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# PPPs: Managing the Project Cycle

- Risk Management and Finance Structure
- Procurement and Bid Evaluation
- Contracting and Dispute Resolution

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18 November 2008

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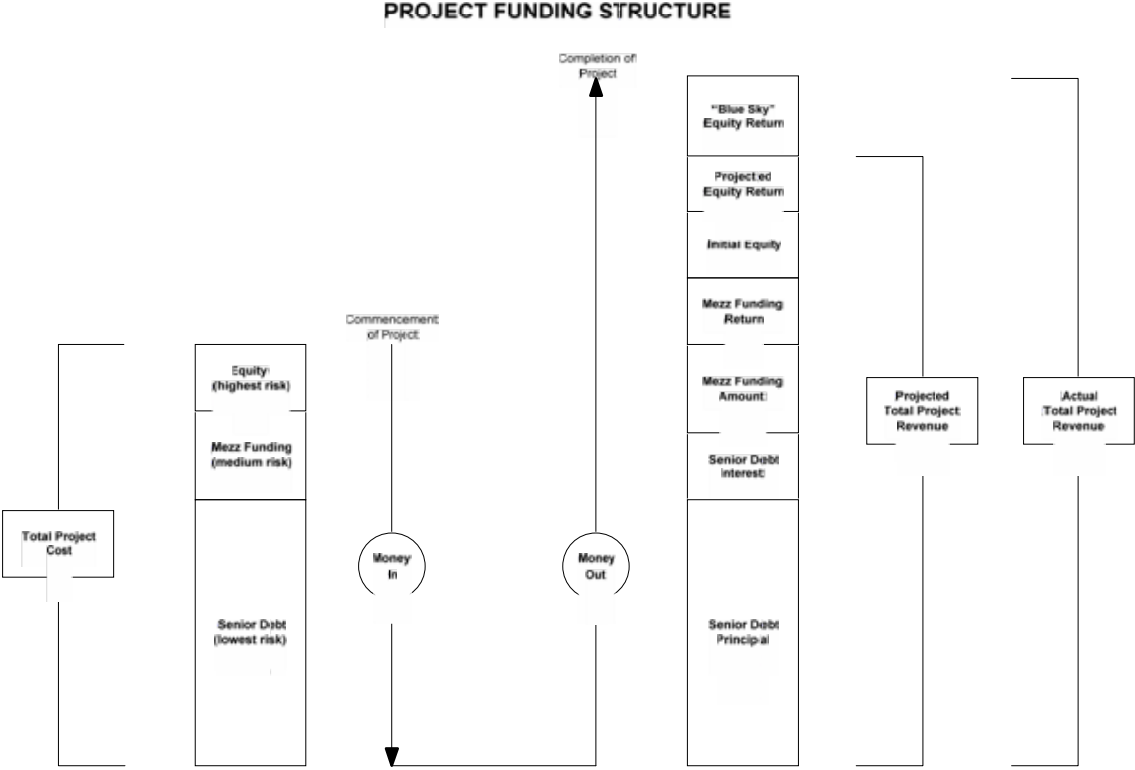
# Sources of finance for PPP

- Equity
  - Sponsor
  - Wholesale investors
  - IPO
- Debt
  - Bank
  - Bonds
- Government contribution
- Supported Debt Model?

# Sources of Revenue for PPPs

- User charges
- Availability payments
- Government subsidies
- Third party revenues

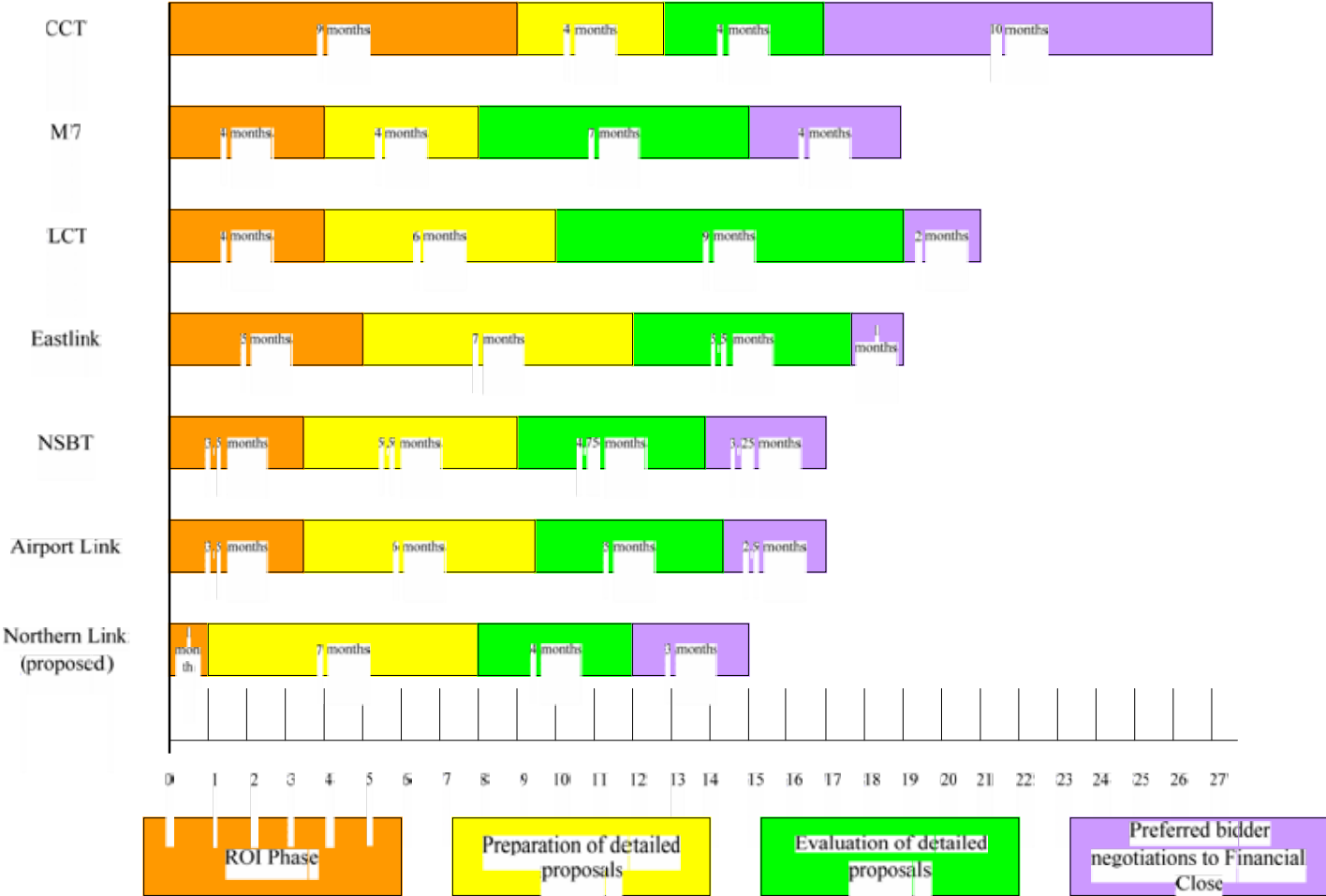
# Project Funding Structure



# Certainty of Finance

- Bid process issues
  - . Financier exclusivity?
- Requirements for Proposals
  - . Full documentation
  - . Term sheets
  - . Due diligence
- Availability periods
- Conditions precedent

# PPP Procurement Timetable

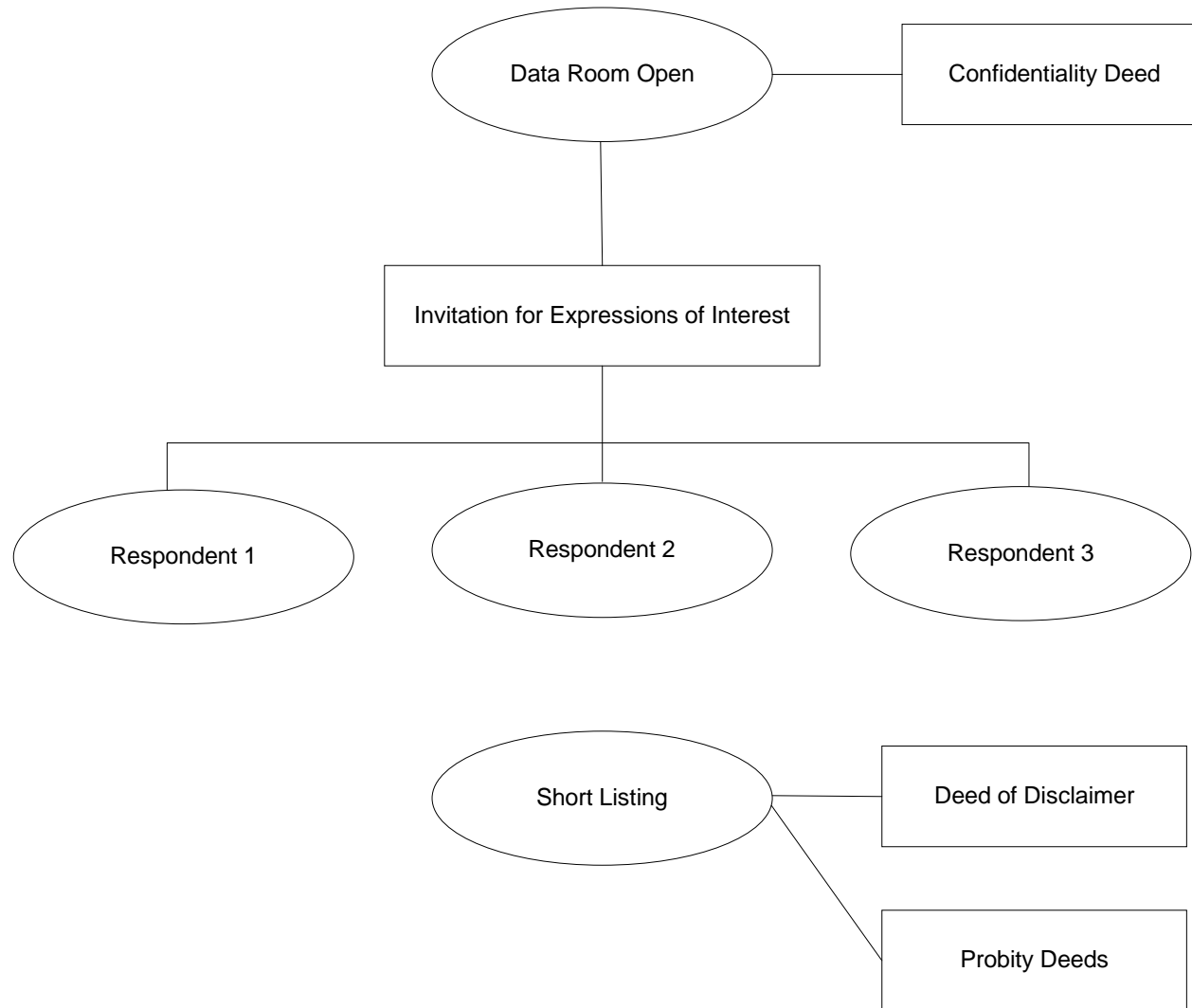


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# Process for documenting a PPP

- Key issues and documents
- Negotiating strategies
- Stage 1 - Data Room, EOI, Shortlisting
- Stage 2 - RFP, document negotiation, tenders lodged
- Stage 3 - Evaluation, further negotiation, preferred tenderer, financial close

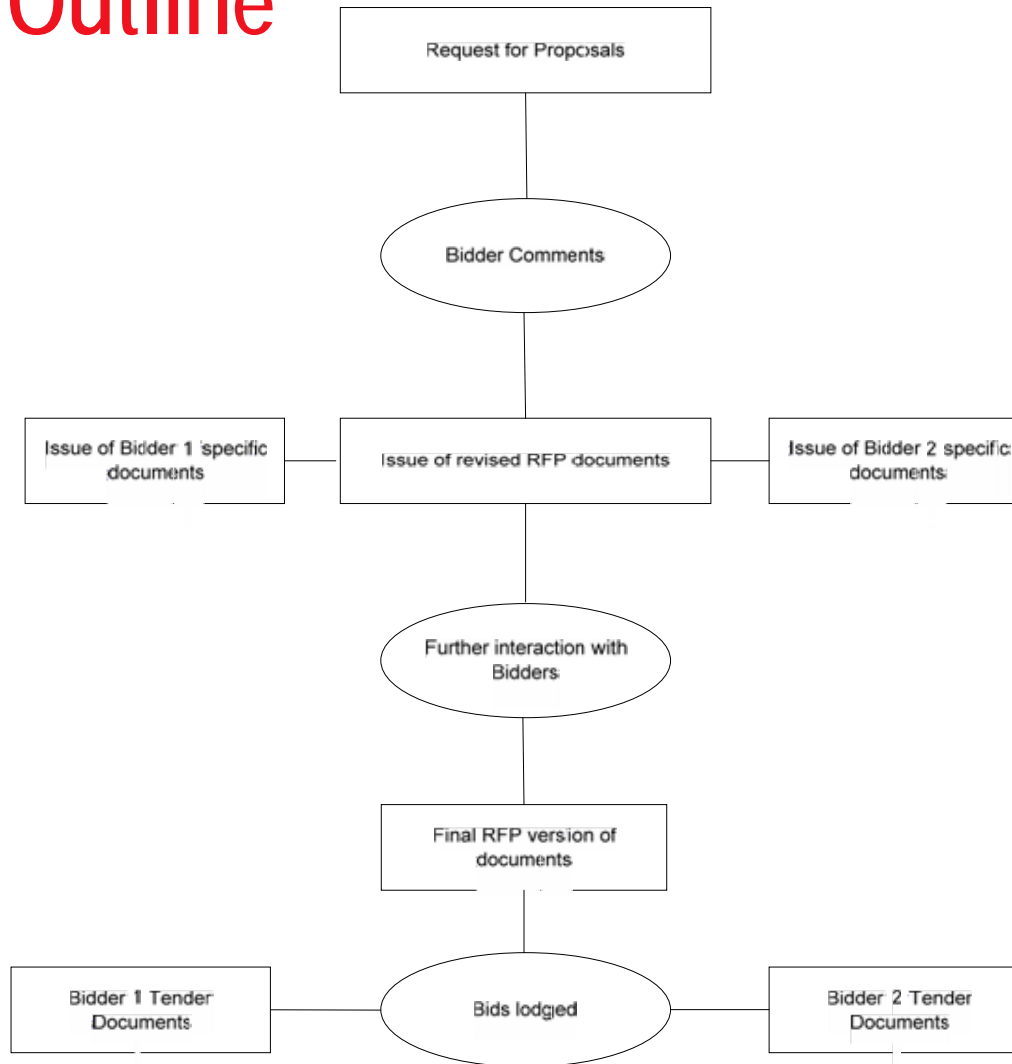
# Stage 1



# Invitations for Expressions of Interest

- Publicly advertised
- Information about the nature of the project
- Outlines the process for procurement of the project
- Sets out timetable for procurement
- Outlines the criteria for evaluation of responses
  - financial capacity
  - technical capacity
  - experience with projects of similar scope and size
  - understanding of the project?

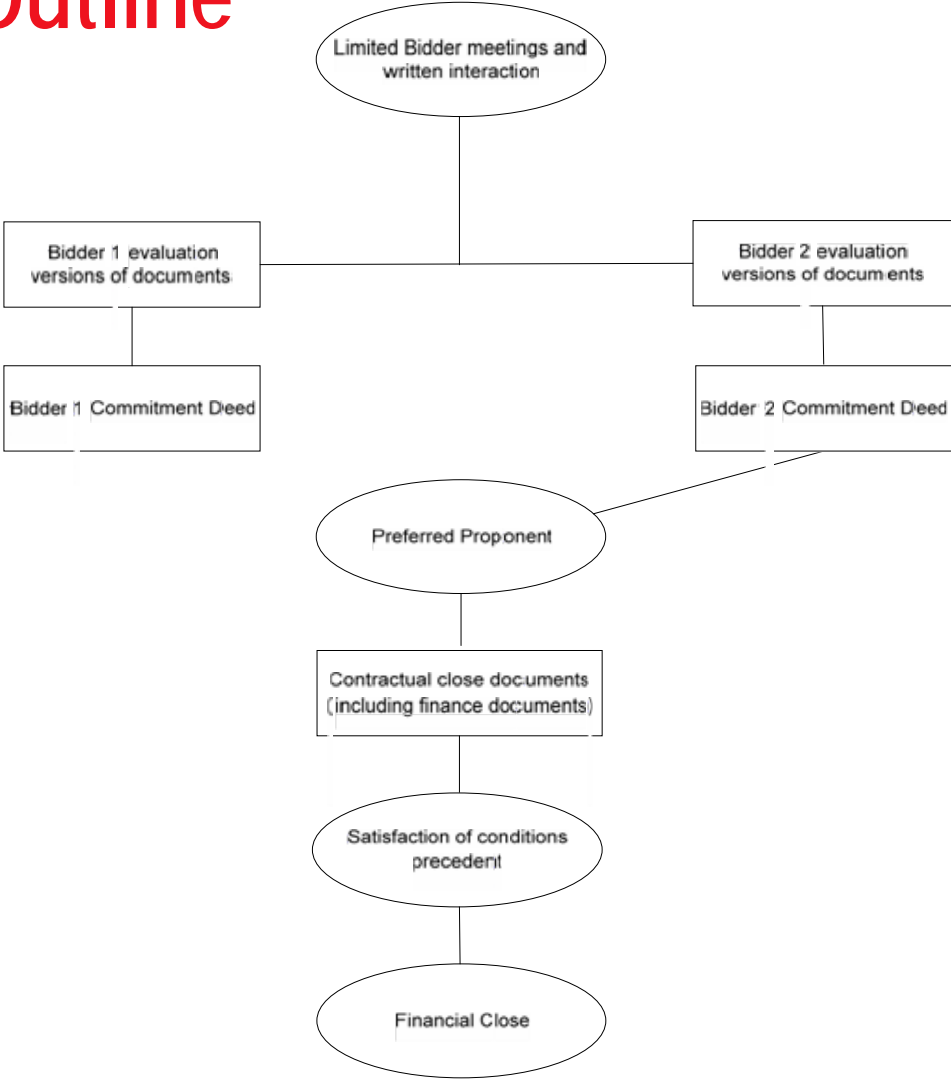
# Stage 2 Outline



# Request for Proposals

- Overview of document and structure
- Outlines role of various parties
- Overview of the project
- Overview of proposed commercial structure
- Procedural matters
- Terms and conditions on which bids must be lodged (conforming proposals)
- Describes process for evaluation and evaluation criteria
- Attaches project documents

# Stage 3 Outline



# Commitment Deed

- Executed by all bidder parties
- Acceptance of terms of attached project documents and agreement to sign them if selected
- Agreement to finalise finance documents based on detailed term sheets
- Various payment options agreed
- Various modifications depending on outcome of change report process
- Sunset dates

# Closing Process

- Announcement of successful bidder
- Contractual close
- Financial close

# Some Key Issues

- Bid costs
- Current state of debt and equity markets
- Staging of release of information and engagement with bidders

# Evaluation

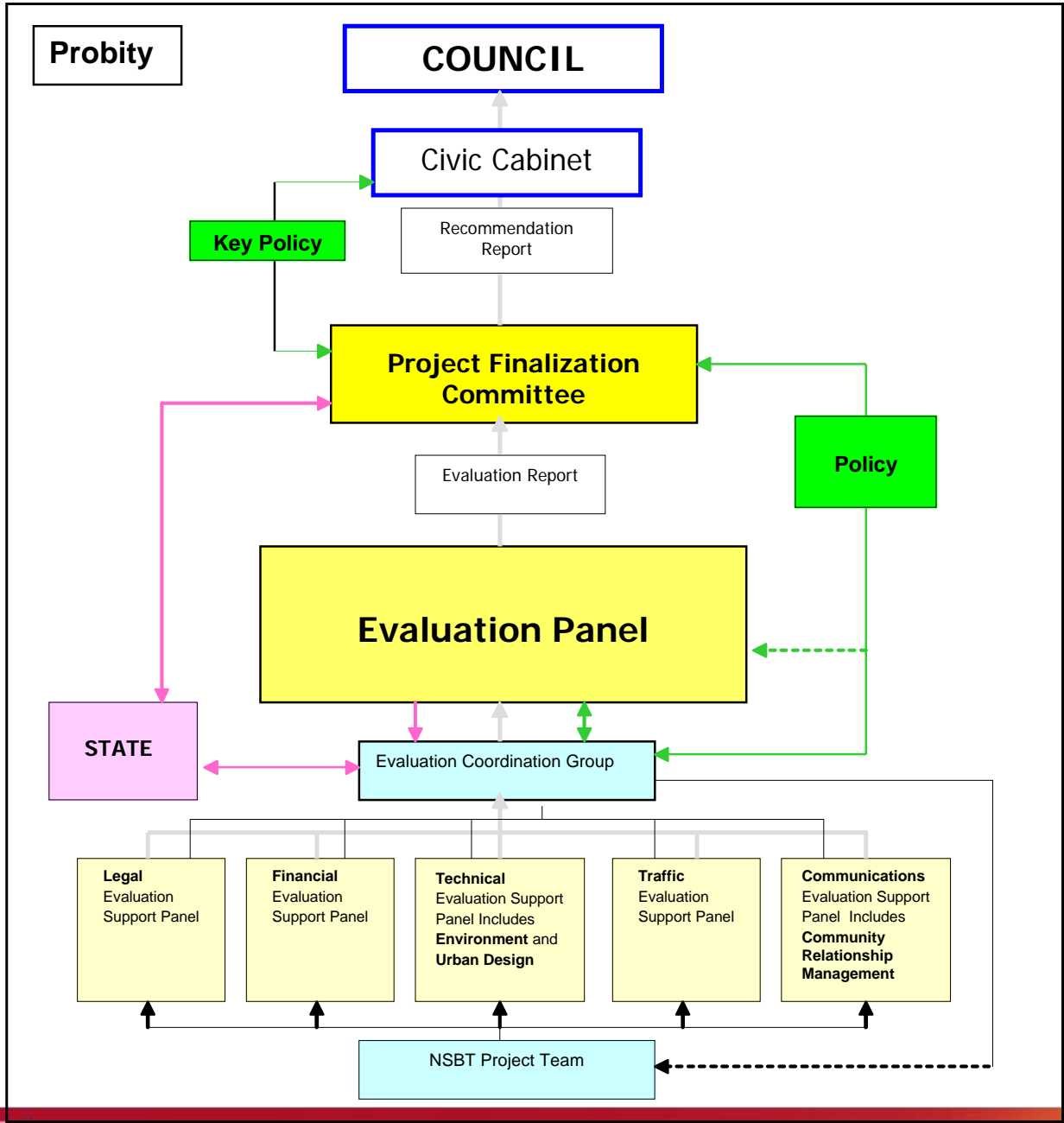
- What are you seeking from the evaluation?
  - . Fixed specification with some innovation
- or
- . Innovation - revision of the specification
- Allow flexibility in the process

# Evaluation

- Evaluation Criteria
  - make sure bidders know what you want and you value
  - ensure all aspects of the project are covered
  - criteria should flow from the project objectives
- Information requirements
  - ensure the requirements cover each relevant criterion
  - only ask for what you need
  - clarification process

# Evaluation

- Evaluation Panel
  - getting the right people
  - provides a buffer from vested interests
  - a place to balance and deliberate all aspects of the project
  - focus on the key issues





# Dispute Resolution

- Aim is to minimise potential for dispute
- importance of the commercial deal and the contractual structure
- interaction with default, step-in and termination provisions

# Dispute Resolution

- Resolving a dispute
  - contract administration
  - negotiation by representatives
  - elevation to senior officers
  - expert determination
  - arbitration
  - court process
  - material adverse effect regime

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