

One of the options for implementation of capital intensive infrastructure projects is FELT (Finance, Engineer, Lease and Transfer) (McWilliams, 2017).

Under the FELT model the Public-Sector Organisation (PSO) develops the functional specifications for the project, obtains the land, environmental clearances and other licences, and when the project is “shovel ready”, invites bids from developers to finance and construct the project. When the project is complete, with typical EPC warranties, the developer leases the project to the PSO for a fixed term (typically 30 years). At the end of this term the project is transferred to the PSO free-of-charge.

The PSO has responsibility for operation and maintenance of the project (usually by a third party under a shorter-term O&M contract), and operates and despatches it accessing the full project benefits and revenues.

This innovative model has been widely discussed among IFIs and other organisations as a means of attracting private finance into projects with complex revenue streams, or multi-purpose projects with significant social components.

1 References

McWilliams, M. J. (2017). *Finance, Engineer, Lease and Transfer (FELT) – An innovative alternative for development of Hydro.*