

Comparison of PPP practice in four European countries

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The paper compares implementation of Public Private Partnership in The Czech Republic, France, Slovak Republic and The Republic of Ireland. It is dedicated to the history of Public Private Partnership implementation in these countries including the date of the first Public Private Partnership project of each country. Main part focuses on types of projects, whether there is the same or different structure PPP projects types or whether there are for example more projects of hospitals in one country than another, which type of projects is mostly represented and which the least and whether there is some gap among project types in some country in comparison to another. One of my questions is about social housing, whether Public Private Partnership is used to finance developing social housing or not and how is social housing defined in each country. The whole paper is based on readily available information and statistics.

Introduction

Public Private Partnership is one of possibilities how to finance several types of mainly investment projects. The idea of partnership among commercial and state or municipal participants goes quite deep in the modern history, but it took hundreds of years till the concept started to be called Public Private Partnership and used in many countries around the world. This paper gives an overview of significant PPP project in four countries, The Czech Republic, France, The Republic of Ireland and The Slovak Republic.

Research Methodology

Research methodology was very simple. It included very long collecting of the data followed with short summarization. There was no need for using scientific or difficult methods.

Findings and Discussion

The implementation of Public Private Partnership has got variable-long tradition in European countries. Areas of the projects are similar in various countries, but the details differ concerning specific conditions of each country or region.

The Czech Republic

The first known Public Private Partnership project in The Czech Republic dates to 1996 and was not successful. It was project of construction the highway D47 in the north east of the country. The project costs were very high, but the problem probably included more aspects than the costs. Public Private Partnership was eventually not used for the project.

As was already mentioned, some countries needed to change their legislative to implement Public Private Partnership effectively. And one of these countries is The Czech Republic and it's law study from 2003, which was worked out to analyse the legislative

conditions for Public Private Partnership in The Czech Republic. This study is mentioned by The Public Private Partnership Association as the first step to PPP implementation. The study helped to change legislative situation, so the PPP implementation could start with the preparation of pilot PPP projects in 2005.

Pilot projects were chosen on the basis of criteria including area of projects, goals identification, Value for Money, risk transfer feasibility and finance conditions. The first waves of pilot project consist of AIRPORT Connection in Prague and Lodging house of military hospital. The second wave includes projects as Building and operation of guarded prison, Building and financing motorway D3 in the south of the country and Justice court. There are also some other important state projects as Reconstruction and operation of the sport and recreation complex, Revitalization of bus station and central heating supply. The construction of these important projects is not finished or even started yet.

There are not only pilot state projects, but also tens of municipal PPP projects. Small municipal projects are mostly oriented to waste management, supply of heat, street lighting, parking lots and sports facilities. There are some interesting projects as the projects of solar energy utilization or station roofs in bus stops.

There are no reports about PPP project dedicated to social housing in The Czech Republic, but there are projects that slightly concern it. The PPP project of Construction of two blocks of flats in Prague is one of them. About 85 flats was built and seven of them are own by the city and rented. The other project, that has something similar to social housing, is the project of social services transformation.

Social housing was mentioned above without any comment. Well, social housing is governed for people defined in special administrative order. The classification of social housing in The Czech Republic includes flats of the area up to 90 square meters and family houses of the area up to 150 square meters. The rent in 2010 should not be higher than 40,41Kč monthly per square meter and 48,30Kč monthly per square meter in Prague. The rent in Prague council flats is nowadays about 90Kč monthly per square meter.

France

The history of French Public Private Partnership goes to the French Revolution. Contemporary forms of PPP started to be used in 1990's. PPP projects are used for traffic infrastructure, parking lots, healthcare, prisons, education and probably will be used in IT projects too. There is large project of construction an grandiose yard for the Ministry of Defence. Other projects are implemented for better study conditions in Versailles University and in University of Paris. The most PPP projects in France are transport projects as construction of several highways, motorways, parking places and railways. There was one interesting PPP project of the railway from Perpignan in France to Fiquaras in Spain. The cooperation of both countries was needed.

Social housing is largely developed in France. Whether the flat can be considered as a part of social housing depends on it's price. And then, when the house or flat is defined as social housing, only people with low income can live there. The income of social housing inhabitants is still being monitored and if the income of some inhabitants goes beyond limit, the inhabitants have to leave the flat or the house. This is the way how to protect people who really need social housing. France also protects it's citizens and do not permit social housing to illegal immigrants. This does not mean that France discriminate against foreigners. It just means that there are rules to be observed. According to the financing of social housing, there are opinions that Public Private Partnership is needed, but there still is not any PPP project of social housing mentioned anywhere. France has got large experience with HLM (habitation `a

loyer modéré), which means “housing in moderate rents and was created in 1950. This concept was in the origination of small towns around Paris and Marseille.

The Slovak Republic

Slovakia is one of the countries where the Public Private Partnership was implemented later. The first document about constituting conditions friendly to Public Private Partnership was published in 2005. In 2007 the Slovak government decided to initiate the first motorway PPP projects concerning of 150 km of highways that were planned to be finished in 2010. The planned date of completion was mentioned because it turned out to be unreal. Some motorway sections are still planned to be finished in 2010, but the difficult sections with tunnels and with the longest Slovakian tunnel – which will be 7.5 km long - are planned to be finished in 2013. There is also project of electronic toll collection in motorways and parking buildings in one Slovakian city. Important transport PPP project is the reconstruction and annex to the Airport. Slovakian PPP projects are not limited only to transport infrastructure. There is project of hospital, school, sport centre, discussed pleasure ground and even the project of new building for Slovak television and broadcast. There are projects of quite a lot areas despite Public Private Partnership are implemented for such a short time period.

Social housing in Slovakia is defined to help underprivileged people. It is also said which operators or institution can take part in building and reconstruction. There is opportunity for non profit organisations, owner's communities and small and medium enterprises. The claim for living in social housing depends on the ratio of minimum wage.

With a view of social housing definition concerning also the character of promoter, there is probably low opportunity of implementing Public Private Partnership for social housing. But the partnership exists. One of Slovakian cities plans to build about 2000 new flats and about 200 of them wants to build in partnership with private sector.

The Republic of Ireland

The Republic of Ireland is near to Britain and has the same official language, so implementation of Public Private Partnership started there soon. Pilot projects were approved in 1998 and in 2001 was signed the first agreement of design, build, finance and operation five post primary schools in four counties. Other pilot projects are connected with roads and transport or environmental services such as Dublin Waste to Energy Project. One pilot PPP project in The Republic of Ireland are the projects of Cherry Orchard and Mulhuddart affordable housing scheme, which concerns social housing. The development consist of approximately 400 residential units and children facility. Most of the units are to be sold on the private market and 30 per cent of units are to be sold as affordable housing.

But now back to Public Private Partnership Projects. The most of PPP projects in Ireland are treatment plants, water supply and similar projects. There are many transport projects of motorways, bridges and urban mass transport, schools and university projects, a few projects of courts and prisons and redevelopment of harbour areas. One project of redevelopment an harbour area consist also of residential units. The pilot PPP project of social housing was not the last, there are seven other projects of social or affordable housing in Ireland. There is a rule, that private developers must transfer 20 per cent of dwellings on large sites to the city for use of social or affordable housing. According to the national survey from 2002, the most people waiting for social housing had incomes under € 15000 and 28 per cent of them were spending more than one third of their income for rent.

Conclusion

This paper is about Public Private Partnership and focuses on social housing too. Ireland and France have more experience with PPP projects and they also have longer tradition of social housing. Social housing is defined differently in each country, but in all countries is for underprivileged people. Most PPP projects of social housing are in Ireland followed with France. The Czech Republic and The Slovak Republic have less experience and they can learn from other countries.

The structure of PPP projects in the four countries is slightly different to respect the needs of each region.

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