

OVERVIEW OF THE STANDARD CONTENT OF AN OBC/FBC

INFRASTRUCTURE CONCESSION REGULATORY COMMISSION



Presentation Outline



1. Introduction
2. Why prepare an OBC?.
3. Why prepare an FBC?
4. Key Principles
5. Contents of an OBC
6. Contents of an FBC
7. Conclusion

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Objective(s)



“The objective is to demonstrate the technical, economic, and financial viability of any identified project(s) as PPP projects, through the generation of an Outline Business Case”

“And to provide a basis for requesting and granting of approvals for project before contract signing”

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Why prepare an Outline Business case?



- Ensures that the project is **designed in accordance** with identified needs and is the most suitable technical solution for those needs;
- Provides **information about costs** (explicit and hidden), and provides an assessment of **financial viability** and impact on MDA's budget without disruptions to other activities;
- Allows for the identification, quantification, mitigation and allocation of **risks associated with the project life cycle**;
- Completes the resettlement plan as well as the ethnic minority plan (if relevant); completes the Consultation Plan;
- Documents all consultation completed for the project;

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Why prepare a Full Business Case?



Before awarding the contract to the preferred tenderer, there is the need to seek approval from government.

- A Full Business Case (FBC) is prepared for seeking approval prior to subsequent award of contract.

The Full Business Case should:

- report on the conclusions of the Request for Proposal and set out the full scope and cost of the project;
- be a supporting document to a public sector client's submission once a preferred tenderer has been selected;
- include a qualitative assessment of the preferred tenderer and a Full PSC comparison against the preferred tender to conform that best value for money is achievable; and
- provide government with an indication of the public sector client's forward plan for proceeding with the project and finalizing a contract with the preferred tenderer.

Key Principles



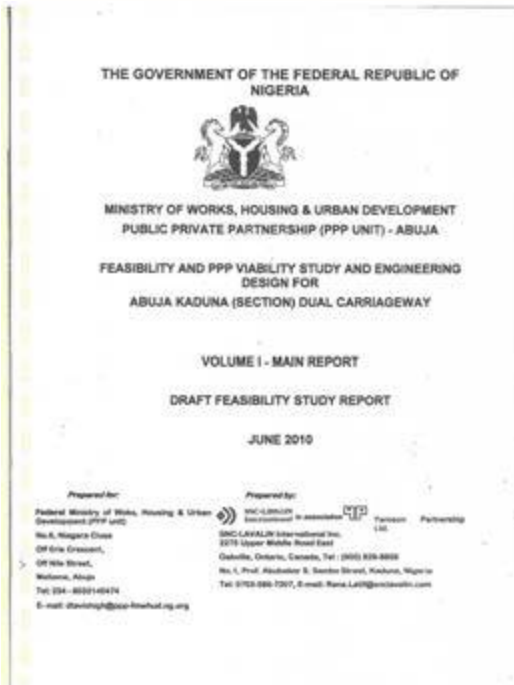
- Be Concise and To The Point
- Speak the Language of Decision Makers
- Illustrate
- Substantiate
- Consistency

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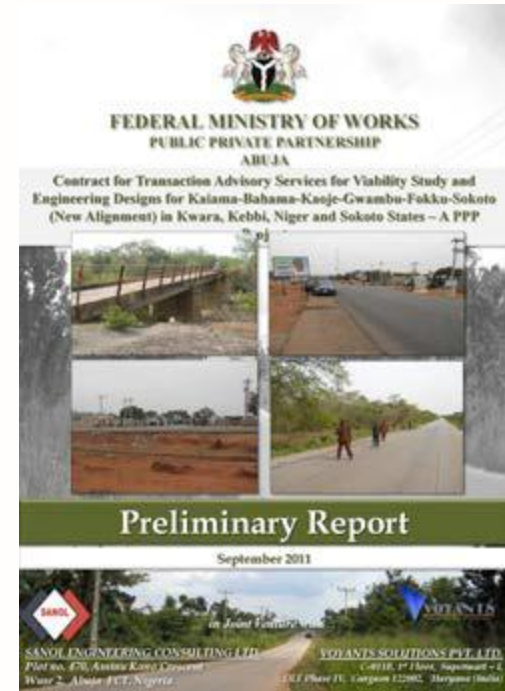
Be concise and to the point



320 Pages



360 Pages



620 Pages

Why OBCs?



- Includes the project specific land acquisition; and
- Considers whether or not the project is affordable to the government and or the end user of the services in terms of explicit and contingent fiscal obligations
- Consider how the project will be structured;
- Contain a financial model establishing key investment ratios and capable of running
- scenario and sensitivity analyses
- Identify constraints which may cause the project to be halted and
- Ensure that the project is developed around a proper business plan; and has been subject to a due diligence that shows it is legally, technically and socially compliant.

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Why an OBC?



- Develop a Comprehensive Understanding of all Aspects of the Project including Technical, Legal, Social, Environmental and Financial aspects
- Basis of the Investment Decision for all Parties
- Basis for obtaining Approval from Economic Management Team and Federal Executive Council
- Key Principles

I C R C

OBC Report Content



- Introduction, Executive summary
- Introduction - Project background & Approach and methodology to the OBC study
- Strategic and Local Context of Project, Policy context and strategic objectives
- Needs analysis (including future demand and sensitivity to economic/social factors)
- Service objectives and performance measures
- Project Appraisal (Cost/Benefit Analysis)
- Technical cost estimation (capital, maintenance, operating)
- Social and environmental impact costs and benefits, Traffic and revenue projections
- Risk Analysis - Identification and categorization of risks, Risk register with risk analysis and quantification, Proposed risk allocation
- Financial and Economic Appraisal, Financial model and sensitivity analysis
- Assessment of economic and financial viability
- Options Analysis - Assessment of alternative forms of both conventional procurement and PPP, Evaluation of PPP options considered
- Recommendations on preferred option Key contractual terms, Implementation Recommendations
- Recommendations for further project preparation (feasibility studies, technical studies, due diligence, etc.), Proposed project timetable, Recommendations on procurement strategy and procedures

Content of an FBC



- Executive Summary
- Project Objectives
- Financial Issues and Affordability
- Stakeholder Consultation
- Procurement Process and Competition
- Risk allocation and accounting treatment
- Contract and Payment Mechanisms

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THANK YOU



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