



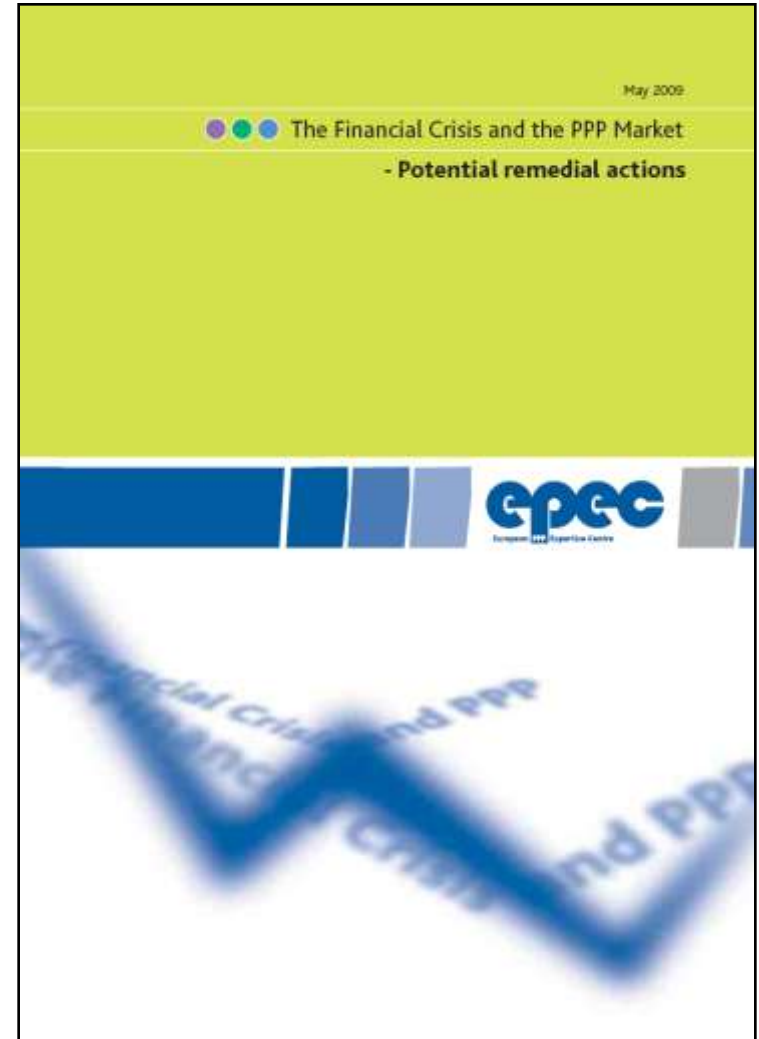
# Overview of PPPs in Europe and what is the European PPP Expertise Centre

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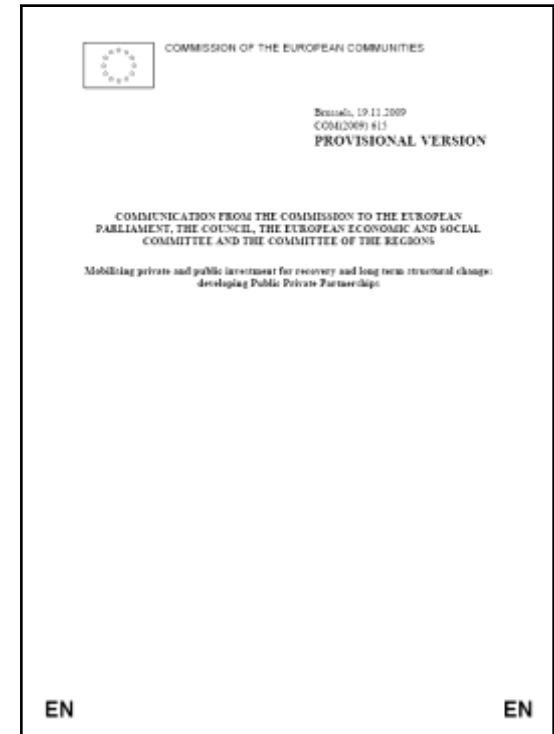
- Traditional sources of financing for infrastructure investments are severely reduced and harder to access.
- Approximately 120 **PPP/PFI transactions are reported to have closed in 2009** for a value estimated at €15.8 billion.
- This represents **an approximately 38% decrease from 2008**, both in number of deals and transaction value.
- It appears, however, that the PPP market has **withstood the crisis a lot better than the broader project finance market**: Project Finance International shows a **45% worldwide slump** in 2009. In the Europe Middle East Africa region the drop is even larger at 55%.
- The infrastructure market was given decisive help by governments and public sector organisations that intervened at key moments last year to close on-going deals and launch new programmes.
- The use of PPPs has been promoted as an economic tool in the recent Communication by the European Commission.

- National measures to provide relief in current market conditions
- Adjustment of national procurement process and programmes
- Guarantee instruments:
  - Up-front government payments
  - Co-lending
  - Direct/indirect guarantee facilities
- Debt facilities
  - Debt funds
  - Infrastructure bonds



- Co-lending being tested in the UK, through the Treasury Infrastructure Funding Unit (TIFU). Used only once (Manchester Waste), but appears to act as a good market moderator.
- State guarantees put in place in France (Tram-Train La Réunion project) and Portugal.
- Funding facilities in place in France and Germany: first French education projects (Paris VII, Sorbonne) closed in July 2009.
- Underpinning already common practice in France (Cession de créances) and Germany (Forfeiting).
- Other indirect guarantees also used on specific projects, e.g.:
  - sub-sovereign guarantee in La Réunion,
  - refinancing guarantee in Belgium (Brabo light-rail PPP, through April 2004 « de Lijn » decree).

- The Commission published a Communication on PPPs on 19 November 2009, a particularly significant document from a number of perspectives:
  - It draws attention to the important role PPPs can play in the context of the European Economic Recovery Plan and indicates that the Commission will be looking to address legislative and administrative barriers at the European level which have limited the market to date;
  - There is particular reference to initiatives to encourage blending of European grant funding with private finance in PPP projects;
  - The Commission also states that it will review the issue of balance sheet treatment of PPP, particularly in the light of new financing arrangements and challenges of the current market.



## - Increased lending

- In 2009 and 2010, EIB will be increasing global lending volume by some 30% per year;
- EIB finance recognized by the market and public sector as key to closing major, strategic deals in the current environment. Examples include M25 and M80, Manchester Waste (UK); Grouped Fire Stations (Greece), Liefkenshoek Rail Link (Belgium); A5 Autobahn (Germany).

## - New products

## - With respect to PPP:

- New instruments
- EPEC / Jaspers

- European PPP Expertise Centre a collaborative initiative of the EIB, the Commission and EU Member States.
- EPEC's mission to assist the public sector to address shortcomings in organisational capacity and promote expertise and experience sharing.
- Good practice guidance is disseminated among EPEC's members with the aim of enhancing public sector management, reducing PPP costs and increasing deal flow.
- Analysis of the impact of the credit crisis, and the responses of the public sector (guarantee instruments, co-lending facilities, funding competitions and book building) has been the core component of EPEC's work in 2009.



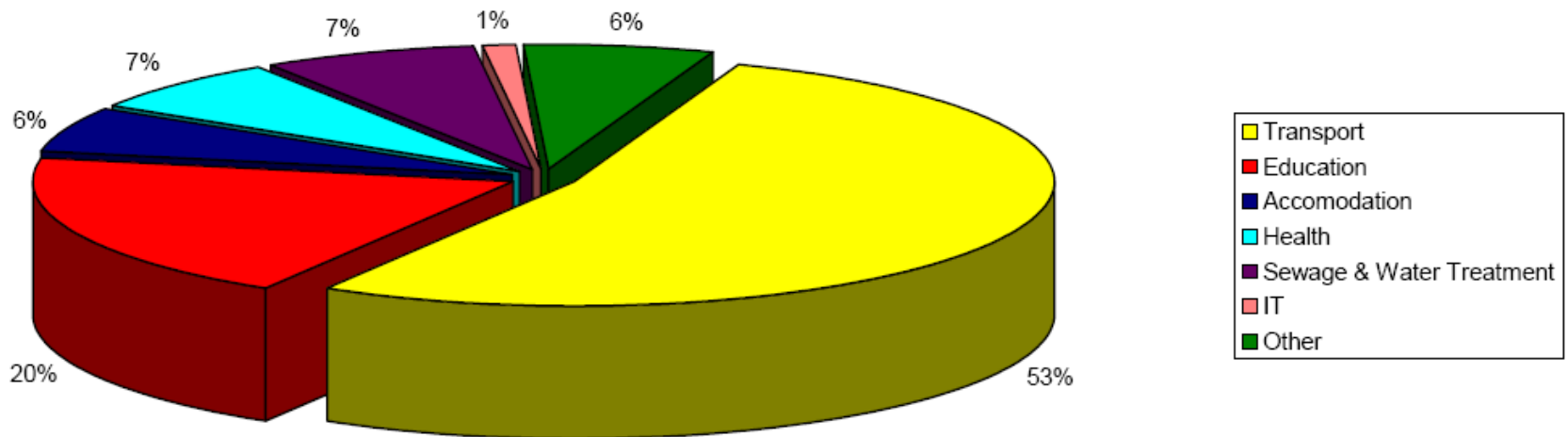


- The impact of the crisis:
  - Understanding the impact
  - Guarantees and co-lending instruments
  - Implications for procurement
  - The capital market
  - Consultation paper on responses to the crisis at [www.eib.org/epec](http://www.eib.org/epec)

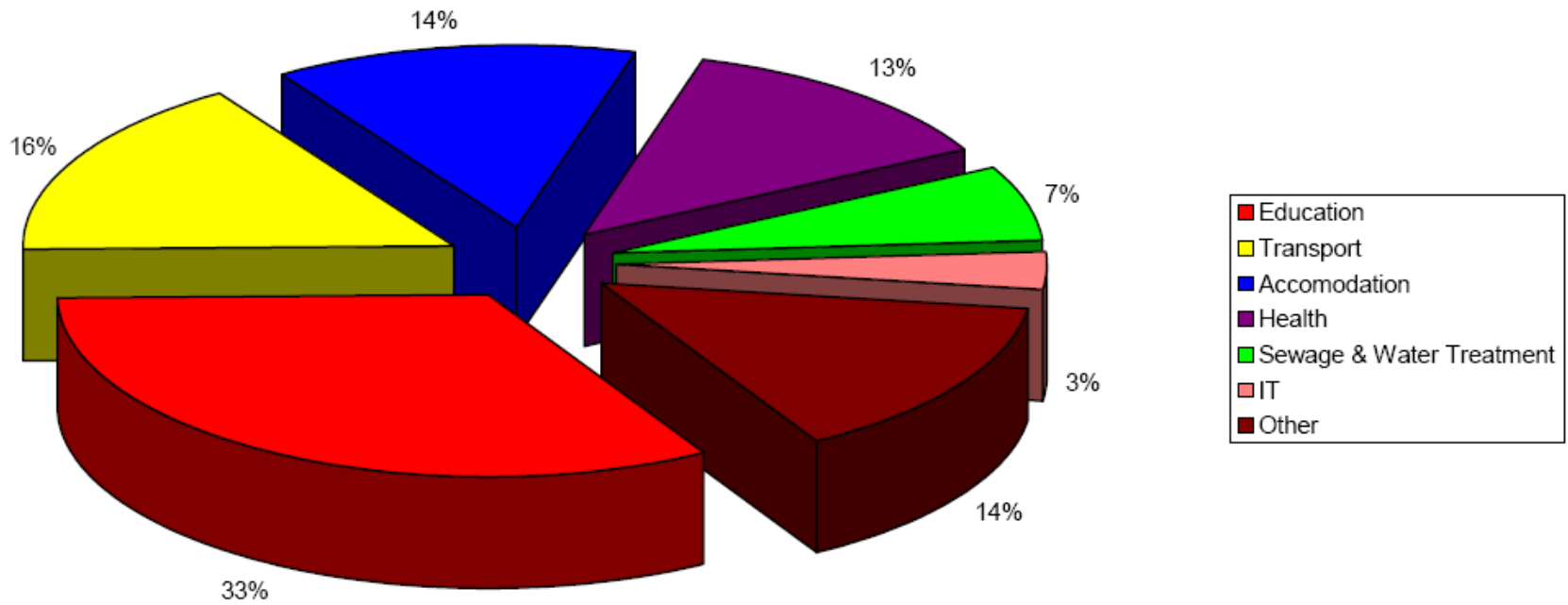
- Bilateral support

Institutional Strengthening is available to EPEC members, covering a wide range of non-project specific support for PPP development (help countries set up a PPP programme and policy or analyse blockages in the processes or institutions).

Sectorial Distribution of EU PPPs (2009; Volume of Transactions)

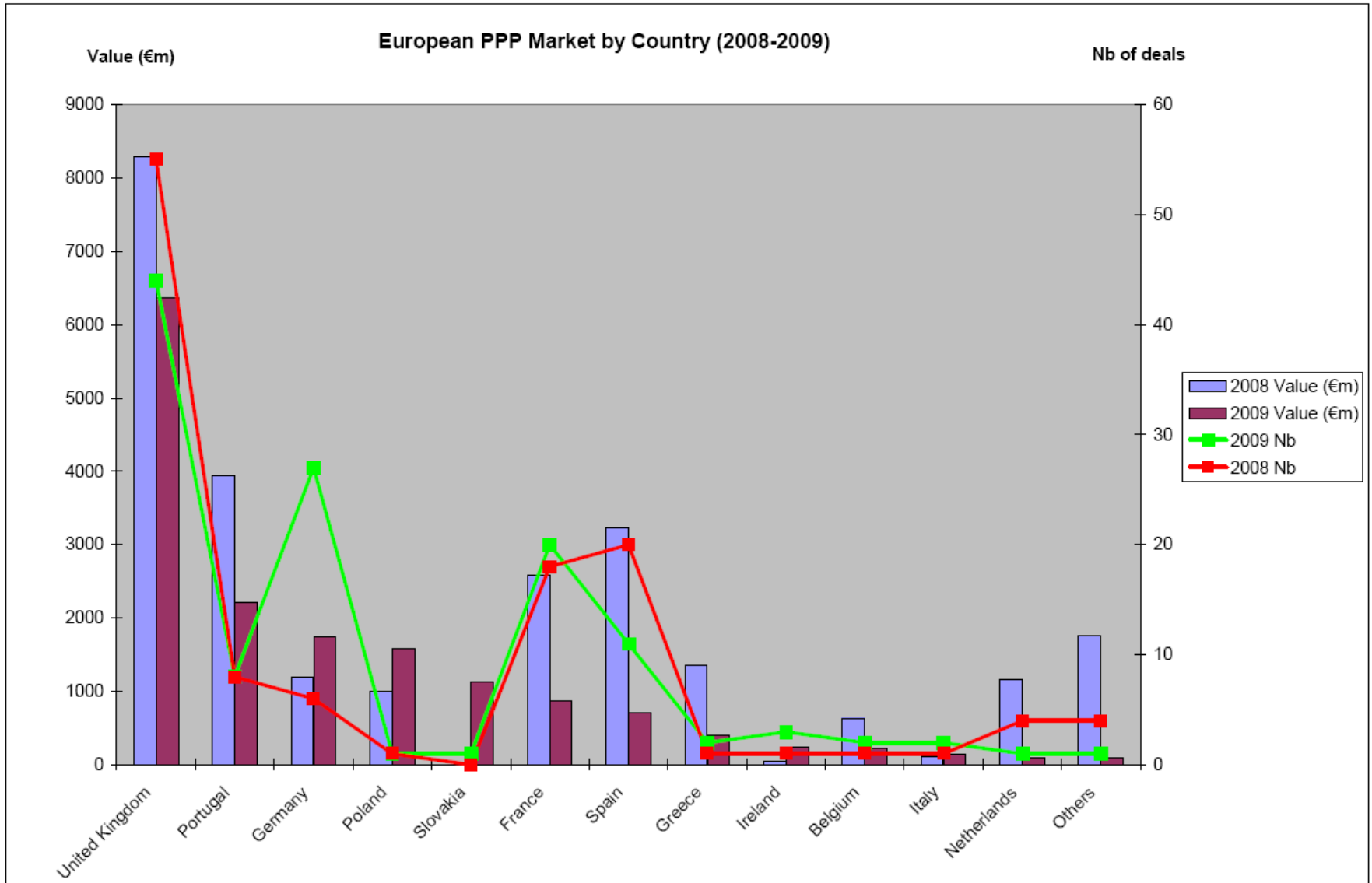


Sectorial Distribution of EU PPPs (2009; Number of Transactions)

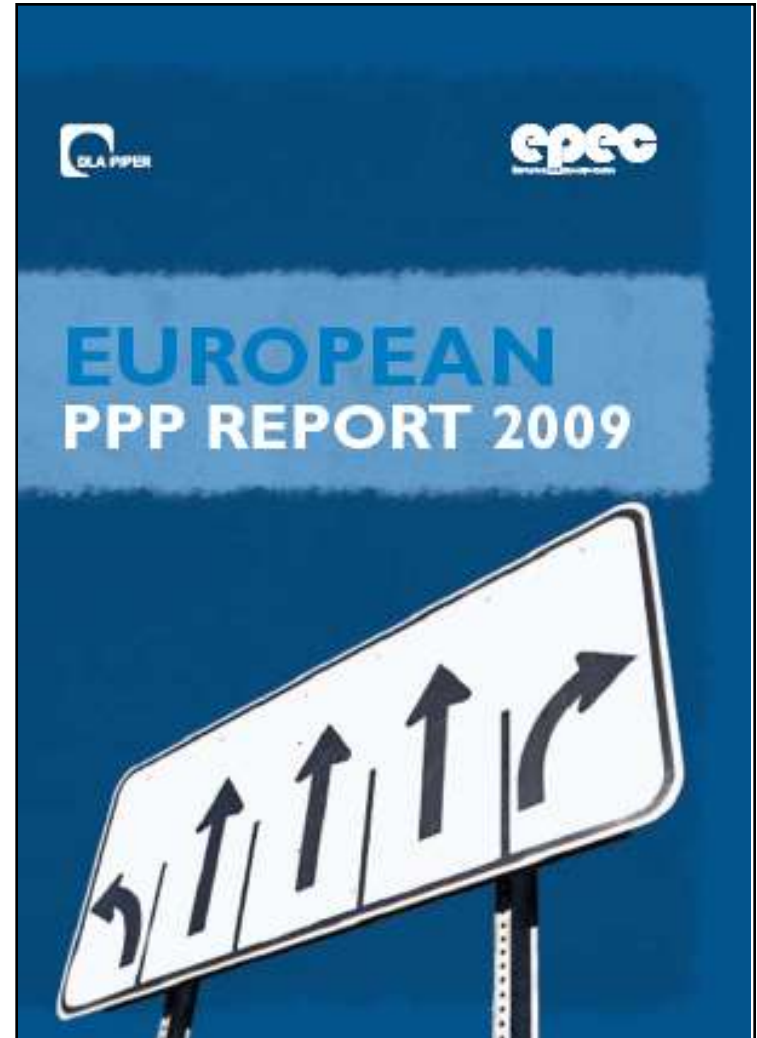




# Market Analysis - Provisional



- Countries develop common solutions that will bring significant improvements to the PPP model.
- Enhancement of national PPP and Project Finance Programmes.
- Despite economic and structural problems in some countries, PPP Programmes are still a priority.
- Increase interest in building or strengthening institutional capacity.
- PPPs are the preferred model to deliver infrastructure and modernise public services.





# Thank You

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