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## **Bankable Construction Contracts In P3 Projects: Dentons**

Interest in the public private partnership project model (PPP) has increased in recent years as governments look to alternative procurement methods to address their growing infrastructure gaps. The broad concept of PPP is becoming increasingly understood across the world; however, more work is required in understanding the key factors that make a PPP successful. One such factor is ensuring that the PPP project is a “bankable” project.

“Bankability” refers to the overall structure of a project being such that lenders are prepared to finance it. As lenders fund the vast majority of capital required to undertake projects (in some cases, up to 90 per cent of required capital), bankability is of critical importance during the project structuring phase.

In addition, PPP projects are unique to other more traditional procurement methods, as financing by lenders depends heavily on the ability of the project to repay lenders’ loans. Therefore lenders have a very close eye on the structuring of the project, including all project agreements (and not just the financing agreements). Put simply, if the parties are unable to find a bankable structure, the project will not proceed.

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