

PPP in the Netherlands

PPP Unit

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Rijkswaterstaat

PPP: Trends and Policy

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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	◐	○	○		◐		○	◐	◐	◐ [†]	● [†]		◐	● [†]
Germany	◐	○	◐		◐	◐		◐	○	○	◐	◐	◐	◐
Greece	◐	●			○						◐	○	◐	
Ireland	○			◐	◐			○		◐	◐	◐		◐
Italy	◐	◐		◐	◐		◐	○		◐	◐		◐	◐
Luxembourg		○				◐								
Netherlands	◐		◐	○	○		○	◐	◐		◐	◐		◐
Norway (not EU)	○		○		◐			○			◐	◐	○	
Portugal	○	○		○	◐	◐	◐	○	○	◐	●	○	◐	●
Spain	◐	◐			◐		●	◐	○	◐	●	○	○	◐
Sweden			○		○				○	◐	○			
UK	●	●	●	●	●	●		●		●	●	●	●	●

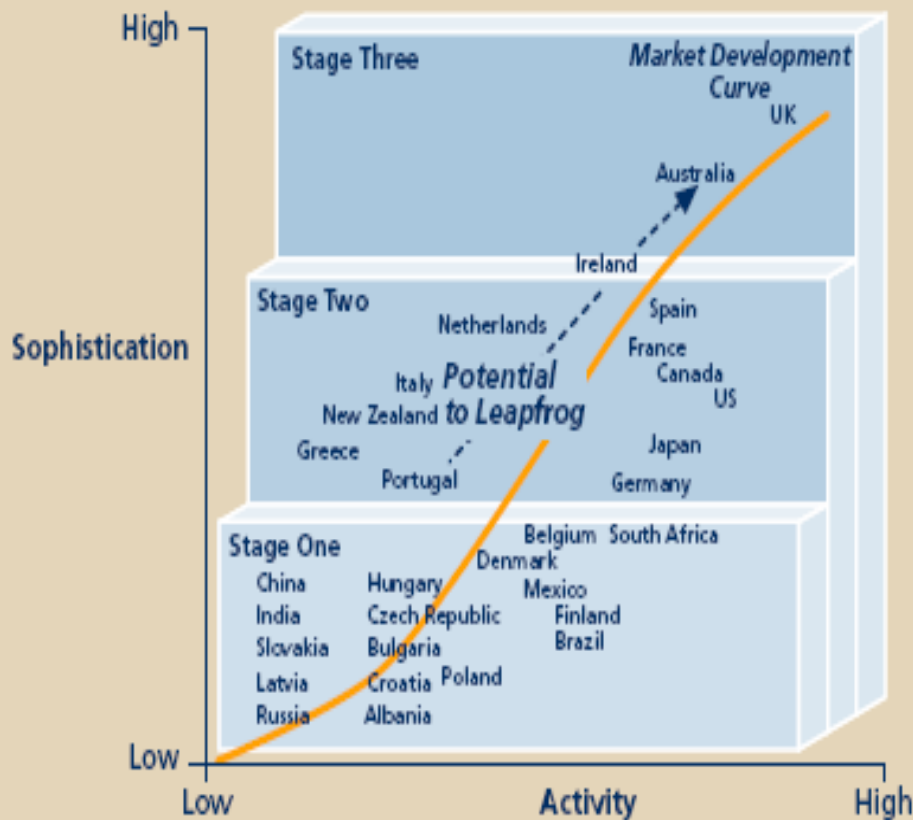
Legend

- 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

[†] 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 Billions Euros
- ▶ Europe appr. 150 PPP projects with a total value of 21 Billions 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
Total (exc.UK)	8669	9285	7712	25666	137
UK	44831	6250	12586	63668	436

Source: Public Private Finance

Dutch Projects (as of 2000)

Projects	Contractvalue (millions €)
HSL Zuid Infra Provider (railinfra)	1300
Hoogheemraadschap Delfland (waste water treatment plant)	360
A59 (roadinfra)	220
N31 (roadinfra)	110
Montaigne Lyceum (school)	25
Ministry of Finance (accommodation)	177
2 ^e Coentunnel (tunnel)	500 appr.
A15 - MaVa (roadinfra)	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



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

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Rijkswaterstaat

Project Pipeline Infrastructure

- ▶ **Projects completed**
 - ▶ HSL InfraProvider
 - ▶ A59
 - ▶ N31

- ▶ **Projects in tendering**
 - ▶ 2nd 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

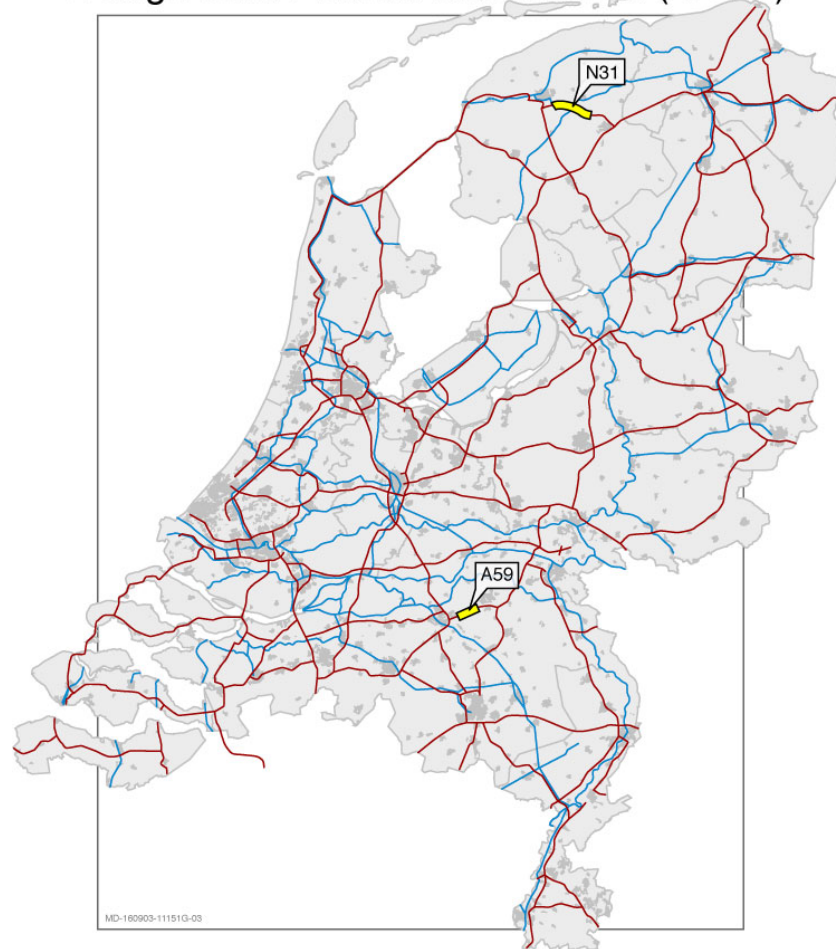
N31

- ▶ 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



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