The market for
Public-Private Partnerships
in Germany
What is PPP?
Agreement on …

Planning
+ Building
+ Financing
+ Operation
(+ Post-contract life)

… between public and private partners

*PPP sectors:* construction, infrastructure
Organisation of selected sectors of basic public goods and services

<table>
<thead>
<tr>
<th>Public administration</th>
<th>PPP</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rail/long-distance transport</td>
<td>• Regional trains</td>
<td>• Post</td>
</tr>
<tr>
<td>• Waterways</td>
<td>• A-model/F-model</td>
<td>• Telecommunications</td>
</tr>
<tr>
<td>• Road</td>
<td>• Military logistics</td>
<td>• Energy supply</td>
</tr>
<tr>
<td>• Defence</td>
<td>• Water supply</td>
<td>• Water supply</td>
</tr>
<tr>
<td>• Water supply</td>
<td>• Health care</td>
<td>• Health care</td>
</tr>
<tr>
<td>• Health care</td>
<td>• Social services</td>
<td>• Social services</td>
</tr>
<tr>
<td>• Social services</td>
<td>• Waste disposal</td>
<td>• Waste disposal</td>
</tr>
<tr>
<td>• Waste disposal</td>
<td>• Sewage disposal</td>
<td>• Sewage disposal</td>
</tr>
<tr>
<td>• Sewage disposal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
Cash-flow comparison

- traditional procurement
- acquisition model
- owner model
- leasing model
- rent model
- contracting model
- licence model
# Models for PPP contracts

## Usual exchange of services

<table>
<thead>
<tr>
<th>Model</th>
<th>Facility/asset ownership during operation</th>
<th>Facility/asset ownership end of operation</th>
<th>Type of remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Client</td>
<td>Contractor</td>
<td>Client</td>
</tr>
<tr>
<td>Acquisition model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracting model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPPP</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* ownership is transferred
PPP project structure
- example -

Advisor

Licensor
Fed. / Fed. State / Municipality

Advisor

Shareholder
Investors

Maintenance

Maintenance

Equity capital

Loan provider
Banks/capital market

Loan

Interest/repayment

Operation

Remuneration

Operation

Remuneration

Remuneration

Construction at agreed price and timeframe

Construction planning

General contractor

Maintenance

Remuneration

Equity capital

Return

Return

Concession

Grant

Service:

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Concession

Grant

Service:

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Concession

Grant

Service:

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction

Construction at agreed price and timeframe

Remuneration

Remuneration

Remuneration

Construction
History of PPP at EU level

7 May 2003  Commission publishes *Internal Market Strategy – Priorities 2003-2006*, which highlights the need to clarify legal issues relating to PPP. The publication of a Green Paper on PPP is announced.

21 May 2003  Commission publishes Green Paper on Services of General Interest. This paper entails a substantial review of the Commission’s policy on these services and asks whether a general legal framework should be created at Community level for these services. The Commission plans to publish a Green Paper on public procurement and on PPP in the second half of 2003.

30 Apr 2004  Commission adopts Green Paper

4 Apr 2006  Council, European Parliament (EP) and Commission agree on financial framework for 2007-2013

26 Oct 2006  Resolution by EP

30 May 2007  EP adopts Trans-European Networks (TEN) regulation for 2007-2013 with financial envelope of around €8bn

20 Jun 2007  TEN regulation for 2007-2013 published in the official journal of the EU

5 Feb 2008  Commission publishes interpretative communication on the application of Community law on Public Procurement and Concessions to Institutionalised Public-Private Partnerships (IPPP)

16 Sep 2008  EIB and Commission launch European PPP Expertise Centre (EPEC)
### History of PPP at federal level in Germany

<table>
<thead>
<tr>
<th>Date</th>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>2001</td>
<td>Federal Chancellor sets up “Kanzler-AG”</td>
</tr>
<tr>
<td>Jul</td>
<td>2002</td>
<td>Steering Committee (SC): “PPP in public construction works”</td>
</tr>
<tr>
<td>Oct</td>
<td>2003</td>
<td>PPP federal study published</td>
</tr>
<tr>
<td>Dec</td>
<td>2003</td>
<td>Agreement by federal state ministers responsible for building</td>
</tr>
<tr>
<td>Dec</td>
<td>2003</td>
<td>SC: recommendations for framework conditions</td>
</tr>
<tr>
<td>Nov</td>
<td>2004</td>
<td>Members’ initiative on “PPP Acceleration Act”</td>
</tr>
<tr>
<td>Dec</td>
<td>2004</td>
<td>Agreement by federal state ministers responsible for finance (FMK)</td>
</tr>
<tr>
<td>Jul</td>
<td>2004</td>
<td>PPP Task Force set up</td>
</tr>
<tr>
<td>May</td>
<td>2005</td>
<td>Creation of federal PPP competence network</td>
</tr>
<tr>
<td>Sep</td>
<td>2005</td>
<td>PPP Acceleration Act comes into force</td>
</tr>
<tr>
<td>Apr</td>
<td>2006</td>
<td>Formation of the coalition working group on “PPP Simplification Act”</td>
</tr>
<tr>
<td>Sep</td>
<td>2006</td>
<td>FMK decision: standard guidelines on examining profitability</td>
</tr>
<tr>
<td>Sep</td>
<td>2007</td>
<td>Federation/federal states working committee and Federal Ministry of Finance publish recommendations on PPP in the federal budget system</td>
</tr>
<tr>
<td>Aug</td>
<td>2008</td>
<td>10 federal states, 82 municipalities and 33 other contracting authorities approve the framework agreement</td>
</tr>
<tr>
<td>Sep</td>
<td>2008</td>
<td>Tender procedure for private stakes in PPP consultancy company for contracting authorities</td>
</tr>
</tbody>
</table>

Source: PPP Task Force, Federal Ministry for Transport, Building and Urban Affairs
PPP market structure in Germany

More PPP

More private capital for public tasks

More cos. in the provision of public services

Framework

Laws
- Provision amendments:
  - Competition law
  - Tax law
  - Accounting law
  - Statistics law

Regulations
- Change in rules on awarding contracts

Models
- modify:
  - Contracts
  - PC
  - PSC
  - Budget issues
  - System of NA
  - Double-entry bookkeeping

More/bigger projects

Admin. building
- Defence

Transport

Education + research
- Health

PC = Profitability calculations
PSC = Public Sector Comparator
NA = National accounting
PPP organisation of the govt. in Germany

Ministry of Finance
  Construction
  Task Force
    Roads
    Federal states
      East
      West
    Deges

Ministry of Transport
  Transport
  Task Force
    Rail, sea, air
      VIFG

Ministry of Defence
  Civil
  Defence
  g.e.b.b., Dept. M / Group M I
    Gesellschaft für Entwicklung, Beschaffung und Betrieb mbH

Ministry of Economics
  Project development co.

Deutsche Einheit Fernstraßenplanungs- und -bau GmbH
Verkehrsinfrastruktur-entwicklungsgesellschaft mbH

= Project management cos.
The PPP procurement process in Germany
Agreed procedure between central and regional government

<table>
<thead>
<tr>
<th>The phases in the PPP procurement process</th>
<th>Steps in examining PPP profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>Determining needs, financeability and profitability of measures</td>
</tr>
<tr>
<td></td>
<td>PPP test for suitability</td>
</tr>
<tr>
<td></td>
<td>Preliminary decision for or against continuing to pursue various PPP options</td>
</tr>
<tr>
<td>Phase II</td>
<td>Drawing up conventional comparative values (Public Sector Comparator – PSC)</td>
</tr>
<tr>
<td></td>
<td>Provisional examination of profitability</td>
</tr>
<tr>
<td></td>
<td>Appropriation in budget and call for tender</td>
</tr>
<tr>
<td></td>
<td>Determining the maximum amount to be appropriated in the budget (budget readiness)</td>
</tr>
<tr>
<td>Phase III</td>
<td>Final profitability analysis</td>
</tr>
<tr>
<td>Phase IV</td>
<td>Project controlling</td>
</tr>
<tr>
<td></td>
<td>Final decision on awarding and signing of contract</td>
</tr>
</tbody>
</table>
## Risk allocation in PPP compared with traditional procurement

<table>
<thead>
<tr>
<th>PPP</th>
<th>Traditional procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public sector</strong></td>
<td><strong>Private partner</strong></td>
</tr>
<tr>
<td>deficient construction</td>
<td>deficient construction</td>
</tr>
<tr>
<td>unavailability</td>
<td>unavailability</td>
</tr>
<tr>
<td>bad service</td>
<td>bad service</td>
</tr>
<tr>
<td>insufficient usage</td>
<td>insufficient usage</td>
</tr>
<tr>
<td>obsolescence</td>
<td>obsolescence</td>
</tr>
<tr>
<td>residual value below forecast</td>
<td>residual value below forecast</td>
</tr>
<tr>
<td><strong>deterioration of commercial basis (framework)</strong></td>
<td><strong>deterioration of commercial basis (framework)</strong></td>
</tr>
<tr>
<td><strong>force majeure</strong></td>
<td><strong>force majeure</strong></td>
</tr>
<tr>
<td>changing legislation</td>
<td>changing legislation</td>
</tr>
</tbody>
</table>
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).

<table>
<thead>
<tr>
<th>Tender type</th>
<th>Section of GWB</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open tender</strong></td>
<td>101 II GWB</td>
<td>An unlimited number of companies are publicly invited to tender.</td>
</tr>
<tr>
<td><strong>Restricted tender</strong></td>
<td>101 III GWB</td>
<td>Companies are publicly invited to express interest, then a limited number of these are invited to submit a tender.</td>
</tr>
<tr>
<td><strong>Negotiated tender</strong></td>
<td>101 IV GWB</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Competitive dialogue</strong></td>
<td>101 V GWB</td>
<td>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.</td>
</tr>
</tbody>
</table>
### Overview of the current status of the PPP Simplification Act

**Project working group consisting of the majority parties in the German Bundestag and including representatives of German industry**

**As of Feb 2008**

<table>
<thead>
<tr>
<th>Competence working group of the project working group</th>
<th>Advisor proposals for outline paper</th>
<th>Consultation in the CWGs</th>
<th>Agreement by CWGs on key issues</th>
<th>Decision by PWG</th>
<th>Decision by parliamentary group</th>
<th>1st reading in parliament</th>
<th>2nd reading Committees</th>
<th>3rd reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law on government support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td></td>
<td></td>
<td>X</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social infrastructure</td>
<td><strong>No need recognised</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awarding of contract</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
<td>X</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defence</td>
<td><strong>No need recognised</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The original timeframe for the legislation, which provided for a first reading of the PPP Simplification Act in the Bundestag in May 2007, no longer applies. No new timeframe has yet been submitted.

(1) CWG Health has discontinued its activities. The federal states' officials responsible for hospitals proposed an amendment of Section 9 of the Hospital Financing Act to the PWG PPP of the CDU/CSU and SPD parliamentary groups. The amendment empowers the federal states to deploy flat-rate funding to finance investments in PPP projects where the investment costs within the project are stated proportionally for each year.

(2) No absolute need for regulation by advisors established.

(3) Federal Ministry of Finance and Federal Ministry of Transport, Building and Urban Affairs are requested to submit proposals.

(4) Advisors see no specific need for action. Finance Ministry's proposals on amendment clarifying the Federal Budget Ordinance were sent to the CWG for "Law on government support"/"Budget".

Need for legislation is covered by the amendment to the law on awarding contracts and by the Investment Act of 28 December 2007.
Overview of standardisation work on the part of central and regional governments in Germany

<table>
<thead>
<tr>
<th>Field of competence</th>
<th>Preliminary work</th>
<th>Draft</th>
<th>Agreement</th>
<th>Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Guidelines on examining profitability of PPP projects</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>2 Guidelines on awarding contracts</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>3 “PPP and government support legislation” study</td>
<td></td>
<td></td>
<td>O</td>
<td></td>
</tr>
<tr>
<td>4 PPP and budget appropriation</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>5 Guidelines on PPP and SMEs*</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>6 Evaluation of PPP in SMEs*</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>7 PPP school study</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>8 Evaluation of PPP in schools</td>
<td></td>
<td></td>
<td>O</td>
<td></td>
</tr>
<tr>
<td>9 A-model and F-model awarding of contracts</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
</tbody>
</table>

* SME = Small and medium-sized enterprises
PPP in public construction: current regional distribution

Source: Die Deutsche Bauindustrie (Sep 08)
Annual development of the volume of investment in PPP projects

in € million since 2002

Source: Die Deutsche Bauindustrie
Distribution of PPP projects in public construction by sectors

as of September 2008: 102 Projects

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>41</td>
<td>40%</td>
</tr>
<tr>
<td>Sports/culture</td>
<td>27</td>
<td>26%</td>
</tr>
<tr>
<td>Administration</td>
<td>18</td>
<td>18%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>8</td>
<td>8%</td>
</tr>
<tr>
<td>Correctional facilities</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>Health</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>Federation</td>
<td>2</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Die Deutsche Bauindustrie
Focus of PPP investments in public construction works
as of September 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>Projects awarded</th>
<th>Projects in the pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment volume in € million</td>
<td>Known investment volume in € million</td>
</tr>
<tr>
<td>Schools / training centres</td>
<td>1,030</td>
<td>890</td>
</tr>
<tr>
<td>Administrative buildings</td>
<td>445</td>
<td>270</td>
</tr>
<tr>
<td>Correctional facilities</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td>Hospitals</td>
<td>385</td>
<td>440</td>
</tr>
<tr>
<td>Sports / cultural facilities</td>
<td>545</td>
<td>370</td>
</tr>
<tr>
<td>Car parks / logistics centres / miscellaneous</td>
<td>70</td>
<td>210</td>
</tr>
<tr>
<td>Federal buildings (barracks)</td>
<td>305</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total in € million</strong></td>
<td><strong>2.980</strong></td>
<td><strong>2.260</strong></td>
</tr>
</tbody>
</table>

* projected

Source: Die Deutsche Bauindustrie
2005 Coalition Agreement:
“Strengthening of Public-Private Partnerships”

The company called

serves this goal.
Starting point for PPP

PPP to be used whenever “…private providers can perform government functions as well or better.”

(Draft of Section 7 II of the Federal Budget Code)

Advantages of efficiency achievable through:

- Life-cycle approach
- Right distribution of tasks and risks
- Improved incentives

For many administrative bodies this first means:

- New ways of thinking – output instead of input
- Tasks of greater complexity
- More responsibility
PPP in Germany – Approach

Germany: 2% to 4% PPP quota in public-sector investment
Target: 15% PPP quota in public-sector investment

A consultancy with the public and private sectors as stakeholders, Partnerschaften Deutschland should become a catalyst to tap into the potential for PPP in Germany.
What Partnerschaften Deutschland represents

**Partnerschaften Deutschland** is conceived as a broadly positioned quality service provider offering comprehensive consulting services on PPP matters for the public sector – with a focus on the early stages.

**What Partnerschaften Deutschland offers:**

- Objectivity, independence and credibility
- Cost savings (optimisation of processes, standardisation, know-how)
- Speed (especially easy to engage its services)

**But:**
Public authorities can continue to procure consulting services on the open market
Partnerschaften Deutschland’s areas of work

Contracting authority

- Phase-based project advice
- Project-specific advice on individual issues
- Standardisation
- Process optimisation
- Involving SMEs
- Developing areas of use
- Knowledge transfer

Framework agreement
Partnerschaften Deutschland

= Project work
= Core work
Combined tendering

**Tender process**

**Framework agreement**
- PD and public sector

**Stake in holding company**
- Private sector involvement

**Selection criteria:**
- Performance
- Reliability

**Award criteria:**
- Price of stake
- Quality of participation in core work

*C(2007) 6661 COMMISSION INTERPRETATIVE COMMUNICATION on the application of Community law on Public Procurement and Concessions to institutionalised PPP (IPPP), 5 February 2008*
Organisation and ownership structure of Partnerschaften Deutschland

Public-sector shareholders:
- Federation
- Fed. states, municipalities

Private-sector shareholders:
- PPP sectors

Organisation and ownership structure:
- Holding company
  - 1% (Federation)
  - 99% (PPP sectors)

- General meeting
- Supervisory Board
- Management board
- Partnerschaften Deutschland

Advisory Board:
- for example: municipalities
Effect of the framework agreement

PPP market

Framework agreement

- Contract awarded without further tender process
- Contract awarded via tender process
- Contract awarded via tender process

Other contractor (PPP advisor)

= contracting authority
Avoiding the adviser/tenderer problem and conflicts of interest

- Avoiding the adviser/tenderer conflict and direct holdings through the interposition of the holding company and avoiding overlap between representatives of private shareholders and bodies or employees of Partnerchaften Deutschland

- Delegation of staff from the private shareholders of the holding company are excluded from Partnerchaften Deutschland for project work

- As the holding company is not dedicated to a specific purposes and is not dominated by one company (or industry) either, steps have been taken to ensure that the operative activities of Partnerchaften Deutschland cannot be influenced by the particular interests of its shareholders
Allocating private stakes via industry-specific lots

1. Finance industry
   - 45%
   - units: 15
   - min. price: €300,000

2. Advisors and planners – large enterprises
   - 7%
   - units: 7
   - min. price: €100,000

2. Advisors and planners – SMEs
   - 3%
   - units: 15
   - min. price: €20,000

3. Set-up and operation – large enterprises
   - 35%
   - units: 14
   - min. price: €250,000

3. Set-up and operation – SMEs
   - 10%
   - units: 20
   - min. price: €50,000

Seats on supervisory board