



National Development
Finance Agency

Joint EC-EPEC Private Sector Forum
Improving Public Procurement

Case Study: Ireland



- **Background to current position**
 - ▶ PPP in Ireland
 - ▶ NDFA
 - ▶ Deficit reduction plan and consequences (cancelled projects)
- **New Government PPP Stimulus Programme**
 - ▶ Rationale and content
- **PPP Procurement approach**
 - ▶ Need for change → Market Consultation
 - ▶ Outline of response to consultation
- **Concluding comments**

Track Record in Ireland of successful PPPs

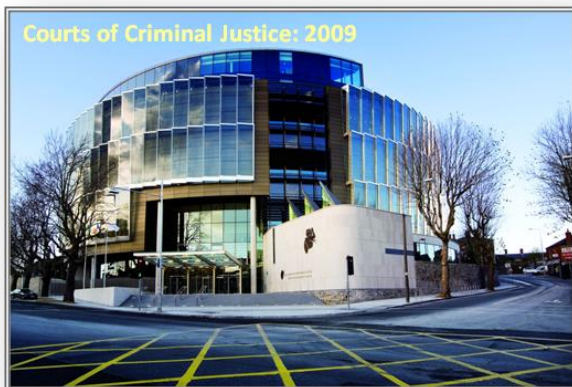


National Development
Finance Agency

- Roads - 10 major inter-urban motorways/by-passes, service stations
- Education - 23 schools, School of Music, Maritime College
- Tourism - International Convention Centre
- Justice - major criminal courts complex

More recently

- ▶ Schools Bundle 3 closed in November 2012
- ▶ N11/Newlands Cross PPP contract Q2 2013



National Development Finance Agency

- Centralised expert project finance and PPP procurement unit
- Delivery of accommodation PPPs only
- Public statutory body reporting to the Minister for Finance
- Established in law in 2003/2007



Bantry Community School & Gael Scoil, County Cork
Completed 1 month ahead of schedule 2011

Fiscal adjustments have had consequences



National Development
Finance Agency

- Deficit reduction plan meant some PPP Programmes were no longer affordable and were either cancelled or deferred:
 - ▶ National Concert Hall
 - ▶ Government office de-centralisation programme
 - ▶ Third Level Institutions PPP programme
 - ▶ Dublin's large-scale mass-transport projects
 - Metro and DART Underground rail link deferred.
 - ▶ Other PPPs that were in planning stage
- Negative sentiment
 - ▶ from investors/lenders towards Ireland and
 - ▶ from sponsors/construction market towards PPPs





€1.4 billion Stimulus PPP Programme

- **Education**

- ▶ 2 groups of 6 schools
- ▶ Third Level campus at Grangegorman/Dublin IT

- **Health**

- ▶ c. 20 Primary care centres in 2 groups

- **Justice**

- ▶ 3 Garda/Police Divisional HQs
- ▶ 6/7 regional courthouse developments

- **Transport**

- ▶ Inter-urban roads programme: 3 projects (National Roads Authority)

www.ndfa.ie/tendercompetitions/projects





Why a PPP Programme?

Economic impact

- Multiplier effect of investment to stimulate jobs and growth
- Social and community benefit provisions
- Features to assist SMEs

Fiscal Impact

- Borrowing requirement to be “off balance sheet”
 - ▶ Transfer i) Design/construction risk and ii) Availability or Demand risk
- Programme is sized so that the unitary payment obligations are affordable
- Recognised within “*Programme of Financial Support for Ireland*”



National Development
Finance Agency

Procurement and delivery: a new approach needed

Market soundings with private sector

- Equity Sponsors
- Funders
- Construction and FM service delivery partners
- Construction supply-chain partners
- Professional advisors



Feedback received from market soundings



National Development
Finance Agency

- Importance of project pipeline
- Deal size
- Availability of funding
- Ireland's sovereign credit rating
- Previous PPP project cancellations
- Procurement process – cost and duration



CPD CERTIFIED - 6 HOURS

CPD COMMERCIAL MEDIA GROUP

CMG



**IRISH PPPs IN THE NEW ECONOMIC ENVIRONMENT:
PROCUREMENT, DELIVERY AND FINANCE**

THURSDAY 21 MARCH 2013: THE CONVENTION CENTRE, DUBLIN
A HALF DAY SEMINAR WITH NETWORKING LUNCH: 09:15-14:30



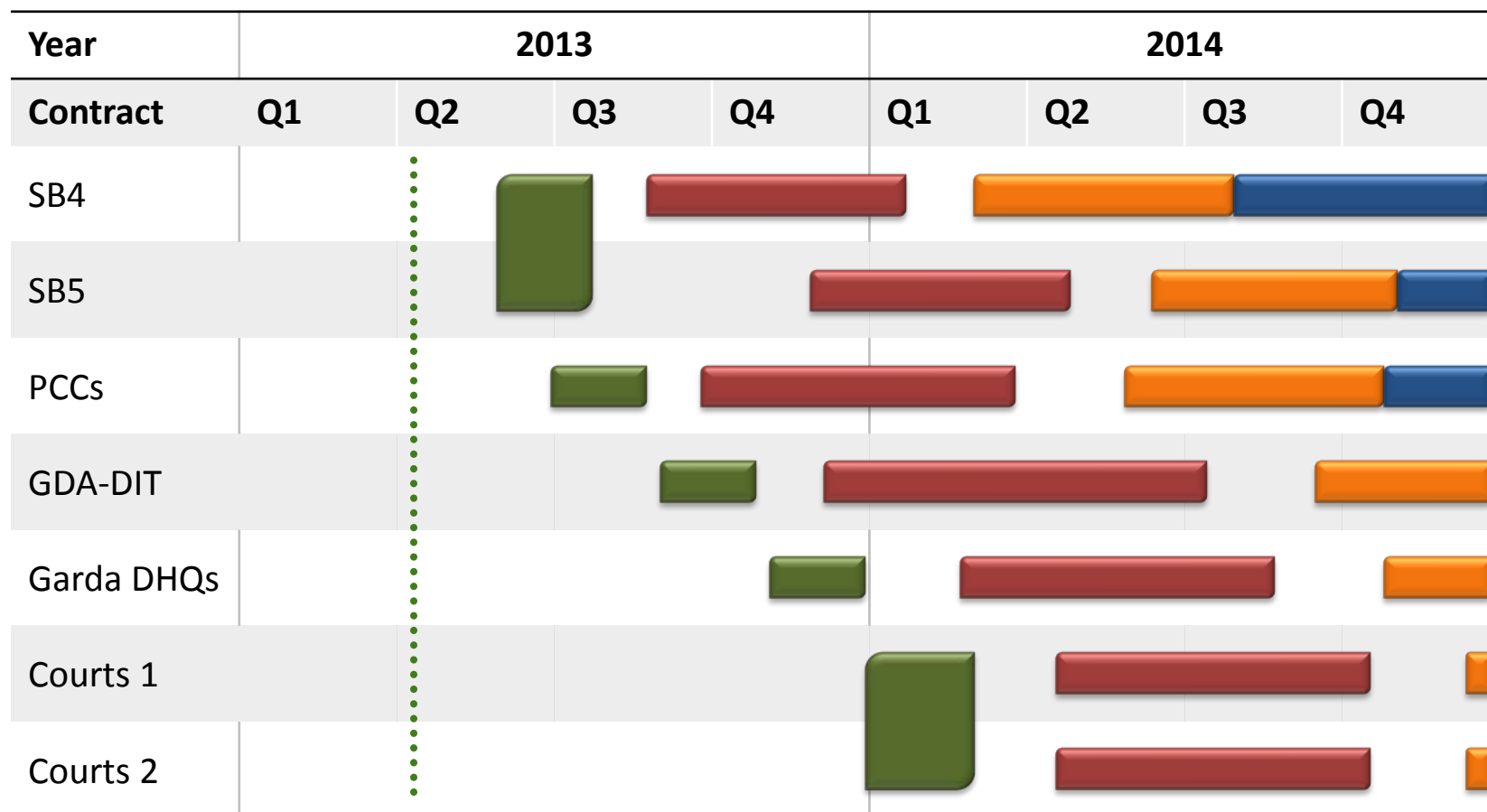
Initial response to market soundings



Issue	Response
Pipeline	Published indicative timetable + OJEU PIN
Deal size	Mix of contract sizes (all >€50 million capex)
Funding	€750m Strategic investment fund – EIB – Irish banks
Sovereign rating	Initiatives to make project terms attractive
Prior cancellations	Policy initiative – bid cost reimbursement regime
Procurement process	Initiatives to cut time-taken by 6 mths and costs by 50% <ul style="list-style-type: none">• Target 15 – 18 mth OJEU to award• Use negotiated procedure• Use exemplar and specimen designs• NDFA secures statutory planning consents• Reduced tender submission items



Indicative schedule (subject to market conditions)



Concluding comments

- Active market engagement since Programme announcement
- Identified a clear pipeline of projects with potential funding solutions
- Changed approach to procurement/delivery
- Policy steps taken; eg. on bid compensation
- Measures proposed to reduce cost and time of bidding

- NDFA Website > Tender Competitions
 - ▶ Projects, Adviser Competitions and Market Updates
- Queries to info@ndfa.ie



**National Development
Finance Agency**

**Joint EC-EPEC Private Sector Forum
Improving Public Procurement**

Thank you

National Development Finance Agency
Treasury Building | Grand Canal Street | Dublin 2 | Ireland