



European Investment Bank and Trends in the European PPP Market

The Czech PPP Kick-off
Prague, 16th April 2015

- **EIB organization**

- An Overview of PPP Market Trends

The European Investment Bank at a glance

The Bank of European Union...

- Set-up by the Treaty of Rome (1958)
- **The 28 Member States as shareholders**
- Governance reflecting best practices and political role of EIB
 - Board of Governors (EU Finance Ministers)
 - Board of Directors (rep. Members States, EC and EEAS)
 - Management Committee
- >2,000 staff
- Headquarters in Luxembourg / 30 local offices



... to support EU projects

- **Long term lending** / borrowing
- Pass on favorable borrowing conditions to clients
- **>400 projects financed each year**
(~90% in EU)
- More than 50 years of experience

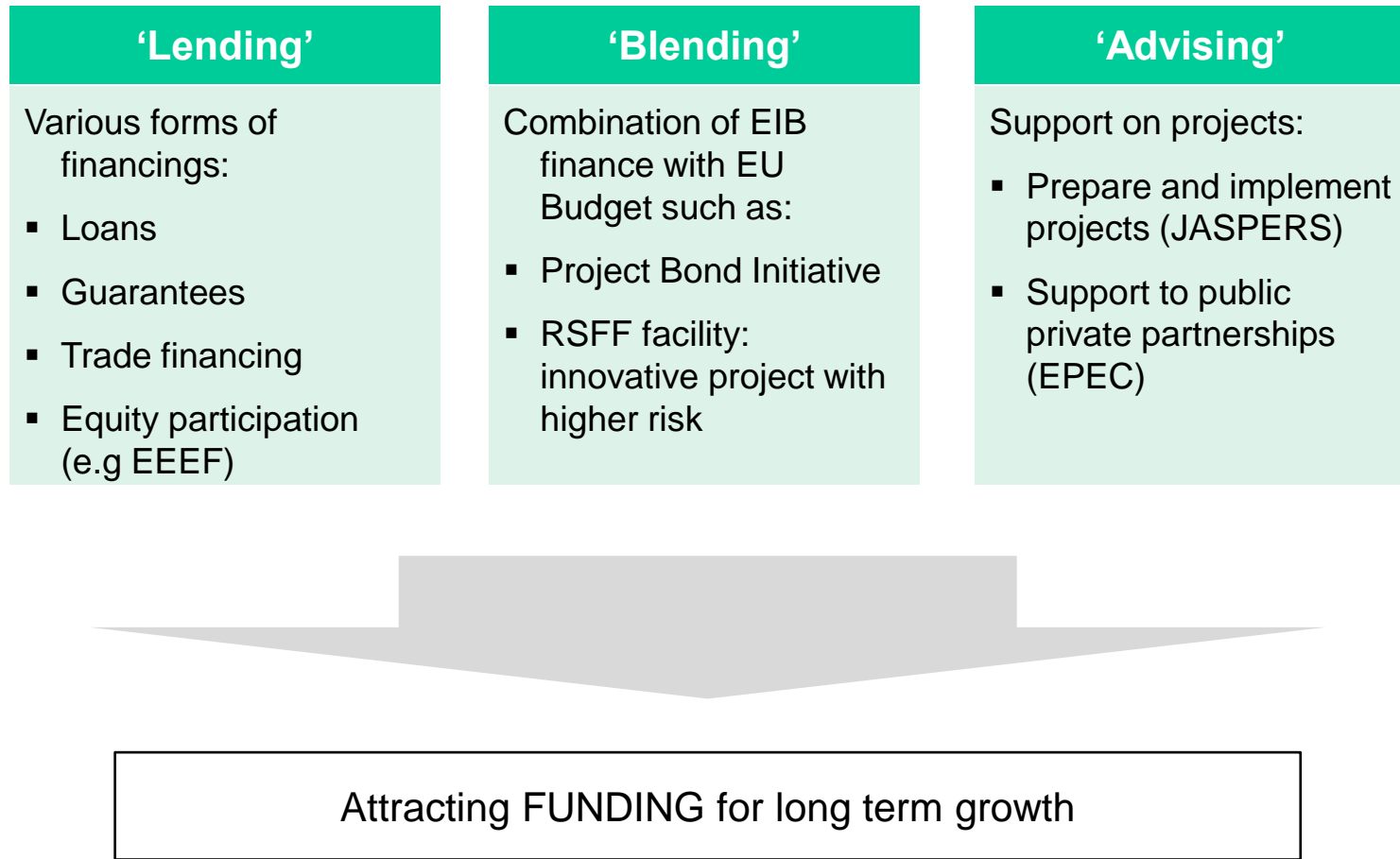
The EIB supports EU policy goals including Transport Infrastructure

Types of Project supported by EIB within EU policy goals

Sustainable growth and jobs in Europe	<ul style="list-style-type: none">▪ Innovation and skills▪ Trans-European Networks▪ Sustainable, competitive and secured energy▪ Financing smaller businesses
Economic and social cohesion	<ul style="list-style-type: none">▪ Special support for economically weaker regions▪ Helping regions absorb EU funds
Environmental sustainability	<ul style="list-style-type: none">▪ Climate action▪ Sustainable transport

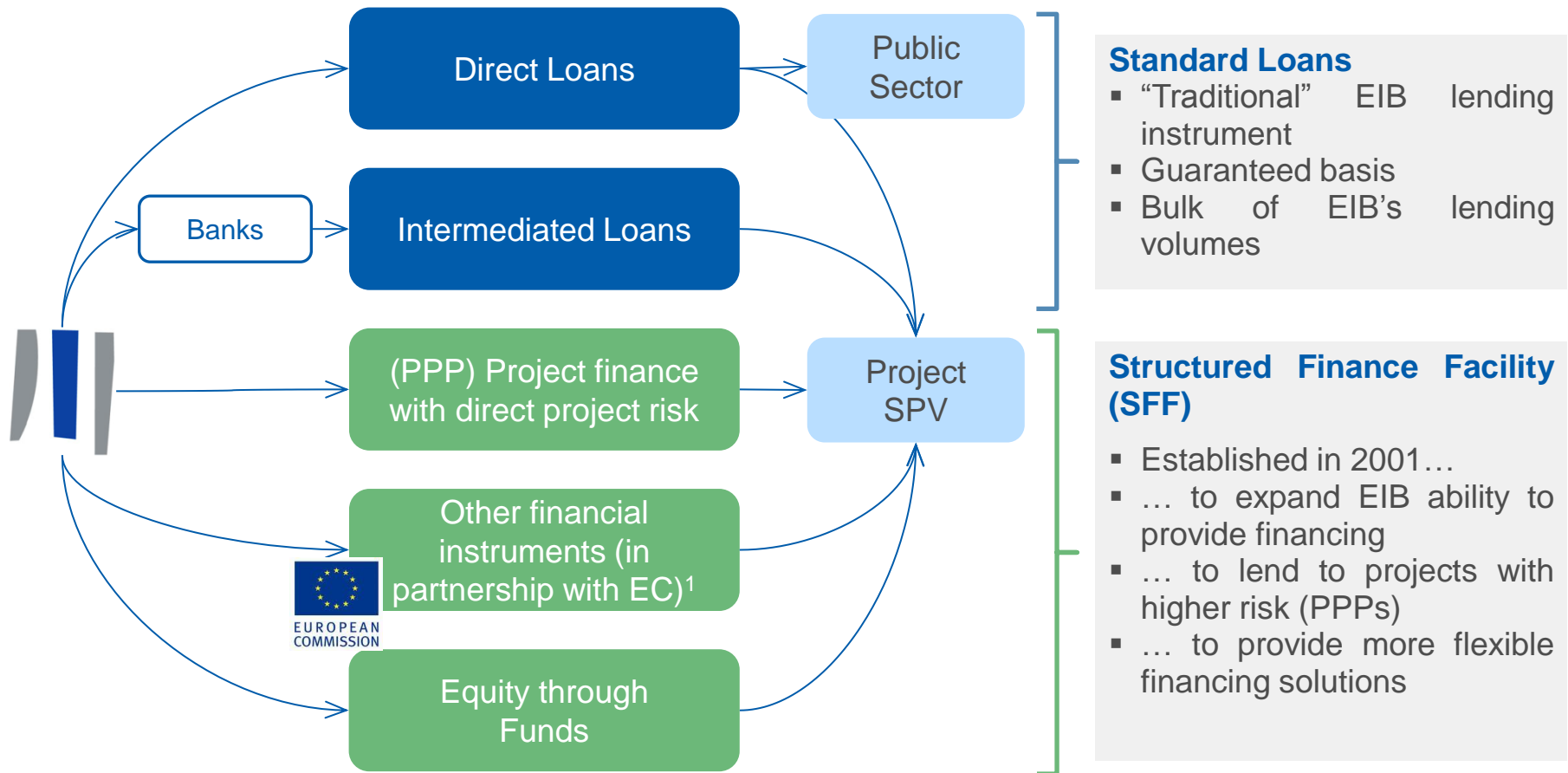
The EIB offers 3 types of services

EIB services



EIB provides Structured Finance Facilities in addition to Standard Loans

Types of financing provided by EIB

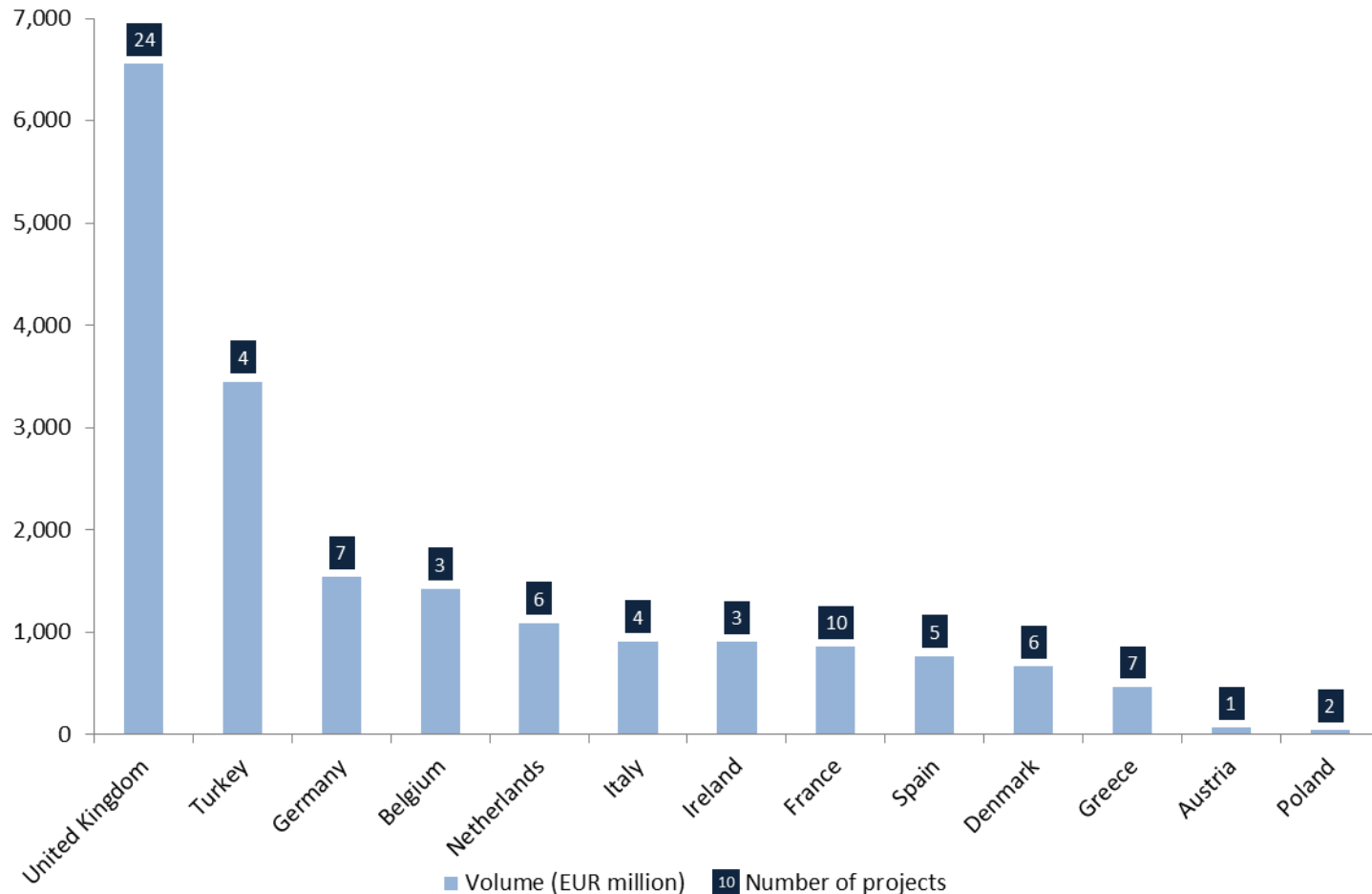


¹such as Project Bond Credit Enhancement (PBCE), subordinated loan or Loan Guarantee for TEN-T projects (LGTT). This could also include products currently being developed under the European Commission’s investment plan, the European Fund for Strategic Investments (EFSI).

- EIB organization

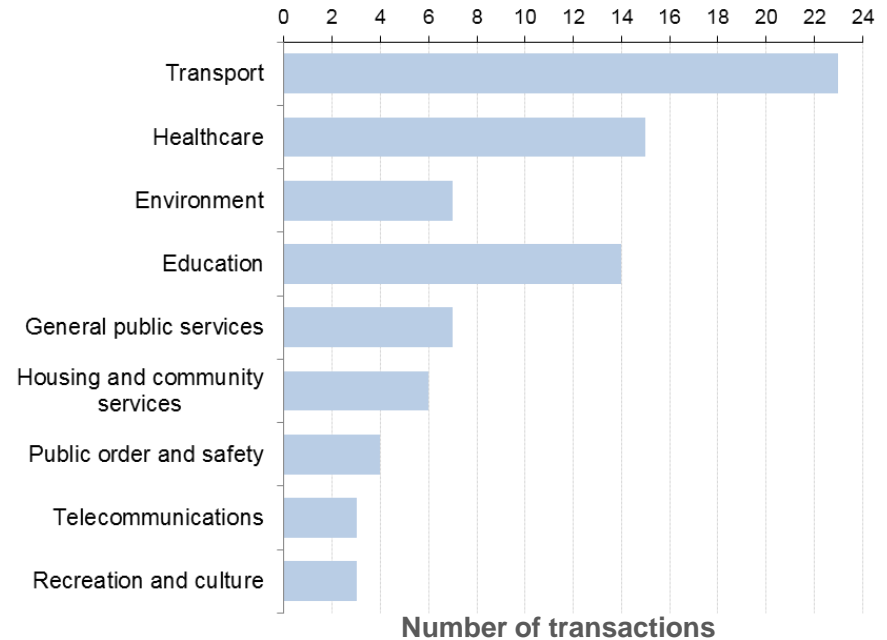
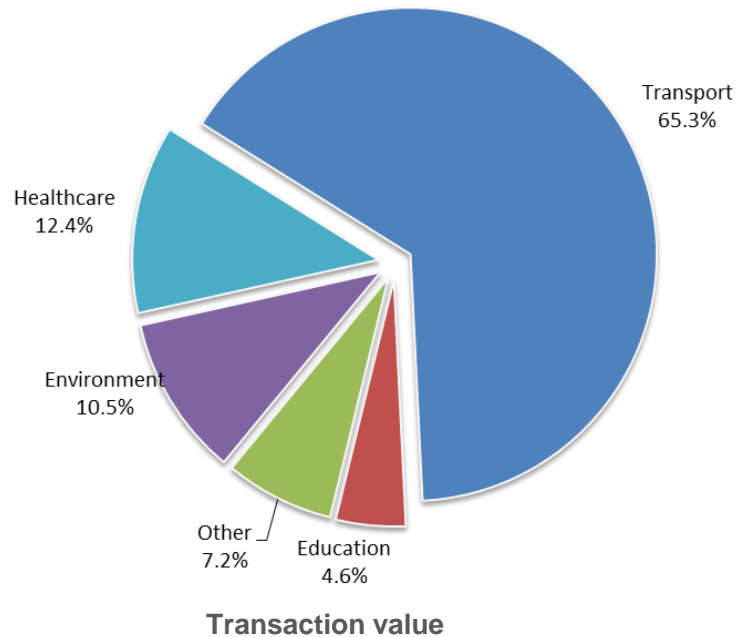
- An Overview of PPP Market Trends

European PPP market in 2014 by country - Volume and number of projects



- EUR 18,7 billion signed in 2014
- 82 deals closed in 2014
- 13 countries closed at least one PPP
- The UK is the most active market
- The return of Greece (7 deals)
- A very large deal in Turkey (Northern Marmara motorway PPP)
- Transport is the most active sector (value and number of deals)
- 90% of the deals are government-pay

The European PPP Market in 2014: Sectorial breakdown



- With EUR 11.8 billion, the transport sector represents 65% of the total market value
- Nine out of the eleven large projects (deals exceeding EUR 500 million) closed in 2014 were in the transport sector

The European PPP Market in H2 2014: Noteworthy transactions in transport sector

- **A7 Bordesholm – Hamburg (EUR 646 million)**
 - 30-year availability based contract for the construction of a 65 km motorway
 - the first project financed by the EIB project bond credit enhancement (PBCE) alongside with a bond subscription (total involvement of EUR 170 million)
- **Viapass PPP (EUR 350 million)**
 - 12-year concession for the implementation of satellite tolling of goods vehicles across the Belgian road network
- **Aberdeen Western Peripheral Route PPP (EUR 732 million)**
 - 30-year availability-based contract for the construction of 58 km of new dual carriageway to bypass the city of Aberdeen; co-financed by the EIB (EUR 340 million)
- **A9 Gaasperdammerweg road PPP (EUR 642 million)**
 - 20-year DBFM for the expansion of the A9 motorway from Holendrecht to Diemen on the river Gaasp; co-financed by the EIB (EUR 200 million)

Headline comments - over the last 5 years

- Over 400 deals closed (82 deals in 2014)
- Over EUR 100 billion of financing raised in aggregate
- 22 countries have closed at least one PPP
- The UK has been the most active market
- Transport is the largest sector in value (60%)
- Over 90% of the deals are government-pay
- Significant disparities year on year (e.g. recent return of Ireland and Greece) and between countries (e.g. large deals in Turkey)

- **Weak project pipelines** and issues with the **quality of projects and regulatory environments** in certain places
- Important **PPP policy reviews** have been completed (e.g. UK, France) and significant **institutional framework changes** are taking place in a number of countries (e.g. Portugal, Romania)
- **Renegotiations** of existing PPPs (e.g. Portugal, Spain, Greece)
- Some **project “failures”** (e.g. France, Croatia, UK) although not necessarily leading to loan defaults
- **Financing** no longer appears to be **an issue** in the most mature countries (pricing is even going down) but remains critical in other countries



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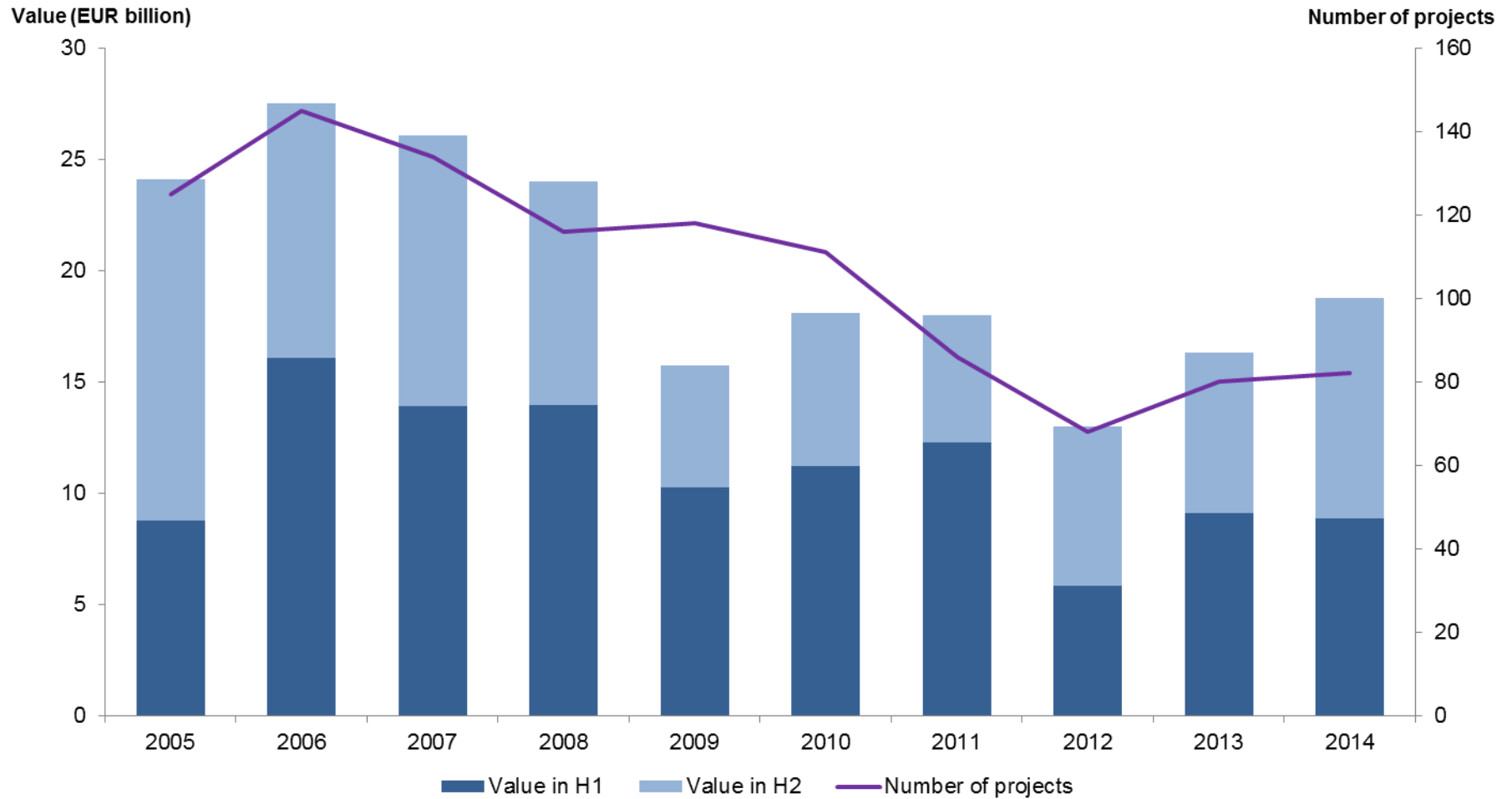
European Investment Bank

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The European PPP Market in 2014



Source: EPEC PPP Database

Country and sector breakdown (last 5 years)

