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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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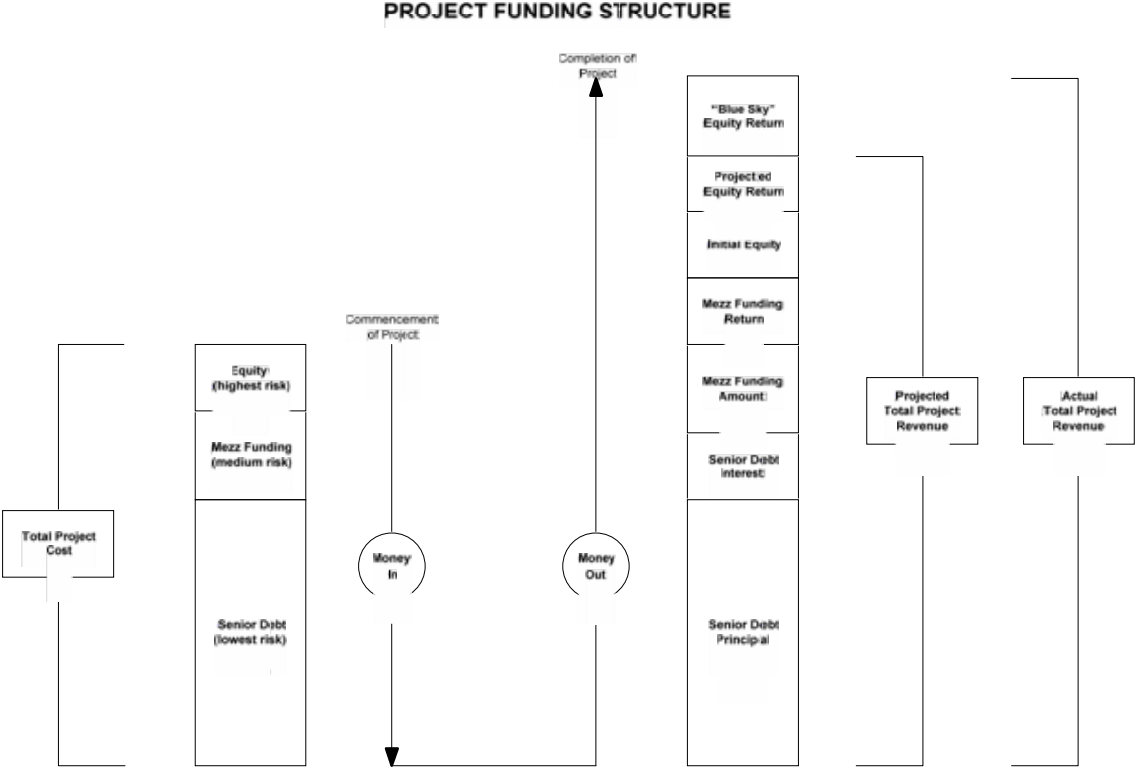
Sources of finance for PPP

- 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

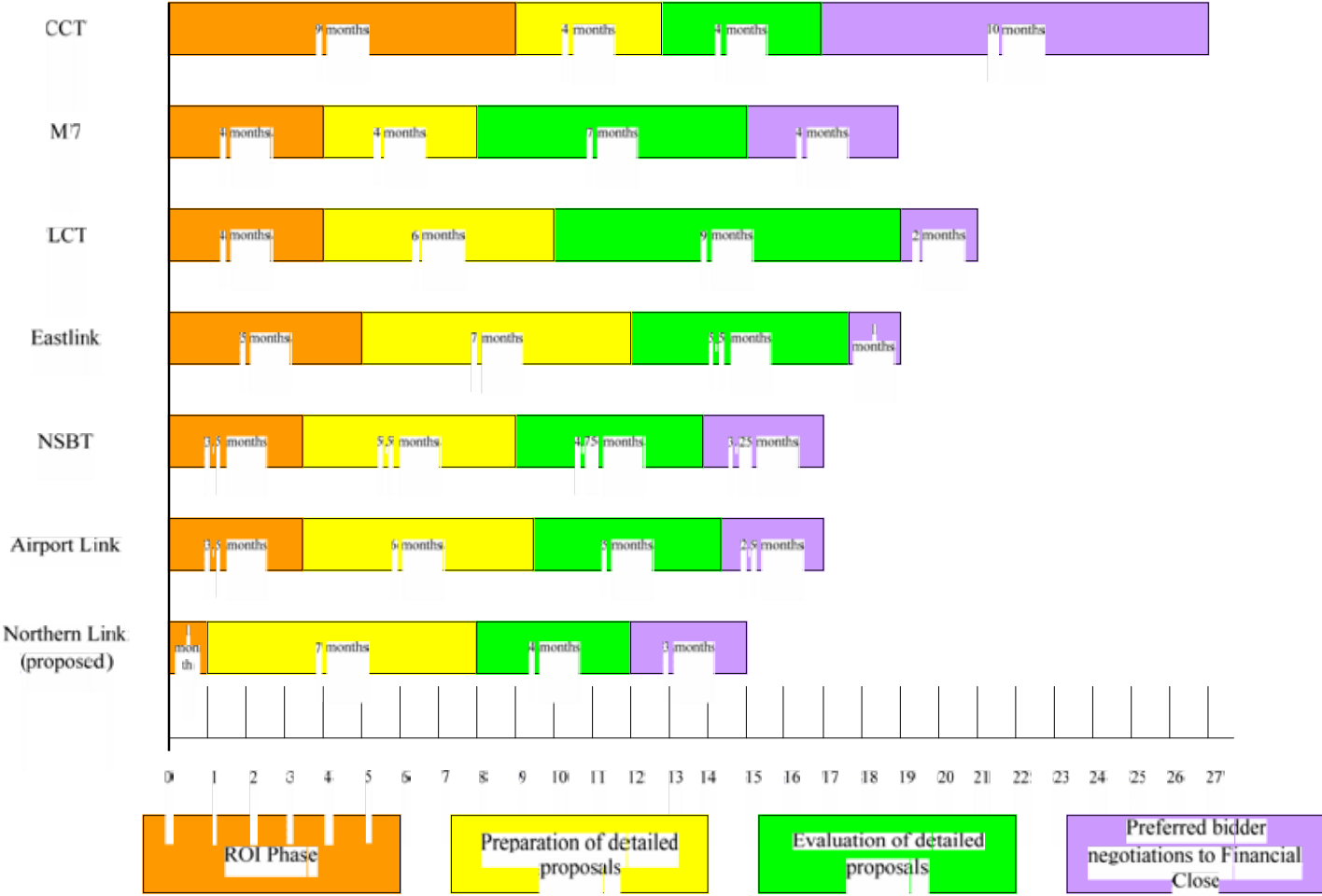
Project Funding Structure



Certainty of Finance

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

PPP Procurement Timetable

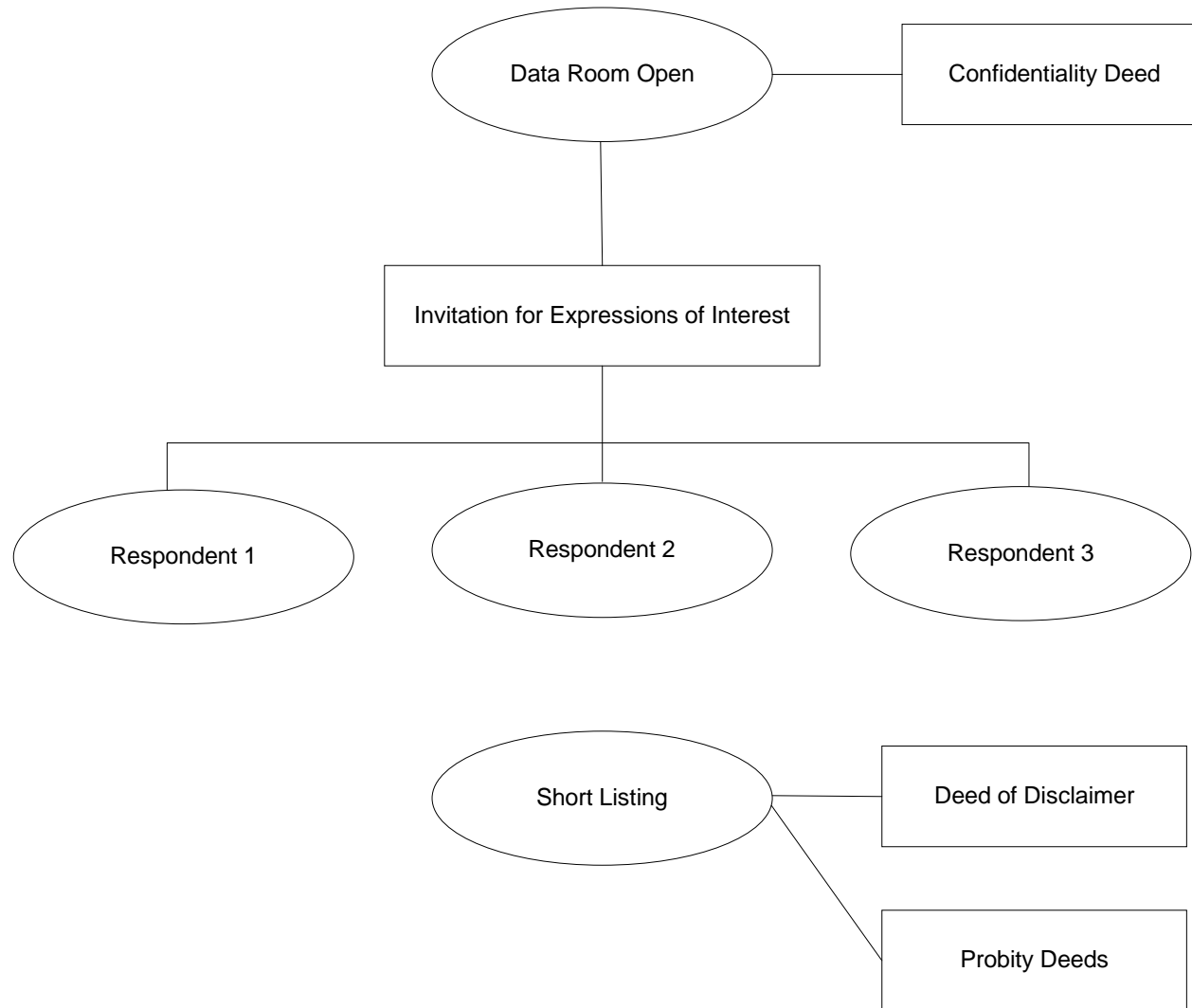


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Process for documenting a PPP

- 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

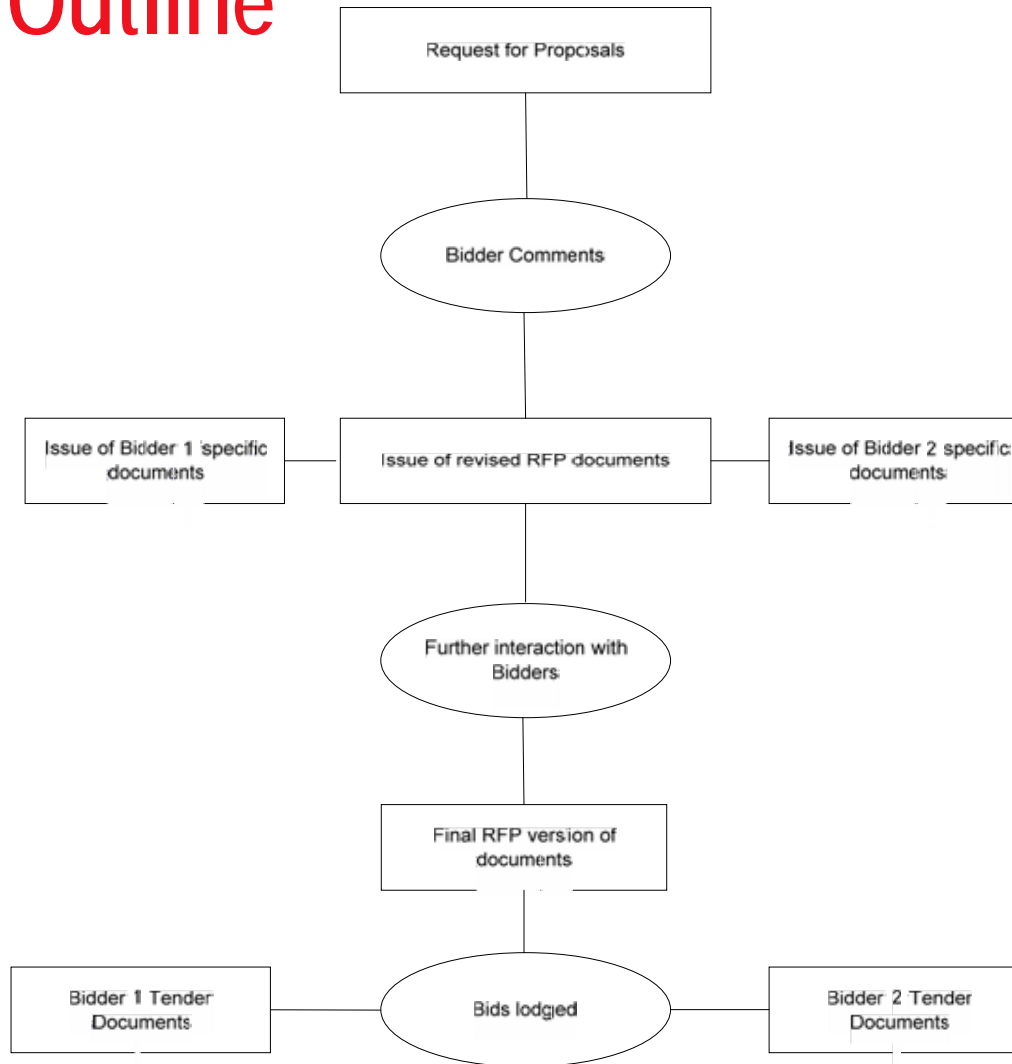
Stage 1



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?

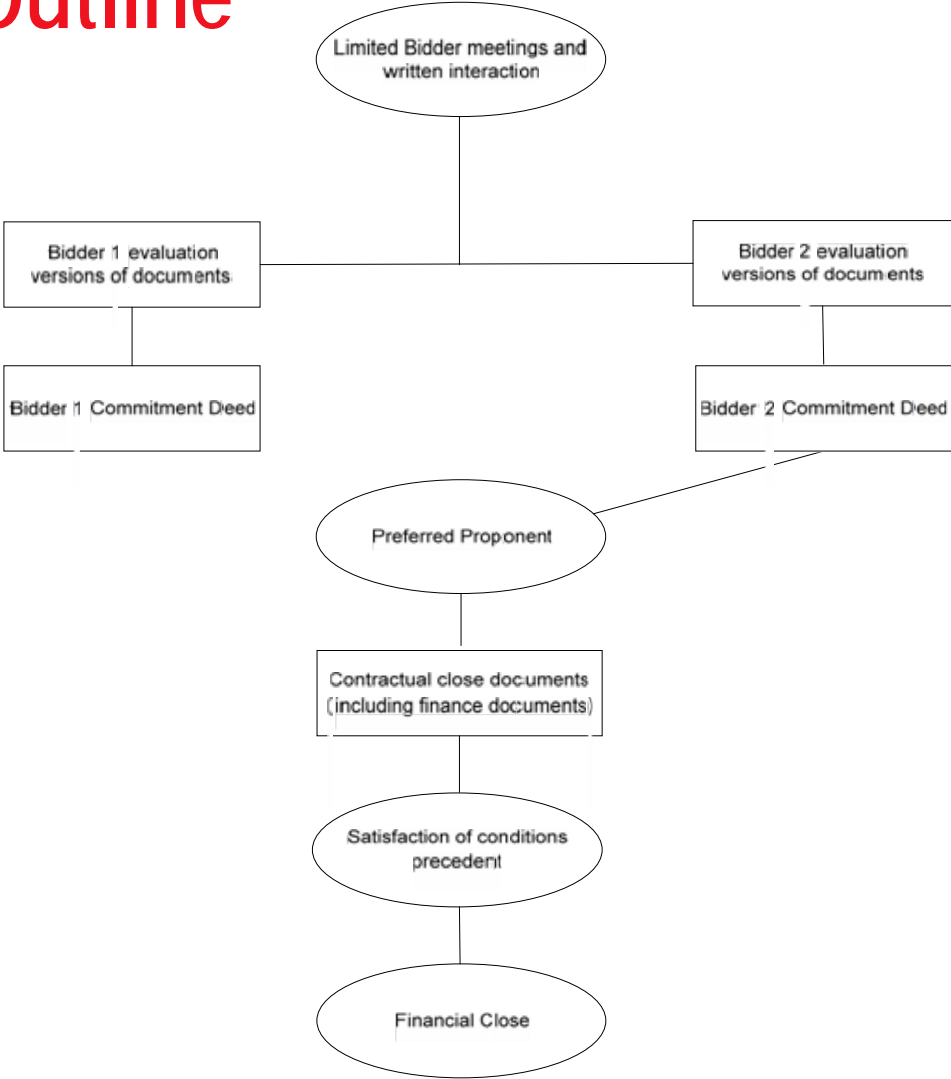
Stage 2 Outline



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

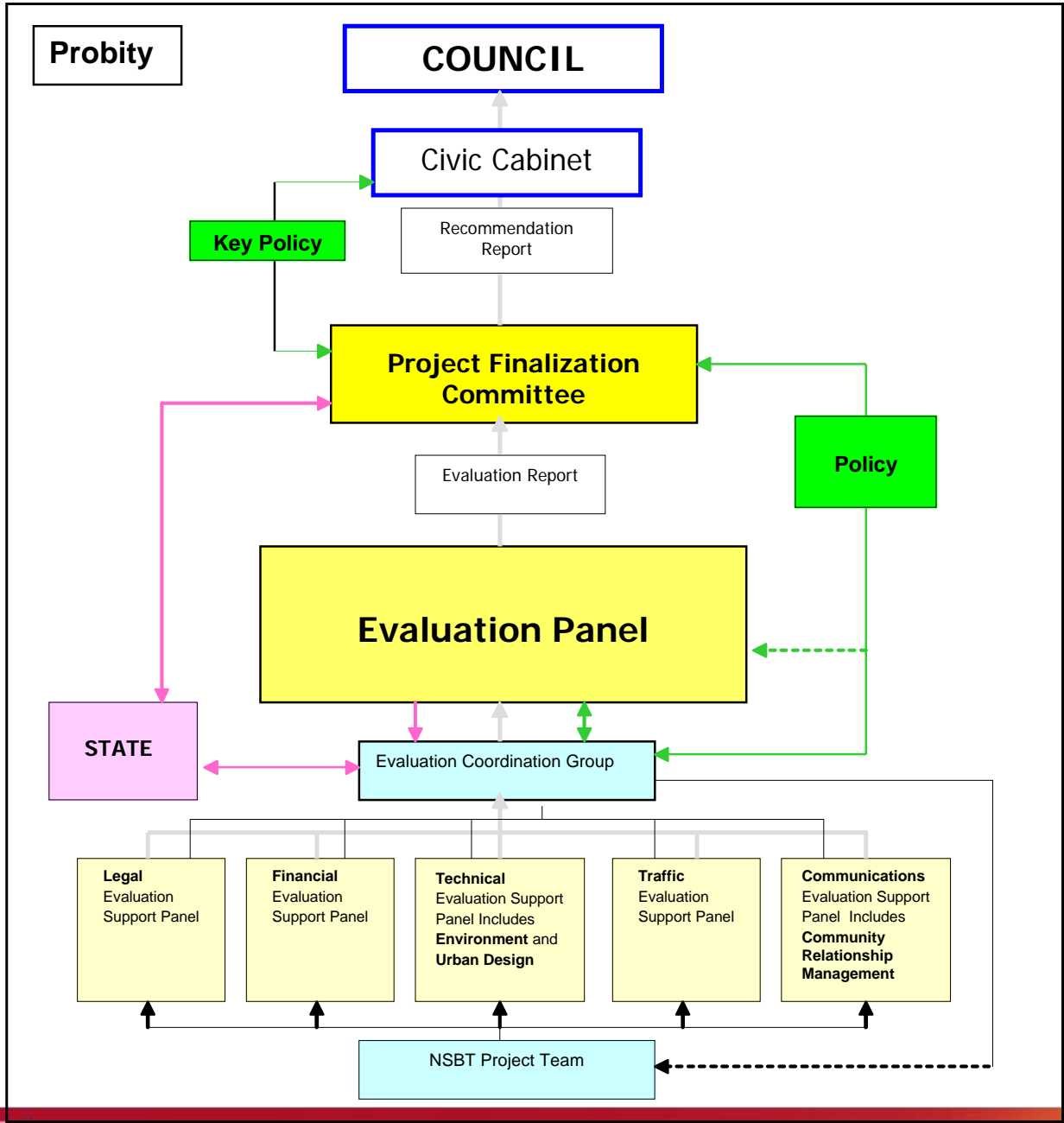
- What are you seeking from the evaluation?
 - . Fixed specification with some innovation
- or
- . Innovation - revision of the specification
- Allow flexibility in the process

Evaluation

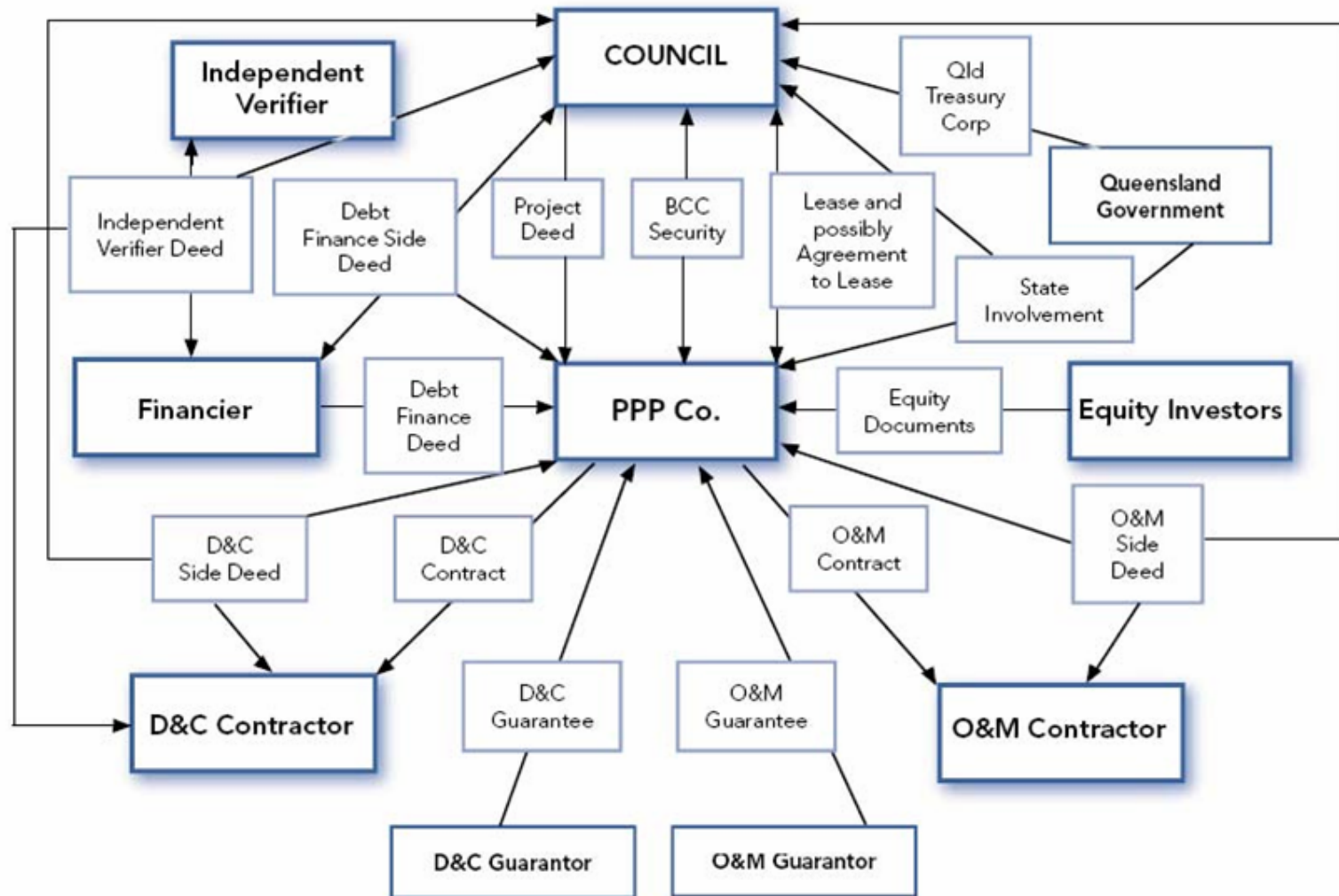
- Evaluation Criteria
 - make sure bidders know what you want and you value
 - ensure all aspects of the project are covered
 - criteria should flow from the project objectives
- Information requirements
 - ensure the requirements cover each relevant criterion
 - only ask for what you need
 - clarification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



NSBT Contractual Structure - EOI



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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