



GOVERNMENT OF ZIMBABWE

**PUBLIC PRIVATE PARTNERSHIPS
GUIDELINE**

MARCH 2026

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Preamble

This Public Private Partnership Guideline (“PPP Guideline” or “Guideline”) is published in terms of the Zimbabwe Investment and Development Agency (ZIDA) Act [Chapter 14:38]. Following the promulgation of the ZIDA Act [Chapter 14:38] and the Cabinet resolution of May 2024 on Government Participation in Public Private Partnership (“PPP”) Arrangements, this Public Private Partnership Guideline (“PPP Guideline” or “Guideline”) shall be the primary source document guiding the implementation of PPPs in Zimbabwe as read with the ZIDA Act. The Guideline provides detailed steps and processes to be followed by Contracting Authorities and Counterparties in the identification, development, appraisal, approval, implementation, monitoring and evaluation and termination of PPPs in Zimbabwe.

This Guideline was formulated in accordance with the PPP procedures set out in the ZIDA Act, and the Public Procurement and Disposal of Public Assets (PPDPA) Act [Chapter 22:23] and using international best practices and examples of PPP Frameworks including the Common Market for East and Southern Africa (“COMESA”) Model PPP Law and Guidelines.

Scope of **Application**

The Guideline provides a framework for the Government and private sector to collaborate on infrastructure projects, public services or other PPP initiatives. All contracting authorities and counterparties seeking to enter into PPP agreements of any nature must comply with this Guideline. This Guideline shall be read together with the Fourth Schedule of the ZIDA Act and shall have the same force of application and legal effect.

Interpretation and **Definitions**

In this PPP Guideline, the following terms shall have the meanings assigned to them hereunder:

Term	Meaning
Accounting Officer	The person who is prescribed to be an Accounting Officer in terms of the Public Finance Management Act [Chapter 22:19].
Affordability	The ability of a project to be accommodated within the Contracting Authority's financial resources and budget constraints including the ability of the intended users to pay for the service.
Availability Payments	Payments made over the lifetime of a contract in return for the private party making the infrastructure available. This is defined in the contract, and it is a common form of payment in government-pays PPPs
Base Case Financial Model	The final model agreed between the parties at financial close. It may be updated, amended, and adjusted from time to time.
Commercial Joint Ventures	A joint venture between a Counterparty and a Contracting Authority ("CA") for the purposes of undertaking a commercial activity where the Counterparty holds a majority shareholding, and the CA holds the minority.
Contracting Authority ("CA" or "Public Entity")	Any Ministry, Government Department, Agency or Public Entity which has entered into or is considering entering into a PPP Agreement.
Counterparty or Private Party/Entity	A private sector investor in partnership with the Contracting Authority for the purposes of implementing a PPP project.
Debt Service Coverage Ratio (DSCR)	Assessment of the ability of the project to meet the debt service payment of each year. This is calculated by dividing the projected operating cash flow before debt service by the debt service of the respective year.
Economic Ownership	The right to claim the benefits associated with the use of an asset by virtue of accepting the associated risks. Economic ownership of an asset is not necessarily legal ownership.
Environmental and Social Impact Assessment ("ESIA")	An evaluation of a project to determine its impact on the environment, human health and other social issues and set out the required environmental monitoring and management procedures and plans.

Term	Meaning
Expression of Interest (“EOI”)	A preliminary document outlining a party’s interest in participating in a project partnership or procurement process. A CA invites EOIs from potential bidders to gauge the level of interest in the market to undertake the proposed project. Alternatively, a private party can express unsolicited interest to partner a CA to implement a specific project.
Final PPP Project Proposal	This is the final proposal incorporating the outcome of the Full Feasibility Study and selection of a Counterparty. The CA submits the Final PPP Project Proposal to ZIDA together with the draft PPP Agreement for review.
Financial Model (“FM”)	A quantitative technique used to forecast projected financial outcomes for a specific project. A financial model involves the creation of mathematical models that represent real-world financial scenarios to analyse the potential outcomes under specified assumptions.
Financing	The capital required to meet the project costs at commencement of the project.
Full Feasibility Study (“FFS”)	A comprehensive evaluation of the project’s technical, financial, economic, legal, environmental and social viability.
Funding	The funds required to meet project obligations from the date of operation through the project lifecycle. The funds are typically generated from taxes (in Government-pays PPPs), or from user charges (in user-pays PPPs).
Hand-back	The transfer of the project assets and responsibility for those assets, to the Government upon the termination or expiry of the PPP contract.
Internal Rate of Return (“IRR”)	The IRR is the discount rate that equates the present value of the projected cashflows to the initial investment.
Joint Implementation Committee (“JIC”)	A committee established by the parties upon signing of the PPP Agreement for the purposes of exercising oversight in the implementation and performance of the project. The JIC shall consist of equal representation from the CA and Counterparty.
Legal Ownership	Refers to the possession of legal title, rights and interests in a property or asset as recognised by law.
Milestone Payments	Payments made to the SPV upon the completion of predefined milestones in the contract. These milestones typically align with significant events or stages in a project’s lifecycle, such as the completion of a project phase, reaching a particular construction stage, or passing inspections.

Term	Meaning
Net present Value (“NPV”)	The discounted value of an investment’s cash inflows minus the discounted value of its cash outflows.
Payback Period	The length of time required for the accumulated cashflows from an investment to equal the initial outlay.
Pre-Feasibility Study (PFS)	A preliminary assessment of the project’s benefits and costs in order to determine its viability and feasibility from a technical, economic, legal, institutional and financial point of view as well as its impact on public finances.
Procurement Regulatory Authority of Zimbabwe (“PRAZ”)	The regulatory authority for public procurement in Zimbabwe.
Project Appraisal Team	A team of experts set up by the CA responsible for evaluating the project’s viability, feasibility and potential for success.
Project Concept Note (“PCN”)	A brief document outlining the initial idea, objectives, scope and justification for undertaking the proposed project.
Project Finance	A financing method for large scale projects where financiers provide financing based on the project’s cashflow potential.
Project Implementation and Performance Plan (“PIPP”)	An outline of the steps necessary to execute a project ensuring successful delivery and measuring performance.
Public Private Partnerships (“PPP”)	A long-term contract between a public party and a private party for the development (or significant upgrade or renovation) and management of a public asset, in which the private party bears significant risk and management responsibility through the life of the contract, provides a significant portion of the finance at its own risk, and remuneration is significantly linked to performance and/or the demand or use of the asset or service so as to align the interests of both parties.
Public Private Partnership Committee	A Cabinet Committee constituted in terms of the ZIDA Act responsible for appraising and recommending proposed PPP projects to Cabinet.
Public Private Partnership Investor License	A licence issued by ZIDA to a Counterparty upon approval of a PPP project by Cabinet and subject to the Counterparty meeting the terms and conditions of the licence set by ZIDA. The licence shall be project specific and valid for the duration of the PPP Agreement.

Term	Meaning
Public Private Partnership Policy Framework	The rules, established procedures, and institutional responsibilities that determine how the Government selects, implements and manages PPP projects.
Public Procurement and Disposal of Public Assets (PPDPA) Act [Chapter 22:23]	The Act that governs the control and regulation of public procurement and the disposal of public assets to ensure that procurement and disposal are affected in a manner that is transparent, fair, honest, cost-effective and competitive.
Request for Qualifications (RFQ)	An invitation issued by a CA to qualify and shortlist bidders in the first stage of a two-stage procurement process. The RFQ provides details for submitting the proposal for qualification. The RFQ shall be based on the outcome of the FFS.
Request for Proposals (RFP)	An invitation issued by a CA to shortlisted bidders in the second stage of a two-stage procurement process. The RFP provides details for the submission of a proposals. In a one-stage open tender process, the RFQ is embedded in the RFP.
Special Purpose Vehicle (SPV)	A distinct legal entity created to finance and manage a specific project and asset.
Solicited PPP Proposal	A PPP Proposal submitted by the private party in response to an invitation to bid or express interest by a public entity (Contracting Authority) typically as part of a competitive procurement process.
Unsolicited PPP Proposal	A PPP proposal initiated by a private party (Counterparty) and submitted to a public entity (Contracting Authority) without the public entity asking for it. This type of proposal typically intends to suggest a project, idea, or innovation that the private party believes could generate interest and benefit the public entity. Such a project should not be in the public entity’s project pipeline or short to medium term strategic plan.
Viability Gap Funding (“VGF”)	A financing mechanism to support infrastructure projects that are economically and socially viable but are financially unviable due to high project costs.
Zimbabwe Investment and Development Agency (“ZIDA”)	An Investment Promotion Agency (“IPA”) created in terms of the ZIDA Act with the mandate to promote, protect and facilitate the entry and establishment of investment in Zimbabwe.
ZIDA Act	The Zimbabwe Investment and Development Agency Act [Chapter 14:38]

1. Introduction To Public Private Partnerships

1.1 Defining PPPs

In this Guideline, Public Private Partnerships (“PPPs”) refer to long term contracts between a public entity and a private party for the development (or significant upgrade or renovation) and management of a public asset, in which the private party:

- i. bears significant risk and management responsibility throughout the life of the contract,
- ii. provides a significant proportion of the finance at its own risk, and
- iii. remuneration is significantly linked to the performance and or demand or use of the asset or service to align the interest of both parties.

1.2 Importance of PPPs in Zimbabwe

The Government of Zimbabwe has taken a strategic policy decision to promote PPPs for infrastructure development and service delivery. PPPs provide Government with access to private financing in addition to the traditional sources of financing public projects.

A properly implemented PPP programme:

- i. addresses infrastructure and services gaps;
- ii. helps to improve the efficient allocation of resources;
- iii. attracts private sector limited or non-recourse financing;
- iv. allows for effective risk sharing between the private and the public sector;
- v. creates room to avoid restrictive covenants found in other financing agreements;
- vi. leverages private sector expertise;
- vii. improves infrastructure and service delivery;
- viii. fosters development and strengthening of financial capital markets; and
- ix. complements Government in anchoring economic growth and development through the provision of enabling infrastructure.

This Guideline shall support CAs and other key stakeholders to identify projects where the use of PPPs can be advantageous and effectively realise these benefits through a sound preparation and implementation process.

2. Features of Public Private Partnerships

The defining features of a PPP shall be as follows.

- i. They are long term contracts between public and private parties.
- ii. The construction and long-term operation and management of the asset are bundled together under one contract.
- iii. There is significant transfer of financial, construction and operational risks of the project to the private party over the duration of the PPP contract.
- iv. The parties shall constitute a Special Purpose Vehicle (“SPV”) for the purpose of implementing the project.
- v. The costs incurred by the Private Party shall be recovered in whole or in part through fees paid for the use of services provided by the project or may be recovered through public sector payments. Public sector payments shall be based on performance standards defined in the PPP contract.

Should a project satisfy the features listed above, it shall be implemented in accordance with the provisions of this Guideline.

2.1 Arrangements that are not PPPs

The following partnership arrangements do not qualify as PPPs in Zimbabwe:

- i. where both parties are public entities; or
- ii. where substantial financial, technical or operational risk related to a particular project or function is retained by the public entity; or
- iii. a donation by a Private Party to a public entity; or
- iv. where there is a permanent transfer of public assets and/or liabilities to the private sector (privatisation); or
- v. where there is commercialisation of a public entity function by the creation of State-Owned Enterprises; or
- vi. where there is 100% financing by the public entity; or
- vii. where a Private Party holds a licence for the exploration, development, or production of petroleum, oil, and gas projects; or
- viii. where a Private Party holds an Exclusive Prospecting Order (“EPO”).

3. Classification of Public Private Partnerships

PPPs typically involve building, rehabilitating or adding to existing assets to meet the infrastructure needs of the economy and users. However, an important part of the PPP concept in infrastructure is that a PPP is outcome oriented. The reason for focusing on results and services is to encourage efficient use of public resources and improve infrastructure quality. The private partner is not limited by input specifications and can design the project to achieve, for example, the best overall lifetime cost benefits.

PPPs can be classified according to several criteria, including the following:

3.1 Infrastructure and Service PPPs

a. Infrastructure PPPs

Primarily involves the development, financing, construction, and operation of public infrastructure assets. Consequently, their focus is on infrastructure development. Under Infrastructure PPPs the private sector assumes the economic ownership of the asset while Government retains the legal ownership of the infrastructure asset. Risk is typically transferred to the private party and revenues are generated from user payments or Government payments. Examples include highways, airports, roads and ports.

b. Service PPPs

Primarily involve the outsourcing of public services to private sector entities. Consequently, their focus is on service delivery. Under Service PPPs the contractual arrangements involve the private sector partner providing a service or outcome while government retains ownership of the asset. Risk is often shared between the private and the public sector and revenues are generated from user payments or government payments. The examples include healthcare, waste management and transportation services.

3.2 Economic and Social PPPs

a. Economic PPPs

These are strategic alliances between governments and private sector entities that aim to stimulate economic growth, create jobs, and improve infrastructure and services. These partnerships:

- i. Stimulate business activity;
- ii. Generate revenues from users of infrastructure or services; and
- iii. Recoup investment from user payments.

The examples include projects such as Information Communication Technology ("ICT"), transportation as well as distribution networks such water, waste, and energy supply systems.

3. Classification of Public Private Partnerships

3.2 Economic and Social PPPs

b. Social PPPs

These are collaborative arrangements between public entities and private parties aimed at addressing social challenges and improving the citizens quality of life. These partnerships:

- i. Provide social services;
- ii. Generate marginal or no revenues from users of infrastructure or services; and
- iii. Recoup investment from Government payments.

The examples include projects such as hospitals, schools, universities, prisons, social housing, and courts of law.

3.3 User Pays and Government Pays PPPs

a. User-Pay PPPs

These are a type of PPP where the private sector partner generates revenue primarily through user fees or charges. This model applies for economic PPPs and can be an attractive option for governments seeking to reduce their financial burden and encourage efficient use of public services. In user pay PPPs:

- i. end-user pays levies for using asset or service; and
- ii. private party is given the right to charge fees to users in return for the use of the asset or service for a prescribed period.

b. Government-Pays PPPs

For these PPPs, Government provides financial support to the Private Party. This support can take the form of direct payments to the private sector such as availability payments, Viability Gap Funding (“VGF”), milestone payment and capital grants or indirect payments such as tax incentives, government guarantees or user fees. This mainly applies to Social PPPs since they do not have capacity to generate sufficient and consistent revenues.

3.4 Commercial JVs and Concession PPPs

a. Commercial JVs

A joint venture between a Counterparty and a Contracting Authority (“CA”) for the purposes of undertaking a commercial activity where the Counterparty holds a majority shareholding, and the CA holds the minority.

b. Concession PPP

A Concession PPP is a type of PPP where economic ownership of the asset or service is conferred on the Counterparty for a specified period. The legal ownership of the asset or service remains with the Contracting Authority throughout the concession period. The economic ownership of the asset is returned to the Contracting Authority at the end of the concession period.

3.5 Thresholds for PPP Projects

a. Small-scale PPP Projects

All PPP projects which are valued at less than or equal to **US\$5 million** shall be classified as small-scale projects. Any PPP project that is scalable resulting in an aggregate value over US\$5 million shall not be appraised as a small scale but a phased large-scale PPP project. Small-scale PPP projects shall be appraised and recommended for approval by the PPP Committee and shall only be presented to Cabinet for noting through an update by the Minister of Finance, Economic Development and Investment Promotion. However, the PPP Committee in its discretion can consider recommending select projects to Cabinet for determination even if they fall below the minimum threshold.

Notwithstanding the thresholds, all PPP projects shall be appraised and approved in line with the provisions of the ZIDA Act and this Guideline.

b. Large-scale PPP Projects

All PPP projects which are valued at more than **US\$5 million** shall be classified as large-scale PPP projects. These projects shall be appraised and recommended for approval by Cabinet in accordance with the provisions of this Guideline.

4. Governance and Institutional Framework for PPPs in Zimbabwe

The primary legislation governing PPPs in Zimbabwe is the Zimbabwe Investment and Development Agency Act [Chapter 14:38]. Other pieces of legislation that have a bearing on PPPs include:

- i. Public Procurement and Disposal of Public Assets Act [Chapter 22:23];
- ii. Public Finance Management Act [Chapter 22:19];
- iii. Income Tax Act [Chapter 23:06];
- iv. Companies and Other Business Entities Act [Chapter 24:31]; and
- v. Any other applicable subsidiary legislation.

4.1 The Role of Key Stakeholders in the Governance of PPPs

The key stakeholders involved in the governance of a PPP are the CA, its Line Ministry, PRAZ, ZIDA, PPP Committee and Cabinet.

4.1.1 Contracting Authority

The CA shall be responsible for the following:

- i. Project identification and preparation.
- ii. Securing of the necessary internal approvals including but not limited to Board Resolutions, Council Resolutions and key Shareholder support as the case may be.
- iii. Obtaining the support of the Line Ministry for the proposed project.
- iv. Procurement of the Counterparty in terms of the PPDPA Act.
- v. Project Implementation and Monitoring.
- vi. Contract Management.

4.1.2 Line Ministry

The Line Ministry shall be responsible for:

- i. Providing guidance to the CA on the proposed project.
- ii. Providing a Letter of Support for the proposed project if it deems the project feasible and necessary.
- iii. Signing the final memorandum of the project to be presented to Cabinet.

4.1.3 Procurement Regulatory Authority of Zimbabwe

The PRAZ shall be responsible for:

- i. Validating the selected procurement procedure and the tender documents before the procurement process is launched;
- ii. Providing guidance to the parties on the procurement of the counterparty, goods and services related the PPP project; and
- iii. Ensuring the CA complies with the provisions of the PPDPA Act in the procurement of the Counterparty.

4.1.4 Zimbabwe Investment and Development Agency (“ZIDA”)

ZIDA shall be responsible for:

- i. Advising CAs on proposed PPP projects.
- ii. Reviewing Pre-Feasibility Studies (PFS) for PPP Proposals to determine if they can be implemented as PPPs or included in the PPP project pipeline.
- iii. Approving the PFS and requesting the CAs to undertake Full Feasibility Studies.
- iv. Reviewing and approving Full Feasibility Studies.
- v. Requesting CAs to procure counterparties in line with the provisions of the PPDPA Act.
- vi. Reviewing proposed PPP Projects and making recommendations to the PPP Committee.
- vii. Providing secretarial services to the PPP Committee.
- viii. Making recommendations to the PPP Committee regarding the PPP legal, regulatory, institutional and policy frameworks.
- ix. Monitoring and evaluating the progress of implementation of PPPs.
- x. Conducting capacity building activities on PPPs.

4.1.5 Public Private Partnership Committee

The PPP Committee, consists of the following:

- i. the Secretary of the Ministry responsible for finance, who shall chair the Committee;
- ii. the Secretary of the Ministry responsible for industry and commerce;
- iii. the Secretary of the Ministry responsible for transport and infrastructural development;
- iv. the Secretary of the Ministry responsible for energy and power development;
- v. the Secretary of the Ministry responsible for local government;
- vi. the Secretary of the Ministry responsible for justice;
- vii. the Secretary of the Ministry responsible for economic planning;
- viii. a representative of the Attorney-General, at Director level; and
- ix. the CEO of ZIDA.

The following persons have the right to attend meetings of the Committee but cannot vote:

- i. a person invited to attend a particular meeting because of their expertise;
- ii. a representative of a CA invited to attend a particular meeting whose project proposal is under consideration by the Committee.

Meeting Attendance and Procedures

The conduct of meetings of the PPP Committee shall be as provided in the PPP Committee Charter.

The PPP Committee shall be responsible for:

- i. Assisting Government to formulate policy guidelines on PPP agreements;
- ii. Ensuring that all PPP projects are consistent with the national priorities specified in the relevant policy on PPP agreements;
- iii. Making recommendations to Cabinet as to whether to approve or reject project proposals submitted to it by ZIDA;
- iv. Ensuring that all proposed PPP projects comply with the ZIDA Act, the PPP Guideline, and any other applicable law;
- v. Receiving and evaluating Monitoring and Evaluation (“M&E”) and Audit Reports on PPP projects under implementation; and
- vi. Performing any other function as may be conferred on it by Cabinet in terms of the ZIDA Act or any other law.

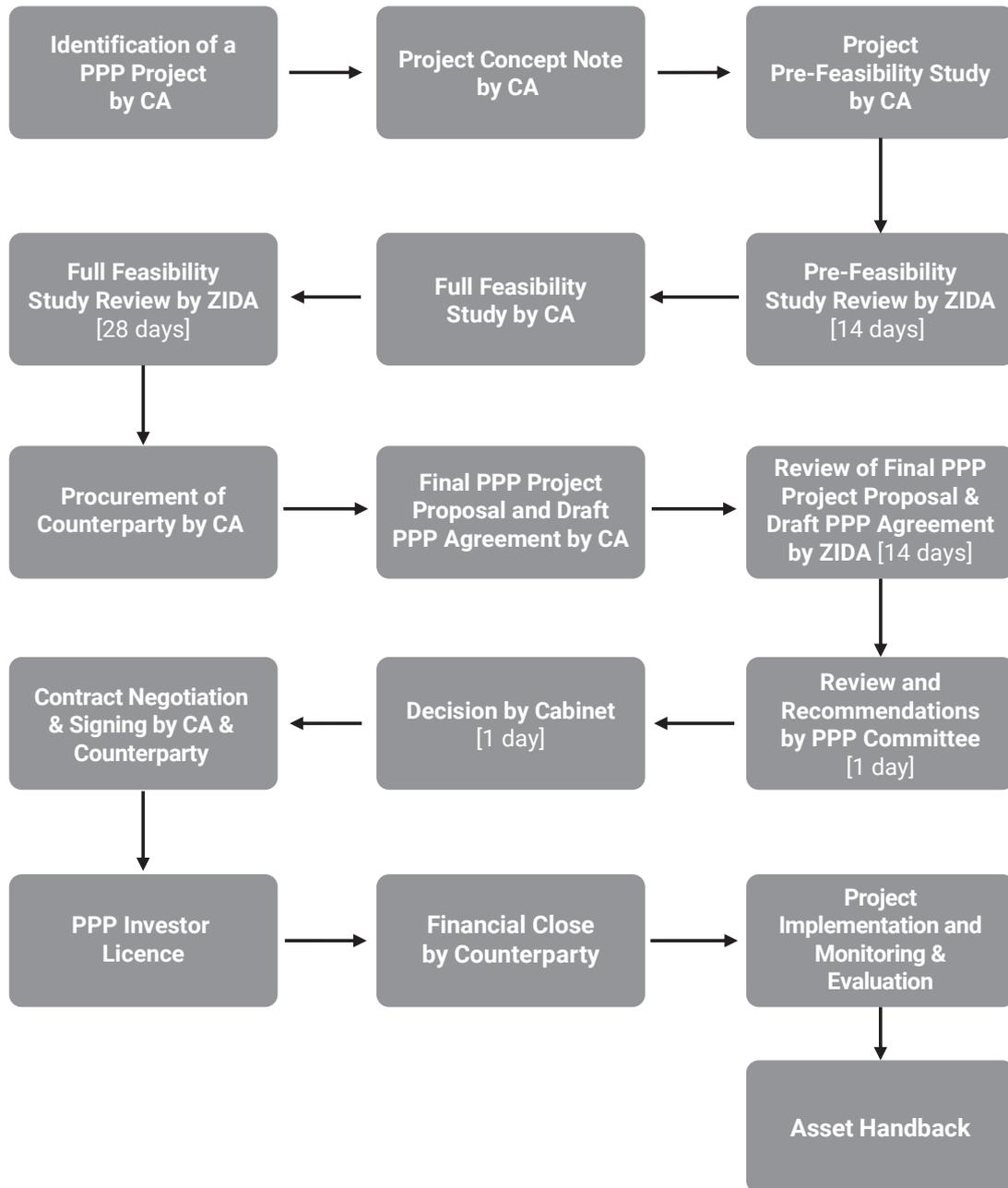
4.1.6 Cabinet

Cabinet shall approve or reject PPP proposals submitted by the PPP Committee.

5. Processing of PPP Projects in Zimbabwe

The processing and appraisal of PPPs goes through the stages illustrated in the lifecycle diagram depicted in Figure 1.

Figure 1: PPP Project Processing Cycle



***For unsolicited bids, there is an additional requirement to have PPP Committee Approval for the project itself and the proposed counterparty prior to conducting a Feasibility Study.*

***The timelines reflected are the normal timelines assuming well prepared project documents. Each stage of the PPP Project Life Cycle is detailed in Clauses 6 - 11 of this Guideline.*

6. PHASE I: INCEPTION OF PPP

6.1 Identifying a PPP Project

- a. In identifying a PPP project, the CA shall apply any one of the following approaches:
 - i. a 'top-down' approach where the opportunity is identified in response to national developmental imperatives, including projects highlighted in the national vision, strategy, fiscal policy and sectoral programmes; and
 - ii. a 'bottom-up' approach where the opportunity is identified in response to perceived community needs, district or provincial development plans, and investment collaboration.
- b. Once a potential project has been identified, the project must be assessed against the defining features of a PPP detailed in Clause 2 of this Guideline before it is developed as a PPP project.
- c. Where a CA considers an identified project to be suitable for development and procurement as a PPP, the CA should prepare a Project Concept Note ("PCN") and obtain the relevant internal approvals i.e., Board Resolution, Council Resolution, Ministry support, and shareholder support, as applicable.

6.2 Project Concept Note

- a. The objective of a PCN is to provide justification for the proposed project. Broadly the PCN should:
 - i. Clearly identify the problem to be addressed by the project;
 - ii. Outline the proposed solution;
 - iii. Demonstrate how the proposed solution aligns with the national priorities and the CA's mandate and objectives;
 - iv. Demonstrate the capacity of the project to generate sufficient revenues; and
 - v. Demonstrate the capacity of the users to pay for the service or asset.
- b. A PCN template is attached as Annexure I.
- c. After obtaining internal approvals, the CA proceeds to develop a Pre-Feasibility Study ("PFS").

6. PHASE I: INCEPTION OF PPP

6.3 Pre-Feasibility Study

- a. The PFS is a preliminary assessment of the project's benefits and costs in order to determine its viability and feasibility from a technical, economic, legal, institutional and financial point of view as well as its impact on public finances.
- b. The PFS also assesses key project risks through detailed investigations using secondary data.
- c. For effective analysis of the project proposals, a CA is encouraged to constitute a Project Appraisal Team with relevant skills and expertise.
- d. A PFS should demonstrate whether the PPP route is the best method of procuring the project.
- e. Among other things, the PFS should demonstrate the following:
 - i. Sources of revenues
 - ii. Obligations and responsibilities of the parties
 - iii. Project Scope
 - iv. Key risks and mitigants
 - v. Affordability to the CA and the users
 - vi. Benefits of undertaking the project as a PPP compared to other procuring options.
- f. The structure of a PFS is attached as Annexure II.
- g. The CA must submit the PFS to ZIDA for preliminary assessment together with the following documents:
 - i. The PCN
 - ii. Internal approvals authorising the CA to undertake the project.
 - iii. Project Support Letter from the line Ministry where relevant.

6.4 Assessment of PFS by ZIDA

- a. The objective of the assessment is to determine whether the proposed project is of an acceptable PPP type and complies with the requirements of Clause 6.3 of this Guideline.
- b. In conducting the assessment, ZIDA shall check whether the proposed project meets the defining features of a PPP, complies with the CA's mandate and this Guideline.
- c. Upon receipt of all documents spelt out in Clause 6.3, ZIDA shall complete the assessment and respond to the CA within **14 working days**.
- d. Depending on the outcome of the assessment, ZIDA shall advise the CA on how to proceed with the project. If the project is acceptable as a PPP project, ZIDA shall advise the CA to proceed to undertake a full feasibility study. However, in the case where ZIDA determines that the project cannot be implemented as a PPP, it shall advise the CA with the reasons thereof.

7. PHASE II: FEASIBILITY STUDY

Once ZIDA approves the PFS, the CA must undertake a Full Feasibility Study (“FFS”).

7.1 Undertaking of an FFS

An FFS is a critical component of project preparation, and a technical working document for project appraisal. An FFS helps the CA to develop a deeper understanding of the long-term implications of implementing the proposed project regardless of its scale and nature. Therefore, an FFS must be objective, comprehensive and factual. This can be best achieved by ensuring that the FFS is undertaken by competent and independent professionals.

The FFS shall be the basis upon which Cabinet decides to approve or reject a PPP project. Consequently, the FFS at the minimum must:

- i. Establish that the proposed project is in line with the national priorities, CA’s mandate and strategic objectives.
- ii. Determine if the proposed technical solution best addresses the identified need;
- iii. Assess the affordability of the project to the Government and/or the end user of the services by providing information about costs (explicit and hidden), and whether these costs can be met from the CA’s budgets without affecting other activities;
- iv. Evaluate the economic rationale for undertaking the proposed project;
- v. Identify, quantify, mitigate and allocate the risks associated with the project throughout its life cycle;
- vi. Include the project Environment and Social Impact Assessment;
- vii. Document all stakeholder consultations conducted for the FFS;
- viii. Identify the legal and regulatory requirements for the proposed project;
- ix. Outline how the proposed project will be structured; and
- x. Conduct financial analysis by means of a detailed Project Financial Model. Annexure IV guides the preparation of a Project Financial Model.

The CA must undertake an FFS covering all aspects detailed in Annexure III and IV and submit to ZIDA for review.

7.2 Submission and approval of FFS by ZIDA

ZIDA shall review the FFS to determine:

- i. If the FFS has been prepared in line with the provisions of the ZIDA Act and this Guideline.
- ii. whether the proposed project is viable and can be undertaken as a PPP and advise the CA accordingly.

However, if the FFS is not compliant with the set requirements, ZIDA shall advise the CA of the shortcomings and request the CA to address them.

8. PHASE III: PROCUREMENT OF A COUNTERPARTY

A. Solicited Bids

A CA shall ensure that its procurement of a counterparty for a PPP project complies with this Guideline, the ZIDA Act and the PPDPA Act.

8.1 Expression of Interest

Following the approval of the PFS by ZIDA detailed in Clause 6.4 of this Guideline, the CA shall invite Expressions of Interest (“EoI”) in a PPP project by means of a public advertisement in the print, electronic or broadcast media or in any other transparent manner.

The purpose of inviting EoIs is to determine the level of interest by the private sector in the proposed PPP project. Where the CA has already established private sector interest in the proposed PPP project, it may dispense with this requirement. Upon receipt of EoIs and establishment of sufficient interest in the PPP project, the CA shall proceed to undertake an FFS.

8.2 Full Feasibility Study

The CA shall proceed to undertake an FFS which shall be submitted to ZIDA for approval as detailed in Clause 7.2. Following the approval of the FFS, ZIDA shall advise the CA to commence the procurement process.

8.3 Procurement of Counterparty

The CA shall develop the Request for Qualifications (RFQ), Request for Proposals (RFP), Evaluation Criteria and Draft PPP Agreement based on the outcome of the FFS and in line with the provisions of the PPDPA Act. Once completed, the CA shall submit the RFQ, RFP and the Evaluation Criteria to ZIDA and PRAZ for approval.

8.4 Request for Qualifications (RFQ)

Based on the outcome of the FFS, the CA shall issue an RFQ providing details for submitting the proposal for qualification. An RFQ serves the purpose of creating a shortlist of qualified bidders who will be invited to submit the RFP, thereby saving the CA and the bidders time and resources.

8. PHASE III: PROCUREMENT OF A COUNTERPARTY

8.5 Request for Proposals (RFP)

Following the shortlisting of bidders by means of an RFQ, the CA shall issue an RFP to shortlisted bidders, providing details for the submission of proposals.

This ensures that:

- i. there is competitive tension among bidders;
- ii. there is cost effectiveness;
- iii. there is fair, honest, and equitable treatment of all bidders; and
- iv. there is transparency and integrity of the procurement processes.

The above benefits of the competitive bidding process will ensure that the procurement of counterparties for PPP projects by CAs results in the realisation of value for money.

The RFP document should be issued to bidders together with the Draft PPP Agreement.

8.6 Evaluation of Proposals

The CA shall evaluate submitted proposals in line with the approved Evaluation Criteria. Based on the evaluation, the CA shall rank the evaluated bidders and select the appropriate Counterparty for the proposed PPP project.

The CA shall prepare and submit the Bid Evaluation Report to PRAZ for approval. Upon approval of the selection process, the CA shall notify all bidders of the outcome of the Evaluation. Further, the CA shall notify the selected Counterparty of the next steps clarifying that the approval of the final PPP Project Proposal and award is subject to Cabinet determination.

In the case where all the bidders do not satisfy the set criteria, the CA may retender in line with the provisions of the PPDPA Act.

B. Unsolicited Bids

8.7 Evaluation of Unsolicited Bids

8.7.1 Upon receipt of an unsolicited bid, the CA shall:

- a. Ensure that the EoI submitted by the unsolicited bidder satisfies the criteria for a PCN as set out in Clause 6.2(a) and (b).
- b. Develop a PFS to determine the viability and feasibility of the unsolicited proposal in line with the criteria set in Clause 6.3.
- c. Submit the PFS to ZIDA for preliminary assessment together with the following documents:
 - i. The PCN
 - ii. Internal approvals authorising the CA to undertake the project.
 - iii. Project Support Letter from the line Ministry where relevant.

8. PHASE III: PROCUREMENT OF A COUNTERPARTY

8.7 Evaluation of Unsolicited Bids

8.7.2 ZIDA shall assess the PFS as set out in Clause 6.4. Upon approval of the PFS by ZIDA, the CA must undertake an FFS as set out in Clause 7 at the cost of the unsolicited bidder.

8.7.3 ZIDA shall review the FFS as set out in Clause 7.2. Following the approval of the FFS, ZIDA shall advise the CA to tender for the PPP Project.

8.7.4 The CA shall tender for the PPP Project using the following criteria:

- a. Develop Request for Proposals (RFP), Evaluation Criteria and Draft PPP Agreement based on the outcome of the FFS and in line with the provisions of the PPDPA Act.
- b. Issue the RFP inviting the interested parties to submit technical and financial proposals.
- c. The CA shall evaluate submitted proposals in line with the approved Evaluation Criteria. Based on the evaluation, the CA shall rank the evaluated bidders and select the best bid.
- d. Where the unsolicited bidder ranks lower than the best bid, the CA shall allow the unsolicited bidder to submit a revised proposal which matches the best bid.
- e. Where the unsolicited bidder fails to match the best bid, the successful bidder shall reimburse the costs incurred by the unsolicited bidder in undertaking the FFS.
- f. Where the unsolicited bidder is designated as the successful bidder, the FFS costs shall remain the responsibility of the unsolicited bidder,
- g. Where the tender is unsuccessful or is terminated by the CA, the FFS costs shall remain the responsibility of the unsolicited bidder.

The over-arching principle is that “ALL unsolicited proposals are channelled into a transparent, competitive process where challengers have a fair chance of winning the tender.”

C. Final PPP Project Proposal

The CA shall submit to ZIDA the final PPP Project Proposal, the selected Counterparty, the PRAZ approved Bid Evaluation Report and the draft PPP Agreement.

9. PHASE IV: GOVERNMENT PARTICIPATION IN PPP PROJECTS

9.1 PPP Projects under Concessions

- a. These are projects where the legal ownership of an asset or service is retained by a CA, while a Counterparty assumes the economic ownership of the asset or service over a defined period. The asset or service will be vested to a Counterparty which assumes significant financial, construction, operation and maintenance risks until it has recouped its investment and the agreed required return.
- b. In such projects, the CA shall be required to ensure that PPP Agreements incorporate revenue sharing arrangements between Government and the Counterparty.
- c. The concession period and revenue sharing arrangements to be applied for a PPP Projects under a concession shall be determined by the projected project performance as revealed by an independent FFS.

9.2 PPP Projects for Commercial Purposes

- a. These are projects where a CA enters into a partnership with a Counterparty to engage in commercial activities for profit.
- b. Under these arrangements the Parties shall establish an SPV for the purposes of implementing the commercial project.
- c. The CA shall have equal representation in the governance structures of the SPV, including at Board and Management levels, with equal oversight over key positions in the SPV.
- d. The CA shall hold a minimum 30% equity shareholding in the SPV with an option of increasing shareholding. The actual shareholding structure at inception shall be determined by the outcome of an independent FFS or the valuations of each Party's contribution in the SPV. However, under all circumstances the CA's equity shall be a minimum of 30%.
- e. Where the Counterparty wishes to relinquish part of its shareholding in the SPV, the CA shall have the right of first refusal. To increase its shareholding in the SPV, the CA shall consider the following:
 - i. the performance of the SPV,
 - ii. its capacity to acquire the additional shareholding in the SPV based on agreed valuation of shares.
- f. Where the CA is unable to acquire the offered additional shareholding, the Counterparty may offer its shareholding to local investors with capacity to buy the shares in the SPV.

9. PHASE IV: GOVERNMENT PARTICIPATION IN PPP PROJECTS

9.3 PPP Projects where Government Holds an Asset

- a. These are projects where a CA holds an asset such as mining claims, exclusive prospecting orders for general minerals, national parks or such assets as would be of interest to a Counterparty. Mining claims or EPOs targeting the exploration and mining of strategic minerals and rare earth minerals, classified as such by law or Government policy, shall not be appraised in line with the shareholding levels set in this PPP Guideline, such shareholding shall be as determined by Cabinet.
- b. Under such projects, a CA shall enter into a Joint Venture Agreement which shall stipulate how the parties shall engage and implement a project and/or establish an SPV for the purposes of implementing a project.
- c. The CA shall have equal representation in the governance structure of the SPV. However, should the project be governed by a Joint Venture Agreement, such agreement shall provide for a Management Committee which shall have equal representation of the Parties, with equal oversight over key positions in the SPV.
- d. To determine the CA's shareholding in the venture or project, an independent valuation of the Government assets shall be undertaken and compared to the contribution of the Counterparty. However, under all circumstances the CA's equity shall be a minimum of 30%.
- e. The CA shall hold a minimum 30% equity shareholding in the SPV with an option of increasing shareholding. The actual shareholding structure at inception shall be determined by the outcome of an independent FFS or the valuations of each Party's contribution in the SPV. However, under all circumstances the CA's equity shall be a minimum of 30%.
- f. Where the Counterparty wishes to relinquish part of its shareholding in the SPV, the CA shall have the right of first refusal. To increase its shareholding in the SPV, the CA shall consider the following:
 - i. the performance of the SPV,
 - ii. its capacity to acquire the additional shareholding in the SPV based on agreed valuation of shares.
- g. Where the CA is unable to acquire the offered additional shareholding, the Counterparty may offer its shareholding to local investors with capacity to buy the shares in the SPV.

10. PHASE V: FINAL PPP PROJECT PROPOSAL AND DRAFT PPP AGREEMENT

10.1 Final PPP Project Proposal

The final PPP Project Proposal outlines in detail the proposed partnership between a CA and Counterparty to deliver a public infrastructure or service project. It serves as a blueprint for the project, defining its scope, objectives, financial arrangements, project benefits and risk allocation. The Proposal should demonstrate that the proposed project falls within the mandate of the CA. It also provides detailed corporate information on the Counterparty, including information about its key management, beneficial shareholders and how the Counterparty was procured.

The final PPP Project Proposal shall be prepared by the parties to the PPP Agreement and submitted to ZIDA together with the Draft PPP Agreement for review. Annexure VI outlines the key details to be captured in the final PPP Project Proposal.

10.2 Draft PPP Agreement

A Draft PPP Agreement specifies the roles, rights, responsibilities, obligations, recourses, dispute resolution, and other aspects of the contractual framework of the PPP, for all the parties to the PPP Agreement. The risks involved and mitigation measures are also provided in the draft PPP Agreement for smooth implementation of the PPP Project. The Draft PPP Agreement should be issued to the bidders together with the RFP document.

The CA shall be responsible for developing the Draft PPP Agreement to be issued together with the RFP. Where required ZIDA shall provide a model Draft PPP Agreement. Annexure VII outlines the key clauses to be incorporated in the draft PPP Agreement.

10.3 Review of the Final PPP Project Proposal and Draft PPP Agreement

In reviewing the Final PPP Project Proposal and draft PPP Agreement, ZIDA shall consider the following:

- i. Compliance with the ZIDA Act, this Guideline and the PPDPA Act.
- ii. Alignment with the findings of the FFS.
- iii. ZIDA shall prepare a PPP Project Proposal Review Report for submission to the PPP Committee together with the Draft PPP Agreement for the Committee's consideration.

10. PHASE V: FINAL PPP PROJECT PROPOSAL AND DRAFT PPP AGREEMENT

10.4 Submission of the Proposed PPP Project to the PPP Committee

- a. The PPP Committee shall review the proposed PPP Project and determine compliance with the ZIDA Act, this Guideline, the PPDPA Act and the national priorities.
- b. Where the PPP Committee is not satisfied with any aspects of the proposed PPP Project, the Committee shall provide guidance to ZIDA and the CA on how to address the issues raised.
- c. If the PPP Committee is satisfied with the viability of the proposed PPP project and that it is in the best interests of the country, it shall make recommendations to Cabinet.

10.5 Cabinet Decision on proposed PPP Project

The Minister responsible for finance shall present the proposed PPP Project together with the recommendations of the PPP Committee to Cabinet for its determination. Cabinet may:

- i. Approve the Project Proposal and the counterparty; or
- ii. Approve the Project Proposal and reject the counterparty; or
- iii. Reject the Project Proposal and give its reasons for rejection; or
- iv. Provisionally approve the Project Proposal subject to fulfilment of certain conditions specified by the Cabinet.

11. PHASE VI: POST PROJECT APPROVAL

11.1 Notification of Cabinet decision to CA by ZIDA

After receipt of communication of the Cabinet decision, ZIDA will advise the CA of the outcome and provide guidance on the next steps.

11.2 PPP Agreement Negotiation

- a. The CA with the assistance of ZIDA shall constitute a negotiation team comprised of the following:
 - i. Accounting Officer from the CA
 - ii. Legal Counsel from the CA
 - iii. Technical expert from the CA's Project Team
 - iv. Attorney General's Office
 - v. Ministry of Finance, Economic Development and Investment Promotion – Debt Management Office.
 - vi. The Relevant Line Ministry or Key Shareholder
 - vii. ZIDA
- b. Cabinet may direct the expansion of a Negotiation Team to include other members or experts as deemed appropriate on a specific project.
- c. The negotiation team and the Counterparty shall negotiate the final PPP Agreement guided by this Guideline, any applicable laws and the Cabinet decision. Annexure VIII outlines the general terms of reference for the PPP Negotiation Team.

11.3 PPP Agreement Signing

- a. Upon finalisation of the PPP Agreement ZIDA shall submit the PPP Agreement to the CA.
- b. The PPP Agreement must be signed by the CA's Accounting Officer and the authorised representative of the Counterparty.
- c. A copy of the signed PPP Agreement must be submitted to ZIDA and the Attorney General's Office for filing within forty-eight (48) hours from signature.

11. PHASE VI: POST PROJECT APPROVAL

11.4 PPP Investor licence

- a. Upon approval of the project by Cabinet, the counterparty shall obtain a project specific ZIDA PPP Investor Licence. The cost of the licence shall be US\$50,000 (Fifty Thousand United States Dollars) paid prior to the signing of the PPP Agreement.
- b. ZIDA shall issue an invoice to the Counterparty and the Counterparty shall have 14 days within which to settle the invoice after the signing of the PPP Agreement.
- c. In the case of unsolicited bids, upon completion of the preliminary assessment and having determined that the proposed project can be undertaken as a PPP, ZIDA shall issue an invoice to the unsolicited bidder to pay a non-refundable fee of 20% of the PPP Investor Licence Fee. Where the project is approved by Cabinet, the unsolicited bidder shall settle the remaining 80% of the PPP Investor Licence Fee.
- d. The PPP Investor Licence shall:
 - i. Be project specific;
 - ii. Be valid for the duration of the PPP Agreement;
 - iii. Not be assigned, ceded or transferred to any other party; and
 - iv. Be subject to any terms and conditions as determined by ZIDA.

11.5 Financial Close

- a. Financial close shall be achieved when the Counterparty and the Financiers have signed the Financing Agreements and conditions precedent for the disbursement of funds have been fulfilled.
- b. Where a Counterparty has already reached financial close, the Parties shall proceed to project implementation.
- c. Where the Counterparty has not yet reached financial close at the time of signing the PPP Agreement, the Counterparty shall be allowed to conclude its fundraising initiatives and enter into financing agreements within an agreed timeframe. In such instances, the PPP Agreement must include a clause that spells out the set timeframes for financial close.

11.6 Contract Management

After signing of the PPP Agreement or Contract, the parties shall proceed to project implementation and Agreement management. This shall involve the following key stakeholders:

11. PHASE VI: POST PROJECT APPROVAL

11.6 Contract Management

11.6.1 Joint Implementation Committee (JIC)

- a. A JIC shall be set up by the Parties for the purposes of exercising oversight over the implementation and performance of the project to manage and supervise the Agreement and shall consist of equal representation from the CA and Counterparty.
- b. JIC members are selected based on the skills required to oversee the implementation of the Agreement.
- c. The JIC shall: -
 - i. Develop a Project Implementation and Performance Plan (PIPP). The PIPP, at a minimum must include:
 - a. Scope of works outlining the tasks, deliverables, and boundaries of the project;
 - b. Detailed milestones and timelines;
 - c. A communication and stakeholder engagement plan;
 - d. An audit plan for establishing the frequency of audits to be conducted on the project; The audits should be conducted by independent and reputable audit firms; and
 - e. A project financial performance reporting framework.
 - ii. Monitor the implementation of the project against the PIPP;
 - iii. Monitor the implementation operations and maintenance plan throughout the project life cycle; and
 - iv. Prepare regular progress reports throughout the performance of the Agreement and submit the reports to ZIDA. The frequency of reporting should be specified in the Agreement. The progress report shall include the following:
 - a. any milestones achieved in line with the performance indicators stipulated in the Agreement;
 - b. any obstacles or challenges identified; and
 - c. any proposed amendments requiring decision or approval.

11.6.2 Amendments to the PPP Agreement

- a. A PPP Agreement may be amended at the request of either party. An amendment is substantial if it unbalances the economic agreement and the allocation of risks as defined in the risk matrix, or changes the purpose, objectives or main characteristics of the Agreement. More specifically, substantial amendments cannot be considered when:
 - i. The total value of the remuneration of the Counterparty resulting from the amendment would exceed 15% of the PPP contract value, including previous amendments.
 - ii. The amendment extends the scope of the contract.
- b. Any amendment to the PPP contract follows the same signature and approval requirements as the initial contract.

11. PHASE VI: POST PROJECT APPROVAL

11.6 Contract Management

11.6.3 Role of the Contracting Authority

- a. The CA is responsible for the administration of the PPP Agreement and must establish procedures for doing so and provide the necessary human and other resources for the effective administration of the contract.
- b. The procedures should include the following:
 - i. Preparation of a detailed contract management plan, indicating all points of connection (decision-making; consent; approval; notifications; required communications) between the CA and the Counterparty, and the procedures associated with them;
 - ii. Ensuring that key deadlines are met, through regular reminders and communication with the Counterparty;
 - iii. Undertaking inspections, tests and attending events at which the CA is entitled or obliged to send a representative;
 - iv. Liaising with the Counterparty and escalating critical issues to ensure timely decision- making on the part of the CA, in relation to matters such as:
 - a. requests for consent to effect price adjustments;
 - b. requests for approval of proposed contract amendments;
 - c. requests for extension of timelines;
 - d. subcontracting approval requests;
 - e. approval and processing of payments;
 - f. claims for compensation outside of the payment cycle, where appropriate; and
 - g. drafting and issuing of notices as required under the PPP Agreement, including in the event of breach of contract by the Counterparty.
- c. In addition to the external aspects of contract management, the CA must ensure that its delegation of authority framework is consistent with and appropriate for the purpose of contract management; that there are sufficient internal governance checks to minimise the risk of bias, preferential treatment, negligence, fraud and corruption on the part of CA's officials; and to ensure that sufficient resources are applied to the contract management function to ensure that there is full performance by the Counterparty of its contractual obligations.

11. PHASE VI: POST PROJECT APPROVAL

11.6 Contract Management

11.6.4 Role of the Counterparty

- a. The Counterparty plays several critical roles to ensure the successful execution and management of the contract. These include:
 - i. **Project Financing:** The Counterparty is responsible for securing the necessary funding for the project. This includes arranging for loans, equity investments, and other financial instruments to ensure the project's financial viability;
 - ii. **Design and Construction:** The Counterparty undertakes the design and construction of the project infrastructure. This involves adhering to agreed-upon specifications, timelines, and quality standards;
 - iii. **Operation and Maintenance:** Post-construction, the Counterparty is tasked with the operation and maintenance of the project. This includes ensuring that the infrastructure is functional, safe, and meets performance standards throughout the contract period;
 - iv. **Risk Management:** The Counterparty assumes various risks associated with the project, including construction risks, operational risks, and financial risks. Effective risk management strategies must be implemented to mitigate these risks;
 - v. **Compliance and Reporting:** The Counterparty must comply with all relevant laws, regulations, and contractual obligations. Regular reporting to the CA on project progress, financial status, and performance metrics is essential;
 - vi. **Innovation and Efficiency:** The Counterparty is expected to bring innovation and efficiency to the project. This includes leveraging advanced technologies, optimizing processes, and ensuring cost-effective implementation of the project;
 - vii. **Stakeholder Engagement:** Engaging with stakeholders, including MDAs, and other relevant parties. The Counterparty must address concerns, provide updates, and ensure transparency throughout the project lifecycle;
 - viii. **Revenue Generation:** Depending on the PPP model, the Counterparty may be responsible for generating revenue through levying and collecting user fees, tolls, or through other mechanisms. This revenue is used to repay financing costs and cover operational costs; and
 - ix. **Asset Handover:** At the end of the contract, the Counterparty must ensure a smooth handover of the project assets to the CA. This includes ensuring that the assets are in good condition and meet the agreed-upon standards at handover.
- b. These roles are fundamental to the success of a PPP and require the Counterparty to demonstrate professional business acumen and adherence to legal and contractual obligations.
- c. The project implementation and management provisions spelt in this clause shall be provided for in the PPP Agreement.

11. PHASE VI: POST PROJECT APPROVAL

11.7 ZIDA Project Monitoring & Evaluation

To ensure the successful implementation of PPPs, ZIDA is tasked with the duty to undertake monitoring and evaluation of PPP projects. In executing this mandate, ZIDA shall:

- i. monitor the performance of the PPP project in line with the agreed project implementation and performance plan and provisions of the PPP Agreement;
- ii. periodically submit monitoring and evaluation reports to the PPP Committee. Where the monitoring and evaluation reports indicate that a PPP project is not performing in line with the provisions of the PPP Agreement, ZIDA shall make recommendations to the PPP Committee to determine whether the PPP Project should be continued, varied or terminated, and report to Cabinet accordingly.

12. PHASE VII: EXITING THE PPP ARRANGEMENT

12.1 Asset Handback

- a. The JIC shall carry out an inspection of the condition of the project assets at least three (3) years before the expiry of the PPP contract and produce a report that determines the maintenance and repair work to be undertaken to bring the assets back into good condition.
- b. If the anticipated cost of maintenance and repair work exceeds normal maintenance expenditure, the private partner is required to post a performance bond. The amount of the guarantee is equal to the difference between normal maintenance costs and the anticipated costs of restoring the project assets to good condition.
- c. The JIC shall carry out several follow-up inspections to verify that the maintenance and repair work required to restore the assets to good condition is being carried out. If the counterparty fails to carry out the required maintenance and repair work, the performance bond is partially or totally forfeited.
- d. The contracting authority may use the proceeds of the guarantee to engage another contractor to carry out the required maintenance and repair work.
- e. At the end of the PPP contract, all rights and responsibilities relating to the project assets are handed over to the contracting authority. This includes all technical documentation, plans, drawings and software or licenses.

12. PHASE VII: EXITING THE PPP ARRANGEMENT

12.2 Termination of the PPP Agreement

A PPP Agreement can be terminated based on the following reasons:

- i. **Breach of Contract:** If either party fails to fulfil its obligations to the PPP Agreement, the other party may have grounds to terminate the Agreement;
- ii. **Insolvency or Bankruptcy:** If the Counterparty becomes insolvent or is declared bankrupt, the Agreement can be terminated;
- iii. **Force Majeure:** The Agreement can be terminated if a force majeure event (an unforeseeable circumstance that prevents a party from fulfilling the contract) occurs and continues for a specified period;
- iv. **Change in Law:** If there is a change in law that materially affects the ability of the Counterparty to perform its obligations, the Agreement may be terminated;
- v. **Mutual Consent:** Either party may have the right to terminate the Agreement without cause, subject to the conditions set in the Agreement and payment of termination compensation;
- vi. **Non-Performance:** Persistent non-performance or poor performance of obligations by the Counterparty may lead to termination; and
- vii. **Expiry of the Agreement term:** The Agreement can be terminated upon reaching the end of its term

ANNEXURES TO THE PPP GUIDELINE

Annexure I: Project Concept Note

This is the structure to be followed by the CA when developing a PCN:

1. PPP Project Opportunity

- Identify the current problem or challenge;
- Outline the proposed solutions;
- Demonstrate how the solution aligns with the national priorities and CA's mandate and objectives.

2. Project Scope and Cost

- Indicate the infrastructure or the service to be provided;
- Provide a detailed scope and technical aspects of the project;
- Illustrate the expected project outputs and outcomes;
- Provide an estimate of project costs and implementation timelines.

3. Financing Proposal

- Demonstrate how the project should be financed.
- Does it need budget support, or it can be implemented as a PPP?
- If it is to be implemented as a PPP, highlight the roles and responsibilities of the CA and the Counterparty.

4. Revenue Sources

- Demonstrate how the project will generate revenues;
- Indicate the capacity of the users or Government to pay for the service or asset.

5. Project Performance

Demonstrate the capacity of the project to generate sufficient returns for the investor.

6. Project Risks

- Identify key success factors for the project
- Identify the key risks and proposed mitigants

Annexure II: Pre-Feasibility Study Template

PROJECT INFORMATION	GUIDANCE
PROJECT IDENTIFICATION SECTION	
Project Title	Short and succinct, capturing the essence of the project.
Project Summary	Short and concise project summary highlighting the main aspects of the project.
Project Concept Note Approval	Indicate that the project obtained the necessary internal approvals and attach the evidence (i.e. the internal approvals and the letter of support from the Line Ministry and/or key shareholders where necessary).
PROJECT JUSTIFICATION SECTION	
Project Objective	Highlight the key project objectives.
Status Before Project	Briefly describe the current situation (that is, without the project), using specific, factual data and identify the existing challenges/gaps that the project intends to address.
Status After Project	Briefly describe how the project will transform the status quo using specific and factual data.
Justification	<p>Justify the undertaking of the project in terms of its intended benefits, expected impact and alignment to National Priorities and the devolution agenda.</p> <p>In addition, demonstrate the advantages of undertaking the project as a PPP as opposed to other alternative procurement methods.</p> <p>Provide a detailed description of how the project links to and supports key sector policy objectives</p>
PROJECT COSTS SECTION	
Project Cost	Provide estimates of the project cost and sources of information used to derive the estimates.
Operating and Maintenance Cost	Provide anticipated annual operating and maintenance expenses.
Project Financing	Indicate whether the project will be wholly financed by the private party or whether it will require financial support from the Government and the extent thereof.
Funds Required to Conduct Feasibility Study	Indicate the funding needed to undertake a full feasibility study for the project and provide justification for the level of funding required.
PROJECT OUTPUT AND OUTCOMES SECTION	
Activities, Outcomes and Outputs	List all expected activities, outcomes and outputs resulting from the implementation of the project.

PROJECT INFORMATION	GUIDANCE
PROJECT VIABILITY ASSESSMENT SECTION	
Revenue Generation and Cost Assumptions	Identify key revenue and operating cost assumptions
Financial Statements	Include projected financial statements for the project (i.e. Income Statement, Statement of Financial Position and Statement of Cashflows)
Appraisal	Calculate key financial statement ratios and appraisal metrics such as the Net Present Value, Payback Period, Internal Rate of Return among others)
Economic Assessment	
Economic Benefits	Highlight the key economic benefits to be derived from implementing the project
Technical Assessment	
Technical feasibility	<ul style="list-style-type: none"> • Evaluation of existing technology; • identification of technical gaps; • assessment of technical solutions; • scalability and flexibility; and • compliance with industry standards
Regulatory and Compliance	
Compliance	<ul style="list-style-type: none"> • Assess the project in terms of adherence to relevant laws, regulations and standards, • Ensure acquisition of relevant licenses and permits.
Environmental Assessment	
Sustainability	<ul style="list-style-type: none"> • Evaluate the potential environmental impacts of the project and mitigation measures, • Include a monitoring and management plan.

Annexure III: Outline of the Full Feasibility Study

1. THE NEEDS ANALYSIS

At this stage the CA gathers all available information on the project, the publics' present and future needs, and the resources available for project development/implementation, including the budget. The needs analysis will also have been considered briefly during the inception phase, however, during the feasibility study phase it will be thoroughly interrogated.

The needs analysis will comprise the following parts:

- a. Demonstrate how the project aligns with National Priorities, CA's mandate and strategic objectives. This may include:
 - i. A summary of how the project aligns with the Government policy that determines what the CA's deliverables are.
 - ii. An illustration of whether the CA has the capacity to provide the services, and whether the proposed project will address the broad needs of the CA over time.
- b. Demonstrate the commitment and capacity of the CA to undertake the project. The CA should demonstrate whether it can manage, process, evaluate, negotiate and implement the project. At a minimum, this will involve:
 - i. An assessment of the capacity of the CA to undertake the project.
 - ii. Provision of information on key stakeholders and their roles in the implementation of the project.
- c. Demonstrate support of the project from the relevant Line Ministry or key shareholder where applicable. The CA should submit relevant documentation showing the internal approvals secured for the project from the relevant line Ministries and key shareholders, where applicable.
- d. Define the scope of the project. Once the CA's objectives have been identified, its commitment and capacity demonstrated, the project scope needs to be specified. The project scope involves explaining the following in detail:
 - i. the infrastructure or the service to be provided.
 - ii. the extent of existing facilities in the project area;
 - iii. how the project will complement other developments taking place in the area through review of sector master plans/studies;
 - iv. review existing land use plans and topographical/geotechnical data for the development of the project design
- e. Demonstrate why the PPP model is the best option to implement the project. The CA should clearly demonstrate that the PPP model is the best procurement method for implementing the project.

-
- f. Specify the project outcomes and outputs.
The CA must demonstrate the expected outcomes and outputs resulting from the project. At a minimum, the CA should:
- i. Specify the outputs required to deliver the service
 - ii. Specify the minimum standards for outputs. This will ensure that the service delivered by the project meets the CA's expectations.
 - iii. Identify service interface expectations. This pertains to the interface between the project and the CA's other services.
 - iv. Specify key indicators that will measure performance. This will allow for more accurate costing of the output specifications.
 - v. Assess whether the output specifications can meet the CA's ongoing service needs.

2. TECHNICAL VIABILITY

The FFS must assess the project's feasibility from a technical perspective ensuring that it can be successfully executed and meet requirements. The technical analysis must:

- a. Evaluate technology options and justify the selected solutions;
- b. Include design and architecture.
The project design may be preliminary for more complex, high-cost projects and standard for simpler projects that have reliable cost data;
- c. Demonstrate scalability and flexibility of the proposed solution.
- d. Demonstrate the inter-operability and compatibility of the solution with other existing technologies.

3. PROJECT REGULATORY COMPLIANCE

The FFS must ensure that the project adheres to relevant laws, regulations, standards and guidelines.

- a. Legal and Regulatory Compliance
The FFS must provide an evaluation of the legal and regulatory impact of the project including:
 - i. applicable permits and licenses;
 - ii. industry standards and best practises
 - iii. health and safety regulations
 - iv. data privacy and security
 - v. intellectual property protection
 - vi. evaluation of potential contractual agreements with suppliers, customers and partners; and
 - vii. the nature of the CA's functions and the specific functions to be considered in relation to the project and the extent to which those functions can lawfully and effectively be performed by a Counterparty in terms of the PPP Agreement.

-
- b. Environmental and Social Impact Assessment
The FFS must be accompanied by an Environmental and Social Impact Assessment (“ESIA”) study which addresses the following.
 - i. Project Description
A detailed overview of the proposed project, including its location, activities, and expected outputs.
 - ii. Baseline Conditions
An assessment of the existing environmental and social conditions in the project area.
 - iii. Impact Prediction
Identification and prediction of potential environmental and social impacts, both positive and negative.
 - iv. Mitigation Measures
Development of strategies to avoid, minimize, or mitigate identified impacts.
 - v. Monitoring and Evaluation
Establishment of a plan to monitor the project’s impacts during and after implementation.

4. PROJECT GOVERNANCE AND FINANCING

The FFS must incorporate the proposed PPP Structure which outlines key features covering the following:

- a. Financing
The FFS must clearly indicate the capital structure, the cost of capital and the utilisation of capital. Financing for projects can either be provided by the Government or the private sector.
- b. Concession Period
The FFS must assess all the factors that influence the Concession Period. These factors include the nature of the project, project performance, risk profile, economic factors and the regulatory framework.
- c. Governance
The FFS must illustrate the proposed ownership of the project SPV or joint venture for a PPP Project.

An Institutional PPP is a PPP that involves the setting up of a mixed capital entity delivery vehicle such as a joint venture company in which both the CA and the Counterparty participate.

In the case of Commercial JVs, the Counterparty holds a majority shareholding in an SPV, and the CA holds the minority. The CA shall be proportionately represented on the Board and Executive Management. In all Commercial JVs, the CA’s equity shareholding shall not be less than 30%. To determine actual shareholding in the SPV, an independent valuation of the Government asset shall be conducted and compared to the contribution by the Counterparty.

5. FINANCIAL AND ECONOMIC ASSESSMENT

The FFS through the Base Case Financial Model (“Annexure IV”) must ensure that the following components are assessed:

- a. **Financial viability**
The FFS must assess the project’s potential to generate sufficient revenues to cover operational costs, realise required return on investment and ensure sustainability.
- b. **Value for Money**
The FFS must demonstrate that the project will provide value for money if procured and implemented as a PPP. There are two ways in which this can be done:
 - i. **Quantitative Assessment**
Value for Money is computed as the difference between the project NPV under a PPP arrangement and the project NPV under conventional procurement methods.
 - ii. **Qualitative Assessment**
Value for Money is based on a demonstration that:
 - (a) Implementing the project has efficiencies that the private sector can provide;
 - (b) There is a competitive market for the project; and
 - (c) The project risks can be transferred to the private sector.
- c. **Funding Assessment**
The FFS must investigate the funding requirements for the project and its capacity to generate sufficient revenues to meet the financing and operational costs throughout the project lifecycle. Where necessary, it must identify appropriate and comprehensive arrangements required to make the project bankable. In some cases, there might be a need for Viability Gap Funding (“VGF”) and in that case a clear justification along with the quantum of VGF required must be provided in the analysis.
- d. **Affordability**
The FFS must assess whether the project costs align with the CA’s financial resources and constraints, and whether the intended users are able and willing to pay for the service.

6. PROJECT RISK ASSESSMENT

The project risk analysis must incorporate the following key aspects:

- a. Identify all risks associated with the project
- b. Demonstrate risk allocation between CA and Counterparty.
- c. Propose mitigation strategies for the identified risks.

Annexure IV: Project Financial Model

A detailed financial viability analysis involves the development of a Financial Model (“FM”) with the following minimum requirements:

- i. The FM must be submitted in electronic and editable form, should not be password protected/locked and shall be in Microsoft Excel format with traceable formulae.
- ii. The FM shall contain the details of macros, if any, including name of the macros, shortcut of macros, hyperlinks of the locations within the sheets and explanation on functionality of the macros, etc.
- iii. The FM shall contain separate sheets for assumptions, inputs, calculations and outputs including financial statements such as projected income statement, projected statement of cash flows, projected statement of financial position and key financial and investment ratios, including the project appraisal parameters such as NPV, IRR, Payback, DSCR etc.
- iv. The financial projections shall be in United States Dollars (US\$).
- v. The FM shall not contain automatic links to information in other workbooks.
- vi. The FM shall not include any circular references.
- vii. The FM shall not include any hard coded outputs.
- viii. The FM shall be supported by a Financial Model Data Book which provides a brief description of the main features.

A financial model should include the following key aspects:

i. Revenue Assumptions

In developing revenue assumptions, the CA must:

- a. demonstrate the sources of revenues to be generated by the project;
- b. Identify key revenue drivers;
- c. Specify revenue growth assumptions with justifications;
- d. Account for revenue sharing arrangements in line with the outcome of the FFS.

ii. Operating Cost Assumptions

In developing cost assumptions, the CA must:

- a. Identify the key operating costs;
- b. Identify key drivers of operating costs; and
- c. Specify operating cost growth assumptions with justifications.

iii. Financing Requirements

- a. Demonstrate how the project will be financed (mix of debt and equity);
- b. Indicate the cost of capital and how it was determined; and
- c. Provide a detailed breakdown of how the funds will be utilised in the project.

iv. Project Financial Statements

The FM must include the following financial statements

- a. Projected Statement of Comprehensive Income
 - ✓ a detailed projected statement of comprehensive income over the life of the project.
 - ✓ monthly projected income statement for the first year.
- b. Projected Statement of Financial Position
- c. Projected Statement of Cash Flows

v. Project Performance

The FM should show how the project appraisal metrics were computed, and it must allow for scenario and sensitivity analysis.

Annexure V: Feasibility Study Checklist

When submitting the FFS, the CA is required to complete and submit the FFS checklist below.

Detail	Provided	Not Provided	Comment
Needs Analysis			
Technical Viability			
Project Regulatory Compliance			
Project Governance and Financing			
Financial and Economic Assessment			
Project Risk Assessment			
Environmental and Social Impact Analysis			
Financial Model			

Annexure VI: Final PPP Project Proposal

Key Components of a Final PPP Project Proposal

Component	Description
Project Title	Provides a concise name of the Proposed PPP Project
Executive Summary	Provides an overview of the Proposed PPP Project - its scope, objectives, cost, key benefits, and proposed partnership structure.
Project Details	Provides information on the project such as <ul style="list-style-type: none"> • Location • Type • Scope • Cost • Construction Period
Proposed PPP Structure	Provides details of the following: <ul style="list-style-type: none"> • Partnership Model • Details of the Contracting Authority • Details of the Counterparty (Company Documents) • Details of Directors, Senior Management and Beneficial Shareholders of the Counterparty • Roles and Responsibilities
Procurement of the Counterparty	Provides a summary of how the Counterparty was procured in line with the PPDA Act and ZIDA Act.
Project Benefits	Details of how the project aligns with the CA's strategic objectives and how it is an attractive investment opportunity for the private sector.
Market Analysis	Provides an assessment of the market for the project, including demand, competition, and potential revenue streams.
Financial Proposal	Provides details of the following: <ul style="list-style-type: none"> • Investment Requirements • Financing and utilisation of capital (debt or equity) • Funding Sources/Revenue Streams (user fees, subsidies) • Financial Projections (abridged financial statements supported by the FFS Financial Model)
Project Economics	Provides details on the performance of the project highlighting the key investment ratios. <ul style="list-style-type: none"> • NPV • Payback • IRR • DSCR
Technical Proposal	Provides details of and justification for the proposed design and construction methodologies. Where possible provide visuals of the envisaged project. In addition, it provides the technical specifications and the operations and maintenance plan.
Sustainability Overview	An evaluation of the project's environmental, social, and economic sustainability.
Project Risk Matrix	Identify, allocate and evaluate potential risks associated with the project and provide mitigation strategies.

Annexure VII: Draft PPP Agreement

A PPP Agreement must, at the minimum, incorporate the following:

- i. The nature and scope of works to be carried out and services to be performed by the Counterparty.
- ii. The conditions for the performance of those services.
- iii. The assistance if any that the CA shall provide to the private partner in obtaining licenses and permits to the extent necessary for the implementation of the infrastructure project.
- iv. Where the remuneration of the Counterparty consists of operational revenue such as tariffs and fees for the use of the facility or the performance of services, the amount and method of payment, their breakdown, the modalities of their variation and any public subsidies when applicable.
- v. Where the remuneration of the private partner consists of payments made by the contracting authority, the methods and formulas for the establishment or adjustment of such payments and the payment procedure.
- vi. Procedures for the review and approval of engineering designs, construction plans and specifications by the contracting authority, and the procedures for testing and final inspection, approval and acceptance of the infrastructure facility.
- vii. The extent of the private partner's obligation to provide the contracting authority or a regulatory agency, as appropriate, reports and other information on its operations.
- viii. Mechanisms to deal with additional costs and other consequences that might result from any order issued by the contracting authority or public authority, including any compensation to which the private partner might be entitled.
- ix. Any rights of the contracting authority to review and approve major contracts to be entered into by the private partner, in particular with the private partner's own shareholders or other affiliated persons.
- x. Guarantees of performance to be provided and insurance policies to be maintained by the private partner in connection with the implementation of the infrastructure project.
- xi. The duration of the PPP contract and the rights and obligations of the parties upon its expiry or termination, including compensation.
- xii. Remedies available in the event of default by either party.
- xiii. Risk allocation on the occurrence of various events, including force majeure events.
- xiv. The dispute resolution mechanisms

Specifically, the detailed PPP Agreement should cover the following clauses.

1. Parties
2. Preamble
3. Definitions and Interpretations
4. Commencement and Concession Period
5. Conditions Precedent (where applicable)
6. Joint Implementation Committee
7. Project Cost and Financing
8. Obligations of Contracting Authority
9. Obligations of Counterparty
10. Obligations on Environmental, Social and Governance (ESG)
11. Project Commissioning
12. Project Funding and Revenue Sharing Arrangements
13. Monitoring and Evaluation
14. General Undertakings
15. Intellectual Property and Confidentiality
16. Financial Accounts, Reports, Inspection and Reporting of Changes
17. Rights of Access
18. Penalties to Counterparty on Implementation Delays
19. Material Adverse Government Action
20. Force Majeure
21. Events of Default and Termination
22. Rights of Lenders
23. Contracting Authority Step in Rights
24. Contract Variation
25. Asset Handback
26. Indemnities and Liabilities
27. Representations and Warranties
28. Assignment
29. Dispute Resolution
30. Insurance
31. Confidentiality
32. Governing Law
33. Notices
34. Miscellaneous

Annexure VIII: PPP Negotiation Team

General Terms of Reference

This document outlines the General Terms of Reference (ToRs) for a Public Private Partnership (PPP) Agreement Negotiation Team. A PPP Agreement Negotiation Team is set up following approval of a PPP Project and Counterparty by Cabinet. The ToRs are prepared in line with the ZIDA Act Chapter 14:39 and the Zimbabwe PPP Guideline. The ToRs outline the Composition, Responsibilities and Objectives of the PPP Negotiation Team.

1. Negotiation Team Composition

In line with the PPP Guideline, a Contracting Authority (CA) assisted by ZIDA shall constitute a PPP Agreement negotiation team comprising the following:

- i. Accounting Officer from the CA
- ii. Legal Counsel from the CA.
- iii. Technical expert from the CA's Project Team.
- iv. Attorney General's Office.
- v. Ministry of Finance, Economic Development and Investment Promotion – Debt Management Office.
- vi. The relevant line Ministry or Key Shareholder.
- vii. ZIDA - Secretariat to the PPP Committee

Cabinet may direct the expansion of a Negotiation Team to include other experts as deemed appropriate on a specific project.

2. Negotiation Team Responsibilities

The Negotiation Team's core responsibility is to support the Contracting Authority to negotiate and secure terms and conditions that protect national interest and are beneficial to the CA in line with Cabinet guidance following recommendation of the PPP Committee.

2.1 Chairperson of the Negotiation Team

In its first meeting convened by ZIDA, the Negotiation Team shall appoint a chairperson or head of the Negotiation Team. The Chairperson shall:

- i. convene and coordinate Negotiation Meetings.
- ii. ensure that there is consensus in understanding the negotiation points on the Government negotiation team
- iii. lead the Negotiation Team during negotiations with the Counterparty.

2.2 Contracting Authority

To assist the Negotiation Team, the Contracting Authority shall:

- i. prepare a Draft PPP Agreement in line with the terms and conditions approved by Cabinet. The Draft PPP (Concession) Agreement shall be shared with the Negotiation Team for review before it is shared with the Counterparty. The Negotiation Team shall ensure that:
 - a. the Draft PPP Agreement is prepared in line with the PPP Guideline.
 - b. the Draft PPP Agreement captures accurately the technical, legal and commercial terms of the Proposed Project;
 - c. the Draft Agreement captures all the terms and conditions set and approved by Cabinet;
 - d. the negotiation points are fully understood prior to engaging with the Counterparty; and
 - e. there is a clear communication strategy during the negotiation process between the CA and the Counterparty and among the team members.
- ii. be the secretariat to the negotiation team, thus, organise meetings, prepare and circulate minutes to the Negotiation Team.
- iii. always be the channel of communication with the Counterparty during negotiations.

2.3 Attorney General

The Attorney General shall:

- i. give advice to the Negotiation Team during negotiations and the drafting of the PPP Agreement;
- ii. ensure the negotiations are held in line with the terms and conditions approved by Cabinet.
- iii. ensure the PPP Agreement is prepared in compliance with the laws of the country.
- iv. as a member of the PPP Committee ensure that the PPP Agreement captures the legal terms and conditions in line with the approved PPP Project.
- v. having satisfied itself in consultation with ZIDA clear the CA to sign the final PPP Agreement once Cabinet has approved the negotiated position.

2.4 ZIDA

ZIDA shall:

- i. always be the Secretariat to the PPP Committee providing updates on the negotiation Progress to the PPP Committee.
- ii. provide to the Negotiation Team a summary of negotiation points extracted from the Project Cabinet Memo and the Cabinet Minutes.
- iii. ensure that the PPP Agreement captures the technical, commercial and legal terms and conditions in line with the approved PPP Project.
- iv. engage the PPP Committee on behalf of the Negotiation Team on any matters that require the PPP Committee's intervention.
- v. prepare the Cabinet Memo to accompany the Concession Agreement once the CA and the Counterparty have reached Consensus for presentation by the Minister of Finance, Economic Development and Investment Promotion.

2.5 Minister of Finance, Economic Development and Investment Promotion (MoFEDIP)

MoFEDIP shall:

- i. ensure that agreed terms and conditions are within acceptable fiscal and contingent liability levels.
- ii. shall ensure that tax concessions given to the Project are consistent with the Cabinet directive in cases where a project requires National Project Status or requests for any concessions with implications on the National Treasury.

2.6 Line Ministry/Key Shareholder

The Line Ministry or Key Shareholder shall:

- i. ensure that the negotiations are in line with the policy, approvals and guidance given to the Contracting Authority.
- ii. support the PPP Committee whenever the PPP Project is returned to Cabinet for further guidance or consideration during negotiations.

3. Objectives of Negotiations

The objectives of negotiation are as follows:

- i. To ensure that there is no deviation from the core terms and conditions approved by Cabinet.
- ii. To ensure that the CA and the Counterparty achieve consensus on the key aspects of the PPP Agreement and revert to Cabinet for further guidance;
- iii. To refer to Cabinet through the PPP Committee only sticky negotiation points that significantly vary approved terms and conditions.



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