

The cost of advisors

The advice needed to implement a major reform program can be expensive. Table below provides an example of the range of fees used across a number of projects ranging from basic institutional analysis to the full range of policy, legal, technical assistance and transaction advice.

REPRESENTATIVE OF TYPICAL COSTS OF HIRING ADVISORS FOR PPP ASSIGNMENTS (2008 VALUES)					
Type of study	Duration	Major skills Needed	Total Approx. Cost or Range	Outputs	Services are needed In what circumstances?
Preliminary PPP (Project)	2-3 months	PPP/Highways/ Other	USD 200,000-300,000	Indicative study of potential for PPP related to limited number of highway proposals	Need for very preliminary assessment of the highway program for PPP potential
PPP in Highways-National Sector Study	6-9 months	PPP/Institutional Economic/Financial Other	USD 500,000+	Country study of requirements for development of PPP potential in highways; output includes policy, legal, regulatory, risk, financial, institutional, capacity building etc	PPP framework not well developed or understood. Need for how the country can develop its PPP program nationally and sub nationally
Preliminary PPP/ Highway study	3-4 months	Technical: Design etc Traffic Analysis/ Forecasts Socio-economic Impacts PPP Planning	USD 300,000- USD 500,000	Pre feasibility study	Project that may have potential but government does not want to commit to full FS yet
FS Study (Toll Road)	6-12 months	Technical; Design, survey etc Traffic/Economic PPP EIA/Resettlement Plan Risk Business scheme Draft Tender Documents	USD 1.0 M- USD 2.0 M	Full feasibility study including consultation and draft tender documents	Government has confidence that project has potential but need much detailed information, understanding and basis for going to tender
Transaction Advisors	12 months (Intermittent)	Legal Financial Other as required	USD 1.0 M+	Submission of specific advice on the bidding, negotiations and general contract management process, and implementation issues.	Specialist advice needed between tender stage and commencement of construction
Transaction Advisors	AD Hoc/ Ongoing support	Legal Financial Other as required	Fees: around USD 30,000- USD 50,000/ person month depending on time and the skill levels needed	Ad hoc advice on issues arising	At any stage need for ad hoc advice

Unless otherwise stated in the table, costs would normally be total including fees, travel and subsistence in country. (Office accommodation would normally be provided by country but included as their contribution to total cost of study if funded by IFI).

Governments spend such sums on advisors because of the benefits they obtain from them, **including the avoidance of costly mistakes.**