

Evaluer les partenariats public-privé

Evaluating public-private partnerships

Session 3 : Evaluer les PPP

Session 3: Evaluating PPP

Evaluer les partenariats public-privé

Atelier international

29-30 November 2007
INHA – salle Vasari, Paris

**Round Table 5:
Nature and status
of ex ante and ex post
Evaluation**

**Bauhaus-Universität
Weimar**

**Chair of Construction Economics
Faculty of Civil & Structural Engineering**

The role of PPP Task Forces

**... and equivalent institutions
in standardisation and
the evaluation of PPP
- national variations**

**Prof. Dr.-Ing. Dipl.-Wirtsch.-Ing.
Hans Wilhelm Alfen**

- **PPP Standardisation in Europe**
- **PPP Standardisation in Germany**
- **PPP Projects in Germany**

- **PPP Standardisation in Europe**
- PPP Standardisation in Germany
- PPP Projects in Germany

- PPP has become common in Europe as an innovative form of co-operation between public and private sectors
- There is still a widespread confusion regarding commonly used but differently understood terms like PFI, PSP, Privatisation etc ...
- Historical development, terminology and definitions, application, etc. varies from country to country and even from sector to sector
- Legal and institutional framework, instruments and tools, procurement processes etc. are country specific

But:

- The political and economical drivers and consequently the general understanding are becoming more and more the same

The main driver of PPP: “restrictions in budget”

Nature of PPP: ... is a Procurement not simply a Financing Method
... is max 15-20% of national public procurement:
... is not considered as panacea !

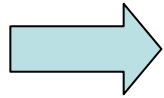
Main objectives and Characteristics of PPP

- Efficiency Gains through Appropriate Sharing of
 - Tasks and Responsibilities:
 - public: sovereign tasks
 - private: implementation
 - Risk Sharing
- Life Cycle approach and Innovation ...
- ... through Incentive Systems, i.e. Output Specification + Service Levels + Payment Mechanisms
- Long Term Contractual Relationship and Private Investment
 - PPP or Concession Agreement (contractual PPP) and
 - Shareholders Agreement (institutional PPP)

PPP in Europe: Application in different sectors



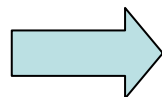
	R&H	Public Real Estate	Other Sectors and General Comments
Austria	x	(x)	PPP "Eastern Region" awarded; real estate only in preparation
Czech Republic		x	
Denmark		(x)	
France	x	xx	traffic lightning, water supply, waste
Finland	x	x	only 2 DBFO shadow toll projects so far
Germany	x	xx	airports, railways, water supply, waste water, waste
Greece	x	x	all sectors except defence, police, justice and prisons
Hungary	x		several BOT Concessions in the R&H sector
Ireland	x	x	
Italy	x	xx	airports, ports, hospitals, parking, sports & leisure
Luxembourg		x	only schools so far
Netherlands	x	(x)	railways (HSL), schools, hospitals
Poland	x	(x)	(gas, water, waste, real estate only in preparation)
Portugal	x	x	hospitals, renewable energy (wind farms, biomass); HSR, airport)
Spain	x		most experienced country in roads concession
Sweden			Orlanda Express
Switzerland	(x)	(x)	tunnel, school, prison in preparation
UK	x	xx	projects in nearly all sectors



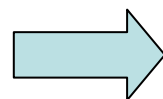
PPP is applied in nearly all sectors and sub-sectors

But:

- PPP is a rather **complex procurement method** and means everywhere where it is introduced a **paradigm shift**
- PPP is a multidisciplinary and **resort overlapping subject**; a lot of ministries and governmental departments are involved
- PPP **needs acceptance and support** from public and private stakeholders
- **PPP requires harmonised joint action**



Standardisation is needed



Support of the Project Implementation Units on all levels of the administration is needed

PPP specific procedures („the toolbox“)

- Economical Evaluation / Value for Money Test / PSC
- Risk Management
- Financing Models, Instruments and Tools
- Service Delivery Management (Output Specs, SLA's, Payment Mechanisms)
- Contract Management

Generally applicable

Country specific framework

- Legal
- Institutional
- Financial
- Political
- Economical
- Entrepreneurial

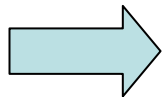
Sector specifics

- Organisational Set Up
- Type of Services,
- Regulation
- Management Systems
- Specific Requirements
- User Profile

Project specifics

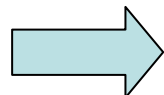
- Needs
- Stakeholders
- List of Works
- Risk Profile
- Objectives
- Site
- Project Volume
- Ownership

- **Clear and official Definition/Delimitation of**
 - **what PPP is**
 - **what the objectives and expectations are !!!**



For Germany see the main characteristics mentioned

- Standardisation of the procurement process (from needs assessment to award of contract and contract supervision)
- Determination of standard business models for the different sectors and sub-sectors
- Standardisation of Risk Management and Project Evaluation
- Standardisation of project and project portfolio monitoring and controlling methods and instruments
- Standardisation of contracts
- Output oriented Specifications
- Performance control and payment mechanisms
- Description of appropriate financing schemes
- Accounting rules (public accounting)
- Training programmes etc....



A competence centre /Task Force is needed

PPP Competence centres in Europe



Bauhaus-Universität Weimar

	National PPP Competence Centre	Responsible Ministry
Czech Republic	PPP Central Task Force	Ministry of Finance
France	Mission d'Appui aux Partenariats PPP (MAPP)	Ministry of Finance
Germany	PPP Federal Competence Network	Min. of Transp., Hous. & Urb. Dev.
Greece	Joint Ministers Committee for PPP Special (PPP) Secretariat	Ministry of Economics
Hungary	PPP-Inter-Ministerial-Committee and a PPP Department underway	
Ireland	National Development Finance Agency (NDFA)	Ministry of Finance
Italy	Unita Tecnica Finanza di Progetto (UFP)	Ministry of Finance
Netherlands	PPP Knowledge Centre	Ministry of Finance
Portugal	Parapública S.A.	Ministry of Finance
UK	Office of Government Commerce Partnerships UK	Treasury / Ministry of Finance a "PPP in its own"

Special PPP Legislation (*as far as known to the author*)

Austria	
Czech Republic	
Denmark	
France	2003: specific legislation justice, police, health, defence; 2004 general legislation on PPP
Finland	
Germany	PPP Acceleration Act (2005), PPP Simplification Law (under preparation)
Greece	Law 3389/2005 (introducing a special regime for PPP in Greece)
Hungary	
Ireland	
Italy	163 of 12 April 2006 ("Merloni Law" procedures for concessions); others for "institutional PPPs
Luxembourg	
Netherlands	
Poland	Act on PPPs (Polish Journal of Law 2005, No 169, item 1420) defines PPPs for Poland
Portugal	Special PPP law: Decree-Laws No 86 (2000) / No 141 (2006)
Spain	
Sweden	
Switzerland	
UK	

- **PPP is applied nearly in every sector and sub-sector somewhere in Europe**
- **The longest experience exists in the R&H sector namely with user financed concessions**
- **Organisational and contractual models vary from sector to sector**
- **Specific PPP-legislation only exists in some EU-Countries (Commission provided a Greenbook on PPP)**
- **Standardisation process started in UK and now is underway in quite a number of other EU-Countries**
- **Several EU-Countries established PPP Competence Centres in order to harmonise understanding, instruments and processes as well as to support project executing authorities**

- PPP Standardisation in Europe
- **PPP Standardisation in Germany**
- PPP Projects in Germany

- **1990: PPP started** in water sewage but was not successful
- **1994: Trunk Road Private Financing Act (F-Model)** but with only 2 Projects implemented so far
- **1999-2001 development of standard procurement documents** for A- and F-model in the R&H sector
- **2002: Development of the A-Modell** and the HGV-Toll
- **2002: Foundation of the first German PPP Task Force** in North-Rhine-Westphalia (guidelines, pilot-projects etc.)
- **2003: Federal Expert Report on “PPP in Real Estate”** was basis for standardisation process and **PPP Task Force on the federal level**
- **2005: PPP-Acceleration-Law** on the basis of the recommendation in the Federal expert report on PPP
- **2007: PPP-Simplification-Act** (under preparation)
- **2008: PDG** (Partnerschaft Deutschland / Partnership Germany)





- **PPP- Competence Centres in Public Real Estate**

Sectors Covered:

- Administration Buildings
- Education
- Health
- prisons
- Defence
- Sports/leisure
- Culture
- etc...



● **PPP- Competence Centre in Transportation**



=
**Verkehrsinfrastruktur-
finanzierungsgesell-
schaft mbH (VIFG)
(Transportation
Infrastructure
Financing company)**

Sectors Covered:

- Roads & Highways
- Railway
- Waterways








- **PPP- Competence Centre in health care**
=
University
TH Karlsruhe

(underway)

- **PPP- Competence Centre in universities and research institutions**
=
Bauhaus-Universität Weimar



State	Institutional Set-Up and Integration
 <p>Federal Government</p>  	<ul style="list-style-type: none"> • <i>Federal Task Force within Federal Ministry of Transport, Building and Urban Development (BMVBS)</i> • <i>Transport Infrastructure Financing Company (VIFG mbH)</i>
<ul style="list-style-type: none"> • NRW  • Schleswig-Holstein • Hessen • Baden-Württemberg • Thüringen  • Bayern • Niedersachsen • Brandenburg • Sachsen Anhalt 	<ul style="list-style-type: none"> • Task Force within Ministry of Finance • Competence Centre within Investitionsbank • Task Force within Ministry of Finance • Competence Centre within Ministry of Economics • Working Group within Ministry of Building+Transport • Working Group in the State Ministry of Interior Affairs • Platform in the Ministry of Economics • Industry Network • Task force in the Ministry of Finance

Federal PPP network of excellence

Steering Committee PPP in public building construction engineering

Chair: PSts Grossmann, BMVBW

PPP-working group

PPP Task Force

Pilot projects

Fundamentals

Coordination

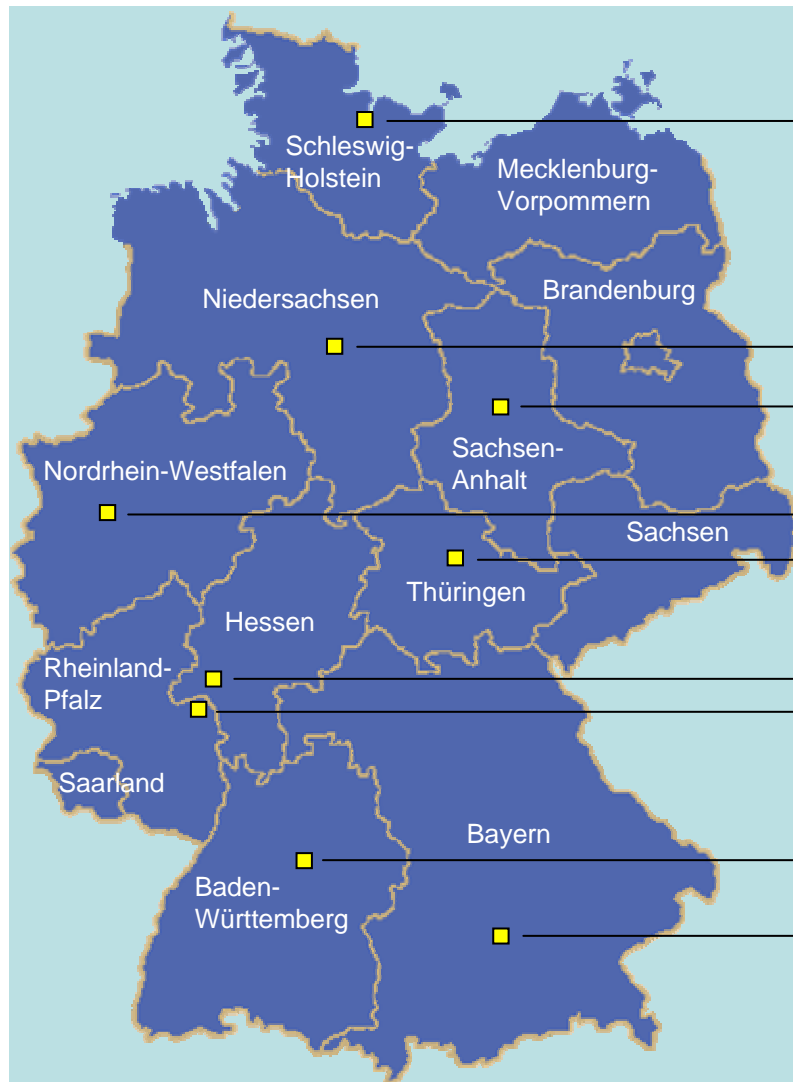
Public relations
and
knowledge
transfer

Federal-State
expert committees

PPP centres of excellence
EU, Federal States and
municipalities

PPP
centres of excellence
in other sectors





PPP-Kompetenzzentrum (Investitionsbank Schleswig-Holstein)

PPP-Kompetenzzentrum (Wirtschaftsministerium)

PPP-Task Force (Finanzministerium)

PPP-Task Force (Finanzministerium)

PPP-Arbeitsgruppe Thüringen (Min. für Bau und Verkehr)

**Kompetenzzentrum PPP (Finanzministerium)
PPP-Lenkungsausschuss (Finanzministerium)**

PPP-Task Force (Wirtschaftsministerium)

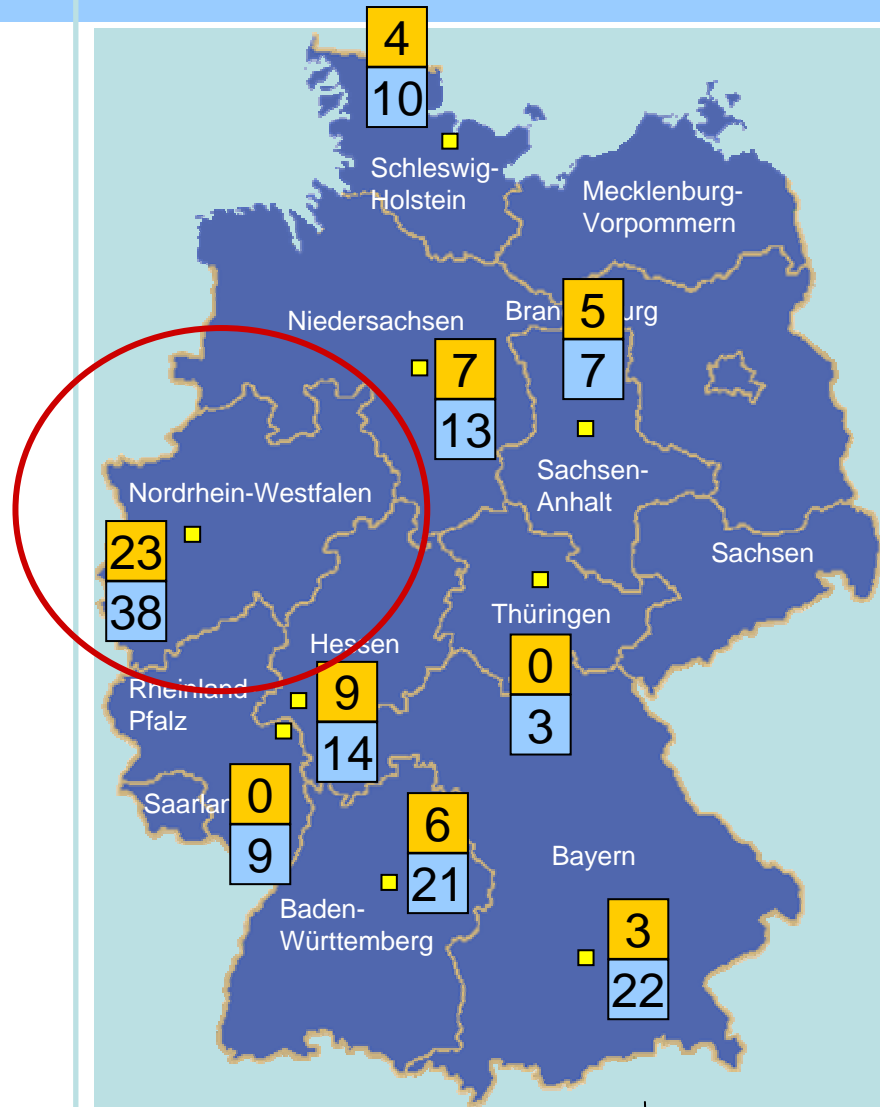
PPP-AG Bayern (Oberste Baubehörde / Bayerisches Staatsministerium des Innern)

Quelle: Dr. J. Christen, PPP Bundes Task Force, Vortrag am 21.3.2007 auf dem 7. Betriebswirtschaftlichen Symposium Bau in Weimar

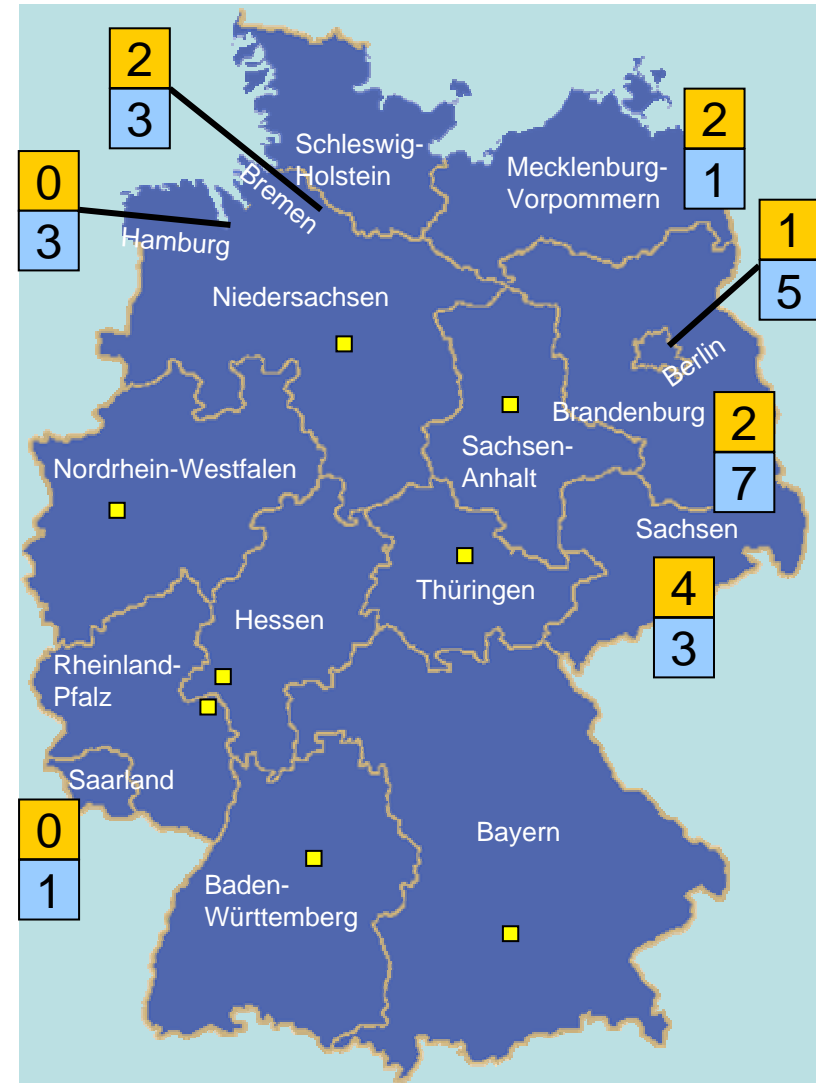
- PPP Standardisation in Europe
- PPP Standardisation in Germany
- **PPP Projects in Germany**

PPP Projects and Regional Competence Centres

(regional distribution 10/2007)

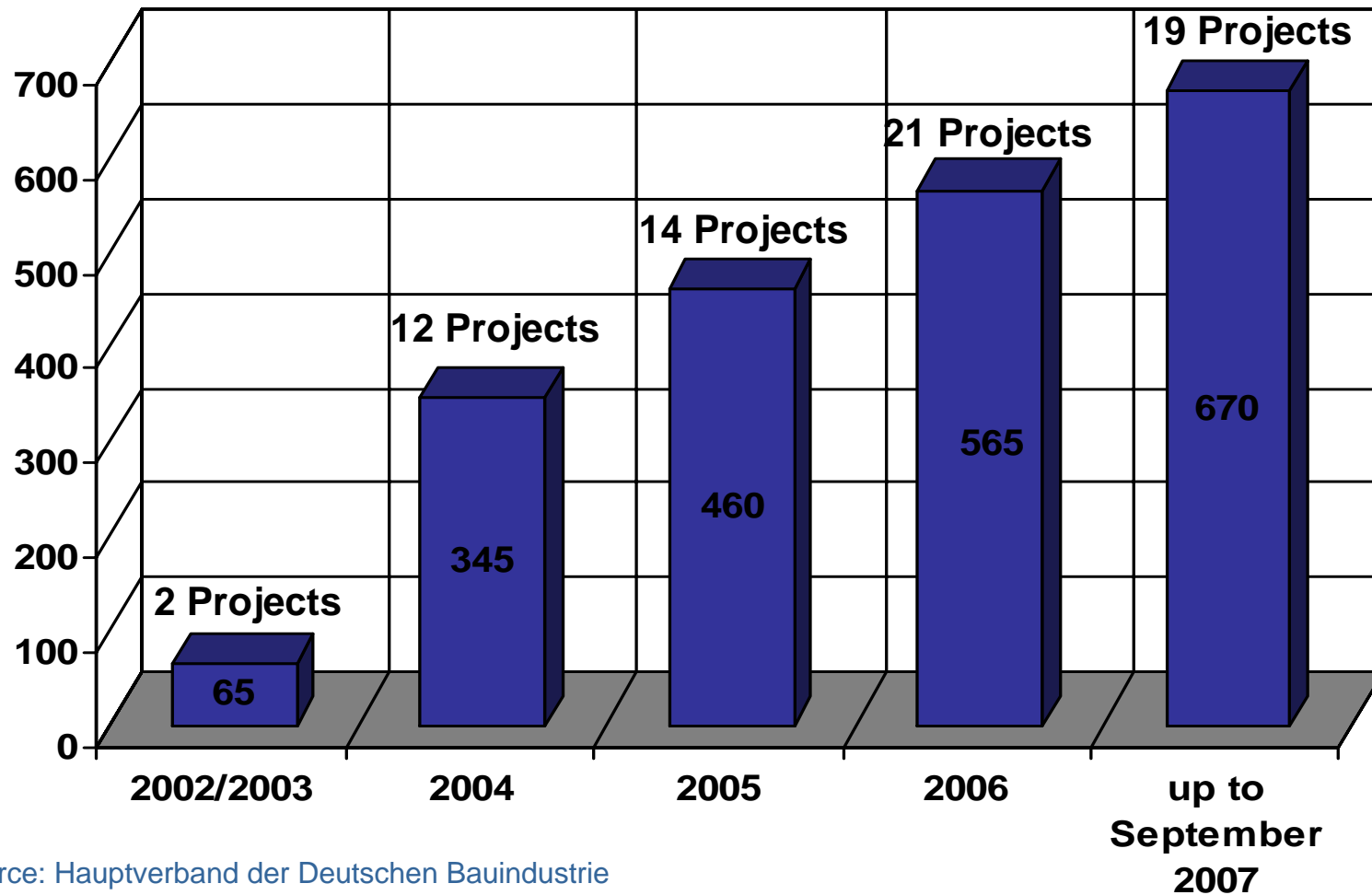


68 Signed PPP Projects **160** Projects in Preparation



Investment volume of signed projects: = 2.1 billion €

Investment Volume in million €



Source: Hauptverband der Deutschen Bauindustrie

PPP-Investments: regional distribution (10/2007)



Bauhaus-Universität Weimar

	Signed Projects	Projects in Preparation
	Investment Volume in million Euro	estimated Investment Volume in million Euro ¹
Federal Level (Bund)	250	140
States (Länder)	780	900
Municipalities	1.070	4.310
Total	2.100	5.350

Source: Hauptverband der Deutschen Bauindustrie

¹⁾ extrapolated



**un upcoming
market
are Universities !**

	Signed Projects	Projects in Preparation	
	Investment Volume in million €	known Investment Volume in million €	estimated Investment Volume for all Projects in million. € ¹⁾
Schools / Training Centres	710	1.040	1.560
Administration Buildings	310	310	630
Prisons	200	50	200
Hospitals / Health Care Centres	140	370	1.240
Sport / Culture	440	440	1.130
Parking /Logistic Centres / Others	50	270	450
Federal Buildings (e.g. barracks)	250	70	140
Total	2.100	2.550	5.350

Source: Hauptverband der Deutschen Bauindustrie

¹⁾ extrapolated

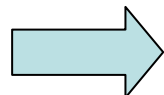
Projects signed (= Pipeline for a future secondary market)

- Projects in the Roads & Highways Sector ~ 360 m €
(only 2 F-Models: Warnow Crossing, Trave Crossing)
- A-Model (1): A8 ~ 200 m €

Projects in Preparation (= Pipeline for the primary market)

- Projects in the Roads & Highways Sector
 - A-Models (3): ~ 700 m €
 - F-Models (4) ~ 1.170 m €
 - Availability Payment Models (Municipalities) ~ 500 m €(+ ??)
 - Fehmarnbelt Crossing (Type of Model?) ~ 5.000 m €

- Standardisation plays a vital role and is in the different countries applying PPP more or less intensively on its way
- The main driver for PPP is “restrictions in budget”, but the main objective is “value for money” and efficiency gains, but also reform of the administration
- PPP competence centres may support significantly that the objectives are achieved
- The legal framework and the standards are more and more influenced by European law (e.g. procurement law, rules of subsidies, Maastricht criteria etc...)
- The activities of the European PPP competence centres should be better coordinated



Universities can play a vital role !!!!

Univ. Prof.-Dr. Ing., Dipl.-Wirtsch.-Ing.
Hans Wilhelm Alfen

**Bauhaus-Universität Weimar
Chair of Construction Economics
Faculty of Civil Engineering
Marienstraße 7A
99421 Weimar**

**Tel.: +49 (0) 3643-58 45 92
Fax: +49 (0) 3643-58 45 65
Mob: +49 (0) 172- 240 75 79
wilhelm.alfen@bauing.uni-weimar.de**

www.uni-weimar/Bauing/bwlbau

www.symposium-bau.de

Alfen Consult GmbH

**Cranachstr. 21 and Lisztstraße 4
99423 Weimar**

**Tel.: +49 (0) 3643 – 77 129 0
Fax.: +49 (0) 3643 – 77 129 22
Mob: +49 (0) 172- 240 75 79
wilhelm.alfen@alfen-consult.de**

www.alfen-consult.de