



For the Future and Vision

Visual Guide For Governmental Projects Funding Model

Turnkey EPC + F delivery for public infrastructure



Governmental Projects Model

How the Funder delivers and finances public projects

EPC + F

Engineering,
Procurement,
Construction + Finance

The Funder acts as **Main Contractor** and builds the project on a turnkey basis. It also arranges the project financing through international project financiers. All transactions are carried out under the Funder's guidance, and the use of the financing is controlled by the Funder.

KEY TERMS

MINIMUM

€100M

\$ or € equivalent

UP TO

€5B

negotiated with
government

CONTRACT

15 yrs

maximum duration

DELIVERY

30 mo

maximum, turnkey

FUNDER'S SCOPE AS MAIN CONTRACTOR



a) Project Planning



b) Budget Planning



c) EPC + F delivery and turnkey construction



d) Project management until construction and delivery are complete



e) Quality assurance, built with the latest technology



f) 2 years warranty and 2 years free supervisor support



Construction and civil works included

Infrastructure, process buildings, management buildings, inner roads and everything needed inside the plant area are included in the turnkey scope.

Interest & Repayment

Simple to understand: total interest never exceeds the principal

The rule

Interest is calculated up to the principal amount over 15 years. The total amount repaid is the **principal + 15 years of interest**, which equals **twice the principal**.

| WORKED EXAMPLE: €1 BILLION PROJECT

Principal

€1B

Interest (15 yrs)

€1B

Total repayment

€1B principal

€1B interest

= €2B

| SCALED EXAMPLES

PRINCIPAL	INTEREST (15 YRS)	TOTAL REPAYMENT
€100M	€100M	€200M
€1B	€1B	€2B
€5B	€5B	€10B

| WHAT THIS MEANS

Interest over the full term equals 100% of the principal. Spread evenly over 15 years, that is about **6.67% per year** (simple interest).



Bond maturity. The Treasury bonds covering principal plus interest are structured for payment at the end of **10 to 15 years**. During construction, monthly progress payments are made under the contract.

STEP-BY-STEP

01

Parliamentary approval

Parliament votes on and approves the debt under the provisions of the domestic debt law. **The vote must be unanimous.** A majority vote is not accepted.

**02**

Treasury bonds issued

With the debt approved, the Ministry of the Treasury (or the Treasury) issues government debt bonds equal to the principal plus interest. The budget allocated from government revenue to repay the debt is written on the back of the bonds.

**03**

Central Bank guarantee and delivery

The Central Bank guarantees the bonds. At the funding institution's request, they are first notified by SWIFT, then delivered by bank-to-bank bonded courier to the custodian account of the funding company's bank.

**04**

Project revenue account

Revenue from the project is collected in account(s) opened at a state bank in the country of investment. The funding company holds a hypothec over these accounts until the debt is fully collected.



The project must be **revenue-generating**. Its own income is what repays the debt, collected through the state bank account(s) above.

| ELIGIBLE SECTORS



Construction

- Social housing and housing
- Shopping centres, hotels, residences
- Airports, ports, rail systems
- Industrial facilities
- Highway and toll road projects



Energy

- Renewable energy projects
- Hydraulic power plants
- Solar power plants
- Other power plants



Petroleum

- Petrol and gas stations
- Oil farms
- LNG storage tanks and stations



Mining & other

- Mining industry projects
- Other profitable, revenue-generating projects

| HOW WE MOVE FORWARD

1

Preliminary project finance proposal



2

Government accepts the financing model



3

Mutual preliminary agreement



4

Documents, contracts, workflow plan and roadmap issued

Different financing models can be presented during negotiations, depending on the project. All transactions are evaluated by mutual agreement through bilateral negotiations.

