

Swedish Experience with PPP

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Swedish PPP-experience

National level:	Arlanda Express, started to operate 1999.
Municipal level:	96 out of Sweden's 290 municipalities have PPP-projects ranging in project-size from <\$1 million to > \$ 10 million. Mainly to build sport and cultural facilities.
Current plans:	4 or 5 new roads. Each project worth around \$ 150 million and get of the ground by 2009.

Arlanda Express

- **22 km fast-track railway link between Arlanda Airport and Stockholm Central Railway Station**
- **each trip takes 20 minutes, 4-6 departures per hour**
- **tickets one way cost between 25-35 \$, project company decides price**
- **construction contract awarded to Swedish-British project company, A-train AB, 1993**
- **began to operate 1999**
- **1999 assets transferred to government, project company leases based on an exclusive concession until 2040**
- **total original project cost \$ 600 million**
- **first railway built with private money in 100 years**
- **3 million travellers per year**
- **40 % of total travellers**
- **other travellers use bus, taxi or private vehicle**
- **2004 100% of shares acquired by Macquarie Group**

Unique Characteristics

- private project company bears responsibility for all construction and current management of everything, from tracks to stations
- government's only responsibility is to operate traffic "control tower"
- assets belonging to the project company intersect with national railway system
- project company assumes all market risks

Some Very Positive Experience

- type of project where PPP is a very suitable model
- highly efficient and transparent competitive procurement
- contract completed in less than one year
- one government entity was assigned with well defined responsibility to handle the procurement

Some More Complicated Experience

- to much risk transferred to project company
- because it bears all risks no open books
- no way for outsiders to asses cost efficiency
- exogenous shock could seriously jeopardize profitability
- company almost bankrupt 5 years ago

END OF PRESENTATION

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ON PETER STEIN

Current Position:	CEO, Stein Brothers AB. Economic consultant based in Stockholm.
Academic Education:	Stockholm School of Economics. Specialised in international economics. Fluent in English and French.
Swedish private sector clients:	Large Swedish multinational corporations.
Swedish public sector clients:	Expert consultant on issues dealing with private-public partnerships to 3 government commissions.
International consultant:	Long-time expert on interplay between private and public sector. Secretary of Privatization Task Force of International Chamber of Commerce (ICC). Working with OECD on regulatory affairs in the 1990s. Frequent lecturer around the world.