VIFG
Verkehrs Infrastruktur-
Finanzierungs Gesellschaft mbH

Round Table PPP with the Minister of Economic Affairs of Estonia, Juhan Parts

- A-Models in General / A5 in Baden-Württemberg -

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Content

- Trunk Roads in Germany
- Organisation of HGV-toll
- The A-Model
- The F-Model

Germany's Trunk Roads – Structure

State level

- Federal republic
- States
  - 16 States (13 territorial states and 3 city states)
- Municipalities
  - Cities
  - Counties

Federal Road network

- Federal trunk roads (Bundesstraßen)
  - 40.700 km
  - Traffic volume: around 10.000 vehicles per day
- Federal highways (Bundesautobahnen)
  - 12.550 km
  - Traffic volume: average of 50.000 vehicles per day (up to 150.000 on some sections)

Forecast

- Passenger transport: +20%
- Goods transport: +63%

Reasons

- Europe (market, enlargement)
- General increase of trade and mobility

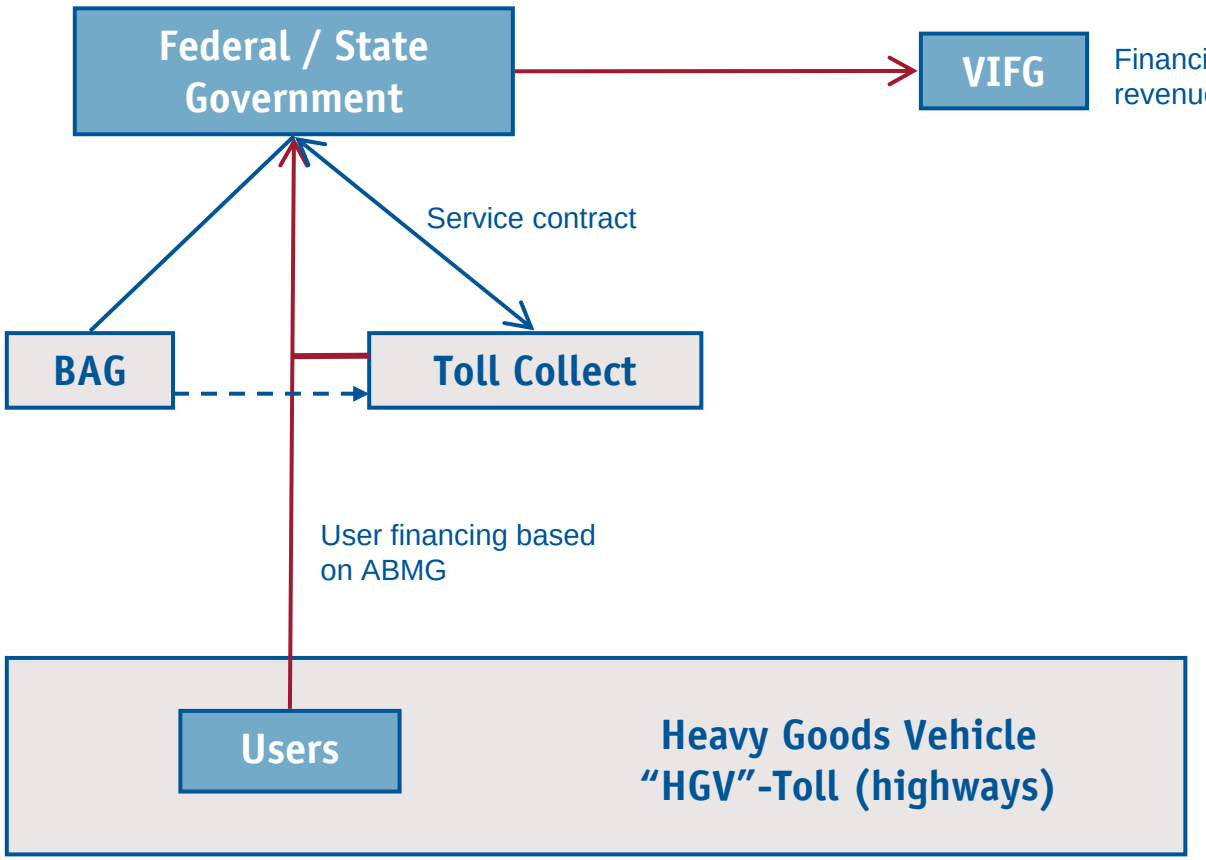
Annual Budgets for Transport Infrastructure

	Actual 2007	Target 2008	Draft 2009	Plan 2010	Plan 2011	Plan 2012
Federal Budget	€ 261,6 bn	€ 283,2 bn	€ 288,4 bn	€ 292,4 bn	€ 295,2 bn	€ 300,6 bn
Transport	€ 20,3 bn	€ 20,7 bn	€ 22,3 bn	€ 22,0 bn	€ 21,9 bn	€ 21,9 bn
Investments						
Roads	€ 4,93 bn	€ 4,93 bn	€ 5,23 bn	€ 5,04 bn	€ 4,89 bn	€ 4,85 bn
Railways	€ 3,40 bn	€ 3,70 bn	€ 3,92 bn	€ 3,92 bn	€ 3,92 bn	€ 3,92 bn
Waterways	€ 0,59 bn	€ 0,80 bn	€ 0,90 bn	€ 0,89 bn	€ 0,88 bn	€ 0,87 bn
Investments total	**€ 8,92 bn**	**€ 8,43 bn**	**€ 10,05 bn**	**€ 9,85 bn**	**€ 9,69 bn**	**€ 9,64 bn**

Legal Framework of HGV-Toll

- HGVs with a maximum permissible weight of at least 12 t on federal highways
- Started on 1st of January 2005
- Average toll rate:
  - 12,4 cent/km when started
  - 13,5 cent/km now
  - between 16,3 - 18 cent/km expected in 2009
- Differentiation according to axles and emission classes
- Charging based on the exact number of kilometres driven
- Toll revenues aroused from € 3 bn (2005) up to € 5 bn (2012)
- Earmarking of revenue

Organisation of the HGV-toll



Legend

→	Toll payments / forwarding
↔	Contractual relation
—	Implementation of federal tasks
BAG	Controlling Entity for Toll Collect

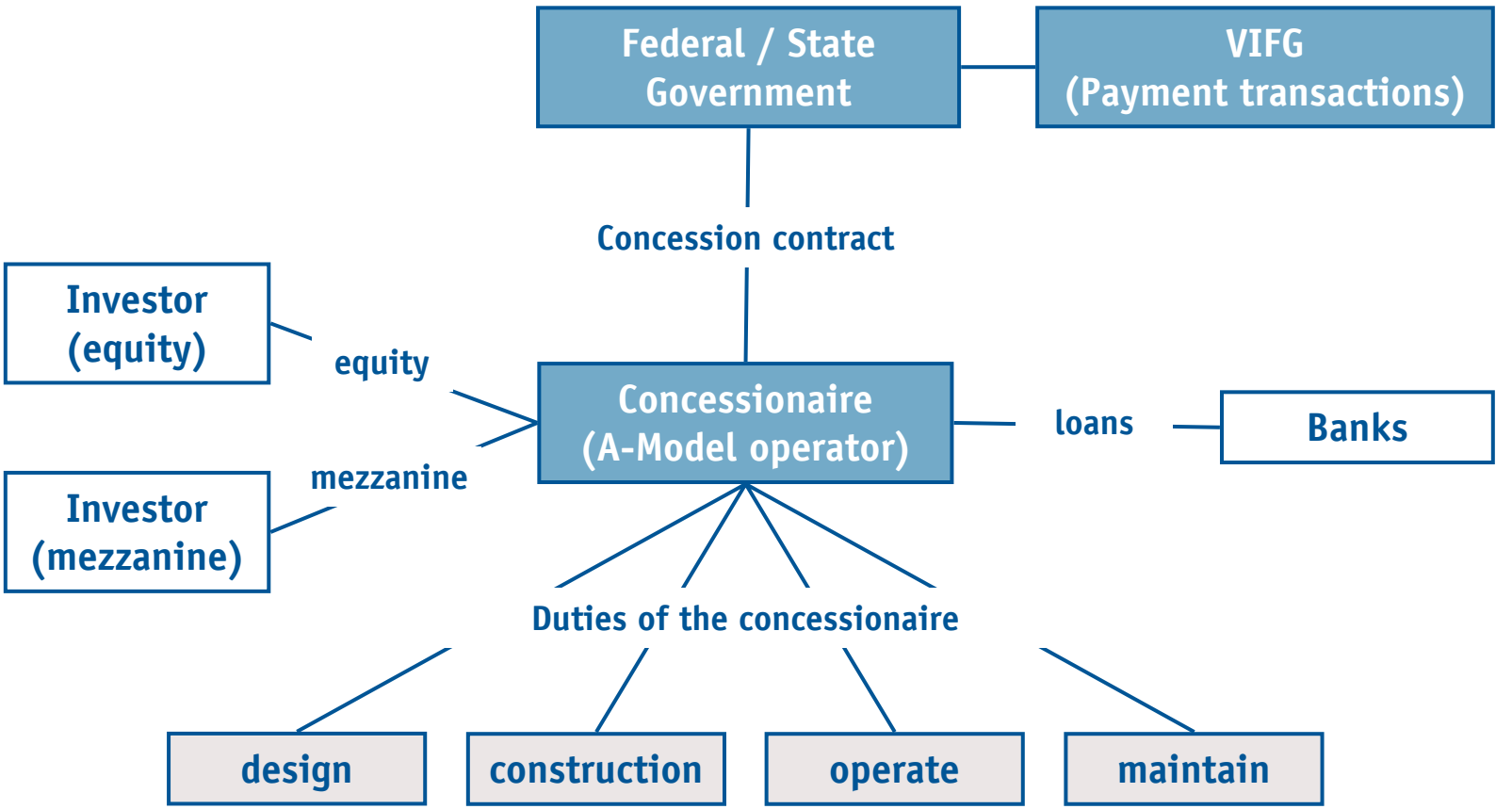
Goals of Federal Government with PPP/PFI

- **Efficiency**
  - Procurement of public services with an optimal ratio of funding and achieved benefits
- **Bring forward prior projects**
  - Realisation of huge and important projects earlier than the available funds in the annual budget allow
- **Modernisation**
  - PPPs setting Benchmarks for conventional procurement
  - Optimisation of administration structures
- **Innovation**
  - Innovative solutions are expected from procurement by the private partner

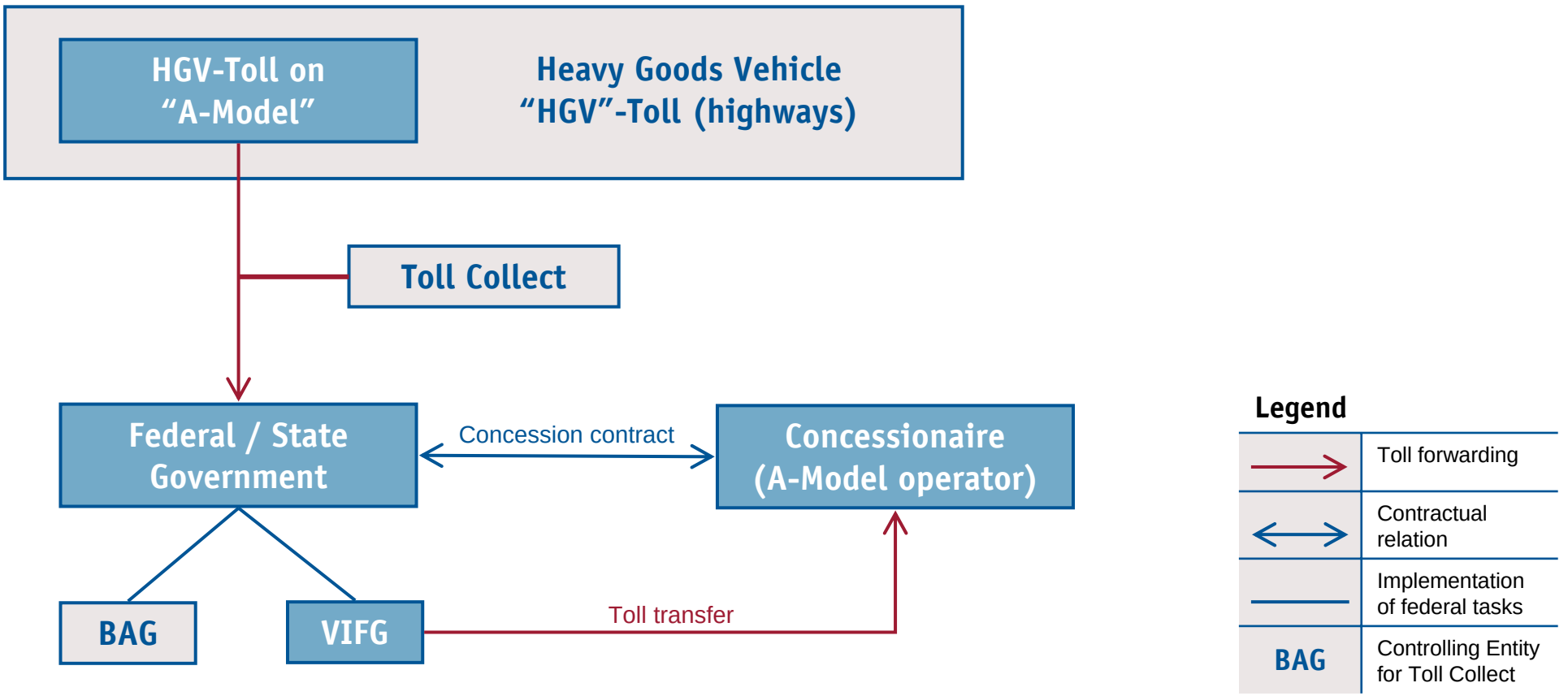
The A-Model Program

- The main two reasons to start the A-Model program were the entry in an user financing system in Germany and the expansion of the road network; it was not primary because of the expected effectiveness and efficiency
- Under the A-Model a private concessionaire expands an existing highway (from 4 lanes to 6 lanes)
- The concessionaire is remunerated with two elements:
  - Kick-off financing (expected: max. 50 % of investment)
  - Transfer of the HGV-toll that accrues on the specific section
- The tasks of the concessionaire are the (D)BFOM of the road
- The avg. A-Model road will be 50-70 km
- The contract duration will be 30 years

Structure of the A-Model



Structure of Toll Transfer



Risk allocation under the A-Model

	Contracting Authority	Concessionaire
Risk of toll collection	X	
Risk of planning and plan approval	X	
Risk of land acquisition	X	
Unpredictable construction of parallel or alternate routes	X	
Risk of completion		X
Risk of maintenance and operation		X
Risk of traffic volume		X
Risk of road condition (upon termination of Concession Agreement)		X
Force Majeure	X	X
Geological risk	X	X
Risk of legislative changes	X	X

A-Model A5 – The 1st Pilot Project in Baden-Württemberg

Project-Details

Road Section:	AS Baden-Baden – AS Offenburg
Length:	53 km
Stretch of extension:	41,5 km
Construction Costs:	app. € 265 m
Concession Volume:	app. € 850 m

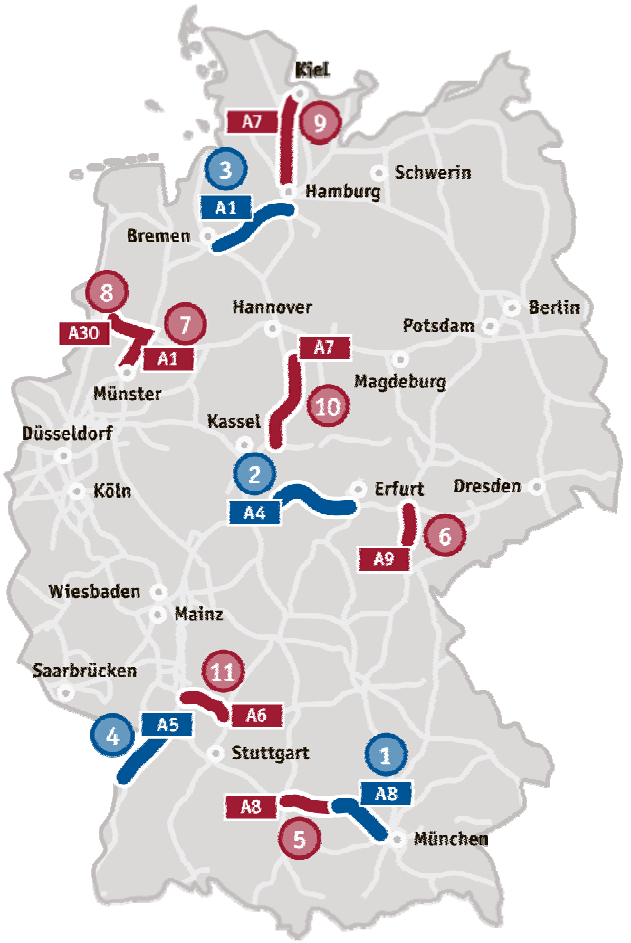
- Traffic Forecasts have shown that the daily traffic will increase from 67.000 vehicles per day (2005) up to 80.500 vehicles per day (2015) with a rate of Heavy Vehicles about 17,5 % (14.000 vehicles per day)
- The A-Model A5 is the fourth of the pilot projects and will be the first PPP-project in transport sector in Baden-Württemberg

Schedule

Status	In tender	**Shortlist:**	Mar. 2008
Tender launched:	Dec. 2005	**BAFO**	end of 2008
Prequalification:	Feb. 2007	**Start of concession:**	exp. 2009
Bids received:	Sept. 2007	**Construction Period:**	6 years

Stand: September 2008 / Quelle: Infra-News

The Ministry of Transport announced further A-Model projects in June 2008



pilot projects awarded or in tender

1.	Bayern	A8 (AS Augsburg West – AD München-Allach)	Awarded
2.	Thüringen	A4 (Landesgrenze Hessen /Thüringen – AS Gotha)	Awarded
3.	Niedersachsen	A1 (AD Buchholz – Bremer Kreuz)	Awarded
4.	Baden-Württemberg	A5 (AS Malsch – AS Offenburg)	In tender

Tender expected for 2008 / 2009

5.	Bayern	A8 (Ulm – Augsburg-West)
6.	Thüringen	A9 (AK Hermsdorf – Schleiz)

Tender expected for 2009 / 2010

7.	Nordrhein-Westfalen	A1 (Lotte – Münster)
8.	Niedersachsen	A30 (Rheine – Lotte)
9.	Schleswig-Holstein	A7 (Bordesholm – Hamburg)
10.	Niedersachsen	A7 (Salzgitter – Drammetal)
11.	Baden-Württemberg	A6 (Wiesloch-Rauenberg – Weinsberg)

The F-Model

- **The use of the model is limited to tunnels, bridges and passes by law.**
- **The private concessionaire builds, finances und operates a road for 30 years.**
- **The concessionaire levies a direct toll from all users.**
- **2 implemented projects:**
  - Warnowquerung, Rostock (opened in 2003)
  - Travequerung, Lübeck
    (also called „Herrentunnel“; opened in 2005)
- **Other projects were presented and are examined right now :**
  - e.g. Weserquerung, Bremen
  - e.g. Albaufstieg, Baden-Württemberg

Warnow Crossing

Source: Warnowquerung GmbH & Co. KG

Schedule

Status:	in operation
Tender launched:	--
Start of construction:	Dec. 1999
Start of concession:	Sept. 2003
Concession Period:	50 years
Construction Period:	app. 4 years

Project-Details

Road Section:	B 105, crossing the Warnow River
Length:	4 km, incl. Tube with length of 790 m (4 lanes)
Construction Costs:	app. € 215 m
Concessionaire:	Bouygues / Macquarie Infrastructure Group (MIG)
SPV:	Warnowquerung GmbH & Co. KG http://www.warnowquerung.de/
Leading Lender:	Deutsche Bank / Nord LB / KfW

Financial-Details*

Debt + Subventions (total):	€ 172 m
Debt:	€ 146 m
TEN - Funds:	€ 17 m
Start – up financing:	€ 8,5 m

Equity (total):	€ 43 m
quota:	20 %
Debt / Equity ratio:	78 / 22
Margin:	-- bps

* Source: Infra – News / Warnowquerung GmbH & Co. KG

Trave Crossing

Source: Herrentunnel Lübeck GmbH & Co. KG

Schedule

Status:	in operation
Tender launched:	Mar. 1997
Start of construction:	Oct. 2001
Start of concession:	Sept. 2005
Concession Period:	30 years
Construction Period:	4 years

Project-Details

Road Section:	B 75 7 B 104, crossing the Trave River
Length:	2,1 km, incl. Tube with length of 1 km
Construction Costs:	app. € 108 m
Concessionaire:	Bilfinger Berger / HochTief (each 50%)
SPV:	Herrentunnel Lübeck GmbH & Co. KG http://www.herrentunnel.de/
Leading Lender:	HSH Nordbakn AG / KfW with further syndication in addition the EIB
Legal Advisor:	Freshfields Bruckhaus Deringer LLP

Financial-Details*

Debt + Subventions (total):	€ 158 m
Net cash flow:	€ 12 m
Base amount:	€ 90 m
KfW credit:	€ 28 m
Commercial credit:	€ 28 m

Equity (total):	€ 22 m
quota:	12 %
Debt/Equity ratio:	- / -
Margin:	- bps

*** Source: Infra-News / Herrentunnel Lübeck GmbH & Co. KG**

Municipal Pilot Projects

- **Brandenburg a. d. Havel**
  - Maintenance, operation and financing a part of the network for 15-25 years
  - Periodical charges depending on the scope of service and the quality

- **Zeuthen**
  - Construction, maintenance, operation and financing a subnet for 25 years
  - Financial contributions from residents can be regarded for the project

- **Targets pursued with attending projects by the VIFG**
  - Development of new elements for PPP in road infrastructure (e. g. availability charges, PPP for maintenance, PPP for road networks)
  - Development of optimal strategies for maintenance to force the efficient operation and to enhance the quality of the road conditions (e. g. capturing the conditions, benchmarking)
  - Expansion of PPP solutions and reduction of transaction costs

Perspectives

- **PPP is an important instrument to modernize the administration**
- **Benefits from PPP-Projects**
  - The search for alternative solutions like PPP shows potentials in the conventional sphere
  - The whole procurement process should learn from PPP-projects, like getting more transparent and implementing a performance monitoring
- **Further A-Model projects are in preparation**
- **The evaluation of the F-Model should give the discussed projects a boost**
- **The first regional projects have also started and the number of interested municipals seems to grow**
  - There can be lessons learned from projects including a road network
  - The expected payment mechanism for availability is new in Germany

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