



PRESENTATION

Privatisation OF DESALINATION SECTOR

TECHNICAL , FINANCIAL AND LEGAL CHALLENGES



Date
24 April 2018



Location
Cairo

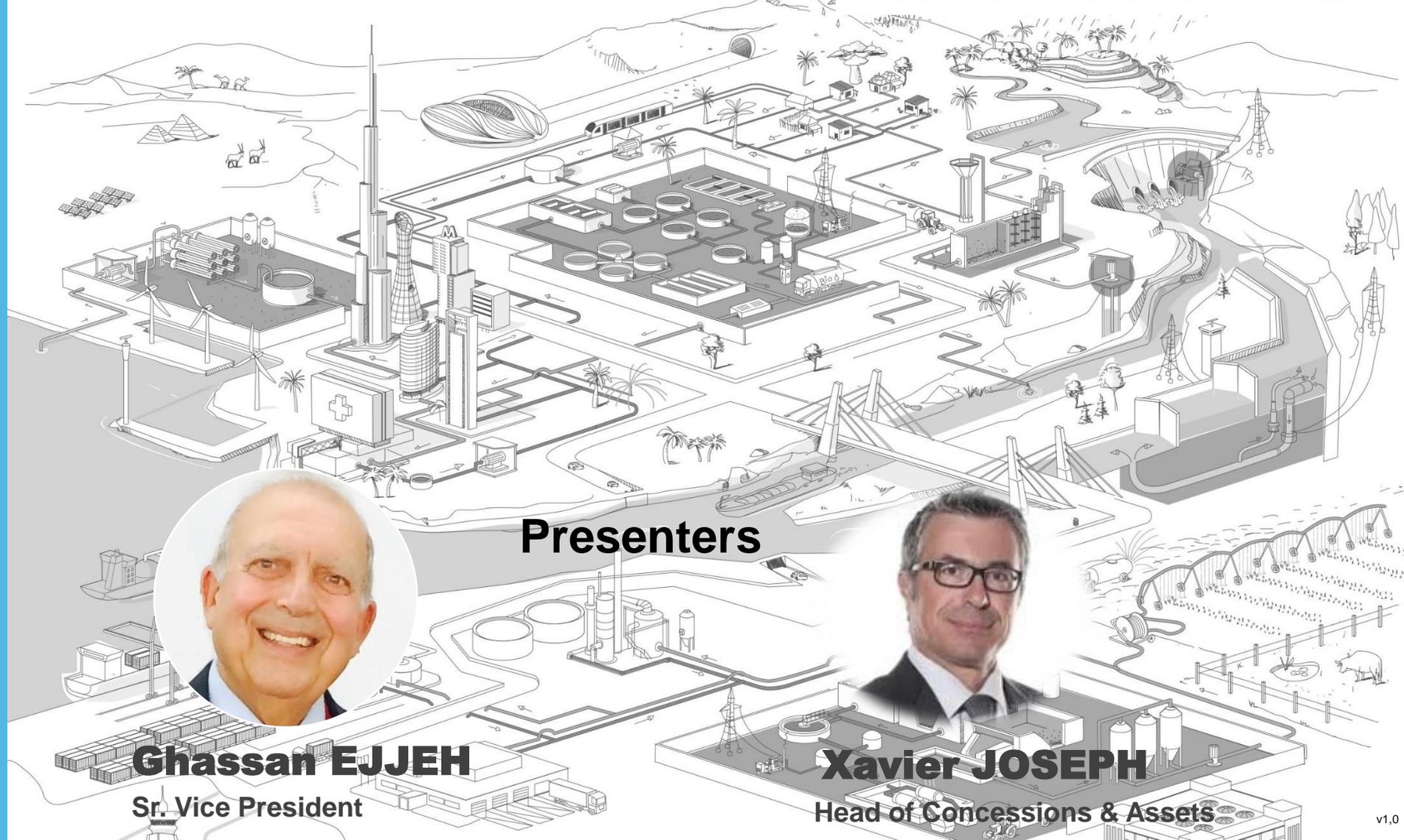


Presenter
Ghassan Ejeh
Xavier Joseph



مؤتمر تحلية المياه في الدول العربية
Water Desalination Conference in the Arab Countries

Welcomes all Guests



Presenters



Ghassan EJJEH
Sr. Vice President



Xavier JOSEPH
Head of Concessions & Assets



WHO IS BESIX?

50
1965-2015

50 years in Middle
East



100

Years old Belgian
group of companies



4

Continents BESIX
is active



19,000

Staff members
employed



>3.0

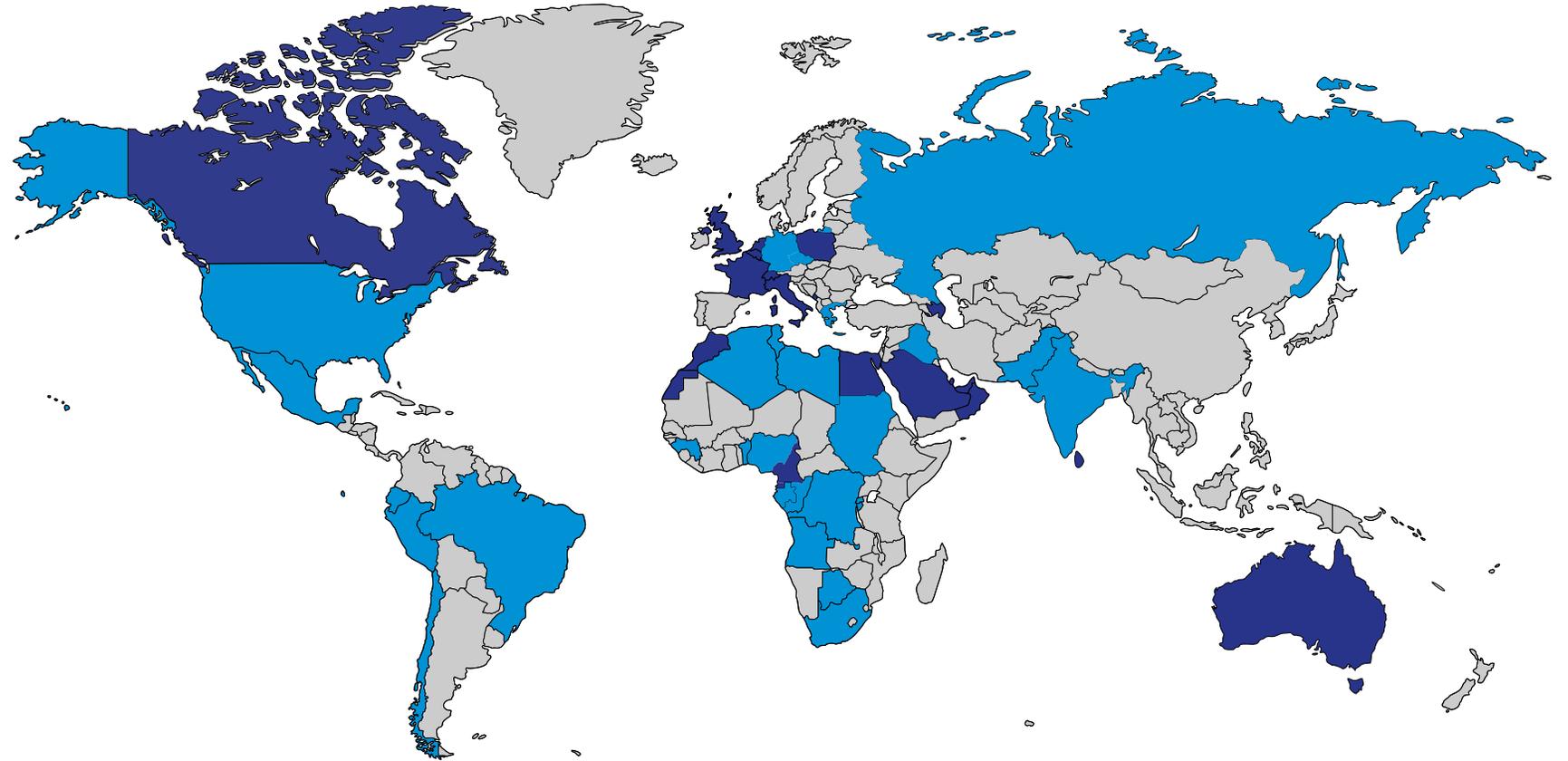
Billion euros
consolidated
turnover



Expertise

Construction,
Environment,
Concessions, FM,
Property
Development

BESIX AROUND THE WORLD



**CURRENTLY
ACTIVE IN**

22

Countries

**PREVIOUSLY
ACTIVE IN**

32

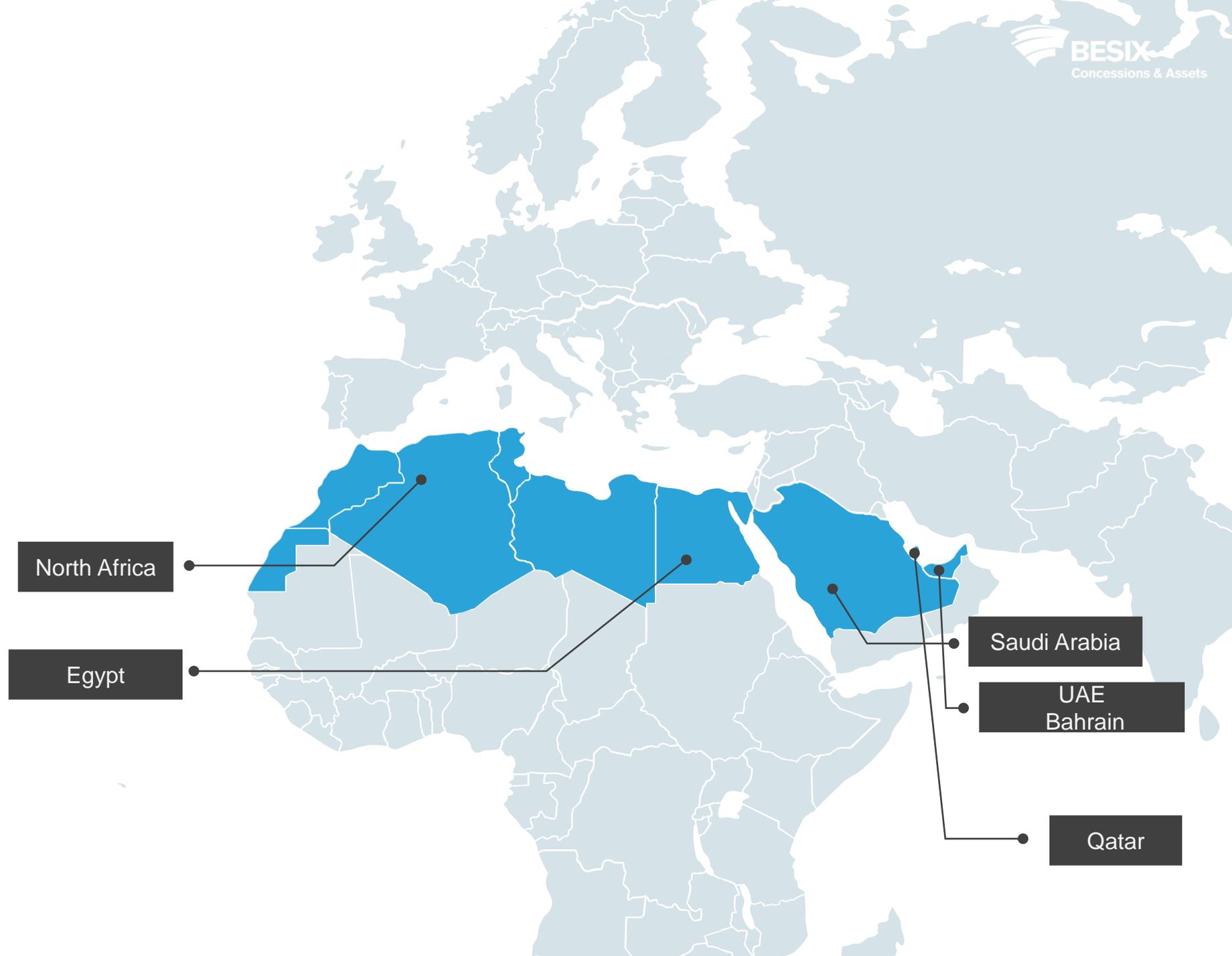
Countries

PRESENCE IN MIDDLE EAST

**A strong foothold in
the Middle East &
North Africa**

50
1965-2015

50 years of
dedicated
service



CONCESSIONS & ASSETS

Business Model

CONCESSION

A concession is a grant of rights, land or property by a government, local authority, corporation, individual or other legal entity to another entity to operate a specific activity during a given period of time.

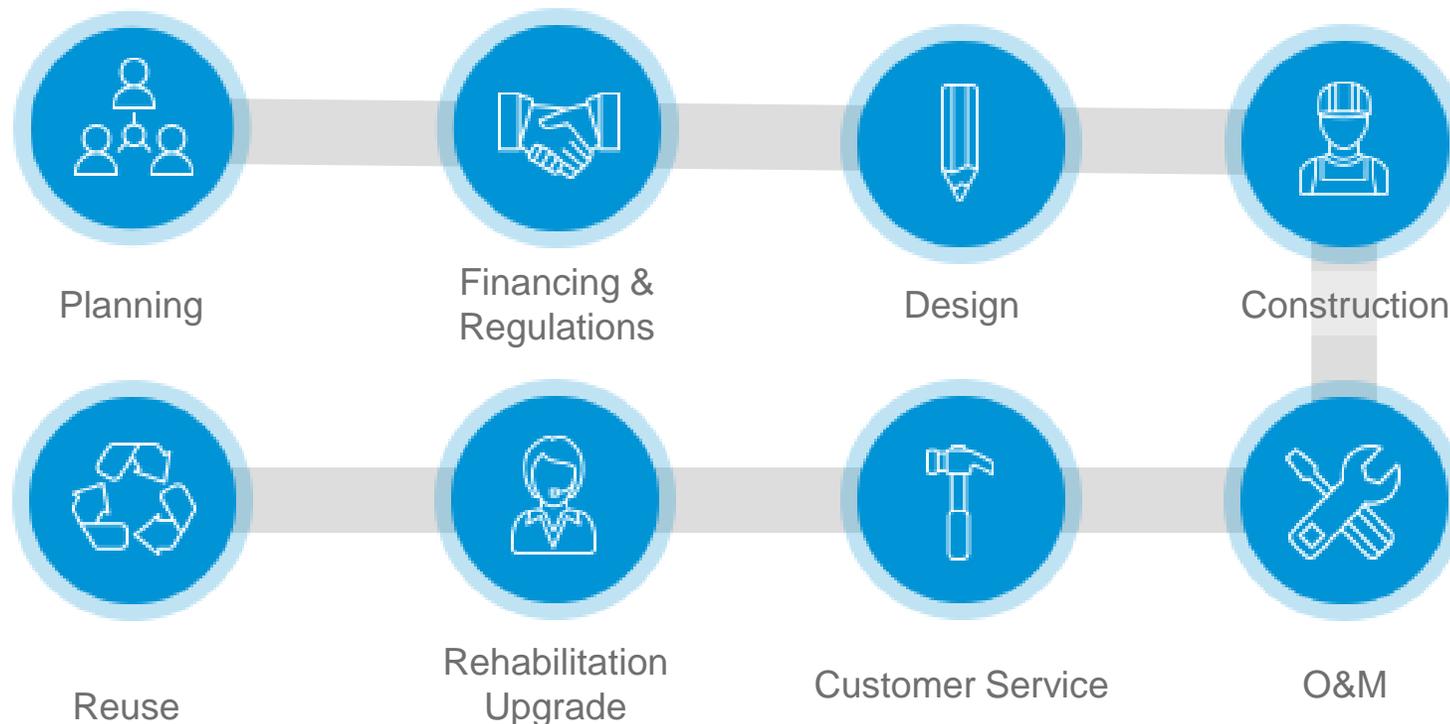
For example: A local Government grants the right to one company to (i) build a tunnel and (ii) charge a fee for customers using it during 30 years.

ASSET

Any tangible or intangible that can produce value.
For example a factory, a hotel or a highway.

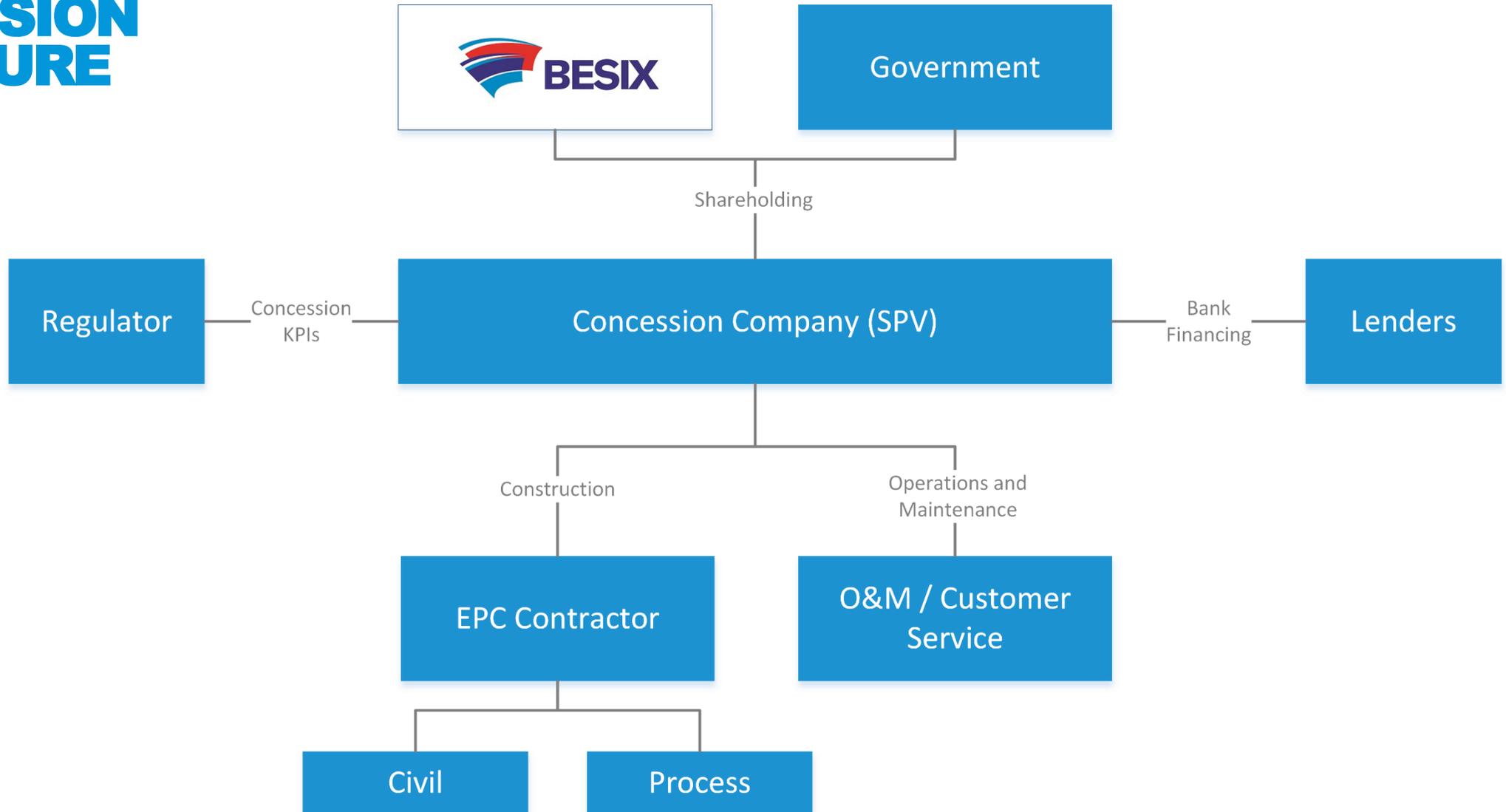
WHAT DO WE OFFER IN CONCESSIONS

We devise tailor-made solutions covering the complete infrastructure lifecycle



- From the early stage we align to clients' vision and share risks
- We customize schemes technically and commercially to our clients' needs
- Pioneer in adopting the PPP model within GCC regional dynamics

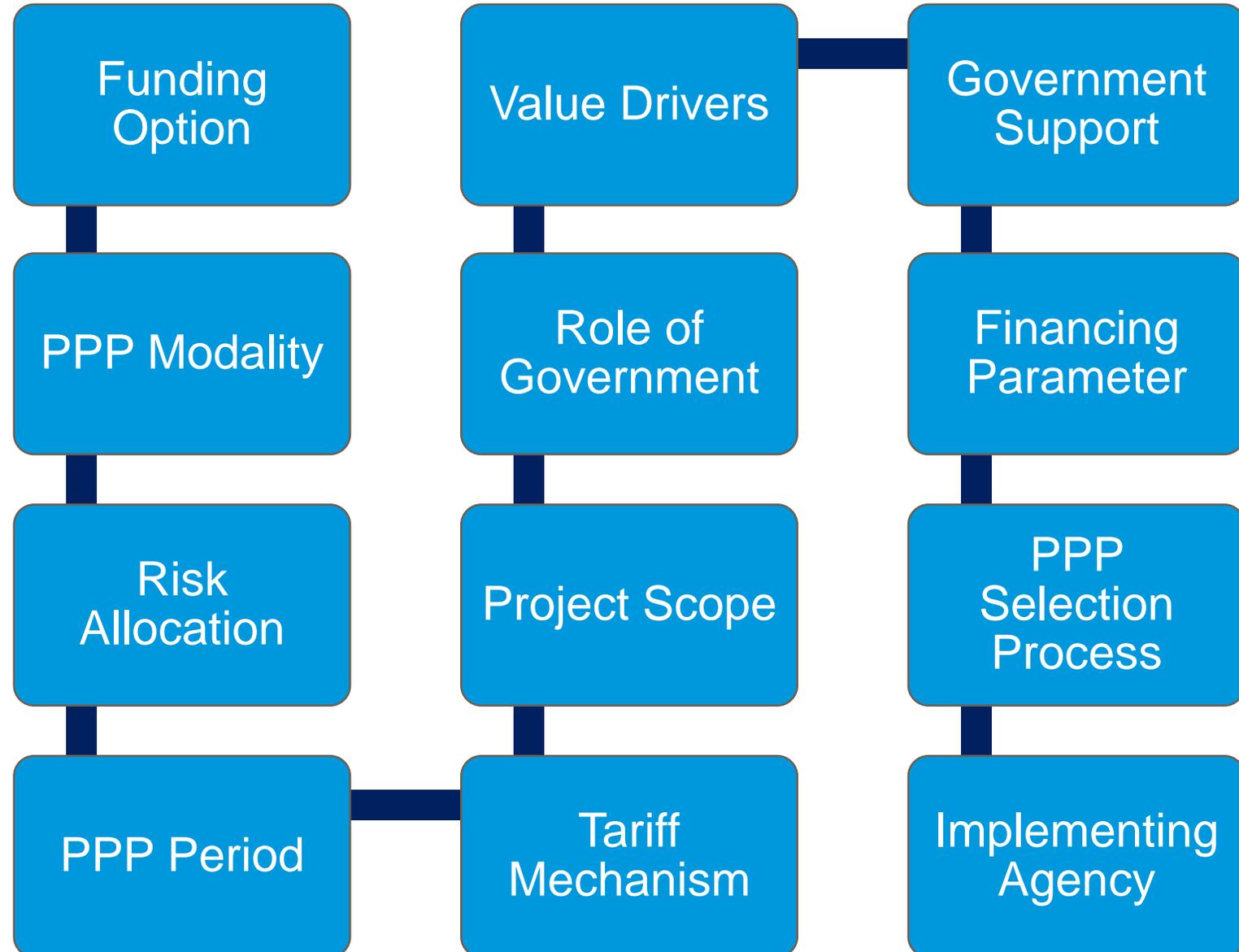
TYPICAL CONCESSION STRUCTURE



KEY DRIVERS

Privatisation Flow

Involvement of various
stakeholders



KEY IMPORTANCE

Five Pillars of PPPs

Privatisation of
Desalination Sector

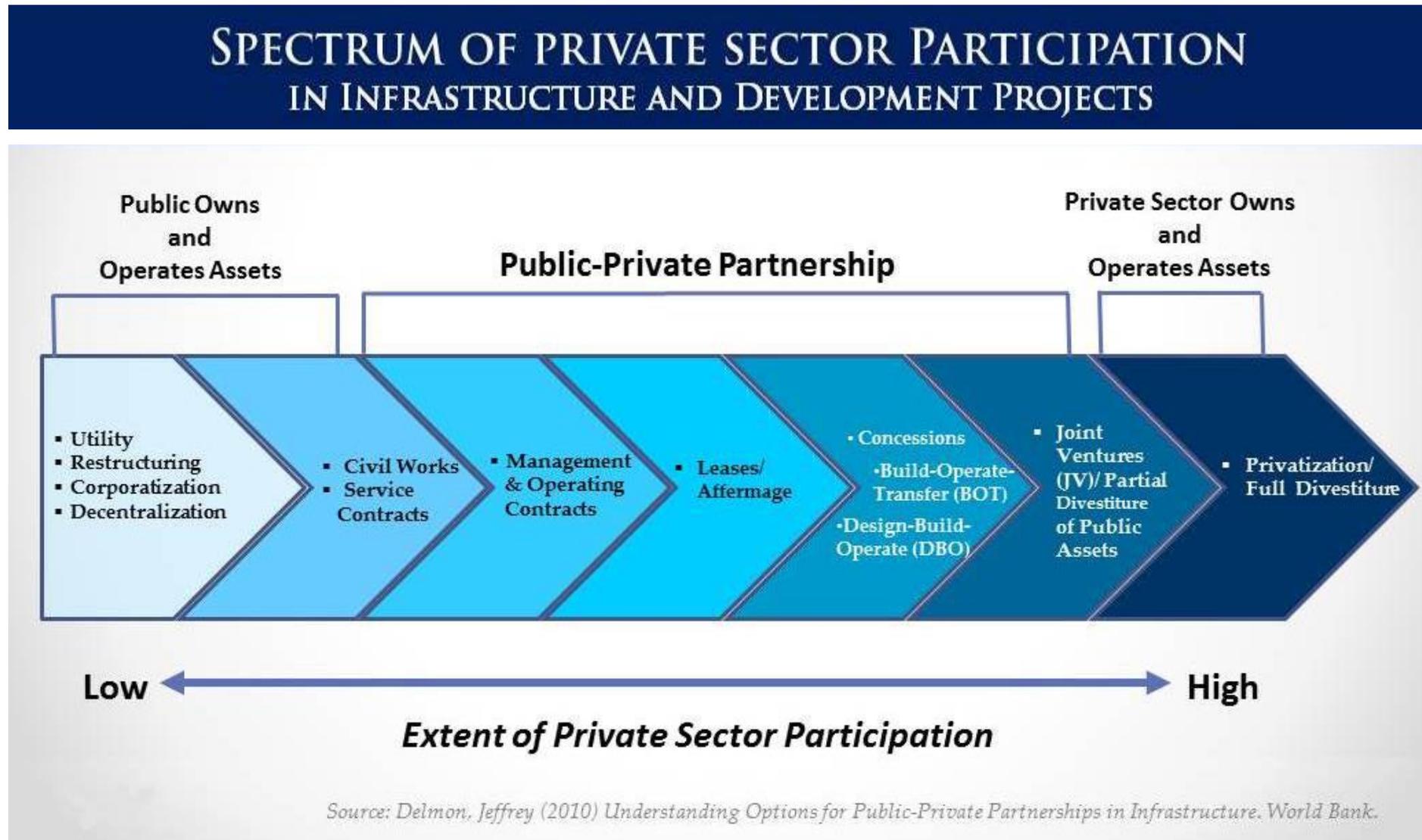
- Deciding On The Nature And Modalities Of Private Sector Participation;
- Providing A Sound Institutional And Regulatory Environment For Infrastructure Investment;
- Ensuring Public And Institutional Support For The Project And Choice Of Financing;
- Making The Co-operation Between The Public And Private Sectors Work In The Public Interest;
- Encouraging Responsible Business Conduct.



SCOPE OF Privatisation

Presence & Involvement

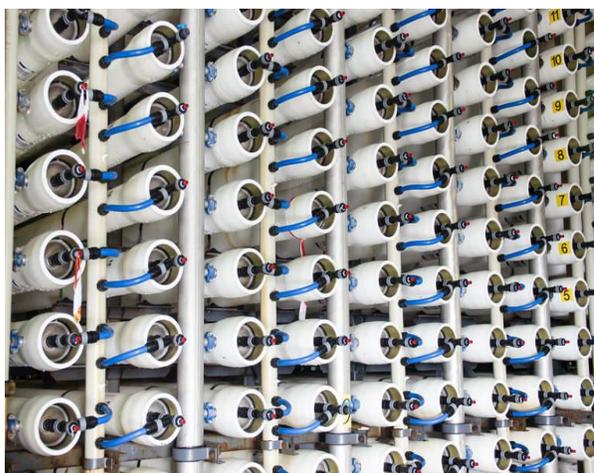
Privatisation of Desalination Sector



TECHNICAL CHALLENGES

Highlights

Privatisation of Desalination Sector



CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> ➤ Innovation & New Technical Solutions 	<ul style="list-style-type: none"> ✓ New technology, Improve efficiency (Pilot & Scale Up) Eg: Ceramic Membrane for Pre-Treatment
<ul style="list-style-type: none"> ➤ Limited early engagement of private sector 	<ul style="list-style-type: none"> ✓ Understand Site conditions, Right benchmarking = risk mitigation
<ul style="list-style-type: none"> ➤ Lack disclosure of project info = cost overruns, need for studies, time delays 	<ul style="list-style-type: none"> ✓ Right project scope, costs = timely delivery
<ul style="list-style-type: none"> ➤ Clarify the ultimate objectives 	<ul style="list-style-type: none"> ✓ Tailor-made to local specificities ✓ (Quality, Demand Driven, Power Availability = Economic Viability)

FINANCIAL CHALLENGES

Highlights

Privatisation of Desalination Sector



CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> ➤ Access to capital markets 	<ul style="list-style-type: none"> ✓ Remove obstacles to international capital movements ✓ Macroeconomic policy considerations
<ul style="list-style-type: none"> ➤ Restrictions & Risks 	<ul style="list-style-type: none"> ✓ Improve transparency ✓ Credit worthiness of client ✓ Provide stable revenue streams
<ul style="list-style-type: none"> ➤ Uncertainty of revenue streams 	<ul style="list-style-type: none"> ✓ Establish Tariffs policies ✓ Government support for contractual, foreign-exchange, sub-sovereign ✓ Lower political risks, Show strong political leadership: transparency
<ul style="list-style-type: none"> ➤ Trade-offs in contract award 	<ul style="list-style-type: none"> ✓ Too much risk borne by investors vs. probability renegotiations ✓ This affects length of contract (which provides incentive to invest)

LEGAL CHALLENGES

Highlights

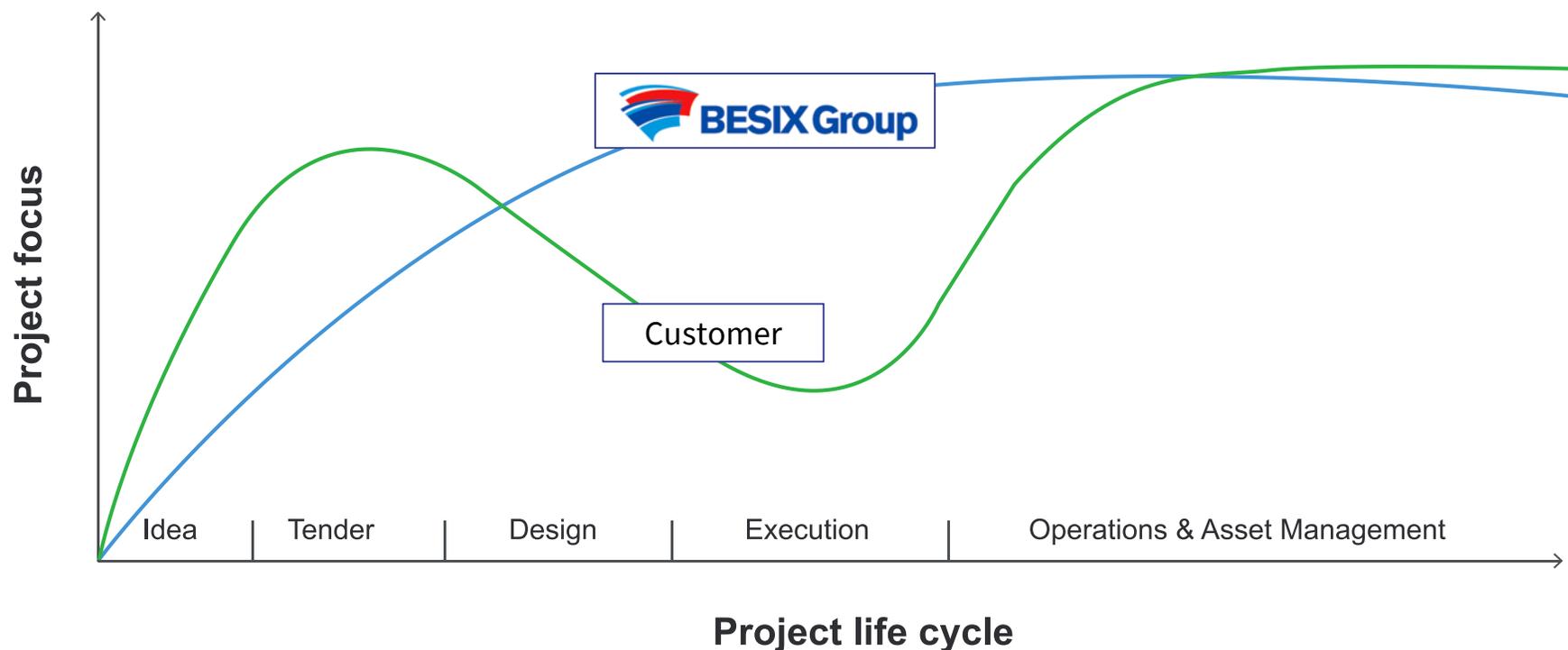
Privatisation of Desalination Sector



CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> ➤ Numerous layers of stakeholders 	<ul style="list-style-type: none"> ✓ Establish Central PPP Authority, PPP Law ✓ Increase transparency and accountability of the regulatory authorities
<ul style="list-style-type: none"> ➤ Co-operation between <ul style="list-style-type: none"> * Inter-Govt Dept. * Cross-jurisdictional 	<ul style="list-style-type: none"> ✓ Frame resolution of conflicts that cross-jurisdictional, inter-department co-operation may trigger ✓ Envisage dispute settlement mechanisms
<ul style="list-style-type: none"> ➤ Legal framework 	<ul style="list-style-type: none"> ✓ Contract must be consistent with the legal framework ✓ Price Cap, Guidelines for adjustment in tariffs ✓ Anticipate disputes and prefer amicable settlements to arbitration
<ul style="list-style-type: none"> ➤ Guarantees ➤ Limited Project Info 	<ul style="list-style-type: none"> ✓ Provide sovereign guarantee ✓ Clauses and Mechanisms to frame the discussions on future issues (including on dealing with the consequences of inadequate information)

FROM BUILD ONLY CONTRACTOR TO FULL ASSET LIFECYCLE PARTNER

Making Public Private Partnerships Work



CONTACT
HOW
CAN WE
SUPPORT
YOU?

THANK
YOU

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Think Infrastructure Partnerships



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