

Highway Concessions Chile



Ministerio de
Obras Públicas



Eduardo Abedrapo
Concessions Coordinator

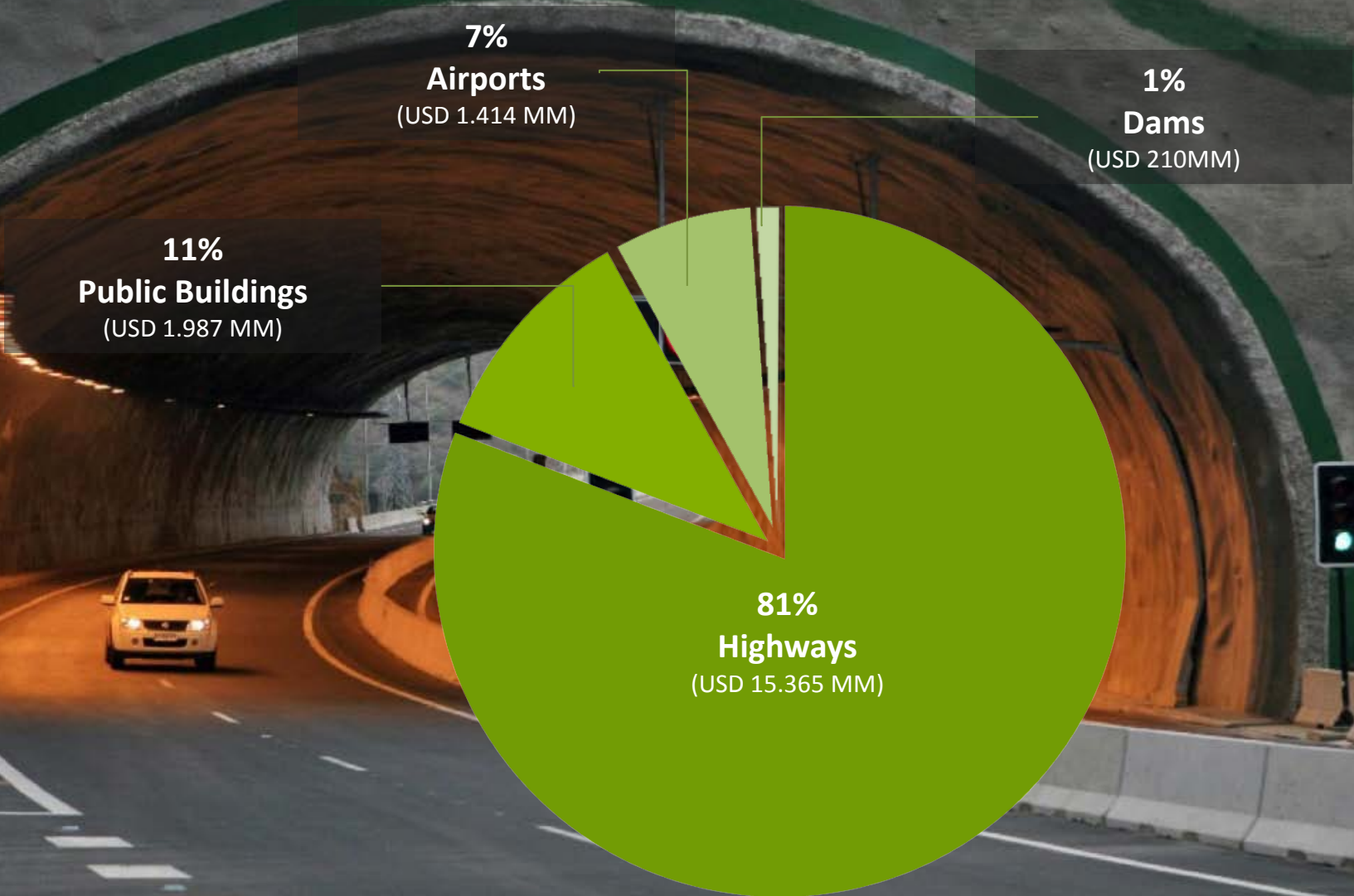
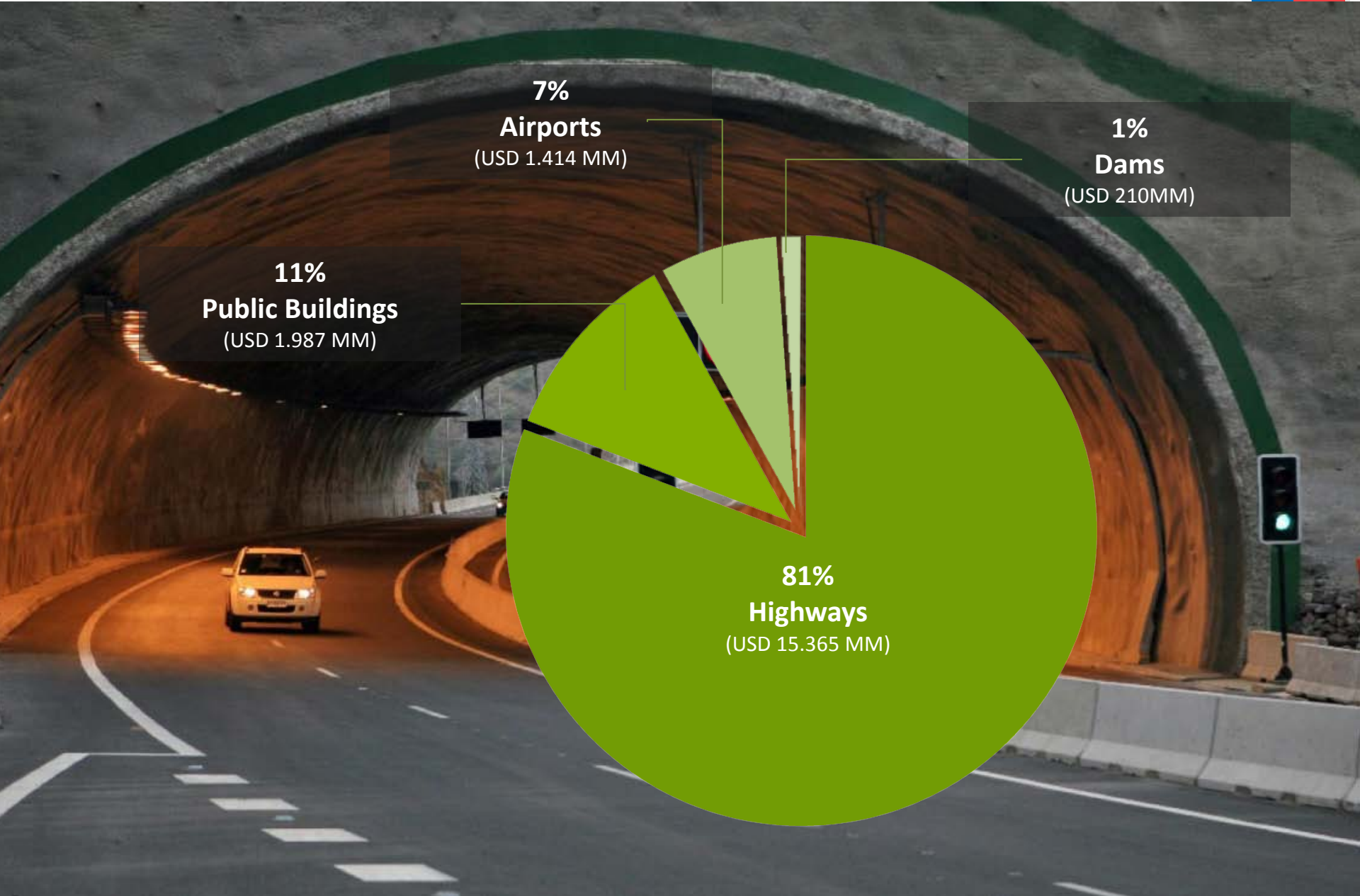
November 2016



Concessions in Chile: 20 years of experience



Total investment

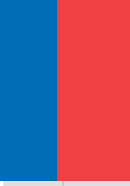




Highways under concession system

- 12 interurban Route 5 highways
- 16 interurban transversal highways
- 9 urban highways

Total: **3.575 km.** (1.991 km. Route 5)



Institutional Governance

(Check and Balance)



Concession Contract



Legal Framework:

1. Concessions Law of Public Works (D.S. MOP N° 900, de 1996) and its amendments
2. Regulation of the Concessions Law

Besides the law, each contract is ruled by a set of legal instruments:

1. Mandate agreement (if necessary)
2. Prequalification terms (if necessary)
3. Bidding terms and its clarifying circulars
4. Technical and economic bids of the successful tenderer
5. Supreme Decree of award

Highway Concession Main Aspects

Bid tender

- Open and non discriminatory process
- Sufficient asset demonstration is required
- Bid offers are received in public and transparent act
- Two stages: technical filter and economic valuation

Project finance

- Free choice of financing (currency, country, term)
- No currency insurance provided by the State

Contract award

- Freedom to form consortiums
- Special Purpose Vehicle (SPV) must be created by the winner

Guarantees to leverage financing

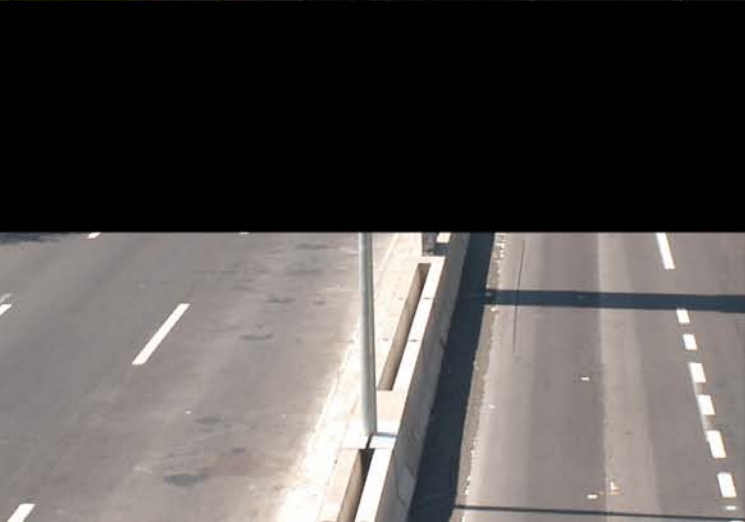
- Minimum Income Guarantee and variable term of contract (Total Income of Concession)
- Special Pledge of Public Works

Income sources

- User payments (Toll and its updates determined in tender documents)
- State payments (when necessary)



Highway Concession Main Aspects



Construction

- Referential project is provided by the authority
- Final engineering project must be developed by the concessionaire (efficiency improvement can be introduced)
- Environmental license must be accomplished by the concessionaire (risk can be limited by the authority)
- Construction must be performed by a registered company (Ministry of Public Works Register)

Contract supervision

- Supervision by the State is performed by a specially dedicated agent (Fiscal Inspector)
- Contract breach has fines associated. Serious breach can lead to early termination of the contract

Legal certainty

- Dispute resolution ad-hoc system
- Freedom for companies to leave or enter in the concessionaire's property during operation stage
- When early termination occurs, the State will pay useful investments made by the concessionaire

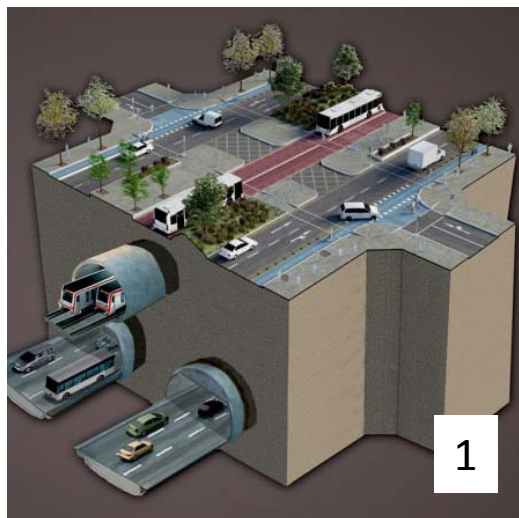


Project Pipeline

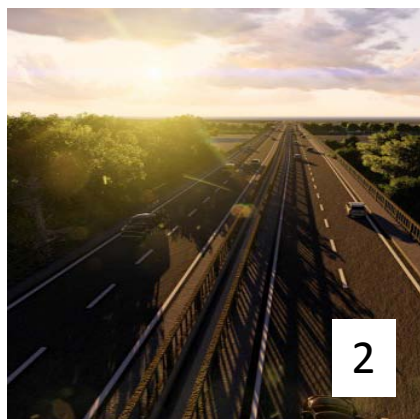


Highway Concession Pipeline 2016-2018

MM USD 2.821



	Project	Investment [MM USD]
1	Américo Vespucio Oriente II	786
2	Ruta de Nahuelbuta (*)	245
3	Rutas de Loa (*)	200
4	G-66: Camino de la Fruta	599
5	Mejoramiento G-21 (*)	92
6	Ruta 5: Los Vilos - La Serena + Conurbación	328
7	Autopista Metropolitana de Puerto Montt (*)	321
8	Conexión Vial R68 – R78 (*)	250





20 years of Concessions



Quality of living

Connectivity

Competitiveness