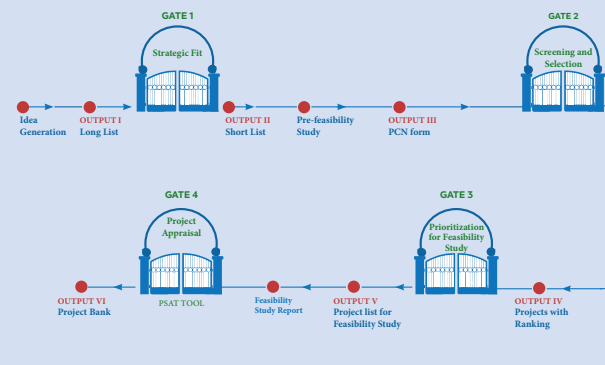


## SCOPE

The scope of the guideline includes the following:

- Collection and identification of infrastructure projects that complement sector-specific strategies or national and provincial socio-economic development programs and are aligned with long-term national vision. These projects are also assessed for strategic fit.
- Screening and ranking of project that qualify through the strategic fit assessment for Prefeasibility: Screening and ranking criteria where projects are screened and ranked through technical, environmental, social, economic, financial, and legal prefeasibility parameters.
- Undertake risk assessment, qualitative value for money analysis and regional inclusiveness assessment to prioritize project for feasibility study.
- Inclusion of IBNPB - Project Screening and Analytics Tool (PSAT) for project appraisal

### IBN Project Bank Development Process



and prioritization to include project in the IBNPB for solicitation.

- Development of framework and guideline for IBNPB with appropriate tools and techniques for establishment of IBNPB. Following the approval by the IBN Board, the guideline shall serve as a reference document for the establishment of the IBN Project Bank under the PPP Unit.

## OUTCOME

Expected outcome through the establishment of IBNPB:

- Help to create a pipeline for well-planned credible, bankable, and investable projects created through a predictable and transparent evidence-based system that is expected to build investor confidence and increases credibility among concerned stakeholders.
- Function as a tool for better governance leading to the creation of opportunities for cohesive collaboration and will act as a catalyst for achieving developmental and economic outcomes through the identification, selection, ranking, and prioritization of strategically aligned projects.
- Government ownership as projects is developed through a systematic and transparent system with cohesive collaboration amongst relevant government agencies and concerned stakeholders
- Ensure effective resource allocation and timely execution during the development of projects.



GOVERNMENT OF NEPAL  
INVESTMENT BOARD NEPAL

**INVESTMENT BOARD NEPAL**  
ICC Complex, New Baneshwor,  
Kathmandu, Nepal  
Phone: 977-1-4475277, 977-1-4475278  
Email: info@ibn.gov.np  
Website: www.ibn.gov.np

# BRIEF ON IBN PROJECT BANK GUIDELINE

FRAMEWORK FOR IDENTIFICATION, SCREENING, SELECTION, PRIORITIZATION AND APPRAISAL OF PPP PROJECTS



GOVERNMENT OF NEPAL  
INVESTMENT BOARD NEPAL

## BACKGROUND

The Public-Private Partnership and Investment Act 2019 (PPPIA 2019) gives the Investment Board Nepal (IBN) a broad mandate to fulfill the role of a Public-Private Partnership agency with an aim to mobilize domestic and external private investments, promote PPP and play an instrumental role in attracting quality investment in Nepal.

Private sector investment plays a significant role for Nepal to achieve its national goals and bridge the capital gap. As per the 15th Periodic Plan, Nepal needs to garner 55.6% (Average Annual Requirement - USD 9.32 billion) investment requirement from the private sector during the planned period. Hence, to attract, encourage, and garner quality investment, it's crucial for Nepal to develop a pipeline of credible, bankable, investible, and sustainable PPP projects

that will foster economic development and prosperity.

The enactment of the PPPIA 2019 has mandated IBN to create an IBN Project Bank. The IBN Project Bank is envisioned as a depository of credible, bankable, investable, and sustainable projects for investments through PPP. IBN Project Bank Guideline is developed by IBN to institutionalize a system and procedure for selection of projects through a predetermined structured, systematic, and transparent process of identification, screening, ranking, appraisal, and prioritization of projects.

The IBN Project Bank is aimed to strengthen and enhance the efficiency and effectiveness of IBN as an organization for the selection, appraisal, prioritization, and development of projects, and to effectively implement them in a transparent and competitive manner.

## OBJECTIVES

IBN envisions to establish the IBN project Bank with the following objectives:

- To create a well-planned pipeline of bankable infrastructure projects which are strategically align and critical for national economic development.
- To help foster investor confidence through developing credible and bankable projects.
- To adopt a bottom-up approach for enhancing project readiness to attract domestic direct investment (DDI) and foreign direct investment (FDI) in infrastructure projects.
- To streamline the development of infrastructure projects received

through various sources including line agencies based on the appropriate development/operation modality.

The main purpose of the IBN Project Bank guideline is to streamline the inclusion of bankable and credible PPP projects in the IBN Project Bank . It adopts a structured and systematic process of selection and prioritization of projects with focus on project's technical feasibility and its financial and economic viability in attracting private sector investment in one hand and promising government better value for money from the project, in other.

The guideline adopts a bottom-up approach to enhance project readiness and attract private investment including foreign direct investment (FDI) in PPP projects.

## STAGES AND PROCEDURES OF IBN PROJECT BANK

Four stages in the process of selecting projects for the IBN Project Bank are as following:

### STAGE 1

The first stage involves the identification of potential projects and the generation of a long list of projects from five different sources: (a) existing project inventory list at IBN, (b) public calls, (c) proposals from the private sector, (d) projects received from sectoral line agencies including provincial and local governments, and (e) projects identified by the Public-Private Partnership and Investment Act 2019. A project idea note (PIN) is developed for each project to standardize the information collected from the different sources to help in the screening of projects.

### STAGE 2

During the second stage, projects undergo a screening, selection, and ranking process. At this stage, projects are required to get through the strategic fit assessment (Gate 1) screening criteria to be shortlisted and included in project short-list. Prefeasibility studies are conducted only for short-listed projects. The different screening criteria considered for Gate 1 are: (a) IBN Mandate, (b) project falls under national/sectoral priority or is a project of strategic importance, (c) project in which investor selection and tendering has not been initiated, and (d) project does not fall under investment restricted categories. Prefeasibility studies are conducted for shortlisted projects by IBN.

Project concept notes (PCN) are developed based on the reports of prefeasibility studies. Thereafter, the projects are assessed through the prefeasibility screening and ranking criteria (Gate 2) which includes: (a) technical prefeasibility, (b) environmental sustainability, (c) social sustainability, (d) economic prefeasibility, (e)

financial prefeasibility, and (f) legal analysis. Ranked list of projects, is created after screening from Gate 2 which are then prioritized for feasibility studies through Gate 3.

Gate 3 includes a questionnaire-based tool for the prioritization of projects through: a) risk assessment, and b) qualitative VFM analysis parameters. Projects are prioritized for feasibility study with the Gate 3 criteria. Feasibility studies are conducted of the prioritized projects. The output of the second stage is the feasibility study of prioritized projects in Gate 3 screening.

### STAGE 3

During the third stage, projects are appraised and prioritized for inclusion in the IBN Project Bank after the completion of the feasibility study (Gate 4). Project appraisal is the process of analyzing and evaluating the technical, economic, commercial, environmental, social, and legal feasibility. It enables an investor to take a decision on investment considering the project's long-term effects, design optimization, structure, and impact. The IBNPB PSAT is used as an appraisal tool to assess projects using various combinations of qualitative and quantitative information. Projects are appraised and assessed through various parameters such as strategic suitability, preliminary feasibility, risk assessment, PPP suitability, and fiscal affordability. The output of third stage is a prioritized list of projects for inclusion in the IBN Project Bank.

### STAGE 4

Finally, in the fourth stage, projects that are prioritized through the appraisal process are included in the IBN Project Bank, following approval by the IBN Board. This results in a depository and pipeline of bankable and credible projects.

### The Four stages for establishing the IBN Project Bank

