

PPP

a German and an European View and Chances for Consulting

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PPP Finance Model – a new Trend for Turkey

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A German View

PPP Developments

- Federal level
- Northrhein-Westfalia
- Other States in Germany

PPP in public Construction, Milestones

- 04/2001 Construction sector dialogue
- 10/2001 Chancellor-Working Group
- 06/2002 PPP-Centre of Competence
- 07/2002 Steering Committee PPP
- 11/2002 Tender of a PPP-Assessment Study
- 02/2003 Start of the PPP-Assessment study
- 07/2003 PPP-decision in the German Federal Parliament
- 09/2003 Press conference about the PPP-Assessment
- 10/2003 Conference on PPP
- 12/2003 Conference of Ministers for Construction (16 States)
Recommend Task Force on PPP

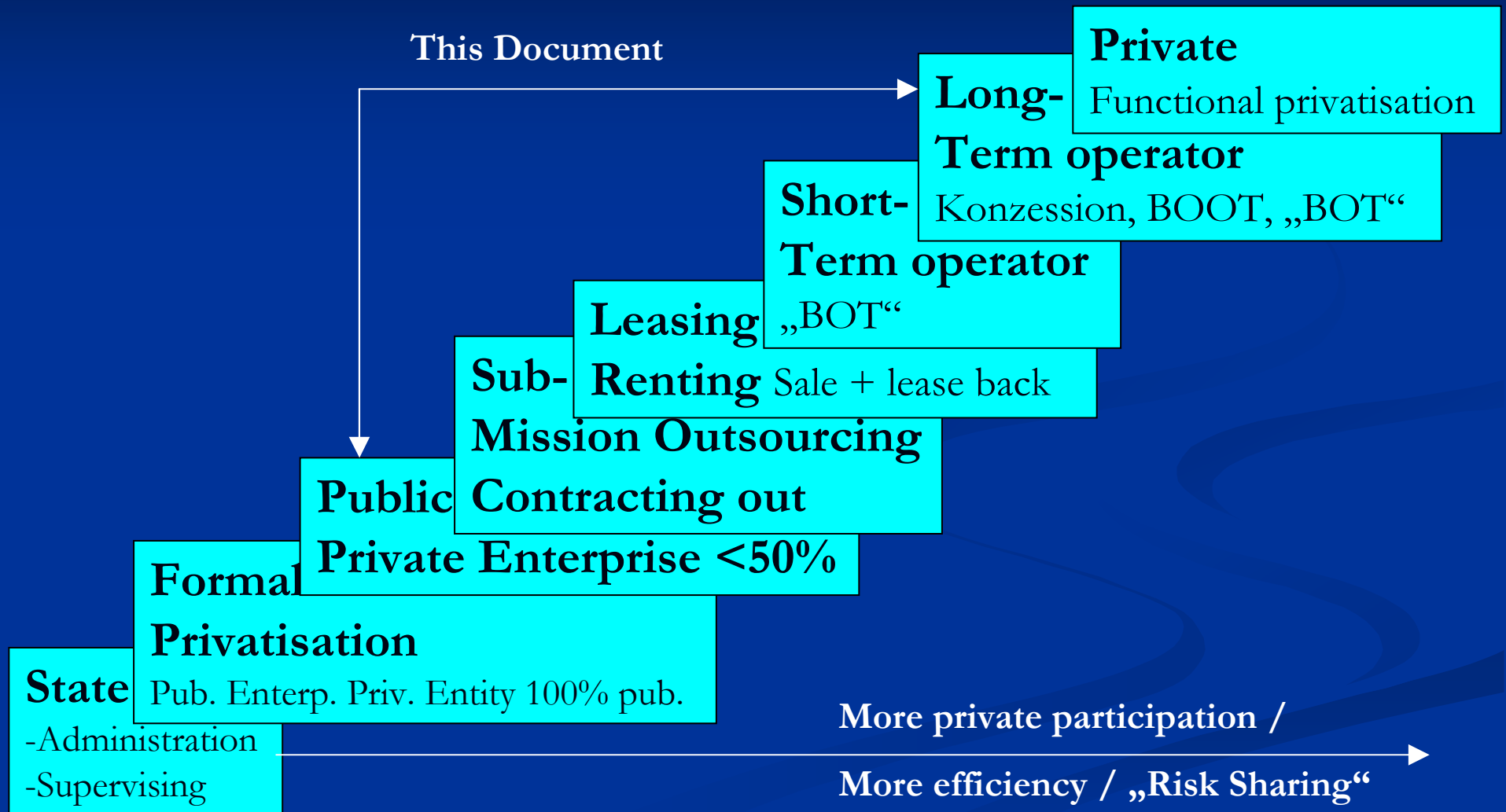
Estimates + Distribution 2000 - 2008

- Transport (Roads + Rail) ■ 26,1 %
- Social infrastructures ■ 18,7 %
- Water supply and environment ■ 18,2 %
- Communal Housing ■ 7,0 %
- Energy supply (Powerlines) ■ 6,1 %
- Waste water (sewer lines + cleaning) ■ 18,5 %

One example:

Wastewater:	<u>Sewer line</u>	<u>Rainwater</u>	<u>Treatment Plants</u>	<u>Sludge</u>	<u>total</u>
Estimate Bn €:	45	25	25	5	100

Spectrum of PPP Models



Role of State & Role of Business

- Guarantee of supply
 - Development of projects
 - Partner for finance
 - Procurer/contracting out
 - Enterprise
- Project developers
 - Construction contractors
 - Operators
 - Investors / sponsorers
 - Co-financing

Experiences made in NRW

- UK → PPP since Thatcher, 20% of pub. Bldg.
- NRW installed a Taskforce PPP and catches up
- Deficits in community funding help
 - 5,3 Bn last y, 8,7 from years before
 - 52 (139 of 346) communities in severe troubles
 - Only relatively few projects are PPP aped
 - Taskforce in Finance Min. 3 Pers.
 - Expert Group
 - PPP Kompetenz Centre

Current projects:

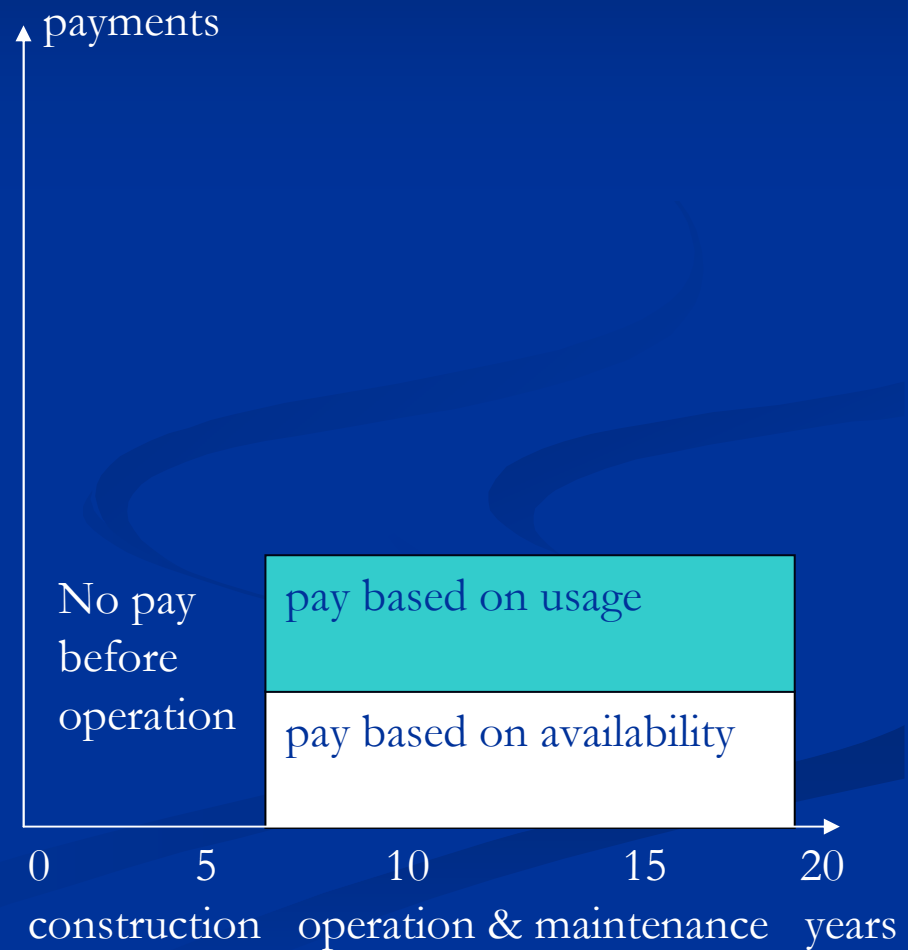
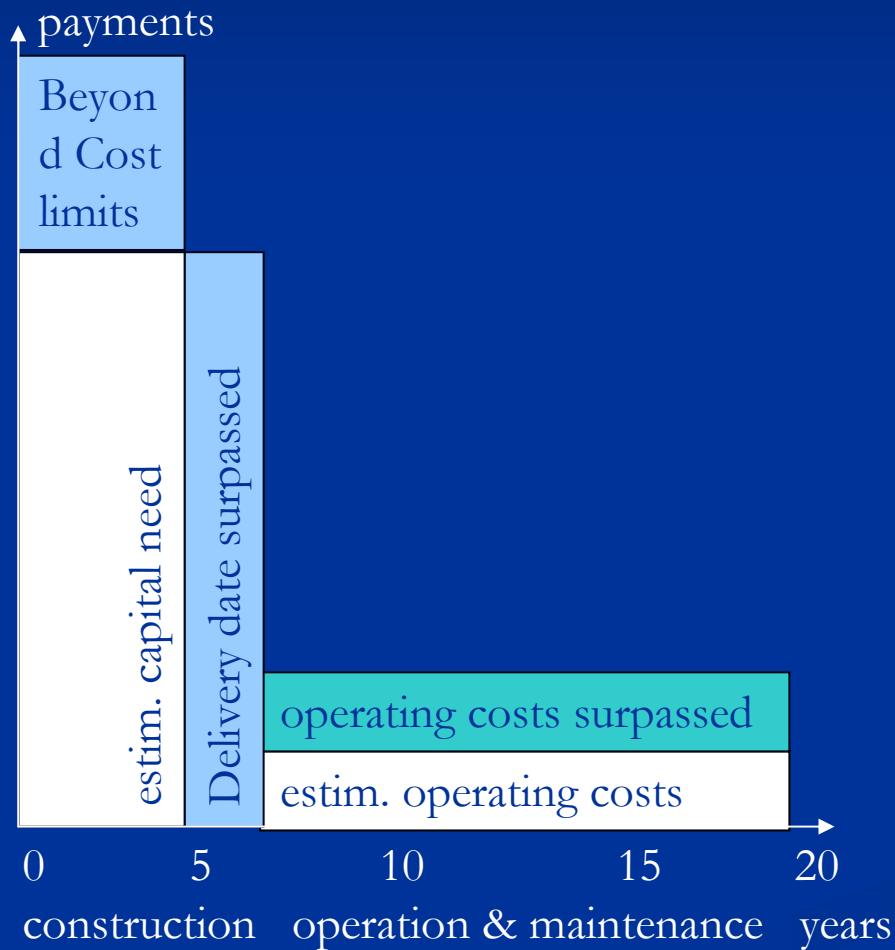
1. prisons
2. Schools (def. 7 bn)
3. admin. buildings
4. digital Ruhrgebiet

PPP-guidelines in NRW

1. First step: PPP acid test
2. How to Finance
3. Assessment of structures
4. Organisational Guide
5. Public Sector Comparator
6. Output specifications
7. Procurement legislation
8. Standard Contracts
9. Guide for Project and Contract Management



Cashflow without and with PPP

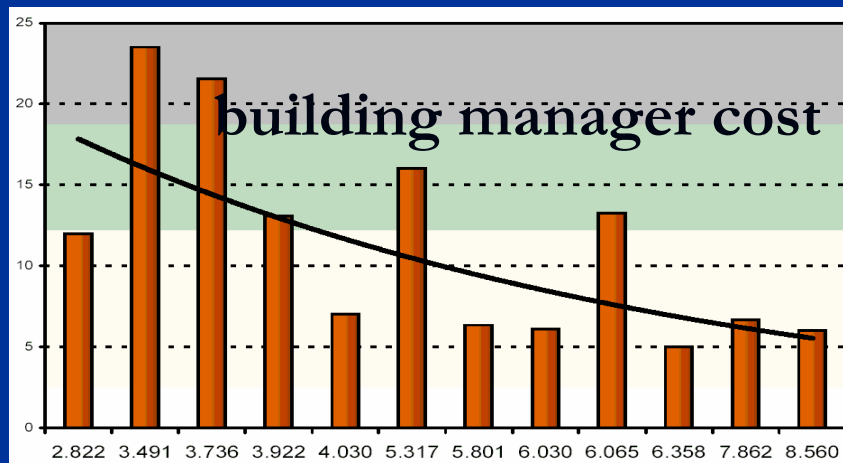
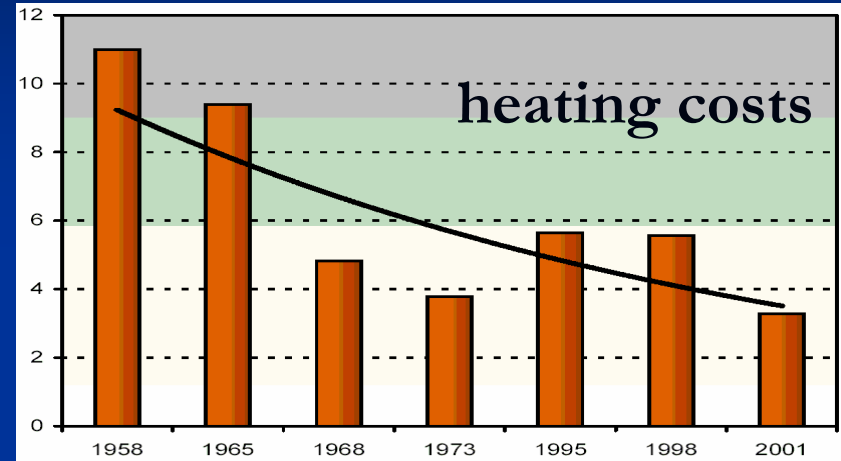
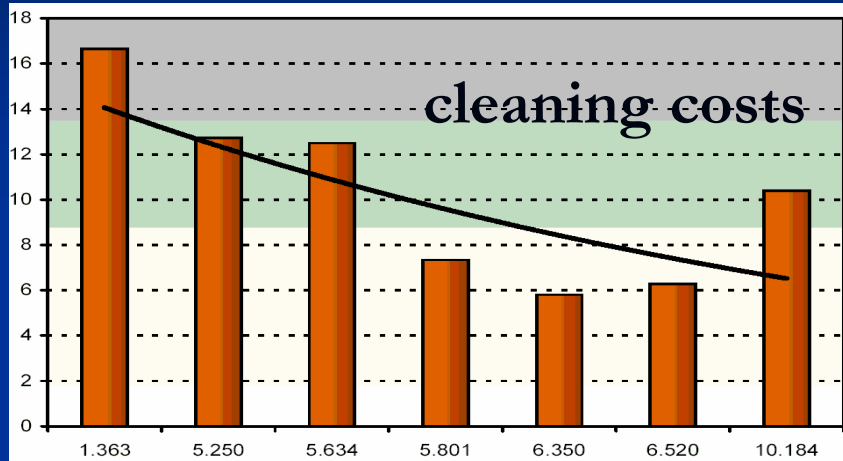


Fields attracting PPP in NRW

- Buildings
 - Prisons (Rehab.+Procurement)
 - Schools and School rehabilitation
 - Administration Buildings
 - Homes for Elderly and Hospitals
- Supply Infrastructure (water, energy)
- Collection Infrastructure (waste, water)
- E-Government
- Roads and Highways



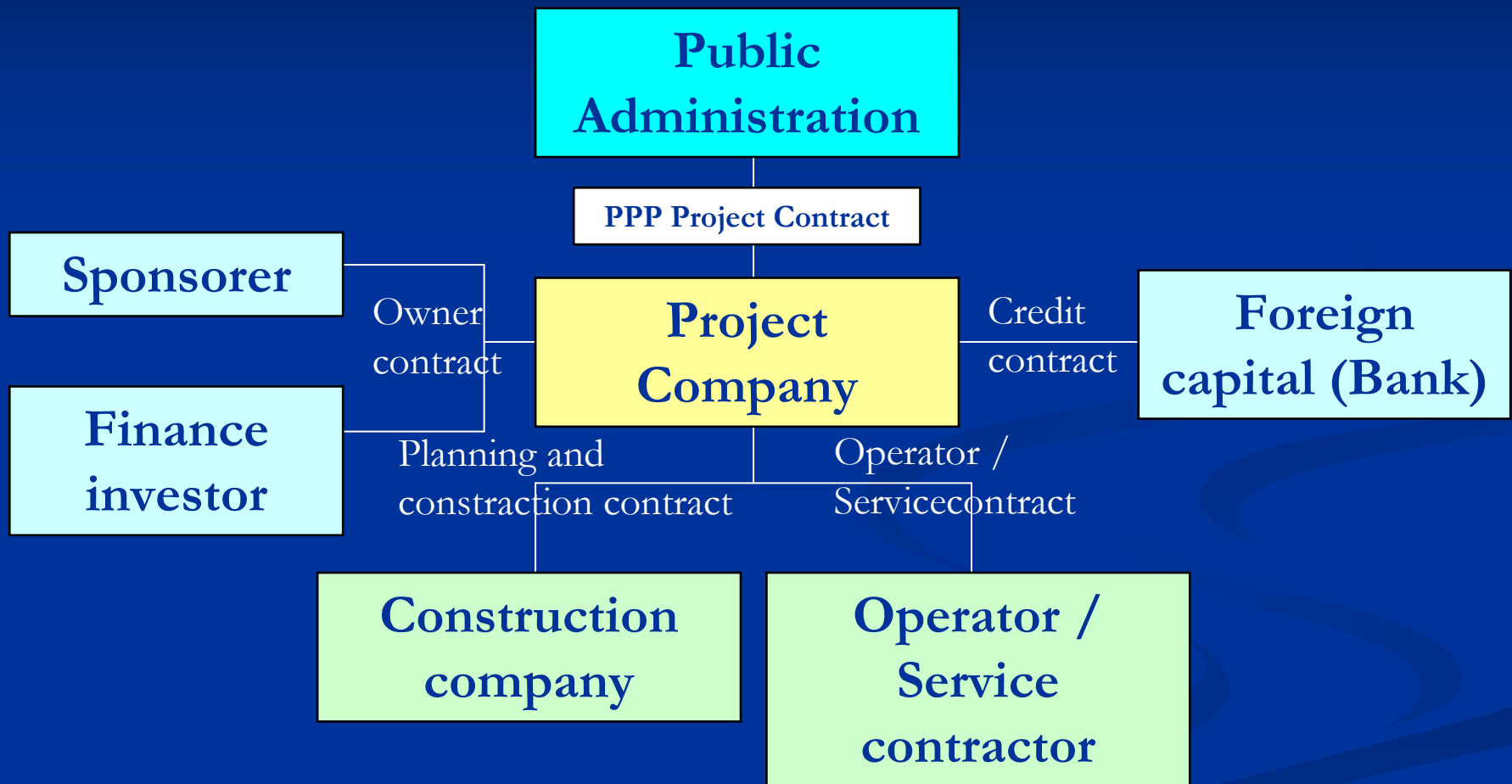
Major operating cost items need careful analysis



Of the operating costs components, 90% is composed from

1. cleaning costs,
2. building manager costs +
3. heating costs.

Typical project structure





An European View

- The Green Book and beyond
- The Industry's reaction
- What is next

EU Conference on PPP

- EC presented a Green Book (start for a law?)
- EFCA installed a Committee (Taskforce) PFI
- In April 2004 a public hearing took place
- In Juli the EC organized a conference for PPP

PPP is part of public procurement +has the following aspects:

- Framework for selection of private partners
 - Introduction of the competitive dialog
 - Privately initiated PPP
 - PPP over the contracting time
 - Subcontracts

The Industry's Reaction

- Mixed reactions asked for more but more often for less regulation
- Some held the opinion, it is non of the business of the EC
- Others want to have similar conditions in all EU Member States
- The EC is re-thinking the issue and evaluating the reactions



Chances for Consulting

Varios aspects

- Definition
- Challenge to Engineers
- Challenge to management
- Challenge to Project Financing

Understanding of PPP

- PPP is a joint effort of public and private enterprises in
 - Design
 - Planning
 - Financing
 - Building / Rehabilitating and
 - Operating public institutions
- based on long-term contracts without the public side losing control or general responsibility.
(defined by German public authorities)

Challenged Engineering Consultants

- Budgeting (investment and operating costs)
- Economic analysis
- Financial advise
- Community, State or EU financed portions
- Needs assessment
- Planning functionally
- Design of technical details

Consulting Engineerings' Part + Participation

- Participation of financial risks is limited to the financial share in the project
- Mostly the financial share is a relatively small part of the a project
- More often Engineering Consulting is called in subcontracted to prepare the bids and after winning design the architectural engineering part

Thanks for your Interest

Çok teşekkür ederim

- Good luck with your future projects
- Please keep in touch
- Turkish-German + Turkish-European exchanges started well + will increase considerably

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Procedures



Regional + Urban Planning Gain

Economics	Priv. Partner	Pub. Partner	Civil Servant
Economy	Return on investment (+++)	Balanced household (+++)	Quality life (++) Service (+++) Rate/price (+++)
Economy	Know-how (++) Legal security (+++) New markets (+++)	Pub. Services (++) Framework (+++) Know-how (+++)	Framework (+) Pub. Services (++)
Urban+regional success	Local enterp (+) Regio demand (+)	Local enterp (+) Reg. empl. (+++)	Regio demand (+)
State econ.	Nat employm. (0)	Nat. employ. (+-)	Natio. demand (0)
Sustainability	N. Resources (+-) Pub. Infrastru. (+)	N. Resources (++) Pub. Infrastr. (++)	N. Resources (+-) Pub. Infrastru. (+)

Flow Public Sector Comparator PSC + Conventional equivalent Projects