internal rate of return (IRR), Debt-Service Coverage Ratio, etc, particularly for interventions that intend to use debt.
- d) **Contingent liability statement.** Any sovereign guarantees, provisions or obligations that could give rise to fiscal liabilities in the future because of any explicit contractual eventuality should be fully disclosed. The statement should give details of all explicit liabilities that will accrue to the national government as well as the extent and consequences thereof. The statement does not apply to projects/programmes in the local government sphere.

## 5) SOCIO-ECONOMIC ANALYSIS

The purpose of this section is to assess the economic costs and benefits associated with each of the identified options in the *Options Analysis* using either a cost-benefit (CBA) or cost-effectiveness analysis (CEA) to determine the economic viability and sustainability of the intervention. This analysis is critical to justify fiscal support. The *Infrastructure Planning and Appraisal Guideline* provides details on the CBA<sup>9</sup> and CEA<sup>10</sup> methodologies.

Broadly, a CBA is employed when the impacts of a project/programme can be monetised, as with most economic infrastructure interventions. It seeks to establish whether a particular investment is the most efficient use of society's resources. On the other hand, a CEA is typically used for social projects/programmes where benefits are difficult to quantify, or it is inappropriate to quantify these. A CEA assesses each option on its relative costs to select the

<sup>9</sup> CBA methodology can be found on pages 28 – 45 of the *Infrastructure Planning and Appraisal Guideline*.

<sup>10</sup> CEA methodology can be found on pages 66 – 70 of the *Infrastructure Planning and Appraisal Guideline*.

least costly option(s), or the option(s) that has the least cost per unit of benefit (assuming the benefits are the same across the options).

The section must provide the assumptions with rationale, methods and sources of data and estimates used, together with the perspective from which the CBA is undertaken, and the definition of the base case. It further needs to discuss the impacts identified for each option considered in the Options Analysis section; categorise them into costs and benefits; show the sequence of when the impacts will occur over the life of the project/programme and the applied steps to monetise the costs and benefits. The results of the CBA must be presented, comparing the economic NPV, economic IRR and the benefit-cost ratio (BCR) of each of the options. Importantly, the CBA model must be attached preferably in Excel format.

**Note: The National Treasury has developed a database of commodity-specific economic conversion factors (CSCF)<sup>11</sup> necessary for undertaking a CBA and CEA.** The recommended social discount rate (SDR) is 10 per cent. **Sponsors are reminded to use economic prices to value impacts**, as opposed to financial or market prices when conducting a CBA; and that each option's impacts should be assessed on their marginal or incremental effect, by estimating the change in impact under each option against the base case. In addition, sponsors must ensure that the CBA or CEA conducted is methodologically robust and sound.

To complement the CBA and CEA, a wider and distributional impact assessment should be included, using tools such as social accounting matrix, input-output model, or computable general equilibrium models. These tools can show each option's contribution to the economy and society by considering variables such as job creation, gross domestic product impacts, or analysis of impacts on the marginalised and vulnerable members of society, amongst others. These tools are also useful for understanding the distributional impacts of the options. A detailed discussion of the assumptions made, the application of the methodology (e.g., multipliers used and the associated sectors) and the results of the analysis must be included.

## 7) **RISK STATEMENT AND SENSITIVITY ANALYSIS<sup>12</sup>**

The section must identify, describe and categorise potential risks during construction and operations into technical, financial, economic, social, and political risks, etc.; assign the likelihood of occurrence and rank the impacts in a risk matrix; and provide a detailed plan of measures to mitigate and manage the identified risks, including the roles and responsibilities of those involved in the plan.

In addition, the sponsor must conduct a quantitative sensitivity analysis which will test the impact of changes in various modelling assumptions on the financial and economic viability of the project/programme and identify the most vulnerable variables. This is because the assumptions in a CBA/CEA and Budget Statement are subjectively estimated and are likely to change over the life of projects/programmes. The submission must also outline the assumptions underlying the analysis.

<sup>11</sup> These parameters are available at <http://sa.cri-world.com/>.

<sup>12</sup> Refer to pages 46 – 49 the *Infrastructure Planning and Appraisal Guideline* for detail on Risk and Sensitivity analysis.

## **8) PROCUREMENT STATEMENT**

This section is important in demonstrating the intervention's value for money prospects, adherence to supply chain prescriptions and in some cases, shovel readiness.

A procurement strategy details the procurement needs and requirements of the project/programme; explored and selected delivery management, packaging, contracting, pricing and targeting options; and procurement procedure(s) to be followed for all the required goods and services to ensure alignment to constitutional requirements and other legislative prescripts. The rationale for adopting a particular option(s) compared to alternatives must be clearly demonstrated.

A procurement strategy must include the following:

- a) The procurement needs of the project/programme. State and describe the goods and services needed to support the implementation of the proposed intervention. This could include professional services provider(s), implementing agent(s), contractor(s), etc. The role(s) and scope of each service provider must be stated.
- b) Delivery management strategy. The submission must indicate the delivery management plan of the project/programme to support construction works and/or professional services. This could include PPPs, Implementing Agent, another organ of state's framework agreement, leasing of property, outsourcing or own resources. The sponsor should decide whether the identified categories in the procurement needs will be delivered on a programme of procurement projects or series of independent procurement projects.
- c) Packaging strategy. Depending on the delivery mode (i.e. programme or independent procurement projects), a package plan for construction and maintenance projects or a combination thereof must be specified. Factors to consider when packaging works include interdependencies between projects and programmes, whether or not framework agreements will be put in place, levels of competition amongst contractors, organisational and managerial complexities, the spatial location of projects, the scale and nature of the work, economy of scale, the manner in which interfaces between packages are to be managed and controlled, project risk, risk allocations, programming (scheduling) requirements, attractiveness to markets, matching contractor skills and capabilities, commissioning requirements, deployment of administrative resources, scope of service and secondary (developmental) procurement policy objectives.
- d) Contracting strategy, forms of contract and pricing. The sponsor must consider contracting strategies for construction works (i.e., design by employer, develop and construct, design and construct, construction management, and management contractor) and forms of contract (e.g., general conditions of contract, joint building contracts committee, international federation of consulting engineers, and new engineering contract) to determine the most suitable combination for the

project/programme. Similarly, contracting strategies and forms of contract for professional services must be explored and selected, if relevant for the intervention.

- e) Pricing strategy. The submission must detail the pricing strategies (e.g., price-based and cost-based) that have been explored and selected to secure financial offers and remunerate service provider(s).
- f) Targeting strategy. The sponsor should specify the targeting strategies (e.g., local content, youth employment creation, Broad-Based Black Economic Empowerment and gender equity) that are to be employed to achieve the secondary or developmental objectives of the project/programme.
- g) Procurement arrangement. This subsection should include explored and selected targeted procurement strategies (e.g., mandatory subcontracting and incentives for key performance indicators); tender evaluation procedures; and quality strategies. Additionally, the procurement procedure must demonstrate alignment with the requirements for a fair, equitable, transparent, competitive, and cost-effective process. Options may include a negotiated procedure, competitive selection, or a combination of the two.
- h) Procurement plan. A detailed plan with estimated milestones, timelines and roles and responsibilities of the stakeholder(s) involved must be provided.

In deciding on an appropriate set of options with respect to the above-listed aspects, supporting documentation should detail the advantages and disadvantages of each option, risks and trade-offs, and the rationale for the chosen option(s).

The above aspects should already be selected at the time of submission for a proposal to demonstrate shovel-readiness. In addition, the procurement timeframes must demonstrate that the sponsor would be able to procure, contract and/or construct within twelve months, should fiscal support be granted, where applicable. The timelines would be different for projects/programmes that are yet to reach bankability.

## 9) INSTITUTIONAL AND OPERATIONAL READINESS

The purpose of the section is to demonstrate that the necessary institutional arrangements and governance structures are in place, and the client and delivery team(s) have the skills and capacity required to deliver the project/programme on time, within budget and to specifications.

- a) **Mandate:** Confirms the mandate of the sponsor to undertake the project/programme and their operating environment. Should the responsibility to implement be ceded to another party, the relevant authorisations must be attached.
- b) **Governance and institutional arrangements:** Detail the project/programme's governance structures, institutional arrangements that involves all stakeholders

involved in the planning/implementation of the intervention and their respective roles and responsibilities. The governance structures need to be specific to the intervention and show clear reporting lines that ensure accountability and adherence to internal controls and systems. In the case of project/programme that involves multiple institutions, a stakeholder coordination plan and signed agreements (i.e., Memoranda of Agreement/Understanding or Service Level Agreements) must be submitted.

- c) **Capacity:** Demonstrate that there is or there will be sufficient capacity within responsible institution(s) and team(s) to deliver the project/programme on time, on budget and to specifications. This can be done by outlining the skills profiles of the current teams and institutions, their proven track record of successful delivery of similar projects/programmes and skills/capacity gaps that still exist. The plans for human resources and funding requirements needed to support project/programme implementation must be outlined. In addition, monitoring and evaluation plans, incentives and/or penalties to be put in place to support successful delivery must also be outlined.
- d) **Legal and technical due diligence:** Confirm whether the project/programme has and/or will comply with all statutory and technical requirements. These include authorisations and approvals for required licenses and permits, compliance with sector regulations, norms and standards, and environmental impact assessments and management plans. Further, confirm the suitability and availability of the site(s), basic designs, and environmental safeguards. To the extent that some of the authorisations and approvals have not yet been secured, the sponsor should outline challenges, if any, and anticipated timeframes for finalising these.
- e) **Implementation plan:** A detailed rollout plan that clearly shows the key delivery milestones, timelines and relevant stakeholders responsible for each milestone must be provided. This must also reflect how implementation will be phased, where relevant.

In addition to the above, the section should state any constraints that may prevent successful project/programme implementation and/or operations.

[END]