



Paris, 16 September 2008

European institutions take lead on PPP expertise



The European Investment Bank (EIB) and the European Commission have launched the European PPP Expertise Centre (EPEC) to enable public authorities in the EU Member and Candidate Countries to become more effective participants in PPP transactions.

The newest collaboration between the two EU institutions was welcomed at a signature ceremony on 16 September 2008 in Paris hosted by Hervé Novelli, State Secretary to the Minister for the Economy, Industry and Employment, within the framework of the French EU Presidency. Philippe Maystadt, EIB President and Joaquin Almunia, EU Commissioner for Economic and Monetary Affairs signed the agreement establishing EPEC, and Waldemar Pawlak, Polish Deputy Prime Minister, represented EPEC's membership at the launch.

Public Private Partnerships (PPPs) are gaining importance as vehicles to finance much-needed public infrastructure across Europe, accounting for well over EUR 200 bn of investment to date. Over the coming five years, in excess of EUR 100 bn will be invested in transport, health, education, environmental and other public investment projects through PPP transactions. It is vital that these projects are managed effectively, as part of successful national PPP programmes.

EPEC's main task is to help the public sector to overcome shortfalls in PPP expertise. Despite considerable knowledge and experience in parts of Europe's public sector, a series of authoritative reports confirm that failure to share lessons and best-practice is limiting the economic efficiency and growth of the EU PPP market. The newly-established European PPP Expertise Centre will share experience, pool and synthesise information from across the EU on requirements for effective transactions and skill-sets required to handle these. Good practice guidance will then be disseminated among EPEC's members with the clear aim of enhancing public sector management, reducing PPP costs and increasing deal flow.

The experience of EIB and EPEC staff in negotiating and delivering PPP transactions ensures that the initiative will provide policy and programme support as well as a comparative information service. EPEC's executive team will consist of experienced EIB personnel and experts from national PPP taskforces who will be based at the Bank's headquarters in Luxembourg. They will provide network possibilities for members to share PPP expertise and experience, as well as policy and programme support to members in the form of practical and operational guidance. EPEC will not offer advice on individual projects.

Membership of EPEC is limited to public authorities whose role includes policy responsibility and the promotion of PPP projects or programmes at national or regional level. Over 25 EU-based PPP taskforces and units have indicated they wish to become members with around half having concluded membership agreements.

EPEC's first working meeting took place after the official launch ceremony, attended by representatives of PPP units in ministries of some 20 countries. The members set the Expertise Centre's objectives for its first operational phase which runs until 2010.

EPEC is now operational and will provide helpdesk services for members with immediate effect. Further information on EPEC will soon be made available on www.eib.org.

Background Notes:

The EIB and PPPs

The EIB's PPP lending, in the region of EUR 25 bn, is concentrated in those countries whose PPP programmes are most developed.

The majority of EIB-financed PPP projects come from the transport sector (around 80%), with the remainder supporting the health, education, energy, water and wastewater treatment sectors. The EIB has funded a range of innovative and nationally strategic PPP transport projects. Flagship projects include high-speed rail in the Netherlands, urban transport in France and Spain and bridges and tunnels in France and Greece among others. Furthermore, the Bank has financed water and environmental PPPs in Belgium, the Netherlands and Spain, health projects in Italy, France, Spain and the UK and education investments in Ireland and the UK.

The UK accounts around one third of the EIB's PPP project portfolio, with Spain, Portugal and Greece each approximately 15%. France, Germany, Italy, Poland and Turkey have ambitious programmes to increase the proportion of public investment financed by PPP and the EIB's lending to PPPs in these countries is expected to increase in the future.

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