

THE EXPERIENCE OF IXIS CIB  
in creating  
Public Private Partnership vehicles



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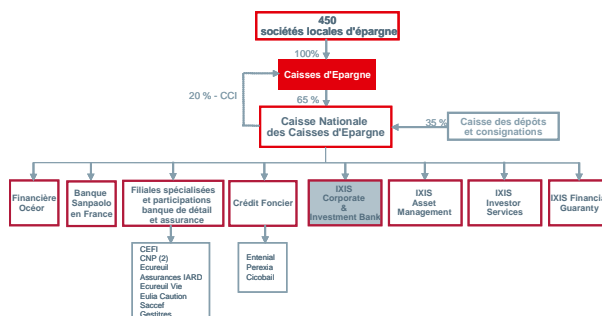
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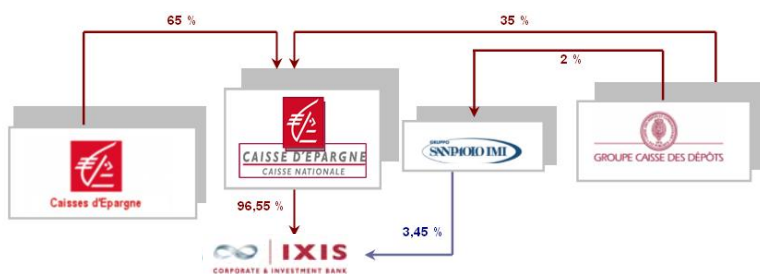
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## I. GROUPE CNCE and IXIS-CIB

## Groupe CNCE Organigramme



## IXIS CIB Organigramme



**STOP PRESS:** On May 25th it was announced that CDC will sell its 35% participation in CNCE to the CdE for €6.8bn

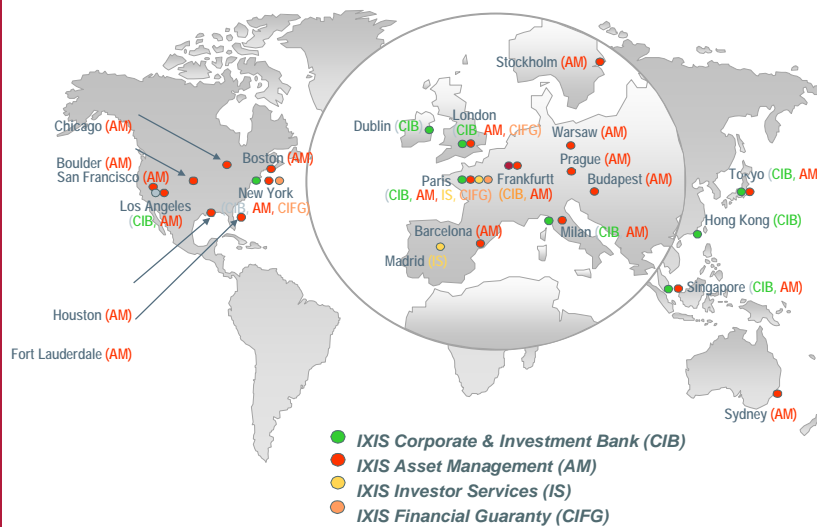
## IXIS CIB figures

### KEY DATA (2005)

	2005	2004
• Net Banking Revenues:	€1 342m [+70%]	€790m
• Net Profit:	€353m [+83%]	€193m
• Equity (31/12/05):	€5 871m	€5 622m
• Total assets:	€227bn	€207bn

Employees worldwide: 1 955

## Worldwide presence



## Investment Bank Departments

### Caisse Nationale des Caisses d'Épargne - CNCE



## II. GROUPE CNCE's expertise in PPP, PPP funds, energy, EE, CO<sub>2</sub>, municipality financing

## IXIS-CIB FINANCIAL ENGINEERING: A PROVEN EXPERIENCE IN PPP/CONCESSIONS

- CDC IXIS has strong expertise in environment, energy and transportation infrastructure
- A team of 60 professionals, providing international know-how, based in Paris and London
- In-depth knowledge of the financial markets (banks, capital markets, investors). Leading PPP initiative in France with global offers – structuring, provision of equity and of debt



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## IXIS-CIB FINANCIAL ENGINEERING: FIELDS OF EXPERTISE IN ENERGY, PPP, FUNDS, CO<sub>2</sub>

- IXIS-CIB Financial Engineering team specialised in environmental issues
  - Project financing (water, waste treatment, wind farms, ...)
- IXIS-CIB Financial Engineering structured and manages dedicated PPP funds
- Implementation of Kyoto Protocol flexible mechanisms and the European Trading System (mandated by the French Government and the EU Commission)
  - Conception and implementation of the French National GHG Registry – SERINGAS software sold to 8 countries and now handles 60% of EU ETS quotas
  - Created the first non-governmental sector Carbon Fund - ECF
  - Advised the EU on the EU ETS CO<sub>2</sub> trading scheme registry legislation

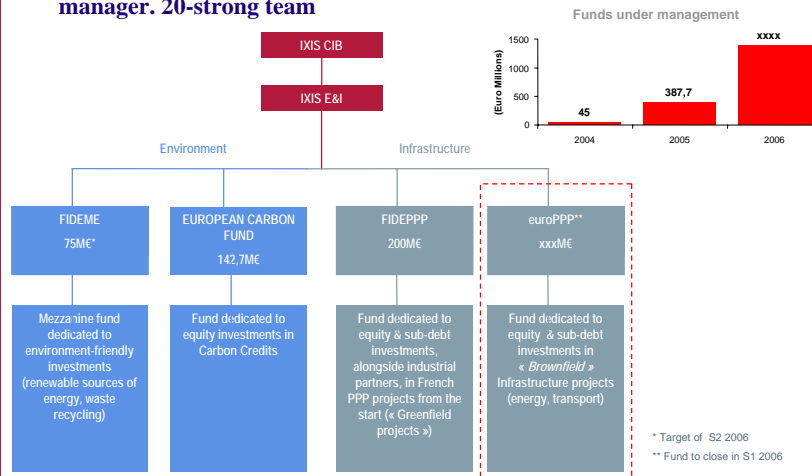


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# IXIS Environnement & Infrastructures

A leading infrastructure fund manager. 20-strong team



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## IXIS – GROUPE CNCE : FIELDS OF EXPERTISE IN ENERGY, EE, PPP, FUND MANAGEMENT, MUNICIPALITY FINANCING

- **IXIS-CIB structured the Central & Eastern European Environmental Investment Fund with EBRD and the FOGIME Fund with ADEME:**
  - **EIF:** a €22M venture capital fund investing in companies selling environmental goods and services operating in Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia
  - **FOGIME:** a guarantee fund of energy and development of renewable energy to foster SMEs' investment for the improvement of energy efficiency, construction, transport and local authorities, etc.
- **IXIS Private Equity in Europe:** over €15bn of assets managed
- **IXIS Financial Guaranty:** one of the most active credit enhancers of American local governments
- **Groupe CNCE :** >€20bn lent to French municipalities in 2005, N°2 market share



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### III. A PPP vehicle: would provide an attractive solution answering the core objectives of UNECE – EE21

UNECE



### WHY A PPP SOLUTION (1)

- **Main characteristics of energy and energy efficiency projects in Eastern European countries: smaller collective interests**
  - Economies in transition issues: difficulty attracting bank financing
  - Energy and EE needs: in the public sectors of transport and infrastructure
  - Financing provided by local commercial banks are not sufficient (short maturities)
  - Large financial institutions focus on large projects vs. smaller size for E and EE needs
  - Relatively inefficient and small equity market
  - Access to subsidies issues

## WHY A PPP SOLUTION (2)

- A PPP approach implicating the public sector throughout the financing process
  - Evaluate and build on the pipeline already created by the UNECE and UNECE Member States
  - Member States could provide part of the public tranche of the PPP fund
  - Political, legal, tax and technical support of the UNECE and the Member States
  - UNECE and Member States could catalyze the financing process
  - Provide an attractive rate to private sector investors and a low lending or equity rate to the projects thanks to the public tranche in the vehicle

## IV. Setting up and implementing the financing for a PPP vehicle

## The key steps for implementation

- **Phase 1:** Initial structuring in cooperation with potential investors
- **Phase 2:** Analyze the legal and fiscal issues
- **Phase 3:** Seek public and private investors
- **Phase 4:** Choose a fund manager

## Some key questions to which investors will want answers

- **What are the targeted investments**
- **Where are they**
- **How will they be chosen**
- **What is the political environment**
- **What is the legal environment**
- **Who will manage the fund**
- **What are the projected returns – how reliable are these**
- **What is the exit policy of the fund from its investments**
- **What is the liquidity of an investment in the fund**

## V. CONCLUSION

## Conclusions and lessons learned

- **A PPP vehicle is appropriate**
- **Links subordinated public debt and private senior funding**
- **Attracts otherwise unavailable private funding**
- **Enables public sector to receive returns absent from subsidies**
- **Permits leverage effect on public semi-equity to increase funding available for projects**
- **Rely on pan-European institutional back-up with both relevant technical and regional experience**
- **Address the important questions beforehand – not during**
- **Thorough initial structuring**

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