



# **Second Annual Meeting on Public-Private Partnerships**

## **OECD Conference Centre, Paris, 5-6 March 2009**

Session 2:  
Designing the project;  
choosing the partner(s)





# Types of PPP contracts

- in German law -

## Differences and core content

- **Acquisition model**                      **Hire-purchase** of facility/asset
- **Owner model**                              Planning, construction, financing, operation **under ownership** of the principal
- **Leasing model**                              Rent with **option** to buy
- **Rent model**                                      **Contract for rent extending beyond 10 years**
- **Contracting model**                          **Contract to operate the facility/asset**
- **Licence model**                                Operation of facility/asset with **user fees collected privately**
- **Company model**                              Operation by way of **project group**



# Tender procedure pursuant to Section 101 of the Act against Restraints of Competition (GWB)

<b>Open tender</b> pursuant to section 101 II GWB	<b>Restricted tender</b> pursuant to section 101 III GWB	<b>Negotiated tender</b> pursuant to section 101 IV GWB	<b>Competitive dialogue</b> pursuant to section 101 V GWB
An unlimited number of companies are publicly invited to tender.	Companies are publicly invited to express interest, then a limited number of these are invited to submit a tender.	The contracting authority consults with several companies to negotiate the terms of the contract with one or more of them. This may or may not be preceded by a public invitation to express interest.	Procedure allowing public authorities to award particularly complex contracts. An invitation to express interest is followed by negotiations with selected companies about every detail of the contract.

The procedure to be followed is determined according to the following German procurement legislation:

**Ordinance on the award of contracts (VgV), ordinance on contracting for deliveries and services (VOL), ordinance on contracting for freelance services (VOF) and ordinance on contracting for construction works (VOB).**



# The PPP procurement process in Germany

Agreed procedure between central and regional government

The phases in the PPP procurement process

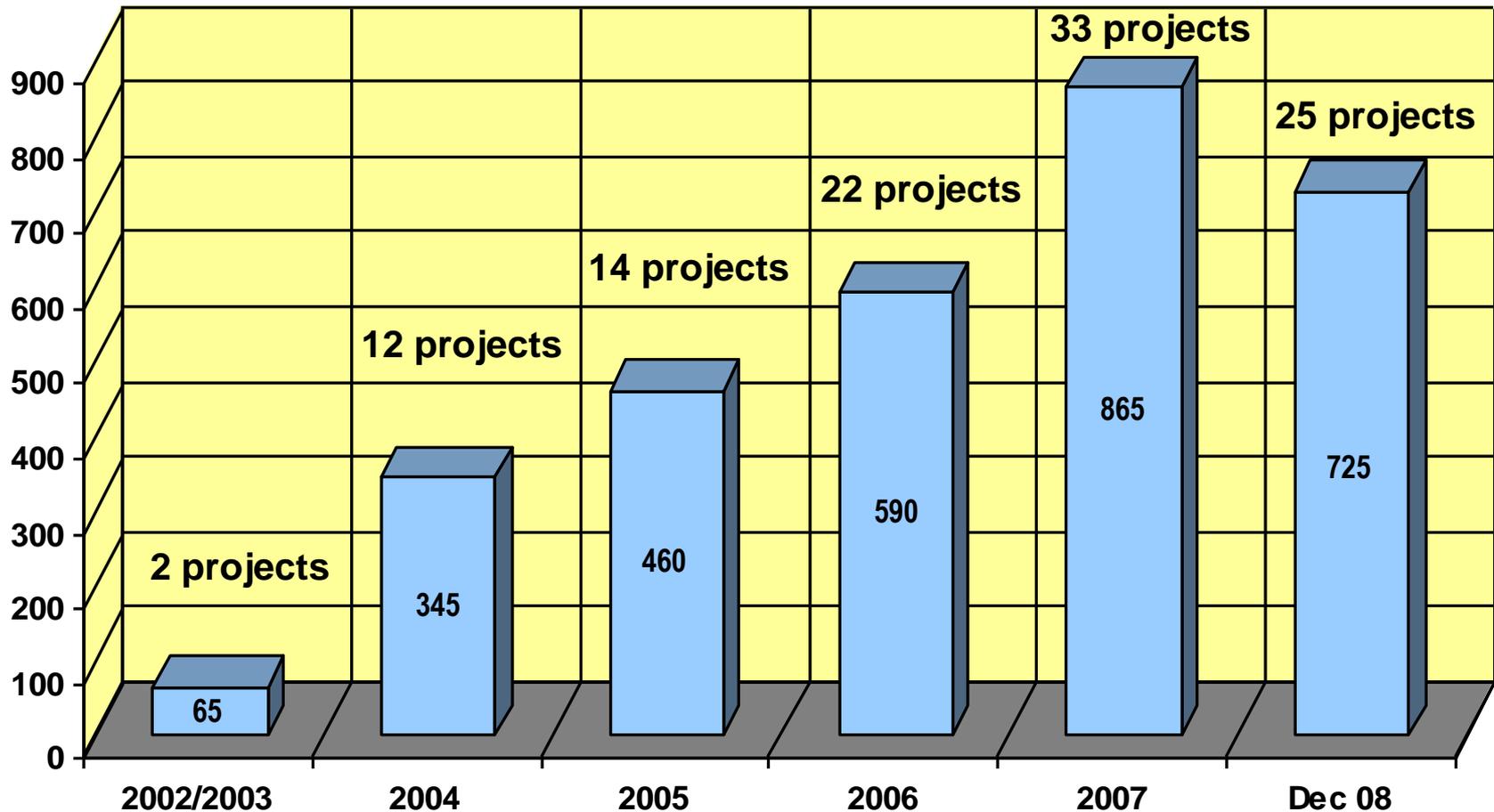
Steps in examining PPP profitability

<b>Phase I</b>	Determining needs, financeability and profitability of measures	
	PPP test for suitability	▼ Preliminary decision for or against continuing to pursue various PPP options
<b>Phase II</b>	Drawing up conventional comparative values (Public Sector Comparator – PSC)	
	Provisional examination of profitability	▼ Preliminary decision for or against publishing call for tender
	Determining the maximum amount to be appropriated in the budget (budget readiness)	▼ Appropriation in budget and call for tender
<b>Phase III</b>	Final profitability analysis	▼ Final decision on awarding and signing of contract
<b>Phase IV</b>	Project controlling	



# Annual development of the volume of investment in PPP projects (building construction)

in € million since 2002

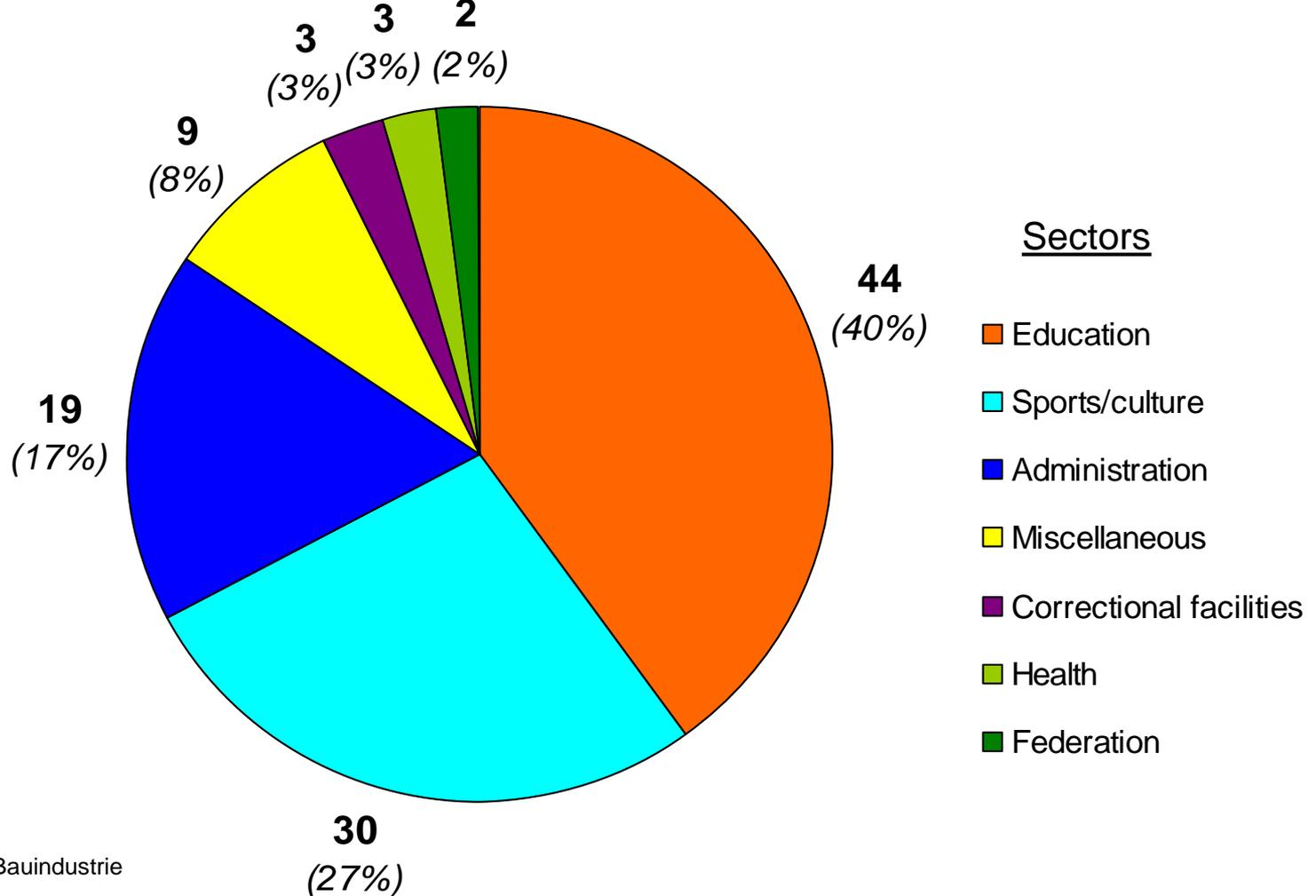


Source: Die Deutsche Bauindustrie



# Distribution of PPP projects in public construction by sectors

as of December 2008: **110** projects



Source: Die Deutsche Bauindustrie



# Focus of PPP investments in public construction works

as of December 2008

	Projects awarded	Projects in the pipeline	
	Investment volume in € million	Known investment volume in € million	Estimated investment volume in € million*
Schools / training centres	1,085	1,085	1,880
Administrative buildings	430	200	545
Correctional facilities	200	50	200
Hospitals	385	420	1,410
Sports / cultural facilities	575	165	745
Car parks / logistics centres / miscellaneous	75	135	490
Federal buildings (barracks)	305	30	120
<b>Total in € million</b>	<b>3.055</b>	<b>2.085</b>	<b>5.390</b>

\* projected

Source: Die Deutsche Bauindustrie



# 110 ongoing projects

Examples:

	<b>Sector</b>	<b>Project / location</b>	<b>Awarded</b>
1	Sports / cultural facilities	Thermal baths in Wiesbaden	Jan 02
5	Education	Schools and sports halls in the Offenbach District (Los West)	Mar 04
6	Miscellaneous	Car park at Federal Administrative Court in Leipzig	Apr 04
9	Sports / cultural facilities	Leisure pool in Lüdinghausen	Jun 04
13	Administration	Town hall in Gladbeck	Sep 04
19	Miscellaneous	Logistics centre with car park at Dortmund Clinic	May 05
25	Miscellaneous	Helicopter training simulators, Bückeberg, Holzdorf and Fassberg	Nov 05
27	Education	Daycare centre, Münster-Roxel	Dec 05
33	Correctional facilities	Correctional facility, Stadelheim	May 06
34	Health	Proton therapy centre, Essen	Jun 06
40	Administration	Justice centre, Chemnitz	Sep 06
54	Sports / cultural facilities	Elbe Philharmonic, Hafencity Hamburg	Mar 07
61	Miscellaneous	Fire brigade stations, Marl	May 07
62	Sports / cultural facilities	Rudolf Harbig Stadium, Dresden	Jun 07
65	Sports / cultural facilities	Media centre, Mühlheim an der Ruhr	Jul 07
83	Administration	Police buildings in Buchen	Dec 07
89	Health	University clinic, Schleswig-Holstein	Mar 08
95	Miscellaneous	Construction depot in Erlangen	Jun 08



# Lessons learned

- It is desirable to have a central consulting service for public-sector clients in all PPP sectors, which serves as a national PPP unit.
- It is essential that individuals from the private and public sectors come together in the consulting process.
- The majority of public-sector clients are more apt to abandon their reticence towards PPP if they have access to individual, neutral and credible project advice. They will not do so simply because of a greater depth of information about PPP in networks.
- An administrative unit at the Finance Ministry must direct the consulting service's work and assess and guide the projects from an economic point of view.
- It is vital that the interested federal states and local authorities take part in the consulting process formally and materially, on a voluntary basis. They should also be informally involved in the checking process.
- The quickest implementation of PPP in all sectors, regions and local authorities will be achieved if all the public-sector stakeholders work together willingly.



Creating



Partnerschaften Deutschland

- 2007 Informal circle of companies analyses problems and suggests solutions. Dialogue with government representatives about political acceptance and feasibility.
- 12/07 Cabinet decision to establish a PPP advisory company for all sectors. Combined tender with the following selected as procedure:
  - Framework agreement *and*
  - Bid for private participation
- 2008 Search for contracting authorities: Search for partners from public sector to join framework agreement.
- 2008 Information about framework agreement and search for partners publicised:
  - Federal states informed
  - Central municipal associations informed
  - Survey interest among all federal level contracting authorities
  - PR work (website, participation at trade fairs, press)



## Partnerschaften Deutschland (PD)

### **Our groundwork:**

#### **Establishment of a project pipeline.**

**A range of contracting authorities have given a (non-binding) indication of their willingness to commission PD to provide consulting services in connection with projects already in the planning stage.**

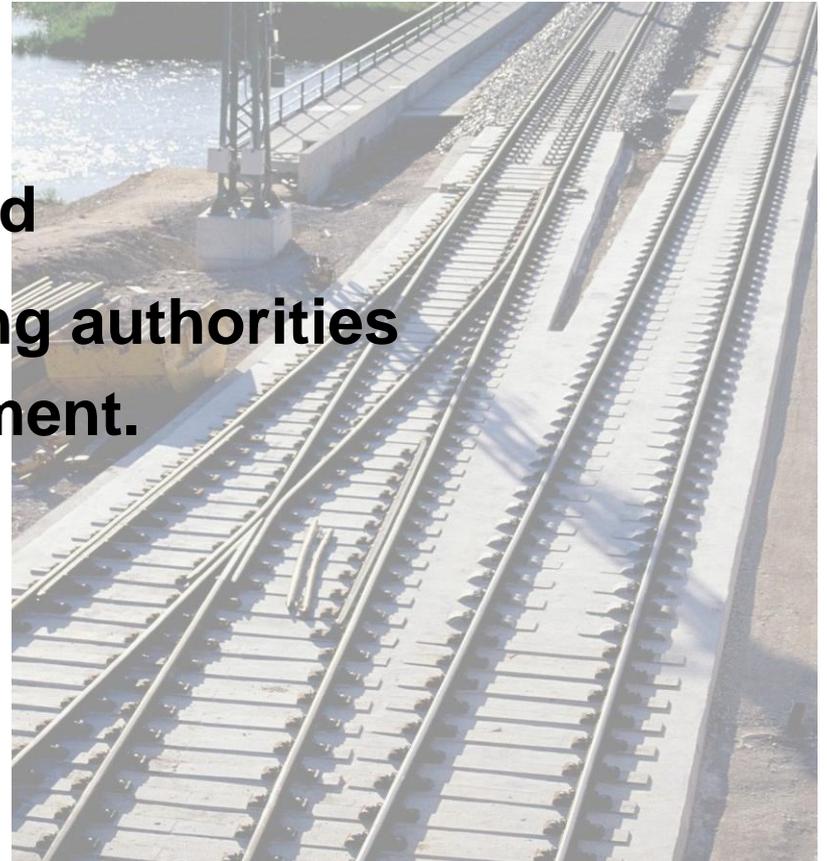
**Volume of investment: approx. €500m**



## Partnerschaften Deutschland (PD)

### **Broad public-sector participation.**

- **10 federal states**
- **over 80 municipalities and**
- **over 30 further contracting authorities signed framework agreement.**



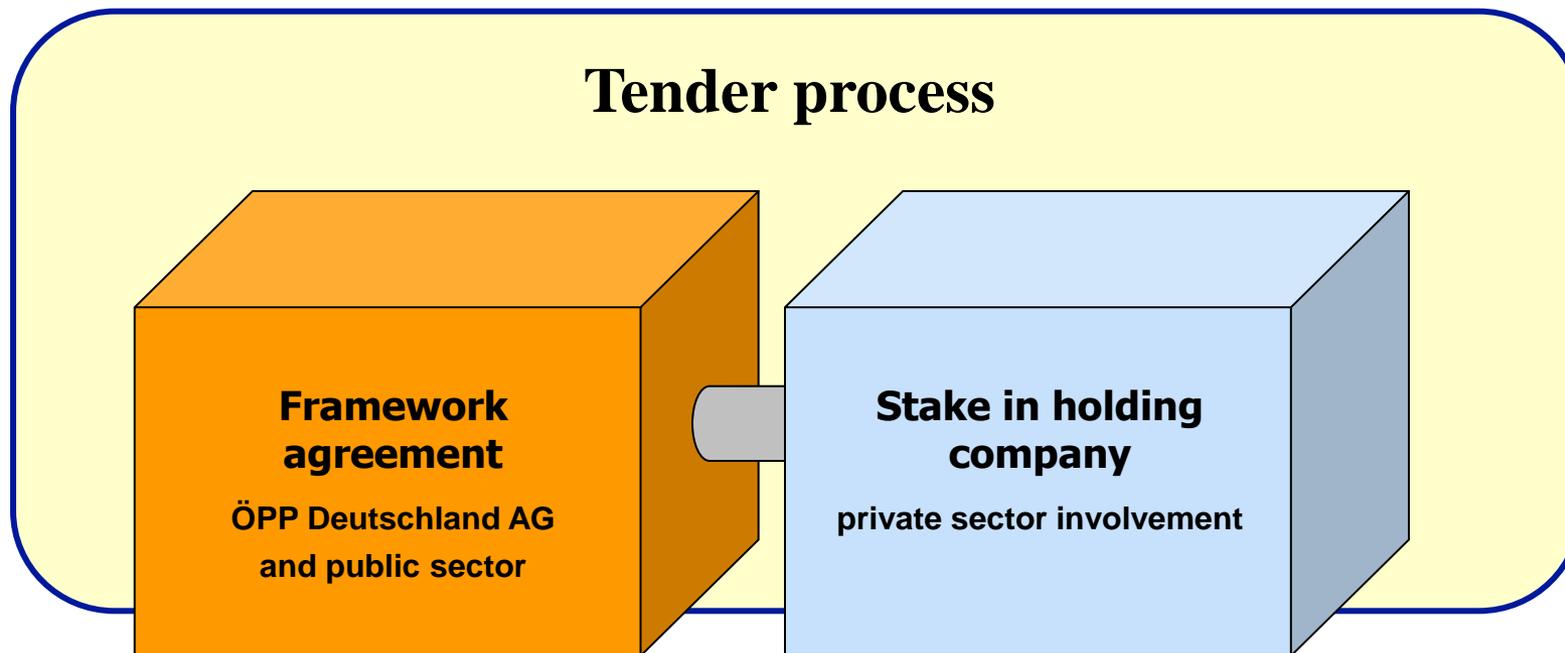


# Framework agreement's project pipeline

	<b>Project</b>	<b>Contracting authority:</b>	<b>Description</b>
1	Site for Federal Ministry of Education and Research in Berlin	Institute for Federal Real Estate	Amalgamation of previous Berlin sites
2	Site for Federal Office for Building and Regional Planning in Berlin	Institute for Federal Real Estate	Site for extended divisions
3	Site for Federal Ministry of Health in Berlin	Institute for Federal Real Estate	Final location for Berlin section of the Ministry
4	Duispont bridge	Town of Duisburg	New bridge to cross harbour in Duisburg
5	Leonberg tunnel	Leonberg District Town	New tunnel under old town
6	Federal Foreign Office IT project	Federal Foreign Office	Relaunch of <a href="http://www.deutschland.de">www.deutschland.de</a>
7	New laboratory and office building	Helmholtz Centre Berlin for Materials and Energy	New pioneering energy efficient laboratory and office building for solar-energy research in Berlin-Adlershof
8	New research institution	Schleswig-Holstein	New Leibniz Institute of Marine Sciences (Geomar)
9	German Meteorological Service	Federal Ministry of Transport, Building and Urban Affairs	Siting of German Meteorological Service Potsdam branch
10	Project D115 uniform authority telephone number	Federal Ministry of the Interior	Project D115 uniform authority telephone number
11	Biomass Research Centre in Leipzig	German Biomass Research Centre	Expansion of German biomass research centre
12	Federal Police Headquarters	Institute for Federal Real Estate	Construction of Federal Police Headquarters
13	Federal Cultural Foundation	Francke Foundations	Site of institution



# Combined tendering



Selection criteria:

- Performance
- Reliability

Award criteria:

- Price of stake
- Quality of participation in core work



## Partnerschaften Deutschland (PD)

### Results of tender:

- Industry participates through more than 70 companies and associations with approx. €7m.
- Clearly achieved objective of gaining broad shareholding encompassing all PPP sectors despite financial crisis.

**SMEs strongly represented.**

- Wide-ranging offer from future shareholders obtained to support groundwork of ÖPP-Deutschland AG.



# Partnerschaften Deutschland (PD)

**Result of tender  
confirms concept.**

- **Private sector sees need**
- **Basis for successful start**

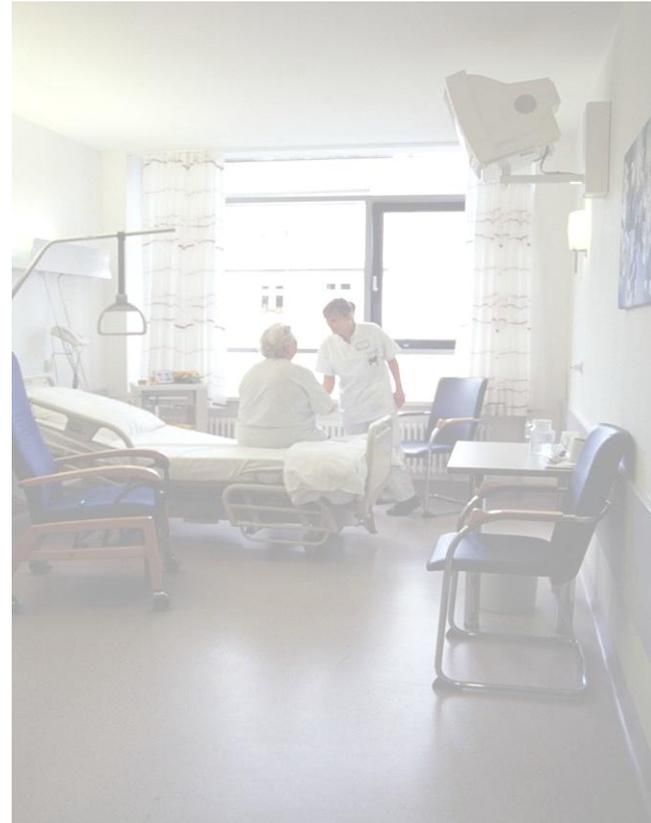




## Partnerschaften Deutschland (PD)

### Proposals for priority fields for the groundwork:

- **IT**
- **Nursery schools**
- **Hospitals**
- **Schools**





# Partnerschaften Deutschland (PD)

## Inter-disciplinary tasks

- **SMEs**
- **Profitability**
- **Financing**
- **Architecture**

