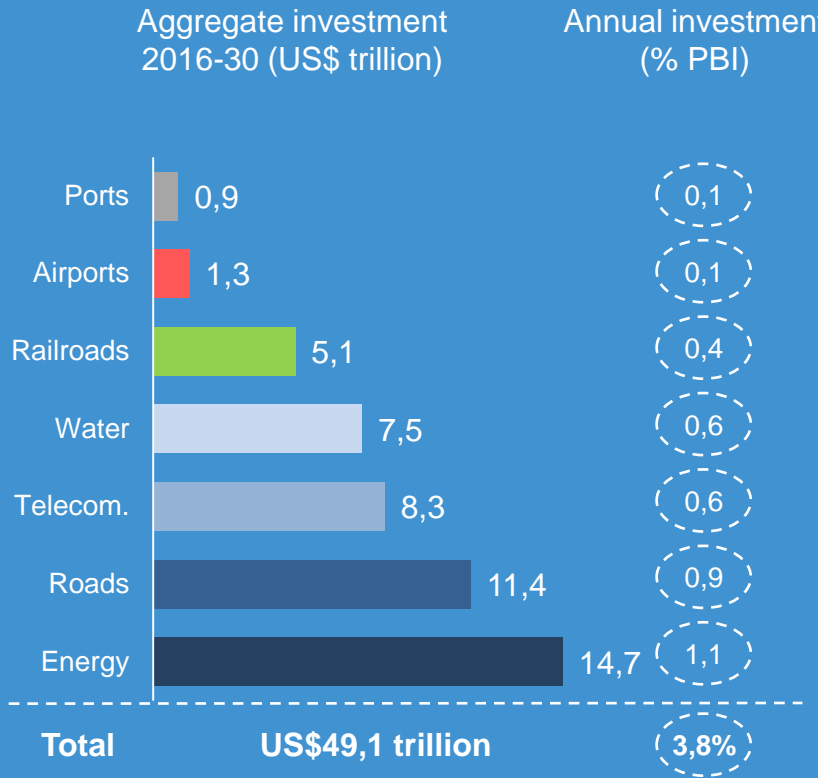
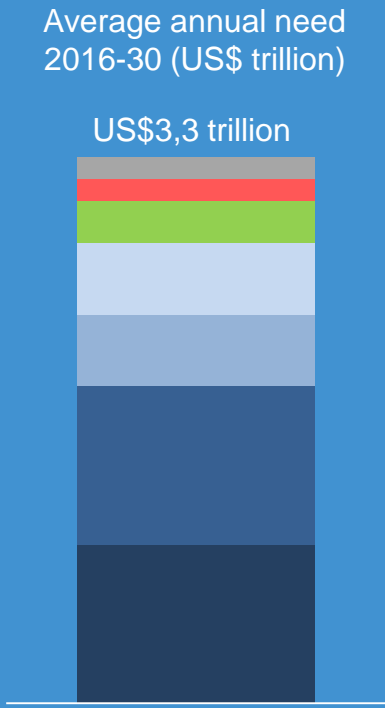
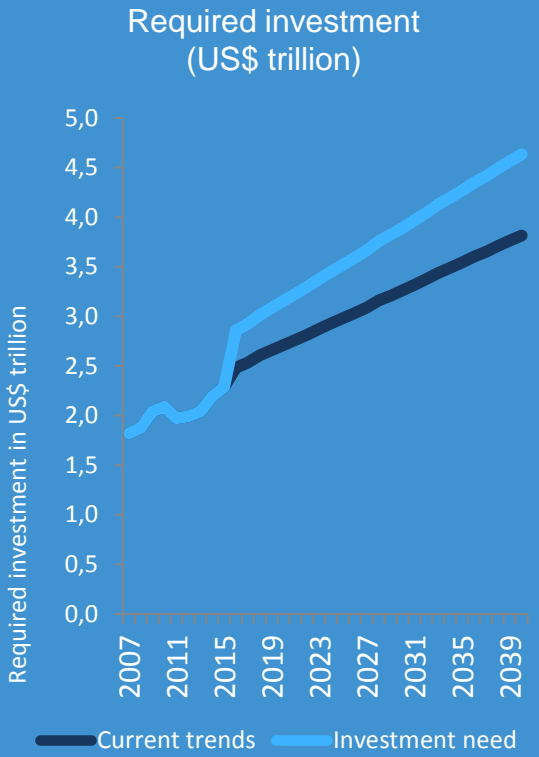


Infrastructure Funding: Argentina's PPP Plan



Presidencia de la Nación

Global infrastructure deficit



Articulating a funding system— Alternative funding

Multilateral

US\$MM

400

- Paseo del Bajo



400

- San Martín Railroad



300

- Río Salado Basin



150

- Agua Negra Tunnel



Bilateral

US\$MM

331

- Cauchari Photovoltaic Park



270

- Water and Sanitation – Belgrano Plan

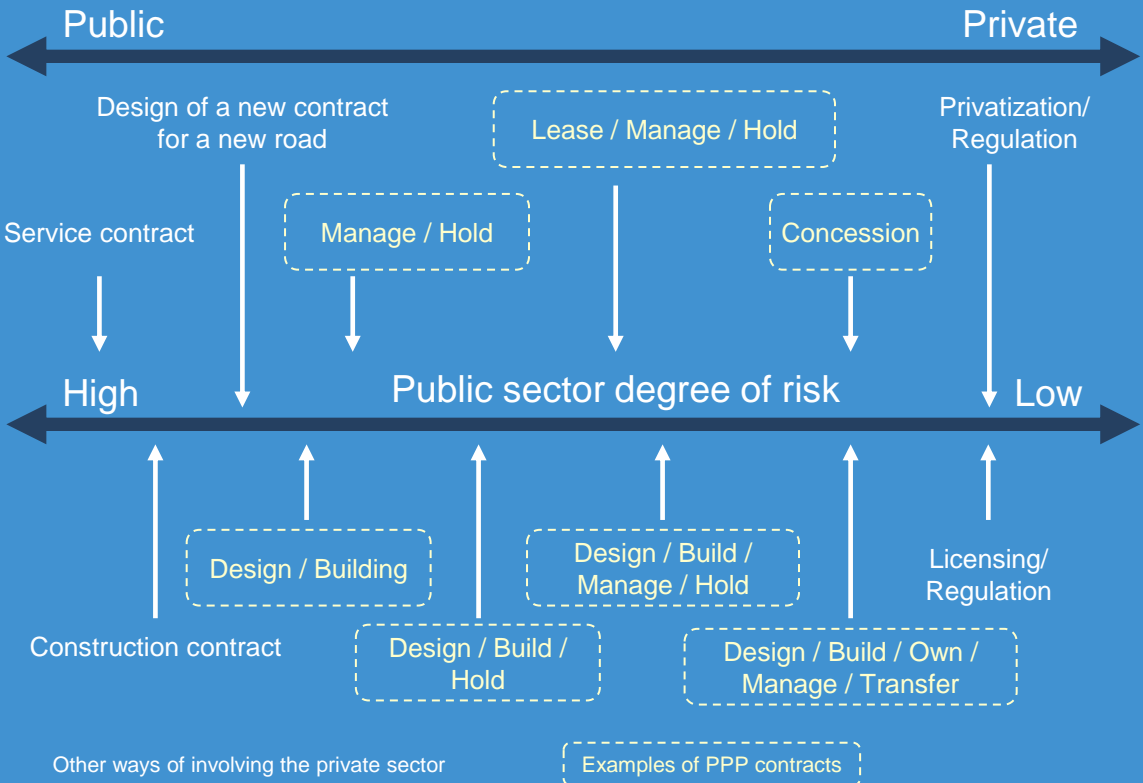


At the moment, bilateral negotiations are taking place for US\$2.500 MM of funding for infrastructure projects.



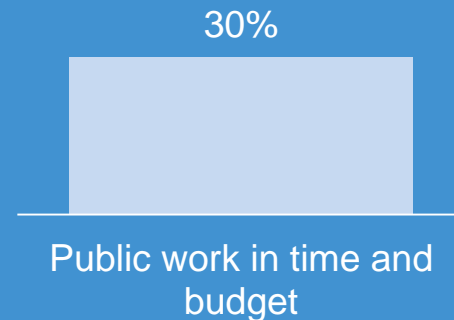
Articulating a funding system — The PPP framework

- Long term contract between a private entity and the State
- For supplying a good or a public service
- The ownership of the good always belongs to the State
- The Private contractor assumes finance and operation management's risk
- The repayment of the completed works is linked to the performance of the provided services.



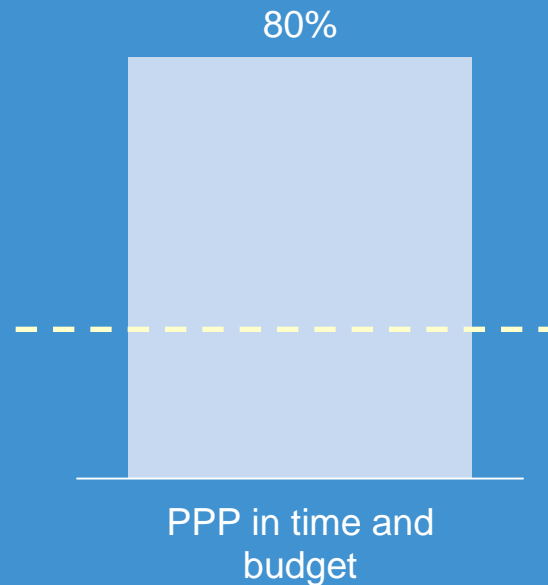
Articulating a funding system — The PPP framework

- PPP is not a new funding tool in the world
- Learning from positive experiences
- Avoid to repeat past mistakes suffered by other countries
- Optimizing resources through the PPP tool allows to make more works with the same resources



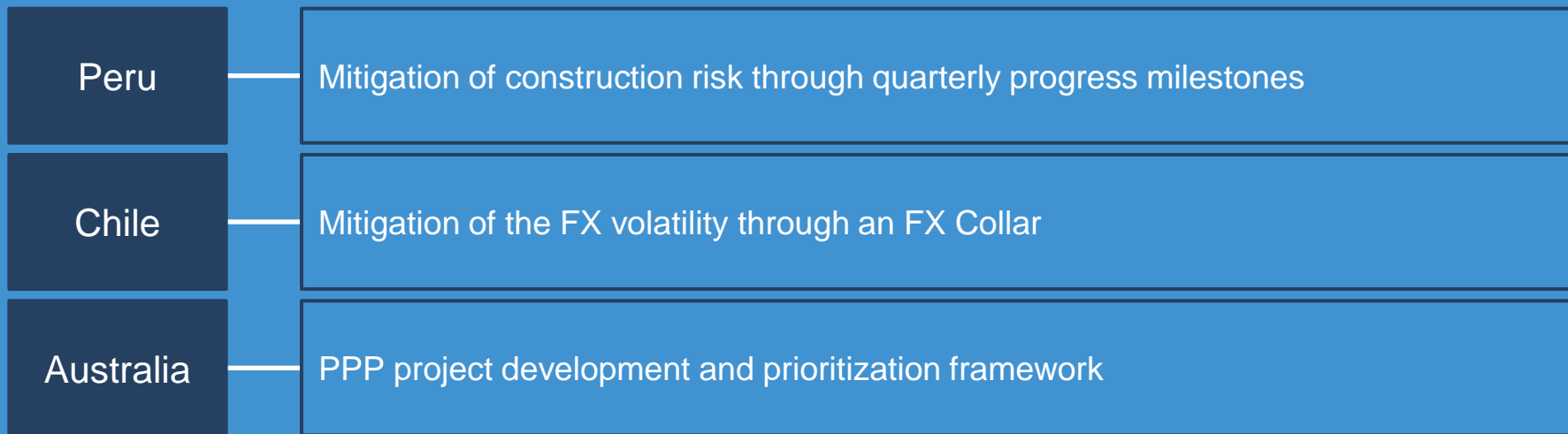
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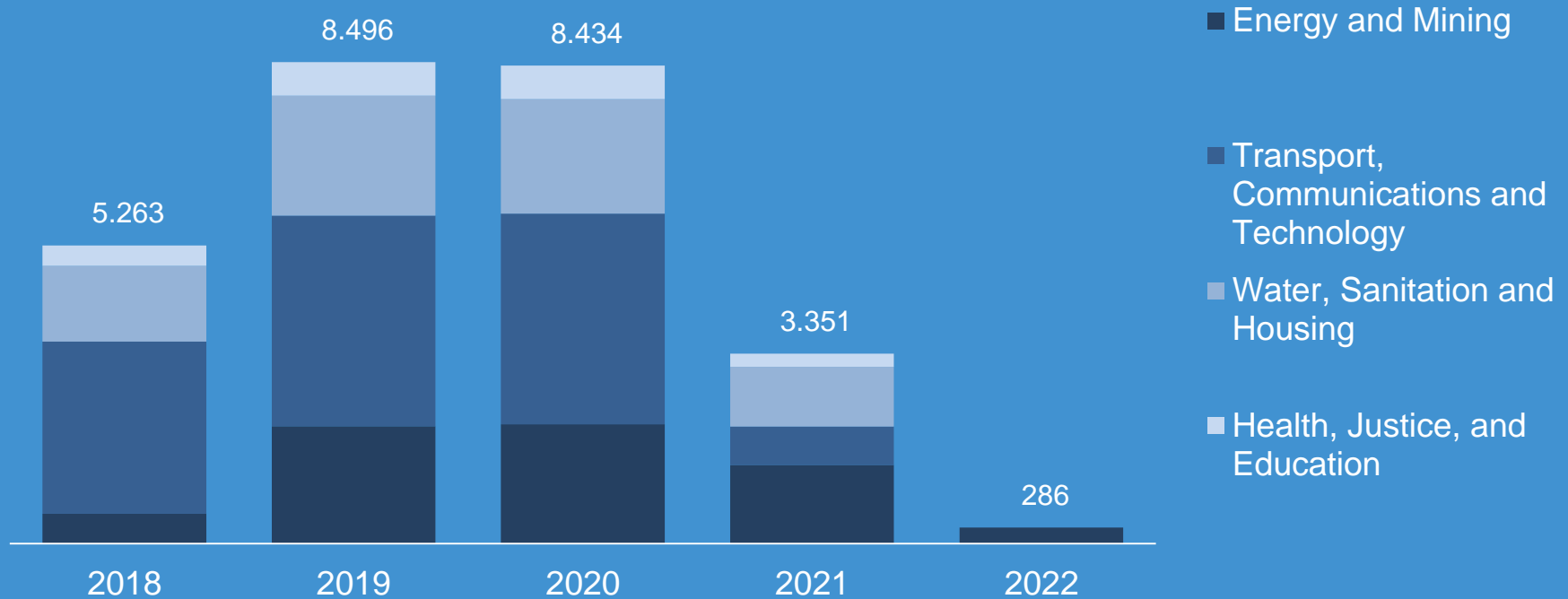
PPP framework: benefits and lessons learned

- Efficient distribution of risks between the State and the private contractor as a greater benefit of PPP
- This lowers the costs of the project compared to the public work alternative
- Lessons learned from successful cases from



60 projects accounting for US\$ 26,000 MM investment

Capex – US\$MM

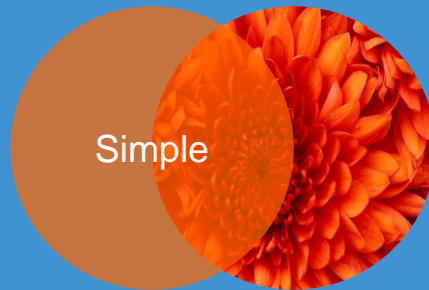
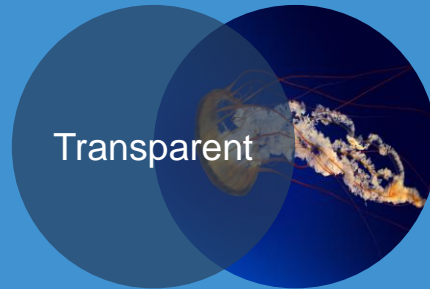


Argentina's PPP Program & Projects Pipeline



Presidencia de la Nación

Strategic pillars of the PPP program in Argentina



RenovAr as a witness case

Round	Power to be tendered MW	Offered Power MW	Awarded Power MW	Average Price U\$/MWh	Payment Guarantee MM U\$S	WB Guarantee MM U\$S
1	1.000	6.346	1.143	63	12 months	500
1.5	500	2.486	1.282	54		
2	1.200	9.401	N/A	N/A	6 months	250



How we are structured

Energy and Mining



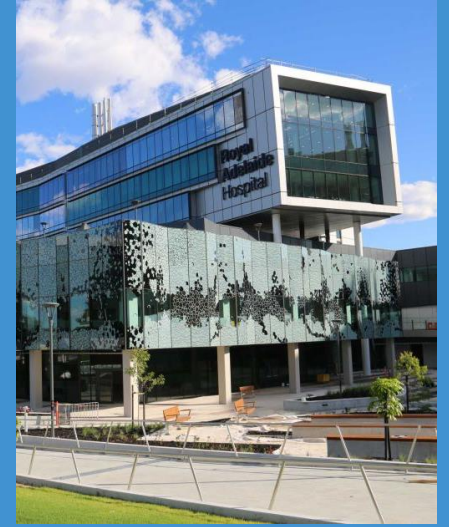
Transport,
Communications and
Technology



Water, Sanitation and
Housing



Health, Justice, and
Education



Jefatura de Gabinete
de Ministros



Presidencia de la Nación

60 Projects for a US\$ 26.000 MM investment

ENERGY AND MINING		TRANSPORT, COMMUNICATIONS AND TECHNOLOGY			EDUCATION, HEALTH, AND JUSTICE		
ENERGY EFFICIENCY	ELECTRICAL TRANSMISSION	ROADS AND HIGHWAYS	RAIL ROADS	BRIDGES AND LOGISTICS	PENITENTIARY FACILITIES	HOSPITALS	
DESCRIPTION	Public lighting replacement to LED lights	Construction of new high voltage transmission lines	Road design, construction, expansion, improvement, maintenance, operation, managing and financing	Improvement of existing tracks and construction of new tracks	Projects of bridges on the Paraná River and other projects of improvement in transport logistics	Construction or remodeling of penitentiaries in Buenos Aires	Construction or remodeling of hospitals in Buenos Aires and Neuquén
	National	More than 3.000 km in lines	More than 2.800 km in highways and 4.000 km in safe roads	685 km in railroads	2 bridges + other projects still undefined	Capacity expanded to house 9.500 inmates	170.000 m ² in hospitals
TERM	18 months	33 months	36-60 months	48 months	24-36 months	36-48 months	24-36 months
	2018Q2	2018Q1	2017Q4	2018Q1	2018Q3	2018Q1	2018Q1

60 Projects for a US\$ 26.000 MM investment

WATER, SANITATION, AND HOUSING

	WATER PIPE SYSTEMS	SEWAGE SYSTEMS	WATER TREATMENT PLANTS	WATER PURIFICATION SYSTEMS	WASTEWATER MANAGEMENT	IRRIGATION	HOUSING SOLUTIONS	
DESCRIPTION	Construction of the Río Subterráneo Norte and Norte water pipe systems	Readjustment of the sewage system in San Miguel de Tucumán and its metropolitan area	Expansion of water-treatment plant in the City of Santa Fe	Construction of purification plants in AMBA and Gran Rosario	Power generation in wastewater treatment plants	Development program of new irrigation areas	Housing Development Program (ProDeVi)	
	Benefits 6 million users	Benefits 1 million users	Benefits 520.000 users	Benefits 2 million users	Benefits 500.000 users	108.000 hectares	15.000 houses	MAGNITUDE
TERM	60 months	36 months	24 months	24 months	24 months	24 months	36-48 months	TENDER
	2018Q2	2018Q2	2018Q3	2018Q1	2018Q1	2018Q1	2018Q2	

Finance Structure of Transport PPPs



Presidencia de la Nación

Best practices for structuring a PPP project



Efficient risk allocation



Project preparation facility



Market soundings



Clear goals

Best practices for structuring a PPP project

A circular icon with a blue background and a white satellite-style image of a coastline. The text "Efficient risk allocation" is overlaid in white.

Efficient
risk
allocation

- Efficient risks allocation between the Private contractor and the State
- The risk is assumed by the part that can mitigate it at the lower cost for the structure

A circular icon with an orange background and a close-up image of a flower. The text "Project Prep. Facility" is overlaid in white.

Project
Prep.
Facility

- Project preparation through feasibility studies
- Allows to design high feasibility programs in private funding investments

A circular icon with a green background and a close-up image of a white flower. The text "Market soundings" is overlaid in white.

Market
soundings

- Early institutional communications to the market describing the tentative structure
- Feedback on how feasible of funding the structure is, for its eventual optimization

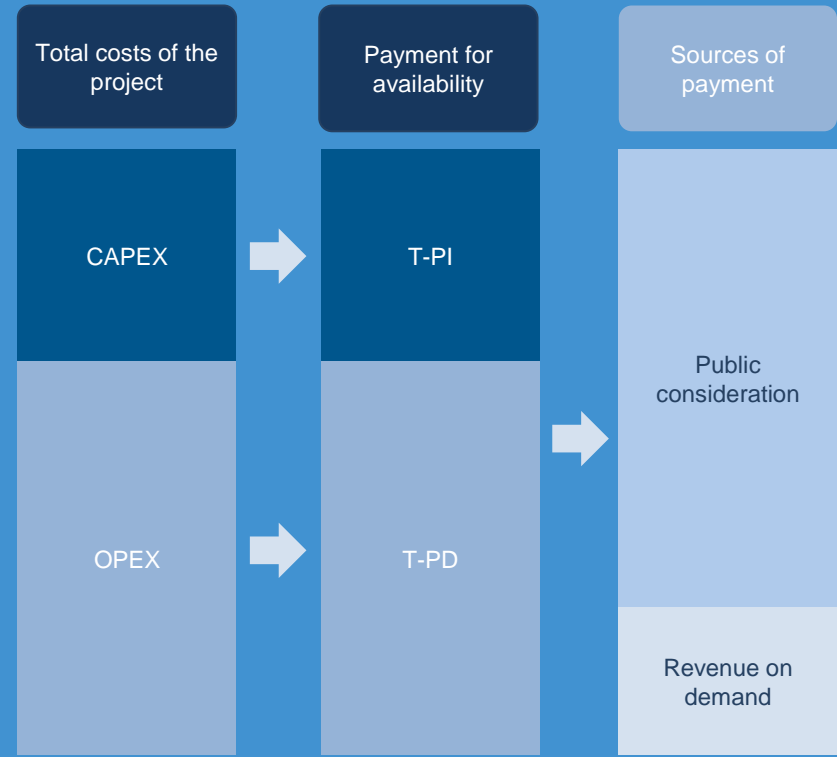
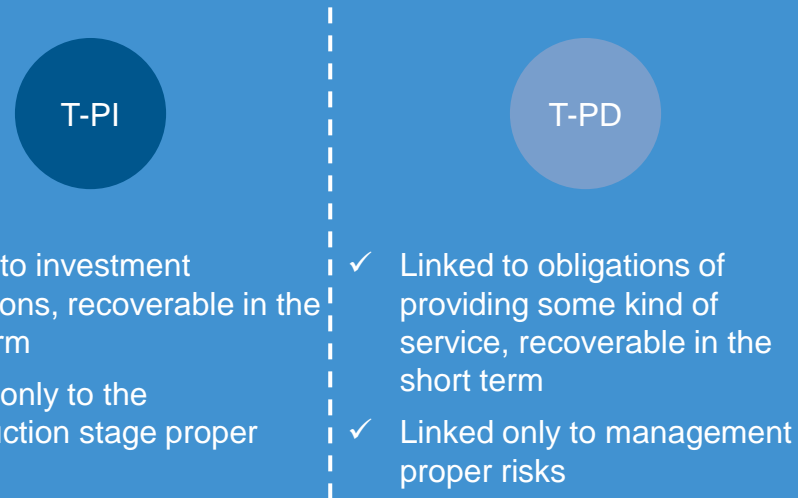
A circular icon with a purple background and a close-up image of a flower. The text "Clear goals" is overlaid in white.

Clear
goals

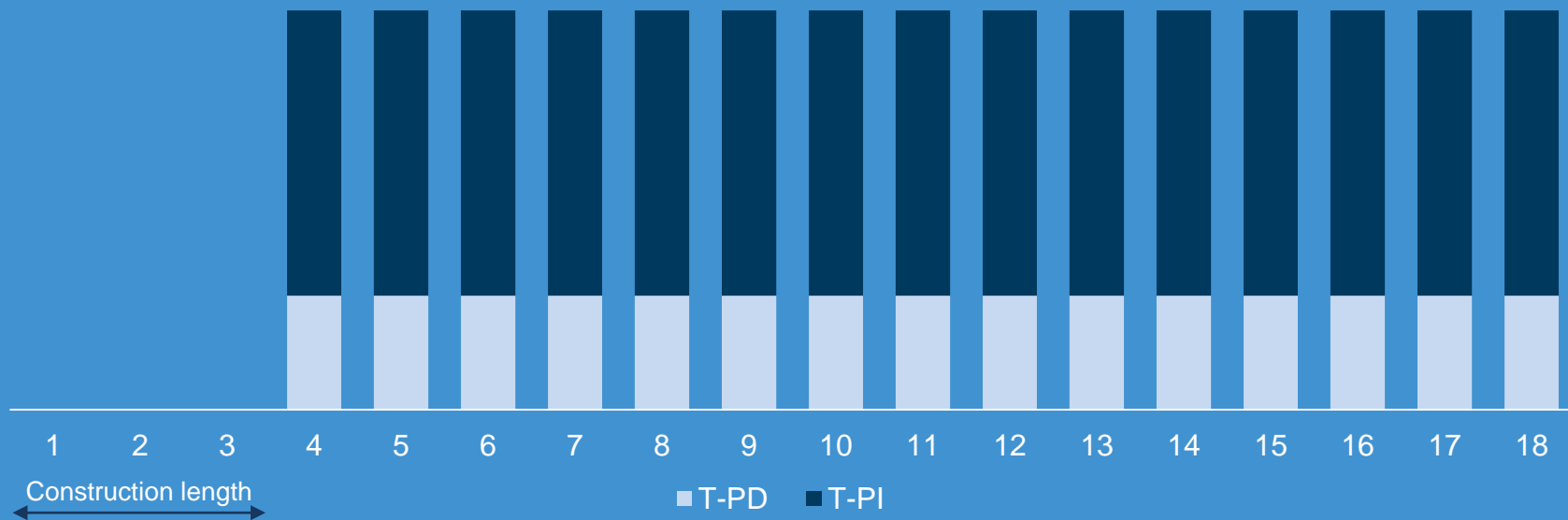
- Transparent definition about what needs to be achieved by structuring
- Design of instruments in order to add new actors and maximize competition

Best practices to mitigate construction and managing risks

- Payment of all costs incurred for the construction and management of the project
- Establishment availability payments for infrastructure and services, applying penalties in case of breaches
- Distinction between T-PI and T-PD:

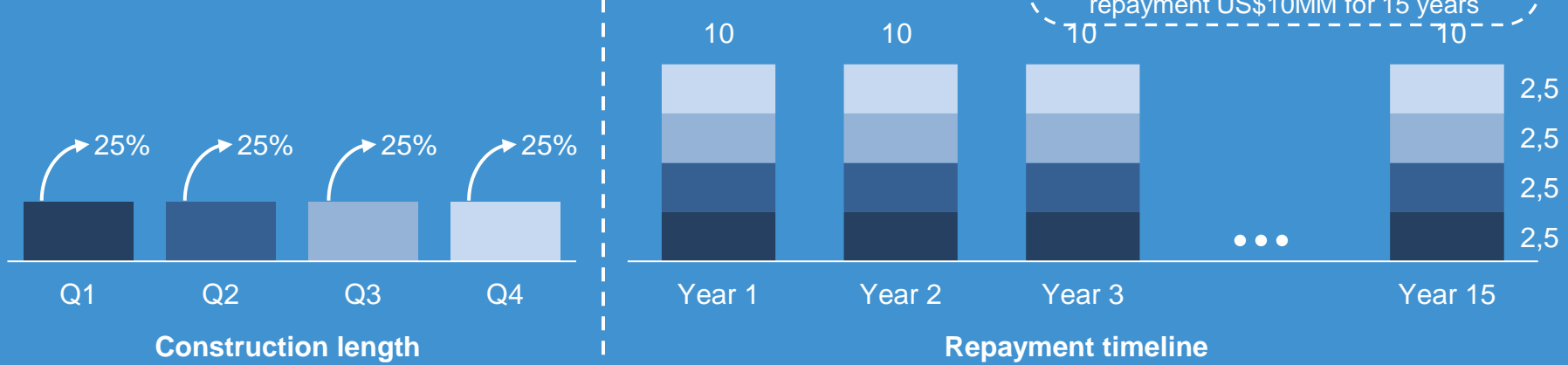


Structure of investments and management spending repayment

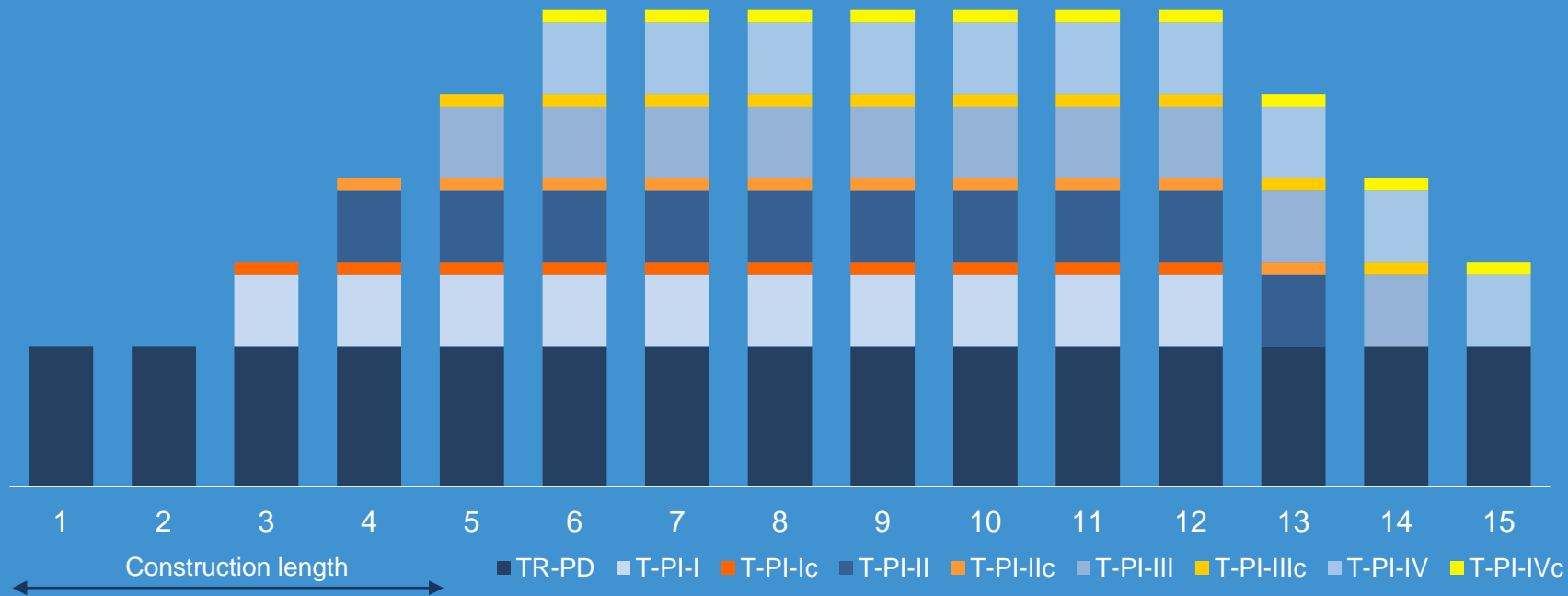


Simplified case of Repayment schedule by construction progress milestones

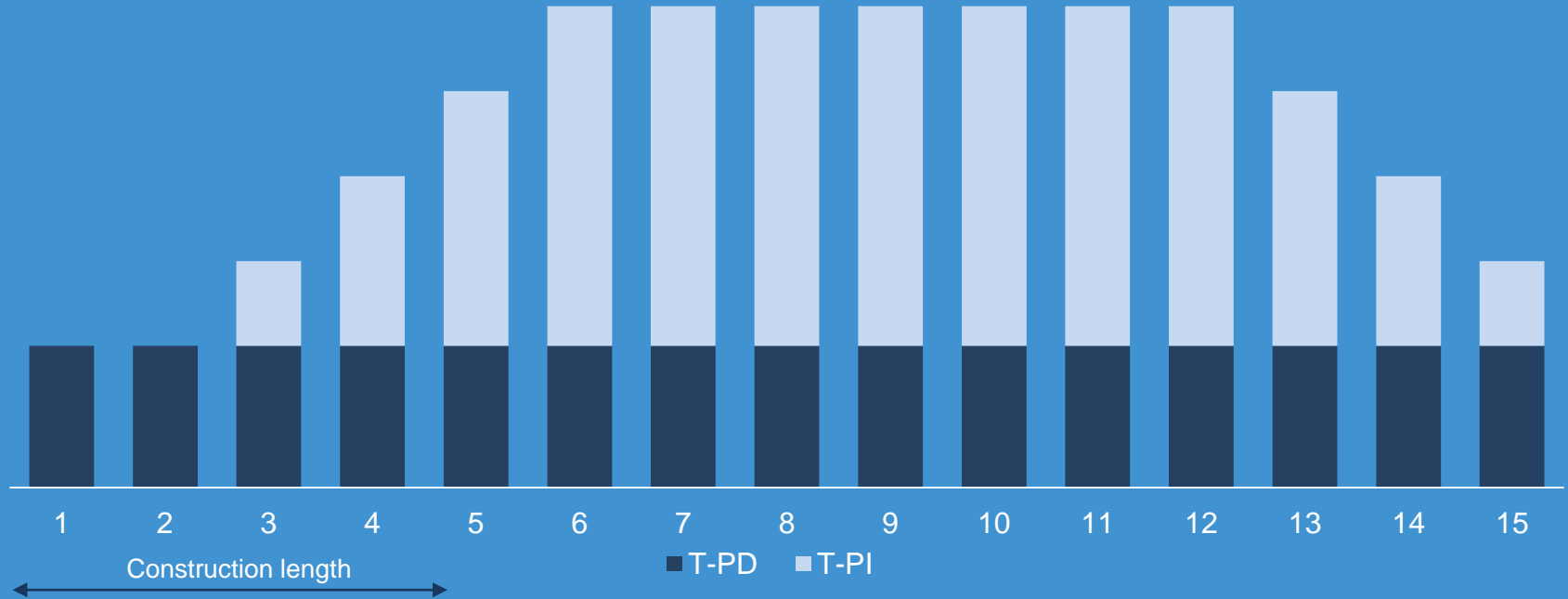
- The State measures every month the progress of real construction that the private contractor has achieved
- Every three months it issues a certificate representing the progress made
 - This certificate grants the private contractor an unconditional right that is irrevocable and with a specific date to cash for 15 years, repayment of investments valued competitively and only according to quarterly construction progress



Argentina — Application to Road Infrastructure PPPs



Argentina — Application to Road Infrastructure PPPs



Argentina — Risk assessment of the Road infrastructure PPP program



Argentina — Risk assessment of the Road infrastructure PPP program



Traffic

- Known traffic history
- More than 20 years worth of records
- +3% growth tendency
- Low competition of other forms of transport



Gas Oil Tax

- High correlation with gas oil price
- High correlation with asphalt price
- High correlation of the amount collected to exchange rate
- Collection security and funds application through the Integrated Transport System Trust (SIT)



Environmental impact

- Low environmental risk because they are known layouts
- Original approvals issued
- Broad experience and career of the National Road Directory (DNV) in mitigating environmental impact
- Early intervention of the Ministry of Environment approved



Right of way

- Low expropriation risk as it is an existing layout
- Legal framework allows to go forward first and face controversies later



Toll collection

- Long experience in local toll collection
- More than 20 years of records are available
- Fee complimented by the State
- User acceptance of fee updates



HLRM transparency framework

- PPP Road infrastructure pilot program
- High level report mechanism implemented jointly with OECD
- Possibility to raise early alarms in anonymity

Best practices to structure a PPP project



Efficient risk allocation



Project preparation facility



Market soundings



Clear goals



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