

# PPP in the Netherlands

PPP Unit

The Hague, 19 september 2007



Rijkswaterstaat

# PPP: Trends and Policy

Mr. Jan van Schoonhoven, Director PPP Unit



Rijkswaterstaat

# Outline Presentation

## **PPP: Trends & Policy**

- ▶ International trends in PPP
- ▶ Policy and PPP
- ▶ How PPP HELPS

## **PPP in the Netherlands**

- ▶ Project Pipeline
- ▶ Work in progress: Dutch PPP Projects
- ▶ Rijkswaterstaat PPP Unit



# Pace of PPP development in Europe

Member States	Central Accommodation	Airports	Defence	Housing	Health & Hospitals	IT	Ports	Prisons	Heavy Railway	Light Railway	Roads	Schools	Sports & Leisure	Water & Wastewater (incl solid waste)
Austria	○	○			◐	○		○	◐		◐	○		○
Belgium		◐		◐					◐	○	◐	○		◐
Denmark	◐						○			○	○	◐	○	
Finland			○		○				○	○	◐	◐		○
France	◐	○	○		◐		○	◐	◐	◐ <sup>†</sup>	● <sup>†</sup>		◐	● <sup>†</sup>
Germany	◐	○	◐		◐	◐		◐	○	○	◐	◐	◐	◐
Greece	◐	●			○						◐	○	◐	
Ireland	○			◐	◐			○		◐	◐	◐		◐
Italy	◐	◐		◐	◐		◐	○		◐	◐		◐	◐
Luxembourg		○				◐								
Netherlands	◐		◐	○	○		○	◐	◐		◐	◐		◐
Norway (not EU)	○		○		◐			○			◐	◐	○	
Portugal	○	○		○	◐	◐	◐	○	○	◐	●	○	◐	●
Spain	◐	◐			◐		●	◐	○	◐	●	○	○	◐
Sweden			○		○				○	◐	○			
UK	●	●	●	●	●	●		●		●	●	●	●	●

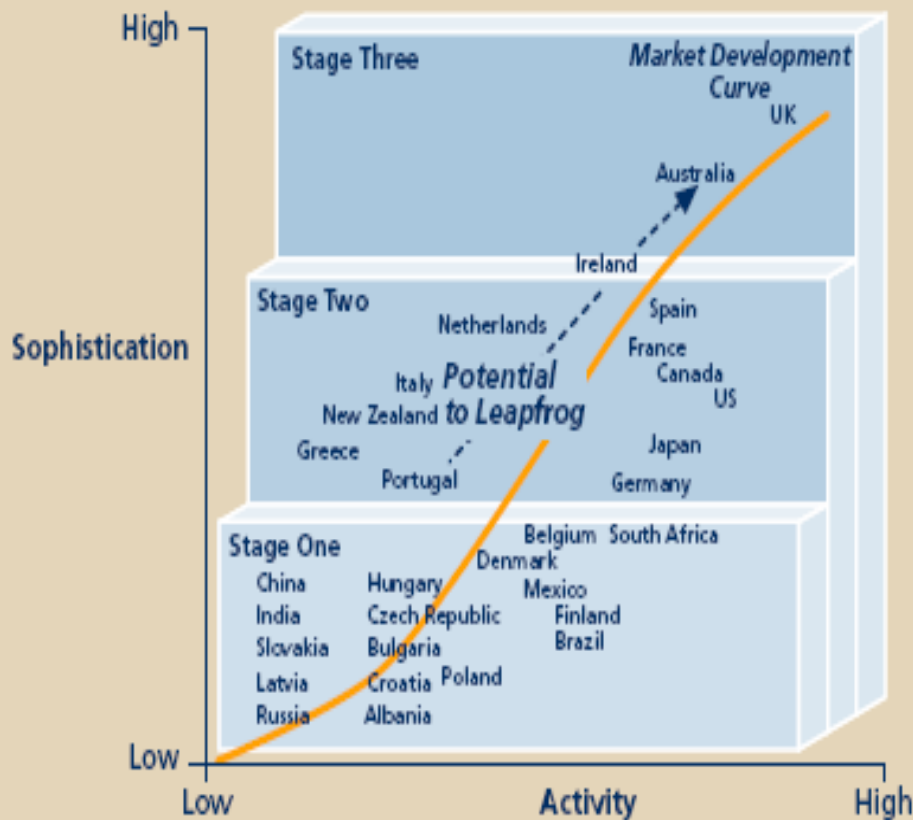
**Legend**

- Discussions ongoing
- ◐ Projects in procurement
- ◑ Many procured projects, some projects closed
- ◒ Substantial number of closed projects
- Substantial number of closed projects, majority of them in operation

<sup>†</sup> Procurement activity in these sectors relates to traditional style concession contracts

# PPP Maturity internationally

Figure 2. PPP Market Maturity Curve



## Stage One

- Establish policy & legislative framework
- Initiate central PPP policy unit to guide implementation
- Develop deal structures
- Get transactions right & develop public sector comparator model
- Begin to build marketplace
- Apply early lessons from transport to other sectors

## Stage Two

- Establish dedicated PPP units in agencies
- Begin developing new hybrid delivery models
- Expand and help shape PPP marketplace
- Leverage new sources of funds from capital markets
- Use PPPs to drive service innovation
- PPP market gains depth—use is expanded to multiple projects & sectors

## Stage Three

- Refine new innovative models
- More creative, flexible approaches applied to roles of public & private sector
- Use of more sophisticated risk models
- Greater focus on total lifecycle of project
- Sophisticated infrastructure market with pension funds & private equity funds
- Public sector learns from private partner methods as competition changes the way government operations function
- Underutilized assets leveraged into financial assets
- Organizational & skill set changes in government implemented to support greater role of PPPs

# PPP in Facts

Between 2004 and 2005:

- ▶ Worldwide appr. 200 PPP deals with a total value of 42 Billion Euros
- ▶ Europe appr. 150 PPP projects with a total value of 21 Billion Euros
- ▶ Within Europe:
  - ▶ UK in poll position with 60%
  - ▶ Spain, Italy and Portugal other major league players



## Overview Europe (Deals)

Value of signed contracts, €m 2001-06				<i>Total number of signed deals</i>	
	2001-04	2005	2006	Total	
Italy	890	2145	3436	6471	18
Spain	1000	1154	367	2521	30
France	0	1788	255	2043	13
Belgium	1300	480	---	1780	4
Netherlands	1302	---	431	1733	6
Germany	440	830	205	1475	21
Ireland	720	121	623	1464	9
Bulgaria	0	715	563	1278	5
Greece	0	798	450	1248	2
Austria	49	0	850	899	5
Portugal	278	---	32	310	5
Other countries	2690	1254	500	4444	19
<b>Total (exc.UK)</b>	<b>8669</b>	<b>9285</b>	<b>7712</b>	<b>25666</b>	<b>137</b>
UK	44831	6250	12586	63668	436

*Source: Public Private Finance*

## Dutch Projects (as of 2000)

Projects	Contract value (million €)
HSL Zuid Infra Provider (rail infra)	1300
Hoogheemraadschap Delfland (waste water treatment plant)	360
A59 (road infra)	220
N31 (road infra)	110
Montaigne Lyceum (school)	25
Ministry of Finance (accommodation)	177
2 <sup>e</sup> Coentunnel (tunnel)	500 appr.
A15 - MaVa (road infra)	1300 appr.





# The Challenge

- ▶ Increasing congestion:
  - ▶ 6 million people on main road network every day
  - ▶ Mobility increasing by approx. 3% a year
  - ▶ Growing delays



# A need for private sector participation in transport

- ▶ Policy Document on Mobility, 2010-2020: Ambitions for a total of appr. € 80,5 billion
- ▶ Public funding of appr. € 60 billion
- ▶ The policy goals can only be realised by the use of:
  - ▶ Road pricing /toll roads
  - ▶ PPP and innovative market arrangements
  - ▶ Combining areal development to infrastructure
  - ▶ Otherwise: some projects (and policy goals) will be realised after 2020...

Nota Mobiliteit

Naar een betrouwbare en voorspelbare bereikbaarheid

30 september 2014



Ministerie van Verkeer en Waterstaat



# Sense of urgency for RWS

- ▶ More efficiency
  - ▶ Less people, same or more projects
  - ▶ The private sector unless....
- ▶ Focus on network management
  - ▶ Roads, rail and water
  - ▶ Corporate thinking & acting
- ▶ Collusion in the Building practice
  - ▶ Need for changes clients and sector



# Goals for the new building practice

- ▶ Sound sector and market
- ▶ Competent Client
- ▶ Client driven market
- ▶ Focus on price and quality
- ▶ Performance driven specifications
- ▶ Early involvement private market
- ▶ Decreasing transaction costs



# Policy & PPP

- ▶ Ministry of Transport focuses on enhancing the performance of the network
- ▶ Need for private sector participation in transport

# How PPP Helps

- ▶ Large new projects and reconstruction:
  - ▶ Projects on time and within budget
  - ▶ Focus on availability
  - ▶ Government focuses on its core business for future projects
    - ▶ (new projects and reconstructions double or triple)
- ▶ Innovation with Construction and Maintenance combined
- ▶ Large, integrated projects only possible in PPP constructions
- ▶ Additional financial funding possible in PPP
- ▶ New business constructions possible
  - ▶ Concessions
  - ▶ Alliances
  - ▶ Joint Ventures



# PPP in the Netherlands

Marc M.P. Bollen (Senior Advisor PPP Unit)



Rijkswaterstaat

# Project Pipeline Infrastructure

- ▶ **Projects completed**
  - ▶ HSL InfraProvider
  - ▶ A59
  - ▶ N31
  
- ▶ **Projects in tendering**
  - ▶ 2<sup>nd</sup> Coentunnel
  - ▶ A2 Maastricht
  
- ▶ **PPP shifting from DBFM toward Joint Venture**
  - ▶ Water program Room for the River
  - ▶ Economic Developing Project Zuid as
  
- ▶ **Projects coming up**
  - ▶ A15 Maasvlakte – Vaanplein
  - ▶ A12 Utrecht – Veenendaal
  
- ▶ **PPP Intention**
  - ▶ A4 Delft-Schiedam
  - ▶ A27 Breda – Utrecht
  - ▶ Ring Utrecht
  - ▶ Corridor A6/A9 Schiphol – Almere
  - ▶ ...
  
- ▶ **New Projects on their way**
  - ▶ Road Pricing (Anders betalen voor Mobiliteit)



# Road PPP Examples

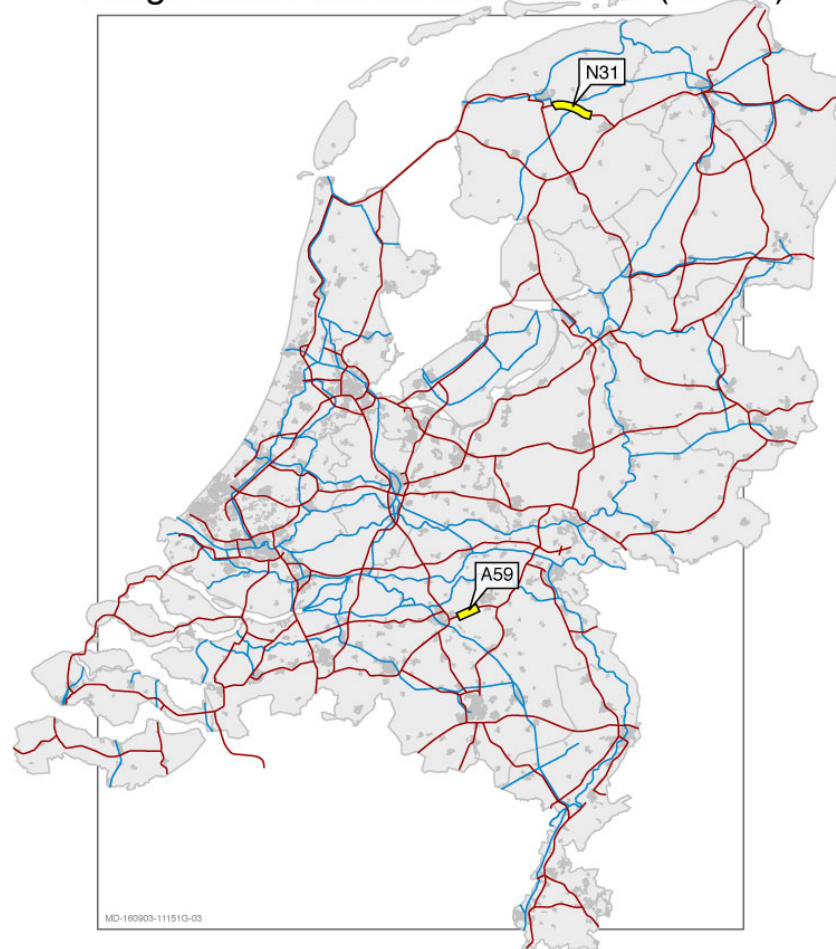
## N31

- ▶ 121 M€ (only B)
- ▶ 12 km build - 25 km maintain
- ▶ 6 months shorter building period
- ▶ Value for money: 27%  
(14% due to market eagerness)

## A59

- ▶ 218 M€
- ▶ 10 km build & maintain
- ▶ F 50% unconditional irrevocable payment
- ▶ On time & within budget
- ▶ Value for money: 14%

Design Build Finance Maintenance (DBFM)



# Railroad PPP Example

## HIGH SPEED LINK

### Understructure

- ▶ 7 separated Design/Construct contracts with major Dutch contractors incl. Bouygues
- ▶ 7 billion euro

### Superstructure

- ▶ Infrasppeed
- ▶ one 25 yr. DBFM contract
- ▶ 3 billion euro

### Transport concession

- ▶ High Speed Alliance
- ▶ one 15 yr. contract

Railroads



# Water PPP Example

- ▶ Safety is primary goal
- ▶ Environmental/spatial surplus value
- ▶ 1.9 billion euro
- ▶ Development Approach
- ▶ Consultation phase
- ▶ Try-out



# Identifying potential projects

>> Through Value for Money testing <<

## ▶ Market Scan

- ▶ Obligatory for projects that are initially listed on the Long Term Infrastructure Transport Program

## ▶ Public Private Comparator (“PPC”)

- ▶ Obligatory for projects > € 112,5 million

## ▶ Public Sector Comparator (“PSC”)

- ▶ Obligatory for all ppp contracts in order to identify the Value for Money



# RWS PPP Unit

- ▶ PPP Advisory Unit:  
Specialized PPP-unit of the Ministry of Transport, Public Works & Water Management
  
- ▶ Aims of the Unit:
  - ▶ Advise and bring knowledge to PPP projects
  - ▶ Develop knowledge on core business
  - ▶ Share knowledge internally and exchange externally
  
- ▶ Specialized knowledge
  - ▶ Financial / economical
  - ▶ Contract / legal



# What can we offer

- ▶ **PPP Unit offers:**
  - ▶ Standard contract (developed by public and private sector)
  - ▶ Instruments (Market scan, PPC and PSC)
  - ▶ Learning on the job at the Ministry
- ▶ **International**
  - ▶ Large number of international exchange of information
  - ▶ PPP Unit participate in UN ECE PPP community
    - ▶ All PPP units Europe gather and exchange information
    - ▶ Input from private sector (industry, backing etc)
    - ▶ Same problems (governmental approach), helpful solutions
  - ▶ PPP Unit has people stationed in France (concessions) and UK (DBFM)



End

Questions



Rijkswaterstaat