



INFORMATION NOTE

ON

PROJECT PREPARATION DEVELOPMENT FACILITY

PPDF

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1 Introduction

- 1.1 SADC has identified infrastructure as one of the major contributing factor for economic growth and poverty reduction in the region. The present state of infrastructure as well as the infrastructure gap between the SADC region and the more developed countries constitutes a serious handicap to the region's production and competitiveness.
- 1.2 In order to address this issue, SADC has created the Project Preparation and Development Facility (PPDF) as an instrument to facilitate the successful development of bankable projects for market presentation.

2 Purpose of the PPDF

- 2.1 The purpose of the PPDF is to create a conducive environment for investment through financing the preparation of infrastructure projects based in at least one SADC Member State or those with a direct and positive impact on another Member State.
- 2.2 The PPDF will concentrate on those projects that will be considered as enablers of regional integration providing technical assistance for project identification, preparation and feasibility studies as well as for advisory, and capacity building purposes that will lead to investment in projects.

3 Category and Scope of Activities to be Financed

All SADC Member States are eligible for PPDF financing as long as the proposed activity is intended to support regional infrastructure development projects in the sectors of transport, energy, ICT, water & meteorology, tourism as identified within the Regional Infrastructure Development Master Plan (RIDMP) and for new projects, consistent with the objective of regional integration and current priorities in the SADC region for infrastructure development..

The activities eligible for financing under the PPDF facility are:

- 3.1 ***Pre-investment Activities:*** These include provision of technical advice and assistance in the preparation of project proposals, environmental and social impact analyses. In order to improve project quality and enhance prospects to attract financing it will also finance new studies, pre-feasibility or feasibility studies, update of existing studies and other related studies.

- 3.2 *Advisory Services:*** Include activities to assess opportunities for private-public partnerships such as concessions, due diligence activities, and legal and transaction issues.
- 3.3 *Technical Assistance:*** To promote a participatory approach in project formulation and design. The costs of holding of workshops, seminars and conferences involving stakeholders would also qualify for assistance.
- 3.4 *Capacity Building:*** To support Member States and other eligible entities for capacity building specifically in connection with activities mentioned in section 3 above.

4 Entities and Territories Eligible for Financing

- 4.1 Projects from the following entities will be eligible for support:
- Governments of SADC Member States and their agencies;
 - Regional Institutions promoted by Governments of SADC Member States;
- 4.2 A private sector applicant may not apply for funding under the PPDF. However, projects proposed by private sector organisations, and involving the participation of the public sector (Public-Private Partnerships (PPPs)) would be eligible for financing under the PPDF on the condition that the applicant has a letter of support from the respective government's representative.
- 4.3 Projects are expected to take place within the SADC Member States. However projects taking place outside the boundaries of Member States but for the benefit of SADC Member States will also be eligible.

5 Beneficiary Contribution and Minimum amount of Grants

- 5.1 To ensure ownership and commitment by the beneficiary, it shall be a requirement that they contribute a minimum of five percent (5%) of the total cost of the proposed preparatory activity. This amount will exclude any tax related implications.
- 5.2 Only projects requiring a grant of a minimum of 250,000 USD will be considered for support by the PPDF. The beneficiary must point out how the entire project is going to be financed.

6 Types of Costs included in the Budget

- 6.1 The following "eligible costs" will be taken into account in the financing of a project.

- Pre-feasibility and Feasibility studies;
- Economic and financial analysis;
- Detailed design and preparation of tender dossiers
- Legal and Transaction Advisory Services;
- Meetings and conferences costs on social and environmental impact mitigation; and
- Develop institutional arrangements for the implementation of the project.

6.2 The following costs are not eligible:

- Items not actually paid;
- Items incurred before the implementation contract was signed;
- Debts and provisions for losses or debts and interest owed;
- Items already financed by a third party;
- Items already financed by a third party for preparing the proposal or for proposed activities;
- purchases of land or buildings;
- currency exchange losses; and
- taxes and VAT.

7 Modalities of Applying

7.1 The Request For Proposal (RFP) will be launched on the PPDF website at www.sadcppdf.org and will also be communicated to all SADC Member States, through their National Contact Points. The RFP will include:

- a brief description explaining the purpose and objectives of the RFP;
- the eligible sectors and criteria for funding together with key eligibility criteria, the evaluation criteria and the deadlines for application.

7.2 Potential beneficiaries will apply for the project preparation funds by filling in the online Application Form.

7.3 Applications must be submitted through the online application process to DBSA at www.sadcppdf.org. The application must be in the client's letterhead signed off by duly authorised personnel.

7.4 DBSA will send a copy of the applications to SADC for assessment of the impact and relevance, while DBSA will take up the administrative/technical compliance evaluation.

8 Selection of Projects

Proposals selected to be financed by PPDF will be chosen (i) on basis of the SADC Regional Infrastructure Development Master Plan (RIDMP) as revised from time to time, and (ii) of projects that contribute to regional integration taking into account the relevance of the project and the fitness of the organization undertaking the project.

9 Project Approval

On approval of the projects, DBSA will inform the applicants about the decision on their projects within fourteen days of the decision and will arrange for the signing of the grant agreement and will enter into the relevant contractual arrangements for the financing of the projects. Information on the approved projects will be posted both on the SADC and DBSA websites.

10 Unsuccessful Applications

DBSA will also inform all the unsuccessful applicants about the decisions on their projects within fourteen days of the decision.

11 Disbursements and Suspension of Disbursements

- 11.1 Payments will be made directly to the service provider on eligible expenditure upon receipt of invoices from the service provider and of no-objection from the beneficiary. On signature of the contract an amount not exceeding 20% of the total amount may be advanced.
- 11.2 A time limit for first disbursement shall be set in the contract concluded for the services to be delivered. This period should not exceed 18 months. Failure to comply with this time limit shall result in cancellation of the grant.
- 11.3 Disbursement of the PPDF resources may be suspended if the Board of Trustees is of the opinion that the withdrawn amounts are not being used for or complying with the agreed purpose or standards. Necessary measures would be taken to recover misused funds from the beneficiary.

12 Procurement of Services

The procurement of services financed under the PPDF shall be carried out in accordance with the PPDF Guidelines for the Procurement of Services. Considering the nature and duration of the contracts expected from this facility, procurement for consultancy services will be on a basis of competition by shortlist of firms approved by the PPDF Secretariat. The selection criteria will be based on technical quality with price consideration.

13 Reporting Arrangements

Once a project has been approved and disbursement of the grant has commenced the beneficiary will be required to submit to DBSA six monthly reports on the physical and financial status of implementation of activities. In addition, the beneficiary will submit a final report upon completion of the project.

14 Project Audit

- 14.1 The grant from the PPDF is subject to project audit and the beneficiary must keep accurate and transparent records and accounts of project for a period of seven years following payment of the balance. The SADC Secretariat, can, at any time, ask to audit the records of a financed project.
- 14.2 The Board of Trustees will have the right to verify through additional audits that the entire process, from the preparation to the selection of the grant beneficiaries.

15 Further Information

Further information is available on the following websites at www.sadcppdf.org and also on the SADC Secretariat at www.sadc.int and DBSA at www.dbsa.org.