

PROJECT FINANCING INITIATIVES IN ITALY

**Tender procedures initiated by the submission of a Proposal by
a Private Company**

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Introduction

- In Italy, PPP initiatives are regulated by Law Decree n. 163, April 12th 2006, which covers all the tendering and execution phases of public works, services and procurement by a Public Entity (PE).
- A section of the Law (art. 142-148) deals with Concessions and a further section (art. 152-160) **specifically foresees Project Financing Initiatives initiated by a Private Company (PC).**

The 2 types of private initiative procedures

Two slightly different procedures covering two different cases:

Procedure A

- A PC submits a Proposal after the PE fails to issue a tender within 6-months after the deadline set in the adopted schedule of medium-term (3-year) public works programme.

Procedure B

- A PC submits a Proposal for work that was NOT included in the PE's medium-term public works programme.

Contents of a Proposal for both Procedures A & B

Italian law specifies that a comprehensive set of documents and content specifications are required in the submission of a Proposal:

- *Feasibility study (only for Procedure B)*
- Preliminary design (as defined in detail by the law)
- Specification of the services to be provided to the PE and/or sold to third parties
- Preliminary financial plan
- Draft of PPP contract
- Bid bond
- Legal statements and documents proving eligibility to become a public concessionary
- Declaration of the PC's cost incurred in preparing the Proposal

Procedure A:

Expiry of Deadline for Initiation of Planned Works

- 1. Within 4-months after the expiry of the initial 6-month period, qualified PC's have the right to submit a Proposal.**
- 2. After a PC's Proposal is submitted, then the PE has 60 days to issue a public notice containing the criteria for evaluation of the Proposal.**
- 3. In the case more than one PC submit Proposals, then in accordance with legally regulated selection criteria, the PE chooses which PC shall be designated as the "Promoter" - a status with special rights.**

Procedure A:

Expiry of Deadline for Initiation of Planned Works

At this point:

- a) If the Promoter's Proposal requires further modifications, then the PE can enter in a direct dialog with the Promoter.**

- a) Once the Promoter's Proposal has been finally defined, then the PE can declare it of public interest and issue a public tender based on the Proposal.**

Procedure B:

Public Works NOT included in Programme

- A PC is allowed to submit a Proposal for works that are NOT included in the PE's medium-term public works programme.
- The PC's Proposal must include a **feasibility study**.
- The PE is required to assess the Proposal within 6 months. However, the PE can ask the PC for clarifications and modifications to the Proposal.
- If the Proposal is declared to be of public interest, then it must be included in the PE's public works programme schedule and the PC is officially designated as the Promoter.

Tender Process

for both Procedures A & B

- **After being deemed of public interest, the PC is designated as the Promoter and the Proposal becomes the basis for a public tender.**
- **The PE issues the tender for a “Concession” based on the Promoter’s set of documents contained in the Proposal.**
- **The Proposal’s documents can be amended within the framework of the tender’s dialogue phase.**
- **The winning tenderer is selected by evaluating the bidders’ financial plan, draft of PPP contract, preliminary design, service specifications, etc.**

Awarding Process

for both Procedures A & B

- A. If no other competitor's offer is economically better than the offer submitted by the Promoter, then the Promoter is awarded the concession.**
- B. In the case an economically better offer is submitted by a competitor, then the Promoter has 45-days to match the best offer.**
- C. If the Promoter decides to NOT match the best offer, then the Winner must reimburse the Promoter the declared Proposal preparation costs - which is limited to 2.5% of the total works value.**

Advantages of PC Initiated Procedures

- **Re-imbusement of Proposal** preparation costs and special status of Promoter incentivize PCs to take risks to identify and develop new opportunities for the provision of public works in PPP type structures.
- **PEs saves** time and resources related to tender package preparation.
- PCs initiatives will **help PEs** to meet obligations to implement public works programming.
- PPP and other PC financing structures focus on developing public works projects based long-term **cost savings and preventative maintenance** solutions for PEs.

ONGOING PROJECT FINANCING INITIATIVES BY GEMMO

Location	Description	Field	Investment (m€)	Duration (years)
BELGRADE, SERBIA	Airport co-generation plant, energy saving	Airport	10+	15
TORTONA, ITALY	Public lighting: renewal and energy saving	Public Lighting	2	20
VARESE, ITALY	Public lighting: renewal and energy saving	Public Building	8	20
PIEMONTE REGION, ITALY	ANAS PIEMONTE – Complete renewal of tech systems in tunnels (100+) and energy saving	Tunnels	160	25
VENICE, ITALY	Design, building & operation of New Venice city Hospital (VE)	Healthcare	39	25
BOLZANO, ITALY	Detention house, construction and O&M	Public Building	50	20
SEGRATE, ITALY	Public lighting: renewal and energy saving	Public Lighting	4	20

MAIN CURRENT PROJECT FINANCING PORTFOLIO (December 2014 projection) in millions of €

	Description	Business area	Year	Total Contract Value	Total Recorded Revenue	Progress	Residual Backlog Amount	% Gemmo equity
VSFP	Design, building & operation of New Mestre Hospital (VE)	Healthcare	2002	214	79	37%	135	17.5%
Progeni	Design, building & operation of Niguarda Hospital, Milan (MI)	Healthcare	2005	187	52.7	28%	134.3	16.1%
Metrolatina	Design, building & operation of Latina Subway (LT)	Railway	2006	42.9	7.2	17%	35.7	45%
Senalpa	Design, building & operation of a technical hub in Cittadella (PD)	Energy	2007	26.4	8.8	33%	17.6	25.3%
Summano	Design, building & operation of New Thiene/Schio Hospital (VI)	Healthcare	2007	222	74.7	34%	147.3	25%
Nov	Design, building & operation of New Venice city Hospital (VE)	Healthcare	2008	124.6	12.2	10%	112.4	34.9%
Tunnelgest	Revamping, O&M of technological plants for approx. 100 tunnels in northern Italy (Lombardy region)	Tunnel	2009	178.3	117	66%	61.3	12%
Euganea	Design, building & operation of Este Monselice Hospital (VE)	Healthcare	2009	325.3	60.4	18%	265	37.5%
Protonico	Design, building and operation of proton therapy centre in Mestre's hospital	Healthcare	2011	55.1	0	0%	55.1	25%
Bellaria	Design, building & operation of Tri-generation centre in Bellaria Hospital (RN)	Energy	2012	19.9	6.7	37%	13.2	45%
Labogest	Renovation of new test lab at Bologna Hospital	Healthcare	2013	19.9	2	10%	17.9	51%
TOTALS				1415.4	420.7	Avg. 26%	994.9	

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Thank you for your time