Attachment to Coordinator Paper (6) Draft Outline of Guidance Noteon Negotiation and Renegotiation of Contracts

- Contents
- II. Executive Summary

g the framework for investments in resources at balsapon those prescribed rules. In many elopment is beginning, no overall framework oment between an toves investors and the this note will review various issues that arise in and the options regarding their renegotiation as

VI. Negotiation Background

- 1. Country perspectives
 - a. Balancing investment attractiveness with obtaining resource value
 - b. Priority setting
 - c. Parties involved from **o**untry standpoint (nternal and external stakeholders)
 - i. National government representatives
 - Finance ministryplanning ministry (includingtax and customsadministrations)
 - 2. Resource vetroleum and mining) ministries

- 3. Coordination issues and practices
 - a. Model issue notes
 - b. Negotiation team participation
 - c. Communication protocols
- ii. Regional counterparts
- iii. Localcounterparts
- iv. Other stakeholders and constituents
- v. Outsideadvisors
 - 1. International financial anddevelopmentorganizations
 - a. World Bank, IMF, UN, OECD
 - b. Regional organizations
 - 2. Outside investment advisors
 - 3. Outside legal advisors
- vi. Resourcesavailable
 - 1. Revenue forecastnodels
 - 2. Sample contracts
 - 3. Illustr9itr e Tc 0 Tw 3.18.48()Tj /TT0 1 041 T

WoRe(a.)Tj /TT1 1 Tf 0 Tc 0 Tw 0.76 0 Td ()Tj /TT0 1 Tf -0.001 Tc -0.001 Tw 0.88 0 Td [(W)-2.1(U)15(a)-4

- b. Development
- c. Production andother
- d. Operations
- e. Expansions
- f. End of project obligations

VII.Some Practical Examples of Successful Negotiations

- 1. Who is involved?
- 2. Possiblenegotiation checklist
- 3. Timelines and negotiation phases
- 4. Major issue listings
- 5. Some good/best negotiation practices
- 6. Contracttransparency: Does it help with contract stability?

VIII. Contract Renegotiation Issues

- 1. Background-History of renegotiations or changes in erms
 - i. Some illustrations from recent periods
 - 1. When production values were rising
 - 2. When production values were falling
- 2. Flexibility in original structure
 - i. How can agreement reduce the need for renegotiations
 - ii. Interaction with stability clause provisions
- 3. Circumstances where renegotiation may be appropriate
 - i. Pre-set in contract
 - ii. Public announcements
- 4. Consequences on projest
- 5. (Existing of future) Consequences on other investment
- 6. Examples

IX. Unilateral changes

- 1. Examples
- 2. Implications
- X. Conclusions
- XI. Sources

Preliminary List of Sources to be Reviewed in Preparation of Guidance Note:

A data base of petroleum, mineral and land contracts: http://www.resourcecontracts.org/

A brief publication on review mechanisms: http://ccsi.columbia.edu/files/2014/08/Periodic-review-in-natural-resource