

6. Project communication

6.1. OVERVIEW

Stakeholder engagement during infrastructure project preparation assumes tremendous significance given the multi-faceted nature of large complex infrastructure projects and the multi-dimensional stakeholder interfaces they tend to cut across. Stakeholder groups could have interests and concerns that are very different from each other and, in some cases, conflicting. Mapping and addressing these expectations during the early stages of project preparation therefore becomes critical²⁵.

Communication during the course of infrastructure project preparation should not be treated as a set of isolated actions or as a public relations exercise. Rather, it should be recognised as a strategic activity, which factors in the importance and disposition of all key stakeholder groups towards the project, tailors timely and appropriate communication actions to inform and engage them, and fosters a supportive environment through the course of project preparation and implementation.

In the context of infrastructure project preparation, effective communication should seek to: (i) map stakeholders and their perceptions and disposition towards the project; (ii) help strengthen analysis of options and project design to meet stakeholder needs and expectations; (iii) keep stakeholders continuously engaged through the course of project preparation and implementation using relevant and appropriate communication channels; and (iv) build trust, credibility, and acceptability for the project through transparent two-way communication towards creating a conducive and cooperative environment for project development and implementation.

Effective communication helps to create feedback loops to inform the project development process, and contributes to improving project design, structuring and sequencing. Proactive engagement with stakeholders early on can help identify sources of support and opposition systematically, and facilitate better alignment of project design and configuration, thereby aiding smoother implementation.

Further, the complexity of stakeholder engagement and market sounding multiplies in the case of PPP projects, where substantial risk transfer and asset ownership are often involved. Market sounding of the project to potential developers and investors to evaluate market interest during the project preparation phase becomes particularly important in the context of infrastructure projects to be developed using the PPP model. This chapter accordingly assumes a PPP lens to ensure coverage of the wider spectrum of the aforementioned issues, although many aspects discussed here also apply to projects developed under a traditional public procurement approach.

This chapter addresses two salient aspects of project level communication during project preparation, as shown below:

- **Stakeholder engagement (Section 6.2)**
- **Considerations in market sounding (Section 6.3)**

²⁵ For more information on the importance of stakeholder engagement to address inclusion in infrastructure projects, please refer to the Global Infrastructure Hub's reference tool on Inclusive Infrastructure and Social Equity: Practical guidance for increasing the positive social outcomes of large infrastructure projects (available on the GI Hub website in 2019).

6.2. STAKEHOLDER ENGAGEMENT

6.2.1. Summary

Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively²⁶. Stakeholders, in the context of an infrastructure project, could include locally affected communities or individuals and their formal and informal representatives, national or local government

authorities, politicians, religious leaders, civil society organisations and groups with special interests, the academic community, or other businesses.

Exhibit 6.1 captures priority stakeholders viewed along an infrastructure project development cycle and highlights some of the critical considerations in developing a communication plan, with respect to communication focus areas and channels for engagement along the project development cycle.

Exhibit 6.1 Stakeholder engagement considerations across the project development cycle

Communication Aspects	Project Development cycle		
	Identification	Preparation	Bidding
Priority Stakeholders	<ul style="list-style-type: none"> • Policy makers • Government departments • Users • Employees of project sponsor 	<ul style="list-style-type: none"> • Users • Advocacy groups • Employees • Government departments • Mass media • Prospective bidders 	<ul style="list-style-type: none"> • Bidders • Project sponsor • Media • Financiers
Communication Focus	<ul style="list-style-type: none"> • Project need/benefits • Precedents • Government support • Points of support and concern 	<ul style="list-style-type: none"> • Assess stakeholder needs / concerns • Mobilise support • Assuage concerns • Build credibility of project and sponsor • Key elements of the proposed PPP transaction 	<ul style="list-style-type: none"> • Project attractiveness • Sponsor credibility • Process integrity
Tools and Channels	<ul style="list-style-type: none"> • Interpersonal communication • Consultations • Discussion papers 	<ul style="list-style-type: none"> • Interpersonal communication • Consultations • Peer sharing • Community channels • Internet / Website 	<ul style="list-style-type: none"> • Road shows, Conferences and Events • Websites • Press briefings on project

Adapted from Effective Communication for PPP Projects. Department of Economic Affairs, Government of India. 2011.

Note: (1) The Exhibit lists only stakeholders who are prioritised in a given phase, and may not be exhaustive.
(2) The above framework is generic and may not apply in an identical manner in all projects.

²⁶ As defined in "Stakeholder engagement: a Good Practice Handbook for Companies Doing Business in Emerging Markets". IFC. 2007

Essentially, communication during the course of infrastructure project preparation involves a structured mapping of stakeholders in terms of their preferences, expectations and concerns, prioritising them in terms of importance and influence across different stages of project preparation and implementation, and formulating a communication plan to engage them effectively.

Guidance on stakeholder engagement is organised along the following three steps:

- A. Map stakeholders, and their preferences, and assess the intensity of communication efforts required.
- B. Categorise stakeholders by their behaviour, influence and importance and target them with directed communication messages and themes.
- C. Develop and deliver an appropriate communication plan to engage stakeholders effectively.

6.2.2. Guidance

A. Map stakeholders, and their preferences, and assess the intensity of communication efforts required.

An important first step towards effective stakeholder engagement during project preparation is to identify and map all stakeholders that influence the project or are impacted during the course of project implementation and operations.

This may be done through a Communication Needs Assessment (CNA) exercise. A CNA systematically captures the views of various stakeholder groups on issues pertinent to the project, the benefits expected and possible concerns. The CNA also captures the stakeholders' views on the GCA and other agencies that may be tasked with preparing and implementing the project. The CNA is typically done through a range of qualitative and quantitative methods. The scope and depth of a CNA exercise is project and context specific and may need to be repeated during subsequent phases of a project to confirm the continued validity of findings from earlier CNAs, particularly when project preparation timeframes are long and if new developments induce a change in behaviours.

Illustrative communication issues to be captured for select stakeholders through the CNA²⁷ are summarised here:

- **Users and project beneficiaries:** User needs around infrastructure projects are typically centred around their (i) perceptions with respect to the GCA; (ii) prevailing levels of service; (iii) expected improvements from the project; and (iv) incremental costs of the service provided. GCAs, especially in EMDEs with low capacity, may often face credibility challenges, especially if the service level baseline at the time of project preparation is poor. Under such circumstances, projects structured with sharp user fee increases tend to evoke negative responses, even when service levels after project implementation may be vastly superior. In such cases, early stage CNA can be very useful, as the messaging of benefits and those required to allay user concerns can be appropriately tailored.
- **Opinion leaders:** This category typically includes civil society organisations, activists, and advocacy groups, and often serves as a mouthpiece for society. Though they often form a small subset of intended end-users of the project, they can significantly impact overall perceptions and typically focus on user rights, service delivery assurance and affordability. Understanding the motivations and expectations of opinion leaders is, therefore, crucial.
- **Project Affected Parties (PAPs):** These are stakeholders who could be adversely impacted by the project, such as, for example, people displaced by land acquisition requirements for the project. These categories of stakeholders may not have a positive disposition to start with, as they may fear a loss of assets or be unsure of the level of compensation. In the early stages of project preparation, it is critical to identify such stakeholders, so that assurance relating to redress and compensation can be built into communication. Employees of GCAs implementing a PPP project may worry about job security and hence may have similar concerns that need to be identified and assuaged.

²⁷ Adapted from Effective communication for PPP projects. Department of Economic Affairs, Government of India 2011.

- **Government:** Communication within government is equally crucial given that multiple agencies are often involved in the preparation and implementation of large infrastructure projects, including the GCA, cross-sectoral PPP units, funding agencies, and other departments of the government. When projects require debate and multiple levels of decision-making and approval, formal platforms, such as committees or taskforces, may need to be constituted. This may be particularly required when the policy is evolving or when there is an amendment or clarification to the existing policy (for instance, a change in legislation or an issue of government guidelines etc.). Communication efforts should, therefore, focus on building consensus within the government and should generate trust and confidence among stakeholders within government.
- **Political leaders:** Political leaders should inspire confidence and should seek to strengthen public goodwill potential of the project. Getting political commitment early on helps create wider appeal and mobilise the support of other stakeholders. A key objective of communication should be to create enthusiasm and excitement about the project and thereby win their active support and advocacy.

The diversity of the stakeholder mix that impacts and is influenced by infrastructure projects, as reflected above, means that an early and comprehensive CNA is an important input for project preparation and for stakeholder engagement and communication during the course of project preparation and implementation. The CNA will also help GCAs to assess the intensity of communication actions required.

The areas and intensity of communication actions required during the course of project preparation and implementation can vary significantly. For instance, a PPP project being implemented by a GCA with relatively weak capacity or in a sector with a limited PPP track record will require relatively greater communicative intensity, both within the government and with potential bidders. A project that has high social and environmental impact or an envisaged increase in user fees will also call for greater intensity of communication efforts with project users.

Communication tends to be particularly effective when there are efforts to map and engage stakeholders right from the early stages of project preparation.

EARLY STAKEHOLDER ENGAGEMENT under the MIRT Framework, the Netherlands

Active stakeholder engagement is central to the MIRT framework for project development.

All stages of the MIRT process encourage a collaborative approach to project preparation right from project initiation under the 'exploration phase', by conducting multiple stakeholder consultations through political and administrative meetings, to ensure the involvement of all stakeholders in providing input to the feasibility of the project and in reaching common solutions to address needs.

The plan exploration phase of the MIRT framework follows a collaborative approach that requires project initiation to start with a series of political and administrative meetings. These meetings are aimed at discussing the development needs of an area, and fixing the strategic development goals

and the initiatives to meet these development goals. Thereby, discussion, collaboration and consensus between important stakeholders is set as a requirement for starting a new project concept. The exploration phase typically comprises the following activities: evaluating the strategic alignment of the proposed concept, options evaluation to assess the benefits and impact of each alternative on the economy, environment and society, and selection of the preferred alternative to undertake the detailed project study.

The MIRT framework encourages an integrated approach as national and regional government parties will collaborate, share visions, contribute associated resources, and help to generate a clear picture of the relevant issues with inputs from the communities, NGOs and businesses.

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EARLY STAGE STAKEHOLDER CONSULTATIONS – Thames Tideway Tunnel Project, the United Kingdom

The Thames Tideway Tunnel project is an interceptor sewer constructed in central London to control 39 million tonnes of untreated sewerage that flows in to the Thames River on an annual basis. The sewer tunnel runs 25 kilometres long, from Acton in West London to Abbey Mills in East London, intercepting 34 combined sewer outflows (CSO).

The Department of Environment, Food & Rural Affairs (DEFRA), responsible for the overall policy on water and sewerage in the UK, worked closely with Thames Water, a private company responsible for sewerage infrastructure in London, to develop a solution for the overflows.

While Thames Water undertook the planning, design and tendering of the project, it was also supported by IUK (later IPA) owing to its major project status. The Water Services Regulatory Authority (Ofwat) was the independent economic regulator, responsible for determining the charges to be borne by the customers of Thames Water for funding the tunnel construction.

A key aspect with respect to stakeholder involvement was extensive consultation at the early planning stages. Thames Water carried out two extensive public consultations to refine the route for the Thames Tideway Tunnel. The first round of public consultation took place between September 2010 and January 2011, and the second between November 2011 and February 2012. It also conducted a third targeted consultation on four specific sites between June 2012 and July 2012. Thames Water subsequently revised its plans and submitted its planning application for a Development Consent Order (DCO) to the Planning Inspectorate on 28 February 2013. The Strategic Business Case and Outline Business Case were submitted in September 2013 and September 2014 respectively.

The project was successfully bid out in 2016, and is privately financed by the Bazalgette consortium, supported by the UK Government's fiscal support package, to mitigate the project risks and make the project viable for private financing.

B. Categorise stakeholders by their behaviour, influence and importance and target them with directed communication messages and themes.

Once the key stakeholders and their preferences and expectations towards a project are mapped, it is important to categorise and prioritise them by their behavioural disposition towards the project and their influence and importance with respect to the project implementation. This is critical to gain insight on the extent and intensity of communication needed, and it calls for clarity on three aspects:

1. What are the needs, expectations and views of stakeholders on the project?
2. How can one meaningfully segment stakeholders in the context of the project?
3. How should a practitioner deal with varying degrees of support and resistance from stakeholders and the underlying sources of such behaviour?

While the Communication Needs Assessment (CNA) exercise can help address the first aspect above, a behavioural analysis and an Importance-Influence Grid can be used to systematically analyse stakeholders with respect to questions 2 and 3 respectively.

IMPORTANCE-INFLUENCE GRID²⁸

The Importance-Influence Grid provides a useful approach to practitioners to group and segment stakeholders in a manner that aids communication planning. **Importance** relates to the degree of involvement of stakeholders in the achievement of the project objectives. **Influence** refers to the power that stakeholders could potentially have in controlling the decision-making process directly or by facilitating or resisting the project's implementation. Positioning stakeholders on the grid provides a guide for communication actions. Practitioners should exercise due care and validate their judgement with analytical rigour and inputs from the CNA while categorising and analysing stakeholders on this grid. Generally:

- **Stakeholders of high influence and high importance** should be closely involved throughout the project cycle to promote their participation and ownership.
- **Stakeholders of low influence and high importance** may not have a role in decision-making but may be impacted by the project. Practitioners should ensure that their needs are met.
- **Stakeholders of high influence and low importance** need to be carefully managed. Without adequate information sharing and engagement, influential stakeholders that may not be positively inclined could potentially wear away support from the project.
- **Stakeholders of low influence and low importance** are unlikely to be closely involved with the project. However, they need to be kept informed to avoid misperceptions. Practitioners should take care that vulnerable groups, such as low-income people and women etc., are not assumed to be of low importance.

²⁸ Adapted from Effective Communication for PPP Projects. Department of Economic Affairs, Government of India. 2011 and Strategic Communication for Privatization, Public-Private Partnerships, and Private Participation in Infrastructure Projects. World Bank. 2008.

BEHAVIOURAL ANALYSIS

Behaviour analysis helps practitioners to understand and deal with stakeholders' overall disposition towards the project. The behaviour scale that helps position and analyse stakeholders based on the behavioural disposition to the project is found below.

There are four important behavioural objectives that communication actions should achieve:

- **Deal proactively with extreme perceptions:** Even a small proportion of influential stakeholders, such as political leaders or advocacy groups in extreme positions, namely 'advocating' or 'opposing' stakeholders, can skew overall perceptions about the project. Identifying and engaging with such stakeholders should be a foremost priority for practitioners.
- **Encourage project advocacy by the important and influential:** Practitioners should get the 'important' and 'influential' stakeholders to become project ambassadors. This tends to create a positive perception and helps mobilise wider public support.
- **Address underlying factors leading to resistance:** Communication actions should address underlying sources of resistance. These factors typically include misperceptions, lack of trust, genuine grievances and vested interests.
- **Win support of the neutral and unaware stakeholders:** Neutral and unaware stakeholders should be kept informed of project developments.



C. Develop and deliver an appropriate communication plan to engage stakeholders effectively.

The mapping of stakeholders and their preferences, along with their categorisation based on their behavioural disposition, importance and influence, should form inputs to develop and deliver a proactive communication plan. Communication actions ought to address two aspects, namely the theme or message, and the medium or channel.

Choice of communication themes and messaging:

Communication actions should follow from the stakeholder-wise behavioural objectives and should be consistent with the objectives of the project preparation. There are five possible dimensions²⁹ along which communication themes could be delivered and these are illustrated with examples below:

1. **Benefit-led:** Typically here the focus of communication would cover project benefits and could include investment substitution (comparison vis-à-vis alternate investment proposals for the same objective), lower costs, speedy execution and improved service delivery. Often, this will require looking beyond the obvious. For instance, user charges in public water supply systems are often less than operating costs. A project structured to recover costs could lead to unacceptably high user fees vis-à-vis the existing tariffs. However, if the costs of coping with poor water supply, such as having to resort to private tanker supply, incurred by users are high, then a comparison of the 'proposed user fee' with the 'coping costs', as opposed to the existing tariff, can potentially dampen resistance to higher but legitimate user fees for improved service delivery.
2. **Aspiration-led:** Aspiration-led communication can help get a range of stakeholders on board and involves appealing to the aspirational sense. Messages such as '*world class facilities*' can provide aspirational appeal if they are truthful. Political leaders often respond well to aspirational cues.
3. **Precedence-led:** Communication indicating that a similar project has been executed in the past brings familiarity and comfort. Demonstrating how the project features are similar to another successful project can provide a visible anchor point for stakeholders and a 'see' and 'believe' experience.

4. **Assurance-led:** This mode of communication becomes necessary, particularly when there has been a bad precedent (e.g. a poorly executed project in the recent past). Communication here should highlight how the project is different from the past and the safeguards that have been put in place to avoid a repeat. A strong focus on safeguards, including stringent obligations, performance security requirements, and scope for higher public participation etc., also provides assurance. A good process compliance where the practitioner sticks to a time-bound plan, disseminates progress, and reports deviations in a transparent manner also provides a signal of assurance to stakeholders.
5. **Champion-led:** An important aspect of communication is to create advocates for the project beyond the GCA. Having a charismatic and credible 'face' for communication in the initial stages helps to provide upfront credibility and a good starting point for the project, though over-reliance on champion-led communication without back up from other dimensions could back-fire and is not advisable. Users typically respond well when a trusted political leader or bureaucrat champions the project, however this may be affected by political transitions etc.

Choice of communication medium and channels:

Channels enable the delivery of messages and the exchange of ideas and views amongst stakeholders. A multi-channel approach towards communication improves the odds of achieving the desired behavioural change impact more efficiently and quickly. Key considerations for channel selection, include reach (percentage of audience that will be exposed to the message), frequency (average number of times of exposure) and cost of communication. A variety of options can be potentially used by project development agencies and GCAs to reach out to stakeholders, including the following:

1. **Interpersonal channels** cover one-on-one interactions, group interactions, public consultations, and structured deliberations through committees and task forces. Highly interactive and consultative communication, such as among government agencies, between officials and political leaders etc., is largely through interpersonal channels.

²⁹ Adapted from Effective communication for PPP projects. Department of Economic Affairs, Government of India 2011.

2. **Community-based channels** reach a community or a group of people within a geographic area or based on common characteristics, such as occupation, and include community activities (fairs, concerts, folk dramas, rallies, and parades) and mobilisation (street meetings and consultations). They offer scope for interactivity and tend to be the more preferred channels for communication for the GCA with users and the general public.
3. **Mass media channels** help in reaching large audiences within a short time, and include television, radio, print media and newspapers, outdoor/transit advertising, and direct mail.
4. **Internet and social media** have emerged as an important channel for communication. Apart from social media, websites are often an important source of information disclosure for reporting on project progress. They also provide a cost-effective mechanism to reach a wider audience. The interactive functionality can also support cost-effective consultative processes and help elicit stakeholder feedback among advocacy groups and opinion leaders.
- Putting together a communication plan involves weaving together a coherent and comprehensive set of actions to deliver stakeholder-relevant messaging themes through appropriate communication channels. *Exhibit 6.2* provides an illustrative matrix of objectives, actions and channels for communication with different stakeholder groups.

Exhibit 6.2 Stakeholder communication actions during project preparation

Stakeholder group	Communication objectives	Communication actions	Preferred channels
Users and Advocacy Groups	<ul style="list-style-type: none"> Reinforce users on benefits relating to service quality and affordability of service Dispel misperceptions about the project Receive feedback to further strengthen the project design and safeguards 	<ul style="list-style-type: none"> Showcase benefits to users - service access, quality and affordability Highlight service assurance and contractual safeguards to protect user rights Use audio-visual examples of other successful projects 	<ul style="list-style-type: none"> Community channels Consultations with opinion leaders and advocacy groups Web and social media-based information dissemination and consultations
Employees of Project Sponsors and Labour Unions	<ul style="list-style-type: none"> Provide assurance to employees Disseminate information on the project Encourage participation and involvement 	<ul style="list-style-type: none"> Showcase benefits to employees, namely skill building, better working conditions Disseminate alternatives and redress in case of genuine grievances Initiate ongoing dialogue with unions 	<ul style="list-style-type: none"> Open consultations and hearings Consultations (with labour unions) Employee newsletters for information dissemination Peer experience sharing with labour unions Champion-led communication

Exhibit 6.2 (continued) Stakeholder communication actions during project preparation

Stakeholder group	Communication objectives	Communication actions	Preferred channels
Political Leaders	<ul style="list-style-type: none"> • Provide assurance of public benefits and support • Gain commitment and advocacy • Showcase aspirational aspects 	<ul style="list-style-type: none"> • Showcase benefits to the public and assure them of the political support to the project • Establish precedence of successful PPP projects and alignment with policy goals • Facilitate experience sharing and peer influence to reinforce the above 	<ul style="list-style-type: none"> • Interpersonal communication • Orientation visits to project sites • Interaction with project users • Interaction with agencies experienced in similar projects
Government Officials	<ul style="list-style-type: none"> • Gain commitment • Validate conformance with policy objectives • Facilitate faster decision-making and approvals • Showcase aspirational aspects 	<ul style="list-style-type: none"> • Articulate tangible benefits to government • Highlight alignment with policy objectives and safeguards in case of negative precedence • Facilitate experience sharing and peer influence to reinforce above 	<ul style="list-style-type: none"> • Interpersonal communication • Formal consultation forums (steering group, committees) • Orientation visits to project sites • Interaction with project users • Peer experience sharing
Private Sector	<ul style="list-style-type: none"> • Communicate project terms and PPP structure • Build interest 	<ul style="list-style-type: none"> • Engage early to build confidence, generate interest and participation 	<ul style="list-style-type: none"> • Roadshows as required • Social media engagement and web-based • Pre-bidding conferences

PROJECT STAKEHOLDER CONSULTATIONS: Within government and with the public – Regional Rail Link, State of Victoria, Australia

The Government of Victoria's Regional Rail Link (RRL) project was a large-scale revival project to remove bottlenecks in Melbourne's rail network and expand the regional rail network. The RRL was delivered through six works packages, consisting of three alliances with a total of 16 organisations engaged directly.

Jointly funded by the Australian Commonwealth and Victorian Governments, RRL was one of the most significant and complex infrastructure projects in Victoria, and the largest public transport development in Australia during its construction. Developing and implementing the RRL project involved extensive inter-departmental coordination among the following agencies:

- the Government of Australia, which provided partial funding for the project through the Building Australia Fund;
- the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) within the Government of Victoria, which is the successor to the former Department of Transport (DOT) and the former Regional Rail Link Authority (RRLA), which led the planning and delivery of the RRL project;
- the Department of Premier and Cabinet within the Government of Victoria, which provided a state-wide government policy and leadership function for the project and liaised with the Australian Government;
- the Department of Treasury and Finance (DTF) within the Government of Victoria, which provided financial oversight and project scrutiny through its gateway review process and High Value High Risk (HVHR) Framework;
- Public Transport Victoria (PTV), which was the key coordinator and planner for public transport at the time of the RRL;
- VicTrack, the owner of Victoria's public rail assets and operator of the railway telecommunications and signalling equipment; and
- V/Line, the operator of the rail services on the RRL.

The project also focused strongly in managing public perceptions and expectations of service delivery, right from the planning stages. Proactive stakeholder engagement helped ensure that all parties were kept informed of project progress and any issues were promptly addressed. From July to September 2008, the government sought wide ranging inputs through a stakeholder consultation process, which resulted in over 2000 comments that helped project implementation, and the long-term strategic direction for Victoria's transport infrastructure.

The project was delivered eight months ahead of schedule and approximately AU \$600 million under budget, and won several awards.

6.3. CONSIDERATIONS IN MARKET SOUNDING

6.3.1. Summary

Developing an active private sector engagement strategy to attract private operators from the early stages of project preparation can be crucial in facilitating a keen contest during and prior to the bidding phase of the project.

Especially in contexts and sectors where there is inadequate precedent of PPP projects, and where the local private ecosystem may not have been developed, marketing and market testing a project to industry early in the project preparation cycle is very useful.

The primary focus of the market sounding effort should be to connect with the universe of private developers that could potentially bid for this project. A fair contest among qualified private developers is critical for achieving an efficient price and effective project implementation. Engaging the private sector through an active communication focus is thus critical.

To prepare for the market sounding activity, the GCA should: (a) identify and engage as wide a set of potential bidders as possible; and (b) identify positive aspects of the project that position the project as an attractive investment opportunity and the GCA as a credible partner that will honour its obligations under the project contract.

Guidance in this section focuses on market sounding imperatives during the project development cycle, as follows:

- A. Proactive engagement to market projects and elicit early stage feedback is crucial.
- B. Create dedicated capacity within government to handle stakeholder management and market sounding.

6.3.2. Guidance

A. Proactive engagement to market projects and elicit early stage feedback is crucial.

It is not always necessary to proactively communicate with and market a project to the private sector during the early stages of the project preparation phase in jurisdictions where there is a successful track record of PPP projects. However, in sectors where PPPs are yet to be mainstreamed, interactions with the private sector providers during even the early project preparation phase may be necessary to elicit their views on the project design and structuring options. This may require the GCAs to take steps beyond just identifying and compiling the possible set of bidders and may require an initial round of bidder engagement through roadshows on the project concept and consultations with the private sector, to factor in any potential and genuine concerns they may have with respect to the project. Such consultations should be done in a transparent environment with the outcomes of deliberations disseminated widely, preferably through the project sponsor's website.

As the project reaches a fairly advanced stage of feasibility evaluation and the GCA is ready with reasonably firm proposals on project structuring, it may be useful to have early stage interactions prior to the formal launch of the bid process.

Early state interactions help the GCAs to market the project opportunity to a wide base of potential bidders and also elicit useful inputs on the market's acceptability of proposed project terms, the structure and risk sharing arrangements. Such interactions will help the GCAs to fine-tune their project delivery and implementation arrangements if required, to meet market expectations wherever feasible without negatively affecting users' or its own interests³⁰.

Some key aspects for consideration as GCAs prepare to do market testing are summarised below:

1. It is important that the universe of bidders is identified and compiled during the project preparation phase itself.
2. As the project structuring is being finalised, the GCA must engage with the private sector through a series of pre-marketing efforts. These could include contacting and marketing the opportunity to potential bidders and sharing a Preliminary Information Memorandum of the project particulars through a range of channels, including roadshows and presentations at conferences. The market participants may also utilise support from global development agencies like the Global Infrastructure Hub, which provides a pipeline of projects across major countries³¹.
3. During these interactions, the GCA should highlight the facets of the project that make it an attractive investment opportunity, including a stable policy environment, where this exists, and examples of such successful projects implemented earlier in the local context of the same state or sector, for example. When a project does not have any precedent, GCAs should highlight the innovative nature of the project and/or its potential for replication.
4. An important aspect of information dissemination is the establishment of a data room, where information related to the PPP project is made available to potential bidders. The information should be organised and granted equally and fairly to bidders.
5. While sharing information with bidders and other stakeholders, the more relevant the information shared, the better. GCAs should be empathetic and see the bidders' perspectives while putting together the Preliminary Information Memorandum for a project and the data room. Such an approach sends two positive signals: (i) bidders perceive the project implementation agency to be transparent; and, more importantly (ii) it sends a strong signal that the project implementation agency is well prepared and is carrying out the transaction from a position of strength.

³⁰ For additional information on publishing a transparent project pipeline, please refer to the World Bank tool A Framework for Disclosure in Public-Private Partnership Projects, particularly Chapter 7 on Pre-Procurement Disclosure, available at <http://pubdocs.worldbank.org/en/773541448296707678/Disclosure-in-PPPs-Framework.pdf>

³¹ The GI Hub Global Pipeline may be accessed at <https://pipeline.gihub.org/>

MARKET SOUNDING: South Africa's REIPPP Programme

The REIPPP Programme was a landmark initiative by the Department of Energy (DoE) to rapidly scale-up grid connected renewable energy generation through private participation. The REIPPP Programme was implemented against the historical backdrop of several failed initiatives to contract IPPs, owing to institutional shortcomings, capacity gaps and weak incentive structures. To overcome these limitations and to run the REIPPP Programme as a sophisticated, multi-project, multi-billion dollar international competitive bidding process for renewable energy, the DoE co-opted and took the assistance of the National Treasury's PPP Unit to manage the process. A small team of technical staff from the DoE and the PPP Unit established a project office, known as the DoE IPP unit, which effectively functioned outside the departmental structure and acted as a facilitator for the REIPPP Programme.

Since inception, the REIPPP Programme has received private sector investment of US \$15 billion. Overall, 43% (i.e. 6,376 MW) of the total targeted renewable energy capacity of 14,725 MW has been procured. 62 operational IPPs aggregating to 3,744 MW reached commercial operation by 2017 and created 38,774 job years.

A key underlying factor of the program's success was prioritising continuous engagement with the private sector players and bankers, to ensure that the program design was aligned with the prevailing market environment. Stakeholder engagement was largely driven through consultative workshops organised across major project locations with active involvement of local stakeholders, including the local government. The team also conducted focused interactions with the private sector and ensured periodic and transparent disclosure of project terms. This also helped to allay general concerns related to the PPP model during this period. The presence of an effective and credible project champion also played an important role in streamlining the engagement process. Design factors, including the signing of PPAs early on and implementation arrangements, were an outcome of this engagement process. One of the unique elements of the program was that the bidders were expected to come with lenders already locked in, which helped in incorporating the lenders' concerns into the program design.

B. Create dedicated capacity within government to handle stakeholder management and market sounding.

Traditionally, many stakeholder consultations are managed by GCA staff taking care of the communication aspects on top of their usual duties. However, for complex projects, it may be useful for GCAs to have dedicated, specialist staff with a clear accountability for handling the communication aspects. In some cases, market sounding is handled by a specialised entity. For instance, the Strategic Investment Division of the Rwanda Development Board (RDB), Rwanda's investment promotion agency, also functions as its central PPP unit. The RDB's strong investment promotion focus helps the marketability of projects supported by the PPP unit.

Irrespective of whether a GCA is able to partner with a communication agency, it should designate a communications officer or committee in charge of handling stakeholder engagement and market sounding aspects. In cases where a project is complex or large and communication involves coordination across a number of entities within and beyond the government, a communication committee may be constituted. The communication officer should establish a team that is empowered to undertake various tasks pertaining to the communication for the project. The communication officer should make sure that all implementation activities are in line with the communication strategy, remain within budget, keep on schedule, and ensure involvement of partners as envisaged.