

# A success story

## The “Relance Plan”

**The Relance Plan is an investment programme negotiated in France between the toll road concession operators and the Government to support the country's economy.**

**The concession companies are to carry out a raft of projects to improve the network of toll roads in France without increasing tariffs in exchange for an extension of the term of their concessions based on the volume of investment and financial capacity of each company.**

**In the case of Sanef, the deal was closed with an investment plan of 590 million euros in exchange for the extension of its concessions in the country by 2 years (up to 2031) for Sanef, and by 3 years and 8 months (up to 2033) for Sapn.**

**The Relance Plan is a successful example of the public-private partnership model that aims to encourage private investment in the short term by providing it with a return over several years.**

## The process

The signing of the Relance Plan is the result of a long process of negotiation between the French toll road concessionaires and the French Government that began in late 2012 and closed in mid-2015.

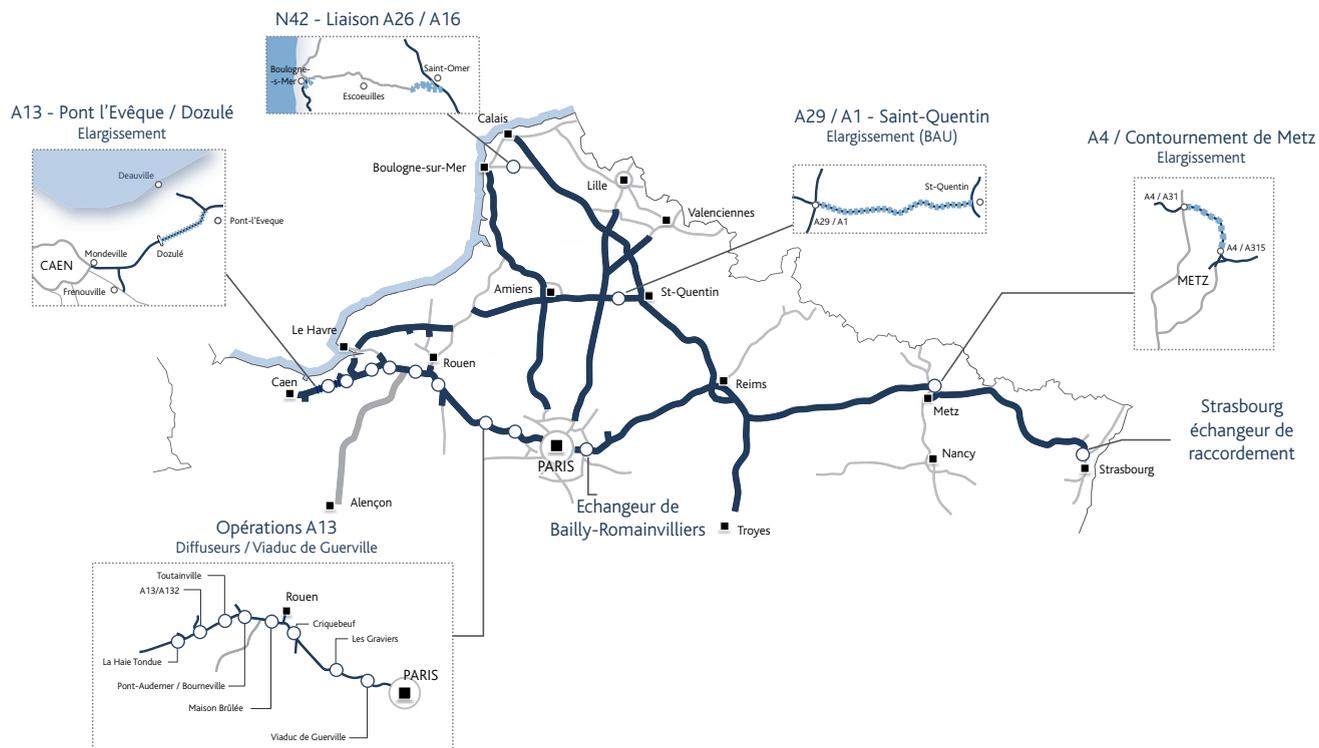
### Predecessor

The idea of the Relance Plan came about as a result of the success of its most direct predecessor called the Paquet Vert, an investment package implemented in France between 2010 and 2013 whose main objective was to put in place projects designed to improve the integration of infrastructures in the environment while at the same time driving economic and industrial growth in the areas near the toll roads. The investment had a major innovation component consisting of encouraging imaginative solutions for the sustainable development of toll roads as well as upgrading older ones to improve noise protection or hybrid resources. Sanef invested 250 million euros through the Paquet Vert in exchange for the extension of the duration of its two concessions by one year.

### New needs

- While implementing the Paquet Vert, the French government realised it needed to continue to run an investment agenda to boost the French economy and also to keep its infrastructure in good condition and thus enhance the competitiveness of its companies. Restrictions on public finances and the requirements of Maastricht convergence criteria made it difficult to carry out these investments with public money.
- Meanwhile Sanef needed to maintain its long-term investor status in the country by improving its toll road network with projects that would be useful for its local communities without damaging the economic and financial balance of the concession.

As a result it became clear that it would be possible to move towards a plan that was both more developed and also more ambitious than the Paquet Vert, with higher investment and which took into account the features of the concession contracts with the right balance between obligations and commitments (investment, service levels for operation) and rights (the opportunity to collect tolls on the network during the years of the extension of the contract).



## Main challenges

In spite of these obvious needs, the process of negotiating and gaining final approval for the Relance Plan was a real challenge which involved meeting the various needs of all the stakeholders concerned:



- **For the French government**, which had to demonstrate to the various administrative, legal and political levels the advantages of starting up a new public-private partnership project of this magnitude.



- **For Sanef**, which had to keep its internal technical, technological and financial departments aligned at all times. Its twofold commitment to financial discipline and industrial excellence called for thorough economic and social cost-benefit analysis to identify and set out in detail the projects which would be most useful and beneficial for both the company and society.



- **For the French concession sector**, which had to move away from a relationship based on competition to work together and in spite of having business models which differed in some points; builder/concession operator in the case of Vinci and Eiffage and purely a concession operator in the case of Sanef.



- **For the European Union**, which had to dispel any doubts about the compatibility of the project with European rules on competition and State aid.



- **For French society**, which as a result of a current of distrust of institutions wanted greater balance and transparency in relations between the state and private companies.

## Steps

### 1

**Idea and design** of the Relance Plan between the French Government and the concession operators (end of 2012).

### 2

**Identification of Sanef projects** (2013); following meticulous analysis of a number of projects, Sanef closed a complete portfolio of improvement and upgrading projects of varying scope across its entire network:

- Widening work on three toll roads
- Two new junctions and other intersection works
- Water and diversity programmes
- Refurbishment of 84 service areas and lay-bys
- Creation of 400 car sharing parking spaces and 500 high tonnage parking spaces
- Creation of shelters and emergency call stations accessible to people with disabilities

### 3

**Submission** of dossiers to the European Commission (2014) and final validation by this body, in which it ruled that the Relance Plan is compatible with the idea of State aid (28 October 2014).

### 4

**Negotiation of additional clauses with the French government** (until April 2015), a process which involved the inclusion of new additional agreements:

Firstly, to improve the legal certainty of the French government and protect the contracts of companies operating in the country through the Government's commitment to offset the toll freezing in 2015 and the increased "Redevance Domaniale" in 2013 by toll increases between 2016 and 2023.

Secondly, to increase balance and transparency in relations between the government and businesses through the contribution by the concession sector to the annual budget of the AFITF (Agence de Financement des Infrastructures de Transport de France) in order to support development of the country's infrastructure. In lockstep the

ARAFER (Autorité de régulation des activités et ferroviaires routières) took on new supervisory powers in the toll road concession sector. Finally, a limit on the return allowed for concession operators was introduced based on the cumulative evolution of their operating income since the privatisation of the toll roads in 2006.

### 5

**Negotiation of contract changes** (April/July 2015).

### 6

**Publication in the *Journal Officiel*** (23 August 2015).

### 7

**The end point** is yet to be written: when with the completion of the work planned up to 2020-2021, the public will be able to enjoy refurbished infrastructure which is safer and more efficient and sustainable.

**The Relance Plan is a clear-cut success story that will mark a before and after in public-private partnerships in France. Its implementation will without doubt set an excellent precedent for a model designed to be spread worldwide as the solution for sustainable financing of the infrastructures of the future, which are the foundation for social and economic progress.**

### **A win-win solution for all**

The main lesson learned for the involved parties is the need to bring together such diverse interests. Only by catering for the requirements of all stakeholders is possible to reach a truly winning solution with benefits for all.



#### **For the French government:**

- Boosting the economy through the implementation of projects of various sizes to support the operations of numerous national and regional companies with a total investment of 3,200 million euros.
- Boosting the creation of jobs which cannot be relocated.
- Improvement of infrastructure and a drag effect going beyond the implementation of the plan.
- Investment in public goods without constraining public finances.



#### **For Sanef:**

- Improved road network in terms of greater fluidity, safety and comfort in traffic for its customers.
- Lengthening the term of its concessions, thus consolidating its long-term business commitment.
- Establishment as a stable partner of the French government in the search for innovative solutions for managing public goods through public-private partnerships.
- Improved reputation and social perception of Sanef due to evidencing its service commitment to the public and the country's economy in general.



#### **For society:**

- Benefits of a relaunched economy with greater possibilities of direct and indirect employment.
- Having improved infrastructure which is safer and more efficient and sustainable.
- Strengthening the welfare state due to less constrained public finances.
- Restoring confidence in institutions through greater control over relations between the government and concession operators in the country.

