



MINISTRY OF TRANSPORT, TELECOMMUNICATION AND ENERGY

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Zoltán Agg

Head of Department for Public  
Procurement and PPP

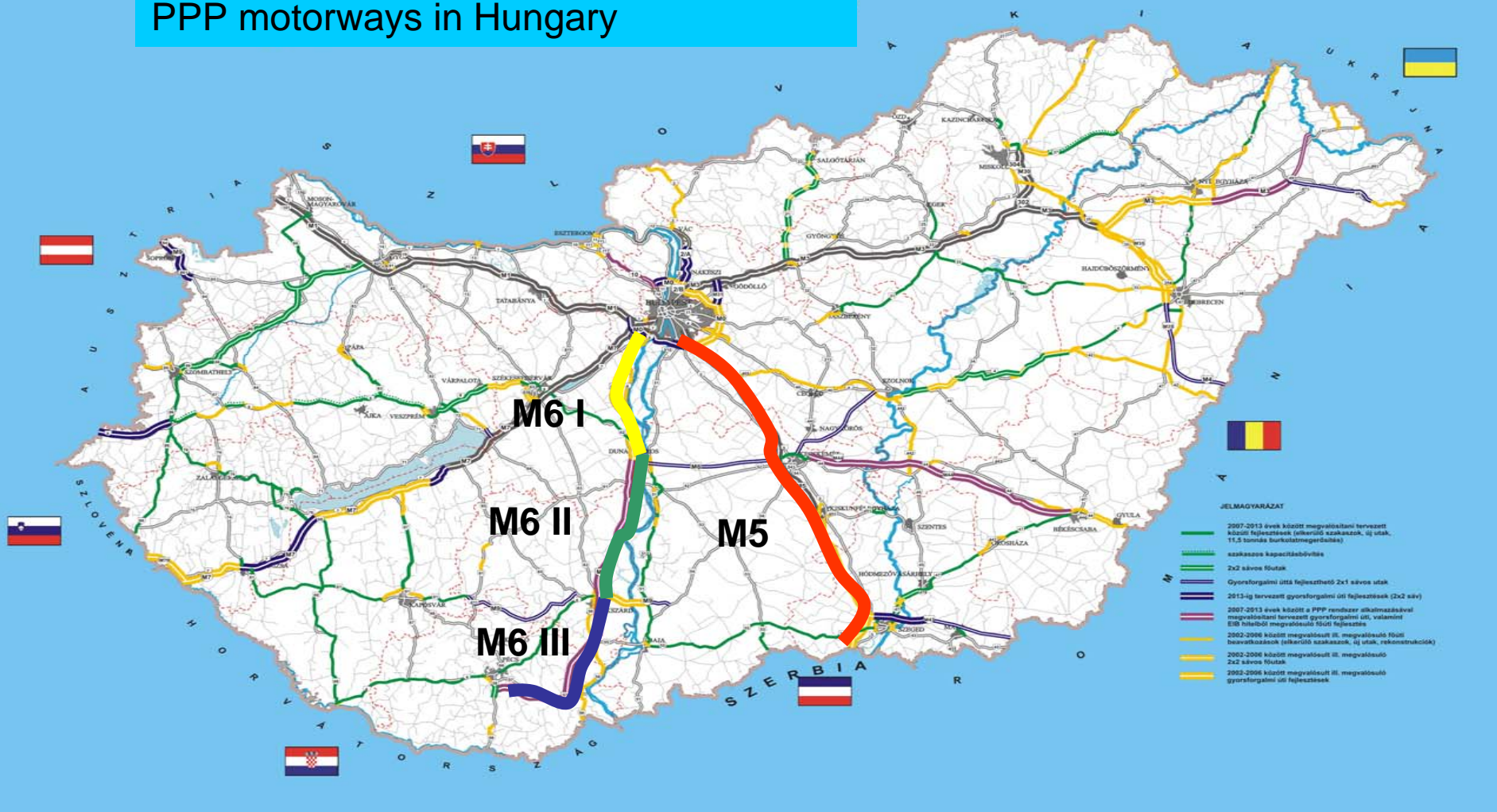
Zoltan.Agg@khem.gov.hu

Hungary



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## PPP motorways in Hungary





# PPP motorways in Hungary

| M5 (1st PPP project)                                   | M6 I phase  | M6 II phase  | M6 III phase  |
|--|---|--|---|
| 156 km<br>(different structure compared to the others) | 58.6 km   | 65.1 km  | 79.8 km   |
| availability fee payment (until 2031)                  | availability fee payment (22y)  | availability fee payment (30y)   | availability fee payment (30y)  |
| DBFO<br>Contract was several times amended             | DBFO, €508m, private financing and the EIB for refinancing            | DBFO, €500m, private financing and EIB   | DBFO, €1000m, fully private financing (tunnels)   |
| Project was launched in 1994                           | Public Procurement launched in 2004<br>Construction completed in 2006 | Public Procurement launched in autumn 2007 Under construction, it will be completed by spring 2010 | Public Procurement launched in early spring 2007<br>Under construction, it will be completed by spring 2010 |



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# Actions taken by the Government

- Having seen the difficulties of the financial market the government decided to cancel its previous intention to launch new transport PPP projects.
- Act on Public Finance says: 'From January 2010, in case of a new PPP project launched, all the investment cost should be recorded into the annual budget irrespectively from the nature of financing and any other international directives (e.g.: Eurostat).
- Those projects (M6 II, M6 III) that are under operation and construction are not affected by the aforementioned actions.
- Financial stability is provided in the yearly budget (availability fee payment) concerning the projects have been in operational phase and the projects will be completed in 2010.



# Issues need to be considered for the future 1

- New way of financing
  - Decrease of private financing
  - Increase of IFIs (EIB, EBRD, World Bank) in the financing
  - Potential increase of the Structural Funds (EU) in the financing
  - Relatively short-term contracts(15-20y) and parallel financing



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# Issues need to be considered for the future 2

- New ways of capacity building and management
  - Setting up the PPP Centre of Excellence is a practical initiative for training and exchange of information on various levels
  - Delivery of practical guidance, trainings for PPP project preparation, procurement and contract management is very necessary
  - Educated and experienced capacity allocation on PPP project-management



# Actions taken by the Ministry of Transport

- Ministry of Transport is going to be member of the PPP Expertise Group – EPEC (EIB)
- Exchange of information on PPP issues on various levels of governmental bodies
- The PPP unit of the Ministry is developing a paper to summarise ‘PPP lessons learnt up to know’ regarding transport PPP projects in Hungary and will make suggestions for the potential future programmes



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Thank you for your attention!