



ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

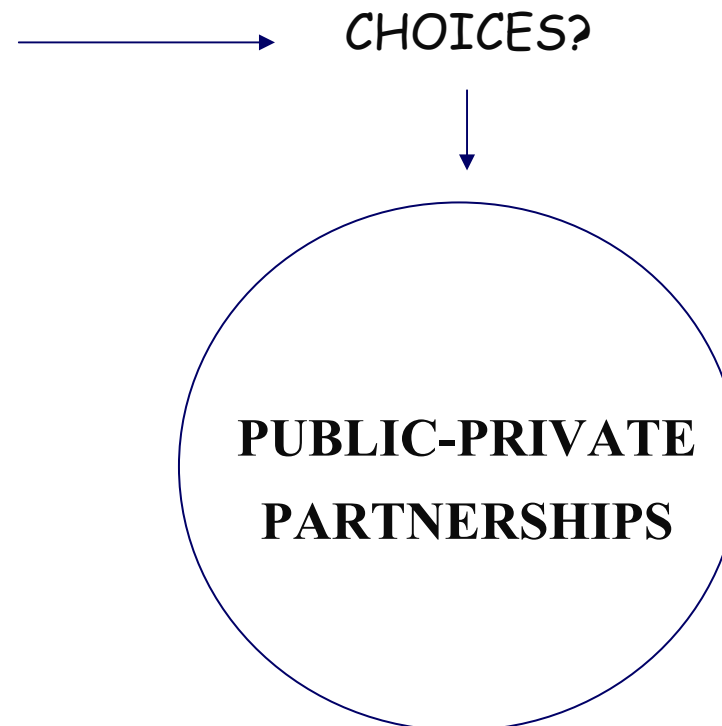


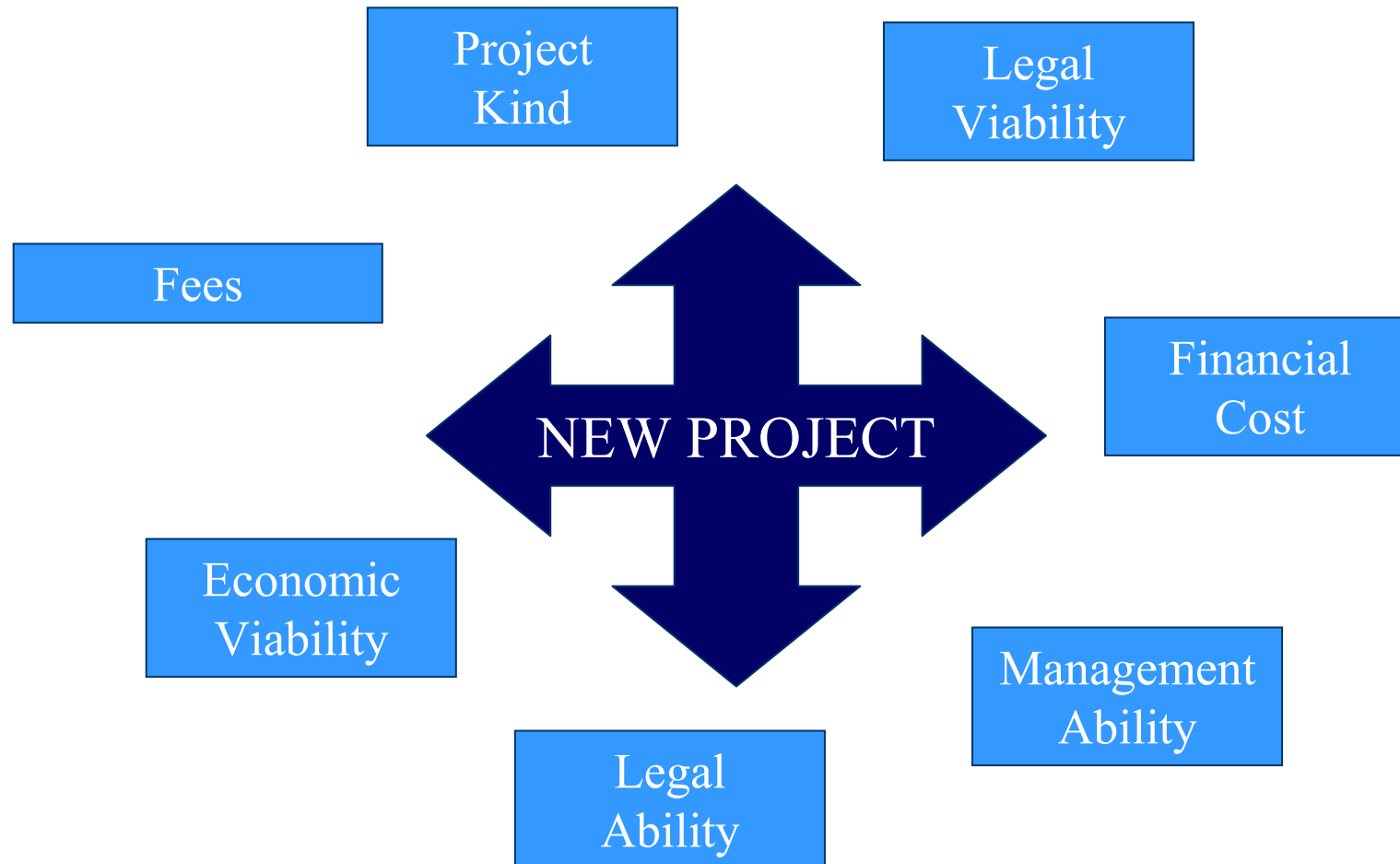
ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

SYMPOSIUM ON AGENCIES AND PUBLIC PRIVATE PARTNERSHIPS

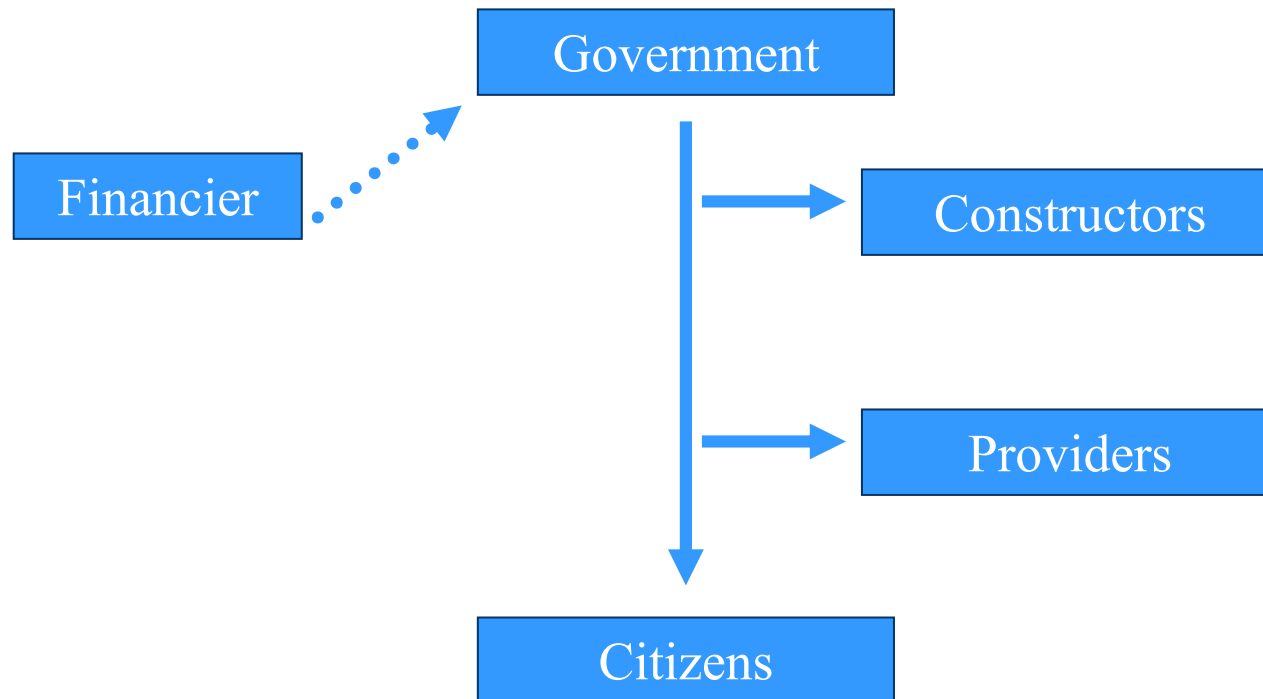
Madrid, 5-7 July 2006

- Effort to improve the Government efficiency
- The people request the improvement of public services
- High tax level
- Public Debt restrictions (legal and budget restrictions)



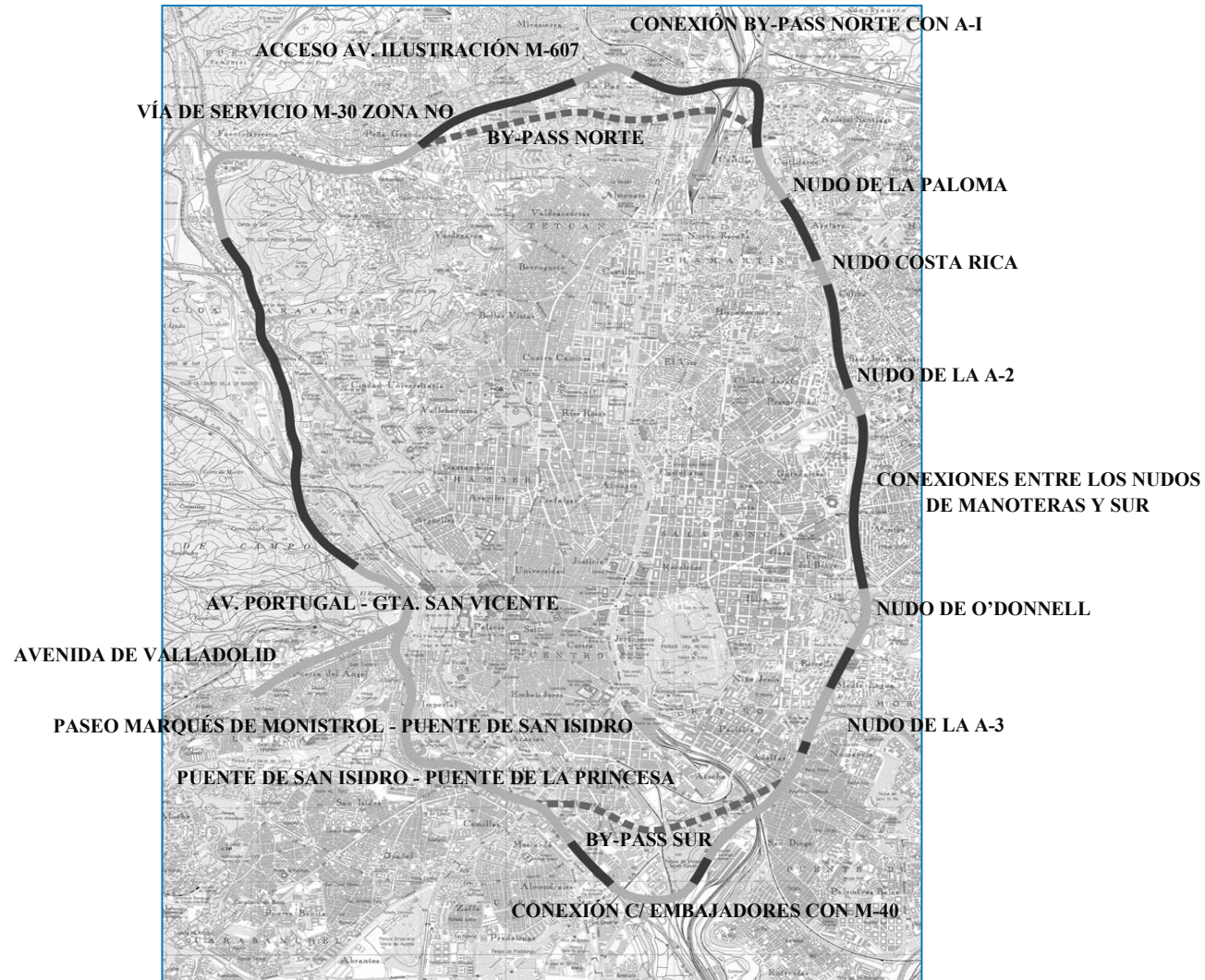


Traditional Structure



New Models

- Concessions
- Management mandate
- Build and delivery
- Operating lease
- Public-private partnerships (joint venture)



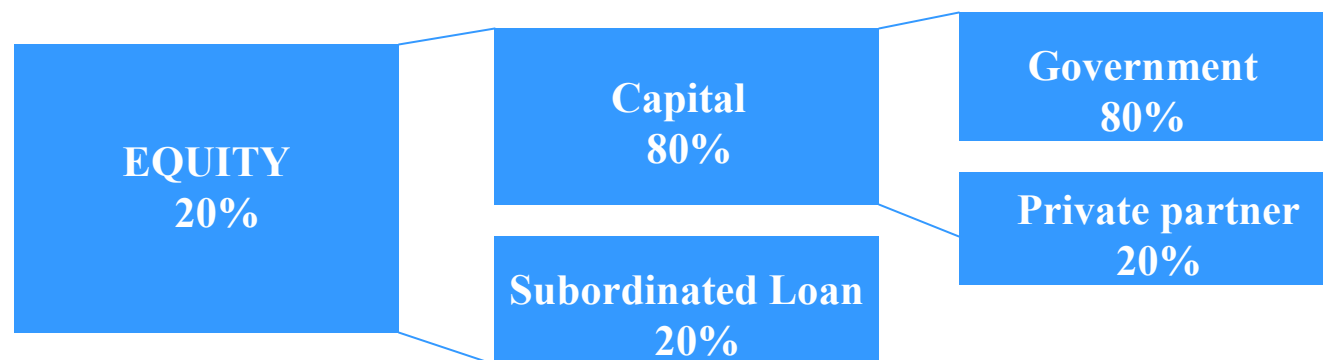
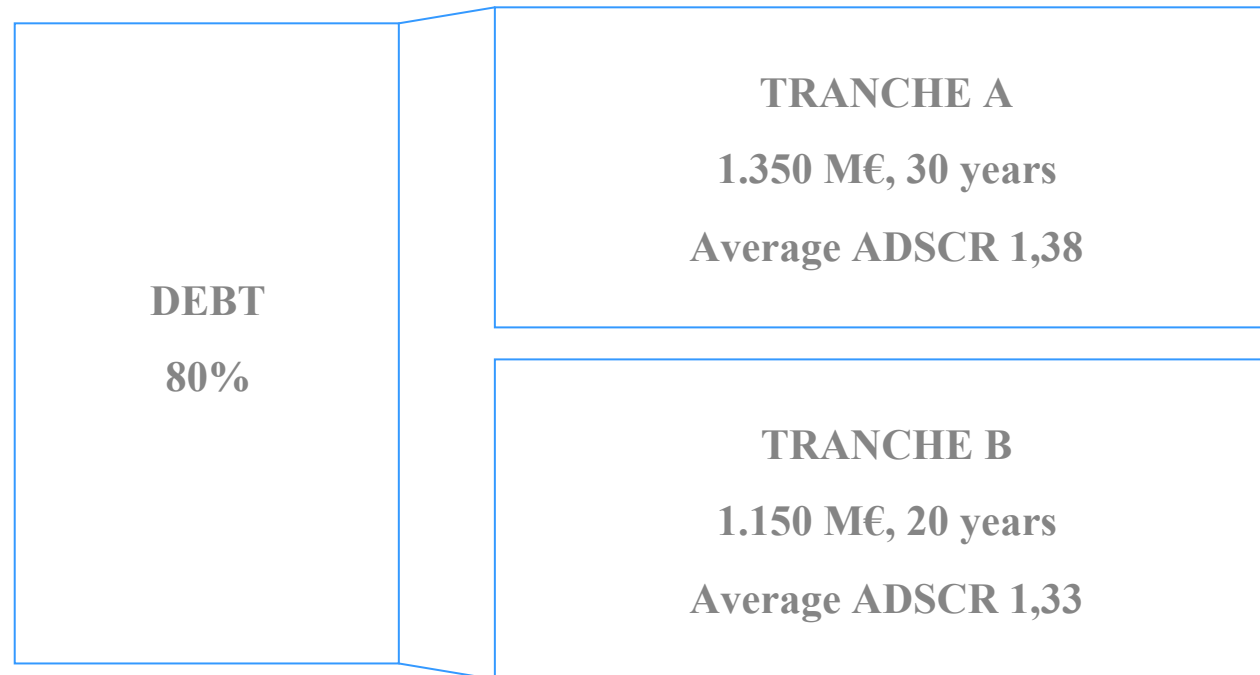
- PCAP and PPT (legal and technical framework) and business case definition.
- Private partner profile:
 - Up to three individual partners
 - Economic and technical solvency
- The bid
 - Technical: Technical offer (management of infrastructure, personnel, material resources, ...)
 - Economics: Business case, with 4 keys
- Financial covenants

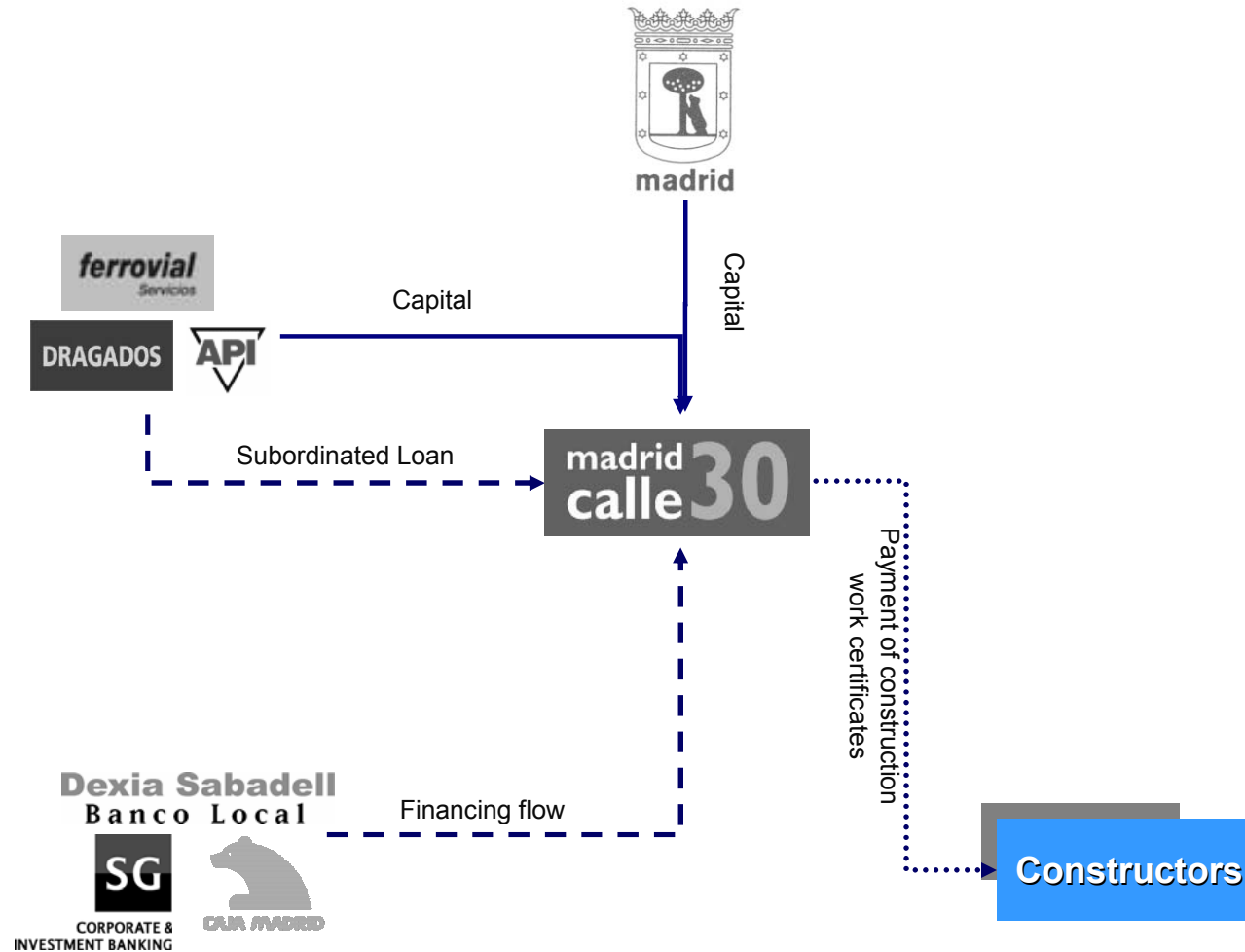
Basic Model (I)

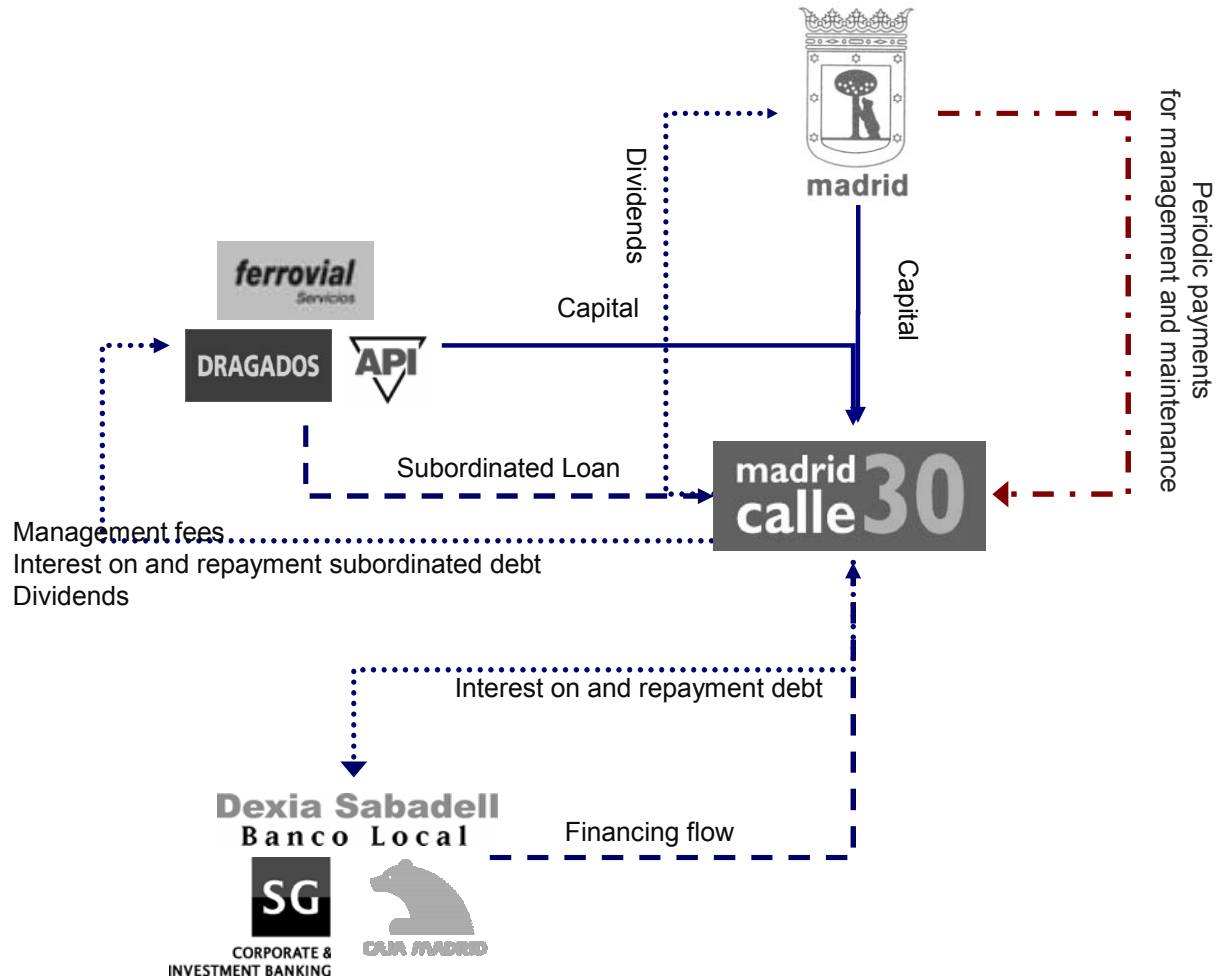
- Madrid Calle 30 serves ring road operating and maintenance services, after the construction work has been put out for public tender.
- Governments payments depend on the effective degree of availability, Madrid Calle 30 must observe the required quality standards reflected in performance indicators mentioned in the contract .
- Revenues from constructions, management and maintenance:
 - Basic Tranche (semi-fixed): contract
 - Additional Tranche (variable): offered by the private partner (quality and availability).
- Madrid Calle 30 carries out the construction risk and availability risk:
 - Default on the service obligations → Penalties for inadequate performance

Basic Model (II)

- Private partner role
 - Contribute operating and maintenance service (back to back)
 - Share equity: capital and subordinated financing
- In exchange for
 - Management fees (back to back)
 - Dividends
 - Interest on the subordinated loan
- Life of Madrid Calle 30: 35 years (2040), with a put and call options about private capital after 20 years (2025)







Model advantages

- Reduction in project cost → Reduction in government payment
- Share integral management with a private partner, with wide experience and know-how in roads.
- Direct supervision private partner works.
- Madrid Calle 30 bears the construction risk and the availability risk.
- The remuneration are the result of a competitive process, attended by numerous bidders and consequently governed by pure market forces.