



# IPFA – European Infrastructure Forum

London  
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*Comitato Interministeriale Programmazione Economica*  
Unità Tecnica Finanza di Progetto

## Country Overview Italy

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# Summary

## ■ Policy Statements



## ■ Legislative Reform



## ■ Selected Projects





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# **Policy Statements**

## Policy Statements

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### **2002-2006 Economic and Financial Planning White Paper**

Strong emphasis on infrastructure investment as one of the main drivers for economic growth.

Private Sector expected to play a pivotal role in the construction, finance and operation of new infrastructures, contributing € 25 billion in the five years.

Further progress in the process of liberalisation and privatisation of public services.

### **2003-2006 Economic and Financial Planning White Paper**

Public Administrations to deliver less and less public services directly. In stead, an increasing proportion of public services are to be delivered by private entities operating in a competitive environment.

Role of Infrastrutture Spa (ISPA) and Patrimonio Spa.

Identification of a list of 21 “strategic” infrastructure projects to be governed by the provisions of “Legge Obiettivo”.



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# Legislative Reform

# Legislative Reform

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## Law n. 443/2001 “Legge Obiettivo”

- Emphasis on “strategic” infrastructures
- Greater accountability of central government while respecting the prerogatives of local governments
- “Fast Track” for strategic infrastructures:
  - ✓ Reduction of “red tape”
  - ✓ New, simpler procedures for authorisations and permits
  - ✓ Role of the “general contractor”



# Legislative Reform

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## Other Developments

- Legge Obiettivo - Secondary Legislation issued this August (D.lgs. n.190/2002)
- Law n.166/2002 contains amendments to the Merloni Law
- Creation of “*Infrastrutture Spa*”:
  - ✓ Financial institution under the supervision of Banca d’Italia
  - ✓ Fully owned by the Treasury
  - ✓ “Commercially” managed
  - ✓ Cofinancing



# Legislative Reform

## General Contractor – Art. 9, Decree n°190/2002 – *Main features*

### Legal Foundations

- Art.1 of EU Directive 93/37 “*the execution, by whatever means, of a work corresponding to the specific requirements by the contracting authority*”

### Contractual Framework

- Fixed price, date certain turn-key contract
- G.C. does not operate or maintain infrastructures

### DBFT Scheme (Design Build Finance and Transfer)

- From outline design to final design
- Expropriations
- Authorizations and permits

### Sub-contracting

- Allowed for up to 100% of works
- G.C. liable in case of default of sub-contractors

### Funding of Construction Works

- Construction works to be pre-financed in whole or in part by the G.C.
- The awarding authority has discretion in determining the required level of pre-financing



## Legislative Reform

### General Contractor – Art. 9, Decree n°190/2002 – *Main features 2*

#### Risk Transfer

- G.C. taking construction risk and (in whole or in part) funding risk

#### Restricted procedure aimed at identifying “at least” 5 competitors

- Pre-qualification requirements to be set out in secondary legislation

#### Project Company - SPV

- SPV can issue debentures
- Shareholders of the Project Company joint and severally liable

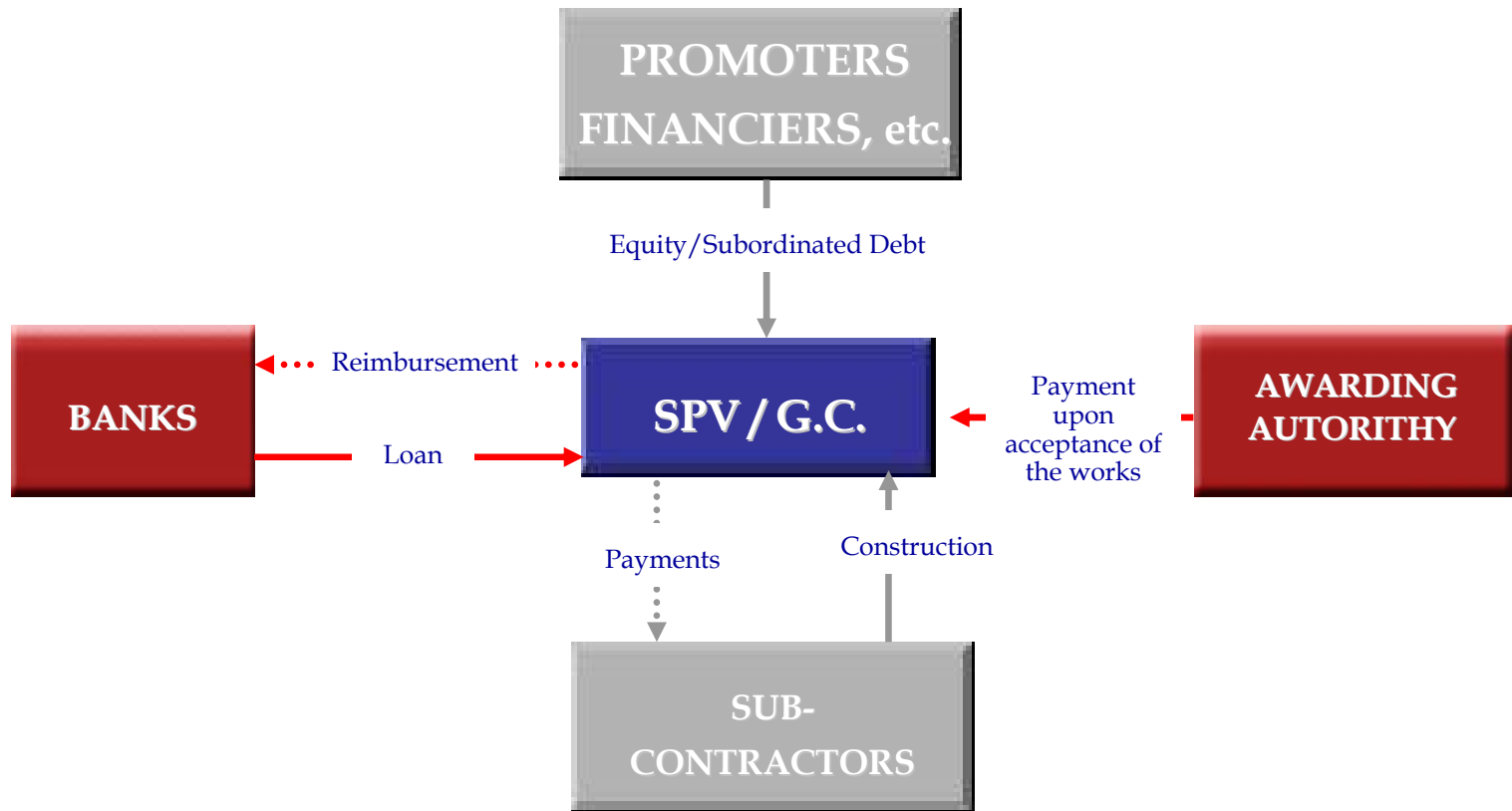
#### Other Elements

- Performance Bond



# Legislative Reform

## General Contractor – Art. 9, Decree n°190/2002 – Diagram



# Legislative Reform

## Project finance Provisions under Art 37 bis

### The "Programme" of Public Works

- Private and public entities are entitled to propose initiatives or submit feasibility studies to be inserted in the programme of public works
- The programme identifies the projects to be procured through PPP/PFI schemes

### Publicity

- The awarding authority has to publish a pre-information notice (PIN), soliciting offers from private sector
- When applicable, the PIN should indicate the level of available contribution

### Promoters submit Proposals

- New categories of promoters (Chambers of Commerce and Foundations)
- Outline design, feasibility study, business plan, draft concession contract
- Business plan has to be supplemented with a fairness opinion issued either by a bank or an accounting firm

### Evaluation of Proposals

- Dialogue with the promoters
- Declaration of public interest



# Legislative Reform

## Project finance Provisions under Art 37 bis

### Restricted Procedure

- Aimed at identifying the two best competitors to the Promoter
- Selection criteria: most economically advantageous offer (meat)

### Negotiated Procedure

- Players = promoter + two competitors
- Aimed at awarding the concession contract
- Awarding criteria: meat
- Promoter "first refusal" right

### Concession Award

- Public contribution and concession length are determined with a view of assuring the economic equilibrium of the concession
- Direct use by the public administration
- The concession can be renegotiated :
  - changes imposed by the administration to the basic assumptions
  - change in law



# Legislative Reform

## Project finance Provisions under Art 37 bis

### Fixed Time-table

- June 30th of each year: submission of proposals
- Four months to declare a proposal of public interest
- Three months to launch the restricted procedure

### Project Company SPV

- Limited company or consortium
- SPV can issue debentures
- The shares of the SPV can be transferred
- Two classes of shareholders

### Investors can exercise Step-in Rights

- To prevent breach of contract
- Within 90 days





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# **Selected Projects**

# Selected Projects

## A24 UPGRADING AND OPERATION

- Awarding Authority : ANAS
- 3 Competing Bidders :
  - Consortium led by Autostrade SpA;
  - Impregilo SpA;
  - Salt SpA.
- Date of proposal: June 2001
- Procedure: legislative act 157/95, 92/50/CEE
- Length: Km. 250
- Total investment: € 147 million (upgrading)
- Public contribution: 0%
- Concession Period: 28 years



## Current status:

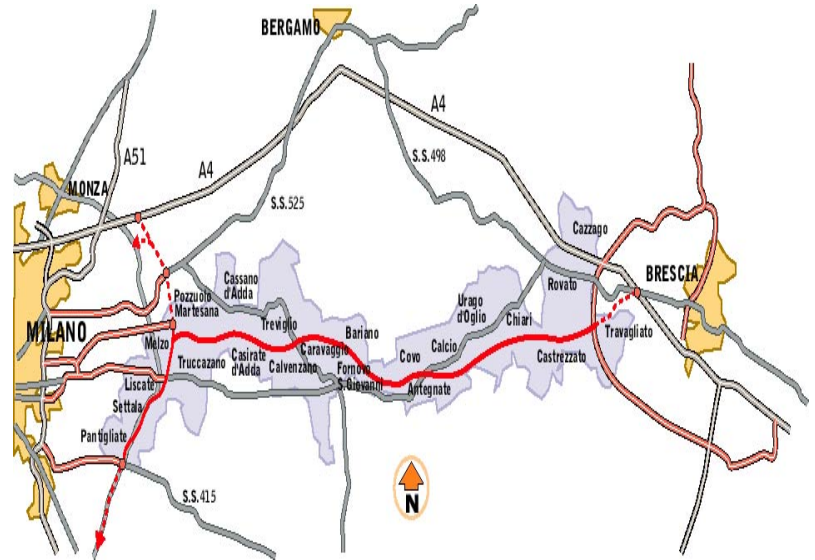
- Awarded in October 2001



# Selected Projects

## BRESCIA - MILANO

- Awarding Authority : ANAS
- Promoter: BRE.BE.MI. SpA
- Date of proposal: June 2001
- Procedure: art. 37bis - law 109/94
- Length: Km. 62
- Total investment: € 756 million
- Public contribution: 0%
- Concession Period: 30 years



## Current status:

- Three consortia entered into the negotiated procedure after the pre-qualification deadline of 20<sup>th</sup> February 2002



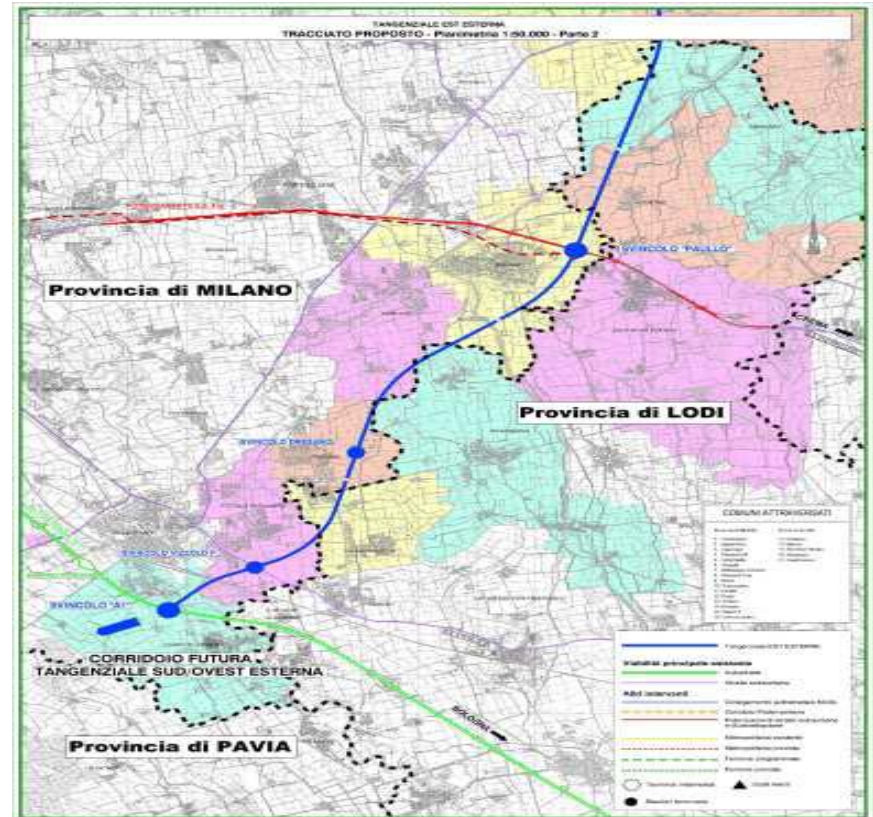
# Selected Projects

## MILANO EAST RING ROAD

- Awarding Authority : ANAS
- Promoters: Tangenziali Esterne di Milano S.p.A.
- Date of proposal: June 2002
- Procedure: art. 37bis - law 109/94
- Length: Km. 35
- Total investment: € 1.100 million
- Public contribution: n.a.
- Concession Period: 30 years (\*)

### Current status:

- The proposal is under evaluation



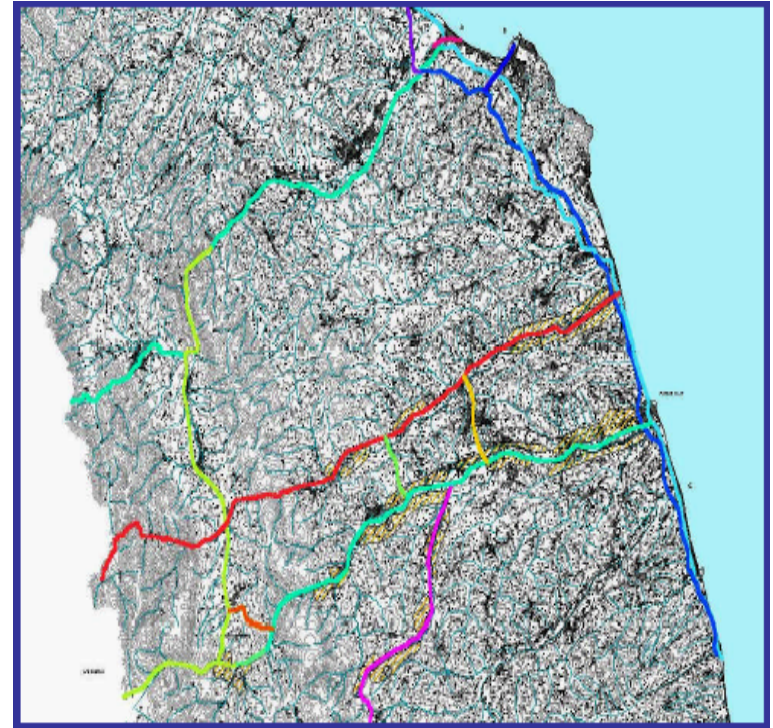
(\*) incl. 6 years of construction



## Selected Projects

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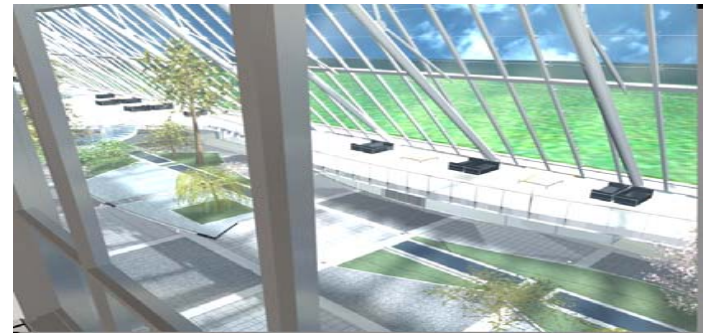
- **Awarding Authority :** “Ad hoc” Entity set up by ANAS and Local Authorities
- **Procedure:** “General Contractor” D.lgs. 190/02
- **Length:** Km. 83
- **Total investment:** € 770 million
- **Public contribution:** 73,5 %



# Selected Projects

## NEW MESTRE HOSPITAL

- **Awarding Authority :** Unità Sanitaria Locale 12 Venezia (Local health authority)
- **Number of beds:** 680
- **Total investment :** € 195 million
- **Investment per bed :** € 286.000
- **Concession Period:** 29 years (incl. 4 years of construction)
- **Concession awarded to a consortium led by Astaldi S.p.a. on June 30th 2002**



## Selected Projects

### TAV TURIN-MILAN- NAPLES

- Awarding Authority: RFI Spa
- Concessionaire: TAV Spa

- Length: Km. 630
- Total investment: € 28.8 bn
- Public contribution: 40%
- Concession Period: 50 years



# Selected Projects

## TAV TURIN-MILAN-NAPLES



## Selected Projects

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### TAV TURIN-MILAN- NAPLES: Project Milestones

- **1991** Incorporation of TAV S.p.A., with a share capital of 100 billion lire (40% from FS and 60% from private investors)
- **1994** Construction work begins on the Rome-Naples section
- **1997** FS buys back the TAV shares held by private shareholders. The debt structure remains unchanged (privates accounting for 60%)
- **1998** The European Investment Bank (EIB) provides ITL 700 bn. financing to TAV

## Selected Projects

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### TAV TURIN-MILAN- NAPLES: Project Milestones

- 1999 Construction work on the Bologna urban junction begins
- 2000 Construction sites open on the Milan-Bologna line
- 2002 EIB provides financing to Milan-Bologna section (€ 200 million)
- 2003 Infrastrutture SpA to select financial institutions financing the completion of the project



## How to Contact Us

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