

Guidelines to Successful Public Private Partnership

16th - 17th November 2006, JW Marriott Bucharest Grand Hotel
Bucharest

The Workshop Leaders

Béla Kilyénfalvi
Head of Structured Finance
ING Hungary

Dr. András Timár
Professor
Pécs University,
Pollack Mihály Faculty

Dr. Fruzsina Biró
Former Director General
**Ministry of Economy &
Transport**

Peter Snelson
Director Project Development
Atkins

Monica Constantin
Senior Associate
Stefanica, Dutu & Asociatii

Miklós Murányi
PPP Department Director
National Motorway Company

Workshop Highlights

Learn the essentials of:

- project appraisal and analysis for PPP Projects
- the tender process
- contracting opportunities to mitigate risk
- project restructuring
- application of the risk matrix
- negotiation techniques between the public and private sector
- how to overcome difficulties in the implementation phase

through first hand case studies of:

- current PPP projects in Romania
- the Hungarian M1/M15 project, the *first toll motorway in CEE*
- the concession structure of the M5 Motorway and how it was *refinanced and restructured* into a real PPP project after 10 years
- the *shortest time* during which a motorway project procurement (M6) was managed and completed

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About the Workshop Leaders:



Dr. András Timár, Professor, University of Pécs, Pollack Mihály Faculty of Engineering

Dr. András Timár is a Professor at the University of Pécs, Department of Infrastructure since 2003 and Senior Lecturer at the Budapest University of Technology and Economics since 2001. Between 1996 and 2000 he was Senior Motorway Specialist in the Transport Team of EBRD, London. Prior to this he led the Bureau for Motorways in Concession of the Transport Ministry for 5 years. Starting in 1980 he spent 10 years with the Institute for Transport Sciences (KTI) in Budapest as Deputy Director and then Director. He first joined the Transport Ministry in 1971 working as Head of Service at the Road Department and subsequently as Deputy Head of the International Department.



Dr. Fruzsina Biró, Former Director General, Ministry of Economy & Transport

Dr. Biró had been with the Ministry of Economy and Transport of Hungary for 2 years until recently where she headed the PPP task force unit. She was Chief Negotiator of Hungary during the M5 concession agreement modification and the M6 concession agreement, which was awarded in 10 months. Before that she was Chief Executive Officer of KA-VOSZ Financial Services Rt. where she developed the so called Szechenyi Card, a commercial bank product for SMEs subsidized and guaranteed by the state. Prior to this she had worked for seven years in various financial positions for BANKÁR HOLDING RT. a private company holding capital investments of HUF 50 billion.



Peter Snelson, Director Project Development, Atkins

Peter Snelson has been Director Project Development with Atkins since 1997. He holds specific responsibility for the development of PPP/PFI consultancy for highway infrastructure internationally. As to the CEE Region he was directly involved in the Development of National PPP Strategy (Romania), Technical Advisor to SMMC, Operation Performance Evaluation M1/M15 Motorway (Hungary), Development PPP in the Georgian Road Sector, Manager of the Second Generation of Motorway Development (Croatia), Prague City Ring Road PPP Strategy (Czech republic), Warsaw Transport Node (Poland), Private Road Maintenance (Slovenia), etc.



Béla Kilyénfalvi, Head of Structured Finance, ING Hungary

Béla Kilyénfalvi joined the Structured Products Department in ING Bank Rt. in 1997, where he is currently Head of Department. Previously he worked at CIB Bank Rt. as project finance manager for 3 years.

Mr. Kilyénfalvi has been involved in a number of PPP Projects as financial advisor. He was a financial advisor to AKA on refinancing of the M5 motorway project, financial advisor to the State on the State Motorway Management Company (SMMC) bond issue project, financial advisor to the State on Phase II-III of the M5 motorway project and financial advisor to the State on Phase I of the M6 motorway project.



Monica Constantin, Senior Associate, Stefanica, Dutu & Asociatii

Monica has been involved in large spectrum of projects ranging from energy sector to infrastructure and construction, providing comprehensive advice especially on PPP specific transactions. She is focused on importing PPP/PFI skills from leading European specialists by participating to dedicated workshops and academics programs. Her expertise extends to real estate sector covering all aspects from buying, selling, letting, developing and managing real estate. She has worked on a number of deals offering an integrated advice which combines her corporate experience with the tax expertise achieved as member of the International Bureau of Fiscal Documentation.

Currently Monica is acting for Europolis, a major European equity fund, on several acquisitions in Romania.



Miklós Murányi, PPP Department Director, National Motorway Company

Miklós Murányi is Civil Engineer by profession. Working for the National Motorway Company for the last 16 years he has been directly involved in all major PPP motorway development projects (M1/M15, M5, M6). Moreover, between 2000-2002 as director of the Project Development Department he was responsible for the pre-construction phase activities of high priority motorway projects (MO, M3, M30, M35, M5, M7, M70) of the expressway development program of the Government.

In 2002 he became director for technical, financial and legal management of M5 and M6 motorways. Since 2004, when he was promoted to Director of the PPP Department, he is also responsible for the concession awarding procedure, implementation, operation of PPP projects.

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DAY 1 - 16th November

9:00 Opening from the Chair

Managing Director, EPPPC

&

Daniel Stefanica, Managing Partner,

Stefanica, Dutu & Asociatii

9:20 Understanding the Economic Implications of PPPs

Dr. András Timár, Professor, University of Pécs, Pollack Mihály Faculty of Engineering

Project Appraisal & Analyses for PPP Projects

- Project identification
- Technical preparation
- Traffic forecasting & modelling
- Demand risk analysis
- Feasibility studies
- Cost-benefit analysis
- Financial, social, legal/regulatory and technical criteria
- Identification & analysis of project risk
- Setting up a consortium for BOT or concession infrastructure project
- Security packages for project agreements

Basics of PPPs & Implementation Alternatives

- Reasons of selecting a private partner
- Place of PPP in economic policy
- Types of PPP Alternatives: concession, BOT, service contracts
- Applicability of PPP in industrial fields

11:00-11:20 Morning Coffee

Methods to Select Appropriate PPP Alternatives

- Determining regional, governmental and/or municipal level priorities
- Analyzing the feasibility of PPP opportunities
- PPP screening process

12:00 The Development of PPPs

Peter Snelson, Director Project Development, Atkins

Feasibility

- Need and Justification of the Project
- Public Sector Evaluation
- Private Sector Evaluation
- Commercial Viability
- Financial and Economic Viability
- Legal Framework

Prequalification

- Soft Market Testing
- Publication
- Evaluation

13:00 -14:00 Lunch

Procurement

- Notification
- Bidding Process
- Evaluation Process
- Negotiations
- Agreement

Case Studies of PPP Projects in Romania

15:00-15:30 Afternoon Coffee

15:30 The Legal Framework for PPPs in Romania

Monica Constantin, Senior Associate, Stefanica, Dutu & Asociatii

- Recent changes in Romanian legal framework for PPPs
- Redefining the concept of PPP - Specific elements and objectives
- Public procurement and concessions
- Implementing the PPP legal framework in Romania
- Analyzing difficulties

17:00 Discussion

17:30 Close of Day One

DAY 2 - 17th November

9:00 From the State's Point of View

Dr. Fruzsina Biró, Former Director General, Ministry of Economy & Transport

Financiers' wish list

- Harmonization of indemnities given by the state/local government
- Direct agreement
- Control right of the financier
- Step-in, replacement, substitution

Institutional Framework for PPP Projects

- Legal background and process of the decision making
- PPP Task Force Unit
- Interdepartmental Committee
- Activity of the PPP Unit in structuring
- Project finance transactions, managing
- Procurement processes
- Communication & relationship management
- The reason of outsourcing: analysis of capacity constraints to deliver

Restructuring Projects - M5 Case Study

- Requirements for restructuring
- Renegotiation techniques
- Agreements and financial model restructuring
- Defining targets, negotiation strategies

11:00-11:30 Morning Coffee

11:30 Financial Preparation and the Tender Process

Béla Kilyénfalvi, Head of Structured Finance, ING Hungary

Project Preparation

- Identification of the project
- Preliminary PSC
- Financing structure
- Technical specifications
- Planning
- Permits, legislation, administrative issues

Tender – pre-qualification phase

- Identification of the project
- Tender documentation
- Setting the consortium
- Preliminary financial structure of the bid

Tender – bid phase

- Risk allocation matrix
- Fee formula
- Draft service contract
- Financial structure of the bid
- Modelling
- Financing – selection of the arrangers
- Review of the draft service contract
- Preparation of bids
- Update of the preliminary PSC
- Evaluation of bids

13:00-14:00 Lunch

Documentation phase

- Risk allocation matrix
- Service contract
- Financing agreement
- Other documents

Closing

- Final PSC
- Necessary approvals (e.g. Parliament)
- Due diligence
- Model audit
- Syndication (info memo)
- Hedging
- Conditions precedents

15:00-15:30 Afternoon Coffee

15:30 Managing PPP Projects

Miklós Murányi, PPP Department Director, National Motorway Company, Hungary

- Case Studies
- Dos and Don'ts in PPP Project management

16:00 Discussion

17:30 Close of Day Two

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