

**PRESS RELEASE
Monthly Observatory
MAY 2008**

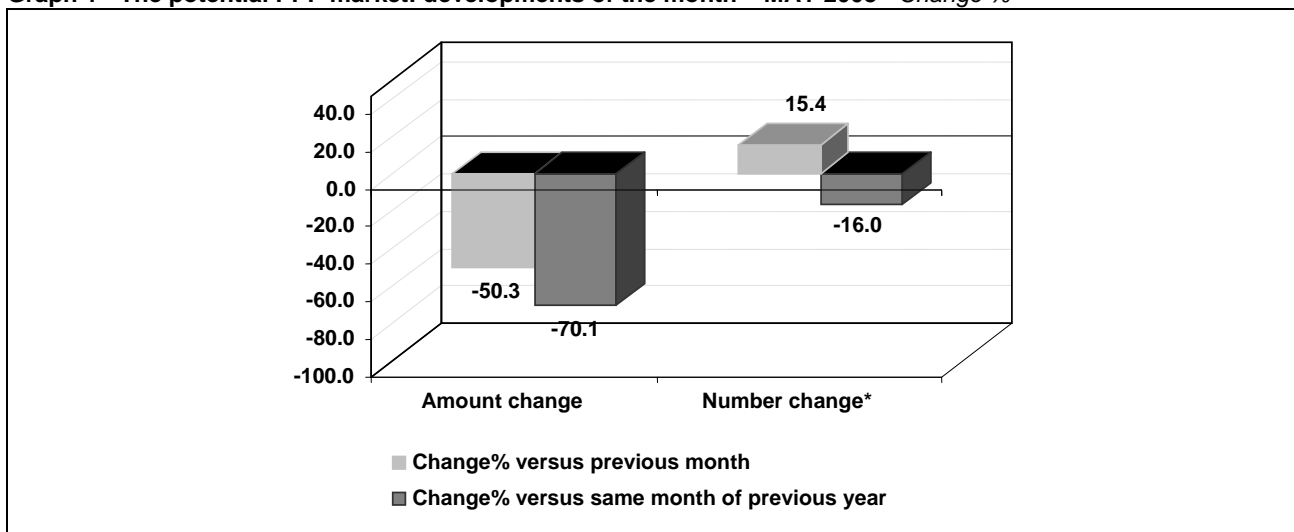
Halt of May caused by the lack of large-scale works

The Public-Private Partnership market came to a grinding halt in May, registering a 70% contraction in terms of value versus the same month of 2007, with 900 million euro worth of investments and a 50% drop compared to the month of April. The only positive result consisted in the increased number of contracts compared to the previous month: 157 versus 136 in April.

These are the results according to the National Observatory on Project Financing, promoted by CIPE's Unità Tecnica Finanza di Progetto – Presidency of the Council of Ministers, Ministry of Economy and Finance, Unioncamere and Chamber of Commerce of Rome, drawn up and managed by AeT – Environment and Territory, Special Agency of the Chamber of Commerce of Rome, in collaboration with Cresme.

The halt of the potential PPP market seems to be caused primarily by the standstill of project financing which, in May 2008, was penalized by the lack of large road infrastructures, worth over a billion euro, of the caliber of those which characterized the market in the month of May 2007. Investments in PF, in fact, have decreased by 76% (from 2.8 billion to only 677 million) in terms of calls for proposals, and by 92% compared to April 2008 (from 1.2 billion to only 95 million) in terms of contracts.

Graph 1 - The potential PPP market: developments of the month – MAY 2008 - Change %



Source: National Observatory of the Public Private Partnership – processed by Cresme for AeT – Environment and Territory, Special Agency of the Chamber of Commerce of Rome (www.infopieffe.it)

* including notices with amount not specified

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A reduction was also registered in the number of calls for proposals which dropped from 108 to only 31 (-76%).

The steep drop in the number of preselections for the second month in a row could be attributed to a series of regulatory amendments that concerned in particular this phase of Project Financing, from the abolition of the right of pre-emption to the deletion of the expiry date of 30 June. However, the effect of certain dynamics connected to the performance of the market could also be responsible in this respect. Only the next few months will possibly provide some answers.

The result is that between January and May 2008 the PPP market has closed with a double speed trend: with 637 projects and an investment of 4.4 billion, the balance compared with the January-May 2007 period shows an extra 30 contracts (+5%) but a decrease of 1.4 billion euro (-24%).

With reference to the turnover of PPP contracts, that is, net of the notices of calls for proposals, the related weight on the overall public works contract market registered by the Cresme-Edilbox Observatory stood at 23%, equal to 3 percentage points more than the January-May 2007 figure (20%).

The photograph of the potential PPP market by project amount bracket confirms the orientation of the demand towards small-scale works: approximately 37% of the month's initiatives of known amount refer to projects worth less than 1 million euro, a considerably larger figure than that of a year ago (29%). Compared to May 2007, there has been a significant drop in the number of projects worth more than 5 million euro: 27 initiatives worth 803 million versus 45 worth 2.4 billion for the previous year.

The most significant project types for the month have been the following: parking lots, street furniture and green spaces, sports facilities and networks by number of opportunities; transport and reorganization of urban areas by activated turnover.

Service contracts

The largest share of the potential PPP market for the month of May was taken by service contracts: 51%. From the dynamics viewpoint, expanding growth rates were registered for this form of public private partnership both for the month of May 2007 (+ 67% in terms of number and + 190% in terms of amount) and of April 2008 (+36% in number and + 87% in amount).

In the January-May period, the number of tenders called through this procedure rose to 299 for a total worth, of the 233 projects of known amount, of 206 million euro. Compared to the same period of 2007, a double speed trend was registered: +62% in number and -7% in amount.

The protagonists were the Municipalities, with 70 projects worth 62 million, whilst the other bodies started 13 contracts worth an investment of less than 2 million.

As many as 80% of the contracts started in May 2008 are related to projects worth less than 1 million euro. The previous year, that figure stood at 77%. The largest contract to be registered, worth 22 million euro, consisted in the assignment of the gas distribution service within the municipal territory of Verbania.

For the entire period, the total of contracts worth less than a million euro accounted for 83%, a share which exceeds the corresponding figure for the year 2007 by 8 percentage points (75%).

Of the twelve sectors concerned, the parking sector dominated the market, with 14 tenders. A positive result was also registered for the sectors of trade-craftsmanship, street furniture-green spaces, sports facilities and networks. Throughout the month of May, street furniture and green spaces continued to dominate the

market, with 62 contracts, that is, an extra 10 with respect to the second qualified trade and craftsmanship sector.

P.P.P.: MONTHLY SUMMARY – MAY 2008

	Calls for proposals		Building and Management (BM) contracts as suggested by the promoter		BM contracts as suggested by contracting station		Service contracts		Other PPP contracts		Total	
	N.*	Amount	N.*	Amount	N.*	Amount	N.*	Amount	N.*	Amount	N.*	Amount
January	42	283,319,091	14	51,083,201	17	207,983,683	48	13,962,849	4	3,000,000	125	559,348,824
February	5	33,943,520	12	91,364,852	21	449,897,291	52	45,283,861	1	-	91	620,489,523
March	20	262,131,320	11	86,269,219	24	40,455,045	60	50,108,271	13	38,302,151	128	477,266,007
April	42	544,555,995	15	1,187,295,512	18	41,343,276	59	33,769,421	2	-	136	1,806,964,204
May	31	676,813,478	11	95,249,413	23	36,182,355	80	63,254,535	12	25,992,500	157	897,492,282
Jan-May '08	140	1,800,763,404	63	1,511,262,198	103	775,861,651	299	206,378,937	32	67,294,651	637	4,361,560,840
1st quarter 2008	67	579,393,931	37	228,717,273	62	698,336,019	160	109,354,981	18	41,302,151	344	1,657,104,355

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