



# D4/R7 ringroad

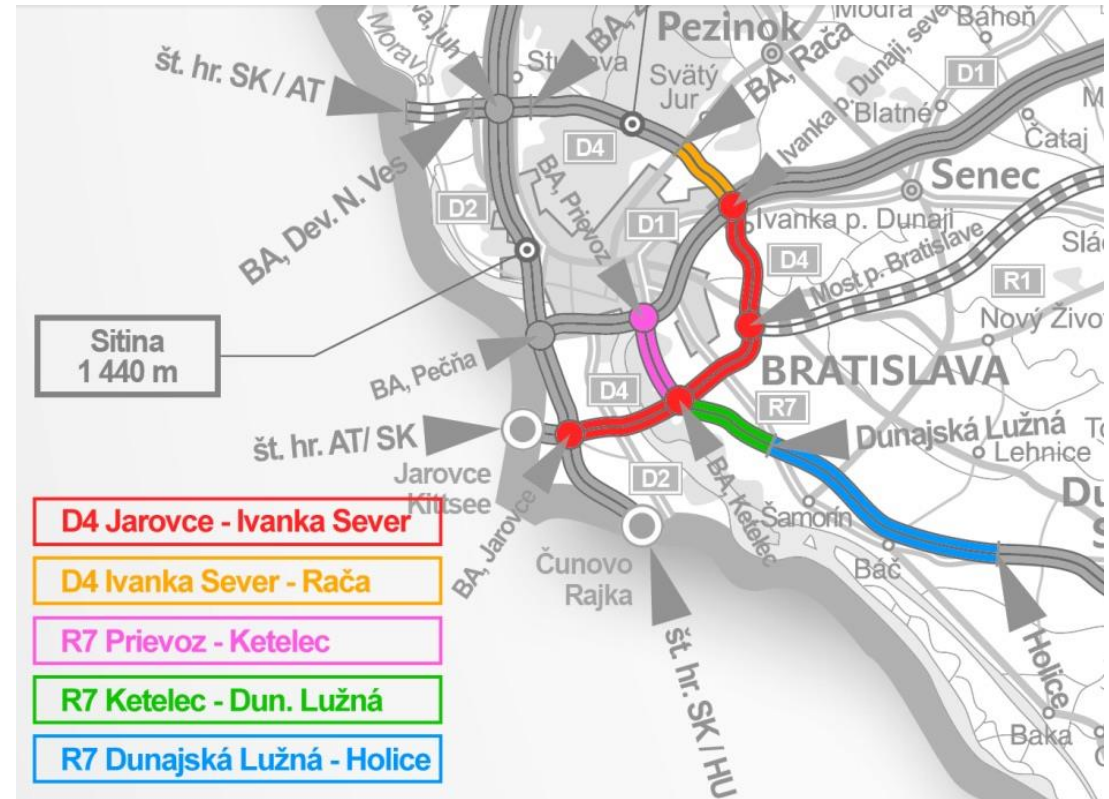
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# D4/R7 PROJECT



- Will serve as bypass of capital city of Slovakia
- Will alleviate city from large share of transit traffic
- One of the measures to handle commuters
- Length: 59 km
- Yearly concession (30 years) : 53m EUR
- Financing: PPP + EFSI + FIs from ESIF + EIB



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# KEY DATES 1/2



- On 16.09.2014 a **contract on advisory services** with an international consortium lead by **PricewaterhouseCoopers** was signed.
- On 31.10.2014 a **feasibility study** was delivered, which showcased the feasibility and favourability of the project's realisation via PPP. The results of the feasibility study were approved by the Slovak Ministry of Finance.
- On 21.01.2015 the **Slovak Government**, based on the feasibility study's results, **approved the project's proposal** and obliged the minister to begin with the public procurement of the concessionaire.
- On 30.01.2015 a **notice on beginning of the public procurement** was published in Slovak as well as in European Journal.
- Within the submission period (23.03.2015) **9 international consortia** filed a request for participation.
- On 12.06.2015 **4 consortia**, which fulfilled the participation criteria the best, **were shortlisted**, namely ViaDunaj (VINCI, Meridiam), Bratislavia (Hochtief, Iridium, DIF), Obchvat Nula (Cintra, Macquarie, Porr), Astrela (Strabag, John Laing, Reding) and the **competitive dialogue** began.



# KEY DATES 2/2



- After several rounds of negotiation, the bidders were given the final informative document on 09.10.2015. Within the submission period (13.11.2015) all 4 consortia submitted their best and final offers.
- Pursuant to the rules set out in the final informative document, the public procurement commission evaluated on 27.01.2016 the **offer of the bidder Obchvat Nula (Cintra, Macquarie, Porr)** to be **economically most favourable**.
- During the whole process of the public procurement, **no complaints were filed and no legal action taken**, i. e. no bidder complained about the shortlisting or bid evaluation or any other aspect of the public procurement.
- Between bid evaluation and commercial close, Value for Money analysis was conducted, the project was once more evaluated by an expert panel set up by the Minister of Transport and several provisions of the concession agreement were revised.
- The **Slovak Government approved the concession agreement** on 11.05.2016 and on 20.05.2016 the **D4/R7 concession agreement was signed** by the parties.
- On 20.06.2016 the **D4/R7 was financially closed**, resulting in base annual availability payment in the sum of 52,8m EUR.



# WINNING PRIZE



- The favourability of the price, which is 61 % lower than originally estimated, is determined mostly by:
  - favourable financial market conditions in the time the bids were submitted and in the period between bid submission and financial close
  - significant appetite of the market to support this type of transaction
  - participation of European Investment Bank and Slovak Investment Holding
  - high quality and robust competitive dialogue
  - technical optimisation of the project



# FINANCIAL STRUCTURE



Funder	Amount	Additional Info
Senior Lenders	952m EUR (including EBL)	EIB: 427m EUR
		EBRD: 148m EUR
		Commercial Banks: 377m EUR
Slovak Investment Holding	28m EUR	Quasi Equity (Mezzanine Loan)
Equity	87m EUR	Equity Bridge Loan: 78m EUR
		Original Provided Equity: 9m EUR (EBL to be replaced by equity after construction)



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- Eurostat evaluated the project to be **off balance**, i. e. it should be treated as a non-governmental asset in the national accounts pursuant to the current MGDD.
- Rule of thumb for a PPP project to be considered off balance is the **sufficient transfer of risk**, meaning that, in order for a risk to be sufficiently transferred, both the negative as well as positive aspects of the risk are to be borne by the private sector.
- Areas of the D4/R7 concession agreement, that had to be amended in order for the project to be off balance, are the following:
  - refinancing gain sharing mechanism (no participation of the public authority on the gain)
  - calculation of concessionaire's default termination sum (retendering or market value determined by an independent expert)
  - exclusion of any provisions enabling the public authority to benefit from improvements of the project by the concessionaire (excess IRR, efficiency reports)
  - restrictive definition of external events (compensation, liberation and force majeure event)



# VISUALISATION



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**Thank you for your attention**

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