

EUROPEAN PPP EXPERTISE CENTRE

Market Update

Review of the European PPP Market in 2020



European
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Bank

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Market Update

Review of the European PPP Market in 2020

March 2021

Headlines

- 34 PPP transactions reached financial close for an aggregate value of EUR 7.9 billion
- In value terms, the market decreased by 27% compared to 2019
- In number terms, the market decreased by 11% compared to 2019
- The most active market was Germany in value terms and France in terms of the number of projects.
- 10 countries closed at least one PPP project compared to 11 in 2019.
- Transport was the largest sector both in terms of value and number of projects
- 41% of the transactions closed were government-pay PPPs

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Data Collection and Methodology

The data used in this publication are EPEC's own aggregation of information collected from a variety of sources, in particular Inframation, Partnerships Bulletin, IJ Global and Inspiratia, cross-checked, where appropriate, against the EIB's own project files. The list of PPP projects forming the dataset has been reviewed, where possible, by EPEC members. Project data contained in this publication may be subject to future revisions due to the late availability of information or corrections to previously reported values. Please note that the PPP pipeline section of this publication is under development. The data and the findings of this publication should therefore be treated with appropriate caution.

This publication covers:

- transactions that reached financial close in EU-27 countries as well as the United Kingdom, Turkey and countries of the Western Balkans region (i.e. Albania, Bosnia-Herzegovina, North Macedonia, Kosovo, Montenegro and Serbia);
- transactions structured as design-build-finance-operate (DBFO) or design-build-finance-maintain (DBFM) or concession arrangements which feature a construction element, the provision of a public service and genuine risk sharing between the public and the private sector;
- transactions financed through 'project financing'; and
- transactions of a value (see definition below) of at least EUR 10 million.

The project values quoted in this publication refer to the external financing requirements for projects at the time of financial close (i.e. the sum of debt and equity) and exclude public capital contributions. Readers should note that the external financing requirement of a project can be significantly different to its capital investment cost (the latter being difficult to obtain on a consistent basis).

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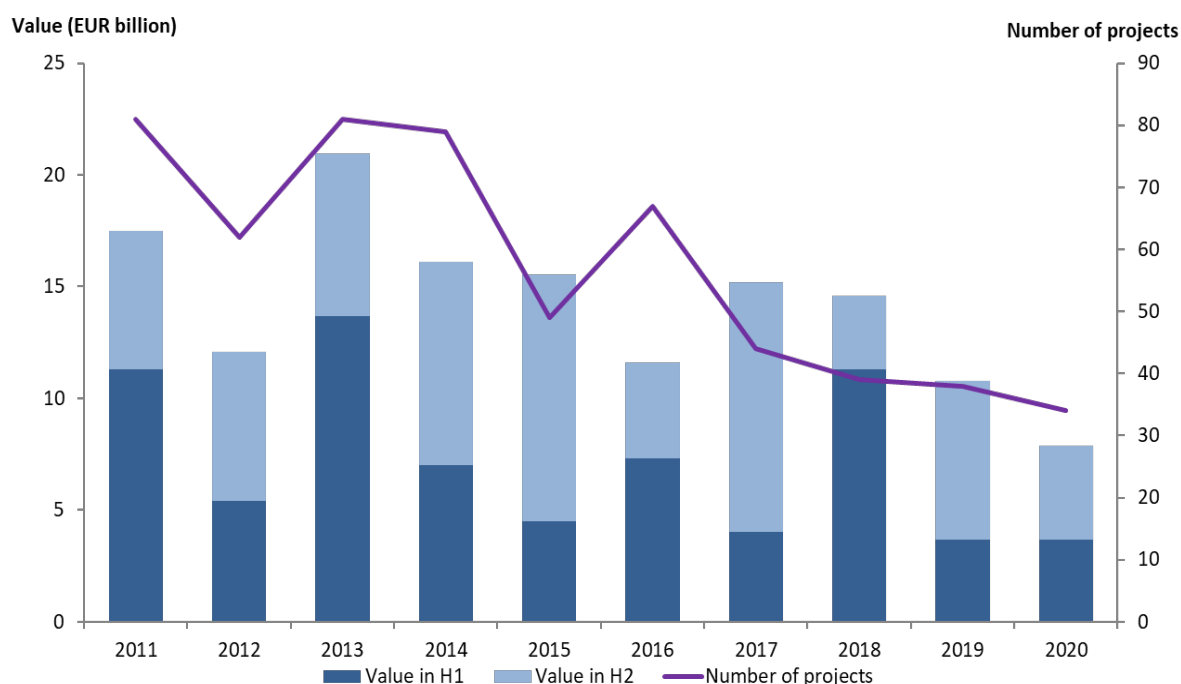
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1. OVERVIEW

In 2020, the aggregate value of PPP transactions¹ that reached financial close in the European market² totalled **EUR 7.9 billion**, a 27% decrease from 2019 (EUR 10.8 billion).

Figure 1: 10-year View of the European PPP Market by Value and Number of Projects (2011-2020)



- **The number of PPP transactions reaching financial close fell slightly to 34**, compared to 38 in 2019. This is the lowest number of transactions since 1997.
- **The average transaction size decreased to EUR 231 million** (EUR 284 million in 2019).
- **Six large transactions³ closed** in 2020. Their aggregate value amounted to EUR 5.1 billion, representing 65% of the total market value (compared to 55% in 2019). The large transactions reaching financial close in 2020 were⁴:
 - A3 Road Widening – (EUR 1.5 billion) in Germany;
 - A49 Kassel-Schwalm Motorway – (EUR 1 billion) in Germany;
 - Sofia Airport Concession – (EUR 881 million) in Bulgaria ;
 - A465 Dualling Section 5 & 6 – (EUR 716 million) in the United Kingdom;
 - Route Centre-Europe Atlantique – (EUR 548 million) in France; and

¹ See the previous page for details of the qualifying project characteristics.

² Defined as EU-27 plus the UK, countries of the Western Balkans and Turkey.

³ Defined as deals of EUR 500 million or greater.

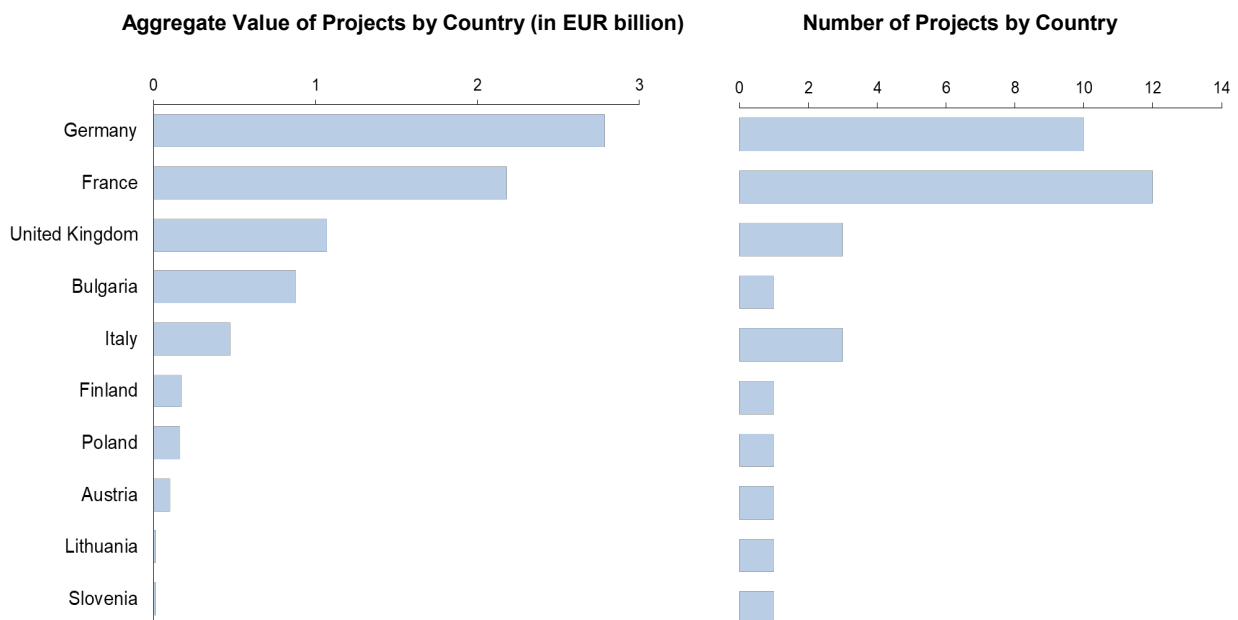
⁴ More detail is available in Annex 1.

- Loiret FTTH Broadband PPP (EUR 500 million) in France.
- **59%** of the transactions closed were **demand/revenue-based**. This is the first time since 1996 that more than half of the PPPs reaching financial close were demand-based. There has been a steady decline in government-pay PPPs since **2014** when **government-pay PPPs accounted for 89%** of the transactions reaching financial close.

2. COUNTRY BREAKDOWN

- As Figure 2 shows, **Germany was the largest PPP market in Europe** in terms of **value**, with a total of EUR 2.8 billion (EUR 1.3 billion in 2019) whilst France was the largest in terms of the **number of projects**, with 12 deals closed (14 in 2019).

Figure 2: Country Breakdown by Value and Number of PPP Projects in 2020

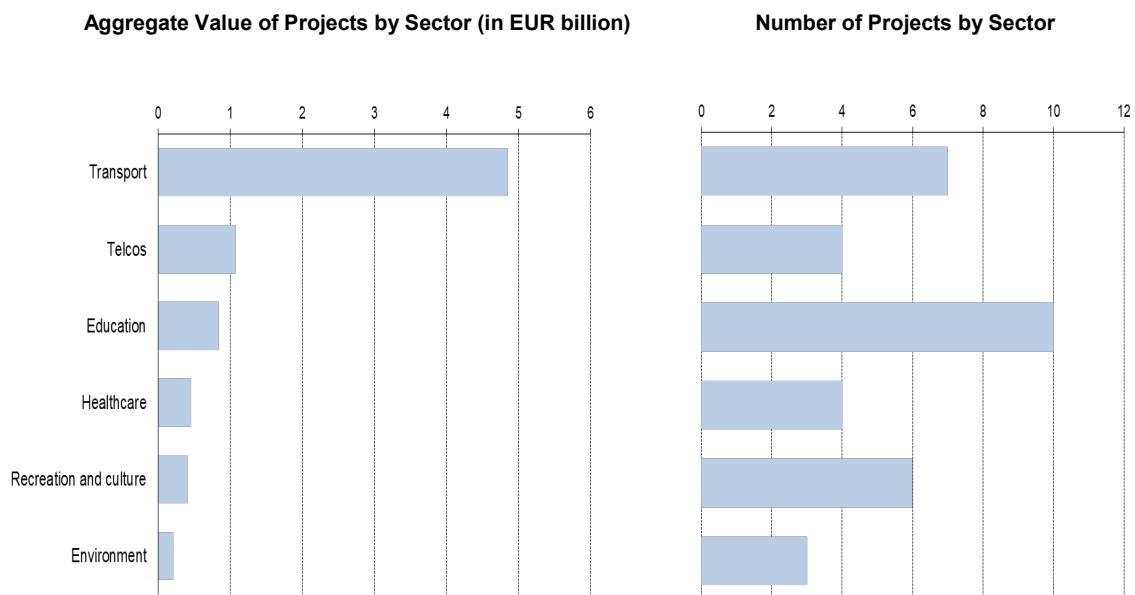


- **France was the second largest PPP market in terms of value**, with a total of EUR 2.2 billion.
- The **IG Care Home PPP** (EUR 13 million) was the first PPP transaction in **Slovenia** in the 20 years since EPEC started collecting data for the European PPP market.
- **Four countries closed at least two deals** (compared to seven countries in 2019) and **10 countries closed at least one PPP transaction** (compared to eleven in 2019).
- As shown in Annex 2, over the past five years, **France** and the **United Kingdom** have led the European PPP market in terms of **number of deals closed**. The United Kingdom is at 7% of the number of projects compared to 10 years ago.

3. SECTOR BREAKDOWN

- As shown in Figure 3, in 2020 the **transport sector** remained the largest in value terms with EUR 4.9 billion worth of transactions (EUR 6 billion in 2019). 10 transport projects reached financial closure in 2020 compared to eight in 2019.⁵
- The **recreation and culture sector** recorded six transactions with an aggregate value of almost EUR 410 million, including three aquatic centres. This contrasts with 2019 where only one transaction was recorded in this sector.
- In the **education sector**, the number of projects that reached financial close increased to 10 projects whilst the aggregate value decreased slightly to EUR 846 million (EUR 937 million in 2019).
- Activity in the **telecommunications sector** has increased over the past number of years and four more projects closed in 2020 with an aggregate value of EUR 1.1 billion (EUR 826 million in 2019). They are all broadband transactions in France.
- Three projects closed in the **environment sector** for an aggregate value of EUR 215 million (EUR 388 million in 2019).

Figure 3: Sector Breakdown by Value and Number of PPP Projects in 2020



⁵ More detail on the evolution of PPP market in the transport, healthcare and education sectors over the last five years can be found in Annex 3.

4. FINANCING⁶

- **Eight of the 34** transactions that reached financial close in 2020 (compared to 10 out of 38 in 2019) involved the provision of debt by institutional investors (e.g. insurance companies, pension funds) through a variety of financing models.
- Whilst five countries closed transactions involving institutional investor debt in 2019, three countries (France, Germany and the United Kingdom) benefitted from institutional investor involvement in 2020.
- The role of the **EU, national governments** and **public financial institutions** (domestic or supranational) was relatively limited in 2020. As far as the EIB is concerned:
 - **Three of the 34 PPP projects** that reached financial close during the year were financed by the EIB, for an aggregate lending volume of EUR 874 million.⁷
 - The three projects in question were the **Espoo Schools Project** in Finland as well as the **Autobahn A49 Fritzlar-Ohmtal Dreieck**; and **Autobahn A3 Biebelried - Furth Erlangen** both in Germany.

5. NOTEWORTHY TRANSACTIONS

The following noteworthy PPP projects reached financial close in 2020:

- The **Yonne, Loire-Atlantique, Haute-Savoie** and **Loiret** broadband network projects reached financial close in France as part of its **Très Haut Débit** programme to improve high-speed internet provision. These schemes involve the design, building, financing, operation, maintenance and commercialisation of publicly owned fibre broadband networks in low-density areas, not covered by commercial operators.
- The **Vienna Schools Campus PPP (Atzgersdorf & Deutschordenstrasse)** projects reached financial close in Austria as part of its wider investment programme of education PPPs announced for Vienna.
- The **Sofia Vrazhdebna Airport Concession** (EUR 881 million) in **Bulgaria** reached financial close in 2020. This is the first PPP in Bulgaria to have reached financial close in 13 years since EPEC started collecting data for the European PPP.
- The **Espoo Schools Project** (EUR 170 million) in Finland was the country's first social infrastructure PPP to reach financial close.
- The **A465 Road** (EUR 716 million) in Wales was the first PPP procured under the **Mutual Investment Model** (MIM). The project will also be the last of the United Kingdom's large transactions to reach financial close before the agreed trade deal with the European Union.

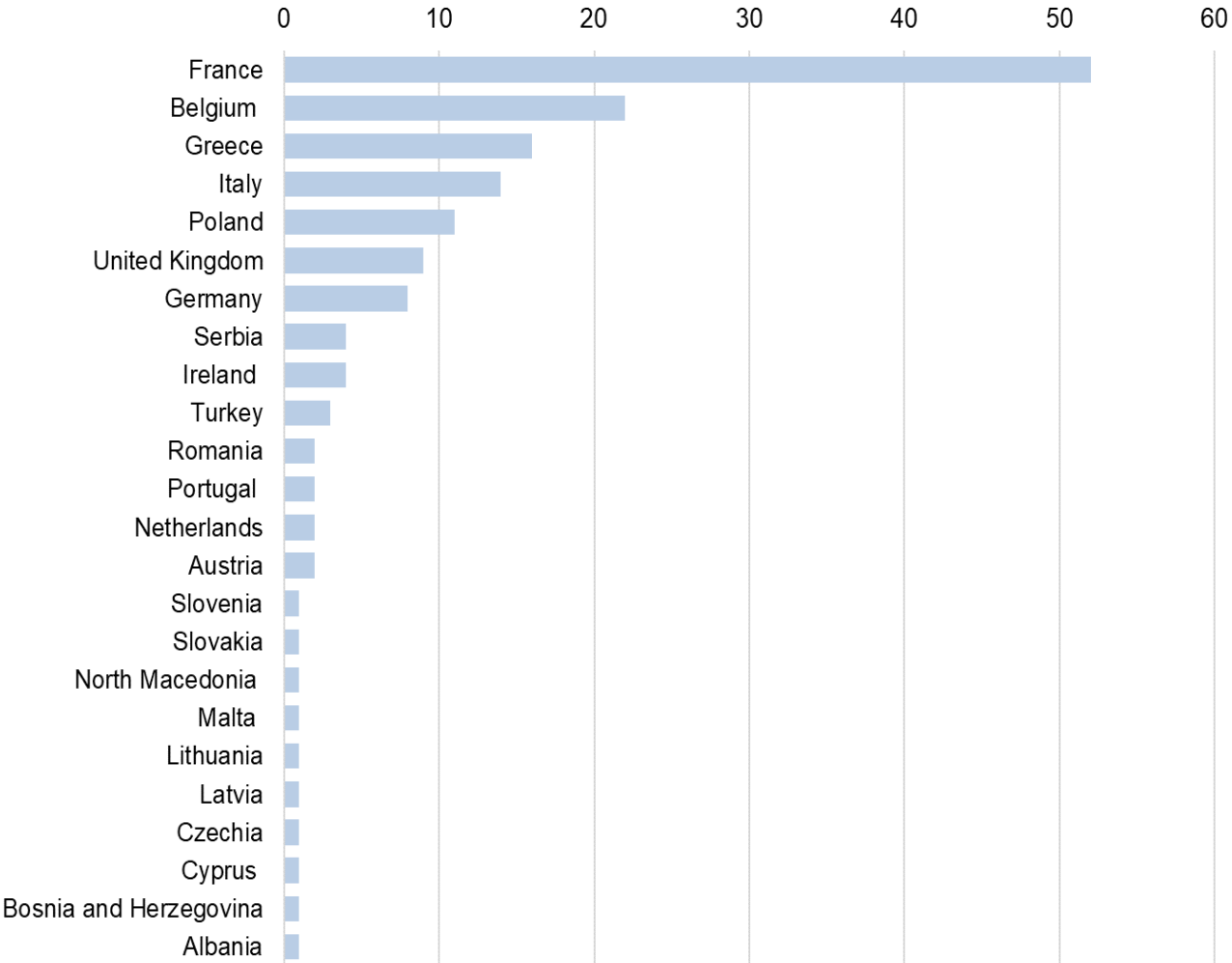
⁶ As the availability and quality of data on financing terms is limited in places, the information provided in this section should be treated with caution.

⁷ Annual updates of the list of PPPs financed by the European Investment Bank are available at: [Public-private partnerships \(PPPs\) financed by the European Investment Bank from 1990 to 2020](#)

6. PROJECT PIPELINE

- As Figure 4 shows, the three countries with the highest number of projects in the pipeline⁸ as of 1st January 2021 are France (52 projects), Belgium (22 projects) and Greece (16 projects).

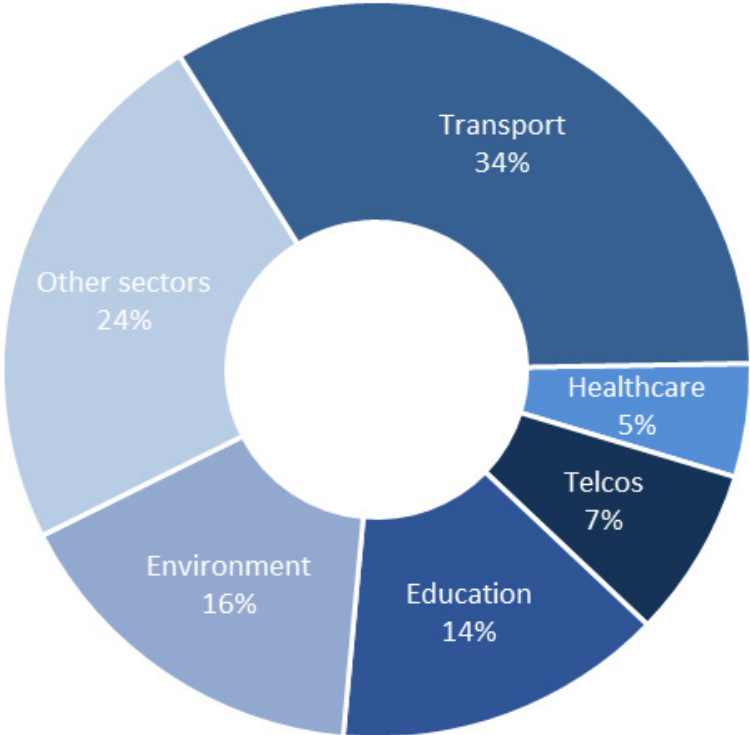
Figure 4: Number of PPP Pipeline Projects by Country



⁸ For our purposes, the definition of a 'pipeline project' is one that has published an OJEU notice but has not yet reached financial close. Projects that have not shown signs of progress in the past three years have been excluded.

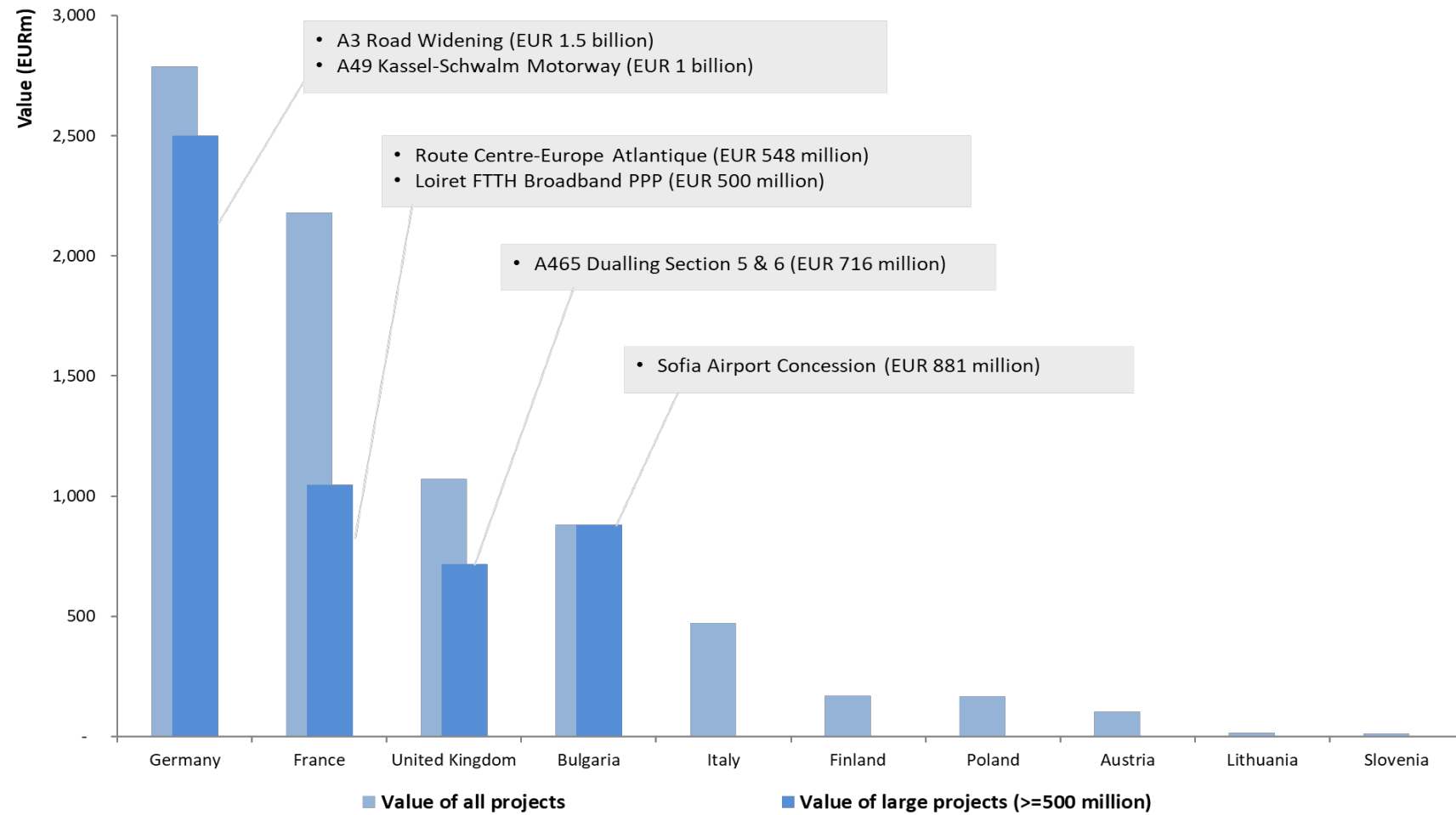
- The transport sector continues to dominate and accounts for almost one third of all projects (by number) in the pipeline, followed by the environment sector and the education sector (Figure 5).
- Two-thirds of the French project pipeline are in the environment and transport sectors. Of the 18 environment projects, 14 are district heating and, of the 18 transport projects, 10 are water transport, specifically port developments.

Figure 5: Sectors in the pipeline

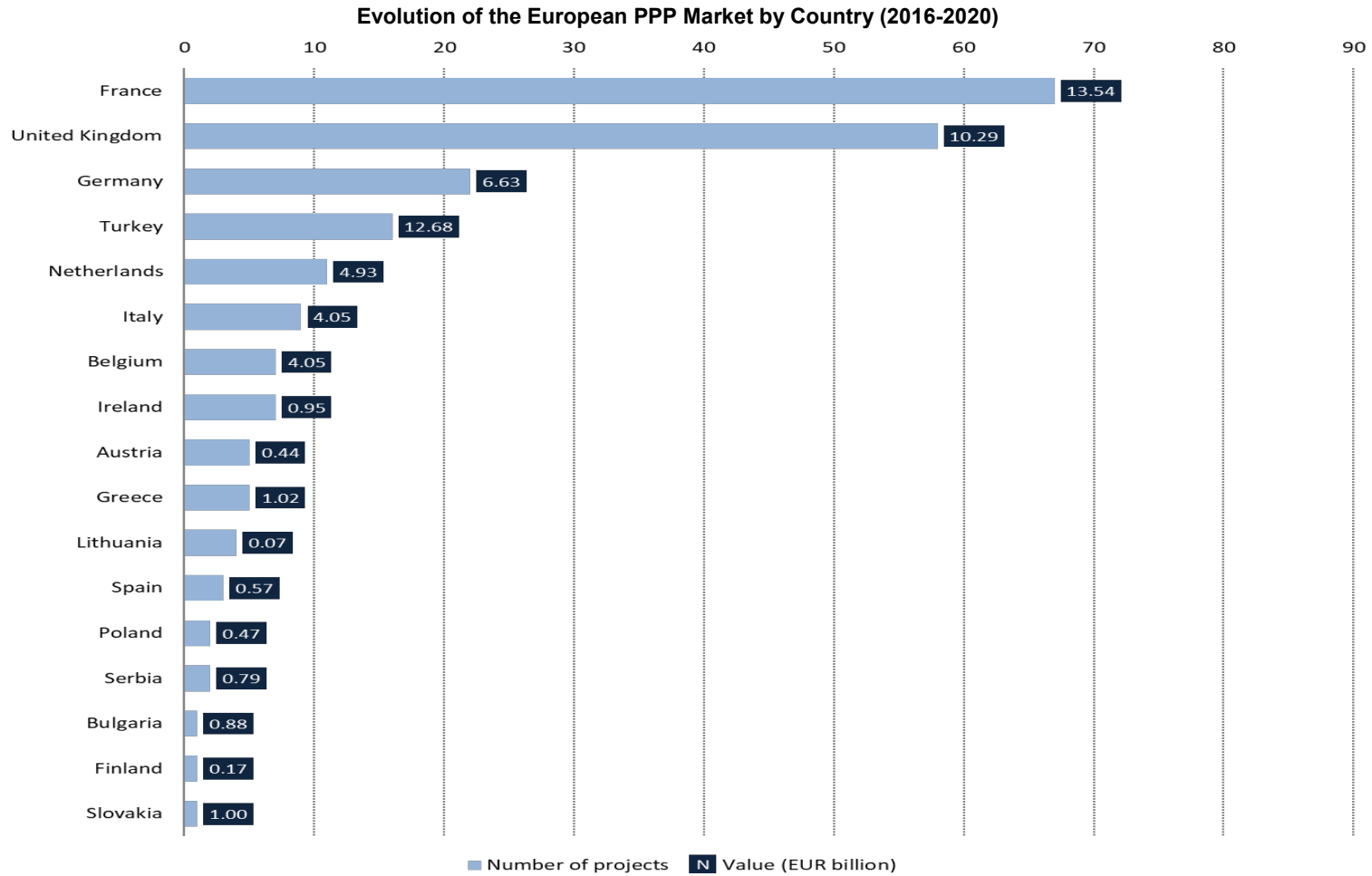


Annex 1

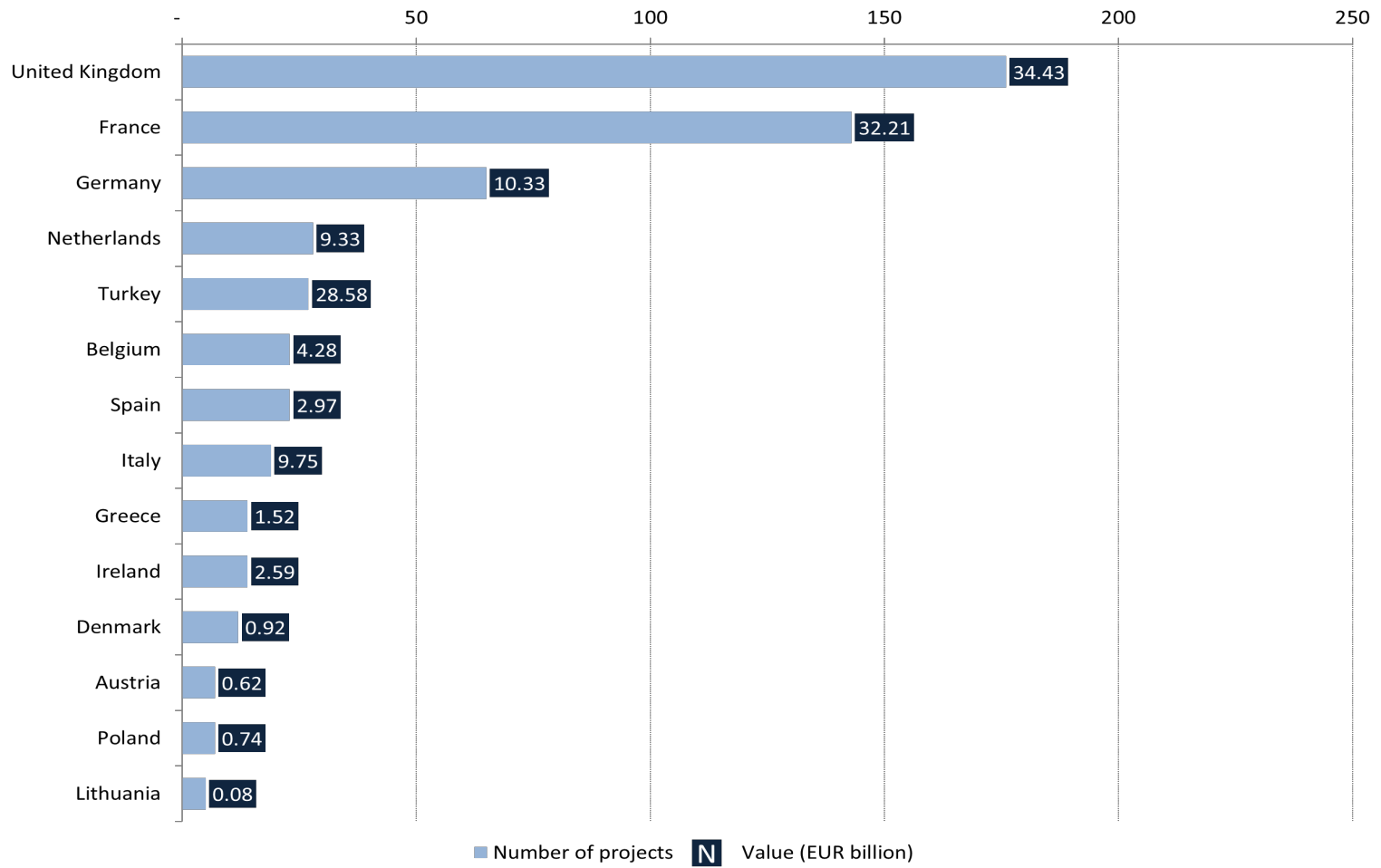
Large PPP Projects (EUR 500 million or more) as a proportion of overall activity in 2020



Annex 2

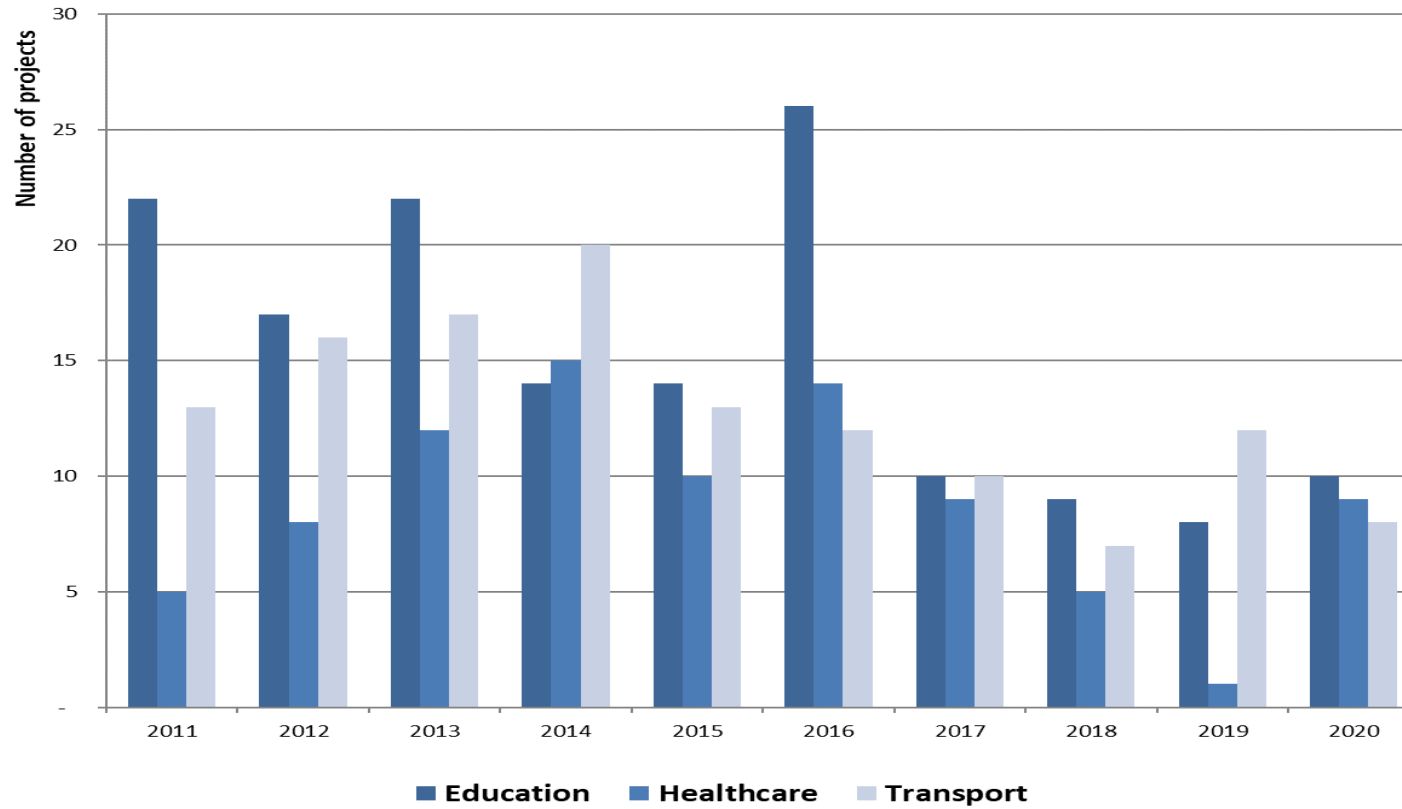


Evolution of the European PPP Market by Country (2011-2020)

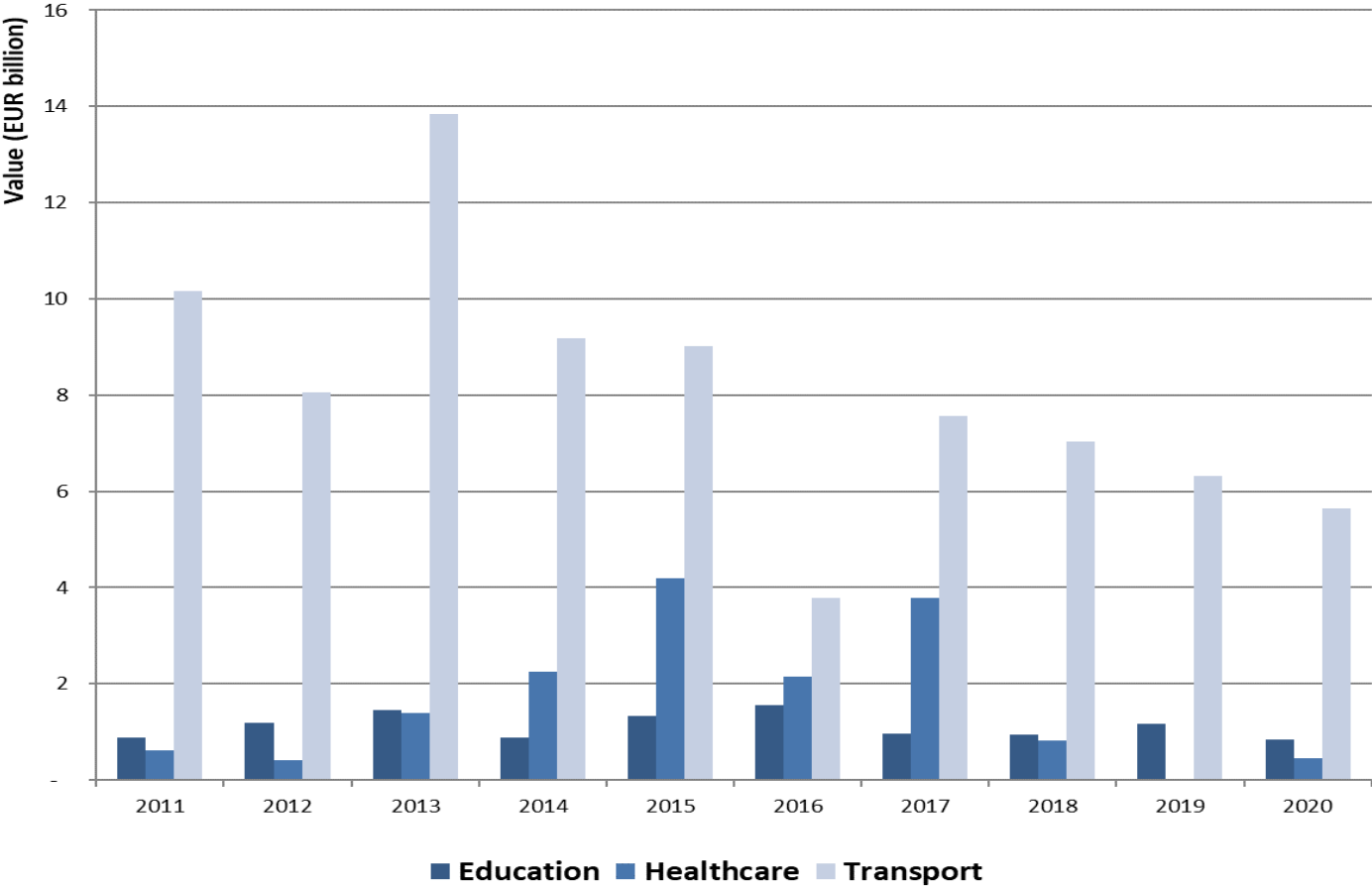


Annex 3

Evolution of the Main PPP Sectors by Project Number (2011 - 2020)



Evolution of the Main PPP Sectors by Project Value (2011 - 2020)



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