

Financial and Economic Calculations Form for Public-Private Partnerships

*(Rev. 25.09.2024)*

2024

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**Waiver**

The purpose of this Financial and Economic Calculations (hereinafter - FEC) Form for Public-Private Partnerships (hereinafter - PPP) is to standardise the FEC Form for PPP by specifying the mandatory sections and content of the FEC in accordance with the 2019 guidelines developed by the Central Finance and Contracting Agency (hereinafter - CFCA) "[*Guidelines for the Development of Financial and Economic Calculations for Public-Private Partnerships*](https://www.cfla.gov.lv/lv/media/36/download?attachment)" (hereinafter - the Guidelines).

This methodology is applicable to PPP projects that include a building design and construction section.

The FEC Form consists of the mandatory sections of the FEC, which cannot be deleted. Each section includes references *in italics* to sections to be clarified or an explanation of what should be analysed within that section, as well as references to the [FEC Guidelines](https://www.cfla.gov.lv/lv/media/36/download?attachment) paragraph for a detailed explanation of the information to be included in the FEC, as well as hyperlinks and sources of information that the FEC developer may wish to consult.

Sections **may be supplemented** by sub-sections as deemed necessary by the developer (with the table of contents supplemented accordingly), but existing sections in this methodology may not be deleted and the information referred to in this methodology must be included.

Important! - The information in the descriptive part of the FEC must be aligned with the information in Excel and must not differ (e.g. contract price, amount of capital investment, project implementation time, risks mentioned in the FEC and quantified in Excel, etc.).

Important! - Where figures, tables, etc., are used as sources of information in the FEC, the FEC must include an analysis of the information contained in these sources, as well as conclusions linking this information to the information discussed in the relevant section of the FEC.

Important! - Examples in the FEC are highlighted in green. When developing the FEC, these examples should be deleted and the text adapted to the specific project.

Financial and Economic Calculations

[*name of the project*]

Preparer: [*name of the public partner*]

*Place, year*

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Abbreviations and Terms

*This section shall include all abbreviations used in the FEC and their explanation, in alphabetical order. At the end of the FEC, the text of the FEC and the abbreviations used and this table shall be revised so that all abbreviations used in the text are mentioned in this table.*

|  |  |
| --- | --- |
| ***Acronym/term*** | ***Explanation*** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

1. Summary

Financial and economic calculations have been developed in accordance with [Law on Public-Private Partnership](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership) (PPP Law), [Cabinet Regulation of 6 October 2009 No. 1152 "Procedure for the Conduct of Financial and Economic Calculations, Determination of the Type of a Public-Private Partnership Contract and the Provision of an Opinion Regarding Financial and Economic Calculations"](https://likumi.lv/ta/en/en/id/199083-procedure-for-the-conduct-of-financial-and-economic-calculations-determination-of-the-type-of-a-public-private-partnership-agreement-and-the-provision-of-an-opinion-regarding-financial-and-economic-calculations) as well as in accordance with the requirements of the [Guidelines for the Development of Financial and Economic Calculations for Public-Private Partnerships](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini) of the Central Financial and Contracting Agency (CFCA) (version of 25 September 2024).

Briefly about the project:

**1. Description of the project:** *Indicate the name of the facility, its location, planned address, total area. Describe the project conception, functionality of the facility, planned services to be provided at the facility.*

**2. Public partner of the project:** *Indicate the name of the public partner.*

**3. Duration of project implementation:** *Indicate the planned duration of the PPP contract (including time for building design and construction in brackets) - e.g. 23 years (including 3 years for building design and construction).*

**4. PPP contract price**: *According to Article 1(32) of the* [*PPP Law*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*, indicate a value which includes, for example, capital investments and the amount of availability payments during the entire PPP contract period, excluding value added tax (VAT). The total amount of financial resources (excluding VAT) that the private partner would obtain by exercising the rights and obligations arising from the PPP contract, which may include end-user payments* in EUR, *shall be indicated.*

**5. Economic Net Present Value (ENPV) of the project**: *indicate the positive value of the ENPV (EUR) and the components of the ENPV - discounted total project life cycle costs, total revenues, financial savings and socio-economic benefits - which, when added together, result in the ENPV:*

*ENPV = I + F + S - C, where*

*I - total revenue*

*F - financial savings or additional costs (with a minus sign), which are formed by comparing the status quo and the PPP project scenario*

*S - socio-economic benefits (minus socio-economic losses, if any)*

*C - total cost*

*If the ENPV is negative, the project is not viable.*

**6. Positive value for money (VFM)**: EUR *[indicate value]*, with a VFM range of EUR *[indicate value]* to EUR *[indicate value]*.

**7. Alternatives assessed within the financial economic calculations (FEC):** *indicate the alternatives that have been assessed in the FEC and for which Excel calculations have been prepared.*

Proposed arrangement for project implementation:

**8. PPP arrangement**: *indicate the type of PPP - "*[*Contractual PPP" or "Institutional PPP"*](https://www.fm.gov.lv/lv/ppp-istenosanas-veidi) *and "Partnership Contract" or "Concession".*

**9. PPP model**: *indicate the PPP model, e.g. DBFM - Design, Build, Finance, Maintain. PPP models are listed on page 9 of the* [*FEC Guidelines.*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)

**10. Risk allocation**:

1. *[Indicate in the summary the expected impact of the conditions referred to in the FEC on the amount of the long-term liabilities of the State budget, the balance sheet of the general government sector budget and the debt (hereafter in this summary - State budget balance sheet).*

*Indicate* ***whether***

*"The project* ***is on*** *the State budget balance sheet"*

***or***

*"The project* ***is off*** *the State budget balance sheet."]*

1. *[Indicate in the summary at least, construction, availability and demand risks, while in the FEC risk analysis section provide information on the allocation of all risks]*

**Construction risk** - *[indicate to whom (private partner, public partner, or shared between the public and private partner) it is intended to transfer the construction risk]*

**Availability risk** - *[indicate to whom (private partner, public partner, or shared between the public and private partner) it is intended to transfer the availability risk]*

**Demand risk** - *[indicate to whom (private partner, public partner, or shared between the public and private partner) it is intended to transfer the demand risk]*

*[... risk] - [indicate to whom other risks analysed in the FEC are also planned to be transferred, distinguishing each risk separately]. A description of the risks is available on page 24, Section 3.4 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini) *"Statistical Treatment Assessment of Partnership Contract", as well as the PPP* [*Risk Tool*](https://ppp.cfla.gov.lv/)*.*

**11. Source of revenue for the private partner**: *[indicate the source of the private partner's revenue. For example, "availability payments (a significant proportion of total revenue) and revenue from end-users"; "quarterly availability payments"; "semi-annual availability payments"; "revenue from end-users"].*

**12.** *[Select and indicate one of the options below.*

**- Availability payment:** *In the case of a PPP contract, indicate the estimated amount of one availability payment in EUR excluding VAT, and the payment period. In addition, indicate the total amount of all availability payments over the lifetime of the PPP contract in EUR excluding VAT.* ***Or***

**- Revenue from end-users:** *In the case of a concession, indicate the amount of the planned revenue from end-users per year in EUR excluding VAT. In addition, indicate the total amount of all planned revenues from end-users over the lifetime of the PPP contract in EUR excluding VAT.* ***Or***

*-* **Availability payment and revenue from end-users:** *In the case of a PPP contract where both an availability payment and contributions from end-users are foreseen, indicate both the planned amount of a single availability payment in EUR excluding VAT, and the planned amount of revenue from end-users per year in EUR excluding VAT. In addition, indicate the total amount of all availability payments over the lifetime of the PPP contract in EUR excluding VAT, as well as the total amount of all planned revenues from end-users over the lifetime of the PPP contract in EUR excluding VAT].*

**13. Design and construction period**: not more than *[indicate value]* years (before the start of the availability period).

**14. Availability period**: *[indicate value]* years (after the end of the construction period).

**15. Ownership of the real estate where the PPP project is to be implemented:** *[indicate "consolidated for the public partner" or "consolidated for the private partner", or other option for which the respective ownership rights have been consolidated at the time of development of the FEC].*

**16. Procedure for selecting a private partner:** *[indicate how the private partner for the PPP contract is to be selected, e.g. "Open tender under the Public Procurement Law (*[*PPL*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*)"; "Competitive dialogue under the* [*PPL*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*"; "Competitive procedure with negotiation under the* [*PPL*](https://likumi.lv/ta/id/287760-publisko-iepirkumu-likums)*"[[1]](#footnote-2); "Concession procedure under the* [*PPP Law*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*"; a number of planned procurement procedure options can be specified and analysed in the FEC, but the final decision on the type of procedure will be taken before the call for tenders].*

**17. Aid for commercial activity:** *[indicate "detected"; "not detected". The indication is linked to the FEC analysis of competition and aid for commercial activity. Information on the analysis to be carried out is included in the FEC available on page 14, Section 1.7 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini) *- "Competition and State Aid"].*

**18. The likelihood of co-financing from the European Union or other funds for the implementation of the project:** *[indicate "likely"; "unlikely". The indication is linked to the FEC analysis of the assessment of the likelihood of co-financing from the European Union or other funds for the implementation of the project].*

**19. Ownership of the immovable property to be created under the PPP project:** *[indicate - during the lifetime of the PPP contract: "consolidated for the public partner" or "consolidated for the private partner"; or other option for which the respective ownership rights will be consolidated,*

*indicate - after the end of the PPP contract: "to be consolidated for the public partner" or "to be consolidated for the private partner" or other option for which the respective ownership rights will be consolidated].*

2. Justification of Project Implementation

2.1. Description of the Current Situation and Needs Assessment

*In this section indicate at least the following:*

* *description of the current situation, description of the issue, the solution of how the function of the public partner currently is or is not performed. Analyse the functions to be performed by the public partner which the public sector cannot fully perform without the implementation of the specific PPP project by including precise references to the section, article, paragraph, subparagraph, etc. of the document, including a hyperlink to the relevant document; or attach the relevant document to the FEC Annex)*
* *public needs and their assessment*
* *priorities for public needs and planned investments*
* *national, regional, local and sectoral medium- and long-term planning documents and development strategies where the public need is justified, as well as the implementation of the PPP project in question (including precise references to the section, direction, article, paragraph, subparagraph, etc. of the document, including a hyperlink to the relevant document)*
* *a statement of no objection to the project from the authority responsible for policy development in the project sector*

*The assessment shall be based on relevant and substantiated data available to the public partner (including precise references to the section, direction, article, paragraph, subparagraph, etc. of the document, including a hyperlink to the relevant document) and linked to national, regional, local and sectoral medium- or long-term planning documents and development strategies.*

*As a result, the assessment of multiple public needs shall provide an answer to the public partner as to which potential project should be objectively prioritised, resolving a significant mismatch between the public need and the public partner's ability to provide it itself.*

**2.1.1.** **Market Analysis and** Justification of the Need for the *[*PPP facility *(indicate the name of the PPP facility)]*

*In this section indicate at least the following:*

* *What is the* ***market analysis*** *based on, with precise references to sources, hyperlinks where the information can be found (e.g. market analysis based on the results of a citizens' survey carried out and results compiled in 20231, expert opinions from experience on similar facilities gathered and compiled in 20232, discussions of the municipal working group and information available in strategic planning documents3 (all references 1 2 3 shall include the title of the documentation, year of development, indication where the source is available)).*
* *Considerations justifying the need for the PPP facility (examples can be found on page 17 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*), carrying out a more detailed analysis accordingly: · insufficient capacity of existing infrastructure or services to meet growing public demand · technical deterioration of existing infrastructure · existing infrastructure or services no longer meet regulatory or environmental standards · infrastructure that has deteriorated or been damaged due to poor maintenance or force majeure needs to be replaced · there is a need for new infrastructure or a service that has not previously been provided or delivered).*
* *Provide information on what kind of PPP facility will be available, in what quality, with what functionality, etc. after the PPP project is built.*
* *Make a comparison between existing similar facilities on the market and the service they offer and the new PPP facility and the service it offers by completing Table 1 below (in the table below, the benchmarks and number of facilities are given as examples. All sections are subject to fine-tuning according to the specificities of the project, selecting the facilities and benchmarks that will best reflect the market situation).*

*The table can be expanded and included in the FEC annexes if the current format of the table does not allow to summarise all the necessary information.*

*Table 1*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Benchmark *[examples below]* | *Equivalent facility No.1 on the market "[...]"* | *Equivalent facility No.2 on the market "[...]"* | *Equivalent facility No.3 on the market "[...]"* | *New PPP facility* | Conclusions  (indicate the differences, advantages of the new PPP facility and the facilities available on the market) |
| *Distance from the city/town of "X"* |  |  |  |  |  |
| *Functional characteristics* |  |  |  |  |  |
| *Application* |  |  |  |  |  |
| *Energy efficiency class* |  |  |  |  |  |
| *Annual electricity consumption* |  |  |  |  |  |
| *Annual heat losses* |  |  |  |  |  |
| *Annual management expenditure* |  |  |  |  |  |
| *Number of visitors* |  |  |  |  |  |
| *Number of "special category" visitors* |  |  |  |  |  |
| *Services offered* |  |  |  |  |  |
| *Service price* |  |  |  |  |  |
| *[..]* |  |  |  |  |  |

*The table shall be followed by an analysis of what information is included in the table, what the benchmarks are, what conclusions the FEC developer has drawn from the analysis in the context of the market analysis and the justification of the need for the PPP facility, including the benefits that the new PPP facility will provide.*

2.2. Analysis of Possible Alternatives for Implementing the Project

*This section shall analyse the solution to the identified issue and the rationale for choosing the optimal solution. Analyse all possible methods of implementing the project identified by the FEC developer.*

*For example:*

* *Alternative A - not implementing the project*
* *Alternative B - implementing the development project with capital investments financed from the State budget (basis)*
* *Alternative C - implementing the development project through a public-private partnership (PPP)*
* *Alternative D - leasing*
* *Alternative E - disposal (sale by auction)*
* *Alternative F - exchange or transfer for no consideration to a derived public person*

*It is not mandatory that the FEC lists, as in the example above, six possible implementation alternatives for the project. The FEC developer shall indicate all possible alternatives to the project that it has identified, which may be two, three or four alternatives. If an alternative is not feasible, the FEC developer shall include an analysis of the reasons why it is not feasible and is not further analysed in the FEC.*

*This section then needs to be sub-sectioned and each of the above possible project alternatives that have been decided to be considered in the FEC shall be analysed. Sub-sections shall be designed in such a way that the information contained in them is objectively comparable and supported by reliable sources of information, including the location and hyperlinks of the sources of information, and supported by calculations.*

*An example of the information to be included in the three sub-sections (inter alia) is given below for illustrative purposes. An example of the "Planned Timetable for Future Actions of the Project Implementation Alternatives" and examples of the information in the tables are also provided. Accordingly, the sub-sections shall be tailored to the specific project, the number of project implementation alternatives identified and the current information.*

***2.2.1. Alternative A - Not Implementing the Project***

*Table 2*

|  |  |
| --- | --- |
| **Description** | *Provide information about what will happen if the project is not implemented. Provide information about the investment required for management, maintenance, insurance, upkeep of the structure, in EUR per year (including VAT, with VAT broken down separately, ensuring that this information is comparable) (if the structure exists). Justify with planned public sector capital investments, Net revenue/costs, NPV (including VAT, with VAT broken down separately, ensuring that this information is comparable), include a reference to the FEC Annex where the calculations justifying the NPV are included. The financial NPV may also be negative. If the economic NPV is negative, then the alternative is detrimental to the public (the State) and shall not be supported.*  *If the structure does not exist, the monetary value of the alternative is zero and no description of the alternative is necessary.* |
| **Expenses** | *Summarise information about all expenditure (broken down by general items) including VAT (with VAT broken down separately, ensuring that this information is comparable) that will be required from the public sector. Indicate values with a minus sign.* |
| **Benefits** **(including socio-economic)** | *Summarise information about the benefits of not implementing the project.* |
| **Risks** | *Summarise information about the potential risks if the project is not implemented.* |
| **Next steps** | *Summarise information about the next steps to be taken and the timetable if the project is not implemented.* |

***2.2.2. Alternative B - Implementing the Development Project with Capital Investments Financed from the State Budget (Basis)***

*Table 3*

|  |  |
| --- | --- |
| **Description** | *Provide information about the planned real estate development to be carried out to adapt it to the needs of the public partner, with capital investments financed from the State budget. Provide information about the capital investments required from the public sector in EUR including VAT (with VAT broken down separately, ensuring that this information is comparable), as well as on the investment required for management, maintenance, insurance, upkeep of the structure, in EUR per year (including VAT, with VAT broken down separately, ensuring that this information is comparable). Provide information about the technical parameters for the construction of the project.*  *Provide information about the total additional expenditure to be budgeted by the ministry/local government concerned in EUR per year (including VAT, with VAT broken down separately, ensuring that this information is comparable). Justify with planned public sector capital investments, Net revenue/costs, NPV (including VAT, with VAT broken down separately, ensuring that this information is comparable), include a reference to the FEC Annex where the calculations justifying the NPV are included. The financial NPV may also be negative. If the economic NPV is negative, then the alternative is detrimental to the public (the State) and shall not be supported.*  *If the structure does not exist, the monetary value of the alternative is zero and no description of the alternative is necessary.* |
| **Expenses** | *Summarise information about all public sector expenditure (broken down by general items, e.g. - capital investments, during construction and supervision works; investment in the management, maintenance, insurance, upkeep of the structure, EUR per year) including VAT, with VAT broken down separately, ensuring that this information is comparable, which will be required form the public sector. Indicate values with a minus sign.*  *Provide information about the possible sources of funding for the project, e.g. - funding from the State budget; other options possible in the specific case for attracting funding.* |
| **Benefits (including socio-economic)** | *Summarise information about the benefits if the project is implemented with capital investments financed from the State budget (basis).* |
| **Risks** | *Summarise information about the potential risks if the project is implemented with capital investments financed from the State budget (basis).*  *! Important - risks that are quantifiable shall be identified in Section 3.5 of the FEC.*  *For example:*  *1. Taking into account the fiscal space forecasts and the additional spending possibilities in the budget, the project implementation could be delayed to start only in the year 0000.*  *2. The financial bids received as a result of the procurement procedure for the works may exceed the estimated costs of the construction and supervision works.*  *3. Demand for the part of the structure to be leased is lower than expected.* |
| **Next steps** | *Summarise the information about the next steps to take and the timetable if the project is implemented with capital investments financed from the State budget (basis).*  *For example:*  *1. Preparation and submission of the budget request for priority measures, in line with the timetable for the preparation of the annual draft State budget law. Projected timetable: Q1 of 0001*  *2. A draft ordinance on the allocation of funding for the restoration of immovable property is drawn up and submitted to the Cabinet for consideration in accordance with the procedure laid down in the legislation.*  *Projected timetable: Q3 of 0001 - Q4 of 0001*  *3. Project implementation (call for tenders for building survey and design brief, building survey, design brief with detailed user requirements and approval, procurement procedure for building design, building design with building authority approval, expert-examination of building design, procurement procedure for construction works). Projected timetable: Q1 of 0002 - Q2 of 0004*  *4. Project implementation - construction works (including author's supervision and construction supervision, expert-examination of building). Projected timetable: Q2 of 0004 - Q2 of 0007*  *5. The projected date of commissioning of the facility - Q2 of 0007.* |

***2.2.3. Alternative C - Implementing the Development Project Through a Public-Private Partnership (PPP)***

*Table 4*

|  |  |
| --- | --- |
| **Description** | *Provide information about the planned real estate development to be carried out to adapt it to the needs of the public partner in a public-private partnership (PPP) project.*  *Provide information about the required public sector capital investments during the construction period (including the planned VAT costs during the construction period, construction supervision costs) as well as the availability payments in EUR per year (excluding VAT) throughout the lifetime of the contract once the facility is available. Justify with planned public sector capital investments, Net revenue/costs, NPV (excluding VAT), include a reference to the FEC Annex where the calculations justifying the NPV are included. The financial NPV may also be negative. If the economic NPV is negative, then the alternative is detrimental to the public (the State) and shall not be supported.*  *If the structure does not exist, the monetary value of the alternative is zero and no description of the alternative is necessary.* |
| **Expenses** | *Summarise information about all public sector expenditure (broken down by general positions, e.g. - reverse VAT during construction works; construction supervision costs during construction works; management, maintenance, insurance costs, EUR per year; availability payments per year) including VAT, with VAT broken down separately, ensuring that this information is comparable, that will be required from the public sector during the construction and availability period. Indicate values with a minus sign.*  *Indicate whether funding is to be provided from the State budget.* |
| **Benefits (including socio-economic)** | *Summarise information about the benefits of implementing the project through a PPP. Benefits are quantified, the information is readable from the Excel calculations developed, where, inter alia, information about the quantified benefits can be found.* |
| **Risks** | *Summarise information about the potential risks if the project is implemented through a PPP.*  *! Important - risks that are quantifiable shall be identified in Section 3.5 of the FEC.*  *For example:*  *1. The revenue from the services provided by the private partner does not cover the maintenance costs of the real estate and the public partner has to take over the building and its maintenance costs. The potential impact shall be measured at least in terms of the value of capital investments made to date.*  *2. No private partner is found and the project cannot be implemented.*  *3. The tenders received in the private partner selection procedure may exceed the estimated cost of the availability payments.*  *4. In a long-term project, there is a risk that the project team members will not be sufficiently qualified and there is a risk that the team may change.* |
| **Next steps** | *Summarise the information about the next steps to be taken and the timetable if the project will be implemented through a PPP.*  *For example:*  *1. Cabinet Order on the commencement of the PPP procedure for PPP - adopted in Q1 of 0001*  *2. Acquisition of real estate - commenced by a Cabinet decision*  *3. Preparation of consultants' procurement documentation and procurement call for tenders - carried out after the adoption of the Cabinet decision, in Q1 of 0001*  *4. Development of PPP procurement documentation and PPP contract - Q2-3 of 0001*  *5. Project information/investor days - Q4 of 0001*  *6. Procurement call for tenders - Q4 of 0001*  *7. Evaluation of tenders - Q4 of 0001 - Q3 of 00028. Announcement of the results of the call for tenders - Q2 of 0003*  *9. Cabinet Order on the long-term commitments of the Ministry (after the results of the call for tenders and before financial close and PPP contract conclusion) - Q3 of 000210. Receipt of the opinion on the off-balance sheet items - Q3-Q4 of 0002*  *11. Financial close and PPP contract conclusion - Q4 of 0002*  *12. Updating of the Cabinet Order on the long-term commitments of the Ministry in line with the results of the financial close - Q4 of 0002*  *13. Development of building design - Q4 of 0002 - Q1 of 000314. Execution of works - Q3 of 0003 - Q4 of 0004*  *15. Carrying out construction supervision - Q4 of 0002 - Q4 of 0004*  *16. Availability period - 0005 - 0025* |

***2.2.4. Timetable, Impact on the State Budget and Summary of Future Actions of the Possible Project Alternatives to Be Analysed.***

*This section shall summarise information about the planned timetable and budgetary implications of all the above project implementation alternatives. The information contained in this section must be consistent with the information in the previous section.*

*The timetable for further actions of the possible project implementation alternatives assessed in the FEC, including a breakdown of the activities to be carried out, is presented in Table 5.*

*Table 5*

***Planned Timetable for Future Actions of the Project Implementation Alternatives (to be adapted to the specific project alternatives, the shaded section represents the timeframe for implementation of the project activities until the availability of the facility)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| ***Year/***  ***quarter*** | ***0001*** | | | | ***0002*** | | | | ***0003*** | | | | ***0004*** | | | | ***0005*** | | | | ***0006*** | | | | ***0007*** | | | | ***0008*** | | | | ***Deliverables*** |
| 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |  |
| *A* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *No capital investments, continued management* |
| *B* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *Commissioning of the structure (basis)* |
| *C* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *Commissioning of the structure (availability payments)* |
| *D* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *Lease agreement concluded (with an obligation to make a certain amount of capital investment in the structure)* |
| *E* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *Disposal carried out (sold)* |
| *F* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *Exchange or transfer to a derived public person* |

*Important! The timetable of further actions to be carried out for all alternatives must be consistent with the timing outlined in Section 2.2 above.*

*Table 6 summarises the impact on the State budget of the project implementation alternatives assessed by the FEC.*

*Table 6*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Impact on the State budget** | | | | |
| **Alternative** | **Capital investments by the State, *euro* (incl. VAT)** | **Revenue, *euro* (incl. VAT)** | **Costs, *euro* (incl. VAT)** | **Total, *euro***  **(incl. VAT)** |
| (1) | (2) | (3) | (4) | **(5)=(2)+(3)+(4)** |
| *Alternative A - not implementing the project* |  |  |  |  |
| *B - implementing the development project with capital investments financed from the State budget (basis)* |  |  |  |  |
| *C - implementing the development project through a PPP* |  |  |  |  |
| *D - leasing* |  |  |  |  |
| *E - disposal (sale by auction)* |  |  |  |  |
| *F - exchange or transfer for no consideration to a derived public person* |  |  |  |  |

*Table 7*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Estimated Impact on the Balance Sheet of the General Government Sector Budget and the Debt (EUR Excluding VAT)**  *(indicate negative values with a minus sign; the name of the alternative may be accompanied by references giving a more detailed explanation of how the amounts in the table are formed; indicate all alternatives that have been previously identified for project implementation; update the table to reflect the current situation)* | | | | | |
| **Alternative/year** | **0001** | **0002** | **0003** | **First to last year of maintenance** | **Total** |
| (1) | (2) | (3) | (4) | (5) | (6)=(2)+(3)+(4)+(5) |
| *Alternative A - not implementing the project* | (maintenance period) | (maintenance period) | (maintenance period) | (maintenance period) |  |
| *B - implementing the development project with capital investments financed from the State budget (basis)* |  | (construction period) | (construction period) | (maintenance period) |  |
| *C - implementing the development project through a PPP* | (reverse VAT) | (reverse VAT) | (reverse VAT) | (availability payments) |  |
| *D - leasing* |  |  |  |  |  |
| *E - disposal (sale by auction)* |  |  |  |  |  |
| *F - exchange or transfer for no consideration to a derived public person* |  |  |  |  |  |

*A summary of the assessment of the alternatives is presented in Table 8.*

*Table 8*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Summary** | | | | |
| **Alternative** | **Impact on the State budget, *euro*** | **Implementation deadline** | **Benefits and risks** | **NPV, *euro*** |
| *Alternative* ***A*** *- not implementing the project* | **(-) 00,000,000**  \*the fiscal impact on the balance sheet of the general government budget or the debt is annual. |  | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |
| ***B*** *- implementing the development project with capital investments financed from the State budget (basis)* | **(-) 00,000,000**  \*the fiscal impact on the balance sheet of the general government budget or the debt in 0000 and 0000. | **0000** - commissioning of the structure | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |
| ***C*** *- implementing the development project through a PPP* | **(-) 00,000,000** | **0000** - commissioning of the structure (accessibility payments) | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |
| ***D*** *- leasing* | -expenses for organising the auction of leasehold rights  \*the fiscal impact on the balance sheet of the general government budget or the debt if the lessee is classified in the general government sector. | **August 0000** - lease agreement concluded | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |
| ***E*** *- disposal (sale by auction)* | **(-) 00,000,000** | **September 0002** - disposal carried out (sold) | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |
| ***F*** *- exchange or transfer for no consideration to a derived public person* | **(-) 00,000,000** | **August 0002** - disposal carried out (sold) | **1.Benefits**  **2.Risks** | **(-) 00,000,000** |

*After completing the above tables, make an analysis of what information is included in the tables, what are the benchmarks, what conclusions the FEC developer has drawn from the analysis in the context of the analysis of possible alternatives for project implementation, including the advantages that the new PPP facility will provide.*

*The FEC developer shall then conclude which of the alternatives reviewed are considered to be the most advantageous for the public partner, based on the analysis of the alternatives presented in the FEC, including their implementation timetables, potential benefits and risks and their financial impact on the State budget, and which of the alternatives will be further considered in the FEC with the most detailed calculations.*

*If, on the basis of its conclusions, the developer is of the opinion that the PPP alternative is not the most optimal and cost-effective, it shall indicate this in the FEC. In case the project will have an undesirable impact on the long-term liabilities of the State budget and the balance sheet of the general government budget and the debt, the feasibility of the PPP project shall be assessed in coordination with the Ministry of Finance.*

*If it is concluded that the PPP alternative is one of the most appropriate solutions, a further FEC shall be carried out, analysing the most viable alternatives in more detail.*

2.3. Project Feasibility Assessment

*In this section, the FEC developer shall assess the feasibility of the project by analysing the information referred to in the sub-sections below.*

* + 1. Technical Feasibility of the Project.

*This section shall indicate the project objectives to be achieved and include descriptions such as:*

* *a technical description of the project, the purpose of the requirements for the construction works and services, time and place of execution thereof and, where appropriate, the methods and resources to be used for carrying out the works or providing the services*
* *the quality requirements of the project (e.g. compliance of the works with building codes or other standards, compliance of the service with technical or functional quality standards, compliance of the works or service with the quality requirements set out in the technical specifications)*
* *the duration of the project, indicating, if applicable, the possible stages and their sequence*
* *the methods and resources to be used in the execution of the works or provision of the services envisaged in the project (e.g. outsourcing, use of public partner resources, setting of resource charges in accordance with the Law on Prevention of Squandering if such are envisaged in the PPP project, etc.)*
* *the main technical and operational risks of the project (see Chapter 3.5 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*)*

***Create a timetable for the PPP project, attach it to Annex 1 of the FEC.***

* + 1. Legal Permissibility of the Project.

*This section shall include at least the following:*

* *the grounds for the legal permissibility of the project (compliance with the definition of PPP in Article 1(1) of the PPP Law and the definition of public partner in Article 15, whether the public partner concerned or its representative is entitled to transfer the project to a private partner and how (institutional or contractual PPP) this can be done)*
* *is the public partner entitled to conclude a Partnership Contract*
* *the public partner's right to tender and implement the potential project*
* *a list of the authorisations, consents and approvals required for the public partner, indicating the entities issuing them*
* *the obstacles or constraints to the implementation of the potential project identified by the public partner in the legal framework and the envisaged solution, including the timeframe*
* *information on ownership of the land where the project is planned to be implemented*
  + 1. Financial Feasibility of the Project.

*This section shall consider at least the following:*

* *the main cost components of the potential project (see Chapter 4.2 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*, key assumption 7)*
* *the main financial and commercial risks of the project (see Chapter 3.5 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*)*
* *the results of market sounding (demand, supply, trends, etc.)*
* *assumptions about the cost or price of using the infrastructure or service*
* *analysis of project affordability (see Chapter 3.2 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*)*

***Create a "Financing Plan" for the PPP project, attach as Annex 2 to the FEC.***

* + 1. Social and Environmental Feasibility of the Project.

*This section shall consider at least the following:*

* *the expected social impact of the project*
* *the expected environmental impact of the project*
* *where negative social and/or environmental impacts have been identified, solutions to avoid or mitigate them*

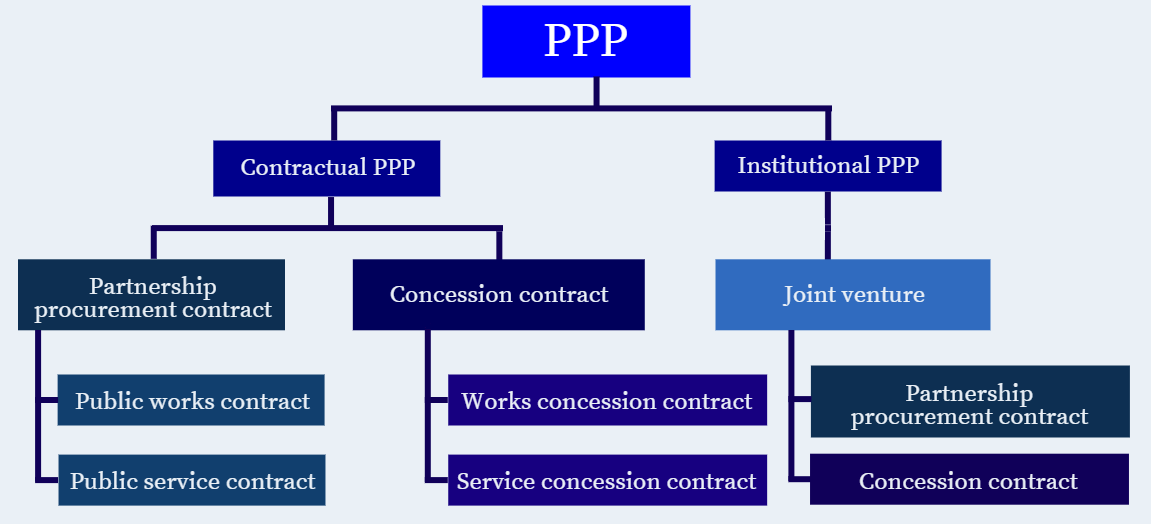
*The section shall be concluded with an assessment of the feasibility of the project, taking into account the analysis of the information in the sub-sections above.*

3. Assessment of the Best Alternatives for Project Implementation

*In this section, the FEC developer shall only evaluate the alternative that it has identified as the most advantageous for the public partner in Sub-section 2.2 of the FEC and compare it with the Baseline Model.*

*Comparing the PPP alternative with the Baseline Model requires detailed analysis according to Chapters 3 and 4 of the* *[FEC Guidelines](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*3.1. Analysis of the Suitability of the PPP Arrangement

*In this sub-section, based on the regulatory framework discussed in Sub-section 2.1 of the FEC, the technical requirements of the project, the needs of the public sector and the feasibility of the project, an analysis shall made as to which* [*type*](https://www.fm.gov.lv/lv/ppp-istenosanas-veidi) *of PPP is more appropriate for the implementation of the project (Contractual PPP or Institutional PPP; or Partnership Contract or Concession Contract (the main differences between a Concession and Partnership Contract are available in the CFCA's information material, available* [*here*](https://www.cfla.gov.lv/lv/ppp-un-koncesijas-salidzinajums)*)).*

*A diagram of a company

Description automatically generated*

*Figure 1*

*The analysis shall then be carried out with a justification as to which of the possible PPP models would be appropriate in the specific case.*

*In practice, a number of PPP models[[2]](#footnote-3) have already been developed, which, if structured and designed accordingly, can be implemented within each PPP arrangement (the list is not exhaustive):*

*(a)* ***FO:*** *Finance Only*

*(b)* ***DBM:*** *Design, Build, Maintain*

*(c)* ***DBO:*** *Design, Build, Operate*

*(d)* ***BBO****: Buy, Build, Operate*

*(e)* ***BOT:*** *Build, Operate, Transfer*

*(f)* ***LDO:*** *Lease, Develop, Operate*

*(g)* ***BLOT:*** *Build, Lease, Operate, Transfer*

*(h)* ***DBFM:*** *Design, Build, Finance, Maintain*

*(i)* ***DBFO:*** *Design, Build, Finance, Operate*

*(j)* ***CBFO:*** *Conserve, Build, Finance, Operate*

*(k)* ***DBFOOT:*** *Design, Build, Finance, Own, Operate, Transfer*

*(l)* ***BOO:*** *Build, Own, Operate*

*(m)* ***BOOT:*** *Build, Own, Operate, Transfer*

*(n)* ***DB:*** *Design, Build*

*(o)* **DBF:***Design, Build, Finance*

*(p)* **DBFMO:** *Design, Build, Finance, Maintain, Operate*

*(q)* **DCMF:**  *Design, Construct, Maintain, Finance[[3]](#footnote-4)*

*Then, include analysis of the below:*

* *would the Cabinet or another decision-making body under the PPP Law support the implementation of the project under the PPP framework?*
* *would end-users and other stakeholders support the implementation of the given project in a PPP framework?*
* *does the public partner have the necessary competence, skills, experience and knowledge to develop the PPP documentation, implement the procurement and manage and monitor the Partnership Contract?*
* *has the public partner carried out market sounding in order to ascertain the interest of potential private partners in engaging in the PPP project and is there sufficient competition between potential private partners in the selection of the private partner?*
* *does the potential private partner have skills and experience that the public partner lacks, such as skills and experience in design, works execution, maintenance or service provision?*
* *have similar PPP projects been implemented in Latvia or abroad in the last 3 years for services (5 years for construction works)[[4]](#footnote-5)? If not, it is necessary to identify PPP projects implemented over a longer period of time, recording this information in market research results and using it for the development of the PPP documentation.*

*The section shall then analyse the* ***socio-economic benefits*** *in case of implementing the project through a PPP. Socio-economic benefits that are quantifiable shall be quantified in this section, explaining how the quantification mechanism is developed. The costs mentioned in this section must be mutually consistent with the socio-economic benefit values mentioned in the Excel calculations. The information in this sub-section must be aligned with the information in Sub-section 2.2 of the FEC. For example, in the example mentioned in Paragraph 2.2.3 of this Form, alternative C -* ***implementing the development project through a public-private partnership (PPP)*** *- is analysed,**including the benefits (including socio-economic).*

*Accordingly, each socio-economic benefit shall be then analysed in more detail in this section and quantified where possible, describing the methodology used to quantify it, including references and hyperlinks to sources of information. If any of the benefits cannot be quantified, an analysis of why quantification is not possible shall be provided.*

*Where non-financial effects of the socio-economic benefits are identified that could result in losses if the project were to be implemented using one of the PPP arrangements or PPP models, details of such potential non-financial effects shall be included in the analysis. And yet, the decision on the best alternative shall be based on quantified and comparable values. Non-financial benefits or losses shall only be used as a justification for choosing an alternative when the quantified benefits of the two best alternatives are the same.*

3.2. Analysis of Investment Affordability

*The analysis of investment affordability shall carefully analyse the expected costs of the PPP project. The cost plan shall be based on the results of market research, expert opinions and negotiations with potential service providers or contractors. Based on these, the likely level of payments by the public partner or end-users shall be determined. The section shall indicate the sources of information on which the analysis has been based and, if not publicly available, shall be included in an annex to the FEC.*

*Analyse the public partner's budgetary capacity and creditworthiness, the available credit portfolio and conclude on the feasibility of financing the project from the budget.*

*If the project cannot be implemented under the Baseline Alternative, e.g. due to funding constraints for the public partner in the relevant timeframe, an analysis of this aspect shall be carried out and a conclusion drawn as to how the project cannot be implemented under the Baseline Alternative.*

*In the case of a Concession, the ability and willingness of end-users to pay the calculated user charge or price shall be assessed, especially in cases where the Concession would result in the introduction of a new payment or an increase in an existing payment. If it is determined that the new charge or increase in the existing charge will exceed the ability and willingness of end-users to pay the calculated usage charge or price, the obligation of the public partner to partially cover these end-user charges shall be provided. In such a case, the ability of the public partner to make a long-term commitment to pay all or part of the end-user charge or price must also be assessed in turn.*

*The public partner shall assess the impact of the preferred PPP arrangement and PPP model on the public partner's budget, identifying at least the following:*

1. *the size of the public partner's budget and long-term commitments*
2. *the long-term impact of the public partner's planned payments on its budget*
3. *the long-term impact of the public partner's project revenues on its budget*

*The analysis of investment affordability may lead to the conclusion that one of the PPP arrangements or PPP models analysed previously is not suitable for a PPP project.*

*The costs mentioned in this section must be mutually consistent with the VFM assessment in the Excel calculations.*

3.3. Finance Attracting Assessment

***3.3.1. Possibility to Implement the Project with Private Capital***

*The section shall analyse the possibility of implementing the project with private capital - the private partner's own capital and a loan from a commercial bank. Analyse the possible combination of public partner resources, loan from the Treasury and EU or other funds. Look at all stages of the project and how to attract the finance needed for the project.*

*International and national commercial banks, international development banks (such as the European Investment Bank, the European Bank for Reconstruction and Development and the Nordic Investment Bank) and non-bank financial institutions can be used to finance PPP projects. Each has its own objectives, priorities and risk appetite, which make their interest and approach to assessing PPP projects different.*

*When assessing the ability of the PPP project to attract finance, market sounding shall be carried out to identify potential financiers and the conditions for attracting finance, including:*

1. *whether all possible sources of funding have been identified (including commercial banks, development banks, equity investors, private equity or venture capital funds, EU funds)*
2. *whether potential financiers have experience in financing PPP projects*
3. *whether the project structure is conducive to attracting finance on favourable terms, e.g. favourable interest rate, loan term appropriate to the duration of the project, early repayment terms*
4. *whether the financiers are likely to require a guarantee from the public partner to ensure a minimum level of revenue from the private partner*

***3.3.2. Possibility of Implementing the Project with EU Funds or Other Funding***

*Analyse whether the project is likely to attract co-financing from the EU or other funds to implement the project. If there is no co-financing from the EU or other funds possible to implement the project, analyse this too.*

*Possible sources of information (not the only ones, viewed 12.01.2024) that can be used for the analysis and assessment of the possible availability of funds to be included in the sub-section:*

* [*https://www.cfla.gov.lv/lv/projektu-atlases*](https://www.cfla.gov.lv/lv/projektu-atlases)
* [*https://www.cfla.gov.lv/lv/solidaritates-fonds*](https://www.cfla.gov.lv/lv/solidaritates-fonds)
* [*https://www.sam.gov.lv/lv/eisicef*](https://www.sam.gov.lv/lv/eisicef)
* [*https://www.varam.gov.lv/lv/projekti*](https://www.varam.gov.lv/lv/projekti)
* [*https://www.lad.gov.lv/lv/projekti-un-investicijas-0*](https://www.lad.gov.lv/lv/projekti-un-investicijas-0)
* [*https://www.kem.gov.lv/lv/fondi-un-investicijas*](https://www.kem.gov.lv/lv/fondi-un-investicijas)
* [*https://komitejas.esfondi.lv/27/Koplietojamie%20dokumenti/Forms/AllItems.aspx*](https://komitejas.esfondi.lv/27/Koplietojamie%20dokumenti/Forms/AllItems.aspx)
* [*https://komitejas.esfondi.lv/anm\_rrf/Plnoanas%20dokumenti%20ANMRRF/Forms/AllItems.aspx*](https://komitejas.esfondi.lv/anm_rrf/Plnoanas%20dokumenti%20ANMRRF/Forms/AllItems.aspx)
* [*https://www.esfondi.lv/par-es-fondiem/es-fondi-un-citi-finansu-instrumenti*](https://www.esfondi.lv/par-es-fondiem/es-fondi-un-citi-finansu-instrumenti)
* [*https://tapportals.mk.gov.lv/attachments/legal\_acts/document\_versions/8acfc651-827c-4644-8c2c-7fa3165bd1ea/download*](https://eur04.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftapportals.mk.gov.lv%2Fattachments%2Flegal_acts%2Fdocument_versions%2F8acfc651-827c-4644-8c2c-7fa3165bd1ea%2Fdownload&data=05%7C02%7CDiana.Stajevska%40cfla.gov.lv%7Ca7ba3e8b37cf44a185e808dc12752cd4%7Cc2d02fb61e644741866ff8f5689ca39a%7C0%7C0%7C638405541686519254%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=uOO9x4YxYvoqdu3LCKX7490PVvvNjqF1KahvrYSEaiQ%3D&reserved=0)
* [*https://www.lm.gov.lv/lv/media/18956/download*](https://eur04.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.lm.gov.lv%2Flv%2Fmedia%2F18956%2Fdownload&data=05%7C02%7CDiana.Stajevska%40cfla.gov.lv%7Ca7ba3e8b37cf44a185e808dc12752cd4%7Cc2d02fb61e644741866ff8f5689ca39a%7C0%7C0%7C638405541686675511%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=ba3OLHW0NCDbVJQ1rBeCbKnvz415reJxTevOPBJqeL0%3D&reserved=0)
* [*https://tap.mk.gov.lv/lv/mk/tap/?pid=40501552*](https://eur04.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftap.mk.gov.lv%2Flv%2Fmk%2Ftap%2F%3Fpid%3D40501552&data=05%7C02%7CDiana.Stajevska%40cfla.gov.lv%7Ca7ba3e8b37cf44a185e808dc12752cd4%7Cc2d02fb61e644741866ff8f5689ca39a%7C0%7C0%7C638405541686675511%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=2DpVy2aUGqjNffJw9uj194BcPN5P7qpehu6J0YMmv58%3D&reserved=0)
* *https://euroalert.net/en/calls/open*
* [*https://commission.europa.eu/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-public-bodies\_en*](https://commission.europa.eu/funding-tenders/how-apply/eligibility-who-can-get-funding/funding-opportunities-public-bodies_en)
* [*https://cinea.ec.europa.eu/programmes/innovation-fund\_en*](https://cinea.ec.europa.eu/programmes/innovation-fund_en)
* [*https://energy.ec.europa.eu/topics/energy-efficiency/financing/eu-programmes/current-funding\_en*](https://energy.ec.europa.eu/topics/energy-efficiency/financing/eu-programmes/current-funding_en)
* [*https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-search*](https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-search)
* [*https://climate.ec.europa.eu/eu-action/eu-funding-climate-action/innovation-fund/large-scale-calls\_en*](https://climate.ec.europa.eu/eu-action/eu-funding-climate-action/innovation-fund/large-scale-calls_en)
* [*https://energy.ec.europa.eu/topics/funding-and-financing/eu-funding-possibilities-energy-sector\_en*](https://energy.ec.europa.eu/topics/funding-and-financing/eu-funding-possibilities-energy-sector_en)
* [*https://interreg.eu/call-for-project/?soft-scroll-to=ul-call-for-project-icons-view&select-applicant=0&select-country=lv&select-nuts3=&select-thematic-objective=0&keywords=*](https://interreg.eu/call-for-project/?soft-scroll-to=ul-call-for-project-icons-view&select-applicant=0&select-country=lv&select-nuts3=&select-thematic-objective=0&keywords=)
* [*https://cordis.europa.eu/thematic-packs*](https://cordis.europa.eu/thematic-packs)
* [*https://www.eeef.lu/eeef-ta-facility.html*](https://www.eeef.lu/eeef-ta-facility.html)
* [*https://opecfund.org/what-we-offer/grants/grant-application*](https://opecfund.org/what-we-offer/grants/grant-application)
* [*https://ppp.worldbank.org/public-private-partnership/government-support-financing-ppps*](https://ppp.worldbank.org/public-private-partnership/government-support-financing-ppps)
* [*https://www.rescoop.eu/eu-projects/ongoing*](https://www.rescoop.eu/eu-projects/ongoing)

*The section shall indicate the sources of information on which the analysis has been based and, if not publicly available, shall be included in an annex to the FEC.*

3.4. Statistical Treatment Assessment of Partnership Contract

*The section shall carry out a project risk analysis to assess the statistical treatment of the PPP contract.*

*The current trend is for a PPP contract to be off the balance sheet of the general government sector.*

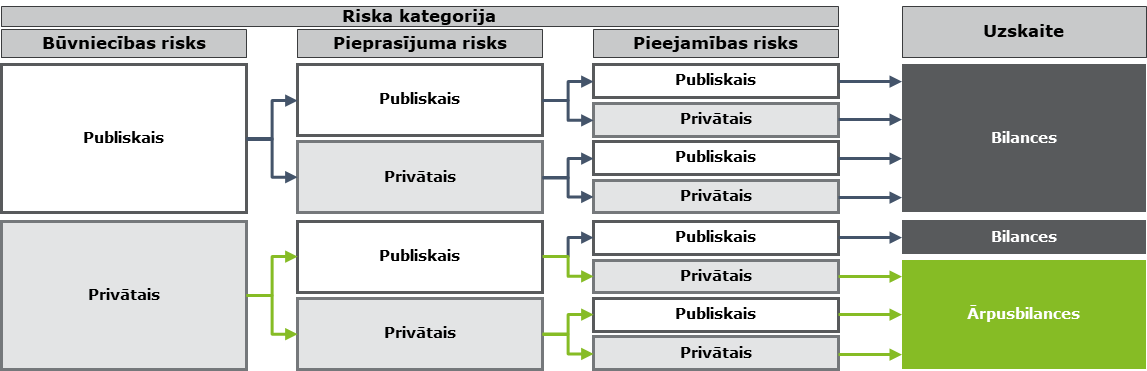
*Treatment on or off the balance sheet of the general government sector assets shall be assessed by analysing which party, the public partner or the private partner, bears the greater risk and will receive the greater share of the rewards from the assets.*

*To assess whether a PPP contract is intended to be on or off the balance sheet, the FEC developer shall use the* [*PPP Risk Tool*](https://ppp.cfla.gov.lv/)*, where the relevant project is created, all risks that are planned within the project are filled in and an opinion on the treatment of the contract according to EUROSTAT guidelines is automatically provided. This assessment shall be attached to the FEC as a separate annex.*

*The main elements of risks and rewards to be assessed are at least the following and shall be analysed in the context of this sub-section:*

* ***construction risk:*** *related to the execution of construction works (e.g. cost increases, extra costs, delayed delivery of construction materials, loss or damage caused by or resulting from construction works and discovered during operation, non-compliance with technical regulations or building codes, environmental risks and other risks that give rise to liabilities to third parties)*
* ***availability risk:*** *related to service delivery (e.g. ensuring the quality of the service meets the specifications within the planned scope and timeframe, additional maintenance or financing costs)*
* ***demand risk:*** *related to the demand for the service (e.g. a decrease or increase in the number of end-users of the service, other than due to low quality or insufficiency of the service; other circumstances affecting the quantity or quality of the service)*

**Risk category**



**Off balance sheet**

**On balance sheet**

**On balance sheet**

**Treatment**

**Public**

**Public**

**Public**

**Public**

**Public**

**Public**

**Public**

**Private**

**Private**

**Private**

**Private**

**Private**

**Private**

**Private**

**Availability risk**

**Demand risk**

**Construction risk**

*Figure 2*

*The contract will automatically be on the balance sheet of the general government sector assets if the public partner assumes the construction risk. On the other hand, if the construction risk and the demand or availability risk have been effectively transferred to the private partner, the partnership contract will be off the balance sheet of the general government sector assets. The treatment principles for the contract are set out on page 24-26 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*.*

*This section shall then analyse all the risks which, according to the summary of the* [*PPP Risk Tool*](https://ppp.cfla.gov.lv/)*, have a high probability for the PPP contract being classified as a contract on the balance sheet of the general government sector assets, explaining accordingly how the relevant risk will be managed to prevent the PPP contract from being classified as an on-balance sheet contract.*

*In addition to the above risks, other terms and conditions of the partnership contract relating to the public partner's liabilities shall also be assessed, such as the amount of the public partner's financing, guarantees and early termination events, the residual value of the asset and the risk of obsolescence, which includes the risk that the asset will not be worth as much as expected at the end of the contract, and the extent to which the public partner has an option to acquire the asset.*

*At the end of the section, a conclusion shall be drawn as to whether the PPP contract is on or off the balance sheet of the general government sector assets.*

*If, in the course of the statistical treatment analysis of the PPP project, the FEC developer concludes that the partnership contract should be recorded on the balance sheet of the general government sector assets, but that such recording treatment makes a PPP arrangement infeasible, the public partner may review not only the terms and conditions of the partnership contract, but also whether certain activities under the PPP project could be separated from the PPP project and implemented separately through traditional procurement.*

*The identification and allocation of risks shall be done* in the Risk Tool[[5]](#footnote-6) *and attached as an annex to the descriptive document of the FEC (Form version of 25.09.2024).*

3.5. Project Risk Analysis

*The section shall carry out a project risk analysis to determine the value for money of the PPP contract for the public partner and the value for money of the investment.*

*PPP project risk analysis includes:*

* ***qualifying*** *(identifying and defining) risks*
* ***quantifying*** *risks (determining impact, probability, baseline and potential costs)*
* *risk* ***allocation*** *(determining individual and shared risks of the public partner and the private partner)*
* ***mitigating the impact*** *of risks*
* ***monitoring and managing*** *risks during the life cycle of the PPP project*

*Within the Risk Tool and FEC, the initial qualification, quantification and allocation of the risks of the PPP project shall be carried out. It shall be refined and developed during the private partner selection process by identifying and assessing new risks not previously identified in the FEC.*

*The aim of risk qualification is to anticipate existing and potential threats to the successful implementation of the PPP project. Risks shall be separated into the different phases of the PPP project (e.g. construction and maintenance). Further quantification and allocation of risks shall be made depending on the phase in which it has been qualified. The most common risks are included in the Financial Model worksheet "Quantifying Risks" of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*. The methodology for quantifying risks is included in Chapter 4.2 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*. The costs of the quantified risks shall be included in the Excel file developed. The PPP Risk Tool shall include risk mitigation measures and costs.*

*The methodology, with examples of how risks could be qualified and quantified, is included on page 27-29 and page 37-38 of the* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*.*

*The Risk Tool[[6]](#footnote-7)shall be used to carry out the risk analysis. Summary of the Risk Tool (both sections: "Risk Questions" and "Risk Assessment") shall be attached in the annexes to the FEC. In the "Risks" worksheet of the Financial and Economic Calculations Model (MS Excel)[[7]](#footnote-8) and therefore in Section 3.5 of the FEC those risks shall be indicated for which mitigation costs have been identified in the Risk Tool.* *The allocation of risks shall be carried out in such a way that the specific risk is borne by the counterparty that is better able to influence or manage the likelihood of the occurrence of the risk, or to control or absorb its impact.*

*When using the Risk Tool, it shall be noted that the risk can be transferred to the public partner, the private partner or jointly to both partners (three options) in the partnership contract. Two or all three options are not possible at the same time. The risk must be transferred* ***either*** *to the private partner* ***or*** *to the public partner,* ***or*** *it must be indicated that the risk is shared between the private and public partner. The respective mitigation costs of each party shall be provided where mitigation measures are possible for the risk concerned. In the case of risk sharing between the public and private partner, this section of the FEC shall include a detailed explanation of the shared risk, what each party directly bears, what costs are foreseen in relation to the risk sharing. A summary of the PPP Risk Tool shall be attached in the annexes to the FEC (Form version 25.09.2024).*

*A description of the main risks, including construction, availability, demand and costed risks, risk mitigation actions for both the Baseline Procurement Alternative and the PPP Alternative, as well as conclusions on the results of the risk analysis shall be provided. The Risk Tool, and therefore the "Risk Analysis" worksheet, shall reflect the costs that will actually be incurred during the implementation of the project in managing the risk.*

*A description of the methodology used to quantify risks in order to ensure the credibility of the validity of the alternative shall be provided (Form version 25.09.2024).*

*Transferring a large share of the risks to the public partner limits the value for money of the PPP project and reduces the private partner's incentive to deliver the project to the quality and at the cost agreed in the contract. However, when deciding on risk allocation, it shall be taken into account that the private partner expects to be compensated for the risks transferred to it, which in turn increases the overall cost of the PPP project and the level of payments of the public partner and/or end-users, respectively. It must be assessed whether the private partner will be able to manage the risks involved at a lower cost compared to the public partner. If this is not the case, the allocation of risk to the private partner will reduce the value for money. The public partner must also bear in mind that an ill-considered allocation of risks to the private partner may adversely affect the interest of potential private partners in the PPP project and reduce competition between them. Optimal risk allocation is a prerequisite for effective risk management and higher value for money.*

3.6. Assessment of the Private Partner Selection Procedure

*The section shall analyse the planned private partner selection procedure.*

*According to Article 1(12) and (13) of the* [*PPP Law*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*,* ***there are two public-private partnership procedures*** *-* ***partnership procurement procedures and concession procedures****.*

*The procurement procedure is used to select a private partner. In the case of a concession, the concession procedure under the PPP Law applies to the selection of a concessionaire. For other PPP arrangements, as well as for delegation, a procurement procedure according to the* [*Public Procurement Law*](https://likumi.lv/ta/en/en/id/287760-public-procurement-law)*,* [*Law on the Procurements of Public Service Providers*](https://likumi.lv/ta/en/en/id/288730-law-on-the-procurements-of-public-service-providers)*,* [*Law on Procurements in the Field of Defence and Security*](https://likumi.lv/ta/en/en/id/238803-law-on-procurements-in-the-field-of-defence-and-security) *shall be applied, except in the cases provided for in those laws, in which the procurement procedure need not be applied.*

*The choice of the procurement procedure during the implementation of a PPP project may be between open tender, competitive procedure with negotiation or competitive dialogue according to the* [*Public Procurement Law*](https://likumi.lv/ta/en/en/id/287760-public-procurement-law)*.*

*Competitive dialogue or competitive procedure with negotiation. These are two different procurement procedures that should be considered when an appropriate tender could not be obtained through open or restricted tendering. Both of these procurement procedures are generally considered to be open procedures, as any interested supplier can request the right to participate. However, unlike the most common procurement procedure - open tender, only those tenderers selected by the contracting authority from among all candidates who have expressed an interest in participating in the procurement and have submitted the appropriate qualification documents are invited to submit tenders and to continue their participation in the competitive procedure with negotiation or competitive dialogue.*

*The choice of the concession procedure during the implementation of a PPP project can be between (see Article 17 of the* [*PPP Law*](https://likumi.lv/ta/id/194597-publiskas-un-privatas-partneribas-likums)*): (1) a procedure without the selection of tenderers; (2) a procedure with the selection of tenderers; (3) a competitive dialogue; (4) a negotiated procedure.*

*This section shall include information on the initial market research, information on the interest of private partners in implementing the PPP project.*

3.7. Assessment of Competition and Aid for Commercial Activity

*The section shall include an analysis of the impact of the services offered as a result of the PPP contract on the competitive services available on the market. Competition neutrality guidelines, recommendations and good practices can be found in the OECD brief "Competitive Neutrality. A Compendium of OECD Recommendations, Guidelines and Best Practices Bearing on Competitive Neutrality", available at* [*https://www.oecd.org/daf/ca/50250955.pdf*](https://www.oecd.org/daf/ca/50250955.pdf) *(accessed 12.01.2024)*

*If the public partner identifies any decrease in capital investment or maintenance costs, it must ensure that this is based on market evidence that respects the principle of competitive neutrality. The principle of competitive neutrality is the assumption that both a public partner and a private partner face the same conditions in their business activities (e.g. prices, taxes) and that the public partner does not have any competitive advantage (advantage of the public partner over the private partner) simply because of its status.*

*The section shall also analyse the planned implementation of the conditions for aid of commercial activity during the lifetime of the PPP project.*

*Explanatory notes on the regulatory framework for aid of commercial activity are available (sources accessed 12.01.2024):*

* [*FEC Guidelines*](https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini)*, page 15-16*
* [*https://www.cfla.gov.lv/lv/valsts-atbalsta-regulejums*](https://www.cfla.gov.lv/lv/valsts-atbalsta-regulejums)
* [*https://www.cfla.gov.lv/lv/notikums/seminars-pasvaldibam-par-komercdarbibas-atbalsta-nosacijumiem-uznemejdarbibas-infrastrukturai?date=0*](https://www.cfla.gov.lv/lv/notikums/seminars-pasvaldibam-par-komercdarbibas-atbalsta-nosacijumiem-uznemejdarbibas-infrastrukturai?date=0)
* [*https://www.cfla.gov.lv/lv/jaunums/noderigi-valsts-atbalsts-un-ta-regulejums-es-fondu-projektu-istenosana*](https://www.cfla.gov.lv/lv/jaunums/noderigi-valsts-atbalsts-un-ta-regulejums-es-fondu-projektu-istenosana)
* [*https://www.cfla.gov.lv/lv/jaunums/jurista-vards-publikacija-valsts-atbalsts-komercdarbibai-konkurences-bieds-vai-stimuls*](https://www.cfla.gov.lv/lv/jaunums/jurista-vards-publikacija-valsts-atbalsts-komercdarbibai-konkurences-bieds-vai-stimuls)

***Mandatory description to be included in the FEC:***  *Article 5 of the Law on Control of Aid for Commercial Activity (hereinafter - the Aid Law) sets out four features for the financial assistance for the promotion of commercial activity to be considered as State aid. The features shall be fulfilled simultaneously:*

*1) financial assistance is directly or indirectly provided from the State, local government, or European Union or other public resources, and the public partner or other public authorities have a controlling influence over the financial resources; and*

*2) the private partner carries out commercial activity and acquires economic advantages which it could not acquire if the aid for commercial activity was not provided; and*

*3) financial assistance does not apply equally to all commercial companies, but it is provided to the private partner depending on the size, type of activity or location thereof, as well as other differentiating criteria, or is provided only to the private partner; and*

*4) financial assistance affects trade and distorts competition in the internal market of the European Union*

*The section shall further analyse whether, if any of the above features is not fulfilled, there is no commercial aid present. The section shall conclude on the competitive effects of the PPP project and whether or not the PPP project involves commercial aid.*

*If the public partner plans ancillary economic activity within the project, the FEC must include an analysis in accordance with the Ministry of Finance's Explanatory Memorandum on Ancillary Activity, available at* [*https://www.fm.gov.lv/lv/media/504/download*](https://www.fm.gov.lv/lv/media/504/download) *(source accessed 12.01.2024). The Explanatory Memorandum includes information on the action to be taken to comply with the conditions for aid of commercial activity.*

4. Calculation of Value for Money

*All information to be included in this chapter shall be aligned with the Excel calculations developed.*

*When developing the FEC, it is permissible, at the choice of the FEC developer, to use the simplified calculation model available on the* [*CFCA website*](https://www.cfla.gov.lv/lv/finansu-un-ekonomisko-aprekinu-vadlinijas) *with its completion methodology or the full FEC calculation model, which is an integral part of the FEC Guidelines.*

4.1. Description of the Evaluation Approach

*The section shall explain the principles followed in developing the detailed Excel calculations.*

*Value for money (VFM) means the best available outcome, analysing all the benefits, costs and risks expected over the life cycle of the PPP project.*

*The VFM calculation shall include an evaluation of the costs of the PPP project and a comparison of two or more alternatives:*

* *(a) a PPP model implemented under a PPP arrangement; and*
* *(b) the traditional procurement or Baseline Model*

*The timetable of the costs of the compared alternatives may differ significantly, i.e:*

* ***In the case of a PPP****, the obligation of the public partner and/or the users to start making payments arises when the private partner has completed the works or started to provide the services specified in the Partnership Contract. Payments are made regularly throughout the duration of the Partnership Contract*
* ***in the case of traditional procurement****, the public partner starts payments already during the development and implementation of the works or services. Payments may be continued during the provision of the service or the maintenance of the structure if the provision of the service or the maintenance of the structure is carried out by the successful tenderer in a traditional procurement*

*Explain the assumptions used to generate the projected capital and maintenance costs, revenues, including efficiency/synergy gains where identified, risk costs, partnership agreement management costs, and costs of financing attracted.*

*Explain which socio-economic assumptions were quantifiable at the time of the FEC and which have been taken into account in the VFM calculation.*

*Explain how the potential availability payment is generated.*

*If the costs of the compared alternatives differ significantly, explain the reasons for the significant differences. (For example, this is reflected in the model calculations with changes in assumptions - expected later start of construction of the facility, higher maintenance and administrative costs and different financing structure, etc.)*

*Explain what discount rate was applied (information on the current discount rates to be used in the development of the FEC is published on the website of the Ministry of Finance* [*https://www.fm.gov.lv/lv/makroekonomiskie-pienemumi-un-prognozes*](https://www.fm.gov.lv/lv/makroekonomiskie-pienemumi-un-prognozes) *(accessed 12.01.2024).*

4.2. Financial Model

*The section* ***shall explain the key information that will allow to understand the Excel calculations that have been developed****:*

* *financial model assumptions for the PPP model and the baseline model alternatives (projected dates, macroeconomic assumptions to be used, discounting assumptions, tax assumptions, financing structure, borrowed capital, insurance costs, administrative costs of the private partner; specific assumptions for the baseline model (e.g. later construction start date; higher operational costs assuming that the public partner does not have appropriate skills and experience in construction operations; lower financing costs if the project is financed by a loan from the Treasury, etc.); construction supervision costs of the public partner; administrative costs of the public partner; projected reverse VAT costs during the construction period, etc.)*
* *mechanism for determining the availability payment (e.g. usage fee and profit mark-up), the intended frequency of payment of the availability payment (quarterly, annually, etc.)*
* *structure of revenue for the private partner*
* *principles for quantifying risks in the development of the PPP model and the baseline model, explaining why there are differences in the value of risks and the probability of occurrence; given that it is the differences in the value and probability of risks that lead to differences in the cost of risks between alternatives that prove the viability of the PPP alternative, assumptions about differences shall be justified based on data and sources of information*

4.3. Determining Value for Money

*Within the section:* **summarise information on the PPP project** *(information must be aligned with Excel and FEC at the beginning of the summary):*

*Table 9*

|  |  |
| --- | --- |
| **Duration of project implementation:**  **including:**   * *building design period* * *construction period* * *period of availability of facility* | **Indicate years (and quarters in brackets)**   * *indicate the planned time for the development of the building design in years (and quarters in brackets)* * *indicate the planned time for the development of the building design in years (and quarters in brackets)* * *indicate the planned time for the development of the building design in years (and quarters in brackets)* |
| **PPP contract price:** | *According to Article 1(32) of the* [*PPP Law*](https://likumi.lv/ta/en/en/id/194597-law-on-public-private-partnership)*, indicate a value which includes, for example, capital investments and the amount of availability payments during the entire PPP contract period, excluding value added tax (VAT). The total amount of financial resources (excluding VAT) that the private partner would obtain by exercising the rights and obligations arising from the PPP contract, which may include end-user payments* in EUR, *shall be indicated.* |
| **Source of revenue for the private partner**: | *indicate the source of the private partner's revenue.*  *For example, "availability payments (a significant proportion of total revenue) and revenue from end-users"; "quarterly availability payments"; "semi-annual availability payments"; "revenue from end-users"* |
| **Availability payment:**  ***Or***  **Revenue from end-users:**  ***Or***  **Availability payment and revenue from end-users:** | *In the case of a PPP contract, indicate the estimated amount of one availability payment in EUR.*  *In the case of a concession, indicate the amount of the planned revenue from end-users per year.*  *In the case of a PPP contract, indicate the planned amount of the availability payment in EUR and the planned amount of revenue from end-users per year.* |

*A positive VFM occurs if, when comparing the total cash flows of the public partner in the Baseline Model and in each of the PPP arrangements and PPP models evaluated, the NPV of the project implementation alternative is higher than the NPV of the Baseline Model. The alternative with the highest VFM shall be considered to be the most advantageous for the public partner.*

Draw conclusions as to what the **economic Net Present Value (ENPV) of the project** is: *indicate the positive value of the ENPV (EUR) and the components of the ENPV - discounted total project life cycle costs, total revenues, financial savings and socio-economic benefits - which, when added together, result in the ENPV:*

*ENPV = I + F + S - C, where*

*I - total revenue*

*F - financial savings or additional costs (with a minus sign), which are formed by comparing the status quo and the PPP project scenario*

*S - socio-economic benefits (minus socio-economic losses, if any)*

*C - total cost*

*If the ENPV is negative, the project is not viable.*

4.4. Sensitivity Analysis

*Within the section:* ***describe the results of the sensitivity analysis, identify the critical variables and their switching points, and draw conclusions from the analysis****. The information in this section must be aligned with the calculations in the Excel worksheet "Sensitivity Analysis".*

*The objective of the sensitivity analysis is to investigate the stability of the project and to determine the changes (sensitivity) of the project's main indicators (ENPV, NPV, contract prices and other indicators) to the variations in the influencing variables, using the main cost and revenue items as variables.*

*The sensitivity analysis of each variable determines whether it is critical. Critical variables are those variables that are used in the preparation of the FEC cash flow and for which an increase or decrease in value of, for example, 1% results in an increase or decrease in the calculated ENPV of one per cent or more.*

*For critical variables, the switching points, or the percentage variation of the critical variable at which the value of the indicator being analysed, such as ENPV, equals zero, shall be determined by recording the result in the Excel worksheet "Sensitivity Analysis".*

*The Excel "Goal seek" function can be used to find the values of the critical variable switching points.*

*The results of the sensitivity analysis shall be used in the project risk analysis (version 11.07.2024).*

Annex A. A List of Sources of Information Used

*Indicate the author, title, publisher (if applicable), year, hyperlink, access date of each source of information.*

*Structure of the information sources:*

*1) Legislation (Directives, Regulations, Laws, Cabinet Regulations, Government Action Plan, Authority Regulations),*

*2) Guidelines, technical documents,*

*3) Books, publications,*

*4) Internet publications.*

Annex B. *(Annexes to the FEC by the FEC developer)*

*Annex 1 "Timetable for the Implementation of the PPP Project"*

|  |
| --- |
| **Timetable for the Implementation of the PPP Project** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Project Activities[[8]](#footnote-9) | **Project Implementation Timetable (in quarters)[[9]](#footnote-10)** | | | | | | | | | | | | | | | | | | | |
| **Year 1** | | | | **Year 2** | | | | **Year 3** | | | | **Year 4** | | | | **Year 5-25** | | | |
| 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 80 quarters | | | |
| *1. Cabinet Order on the commencement of the PPP procedure* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *2. Acquisition of real estate* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *3. Preparation of consultants' procurement documentation and procurement call for tenders* | *x* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *4. Development of PPP procurement documentation and PPP contract* |  | *x* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *5. Project information/investor days* |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *6. Procurement call for tenders* |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *7. Evaluation of tenders* |  |  |  | *x* | *x* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *8. Announcement of the results of the call for tenders* |  |  |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *9. Cabinet Order on the long-term commitments of the Ministry (after the results of the call for tenders and before financial close and PPP contract conclusion)* |  |  |  |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *10. Receipt of the opinion on the off-balance sheet items* |  |  |  |  |  |  | *x* | *x* |  |  |  |  |  |  |  |  |  |  |  |  |
| *11. Financial close and PPP contract conclusion* |  |  |  |  |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |
| *12. Updating of the Cabinet Order on the long-term commitments of the Ministry in line with the results of the financial close* |  |  |  |  |  |  |  | *x* |  |  |  |  |  |  |  |  |  |  |  |  |
| *13. Development of building design* |  |  |  |  |  |  |  | *x* | *x* |  |  |  |  |  |  |  |  |  |  |  |
| *14. Execution of works* |  |  |  |  |  |  |  |  |  | *x* | *x* | *x* | *x* | *x* | *x* | *x* |  |  |  |  |
| *15. Carrying out construction supervision* |  |  |  |  |  |  |  | *x* | *x* | *x* | *x* | *x* | *x* | *x* | *x* | *x* |  |  |  |  |
| *16. Availability period* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | *x* | *x* | *x* | *x* |

*Annex 2 "Financing Plan"*

|  |
| --- |
| **Financing Plan for the PPP Project\*** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5-25** | **Total** |
| **1. Source of funding** | Amount | Amount | Amount | Amount | Amount | Amount |
| 1.1. Public funding |  |  |  |  |  |  |
| 1.1.1. Public partner funding |  |  |  |  |  |  |
| 1.1.2. EU or other funding |  |  |  |  |  |  |
| 1.1.3. Other source of public funding |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 2. Private funding |  |  |  |  |  |  |
| 2.1.1. equity capital |  |  |  |  |  |  |
| 2.1.2. loan |  |  |  |  |  |  |
| 2.1.3. EU or other funding |  |  |  |  |  |  |
| 2.1.4. other source of private funding |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **3. Reverse VAT (paid by the public partner)** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

\*The information must be aligned with the information in Tables 7 and 8, as well as the information in the Excel worksheet.

Important! - Annex 1 "Timetable for the Implementation of the PPP Project" and Annex 2 "Financing Plan" must be mutually aligned. The accounting of the years in the two tables shall be identical, given that the initial project preparation period is foreseen where no capital investments from the public partner are foreseen, and consequently no payments in the financing plan during the project preparation period shall be indicated.

**Contact Details for the PPP Competence Centre**

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| --- | --- |
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1. *A competitive dialogue or competitive procedure with negotiation are two different procurement procedures that should be considered when an appropriate tender could not be obtained through open or restricted tendering. Both of these procurement procedures are generally considered to be open procedures, as any interested supplier can request the right to participate. However, unlike the most common procurement procedure - open tender, only those tenderers selected by the contracting authority from among all candidates who have expressed an interest in participating in the procurement and have submitted the appropriate qualification documents are invited to submit tenders and to continue their participation in the competitive procedure with negotiation or competitive dialogue (Article 1(14) & (15), Article 8(2) & (6) of the PPP Law)* [↑](#footnote-ref-2)
2. Handbook on Public Private Partnership (PPP) in Built Heritage Revitalization Projects. Version 1, 05/2017. Interreg Central Europe, pp. 41-48. Available: <https://programme2014-20.interreg-central.eu/Content.Node/O.T1.1-Handbook-new.pdf> (accessed 12.01.2024) [↑](#footnote-ref-3)
3. (k)-(q) models - source <https://theinvestorsbook.com/public-private-partnership-ppp.html> (accessed 21.12.2023) [↑](#footnote-ref-4)
4. PPL, Article 46(3)(1) and (2) [↑](#footnote-ref-5)
5. Available at <https://ppp.cfla.gov.lv/> (registration required) [↑](#footnote-ref-6)
6. Available at <https://ppp.cfla.gov.lv/> (registration required) [↑](#footnote-ref-7)
7. Available at <https://www.cfla.gov.lv/lv/finansu-un-ekonomiskie-aprekini> [↑](#footnote-ref-8)
8. The project activities must list all the planned project activities. The activities must be consistent with the information about the PPP alternative in Sub-section 2.2. As an example, the timetable is completed in accordance with the information provided in Sub-section 2.2.3 of this methodology and Table 5 "Planned Timetable for Future Actions of the Project Implementation Alternatives". [↑](#footnote-ref-9)
9. Planned activities shall be marked with an "X"; The timetable shall be supplemented with the necessary columns according to the actual situation. The period of availability of the facility may also be indicated in full years, e.g. year 5-25. [↑](#footnote-ref-10)