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French and German universities

Location:
Tunis

Company:
To be defined

Mission:
French and German universities

Cost:
N/A

Project objectives

The Government of Tunisia aims to develop French and German universities, using an innovative scheme that reflects in enhancing the education process, as well decreasing the fiscal burden on the Government allowing the government to respond to new demands and facilitate adoption of innovations in service delivery, as well to focus on those functions for which they are comparatively advantaged.

PPP approach in Higher education and university Projects

Public–private partnerships (PPPs) broadly refer to contractual relations between the government and the private sector in the design and delivery of services which were previously a sole government responsibility. In the education context, PPPs have become influential and popular by thinkers strategically affiliated with international institutions such as the World Bank, United Nations Education, Scientific and Cultural Organisation (UNESCO), etc.

Benefits of applying PPP Models in universities development

PPPs in education argue their case based on a number of potential benefits that implementing countries stand to gain. For example, PPPs are touted as ideal for complementing government efforts and assisting developing countries meet their international agreements commitments, improve learning outcomes, provide alternative education financing options.

Other benefits associated with PPPs in education include taking advantage of specialized skills in the private sector; overcoming operating restrictions; permitting economies of scale; increasing transparency of government spending; overcoming constraints on public budgets; and mobilizing resources in the absence of effective systems for collecting revenue.

Added value for adopting PPPs as option for Universities development

Several benefits associated with PPPs in developing universities including but not limited to the following:

- Supplementing traditional debt instruments. These include private capital, using off balance sheet or alternative mechanisms.
- Transfer of risk. Historically, universities have born all or most of the risk of facilities-related projects themselves. A PPP is a way to either transfer or at least share the risk.
- Speed and efficiency. A PPP allows for a faster development process, and time to completion is generally shorter and on schedule. The sole focus of the private entity is to complete the project on budget and on time. University infrastructure tends to have competing priorities across all-campus facility needs.

Available PPP models in developing Universities

There are several models can be adopted for developing university hospitals, but these are the four common models usually adopted for education related projects

- Operating contract/management agreement Short- to medium-term contract with private firm for operating services
- Ground lease/facility lease Long-term lease with private developer who commits to construct, operate and maintain the project.
- Availability payment concession Long-term concession with private developer to construct, operate, maintain and finance the project in exchange for annual payments subject to abatement for nonperformance.
- Demand-risk concession Long-term concession with private developer to construct, operate, maintain and finance the project in exchange for rights to collect revenues related to the project.

International benchmarks and similar case studies for PPP techno parks

Case study 1 | operation management contract

Long-standing dining services continued at Texas State

Texas State has approved a dining services extension with Chartwells that is worth $13.6m, which now extends the contract term though 2023. The contract contains all aspects of dining services at Texas State. The areas managed by Chartwells include all dining halls, the student center food court, and the other snack and food facilities that span the campus. The contract allows Chartwells to manage all the food services at the various venues and gives it the opportunity to work with future facilities that Texas State opens. The contract also allows Chartwells to provide catering services to the university community.

Case study 2 | Ground lease/facility lease

The University of Kentucky's homegrown food economy

In 2014, the University of Kentucky embarked on a 15-year, $245m partnership for dining services at the university. This PPP created immediate positive results with a decrease in student meal plan pricing and $70m in food investments from Aramark. Part of the deal was a commitment from Aramark to use sustainable practices and locally sourced food.

Case study 3 | Availability payment concession

UC-Merced pursues innovative campus expansion

UC-Merced contracted space for an additional 10,000 students — nearly doubling the physical capacity of the campus. That includes a 39-year concession to build and operate 1 million square feet of classroom spaces, housing, recreational areas, dining facilities and walkways. The project is being financed by $600m in UC revenue bonds, $157m of UC-Merced funds and $386m of equity funding from a consortium of international financial, engineering and design partners.

Case study 4 | Demand Risk concession

The Ohio State parking system

In 2013, Ohio State University (OSU) signed a first-of-its-kind deal with Queensland Investment Corporation (QIC) to lease 36,000 on-campus parking spaces for 50 years. This example of a demand-risk concession deal gave OSU $438m for its endowment fund, earmarked for scholarships, staff grants, tenure-track faculty and other important projects. In return, QIC will manage the 36,000 parking spaces and will be permitted to raise meter rates by 5.5% per year for the first 10 years. According to university estimates, in 50 years the initial $483m will result in $3.1b in investment earnings for its endowment.

Conclusion

PPPs may be one of the Government's best option. PPPs can provide greater flexibility and efficiency when building, financing and managing infrastructure and facilities. They can help to offset risk, promote designs of new facilities that fit into the existing structures, and confirm that the new facilities are both of high quality and attractive to prospective students. But perhaps the greatest benefit of a PPP for Government and its leadership is the time and energy they no longer need to spend on non-academic activities, allowing them to instead focus on delivering an academically excellent experience for their students.

PPPs require that the role of the Government be redefined to accommodate the changes and provide space for the private sector's role in the provision of education. Arguably, the role of the Government should be that of steering rather than rowing educational services; that is the Government should focus on 'the strategic control, funding, and planning of the education system.