



OVERVIEW OF QATAR'S RECENT INITIATIVES RELATING PUBLIC-PRIVATE-PARTNERSHIP PROJECTS

June 2020

PPP IS DEFINED AS A LONG-TERM CONTRACT BETWEEN A PRIVATE PARTY AND A GOVERNMENT ENTITY, FOR PROVIDING A PUBLIC ASSET OR SERVICE...

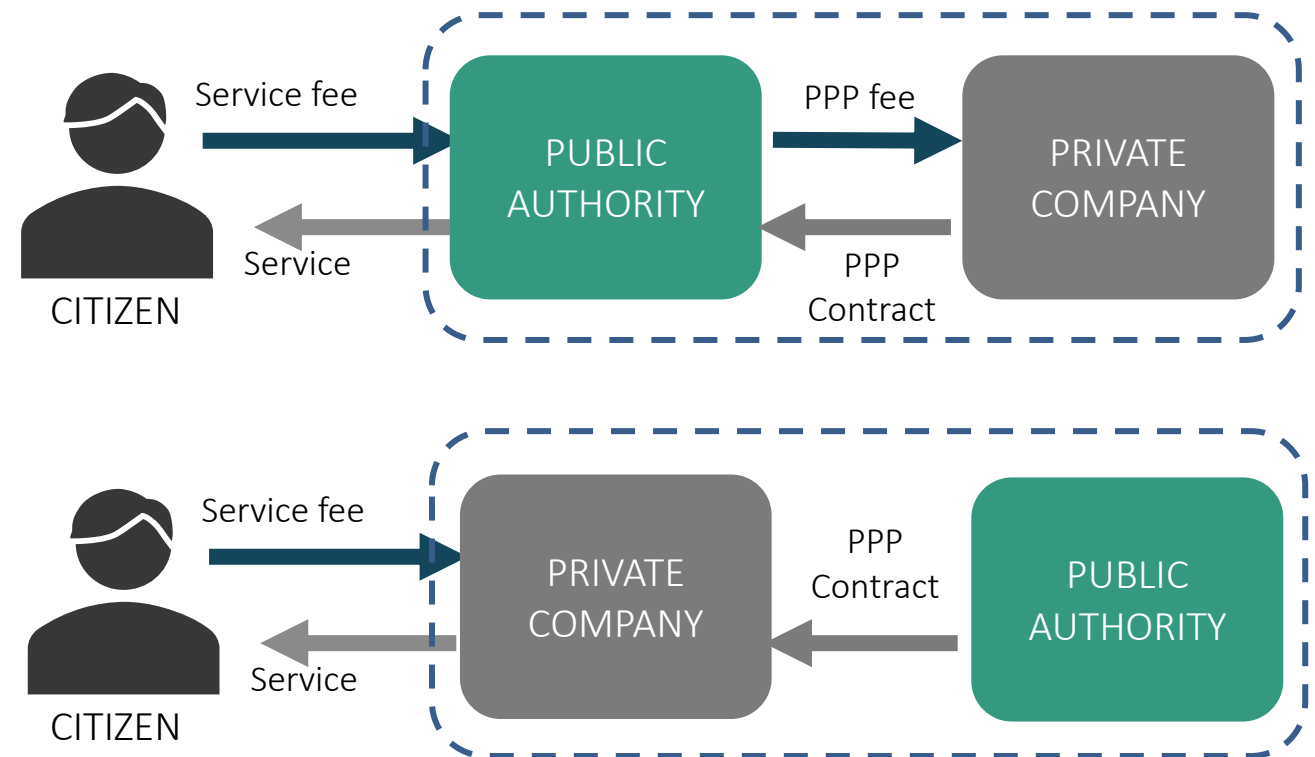
WHAT ARE PUBLIC PRIVATE PARTNERSHIPS?

- A Public Private Partnership (“PPP”) is defined as ‘a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance’.
- The agreement defines common objectives and precise specification of outputs related to the delivery of infrastructure and/or public services. Typical PPP projects include those relating to infrastructure (such as roads, tunnels, bridges, water distribution etc.), airports, schools, hospitals and more.

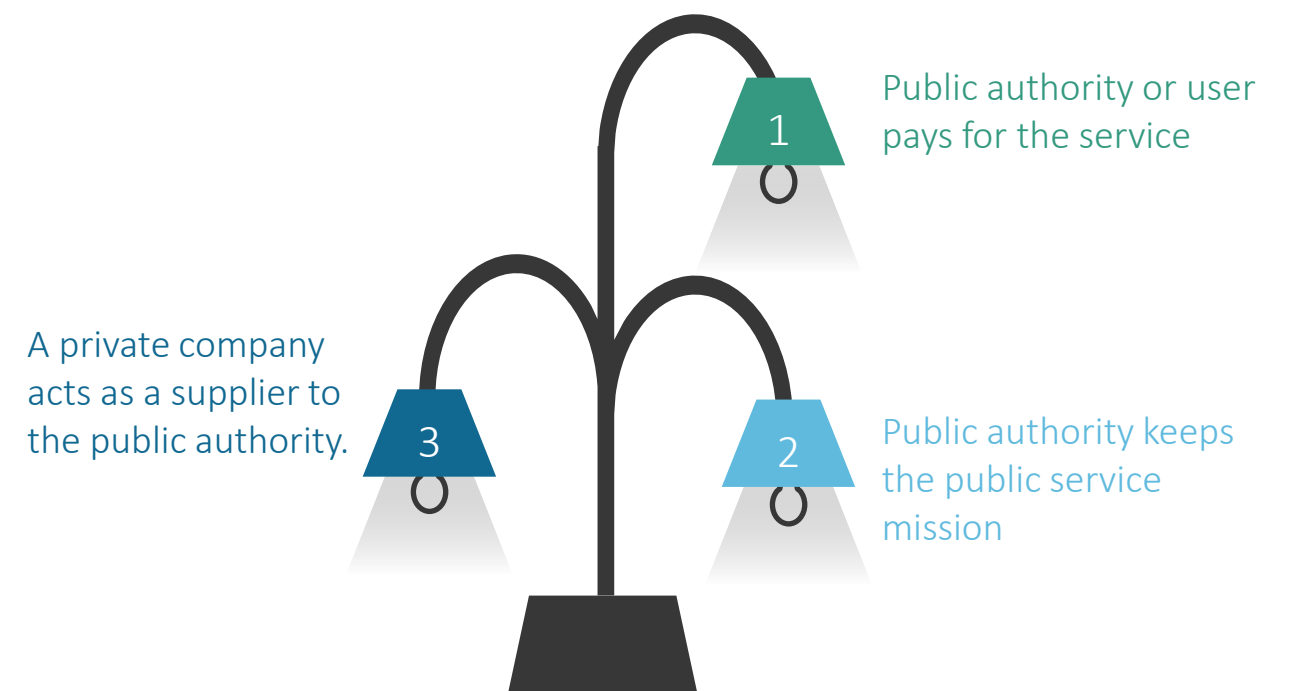
A PPP AGREEMENT

- A PPP agreement is an agreement whereby the public authority retains the public service mission but invites the private company to supply a service.
- Under this long-term agreement (typically 10 to 25 years), the private company generates its revenues via a fee charged to the public authority, or directly from the users of the assets. These revenues are typically linked to performance objectives defined in the contract.
- Responsibility for project financing falls mainly on the private company; however, the public authority can also participate, via grants or providing access to existing assets.
- Risks are shared between the public authority and the private company, according to the terms of the contract and on a case by case basis.

EXAMPLES OF TYPICAL PPP MODELS

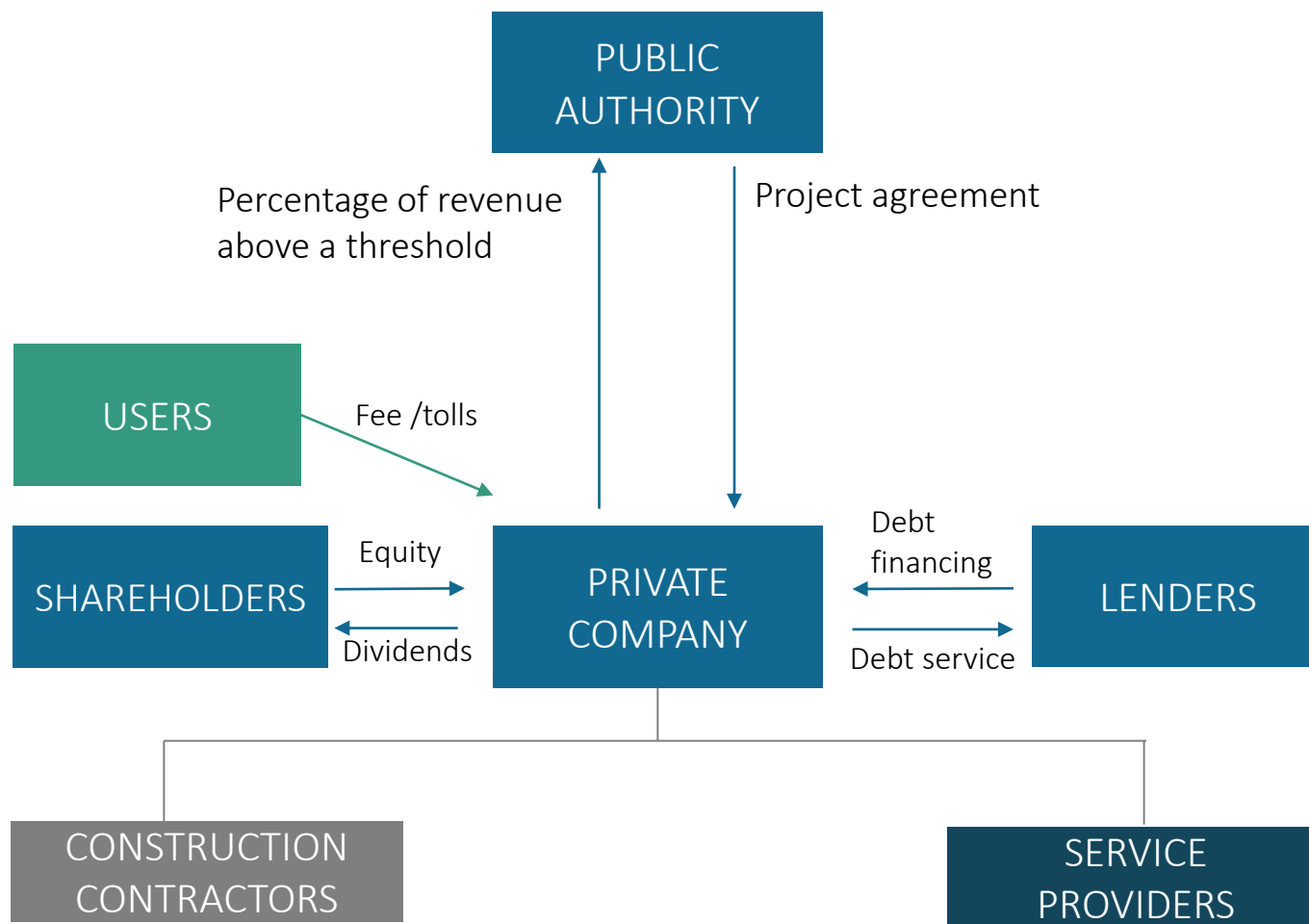


AT A GLANCE: THE PPP MODEL

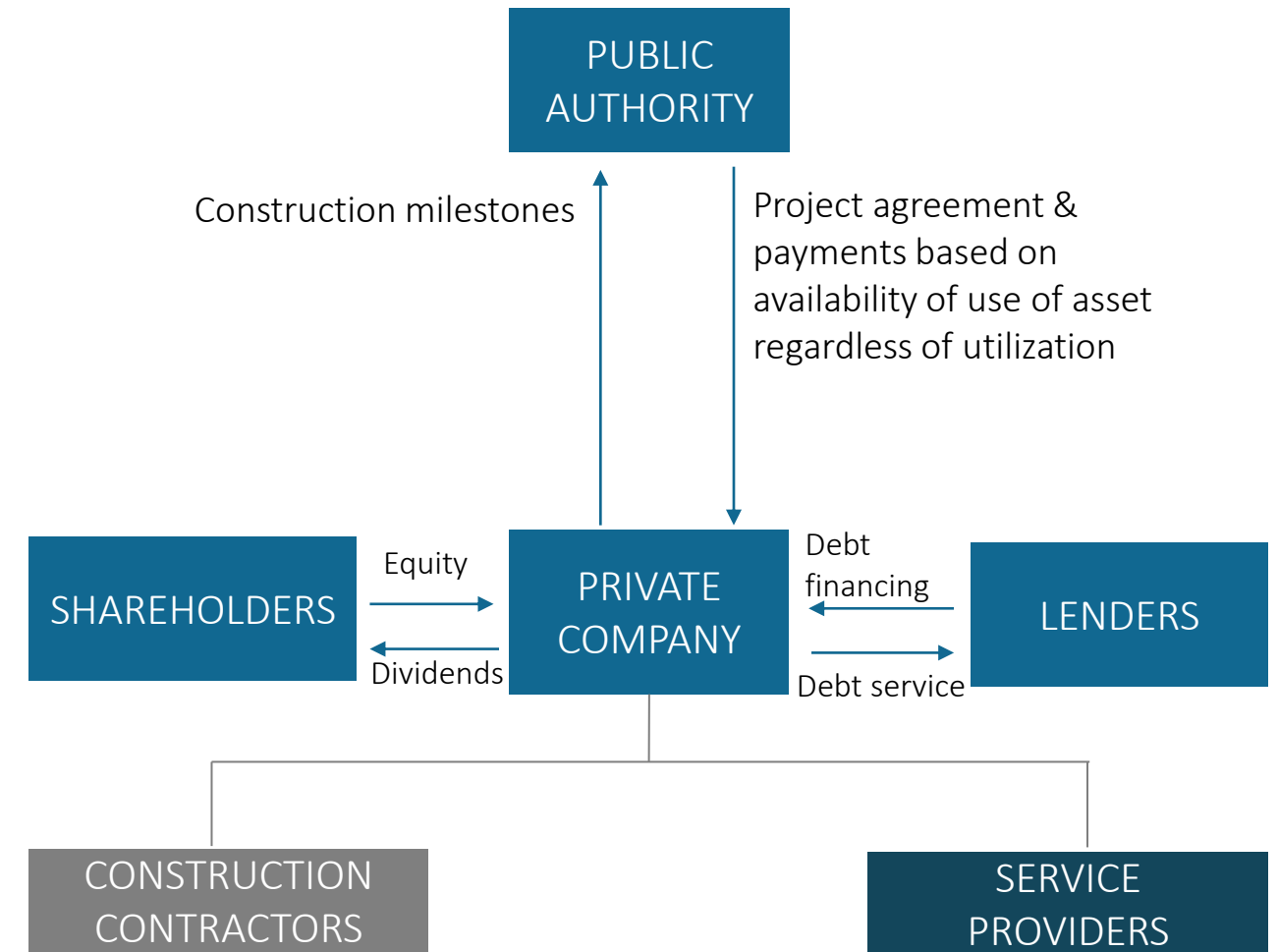


PPP ARRANGEMENTS CAN BE BROADLY CLASSIFIED AS CONCESSION BASED OR AVAILABILITY-BASED PPP MODELS...

CONCESSION BASED PPP MODEL



AVAILABILITY BASED PPP MODEL



The key difference between concession-based PPP projects and availability-based PPP projects is the source of private counterparty's revenue. In the former, the revenue mainly comes from the direct payments from the service users and in the latter, the government pays the private party on the basis of the service or infrastructure being available for use by the public, regardless of actual usage levels.

PPP MODELS HAVE DIFFERENT CONTRACTUAL STRUCTURES...

PPP TYPES AND SUB-TYPES

TYPE	DESCRIPTION	KEY RESPONSIBILITIES & RISKS	SUB-TYPE	CHARACTERISTICS
<p>GREENFIELD</p>	<p>A private entity or a public-private joint venture builds and operates a new facility for the period specified in the project contract.</p>	<p>Common responsibilities:</p> <ul style="list-style-type: none"> • Project management; • Managing contractors/subcontractors; • Operations; • Employing staff; • Maintenance; • Financing; and • Managing the investment. 	<p>Build, lease and transfer (“BLT”)</p>	<ul style="list-style-type: none"> • The private sponsor builds a new facility, transfers ownership to the government, leases the facility from the government and operates it at its own risk up to the expiry of the lease. • The government owns the facility once it has been built and usually provides revenue guarantees or minimum revenue guarantees to the private sponsor.
	<p>The facility may return to the public sector at the end of the concession period.</p>	<p>Common risks:</p> <ul style="list-style-type: none"> • Financing risks; • Construction risks; • Operating risks; • Commercial risks; and • Investment-related risks. 	<p>Build, operate and transfer (“BOT”)/Design, build, finance, operate, maintain & transfer (“DBFOMT”)</p>	<ul style="list-style-type: none"> • The private sponsor builds a new facility, operates the facility and then transfers the facility to the government at the end of the contract period. The private sponsor may or may not have the ownership of the assets during the contract period. • The government may or may not own the asset during the contract period. It usually provides revenue guarantees or minimum revenue guarantees to the private sponsor.
			<p>Build, own and operate (“BOO”)</p>	<ul style="list-style-type: none"> • A private sponsor builds and operates a new facility at its own risk. Ownership remains with the private sponsor. • The government does not own the asset and usually provides revenue guarantees or minimum revenue guarantees.

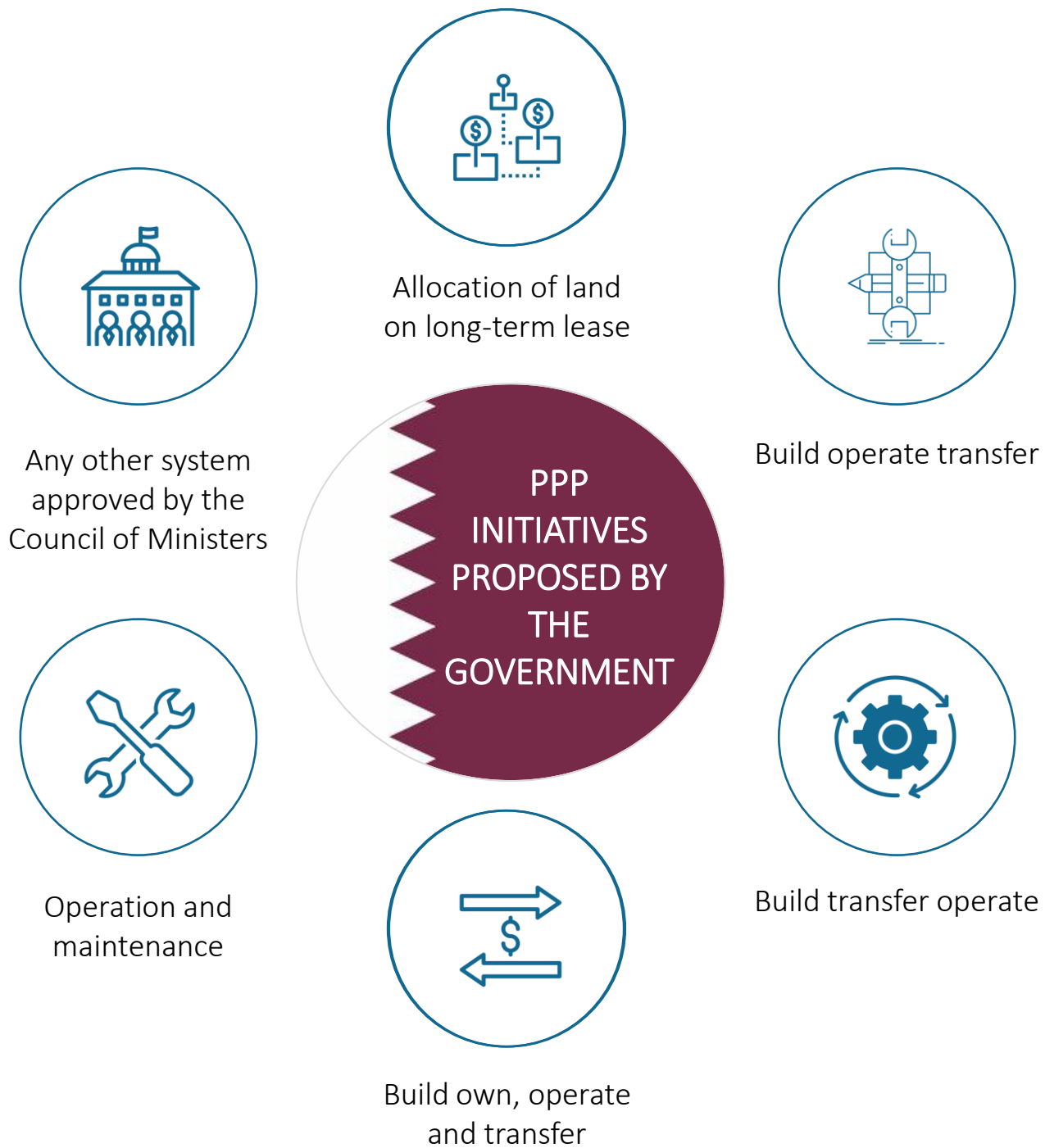
PPP MODELS HAVE DIFFERENT CONTRACTUAL STRUCTURES (CONT'D...)

PPP TYPES AND SUB-TYPES (CONT'D...)

TYPE	DESCRIPTION	KEY RESPONSIBILITIES & RISKS	SUB-TYPE	CHARACTERISTICS
CONCESSIONS	A private entity takes over the management of a state-owned enterprise for a given period during which it also assumes significant investment risk.	<p>Common responsibilities:</p> <ul style="list-style-type: none"> Employing staff; 	Rehabilitate, operate and transfer (“ROT”)	<ul style="list-style-type: none"> A private sponsor rehabilitates an existing facility, then operates and maintains the facility at its own risk for the contract period.
		<ul style="list-style-type: none"> Operating and maintaining the utility; Financing; and Managing investment. <p>Common Risks:</p>	Rehabilitate, lease or rent, and transfer (“RLT”)	<ul style="list-style-type: none"> A private sponsor rehabilitates an existing facility at its own risk, leases or rents the facility from the government owner, then operates and maintains the facility at its own risk for the contract period.
		<ul style="list-style-type: none"> Operating; and Commercial and investment-related risks. 	Build, rehabilitate, operate and transfer (“BROT”)	<ul style="list-style-type: none"> A private developer builds an add-on to an existing facility or completes a partially built facility and rehabilitates existing assets, then operates and maintains the facility at its own risk for the contract period.
MANAGEMENT AND LEASE CONTRACTS	A private entity takes over the management of a state-owned enterprise for a fixed period while ownership and investment decisions remain within the state.	<p>Common responsibilities:</p> <ul style="list-style-type: none"> Providing management services to the utility (management contract); and Employing staff and operating and maintaining the utility (lease contract). <p>Common Risks:</p> <ul style="list-style-type: none"> Amount of performance bonus (management contract); and Operating and commercial risks (lease contract). 	Management /lease contract	<ul style="list-style-type: none"> The government pays a private operator to manage the facility. The ownership, investment decisions and operational risk remain with the government. The private operator takes on the operational risk. The government leases the assets to a private operator for a fee.

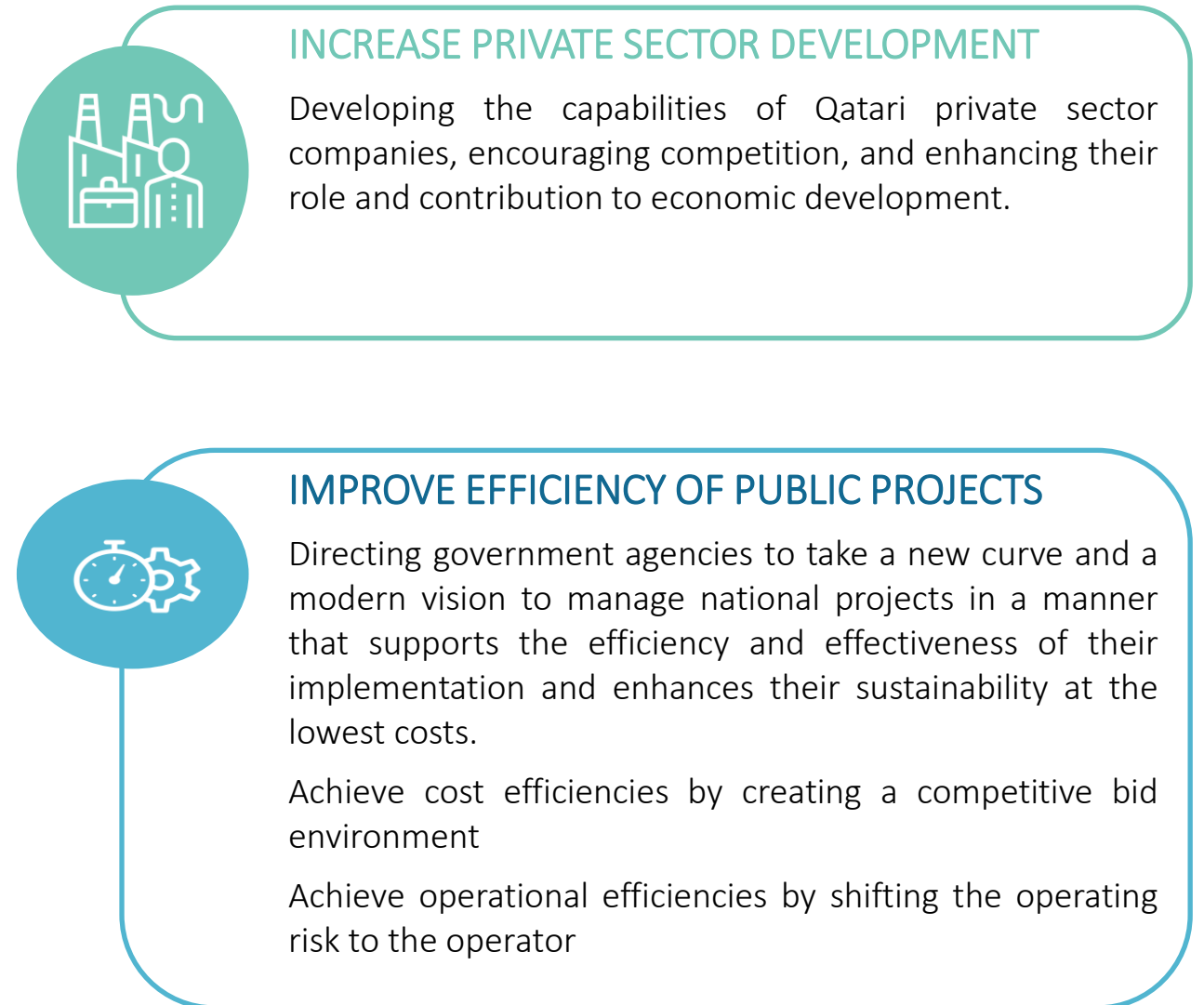
THE KEY OBJECTIVE OF THE NEWLY PUBLISHED PPP LAW IS TO ENCOURAGE PRIVATE SECTOR PARTICIPATION IN THE DELIVERY OF PUBLIC INFRASTRUCTURE PROJECTS AND PUBLIC SERVICES...

PROPOSED PPP INITIATIVES



GOVERNMENT OBJECTIVES BEHIND PPP INITIATIVES

The partnership between the government and the private sector aims to:



THE PROCESS TO EXECUTE PPP PROJECTS WILL INCLUDE A COLLABORATION BETWEEN PUBLIC SECTOR ENTITIES AND THE PRIVATE SECTOR...

PUBLIC AND PRIVATE SECTOR PARTNERSHIP MECHANISM

3

The government agency, either on its own initiative or based on the proposal of the private sector, may **define** one of the projects for implementation and **present** it to the Minister for in principle approval.

The contracting authority shall **prepare** a summary report on the idea of the project, including its suitability for implementation and **defining** the tasks and responsibilities of each party.

The report will further be **presented** to the Minister who will submit to the Prime Minister with his **recommendations**

6

A committee will be **formed** for each project in coordination with the relevant government authorities, which **includes** representatives of the contracting and management authority and the State Audit Bureau.

The project committee shall **prepare** the project policy document and present it to the Minister for **approval**. In addition, it shall **evaluate** bids, negotiate contracts, and submit the recommendation to the contracting authority regarding the winning bidder.

In coordination with the project committee, the contracting authority shall **prepare a study** for the project and then **present** it to the Minister and then submission to the Prime Minister for approval.

9

The project is then **announced** by the competent department to the private sector, including the tender documents **prepared** by the contracting authority.

The **duration** of the contract shall not exceed **thirty years**. Contracts may be extended in accordance with the requirements of the public interest, after the approval of the President of the Council of Ministers, and upon the proposal of the Minister.

The project company may **collect** fees, **generate** revenues, or **earn** financial returns from the project, its assets, or its users, according to what is agreed on with the contracting authority.

10

Upon the expiry of the partnership contract, **ownership** of the project shall be vested in the state without consideration or compensation, unless **otherwise agreed** in partnership contract.

A GLIMPSE OF A FEW RECENT PPP INITIATIVES TAKEN BY MINISTRIES AND DELEGATED AUTHORITIES IN QATAR..

QATAR SCHOOLS PPP PROGRAM



- In early 2019, the Ministry of Finance, in association with the Ministry of Education and the public works authority (Ashghal) announced PPP school programme to build and operate **45 public schools across the country within five years**.
- Planned projects were said to be divided into **6 investment packages** and offered to the private sector at successive intervals.
- The first package, consisting of eight schools, was launched in April 2020. **Barwa Real Estate Group** had been selected for first package by Ashghal.
- Barwa will be developing eight public schools across Qatar as well as **maintaining them for a period of 25 years** in return of rental income.
- The proposed model was **'Design, Build, Finance, Operate, Maintain and Transfer'** (DBFOMT).

QATAR SEWAGE PPP SCHEME



- In mid 2019, ASHGHAL asked qualifying companies to submit proposals for a planned PPP **sewage treatment plant to service the Wakrah and Al-Wukair** areas in Qatar.
- A team of advisers led by UK-based PwC, with the UK firms Mott MacDonald and Eversheds Sutherland as technical and legal advisers were appointed for this project.
- The sewage treatment plant will have a treatment **capacity of 150,000 cubic meters a day (cm/d)**.
- The WPA will be backed by a sovereign guarantee. Ashghal **prequalified seven groups** to participate in the tender.
- The successful bidder will deliver the project under a **build, operate and transfer (BOT)** basis. The water purchase agreement (WPA) will be for a period of **25 years**.

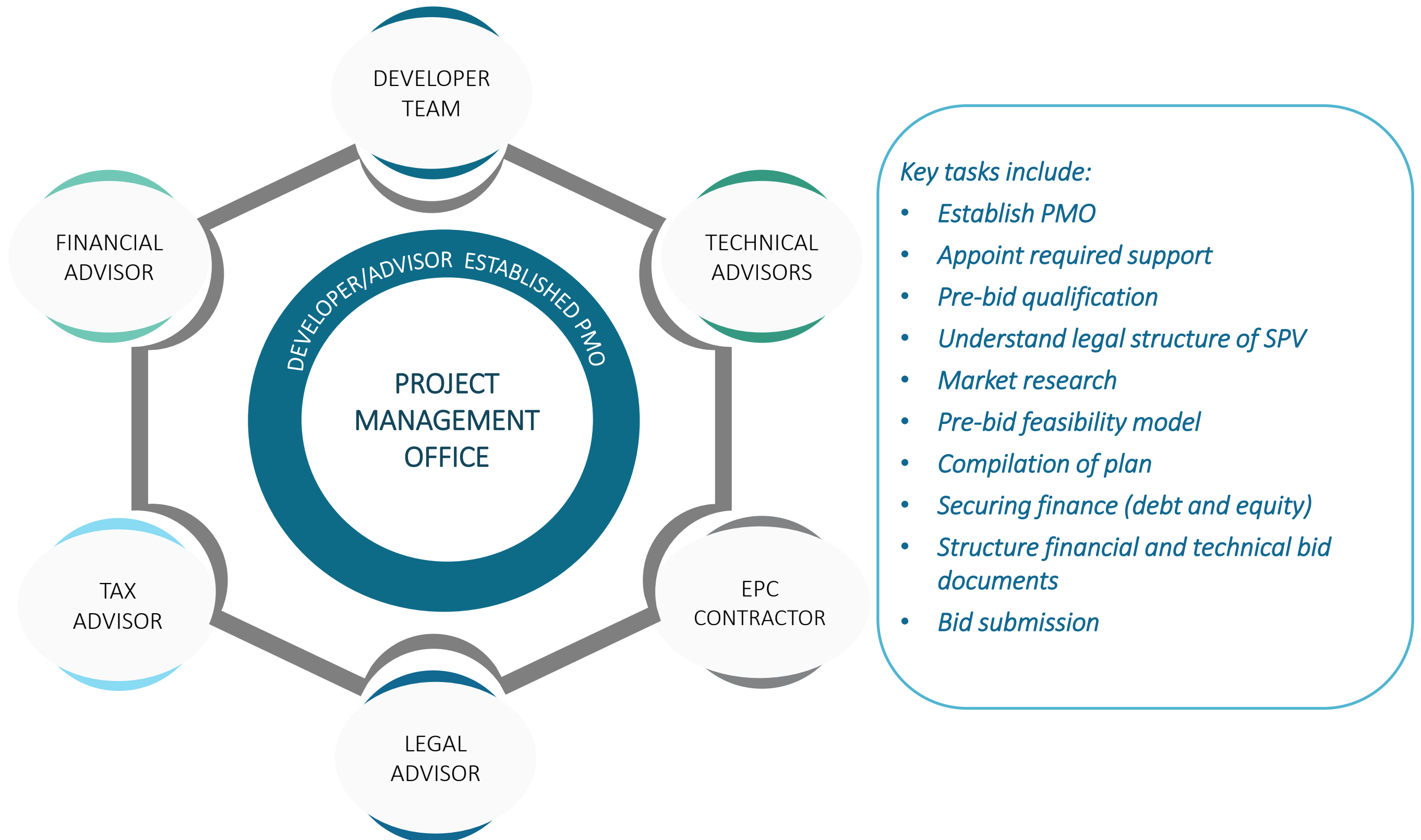
TRUCK AND HEAVY EQUIPMENT PARKING PPP



- During Nov 2019, Ashghal unveiled plans to develop a **truck and heavy equipment parking facility in the Doha Industrial Area** through a PPP.
- The project is part of the MME's strategy to reduce cases of illegal truck and heavy equipment parking, through the implementation of new, controlled and regulated parking facilities.
- The parking complex will be constructed in Abu Nakhla to provide **4,000 parking bays** for such vehicles along with related facilities.
- The proposed facilities are expected to be operational **by the end of 2021**.
- The developer will be fully responsible for the **'Design, Build, Finance, Operate And Maintain'** aspects of the facilities for a period of **25 years**.

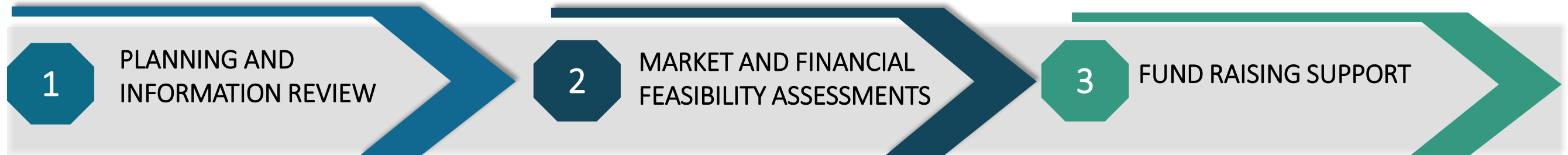
THE BIDDING PROCESS IS DEVELOPER LED BUT REQUIRES THE INPUTS OF MANY EXTERNAL PARTIES...

PUBLIC AND PRIVATE SECTOR PARTNERSHIP MECHANISM



CONSULTING HAUS LLC'S PHASED APPROACH IS DESIGNED TO HELP YOU ACHIEVE YOUR OBJECTIVES...

SUMMARY SCOPE OF WORK



1

PLANNING AND INFORMATION REVIEW

- Engage with your legal, technical and other advisors.
- Identify and gather initial information readily available.
- Review existing relevant documents and other reports to gain a deeper understanding of the project details.
- Summarize the opportunity including high level assessment of risks and rewards.
- Complete internal qualification to ensure the project meets the required returns, risk appetite, investment criteria etc. and also that there are no constraints that can't be bridged.

2

MARKET AND FINANCIAL FEASIBILITY ASSESSMENTS

- Macroeconomic and market assessment (historical and projected).
- Hold preliminary communications with market stakeholders, such as investors and lenders/financiers to understand their views in respect to the project (as applicable). Finalize financing assumptions.
- Develop detailed and flexible financial model (I/S, BS & CF) based on inputs received from technical and other advisors (including construction sequencing, CAPEX requirements, operating costs, working capital etc.).
- Optimize financial model by advising on commercial, capital structure and other assumptions.
- Calculated key results, including project & equity NPV, IRR, return on Investment and sensitivity analysis.

3

FUND RAISING SUPPORT

- Prepare a debt placement memorandum/investment memorandum that can be shared with investors and banks alike.
- Identify the type of investor to be targeted.
- Identify the type of financial institutions to be targeted.
- Develop and finalize a list of funders to be approached (debt and equity).
- Run a competitive process and approach potential capital providers.
- Advise on financial terms and agreements from a commercial perspective.
- Negotiate term sheets.

ONGOING BID SUPPORT



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