



Comitato Interministeriale Programmazione Economica
Unità Tecnica Finanza di Progetto

Launch of IPFA Italian Branch

*Milan
February 9th, 2006*

What's in the pipeline for 2006

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*Italian PPP Taskforce (UFP)
Ministry of the Economy and
Finance*

Summary



PPP/PFI Italian Market: an overview 2000 - 2005



What's new in the law



The way forward: UFP commitments



Projects in the pipeline



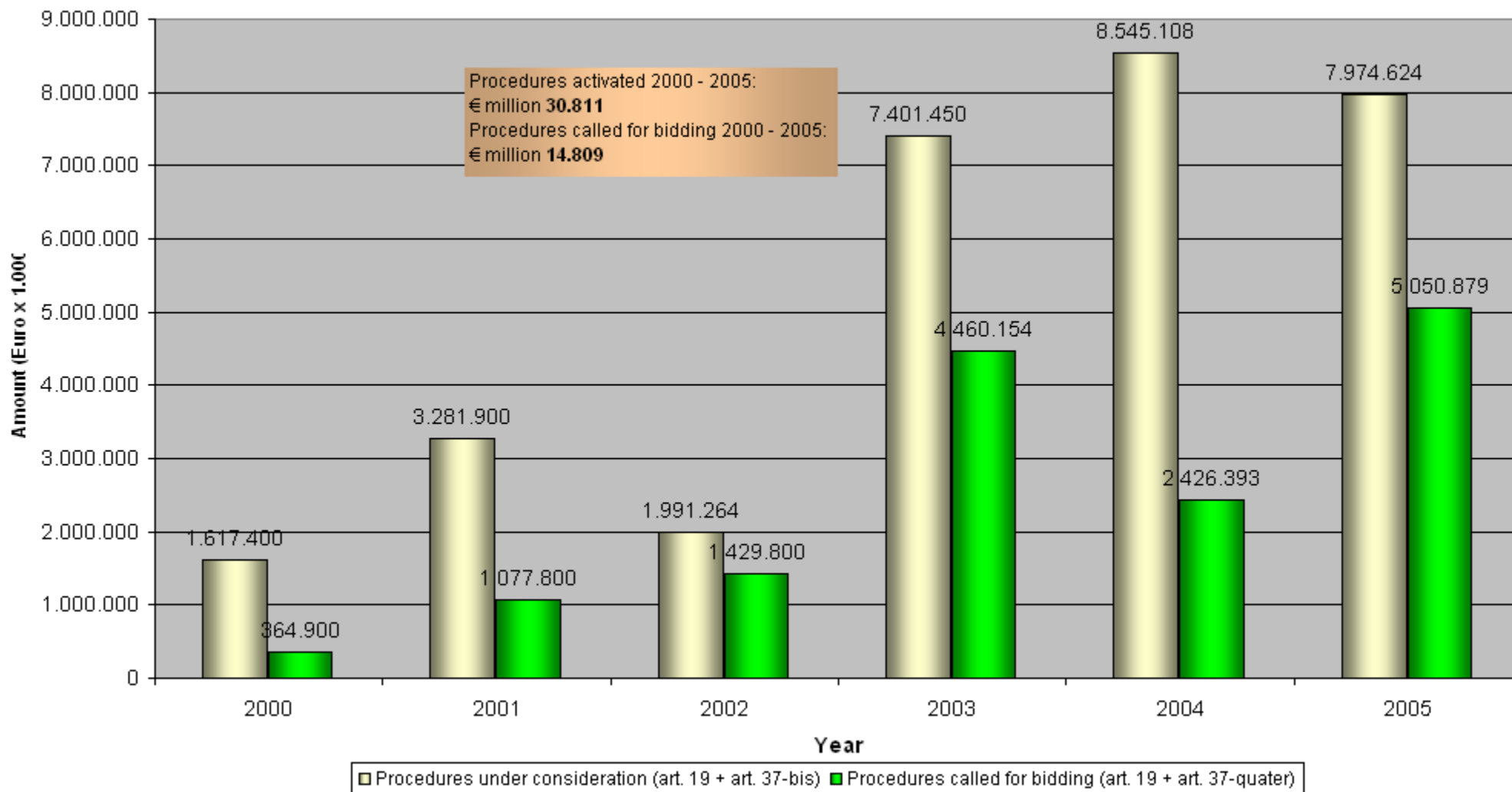


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PPP/PFI Italian Market

PPP/PFI Italian Market

Global contractual PPP Market (year 2000-2005)

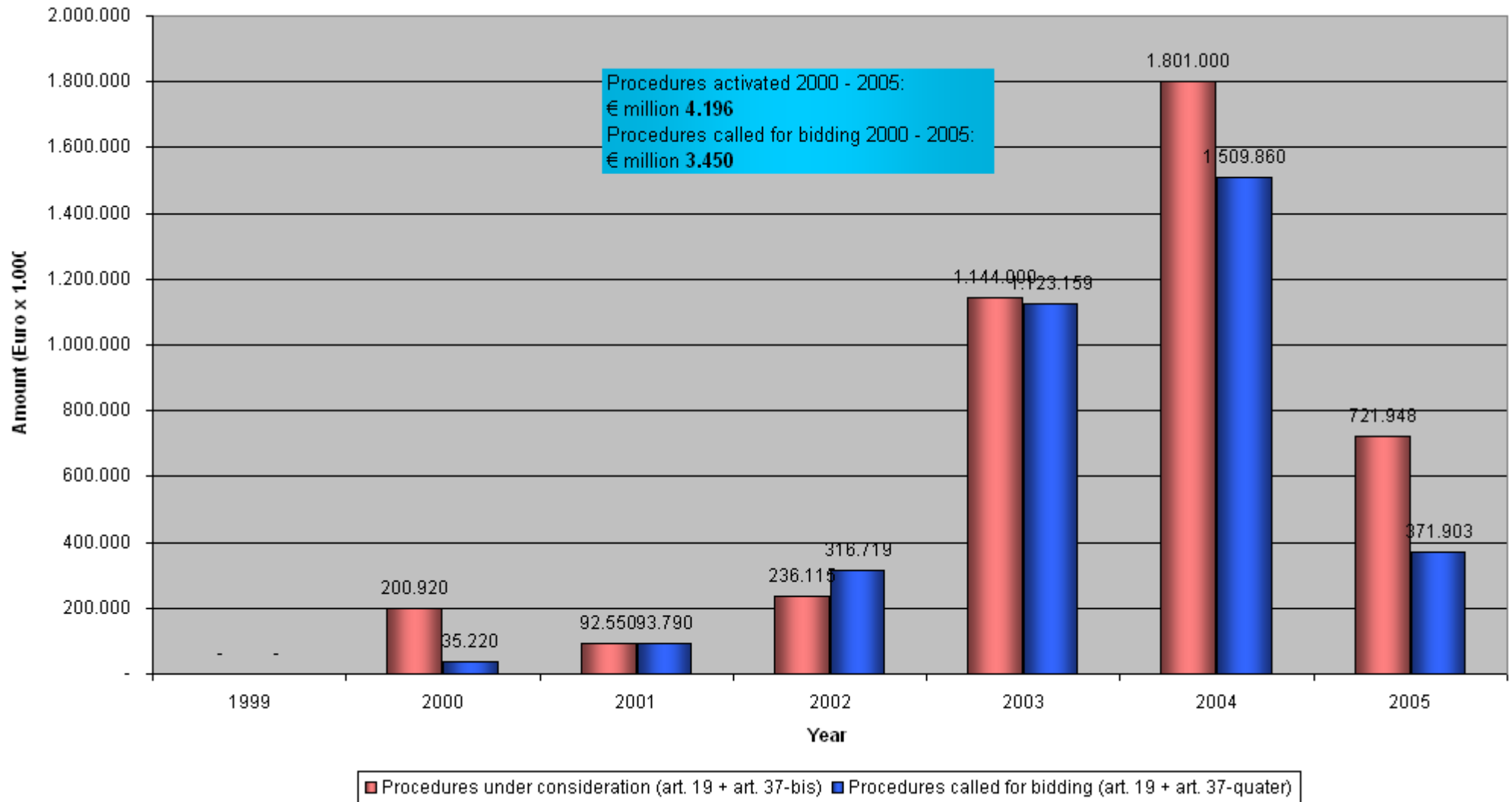


Source : www.infopieffe.it, Osservatorio UFP – Cresme – Unioncamere 

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The Healthcare Sector

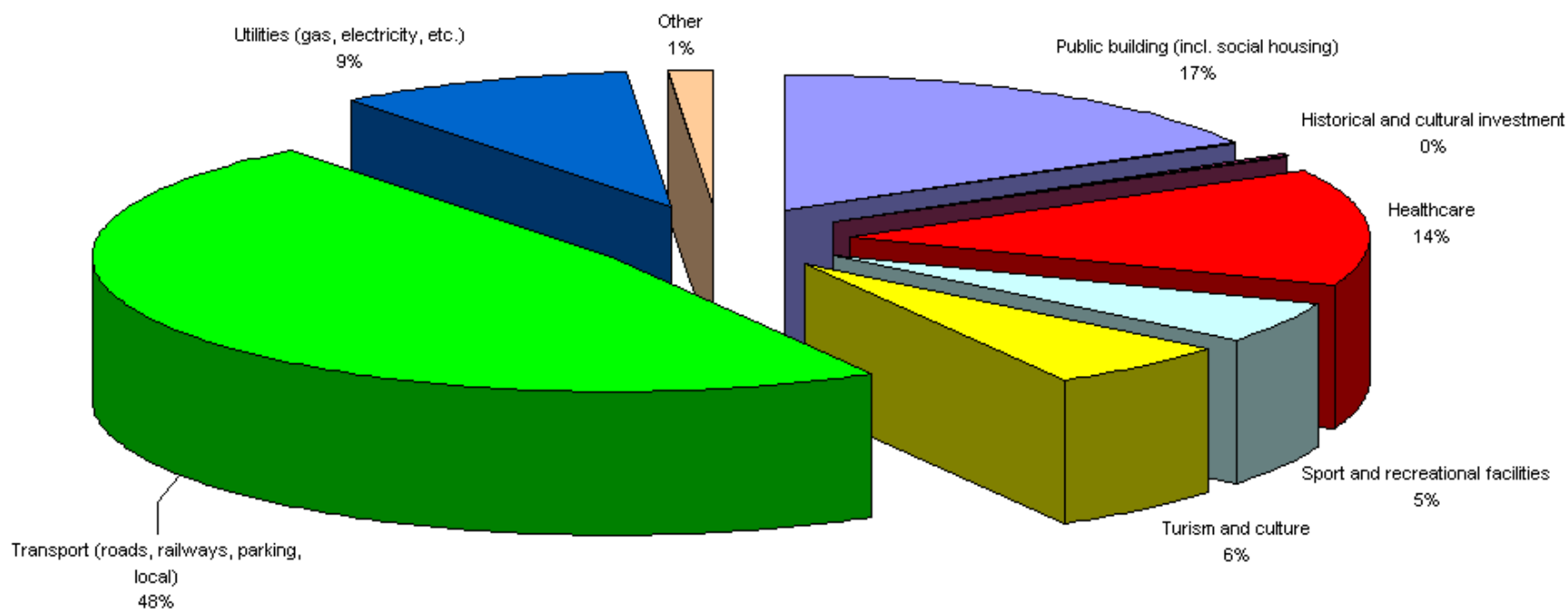
Contractual PPP Market in the Healthcare (year 2000 – 2005)



Source: years 1999-2001 data OICE and UFP; years 2002-2005 : data Infopieffe and UFP

PPP/PFI Italian Market

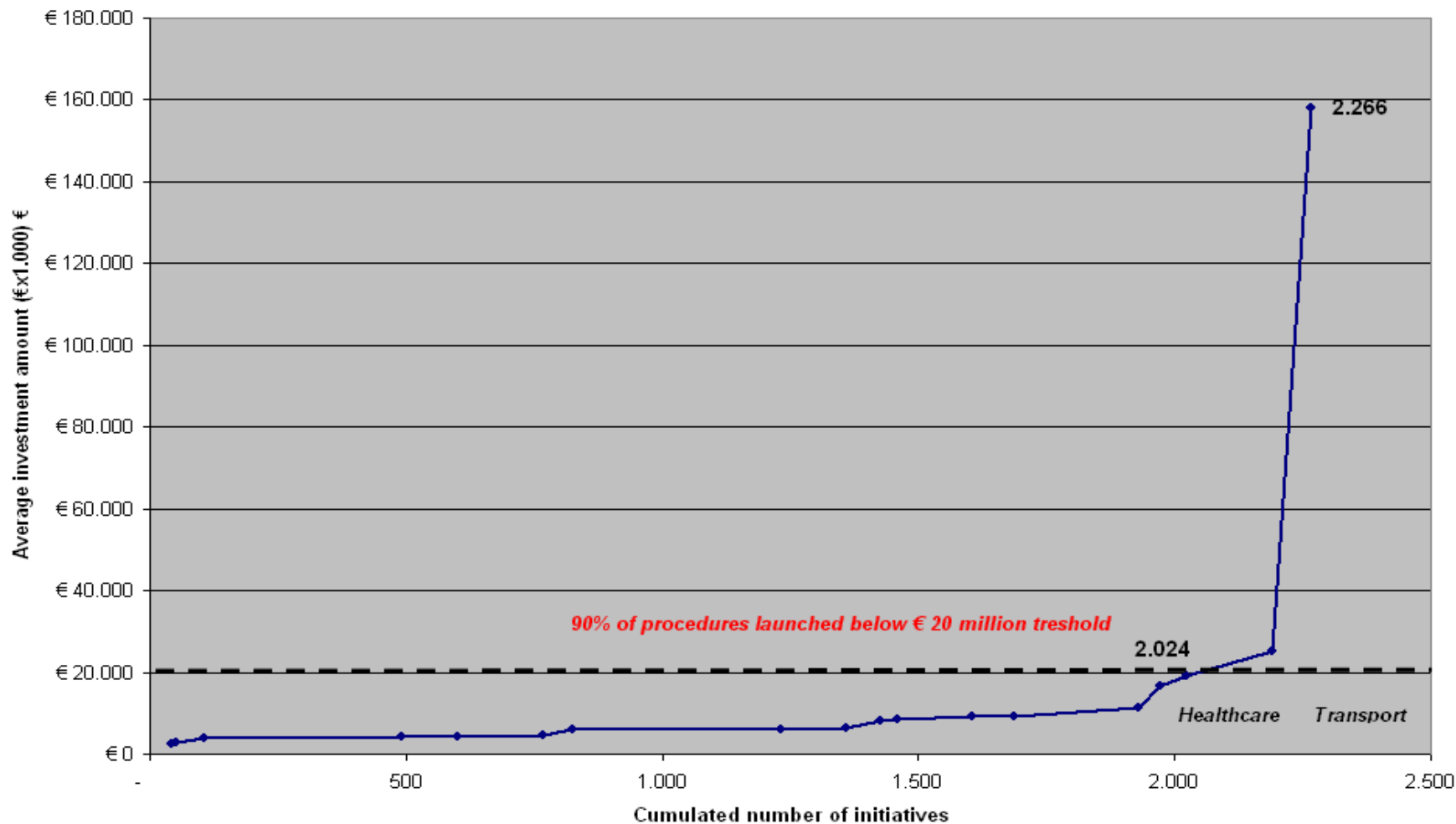
Global contractual PPP Market (year 2000-2005) Distribution by sector (% of total investment amount)



Source : www.infopieffe.it, Osservatorio UFP – Cresme – Unioncamere OICE

PPP/PFI Italian Market

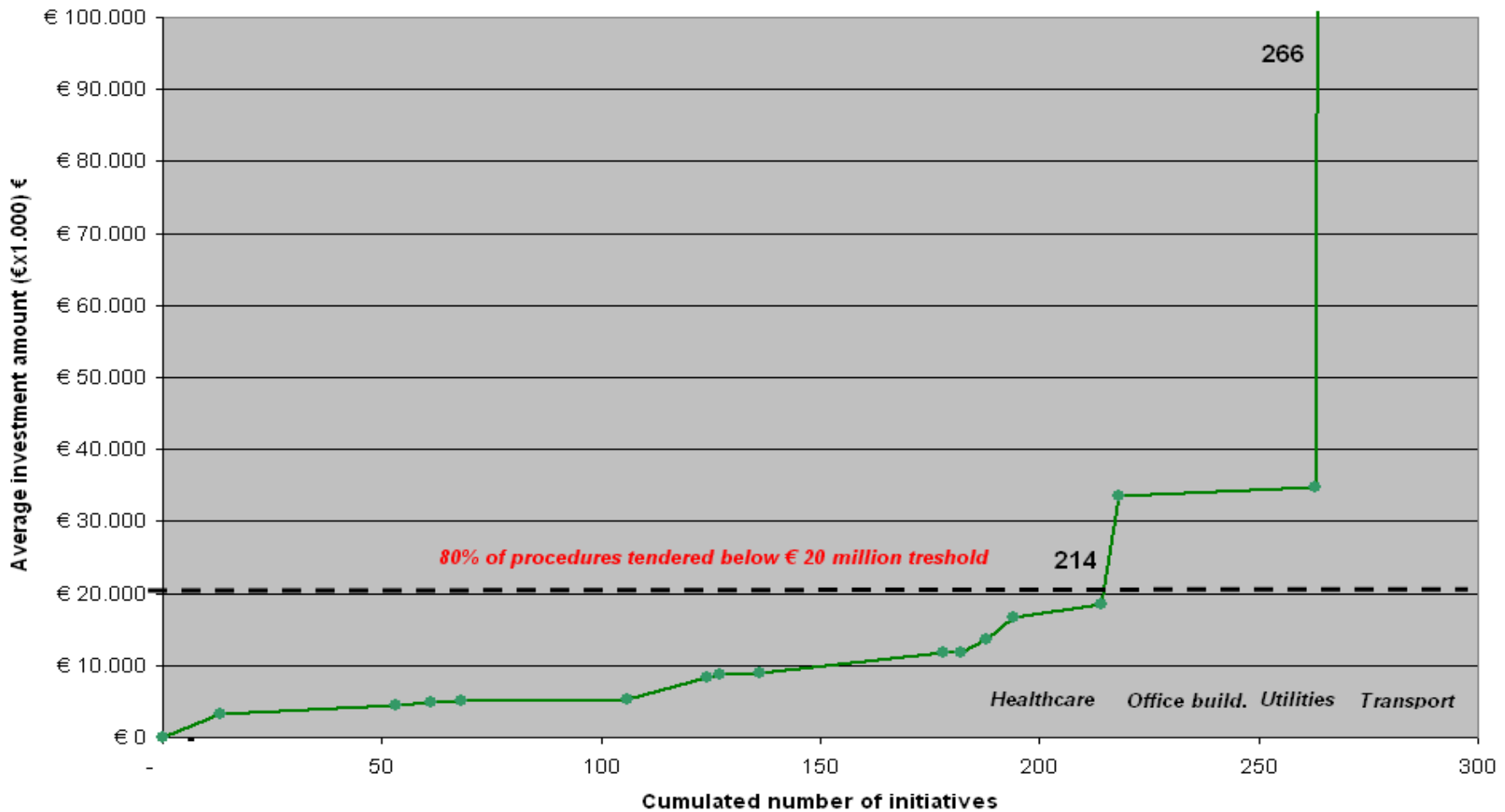
Global contractual PPP Market (year 2000-2005) Cumulated distribution by average amount



Source : www.infopieffe.it, Osservatorio UFP – Cresme – Unioncamere OICE

PPP/PFI Italian Market

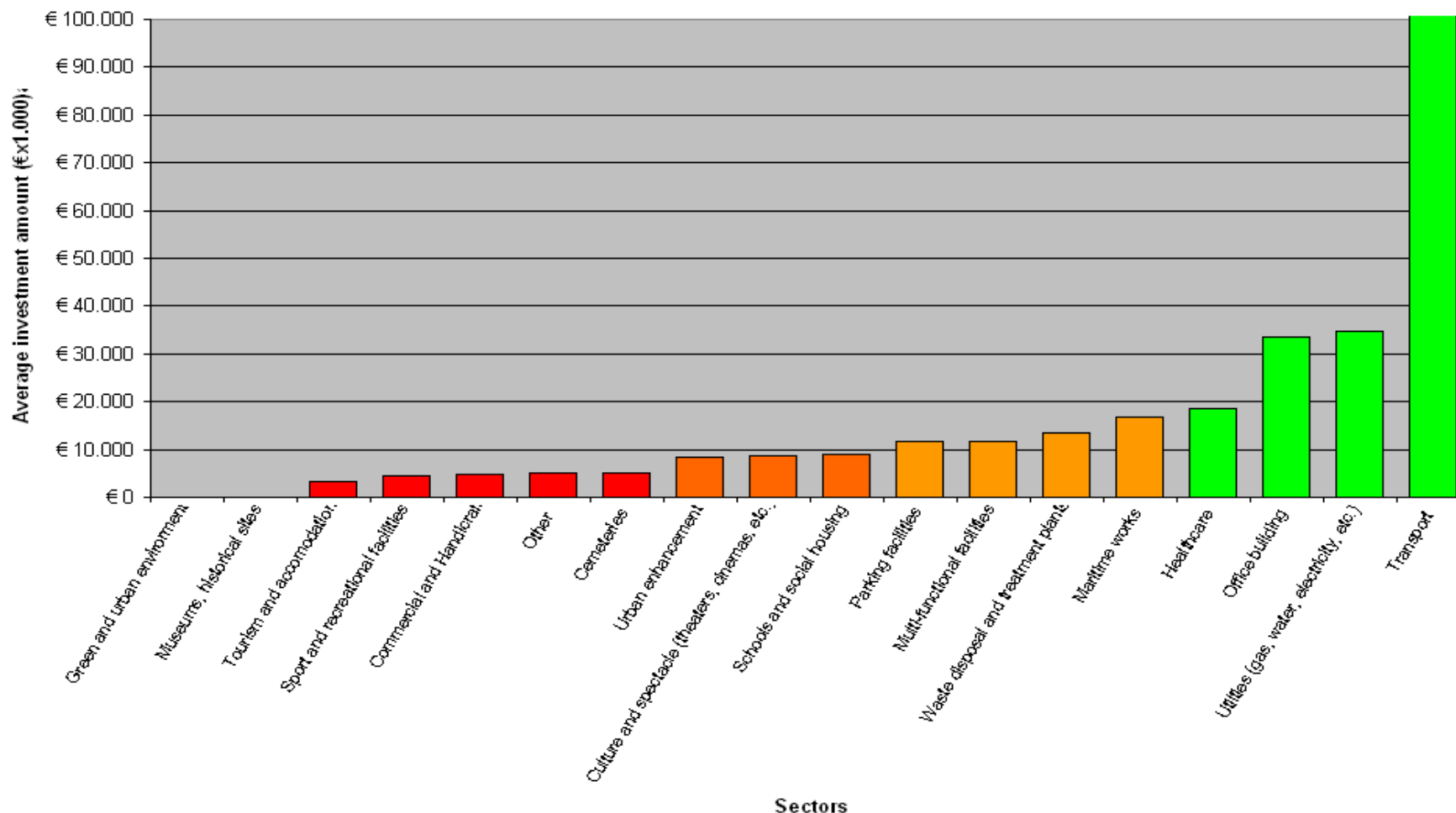
Global contractual PPP Market (year 2005) Cumulated distribution by average amount



Source : www.infopieffe.it, Osservatorio UFP – Cresme – Unioncamere OICE

PPP/PFI Italian Market

Global contractual PPP Market (year 2005) Sectors by average amount



Source : www.infopieffe.it, Osservatorio UFP – Cresme – Unioncamere OICE



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What's new in the law

News from the Legislative World

The EU 2004/17 and 2004/18 and the Italian legal framework for PPP/PFI procedures

► Competitive dialog (Directive 2004/18, art. 29):

- a. Seems not to be immediately applied. A specific national law is needed.
- b. The Italian willingness to adopt the competitive dialog among the awarding procedures is expressed by its presence in the new “Codice unico degli appalti” (art. 58 of the draft text) to be discussed for approval within middle February (end of parliamentary works).
- c. This new procedure is to be foreseen in order to give to public authorities a new formula of awarding PPP/PFI contracts, as well as to integrate the existing ones, with particular reference to the so called “promotore” procedure (private initiative procedure).



News from the Legislative World

Law 266/05 “Financial law 2006”

- **583 - (Interventi in finanza di progetto per villaggi turistici).** – *Al fine di promuovere lo sviluppo del turismo di qualità, i soggetti (...), di seguito denominati «promotori», possono presentare alla regione interessata proposte relative alla realizzazione di insediamenti turistici di qualità di interesse nazionale, anche tramite concessione di beni demaniali marittimi, esclusi quelli sui quali sussistono concessioni con finalità turistico-ricreative già operanti (...), e anche mediante la riqualificazione di insediamenti e impianti preesistenti. (...)*
- A minimum number of 250 workers is to be foreseen to be hired
- Proposals by private operators are submitted to the Region and then evaluated for the public interest.
- The proposals declared of public interest are promoted for approval by the Region to the local Authorities (“accordi di programma”)
- Tenders are forecast only in case of more than one proposal insisting on the same area



News from the Legislative World

Law-Decree 273/05 “Milleproroghe”

- Art. 39-octies. - (Fondo di garanzia per la costruzione di infrastrutture). – All’articolo 6 della legge 28 marzo 1968, n. 382 (*Fondo centrale di garanzia per le concessioni autostradali*), dopo il primo comma sono inseriti i seguenti:
- “Il fondo è altresì autorizzato a concedere garanzie, a condizioni di mercato, in relazione alla costruzione, manutenzione e gestione di infrastrutture autostradali pedaggiabili, ivi compresi gli interventi per il miglioramento ambientale e culturale delle infrastrutture stesse, ovvero alla erogazione delle somme necessarie per assicurare l’equilibrio dei piani finanziari dei concessionari interessati al versamento al fondo di cui al presente comma.
- Qualora soggetti interessati ad avvalersi delle garanzie per finanziamenti per la costruzione, manutenzione e gestione di infrastrutture diverse da quelle autostradali versino al fondo specifici apporti, potranno avvalersi delle garanzie rilasciate dal fondo, in misura proporzionale a quanto versato.
- Entro novanta giorni dalla data di entrata in vigore della presente disposizione, il Ministro dell’economia e delle finanze determina i criteri di assegnazione delle disponibilità del fondo (...)



Administrative issues ... not to be forgotten

From decision to planning: the role of Public Administration

- ✓ The decision to undertake the project is taken by the Awarding Authority on the basis of the **feasibility study** and the cost-benefit analysis results. PPP is a possible option to explore.
- ✓ The decision to undertake the project on PPP basis is taken once the existence of preliminary financial conditions has been verified.
- ✓ The final decision on what projects to implement and, for each, on what type of procedure (traditional procurement or PPP) is summarized in the “**three-annual investment plan**”, approved and published by every Public Authority at the beginning of the year.



Feasibility study and Three-annual investment plan as a pre-condition for undertaking PPP's





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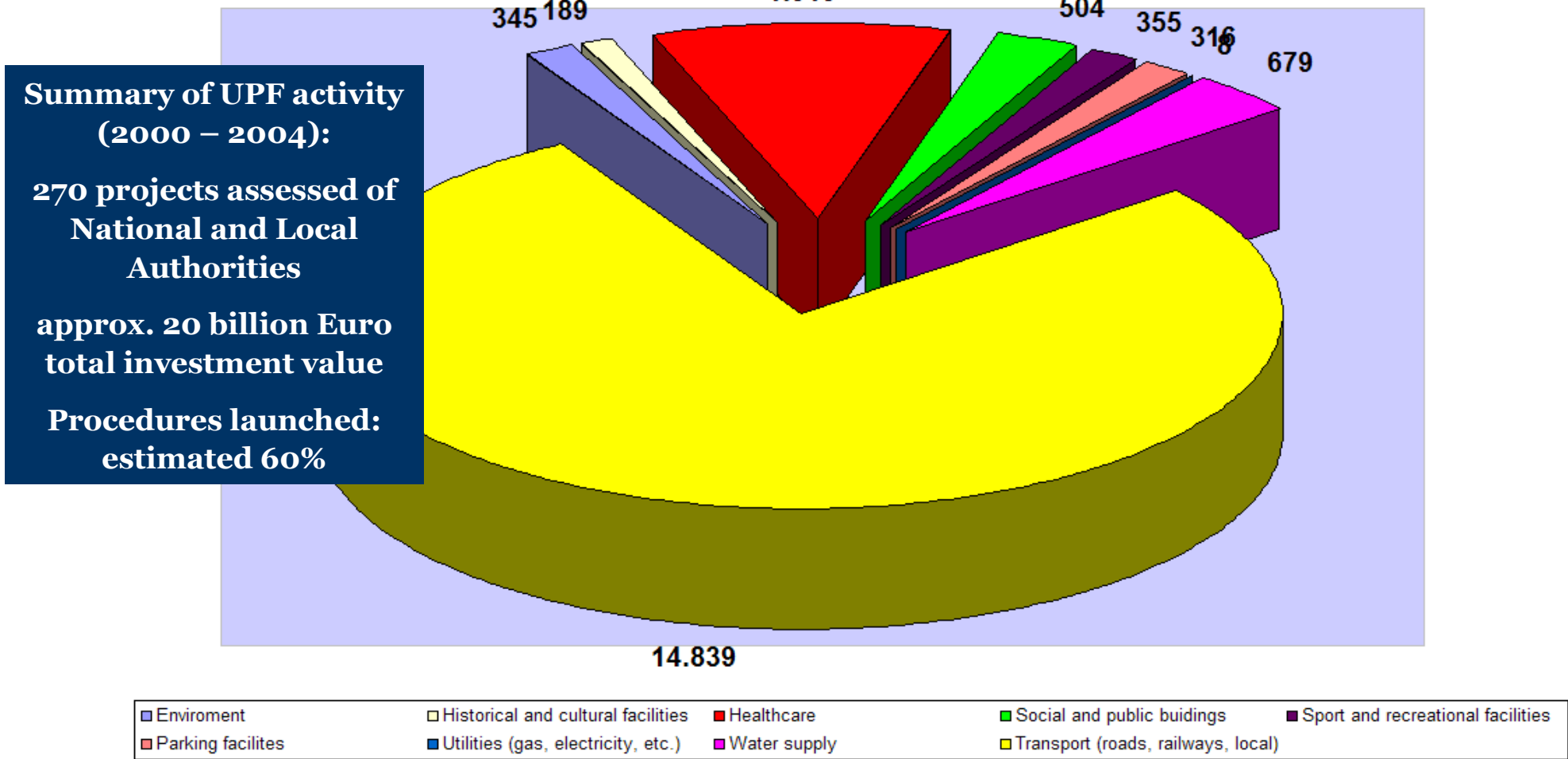
The way forward: UFP commitments



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Unità Tecnica Finanza di Progetto

UFP commitments in PPP/PFI Italian Market

UFP activity in assessing projects (year 2000-2004)



Source: UFP – amounts in € x 1.000

UFP commitments in PPP/PFI Italian Market

THE WAY FORWARD (1)

General and Legal issues for the (near) future:

Consider PPP approach systematically. Avoid stop-and-go-policies;

Complete the “cultural change” in the Public Adm: “ From asset ownership to service delivery”;

Improve competence and know-how of Public Adm in considering and assessing PPP approach.

Reduce the total duration and complexity of the actual concession PPP awarding process (from three-stage to one-stage procurement procedure), considering the opportunities of the recent EU issues (i.e. “competitive dialog” procedure);
Consider the option to set-up a legal framework specific for PPP contracts.



UFP commitments in PPP/PFI Italian Market

THE WAY FORWARD (2)

Financial and operational issues for the (near) future:

Increase the efficiency of the public spending thru reducing public upfront funding in favor of payments based on availability;

Reduce the need of public grant introducing alternative sources of financing (private equity funds, rotating funds, quasi-equity and mezzanine, specialty funds - Galaxy - etc.);

In the PPP procurement, postpone the concession contract at the evidence of financial closing.

Experiment new financial tools, in cooperation with international and EU financing institutions (i.e. EIB for healthcare and metro projects);

Implement a strong project control for PPP projects in construction phase;

Implement an accurate risk assessment and allocation systematically.

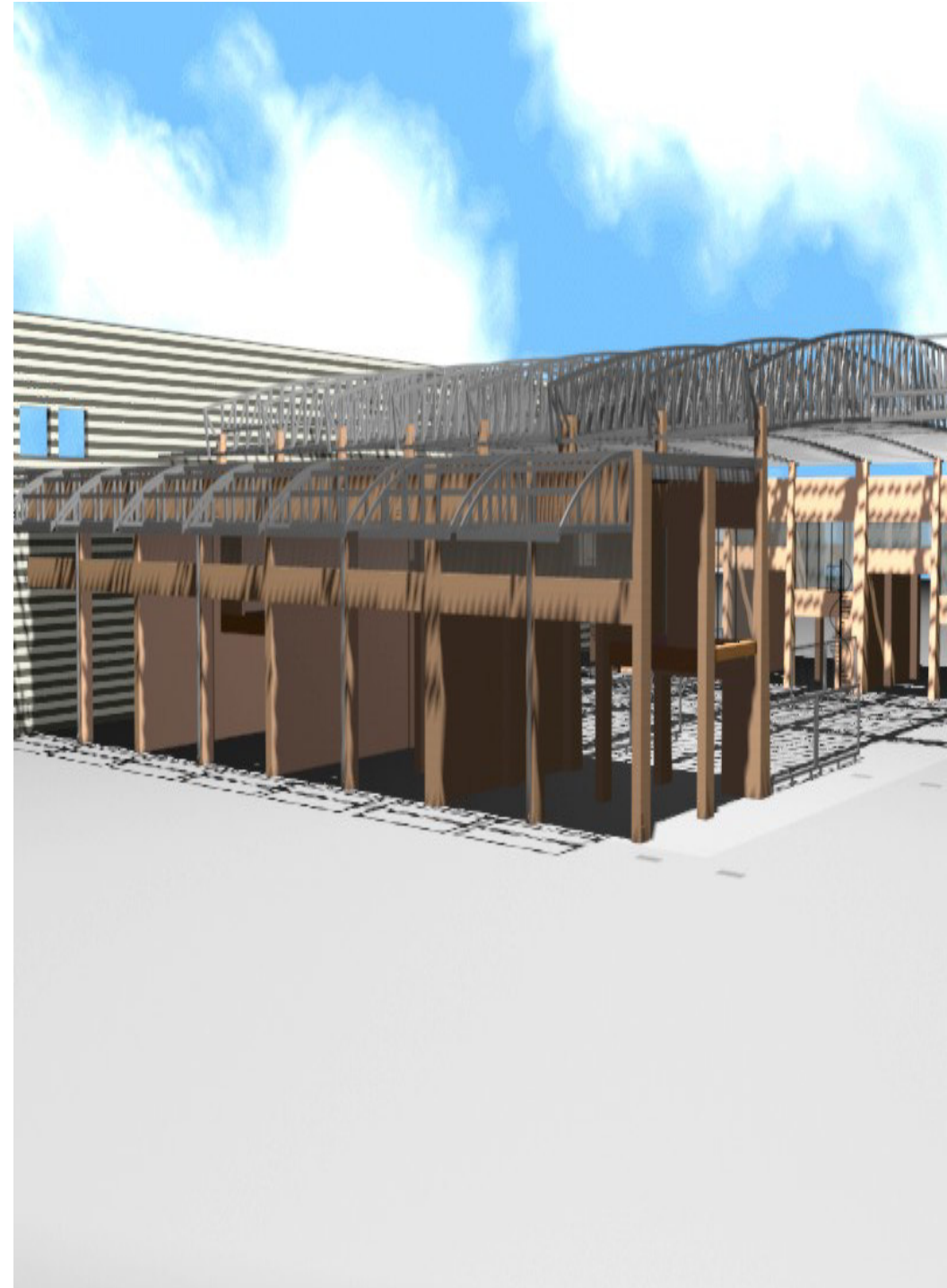




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Projects in the pipeline

Appendix A




Sectors and Projects

The Water Sector

- Slow but constant progress in “legge Galli” implementation:
- 88 Authorities (“ATO”) out of 91 established
- 66 Plans (“Piani d’ambito”) approved
- 46 Water and Sewage Services awarded (50%)

- South Italy gets slowly, but Sicily seems to have resolved its problems in awarding contracts (3 tenders still open at Agrigento, Palermo and Trapani). Calabria has currently one open tender (Catanzaro).

Local Transport Systems

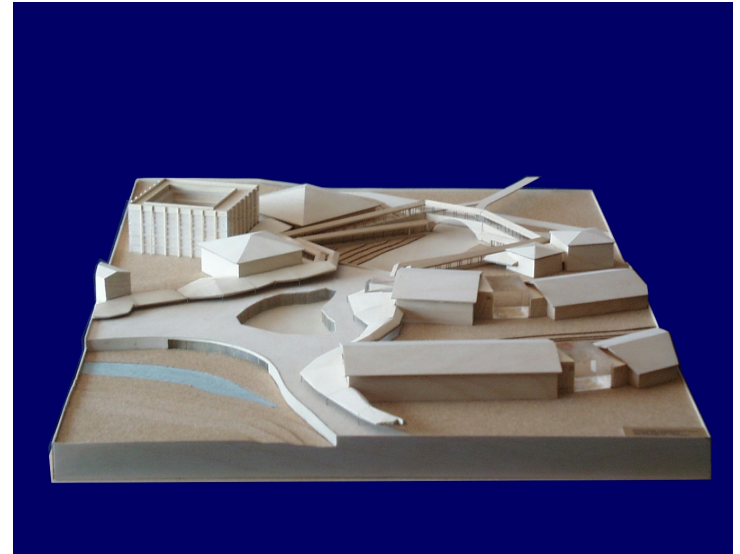
- Some Underground Projects to be implemented:
- Rome Metro D, already announced (2005), supposed to be launched through PPP schemes
- RATP proposal for “Circumetnea” (Suburban Railway across Catania and the Etna Region) submitted on Dec 31th 2005 and under evaluation (“promotore” procedure)
- Other projects in the pipeline (Modena  PF -, Bologna - GC -)

The University buildings

Enlargement projects in Turin (University and Polytechnic)

New settlement for scientific faculties in Grugliasco

- Awarding Authority: University of Turin
- Forecast Procedure: art. 37bis – law 109/94
- Total forecast investment: € 250 million
- Private financing to be provided: € 200 million
- Current status: Pre information notice expected to be issued shortly. Supposed end of proposal submission: June 30th, 2006.



Doubling of Turin Polytechnic

- Awarding Authority: Polytechnic of Turin
- Forecast Procedure: mixed (traditional procurement and concession)
- Total forecast investment: € 350 million
- Private financing to be provided: approx. € 120 million
- Current status: Preliminary agreement in course of signing between Polytechnic and Local Authorities.



Selected Projects

FOUR HOSPITALS IN TUSCANY (Prato, Massa, Lucca, Pistoia)

- **Awarding Authority:** SIOR (Sistema Integrato Ospedali Toscani, a joint public company established by the four Local Authorities)

- **Preferred Promoter:** Consortium led by Astaldi Spa, Techint Spa and Pizzarotti Spa

- **Date of proposal:** June 2003

Procedure: art. 37bis – law 109/94

- **Number of beds:** 1.710

- **Total investment:** around € 400 million

- **Public spending:** contribution for 70% of capex investment + annual payments for services

Current status: Proposal evaluation completed and declared of public interest in December 2005. Bid forecast: first half of 2006.



- **Concession Period:** 24 years (4 years construction + 20 years operation)

Contact

Everybody is welcomed to contact us!



Ministero dell'Economia - Unità tecnica Finanza di Progetto

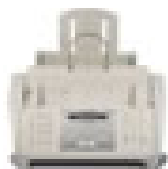
Via Boncompagni 30 , 00187 Rome, Italy



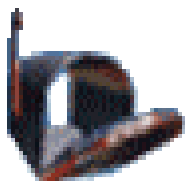
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