CHILE 2002

SANTIAGO DE CHILE: URBAN HIGHWAY CONCESSION

DESCRIPTION & STAKEHOLDERS

- In the early 1990s, Chile launched a program to develop highways under concessions through a dedicated agency: 4 inter-operable highways were created for a 1.5 billion dollar cost in the area of Santiago, in order to relieve the city from traffic congestion.

OBJECTIVE

- Building highways while meeting the deadlines in order for the highways interchange to be fully operational.
- Prevent the populations from involving in appeals proceedings, escalating users’ dissatisfaction. Indeed; appeals and other delays have a significant impact on the availability and financial cost of highways.

INSTITUTIONAL AND REGULATORY FRAMEWORK

- Centralized and bureaucratic power.

USES

- Financing 4 inter-connected highways in the Santiago between 2002 and 2006.
RESOURCES

- Project's total cost: 1.5 billion Euros
- The public authority guarantees a minimal income to the partner equal to at least 70% of the investment and maintenance costs.

MANAGEMENT

- Chile has only experienced small PPP projects until now. It allows the State to draw lessons in planning, engineering and technology.
- Because it did not address all the relevant issues, the government did not avoid certain operational errors and especially failed in overcoming the reticence of the population.

ADVANTAGES

- By evaluating social impacts, one is able to defuse conflicts with local populations before they flare up
- This experience resulted in the creation of a public participation unit in order to defuse potential conflicts
- 4 different concessions companies for the 4 highways

DISADVANTAGES, ISSUES RAISED

- Because all social impacts have not been taken into consideration, the 4 projects were all delayed
- The difficulties led to important several months’ delays in delivery.
- The investment costs have thus significantly increased because of the delays