



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE
COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION
SECOND SESSION OF THE TEAM OF SPECIALISTS ON
PUBLIC-PRIVATE PARTNERSHIPS

Crisis effect on PPP

In the water sector

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Alternative PPP Structures



PFI

- ◆ Rent and services (not public services)
- ◆ Pure financing method



BOT (type of Contract)

- ◆ Construction from green field
- ◆ Project financing combine with concession

Delegated management : Service Concession / Lease (*Affermage*)

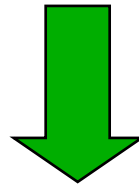


- ◆ Management of existing network / Infrastructure + financing
- ◆ Financing Risk depending on level of investment
(Construction or heavy maintenance works, refurbishment or extensions or limited to routine maintenance and replacement in case of affermage)

Service Concession

Delegated Management:
Water distribution/irrigation

Project with multiple users



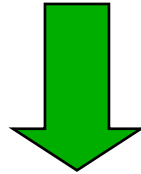
Public Tariff

BOT Type of Contracts

Financing of Infrastructure:

- IWPP/ desalination
- Waste Water Treatment Plant/recycling of water

**Project with
a sole client**



"take or pay"

(Water Purchase Agreement)

State Agency/Wholesaler

PFI in the Water Sector

- Financing technique
- No technical /operational risk
- Limited application : financing of network.
- Directly affected by financial crisis

Difficulties of Project Financing in the Water and Wastewater fields since 2003

- Lack of appetite of major players to high capitalistic investment in non highly profitable sectors.
- Lack of appetite of the lenders to all kind of risk (country risk, commercial risk,) on long term investment.
- Lack of confidence of Lenders for new operators
- Orientation toward International operator management contract

Proposed solutions in Water concession



- Reduction of risk (affermage, management contract)
- Increase local financing (Morocco)
- Possibility of mix contract for water and electricity (and other services)
- Institutional PPP (Joint Venture)
- Increase role of Multilateral Institutions
- Attract new credible investors (GE; Total....)
- Increase use of financial instruments (Guarantee funds; Partial risk guarantee)