



Stakeholder Management

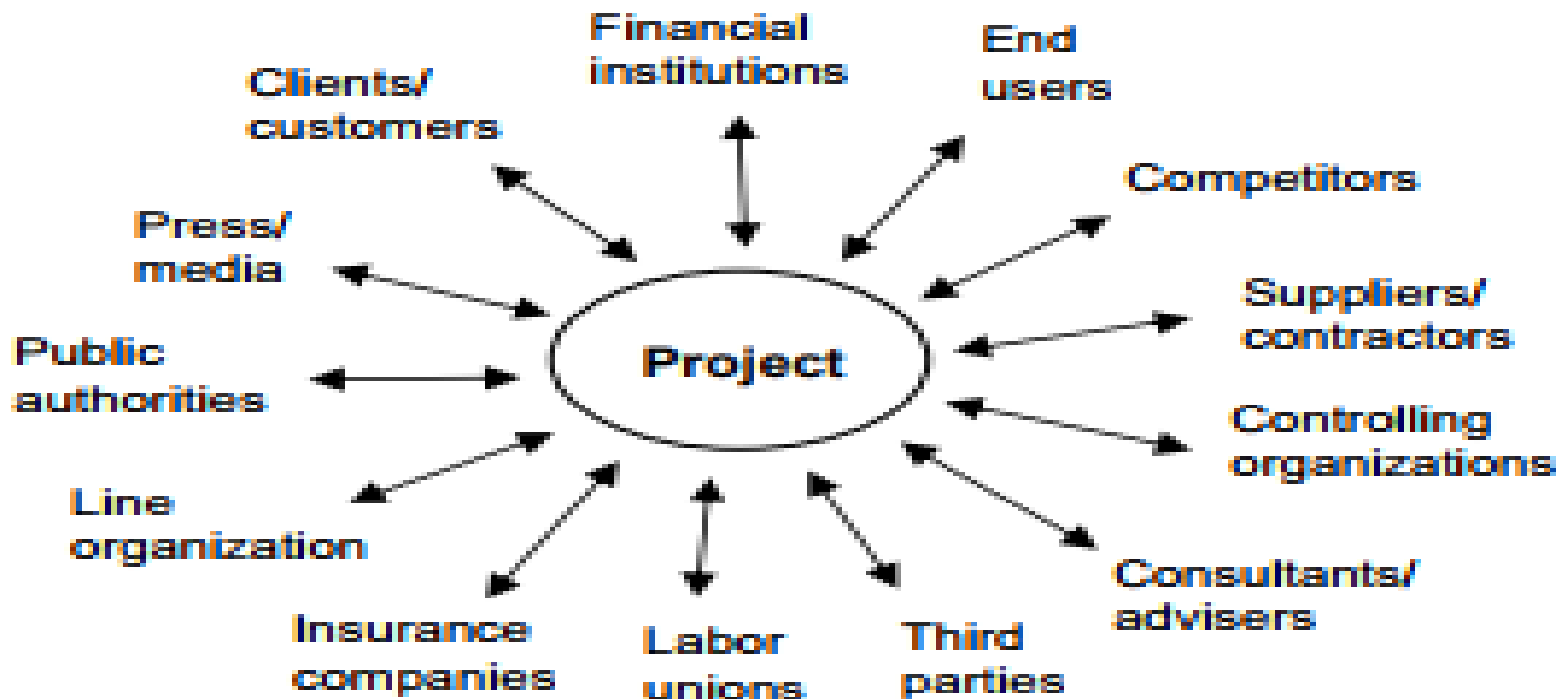
A Project Sponsor's Perspective

Prologue

“First, have a definite, **clear practical ideal**; a goal, an objective. Second, have the **necessary means** to achieve your ends; **wisdom, money, materials, and methods**. Third, **adjust** all your **means** to that end.” - Aristotle

Stakeholder Management

‘A clear practical ideal’



Stakeholder Management

‘Necessary Means-Wisdom’



Is the project strategically aligned with the Organizations Vision and Objectives?

Does the Sponsor have existing intellectual capital for the industry?

Is the industry in a nascent stage ?

Choosing the right Stakeholders at this stage is the key to success

Large-scale projects face many challenges.

■ Planned
■ Actual

Example	Budget vs actual, € billion	Delays and start-up problems	Incorrect capacity and revenue plans	Total value lost vs plan, € billion
Eurotunnel	<p>7.5 15.0</p>	<ul style="list-style-type: none"> • 6-month delay • 18 months of unreliable service after opening 	<ul style="list-style-type: none"> • Overestimated market-share gain in freight and passengers by 200% 	~7.5
High-speed rail Frankfurt-Cologne	<p>4.5 6.0</p>	<ul style="list-style-type: none"> • 1-year delay of construction • Legal and technical issues 	<ul style="list-style-type: none"> • Unforeseen capped government funding 	~1.5
Betuwe Line NL (cargo rail)	<p>2.3 >5.0</p>	<ul style="list-style-type: none"> • 1.5-year¹ delay of construction • Technology choices still not finalized 	<ul style="list-style-type: none"> • Annual revenue shortfall of €20 million 	~3.0
Kuala Lumpur Airport	<p>2.0 3.5</p>	<ul style="list-style-type: none"> • Initial issues with connectivity to downtown area • Complaints about facility hygiene levels 	<ul style="list-style-type: none"> • Handles only ~60% of current capacity • Losing market share to Singapore 	~1.5

¹Project still not finalized and costs could go even higher.

Source: Annual reports; Jane's Airport Review; McKinsey analysis; Reuters

Stakeholder Management

‘Necessary Means – Money’

A series of decisions need to be made to **Maximize Returns**
for the Sponsor

- Debt vs Equity Financing
- International vs Local Lenders
- Structure of the Debt/Equity
- Sponsor Support
- Innovative Finance
- Tax Regime

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‘Necessary Means – Materials’



Owners Engineer



OEM

Original Equipment Manufacturer

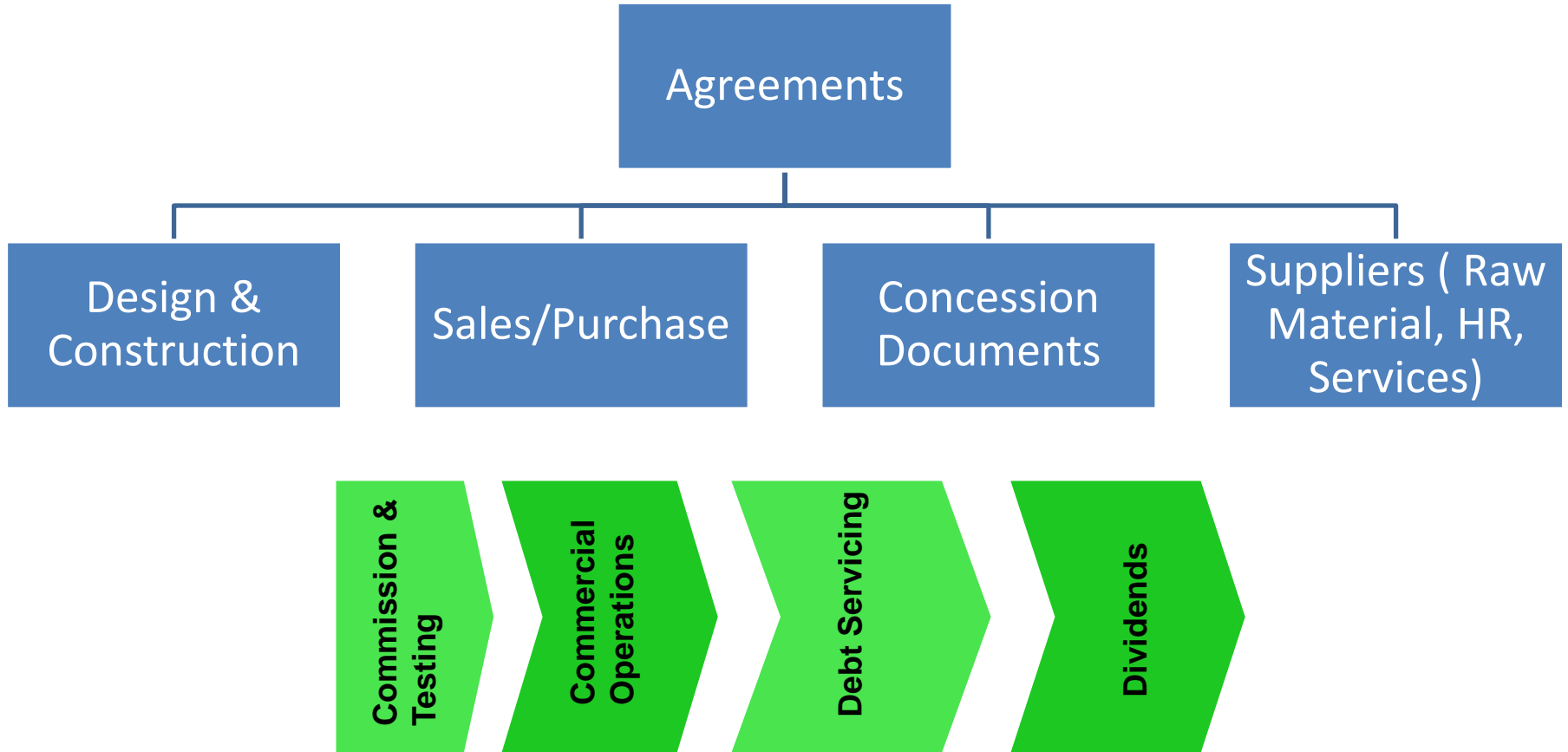


Technology Provider



Stakeholder Management

“necessary means - methods”



Standby Commitments for Cost Overruns & DSRA to be reduced at this stage

Stakeholder Management

“adjust all your means”

How Stakeholder Management for Projects have evolved.....

- Greater Access to Information and Transparency for all stakeholders – internal and external
- Broader focus on environmental impact of Projects from Regulators, Lenders and Investors
- Higher need to control risk and provide greater certainty for project outcomes
- Resources for projects are expected to do more with less, thresholds for change controls and performance metrics are therefore tighter
- Greater availability and awareness of Islamic financing options for projects
- Greater opportunities for Public Private Partnerships