



Strategic Alliance

Public
Private
for the
development
of new Projects
in the Electric
Corporation
of Ecuador



Legal Background

The Board of Directors of CELEC EP has in its agenda the issuing of an associativity regulation, according to articles 35, 36 and 37 of the Organic Law of Public Enterprises.



Art. 35.- Scope of Application
Applicable to all kinds of associative models: Consortiums, Strategic Alliances Mixed Economy Companies, with a majority shareholding by the state, and any other forms of association.

Art. 36.- Investments in new or additional ventures.

Art. 37.- Scope for new ventures.

Principles.- The following Guiding Principles will be observed: legality, Fair Treatment, equality, Quality, Cost effectiveness, Competition, ethical standards, honesty, solvency and transparency.

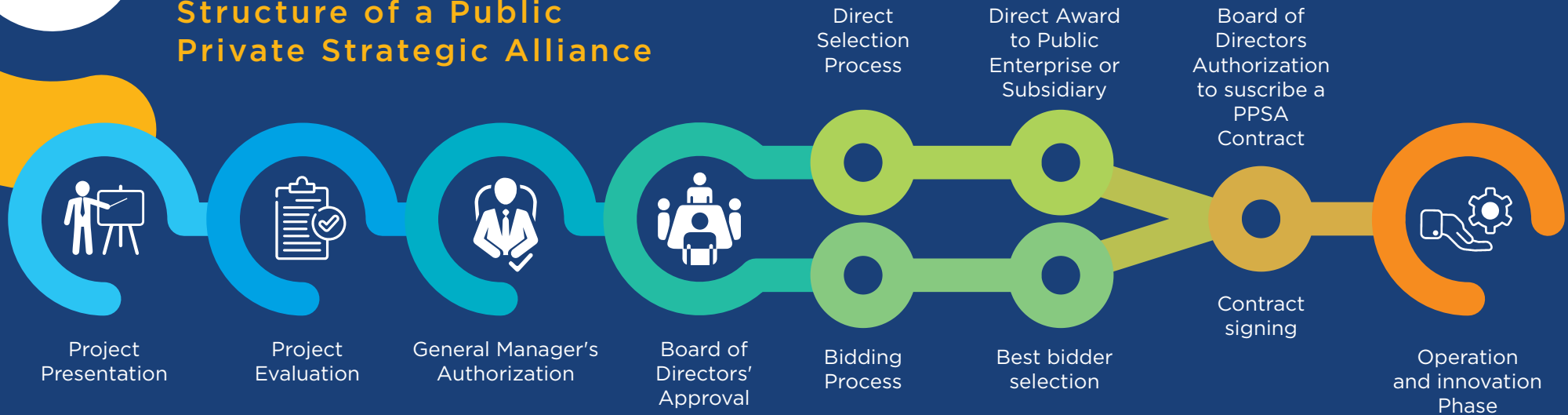


Differences between models of Public Private Association

	Public Private Partnerships PPP	Public Selection Projects PSP	Public Private Strategic Alliances PPSA
Authorization & approval	Ministry of Area/MEM	MEM	Board of Directors of CELEC EP
Time of process	24-36 months	24 a 36 months	12 - 18 months
Type of Projects	New, Existing and plant improvements.		



Structure of a Public Private Strategic Alliance





Definitions

Strategic Alliance

Commercial and productive type agreement that unites specific facets of a business of two or more natural or legal entities.

Consortiums

Associative form made up of two or more natural or legal entities; private or public; national or foreign...

Mixed Economy Company

Associative form where the Capital is in part state owned and in part private owned.



Associative Models

Art. 14.- Private Initiative

A proposal submitted by a legal entity of the private sector.

Art. 15.- Public Initiative

A proposal made by a state owned legal entity, local or international or its subsidiary.

Art. 16.- Own Initiative

A proposal made by any of the Business or Commercial Units of CELEC EP.



Background



Art. 35.- Scope of Application

Applicable to all kinds of associative models: Consortiums, Strategic Alliances, Mixed Economy Companies, with a majority shareholding by the state, and any other forms of association.

Principles

The following Guiding Principles will be observed: legality, Fair Treatment, equality, Quality, Cost effectiveness, Competition, ethical standards, honesty, solvency and transparency.





Principles

- Legality
- Transparency
- Equal Treatment
- Fair Treatment
- Opportunity



Guidelines

- Object of the Associativity
- Legal Certainty of the associativity contract
- Budget sustainability
- Risk Sharing
- Value for money
- Property rights
- Respect to users' interests
- Bilateral obligations scheme
- Key Performance Indicators



Objectives

- Associativity Policy
- Partnerships activities
- Investment Promotion
- Competition Promotion
- Transparency Promotion
- New business generation



Classification of Associative Projects (AP)

By Income Sources



- Sustainable associative projects
- Co-financed associative projects
- non-tariffables associative projects

By Object



- New or existing work or service
- Services and Technology
- Planning and Design
- Innovation development

By Origin



- Public Initiative
- Unsolicited External Initiative Proposal (expression of interes)





Classification of Associative Projects (AP)

Any natural or legal entity; public or private; national or international; of the popular and solidarity economy may submit for consideration of CELEC EP an associative project to be considered as an UEIP.

Characteristics



Supports:

- Achieving institutional objectives
- Expanding Activities;
- Accessing advanced technology and Innovation;
- Achieving Productivity Goals;
- Achieving efficiency in all activities;
- Ensure the continuity of the service, object of the Associative Project; and,
- Incursion into new businesses ventures.

Classification



- Programmed
- Non Programmed
- Co-Financed
- Sustainable

Scope



There must be an institutional interest

- Supports the achievement of institutional objectives
- Expand activities
- Access advanced technology
- Achieve Higher productivity and efficiency goals
- Incursion into new businesses ventures

Phases of the Associativity Project



F e a s i b i l i t y

2 months

PHASE I PREFEASIBILITY

Planning, formulation and evaluation

- Project file
- Basic Engineering

6-12 months

PHASE II FEASIBILITY

Assess the bankability of the associative project (AP)

Expedited Process

- Geothermia
- Sustainable Projects
- Hydrocarbon Electric Projects

Technical and financial structuring.

C o n t r a c t u a l

3 months

PHASE III PRE CONTRACTING

Strategic Partner Selection:

Bidding Process

- Elaboration of tender and bid terms
- Invitation to bid
- Proposal evaluations
- Partner Company Selection

Direct Selection Process

- Elaboration of tender terms
- Strategic Partner selection

1 month

PHASE III .1 CONTRACTING

Contract signing

- Constitution of a Guarantee trust fund.
- Associative Contract signing
- Step-in rights

O p e r a t i o n

PHASE IV OPERATION AND INNOVATION

Plant O&M

- Technology transfers
- New Technology Development
- Transfer Stage





Financing and economic conditions

In all matters not foreseen in the present instructions, the provision will be complied with the Organic Law of Public Companies, the Associativity Regulation; and additionally to the provisions of the applicable laws and regulations in force.

Financial and bankability mechanism

For the financing of the associative project, the strategic partner may recourse to: banking and financial institutions, local funds, multilateral banks and other local or institutional sources. In order to improve the bankability of the associative project the strategic partner should explore approaches as:

- Co-financing
- De-risking
- Guarantees
- Trust Funds
- Step-in rights

Payment mechanism in the Associative Project

The Strategic Partner may receive different modalities of income, in exclusive or combined form, paid by the users of the services via tariffs or through deferred payments, such as:

- Lump Sum Payments
- Disponibility Payment
- Payment per use



Alianzas Estratégicas