The Lender's Key: Step-In Rights in Power and Water PPPs

A practical bankability framework for cure, temporary control and substitution before termination

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Abstract

Power and water public-private partnerships rely on long-dated contracted revenue and a dense network of project agreements. When the project company defaults, immediate termination can interrupt essential service, destroy enterprise value and leave both lenders and the public purchaser worse off. A lender step-in regime creates time and authority for cure, temporary control or substitution before the project agreement and its revenue stream disappear.

This paper develops the Lender Step-In Decision Framework for power and water PPPs. It maps the project agreement, direct agreement, financing, security, EPC and O&M contracts, permits, insurance and government rights; separates monetary cure, non-monetary cure, temporary step-in and permanent substitution; and tests whether each right can work under procurement, insolvency, licensing, ownership and environmental rules. It integrates default notice, standstill, nominee qualification, cure funding, cash control, liability, step-out, novation and termination compensation.

World Bank guidance describes lender step-in as a defensive project-finance mechanism commonly implemented through direct agreements and structured around cure, step-in and substitution [1]-[5]. EPEC guidance emphasises bankability, adequate decision time, authority protection and continuity of service [6]-[7]. UNCITRAL guidance supports legal frameworks that recognise agreements enabling approved replacement of a seriously failing private partner [8]. Current UK infrastructure guidance illustrates the practical complexity of sequencing lender, authority and subcontractor rights during project distress [9]-[11].

The central conclusion is that a step-in right has value only when it is legally enforceable, operationally executable and fully funded. The direct agreement should provide a dated intervention pathway that protects service and accountability while giving lenders a realistic opportunity to restore the project. Four tables and three figures translate the framework into a transaction method. All numerical examples are hypothetical management assumptions used only to demonstrate the framework; they are not observations, forecasts, valuation conclusions or investment recommendations.

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Keywords: lender step-in rights, direct agreement, project finance, power PPP, water PPP, cure rights, substitution, bankability

1. DEFINE THE STEP-IN DECISION

A lender step-in regime gives secured creditors time and authority to protect an operating project when default threatens the project agreement or essential service. The transaction question is whether cure, temporary control, substitution or permanent transfer can restore performance before termination destroys the contracted revenue stream.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

A practical review asks what must be cured, who can lawfully act, how essential service continues, what capital is committed and which outcome produces the strongest risk-adjusted recovery.

2. TREAT STEP-IN AS A DEFENSIVE MECHANISM

Project lenders commonly prefer a performing asset to enforcement and sale. Step-in is therefore designed to preserve the project, cure default and protect debt value. It should not give lenders a general right to manage the asset while the project company performs.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

3. PUT CONTINUITY OF SERVICE FIRST

Power and water assets provide essential services whose interruption can harm households, industry, public health and the wider economy. The direct agreement should keep service, safety, environmental compliance and lawful dispatch or production at the centre of every intervention.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

The governing objective is a credible rescue that preserves public service and lender value. A right that cannot be exercised under the full contract and regulatory chain does not support bankability.

4. SEPARATE LENDER AND AUTHORITY INTERVENTION

Lender step-in responds to project-company default and threatened termination. Authority step-in commonly responds to emergency, health, safety, national-security or statutory duties. The contract must distinguish triggers, control, cost, liability and sequencing for these different interventions.

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5. MAP THE PROJECT CONTRACT CHAIN

The offtake agreement, direct agreement, financing, security, EPC, O&M, land, grid, fuel, permits, insurance and government support form one rescue system. A right in the primary agreement is ineffective if another critical contract can terminate first.

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Table 1. Intervention level, trigger and completion test

Intervention level	Typical trigger	Lender action	Purchaser protection	Completion test
Notice and monitoring	Early deterioration or financing default	Review information; engage project company	No transfer of control; service obligations continue	Agreed recovery plan and reporting
Monetary cure	Overdue payment or reserve deficiency	Pay amount or replenish account	Historic breach remains recorded	Amount cleared and underlying cause addressed
Non-monetary cure	Performance, contractor or permit breach	Fund and supervise remedial plan	Milestones, deductions and safety controls	Demonstrated compliant performance
Temporary step-in	Threatened termination or material continuing default	Appoint qualified nominee and assume performance	Accountability, access and time limit	Cure, substitution or orderly step-out
Permanent substitution	Existing project company cannot recover	Transfer or novate to approved substitute	Qualification and original risk allocation preserved	All contracts, permits and finance effective

The sequence is illustrative and must be adapted to the executed contracts, applicable law and urgency of essential service.

6. DEFINE THE RELEVANT DEFAULT

The regime should identify defaults that require lender notice and suspension of termination. These can include payment failure, repeated performance deductions, delayed completion, insolvency, abandonment, permit failure and breach of essential environmental or safety obligations.

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7. SET THE NOTICE STANDARD

The purchaser should give the security trustee or agent the same default notice delivered to the project company, with enough detail to assess entitlement, cure and urgency. Notice mechanics should include address, delivery, deemed receipt and changes to the lender contact.

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8. CREATE AN EARLY-WARNING CHANNEL

Formal termination notice may arrive too late for an orderly rescue. Periodic performance, covenant, reserve, insurance and dispute reporting can identify deterioration earlier. The direct agreement should permit structured lender engagement without transferring day-to-day management.

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The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

9. COORDINATE FINANCING ACCELERATION

A financing default can occur before a project-agreement default. Lenders may accelerate debt or enforce security while the purchaser still sees a performing contractor. Intercreditor and direct-agreement rules should prevent an uncoordinated enforcement action from disrupting service.

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10. SUSPEND TERMINATION FOR A DECISION PERIOD

After a qualifying notice, the purchaser should suspend termination for a defined period while lenders investigate. The period should be long enough for diligence and approvals, with shorter controls for urgent safety or service failures.

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11. DESIGN THE MONETARY CURE RIGHT

Payment defaults may be cured by paying overdue amounts, replenishing reserves or funding required work. The contract should state which sums can be cured, whether interest or deductions continue, and how a payment affects the underlying breach.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

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12. DESIGN THE NON-MONETARY CURE RIGHT

Performance failures may require engineering, management or contractor changes that cannot be completed immediately. A credible cure plan should identify actions, milestones, funding and interim service, with extension only while diligent progress continues.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

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13. ADDRESS PERSISTENT UNDERPERFORMANCE

Repeated availability or output failures can erode confidence even when each event is technically remediable. The regime should define cumulative default, root-cause review and the conditions under which management or contractor replacement becomes necessary.

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14. ADDRESS PROJECT-COMPANY INSOLVENCY

Insolvency may trigger immediate statutory consequences and restrict contractual control. The parties should test whether step-in, share enforcement, substitution and permit continuity survive formal proceedings under applicable law.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

15. ADDRESS SUBCONTRACTOR FAILURE

EPC or O&M failure can threaten the project company even where sponsors and lenders remain solvent. Direct agreements with critical contractors should provide notice, cure, standstill, access to warranties and a route to replacement.

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16. ADDRESS CYBER AND CONTROL-SYSTEM FAILURE

A cyber incident can interrupt dispatch, treatment, billing or remote control. The intervention plan should preserve incident command, regulator reporting, evidence, operational technology safety and controlled access by any lender-appointed operator.

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17. ADDRESS HEALTH AND ENVIRONMENTAL EMERGENCIES

An urgent risk to people, water quality or the environment may justify immediate authority action. Emergency intervention should coexist with lender rights, record cost and responsibility, and return control when the emergency ends.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

18. DESIGN CONSTRUCTION-PERIOD STEP-IN

Before completion, the rescue depends on remaining cost, schedule, contractor claims, permits and performance security. Lenders need access, design rights and replacement mechanics; the purchaser needs a credible completion plan and continued sponsor support where agreed.

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19. DESIGN OPERATING-PERIOD STEP-IN

During operations, the rescue focuses on service, maintenance, staffing, suppliers, working capital and regulatory compliance. An operating nominee should demonstrate capability and preserve lifecycle expenditure rather than pursue a short-term cash extraction.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

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20. MAKE THE DIRECT AGREEMENT OPERATIVE

The direct agreement should bind the purchaser, project company and finance parties and override inconsistent termination timing where law permits. It should cover notice, cure, step-in, substitution, liability, step-out, information and dispute resolution.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

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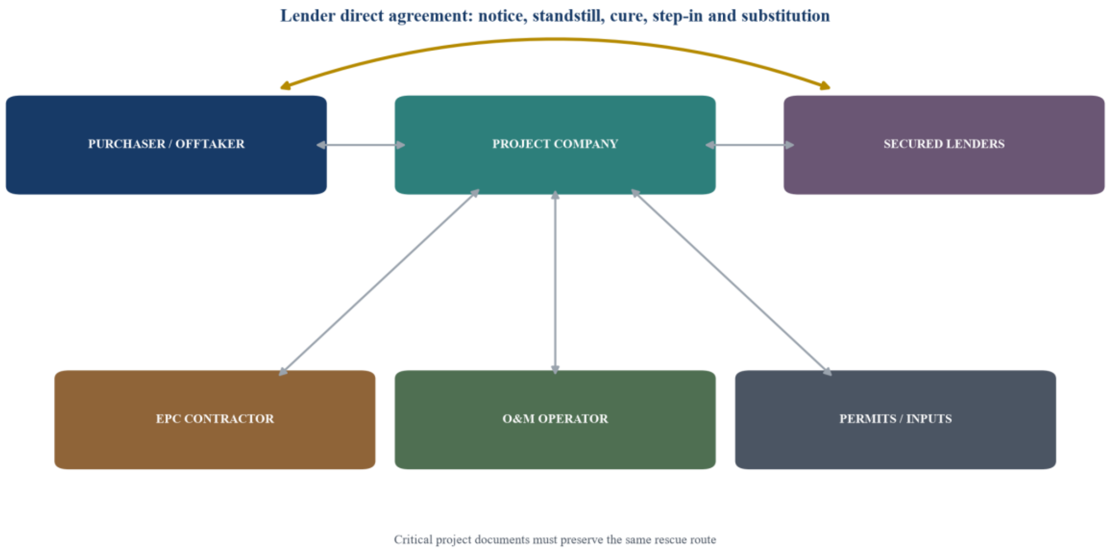

Figure 1. Direct-agreement structure for a power or water PPP

The structure is generic; transaction-specific rights require review of executed documents and applicable law.

21. IDENTIFY THE LENDER REPRESENTATIVE

The security trustee, facility agent or designated representative should receive notices and exercise rights for the finance parties. The purchaser should deal with one authorised decision point and rely on verified appointment and signing authority.

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22. USE A QUALIFIED NOMINEE

Lenders rarely operate a utility themselves. A nominee can assume contractual performance during step-in. The nominee should have authority, resources, insurance, technical competence and access to project personnel, data and sites.

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23. SET SUBSTITUTE-ENTITY CRITERIA

A permanent substitute should meet objective technical, financial, legal, integrity and ownership requirements. Criteria should be disclosed in advance and approval should not be unreasonably delayed or withheld, subject to essential public-interest controls.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

24. CONTROL PURCHASER CONSENT

Consent protects the purchaser from an unsuitable operator or ownership structure. The direct agreement should define the information required, review period, permitted grounds for refusal and deemed or escalated outcomes where the decision is delayed.

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25. PRESERVE LICENCES AND PERMITS

A project rescue can fail if licences, land rights, grid access or environmental approvals cannot transfer. The legal diligence should identify consent, reissuance and continuing-compliance requirements before financial close.

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26. PRESERVE LAND AND ASSET ACCESS

The nominee or substitute needs lawful access to the site, records, spares, control rooms and project assets. Land, lease and easement documents should acknowledge approved step-in and avoid automatic termination on enforcement.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

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27. COORDINATE SECURITY ENFORCEMENT

Security over shares, accounts, receivables and project rights supports lender control. Enforcement must remain consistent with public-asset restrictions, foreign-ownership rules, procurement law and the direct agreement.

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28. COORDINATE SHARE ENFORCEMENT

Share security can permit replacement of the project-company owner without assigning the project agreement. Change-of-control consent, qualification tests and beneficial-ownership disclosure should align with this route.

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29. COORDINATE ASSIGNMENT AND NOVATION

Temporary step-in can preserve the existing project company; permanent substitution may require assignment or novation. The documents should specify which obligations, liabilities, guarantees and accrued rights transfer.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

30. TEST PROCUREMENT-LAW COMPATIBILITY

A substitute chosen after default may constitute a material contract change in some jurisdictions. The procurement analysis should establish the statutory basis, limits and approvals for lender substitution before bids are invited.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

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Table 2. Step-in risk-allocation matrix

Risk	Finance-party obligation	Purchaser protection	Shared control	Required evidence
Notice failure	Maintain current agent details and respond promptly	Serve notices under agreed mechanics	Notice register and escalation	Delivery record and default chronology
Cure delay	Mobilise diligence, nominee and funding	Milestones; terminate if progress fails	Agreed cure plan and extensions	Critical path, funding and progress reports
Nominee performance	Appoint and supervise qualified operator	Approval criteria and continuing deductions	Operating protocol and reporting	Capability, insurance and compliance plan
Historic liabilities	Preserve project-company and security recourse	Retain accrued claims and remedies	Liability schedule	Claims, deductions and contract balances
Service interruption	Fund continuity and urgent work	Emergency intervention and statutory powers	Incident command and handover	Safety, output and restoration evidence
Failed rescue	Step out or complete substitution	Proceed to termination and continuity plan	Coordinated transition	Recovery comparison and closing record

Allocation depends on the project agreement, direct agreement, financing structure, legal framework and service urgency.

31. TEST INSOLVENCY-LAW COMPATIBILITY

Contractual step-in may be affected by moratoria, administrator powers, avoidance rules or restrictions on ipso facto termination. Local counsel should map the practical route and identify any required legislative authority.

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32. TEST COMPETITION AND OWNERSHIP CONTROLS

A proposed substitute may require merger, foreign-investment, utility or national-security approval. Timelines should be integrated into the cure plan and alternative nominees maintained where concentration or control concerns are plausible.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

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33. MAINTAIN ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Step-in does not suspend environmental and social duties. The nominee should continue the management system, monitoring, community engagement and corrective actions required by law, contract and financing standards.

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34. MAINTAIN INSURANCE

Property, business-interruption, liability and construction cover must remain effective during distress. The plan should fund premiums, protect loss-payee rights, notify insurers and obtain consent for material operator or ownership changes.

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35. MAINTAIN HEDGING AND MARKET ARRANGEMENTS

Interest, currency, fuel and commodity hedges can terminate on insolvency or control change. The rescue model should quantify close-out exposure and preserve or replace risk management needed for debt service.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

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36. CONTROL PROJECT ACCOUNTS

Step-in requires access to collection, operating, reserve and distribution accounts. The cash waterfall should prioritise service, safety, tax, payroll and approved cure spending before distributions.

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37. PROTECT REQUIRED RESERVES

Debt-service, maintenance and lifecycle reserves can fund continuity but should not be exhausted without a recovery plan. The revised budget should show replenishment and the point at which additional rescue capital is required.

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38. FUND WORKING CAPITAL

Utilities need chemicals, fuel, spares, labour and logistics even while contractual disputes continue. A controlled working-capital facility should be sized to the cure plan and rank clearly within the security and repayment waterfall.

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39. DEFINE SPONSOR OBLIGATIONS

Sponsors may retain completion support, equity cure, guarantees or management duties. Enforcement should not release these obligations accidentally. The rescue should distinguish value that lenders can compel from new voluntary sponsor capital.

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40. COORDINATE AUTHORITY EMERGENCY STEP-IN

An authority may need immediate operational control while lenders consider a longer rescue. The documents should allocate command, cost, access, liability and information, then sequence return or lender intervention.

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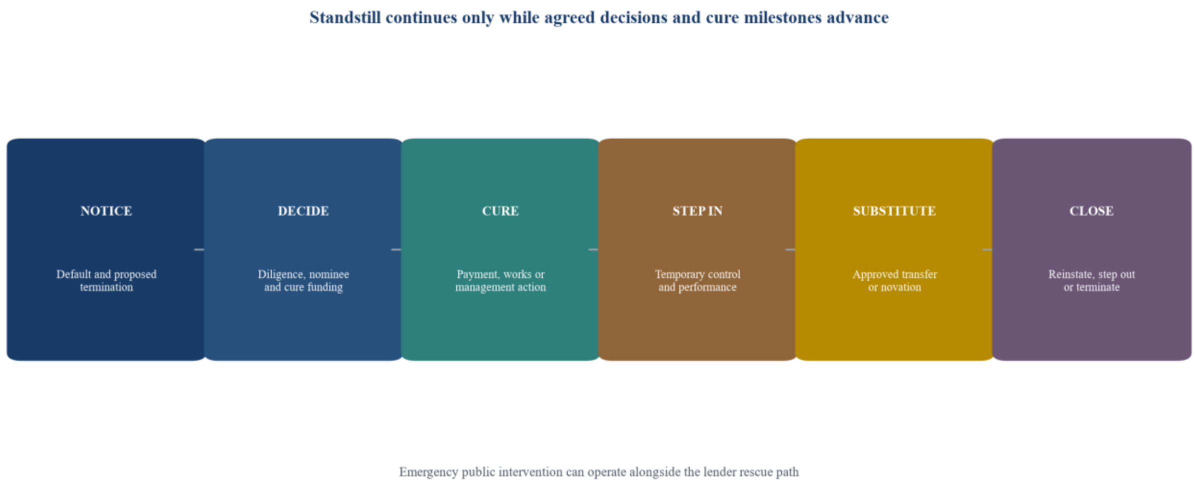

Figure 2. Illustrative lender step-in timeline

Timing is hypothetical and should be negotiated for the specific asset, default and legal framework.

41. SEQUENCE OVERLAPPING RIGHTS

Purchaser, lenders, contractors, insurers, regulators and insolvency officers may each have intervention rights. A single timeline should show notice, standstill, emergency action, lender decision, cure, substitution, termination and service-contract preservation.

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The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

42. ALLOCATE LIABILITIES DURING STEP-IN

The nominee should be responsible for obligations arising from its conduct, while historic project-company liabilities remain allocated as agreed. Unlimited assumption of unknown accrued liabilities can make step-in commercially impossible.

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43. PRESERVE ACCRUED CLAIMS

Purchaser deductions and claims, lender rights against contractors and project-company rights should survive as specified. The rescue should not erase accountability for past breach or allow duplicate recovery.

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44. DESIGN A WORKABLE STEP-OUT

Temporary control should end when cure succeeds, a substitute assumes the project or lenders withdraw. The notice, handover, accounts, data, personnel and continuing liabilities should be defined before intervention begins.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

45. REINSTATE ORDINARY GOVERNANCE

After cure, the project should restore board authority, reporting, budgets, contractor management and distribution controls. The decision record should identify which temporary measures end and which remedial covenants continue.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

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46. EXECUTE PERMANENT NOVATION

A permanent transfer should coordinate the project agreement, financing, security, contracts, permits, land, insurance, tax and employees. Completion conditions should prevent a gap in service or legal responsibility.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

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47. MODEL LENDER RESCUE ECONOMICS

Lenders compare cure funding and recovery under continued operation with enforcement and termination proceeds. The model should include time, additional capital, priority, operating risk, termination compensation and probability-weighted recovery.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

48. SIZE CURE FUNDING

The cure budget should cover overdue amounts, urgent maintenance, contractor mobilisation, working capital, advisers, insurance, reserves and contingency. Funding should be committed before the purchaser relies on the plan.

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49. TEST DEBT-SERVICE RESILIENCE

The revised model should test delayed output, deductions, cure expenditure, interest, reserves and relief timing. Distribution lock-up and covenant waivers should remain until stable performance is demonstrated.

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50. COMPARE TERMINATION COMPENSATION

Termination can crystallise public cost and still leave lenders with a shortfall. The decision should compare debt recovery, asset condition, procurement delay and service risk under termination with the proposed rescue.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

Table 3. Hypothetical rescue and debt-recovery sensitivity

Scenario	Cure funding	Standstill period	Minimum cure-period DSCR	Estimated continued-operation debt recovery	Estimated termination debt recovery	Decision implication
Monetary cure and reserve refill	18	30 days	1.18x	96%	74%	Fund promptly and retain enhanced monitoring
O&M replacement	42	120 days	1.05x	89%	66%	Nominee and working capital are critical
Construction completion rescue	95	240 days	0.82x	83%	51%	Requires committed completion funding
Cyber-control restoration	26	75 days	1.00x	91%	69%	Incident command and secure access bind
Failed cure followed by substitution	68	180 days	0.94x	78%	58%	Substitute readiness drives value

All values are hypothetical management assumptions in USD millions unless stated otherwise. They demonstrate method only and are not observations, forecasts or valuation conclusions.

51. PROTECT LIFECYCLE AND HANDBACK

A distressed project may defer maintenance to conserve cash. The technical plan should fund major overhauls, membrane replacement, corrosion control, spares and handback requirements before normal distributions resume.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

The governing objective is a credible rescue that preserves public service and lender value. A right that cannot be exercised under the full contract and regulatory chain does not support bankability.

52. MANAGE EMPLOYEES AND STAKEHOLDERS

A rescue can destabilise management, operators, suppliers and communities. Communications should preserve essential personnel, explain authority and maintain confidentiality while avoiding unsupported assurances.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

A practical review asks what must be cured, who can lawfully act, how essential service continues, what capital is committed and which outcome produces the strongest risk-adjusted recovery.

53. BUILD THE EVIDENCE FILE

The file should contain notices, defaults, contracts, permits, models, technical reports, cure options, funding commitments, nominee diligence, approvals and minutes. Every extension or waiver should have a documented basis.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

54. USE INDEPENDENT REVIEW

Independent legal, technical and financial advisers should test entitlement, feasibility, cost and recovery. Their scope should be precise and conflicts disclosed. Final accountability remains with authorised parties.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

The governing objective is a credible rescue that preserves public service and lender value. A right that cannot be exercised under the full contract and regulatory chain does not support bankability.

55. RESOLVE DISPUTES WITHOUT PARALYSING SERVICE

The direct agreement can escalate disputes through senior representatives, expert determination and arbitration or court. Interim performance, access, payment and safety obligations should continue while disputed issues are decided.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

A practical review asks what must be cured, who can lawfully act, how essential service continues, what capital is committed and which outcome produces the strongest risk-adjusted recovery.

56. RUN THE LEGAL GATE

The first gate confirms enforceable step-in authority, notice, standstill, security, permits, procurement and insolvency compatibility. Unresolved legal conditions should be recorded before lenders rely on the right.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

57. RUN THE OPERATIONAL GATE

The second gate validates the nominee, cure plan, service continuity, safety, environmental compliance, contractors, people and timeline. The plan should be executable from the first day of intervention.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

The governing objective is a credible rescue that preserves public service and lender value. A right that cannot be exercised under the full contract and regulatory chain does not support bankability.

58. RUN THE FUNDING AND RECOVERY GATE

The third gate confirms committed cure capital, cash waterfall, reserves, debt-service effect and comparison with termination recovery. The finance parties should approve the complete downside case.

The working file should reconcile the project agreement, direct agreement, financing, security, permits and critical subcontracts. Each conclusion should identify the governing clause, responsible party and decision deadline.

A practical review asks what must be cured, who can lawfully act, how essential service continues, what capital is committed and which outcome produces the strongest risk-adjusted recovery.

59. RUN THE PUBLIC-VALUE GATE

The fourth gate tests service, fiscal exposure, accountability, procurement integrity and stakeholder consequences. Relief should preserve the original risk allocation except where a documented amendment is required.

The assessment should distinguish legal entitlement, operational feasibility and financial capacity. Purchaser, lenders and advisers should use the same default chronology and performance evidence.

The parties should translate the issue into a dated intervention plan with named owners, dependencies and evidence. Extensions should follow demonstrated progress rather than an open-ended standstill.

60. ADOPT THE DECISION RECORD AND 90-DAY PLAN

The final gate converts rights into action. The record should state default, notices, authority, nominee, cure, funding, liabilities, conditions, milestones, step-out or substitution, and the route if rescue fails.

The decision should be documented before rights expire or service deteriorates. Conditions should address notice, access, interim performance, funding, liability, approvals and reporting.

The governing objective is a credible rescue that preserves public service and lender value. A right that cannot be exercised under the full contract and regulatory chain does not support bankability.

Table 4. Illustrative 90-day step-in readiness plan

Period	Workstream	Core actions	Decision output	Accountable owner
Days 1-15	Preserve rights	Validate notices; map defaults, standstill, security, permits and emergency powers	Confirmed intervention perimeter	Purchaser, security trustee and counsel
Days 16-30	Diagnose and stabilise	Protect service; inspect asset; reconcile contracts, cash, people and suppliers	Stabilisation and cure options	Technical adviser and project management
Days 31-45	Nominee and funding	Diligence operator; commit cure and working capital; test insurance	Executable temporary step-in plan	Lenders and restructuring adviser
Days 46-60	Approvals and documents	Obtain purchaser, regulator, procurement, ownership and lender approvals	Signed intervention documentation	Transaction counsel and authorities
Days 61-75	Implement cure	Mobilise operator; fund works; manage accounts, contractors and reporting	Verified milestone performance	Nominee and independent engineer
Days 76-90	Select end state	Reinstate, continue step-in, substitute or terminate; complete handover record	Approved recovery path	Project board and finance parties

Timing is indicative and should be adapted to the default, urgency, consent process and legal framework.

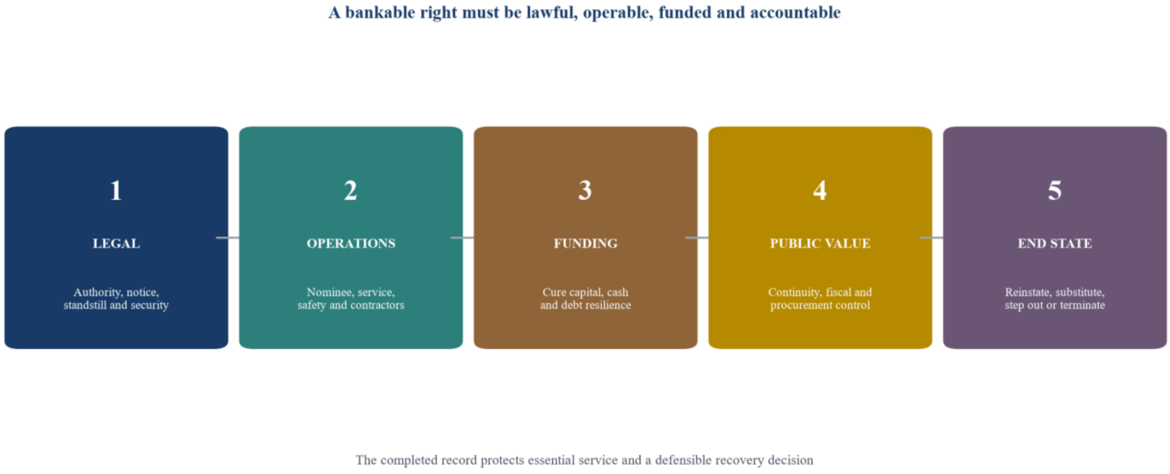

Figure 3. Five gates for an executable lender step-in regime

Each gate requires documented evidence before the rescue advances.

The framework converts an abstract financing protection into a controlled rescue pathway. It gives lenders a realistic period to preserve a viable project while protecting the purchaser's service, safety, procurement and accountability requirements.

Execution quality depends on preparation before distress. The direct agreement, permits, security, subcontracts, nominee criteria, cure funding and decision timeline should be tested at financial close and maintained throughout operations.

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His career spans Morgan Stanley, HSBC, Lloyds Banking Group, EWEC, ADQ portfolio companies and Emirates Growth Fund, across TMT, real estate, fintech, deeptech, cleantech, infrastructure and energy. He has partnered with C-suite leaders, private equity and venture funds, sovereign wealth funds and family offices to finance complex fund raises and scale-up ventures, and has led M&A due diligence, post-merger integration and business-transformation initiatives to create value.

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