

Innovative financing for TEN-R

Fiddling with numbers or
finding a solution?



TER – the challenge



The Master Plan has identified the backbone road and rail networks in those countries and presented a ***realistic investment strategy*** to gradually develop these networks. As many as 491 projects with an aggregate estimated cost of EUR 102 billion have been evaluated and prioritized.

102.000 million EURO

Russia (biggest spender): 500 Million EUR in 2014 on projects TER
Project average: 204 Million EUR

Greece : 225 Million Rail Investment plan for next 10 years...

TENDERING COSTS: 20-50 million dollars

Private sector per Tender

3 PARTIES PER TENDER 60-150 MILLION DOLLARS



JAN VAN SCHOONHOVEN UNECE

HSR NETRHERLANDS AFTER FINANCIAL CLOSE /20 PPP PROJECTS

UNECE INTERNATIONAL PPP CENTER OF EXCELLENCE



?????



SOLUTION



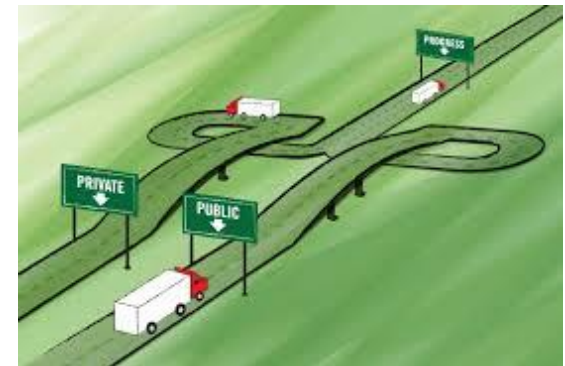
UNECE - TRANSPORT



Source: United Nations Economic Commission for Europe

POLITICAL WILL
COOPERATION,
HARMONISATION
AND STANDARISATION

UNECE - PPP



FINANCIAL POSSIBILITIES
COOPERATION,
HARMONISATION
AND STANDARISATION



WHAT IS PPP?

PUBLIC-PRIVATE PARTNERSHIP (PPP) REFERS TO ARRANGEMENTS, TYPICALLY MEDIUM TO LONG TERM, BETWEEN THE PUBLIC AND PRIVATE SECTORS WHEREBY SOME OF THE SERVICES THAT FALL UNDER THE RESPONSIBILITIES OF THE PUBLIC SECTOR ARE PROVIDED BY THE PRIVATE SECTOR, WITH CLEAR AGREEMENT ON SHARED OBJECTIVES FOR DELIVERY OF PUBLIC INFRASTRUCTURE AND/ OR PUBLIC SERVICES, IN MANY CASES ALSO WITH (PROJECT) FINANCE ARRANGEMENTS.

'INFRASTRUCTURE' refers mostly to basis infra, WATER (drinking and sanitation), ROADS, TRANSPORT, (RENEWABLE) ENERGY , SCHOOLS AND HOUSING.



STANDARD PPP MODELS FROM GOVERNMENT PERSPECTIVE

USER PAYMENT



AVAILABILITY PAYMENT



USER IS PAYING

HYBRID

GOVT IS PAYING

STANDARD PPP MODELS

- (TOLL) ROADS
- SOCIAL HOUSING
- LIGHT RAIL
- SCHOOLS
- HOSPITALS

REASONS

- ATTRACTIVE FOR THE PRIVATE SECTOR
- ATTRACTIVE FOR FINANCING
- PIPE LINE OF PROJECTS
- MARKET SOUNDING

EFFECT OF STANDARDS

- REDUCE TIME FOR GOVERNEMENT (25% FC)
- REDUCE TIME FOR PRIVATE SECTOR (25% FC)
- LOWER PRICE FOR GOV'T (CAPEX 15%)
- REDUCE COSTS OF PROJECT (OPEX 10%)
- REDUCE COSTS OF TENDERING (50% FC)



TOLL ROAD (BOT): A71 WITH FAMOUS MILLEAU BRIDGE

350 M EURO
75 YEAR CONSESSION
320 PRIVATE SECTOR
50 MILLION EIB

SAFE APP. 250 KM OF TRAVEL
UP TO 3-4 HOURS

RATES

JULY AND AUGUST: 6.1 EURO/CAR
REST: 4.6 EURO/ CAR
TRUCKS 19 EURO / TRUCK

SEE INFORMATION SHEET

10.000 CARS AS MINIMUM
CALCULATED 20.000
IN REALITY 25000 AVERAGE
IN HOLLIDAYS UP TO 50.000



[Video Millau Bridge Mega Structure](#)



BEST PRACTICE

- USER PAYMENT
- 1000 EURO/ 20 YEARS
- 350M CAPEX
- YEAR: 50 M/ YEAR
- 100M 30 YEARS MAIN
- 160.000 DAILY
- 100M TOLL COSTS
- CARS: TRUCKS 1:2
- 100M INTEREST
- CAR 5 – TRUCK 19
- 150M RISKS
- 3700 CARS
- 200M TAX
- 7440 TRUCKS
- 1000M LCC
- TOTAL 11000 CARS



**IF STANDARDS IN RAIL
BECOME AS SUCCESSFUL
AS STANDARDS IN ROADS...**



STANDARDS IN RAIL

100 RPROJECTS – 500 MEUR

50 PROJECTS – 1.000 MEUR

WITH STANDARDS 375 MEUR

WITH STANDARD 750 MEURO

75 BILLION OVER 50 YEARS

25 BILLION GOVERNEMENT

50 BILLION PRIVATE SECTOR

STANDARDS IN RAIL

- **REORIENTATION OF PROJECTS**
 - 491 TOWARDS 200 PROJECT (500MEUR)
- **STANDARD PROCUREMENT**
 - 12 PROJECTS, AVERAGE 12 YEARS
 - NEW PROJECTS TO FC 5 YEARS
- **STANDARD CONTRACT**
 - REDUCTION CAPEX 25%
 - REDUCE OPEX 25%
- **OVERALL TIME:**
 - Ready in 50 years



THE BAD NEWS

TIME IS BAD: PPP STANDARDS

- TOLL ROAD WITHIN 15 YEARS PROFIT
- HOUSING WITHIN 15 YEARS PAID OFF
- RAIL: 50 YEARS DEBT, UNKNOWN PROFIT

CAPEX IS HIGHER

- TOLL ROAD 100 – 250 MEURO
- HOUSING 10-40 MEURO
- RAIL: 1.000 – 4.000 MEURO

RISK

- ROAD TWO DIMENSION: GOVERNEMENT AND USERS
- HOUSING: ONE DIMENSION GOV'T
- RAIL: 4-5 DIMENSION (GOV'T, CONST GOV'T, CONSESSIONAIRE, GOV'T, INT.).



SUCCESS AND FAILURE!

STUDY : 4500 PPP PROJECTS SINCE 1980, 50% SUCCESS, 50% FAILURE!

PUBLIC-PRIVATE PARTNERSHIP DISASTERS

Doyle Drive/Presidio Parkway Project - California	PDF
State Route 125 - South Bay Expressway - California	PDF
Port Mann Bridge - Canada	PDF
Dar es Salaam Water System - Tanzania	PDF
Riverside Freeway State Route 91 Express Lanes - California	PDF
Abbotsford Regional Hospital and Cancer Center - Canada	PDF
Railway Network - New Zealand	PDF

Toll Roads Are Paved with Bad Intentions
Conservatives have stoked hostility toward the state (Wall street Journal 2009)

Analysis of the London Underground PPP Failure , Authored by Trefor Williams

Announcements

Davies Recognized in PPP Win of 2011
Project Finance Deal of the Year Award

MINISTRY OF FINANCE NETHERLANDS
ALMOST 700 EURO SAVED BY USING PPP

IJ Awards 2013: The Winners in
PPP projects A12 Netherlands

IMF: Successful PPP Projects.

Sangster International Airport, Montego Bay,
Jamaica. IFC Investment (\$52.5 million)

ROULETTE: VERSUS FAILURE: 50/50: NO

EU: HIGH 👍, EUROPE MEDIUM 👍 CIS REGION VERY LOW% 👍,
AFRICA LOW% 👍, FAR EAST VEY LOW - HIGH 👍



UNECE PPP INTERNATIONAL CENTER OF EXCELLENCE

The UNECE PPP International Centre of Excellence has the aim:

Disseminate exciting successful knowledge on PPP to governments in clear and easy language and provide as much as possible standardisation in their PPP policy, implementations and especially projects so that all stakeholders (government, private sector, financiers) will gain trust and confidence in this powerful instrument.

The UNECE PPP ICoE hopes this will in contribution to the development of countries by:

- Successful PPP projects (less to no failures);
- Less loss of time and money (follow the road of success);
- Increase the development of a country; and
- Contribute to the Post 2015 agenda.

To achieve this goal, the UNECE PPP ICoE would in close partnership with to deliver:

- The Best Practice Guide in every area of PPP
- Develop standards and reference models for each sector
- Assist and motivate government to use these standards for success



UNITED NATION STANDARD ON PPP AND RAIL

UNITED NATIONS IS WORKING ON STANDARDS

- ANTI CORRUPTION, HEALTH, ROAD, PROCUREMENT
- Working on PPP & Rail could be an idea for both parties
- A fairly tail becomes reality

What is needed:

A PPP Rail Specialist Centre: role to collect Best Practices on Rail
UNECE PPP ICoE together with Rail Centre and special assigned project
team develop Standard on PPP and Rail
Support from the Private Sector (Business Advisory Board)
Combined implementation



Interested ?

WE ARE ONE UN

PPP CENTRE WOULD SUPPORT THE IDEA OF A
SPECIALIST CENTRE ON PPP AND RAIL

WWW.UNECE.ORG

