

**INFORMATION FOR OBSERVERS
IFRIC MEETING
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AGENDA PAPER 2A1**

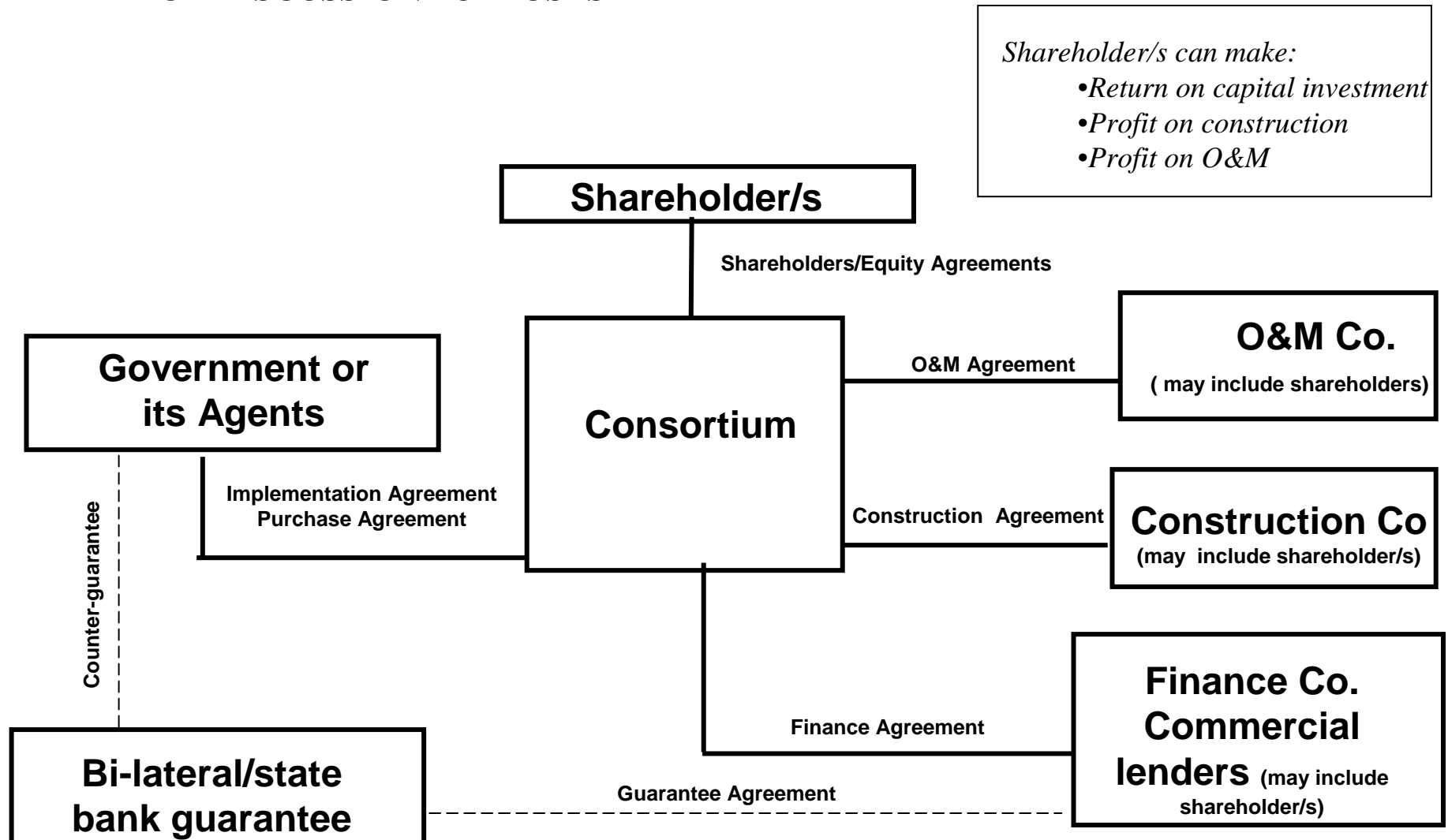
Service Concession Arrangements Typical Funding and Security Structure

This document is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. It does not represent an official position of the IFRIC. IFRIC positions are set out in Interpretations.

Note: These notes are based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because these notes are less detailed, some paragraph numbers are not used.

Service Concession Arrangement Funding and Security Structure

EXAMPLE FOR DISCUSSION PURPOSES



The structure of the arrangement is such that the rights and obligations are allocated between the parties involved and are legally enforceable. In addition the cash flow of the project is ring-fenced for purposes of construction, operation, debt service and return on shareholder/s investment.