# ISCA Infrastructure & Project Finance Qualification

# Project Lifecycle

# Sample Questions and Answers

## i. Multiple Choice Questions

| Questions | Answer | Explanation |
|---|---|---|
| 1) Which option best reflects typical characteristics of infrastructure projects?<br>a. Diverse and typically short-term<br>b. Interact with broader economy, involve large capital and are monopolistic<br>c. Long-term, involve large capital and focus primarily on the transport industry<br>d. Do not require large funds and are "natural" monopolies | b | Infrastructure projects interact with the broader economy (interdependent), involve large capital, are generally long lived and monopolistic. |
| 2) Which tools are commonly used during the option analysis process?<br>a. Multi-Criteria Analysis and Cost-Benefit Analysis<br>b. Multi-Criteria Analysis and Value for Money Analysis<br>c. Cost-Benefit Analysis and Value for Money Analysis<br>d. Multi-Criteria Analysis, Public Sector Comparator and Cost-Benefit Analysis | a | Multi-Criteria Analysis and Cost-Benefit Analysis are option analysis tools. Value for Money Analysis is a decision-making tool used when choosing a procurement method, while the Public Sector Comparator is a component of the Value for Money Analysis. |

| Questions | Answer | Explanation |
|---|---|---|
| 3) Under which procurement method is the least risk transferred to the private sector?<br>a. Design, build, finance and transfer<br>b. Build, operate and transfer<br>c. PPP<br>d. Traditional Procurement | d | The least risk is transferred to the private sector under Traditional Procurement. |
| 4) Which option best reflects the key stakeholders that are most involved during the project planning stage?<br>a. Contractors<br>b. Government and sponsor<br>c. Off-takers<br>d. Government | d | During the project planning stage, the government is the most involved stakeholder. Its role is to identify and screen projects that meet national needs, and identify level of market interest in the project. |

| Questions | Answer | Explanation |
|---|---|---|
| 5) Which type of challenge can be found in an unsolicited proposal process?<br><br>a. German Challenge<br><br>b. Philippines Challenge<br><br>c. Swiss Challenge<br><br>d. Swedish Challenge | c | The challenge against an unsolicited proposal is known as a Swiss Challenge. |
| 6) What is a principal risk associated with unsolicited proposals, compared to a typical two-stage tender process?<br><br>a. Lack of competition<br><br>b. Lack of potential tenderers<br><br>c. Longer time to execute<br><br>d. Lack of quality | a | The principal risk associated with unsolicited proposals is the lack of competition as no tender is being called for as part of this submission. |

| Questions | Answer | Explanation |
|---|---|---|
| 7) Which is not a purpose typically associated with a request for Expressions of Interest (EOI) in a two-stage tender process?<br><br>a. Communicate the key project details and requirements to potential market participants<br><br>b. Set a minimum standard of capability for the tenderer(s) entering into the contract<br><br>c. Confirm the level of market interest in the project before the Request For Tender (RFT) is issued<br><br>d. Invite qualified tenderers to submit their proposals for evaluation | d | EOI in a two-stage tender process does not usually involve the invitation of qualified tenderers to submit their proposals for evaluation. |

## ii. Structured Questions

<table>
<tr><th>Questions</th><th>Answer</th></tr>
<tr><td>8) Discuss the key considerations between choosing a single-stage or two-stage tender process.</td><td>The key considerations between the tender process are illustrated in the table below:<br><br>
<table>
<tr><th>Consideration</th><th>Single-stage</th><th>Two-stage</th></tr>
<tr><td>Time</td><td>• Typically shorter time required as only one evaluation phase</td><td>• Typically longer time required due to two evaluation phases</td></tr>
<tr><td>Shortlisting</td><td>• No shortlisting, hence unable to filter out non-qualified or low quality tenderers before final submission</td><td>• Shortlisting of qualified tenderers, increasing chances of receiving high quality proposals</td></tr>
<tr><td>Number of proposals received</td><td>• May receive more proposals depending on level of competition<br>• More resources spent on evaluation (including lower quality ones)</td><td>• Able to limit number of proposals to be received and evaluated<br>• Resources can be focused on evaluating smaller numbers of proposals</td></tr>
<tr><td>Costs of the process</td><td>• Typically lower cost as only one evaluation phase</td><td>• Typically higher cost as two evaluation phases</td></tr>
</table>
</td></tr>
</table>

| **Questions** | **Answer** |
|---|---|
| 9) Describe a PPP project's contractual close and financial close. | Contractual close is the act of signing all of the relevant project documents by the parties to the contract—including the grantor agency, the PPP proponent, guarantors and financiers. In signing, the parties move from a situation where they have said they intend to enter into a transaction (by submitting the proposal and the grantor agency declaring them the preferred bidder), to having entered into an agreement that will become effective and binding unless certain conditions are not achieved.<br><br>Financial close occurs when all of the conditions precedent have been fulfilled, funds are drawn down and the parties are essentially "committed" to the transaction to a much higher degree than previously. After financial close, there are normally no or few conditions that must be satisfied for the normal continuation of the Project, and a failure to meet obligations can result in penalties and/or termination. |