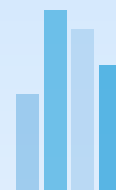


Public Private Partnerships PPP in Denmark



PPPs in Denmark

Public Private Partnerships is a form of organization used to solve public construction and facility tasks

Private partner responsible for both construction and operation – and normally the majority of the risk

Long period of time and not concessions

PPPs in Denmark

Why PPPs?

- Long-lasting solutions – private partner has to think long-run period
- Cost-effective – construction and operation combined in the contracts
- Less risk for general government – known cost for general government
- May not be cheaper but higher quality

PPPs in Denmark

Scope in Denmark

- Less than ten central government projects (buildings) and less than five municipality projects (schools)
 - First PPP in 2005
 - Construction budgets between 6 and 70 million euro
 - Political focus on PPPs

PPPs in Denmark

PPP in national accounts 1

- Classification issues
 - Yearly payments from government to private partner (simple)
 - Sector classification of the capital value (complicated)
- All Danish PPPs classified outside government budget

PPPs in Denmark

PPP in national accounts 2

Sector classification – depends on the risk allocation between public and private partner

- Construction risk (late delivery, additional cost etc.)
- Availability risk (performance)
- Demand risk (variability of demand)

PPPs in Denmark

PPP in national accounts 3

Sector classification – other risks

- End-of-contract allocation (market prices?)
- Termination clauses (low risk for private partner)
- Government financing
- Government guarantees