



ROAD FINANCING Public Private Partnership

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THE STRATEGIC PLAN FOR INFRASTRUCTURE

The Strategic Plan for Infrastructure and Transport (PEIT – in its Spanish initials) is the instrument by which the Spanish Government provides a framework for its medium-term activity and assumes public responsibility for the development of its policies.

TRANSPORT INFRASTRUCTURE NETWORKS IN SPAIN

I. STATE ROAD NETWORK

- 25,000 km (8,700 km high capacity)
- Radial nature of Network
- Persistent accessibility deficit

II. STATE GENERAL INTEREST RAIL NETWORK

- Notable differences in standards (quality and safety) between different lines.
- Existence of sections and lines with light traffic
- Width difference with respect to rest of Europe



PEIT TIMETABLE

I. Phase 2005-2008

II. Phase 2009-2012

III. Phase 2013-2020

FINANCIAL ESTIMATES FOR PEIT ACTIVITIES 2005-2020

ACTIVITY	AMOUNT € MILLIONS	% TOTAL INVESTMENT
Railroads	108,760	43.70%
Roads	62,785	25.23%
Ports	23,460	9.43%
Airports	15,700	6.31%
Intermodal Transport	3,620	1.45%
Urban Transport	32,527	13.07%
R&D&I	2,040	0.82%
Total	248,892	100.00%

PEIT STRATEGY FOR SYSTEM FINANCING

- ❑ Maintain investment stability, in line with budget stability objective.
- ❑ Budget financing to represent approximately 60% of overall plan investment.
- ❑ Direct and deferred investment to meet development timescale objectives.
- ❑ Increase in private sector participation through PPP formulae.

SOURCE OF FUNDS FOR FINANCING PEIT OVERLAND TRANSPORT INFRASTRUCTURE

	PEIT Investment	Non-Budget Investment	Total Non-Budget Investment
Roads	€62,785 M	26%	€16,324 M
Railroads	€108,760 M	18.6 %	€20,229 M
		<u>Total</u>	<u>€36,553 M</u>

The Public Overland Transport Infrastructure Company (SEITT)

- SEITT is a Commercial State Company whose objective is to promote and develop overland transport infrastructure throughout the state.
- Created by Council of Ministers Resolution 29 July 2005 and registered 30 November 2005
- Its legal status is that of Limited Company and it is a wholly owned State Company belonging to The Ministry of the Economy and Taxation.
- It is managed under the auspices of The Ministry of Fomento (Spanish ministry with responsibility for public works)
- Both ministries have equal representation on the Board of Directors.
- It is presided over by the General Secretary of Infrastructure

SEITT ROLE IN PRIVATE FINANCING OF OVERLAND INFRASTRUCTURE

I. SEITT OBJECTIVE

“Planning, construction, maintenance, exploitation and promotion of state-owned transport infrastructure, under the auspices of the General Administration of the State and within the legal framework of established activity mandates.”.

II. ACTIVITY MANDATE

- To organise cooperation agreements with Public Administrations.
- To participate in State and private companies in the exercise of its activities, as a joint capital investor or by other means.

SEITT ROLE(general scope)

- General scope – support as a unit of experts
 - Sectors and project types most suitable for PPP development
 - Recommendation of specific potential projects to be analysed (PEIT financial planning)
 - Analysis of specific projects to assess efficiency potential or suitability for development as PPP (Value for Money-VfM)
 - Analysis of specific projects which might generate non-budget revenue (feasible or “definitely feasible”)

SEITT ROLE (general scope - continued)

- Participation/leadership in design of conventional PPP structures (efficiency maximisation and VfM), through:
 - ✓ Definition of assessment and selection processes
 - ✓ Support in selection process
 - ✓ Selection / awarding
- Management of public resources to be provided for financial support of PPPs

SEITT ROLE (general scope - continued)

- Ensuring contractor compliance with contractual obligations
- Support in promoting the PEIT as an investment opportunity for the private sector
- Opportunity to channel revenue from the sector into new investments

SEITT ROLE (specific scope)

- Specific scope – direct participation in specific projects
 - **In traditional contracting/financing:**
contracting by the SEITT of conventional works that facilitate:
 - ✓ Most flexible contracting framework
 - ✓ Risk Transfer
 - ✓ Speed and flexibility of administrative processes

The SEITT adds value as a supervisory unit and true project manager

SEITT ROLE (specific scope)

- **In private contracting/financing:
promoter / investor**
 - ✓ Joint investor in conventional PPPs (minority shareholding) or participative loans
 - ✓ Institutional PPP. Public sector majority shareholding

POTENTIAL ACTIVITIES FOR DEVELOPMENT OF INSTITUTIONAL PPP (I)

Requirements to be met by each activity:

- ✓ Activity identifiable in a precise way
- ✓ Clear market orientation (Non-budget revenue)
- ✓ Continuity of project type: Replicable Models

POTENTIAL ACTIVITIES FOR DEVELOPMENT OF INSTITUTIONAL PPP (II)

Activities being studied:

- ✓ New bus platforms, HOV and dedicated lanes
- ✓ Projects for rail access to ports and logistics centres
- ✓ Local Rail Projects or special infrastructure for goods transportation

POTENTIAL ACTIVITIES FOR DEVELOPMENT OF INSTITUTIONAL PPP (II) (continued)

Additionally:

- Traditional concessionary activities
- Role in future pay-per-use infrastructure system. (Application of pay-per-use ruled out in our country in short term).

AGREEMENTS ENTERED INTO TO DATE

SEITT has entered into the following agreements with the General Administration of the State:

□ AGREEMENT FOR DIRECT MANAGEMENT OF PROMOTION AND CONSTRUCTION OF CERTAIN STATE-OWNED ROADS (30 March 2006 with addenda 6 June and 15 November 2006).

- 20 activities on roads within State General Interest Road Network
- Total Investment estimated at €1,197 Million

AGREEMENTS ENTERED INTO TO DATE (continued)

- AGREEMENT FOR DIRECT MANAGEMENT OF PROMOTION AND CONSTRUCTION OF CERTAIN STATE-OWNED RAIL INFRASTRUCTURE (30 March 2006)
 - 3 activities in General Interest Rail Network
 - Total investment estimated at €302 Million

AGREEMENTS ENTERED INTO TO DATE (continued)

- AGREEMENT FOR DIRECT MANAGEMENT OF PROMOTION AND CONSTRUCTION OF CERTAIN STATE-OWNED ROAD INFRASTRUCTURE (14 December 2006)
 - 19 activities on roads within State Road Network
 - Total estimated investment: €1,154 Million

AGREEMENTS ENTERED INTO TO DATE (continued)

□ SECOND AGREEMENT FOR DIRECT MANAGEMENT BETWEEN THE GENERAL ADMINISTRATION OF THE STATE AND THE SEITT FOR THE PROMOTION AND CONSTRUCTION OF CERTAIN STATE-OWNED RAIL INFRASTRUCTURES (4 June 2007)

- Section Olmedo-Medina-Zamora
- Total forecasted investment: €369.25 Million

AGREEMENTS ENTERED INTO TO DATE (continued)

□ AGREEMENT ENTERED INTO BY THE MINISTRY OF FOMENTO, THE PUBLIC BODY FOR THE ADMINISTRATION OF RAIL INFRASTRUCTURE (ADIF) AND THE SEITT, TO CARRY OUT ACTIVITIES FOR THE IMPROVEMENT OF THE RAIL NETWORK IN CATALONIA (6 June 2007)

- 5 railroad activities in Catalonia
- Total estimated investment: €110 Million

AGREEMENTS ENTERED INTO TO DATE (continued)

□ AGREEMENT ENTERED INTO BY THE MINISTRY OF FOMENTO, THE PUBLIC BODY FOR THE ADMINISTRATION OF RAIL INFRASTRUCTURE (ADIF) AND THE SEITT, FOR THE PROMOTION OF INVESTMENT IN THE STATE-OWNED NETWORK BASED ON THE CONTRATO-PROGRAMA A.G.E.-ADIF 2007-2010 (27 June 2007)

- Different activities in the Conventional General Interest Rail Network
- Total estimated investment: €2,127.14 Million

AGREEMENTS ENTERED INTO TO DATE - SUMMARY -

	No. Activities	Budget
Roads	39	€2,351.00 M
Railroads	13 (*)	€2,908.39 M
(*)does not include numerous Conventional Network activities.	<u>Total</u>	<u>€5,259.39 M</u>

PIPELINE AGREEMENTS

□ AGREEMENT BETWEEN THE MINISTRY OF FOMENTO, THE ADIF AND THE SEITT TO DETERMINE PARAMETERS FOR THE PROMOTION AND CONSTRUCTION OF THE OURENSE-SANTIAGO STRETCH OF THE HIGH-SPEED MADRID – GALICIA LINE

- 14 activities in General Interest Rail Network
- Total estimated investment: €1,841.2 Million

PIPELINE AGREEMENTS (continued)

□ DIRECT MANAGEMENT (III) AGREEMENT BETWEEN THE GENERAL ADMINISTRATION OF THE STATE AND THE SEITT FOR THE PROMOTION OF SPECIFIC ROADWORKS ON STATE-OWNED ROADS.

- 14 activities on roads within the State Road Network
- Total estimated investment: €230 Million

PIPELINE AGREEMENTS (continued)

- A study is being carried out into the benefits of developing other agreements to serve as an activity framework for the SEITT with respect to:
 - Infrastructure development under institutional PPP schemes (as the main promoter)
 - Participating in conventional PPPs (as a joint investor)