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

- I. Contents
- II. Executive Summary

g the framework for investments in resources at b**a**sepon those prescribed rules. In many elopment is beginning, no overall framework oment between an **torres** investors and the his 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 ountry standpoint (nternal and external stakeholders)
      - i. National government representatives
        - 1. Finance ministry planning ministry (including tax and estoms administrations)
        - 2. Resource (etroleum 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 and development organizations
    - 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

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- 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 **b**anges in **e**rms
    - 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 o 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: <u>http://www.resourcecontracts.org/</u>

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