

**Drees & Sommer develop handbook “First steps in PPP“**

**Amongst German federal states North Rhine-Westphalia is assuming a leading role in terms of initiating and realizing PPP schemes. On behalf of the PPP Task Force North Rhine Westphalia, Drees & Sommer have developed the guideline “ First steps: Project selection, organization and advisory necessities”. The guideline introduces practical approaches, which communes nation-wide may use as a source for finding answers to questions prior to a project.**

In North Rhine-Westphalia, several schools and communal administrative buildings were successfully realized as PPP models – further projects for a correctional facility as well as hospitals are currently being prepared. Planned projects and those already realized prove that Public Private Partnership is suitable to realized a project more efficiently as could be done in private realization thus solving the communes' redevelopment backlog.

On communal level, however, PPP projects are often approached hesitantly. Prevalently, this is due to far-reaching shortcomings in terms of information and open questions regarding proper initiation and execution. Deficits in information often do not relate to contents and functionality of PPP projects but rather to the PPP suitability of a project, its marketability, necessary project structure/ organization and advisory necessities as well as consequential project costs.

In order to answer these initial questions, Drees & Sommer has developed the guidelines for the PPP Task Force North Rhine-Westphalia. Particular support is offered by the project profile included in the handbook. The profile outlines and clearly arranges all essential project key data and problem formulations regarding the operability of a possible Public Private Partnership for a project decision and offers helpful tips for project organization and the necessity of external consulting services.

You can order the guidelines with the PPP Task Force NRW (Jägerhofstraße 6, 40479 Düsseldorf, Germany) or, alternatively, download the handbook from the internet on [www.ppp.nrw.de](http://www.ppp.nrw.de).

Please send a specimen copy in the event of publication. Thank you.

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**Brief summary of the handbook “PPP: First steps”****PPP Assessment of requirements**

Assessing the requirements for PPP projects is an essential aspect of the guidelines. Communes often wonder which projects are suitable for a PPP model in the first place. Determining project key data is an important preparation for the identification of projects “suitable for PPP”. Past experience emphasizes the volume of a project as one of the most essential parameters for success. Sufficient size assumes that private-sector realization – as opposed to conventional realization – results in advantages in terms of efficiency despite high transaction costs and possible disadvantages in terms of funding. The checklist in the handbook also offers help to determine a possible bundling of several smaller projects to overall projects making them “PPP capable”.

**Review marketability**

Project volume is not the only factor determining success. The project has to be marketable – it must be attractive to the potential private partner. The checkpoints stated in the guideline help to examine the requirements of bidder segments such as planning, construction, operation and financing in a practical approach. However, not only the implications on part of the bidders must be highlighted but also the possible effects regarding the fulfillment of public tasks.

**Project organisation and advisory necessity**

If a project’s marketability is good, requirements in terms of external support should be appraised next. For these purposes, the handbook summarizes all essential project measures and, on this basis, determines time and extent of external advisory services. Practical support in the form of a sample performance program for the tendering of economic, technical and legal advisory services as well as project management/control may be found in the guideline annex. The annex also includes tips in regard to the selection of consultants and the structure of project organization.

**Project profile**

The annex of the guideline includes a sample project profile summarizing all topics mentioned in the individual chapters. This can be used in follow-up procedures by those responsible for a project in order to reach decisions.

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