

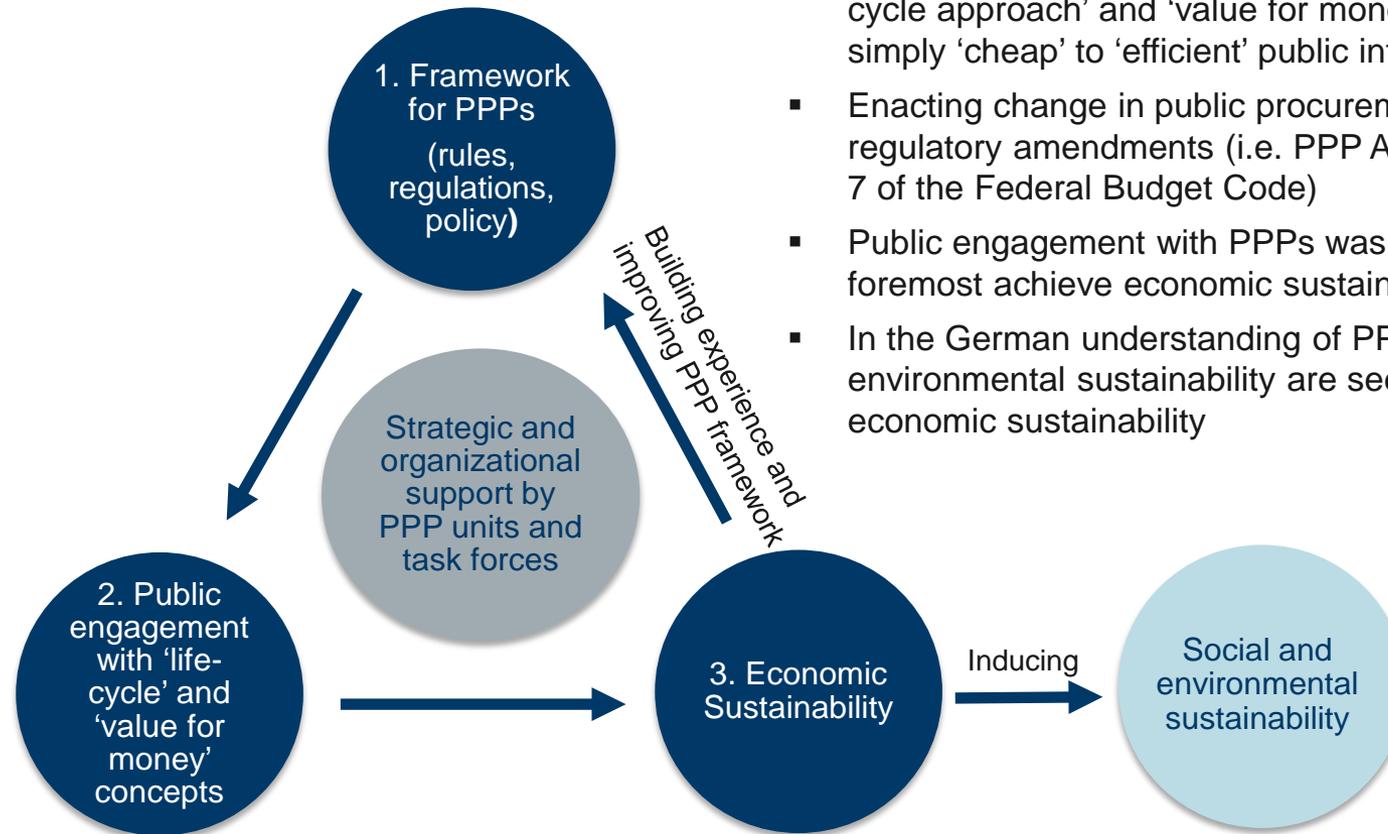
# Partnerschaft Deutschland and Sustainable Infrastructure Procurement in Germany

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# Understanding the German political economy context for PPPs\*

## A 'regulatory-based' approach to PPPs and sustainability

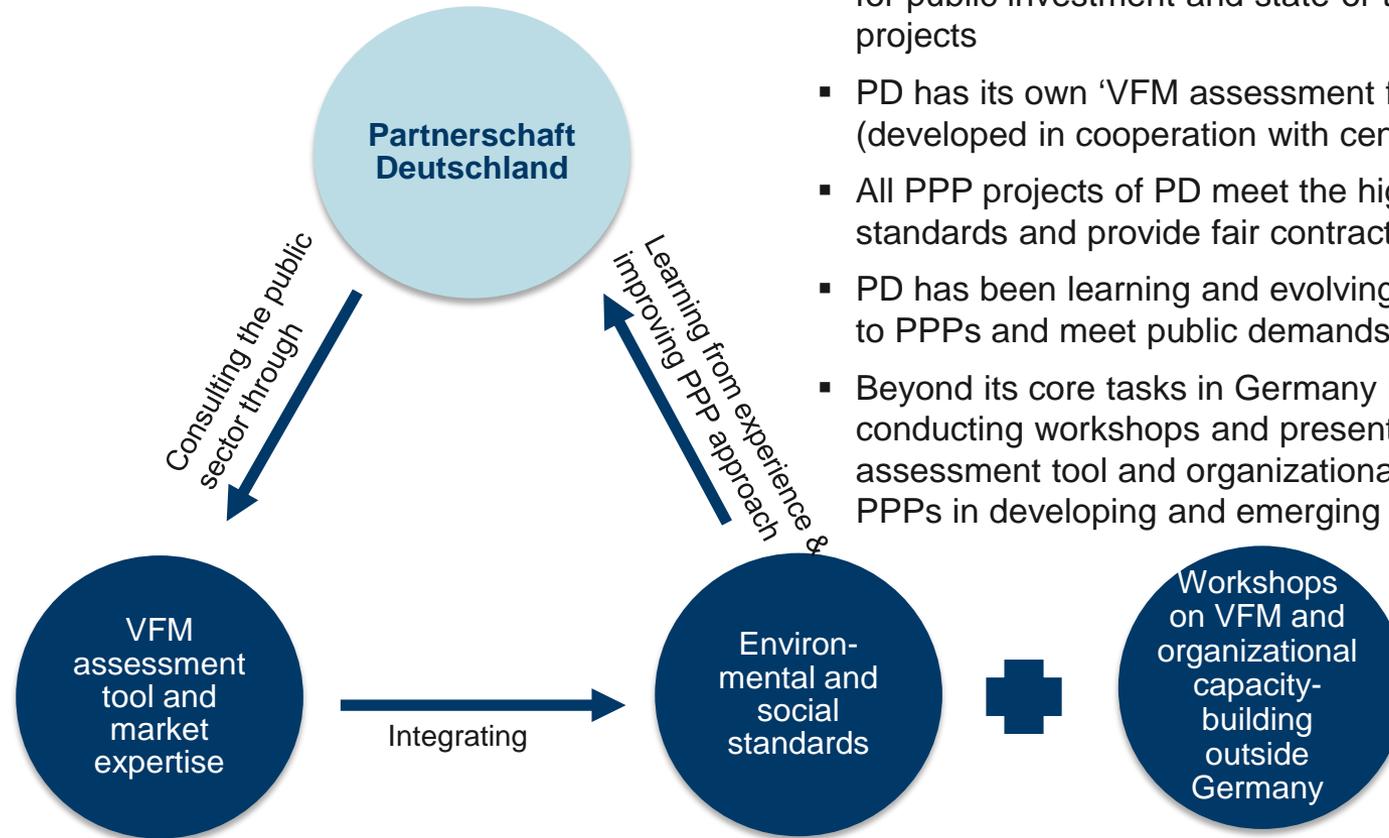


- The German PPP concept is rooted in ideas of a 'life-cycle approach' and 'value for money': change from simply 'cheap' to 'efficient' public infrastructure
- Enacting change in public procurement required legal and regulatory amendments (i.e. PPP Acceleration Act, Article 7 of the Federal Budget Code)
- Public engagement with PPPs was a way to first and foremost achieve economic sustainability
- In the German understanding of PPPs social and environmental sustainability are seen as supplements to economic sustainability

\* For detailed explanation see Appendix I

# PD's role in the sustainable provision of PPPs\*

## Capacity-building for the German PPP market and beyond



- PD offers strategic and organisational advice and support for public investment and state-of-the-art administration projects
- PD has its own 'VFM assessment for PPP projects' tool (developed in cooperation with central government)
- All PPP projects of PD meet the highest environmental standards and provide fair contract award procedures
- PD has been learning and evolving to improve its approach to PPPs and meet public demands
- Beyond its core tasks in Germany PD has been active in conducting workshops and presentations on its VFM assessment tool and organizational capacity-building for PPPs in developing and emerging countries

\* For detailed explanation see Appendix II+III

# Economic and organizational sustainability through PPPs

## The basis for positive social and environmental change

- The German definition of PPPs is based on economic sustainability in public procurement using VFM analyses
- The consideration of the SDGs in the PPP context in Germany is part of the wider institutional framework (i.e. environmental standards, social coordination model)
- The participation of PD in best practice workshops for various country delegations has aimed to demonstrate the significance of 'value for money' and 'organizational capacity building' goals for PPP frameworks
- These goals induce economic sustainability in PPP projects which, ultimately, give the public sector the basis to provide for the wider social good and engage in the protection of the environment
  
- **In conclusion:**
  - Only a strong public sector that is focused on the efficient use of resources and builds organizational capacity, can implement, monitor, and enforce positive social and environmental change through PPPs
  - From our experience involving a wide variety of economic, social and public interest groups in the process is fundamental for the success of PPP policy and projects, only then encompassing economic, social and environmental sustainability can be achieved

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## Sustainability in the provision of PPPs in Germany

### The three dimensions of sustainability

#### 1) Article 7 of the Federal Budget Code sets the pre-condition for economic sustainability

- For all financially effective measures appropriate economic assessments have to be carried out
- The consideration of PPPs requires the public authority to explore the costs over the life-cycle of the project also for the conventional procurement method
- Increase in transparency of costs benefits tax-payers, users and local citizens (i.e. long-term planning, potential to realize a wider variety of projects)

#### 2) General Laws and efficiency considerations as the basis for environmental sustainability

- Projects must meet the highest environmental standards by law (i.e. environmental certificates)
- PPP efficiency goals allow for innovation in meeting environmental standards using private sector

#### 3) Social sustainability as a side-product of the German social coordination model

- The involvement of stakeholders and the consideration of their interests often occurs as ‘unwritten rules’
- Example policy level: Cooperation between all levels of government including economic and public interest groups for public infrastructure policy formulation
- Example project level: Around 70% of PPP projects under € 25 mln use SME’s or regional companies as their prime contractor (discretionary regional quotas)

While rules and regulations provide the basic framework for fostering a sustainable approach to public procurement through PPPs, public support organisations are crucial for putting these rules and regulations into practice.

# Partnerschaft Deutschland (PD)

The in-house consultancy for the public sector

## The challenge

Public administrations need support in investment and modernisation projects

## The solution we offer

Thanks to our expertise and public ownership structure, we can compare alternative implementation models objectively, treating all alternatives equally

## Our mission

We place emphasis on finding the most efficient project implementation from the taxpayers' point of view and specialise in top quality solutions for citizens

## We offer:

- Strategic and organisational advice and support for **public investment and state-of-the-art administration projects**
- **Infrastructure consulting** at federal, state and in particular **local government level** in accordance with the proposals made by the expert commission of the Federal Ministry for Economic Affairs and Energy *Strengthening Investments in Germany*

Public shareholders own 100% of PD. We offer our services only to public clients at federal, state and municipal levels.

## PD's role in the sustainable provision of PPPs

### Capacity-building for the German PPP market and beyond

- **PD's standardized VFM assessment tool and the integration of public user input**
  - PD has its own 'VFM assessment for PPP projects' tool (development in cooperation with central government)
  - The PD regularly offers free workshops for public authorities on the use of the standardized tool
  - The exchange of knowledge flows in both directions: we use the experiences and insights from the public users to continue to improve our VFM assessment tool
  
- **The PD as an organization by the public for the public**
  - The PD has evolved since its establishment in 2008
  - It has transformed from a half public-half private to a purely public entity, which has increased the public trust in our organization and in the impartiality of our approach to PPPs
  
- **PD's role as an 'economic and organisational sustainability consultant' for PPPs outside Germany**
  - Our engagement in Germany has attracted the attention of foreign countries and international organisations
  - PD has been active in conducting workshops and presentations on its VFM assessment tool and the organizational capacity-building for PPPs in developing and emerging countries