



# University of Twente

**Financial crisis show stopper for  
DBFMO projects in the Netherlands?**

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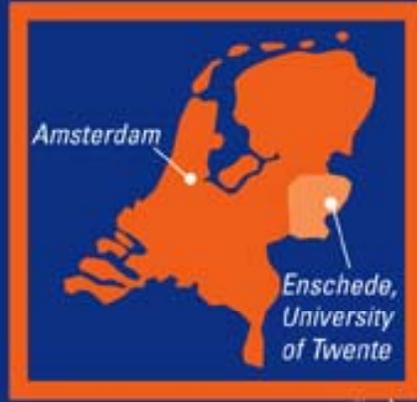
*Paper presented in the PPPs Symposium  
organised by HKU CIGIO (28-02-2009)*



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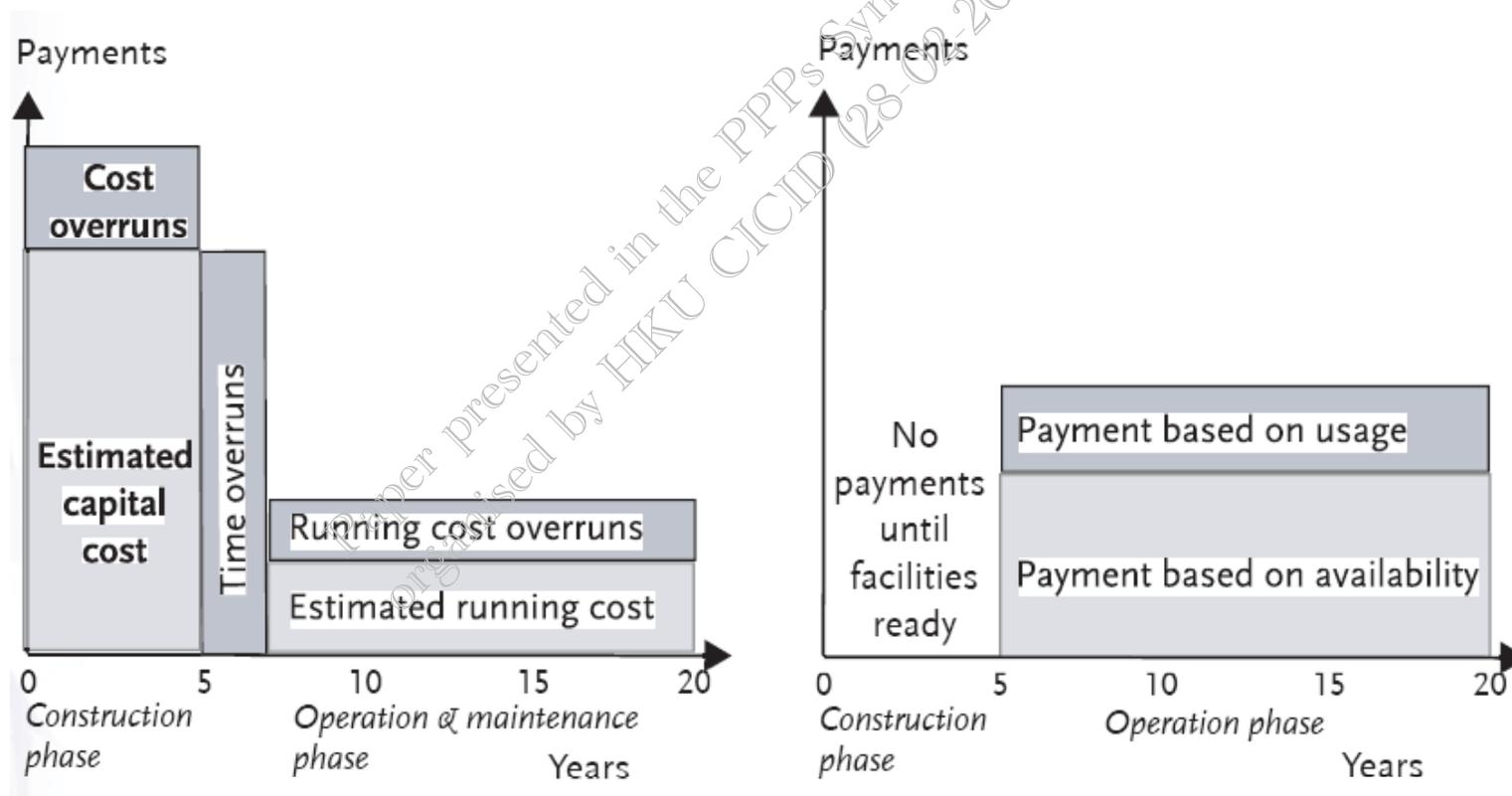


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# DBFMO

## Design Build Finance Maintain Operate





## Trend before the credit crunch: an increase in DBFMO projects

- Infrastructure:
  - 4 projects implemented
  - 2 projects in procurement
- Accommodation:
  - 3 detention centers; 2 in procurement
  - 1 ministry
  - 1 barrack
  - 1 school



## Other trends before the credit crunch

- Bond financing was winning ground:
- No problems when passing on loans
  - Third party investors were increasing underwritings
  - Syndication clauses were disappearing
- Banks provided loans under the conditions of the capital market/EIB and gave guarantees up-front



# The impact of the credit crunch on DBFMO

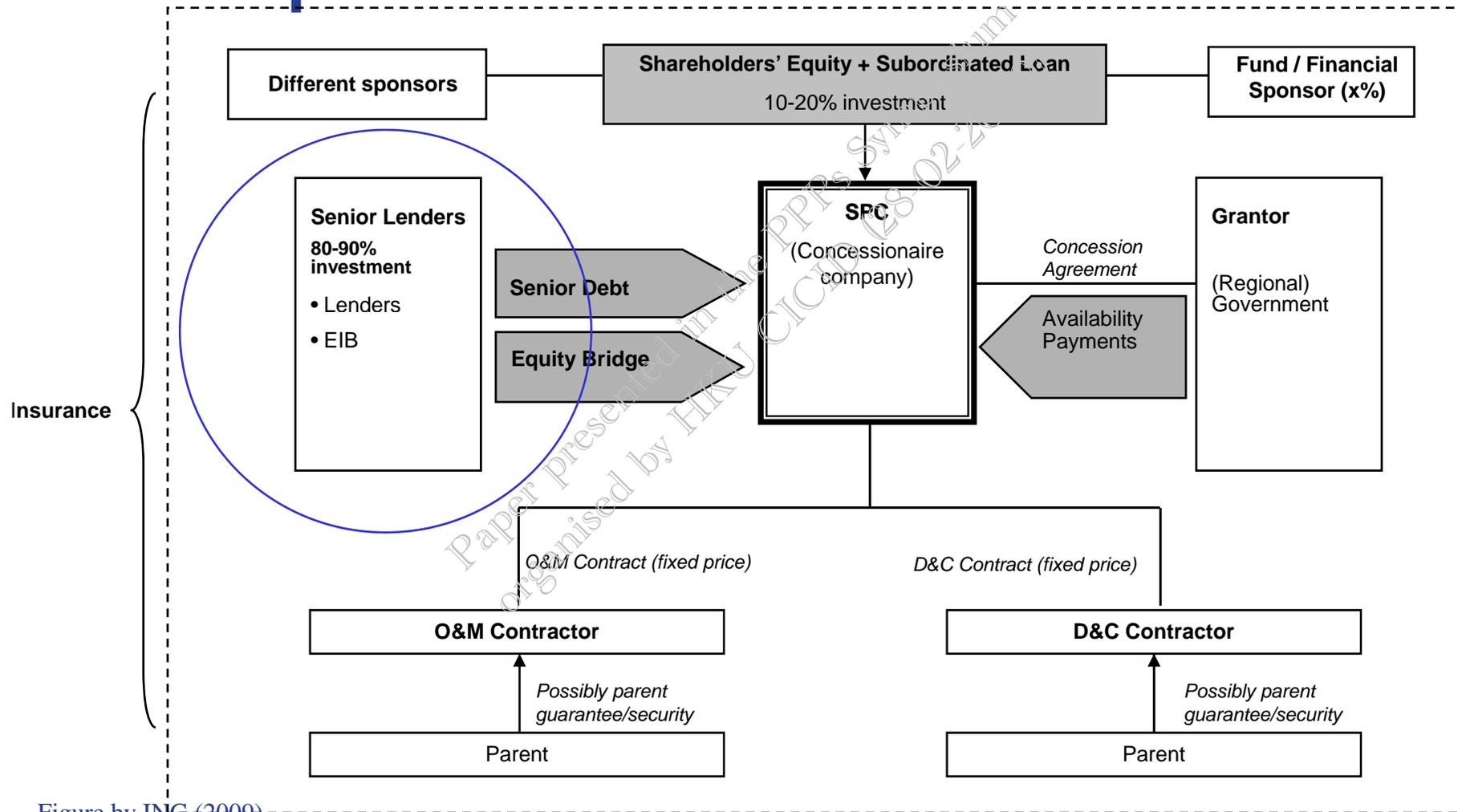


Figure by ING (2009)



## Trends after the credit crunch

- Wrapped bond market is closed: reliance on the bank market has increased
- Cost of funding increases
- Non-binding offers
- Procurement takes longer, more third party investors are needed



## Looking forward

- Credit crunch no show stopper for DBFMO
  - Correction in the cost of funds
  - Less capacity in the market
  - New models
  - Club deals
  - Conditions for DBFMO need to change
  - Refinancing becomes (even) more important
- At the end it is all about value for money!



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# Questions?

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