

EUROPEAN PPP EXPERTISE CENTRE

Market Update

Review of the European public-private partnership market in 2021

March 2022



European
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Headlines

- 40 public-private partnership transactions reached financial close for an aggregate value of €8.0 billion.
- In value terms, the market decreased by 13% compared to 2020.
- Despite expectations of a greater reduction in activity due to the impact of the COVID-19 pandemic, the number of projects decreased by just 7% compared to 2020.
- The most active markets were Italy in value terms and France in terms of the number of projects.
- 13 countries closed at least one public-private partnership project compared to 11 in 2020.
- Transport was the largest sector both in terms of value and number of projects.
- The rise in demand/revenue-based projects has continued with more than two-thirds of transactions taking this form.

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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. Where appropriate, the data have been cross-checked against the EIB's own project files. The list of public-private partnership 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 public-private partnership 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 have reached financial close in the EU-27 countries, the United Kingdom, Turkey and countries of the Western Balkans (Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro and Serbia);
- transactions structured as design-build-finance-operate (DBFO) transactions, design-build-finance-maintain (DBFM) transactions or concession arrangements that 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;
- transactions of a value (see definition below) of at least €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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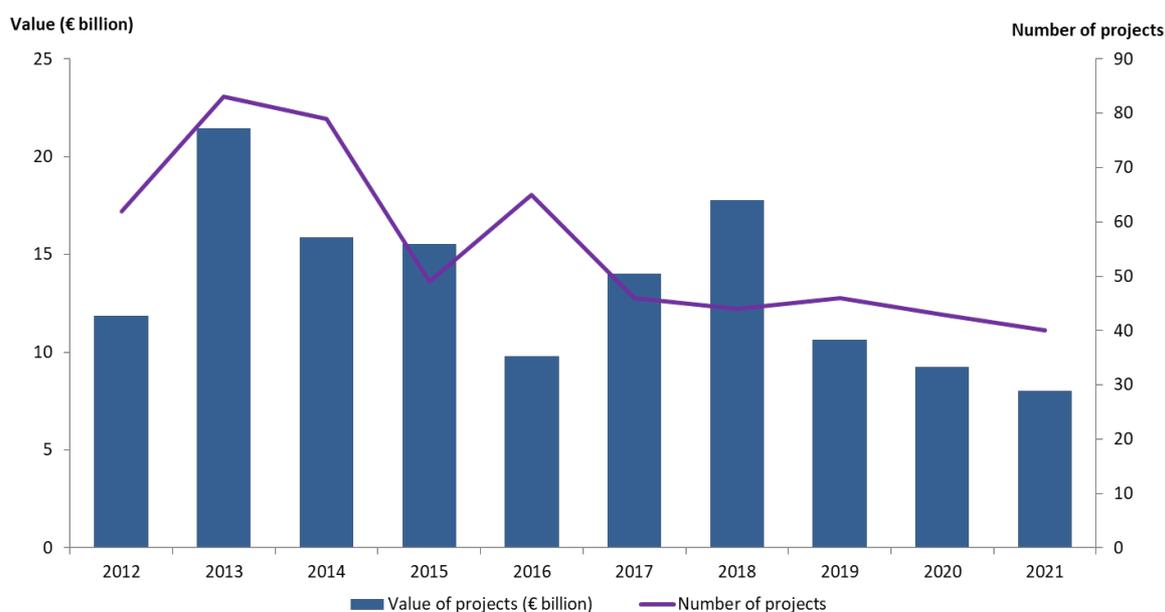
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1. OVERVIEW

In 2021, the **aggregate value** of public-private partnership transactions¹ that reached financial close in the **European market**² totalled **€8.0 billion**, a 13% decrease from 2020 (€9.2 billion).

Figure 1: Ten-year view of the European PPP market by value and number of projects (2012-2021)



- The number of public-private partnership transactions reaching financial close fell slightly to **40**, compared to 43 in 2020.
- The average transaction size decreased to **€201 million** (€215 million in 2020).
- **Three large transactions**³ were closed in 2021 compared to seven in 2020. Their aggregate value amounted to **€3.8 billion**, representing 47% of the total market value (compared to 60% in 2020). The large transactions reaching financial close in 2021 were⁴:
 - Pedemontana Lombarda Motorway (Italy) — **€2.1 billion**;
 - Aydin-Denizli-Burdur Motorway (Turkey) — **€1.1 billion**;
 - D4 Expressway (Haje-Mirotice) (Czech Republic) — **€530 million**.
- Closed **demand/revenue-based** transactions rose to **68%** in 2021 (61% in 2020), representing a significant increase compared to 2012 when only 8% of the transactions reaching financial close were **demand-based public-private partnerships**.
- A slight decline in the number of closed public-private partnership deals in 2021 (40 projects compared to 43 in 2020) suggests that the impact of COVID-19 on project preparation and procurement has been less severe than expected. However, the effects of the pandemic are still unfolding and are likely to be seen in the following years.

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

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

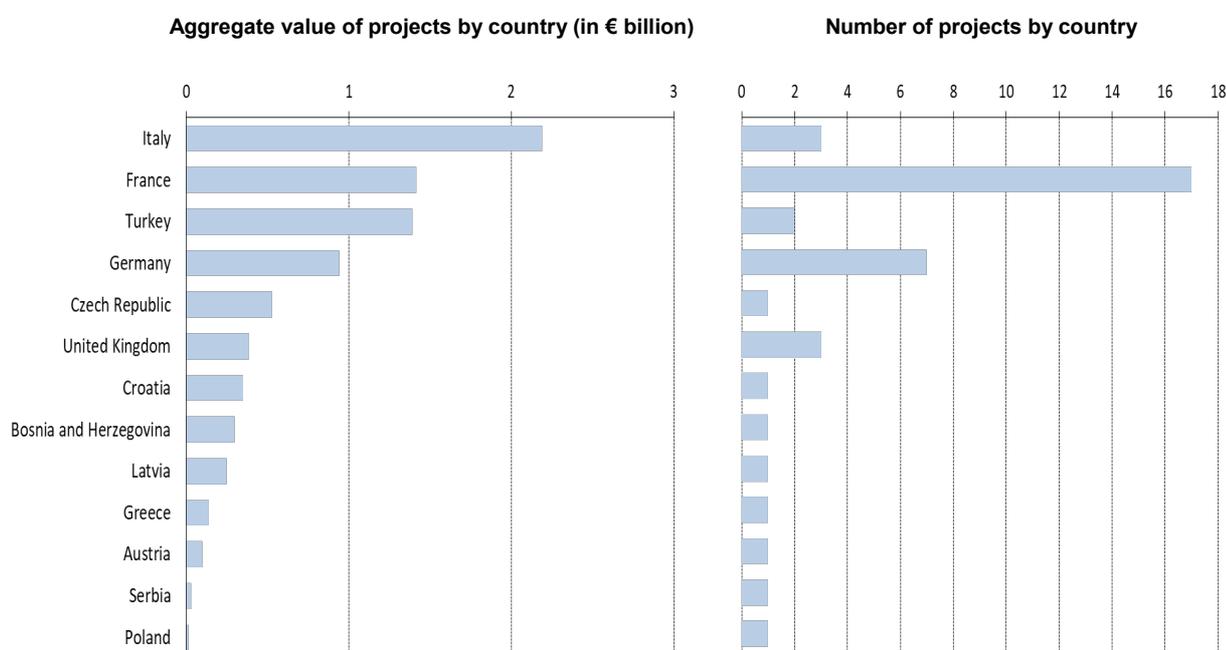
³ Defined as deals of €500 million or greater.

⁴ See Annex 1 for more details.

2. COUNTRY BREAKDOWN

- As Figure 2 shows, **Italy was the largest public-private partnership market in Europe** in terms of **value**, with a total of €2.2 billion (€473 million in 2020). The particularly high value of projects in Italy in 2021 is due to the inclusion of the Pedemontana Lombarda Motorway Concession (€2.1 billion). The contract was awarded in 2008 with total investment costs estimated at €4.1 billion. Sections A and B1 (including the Varese and Como ring roads) have been completed and have been in operation since 2015. The construction of sections B2 and C, for which the financial close was reached in 2021, is scheduled to begin in the second half of 2022 and be completed in late 2025. The construction of section D is expected to start in 2025.
- France was the largest public-private partnership market in terms of the **number of projects**, with 17 deals closed (17 deals were also closed in 2020).

Figure 2: Country breakdown by value and number of PPP projects in 2021

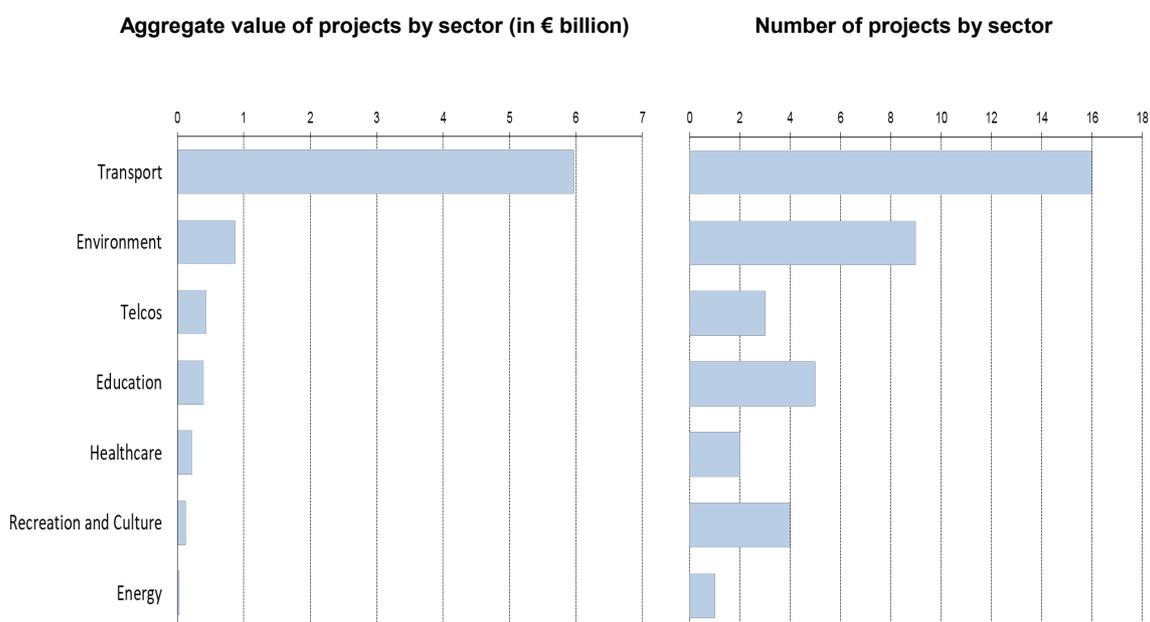


- **France was the second largest public-private partnership market in terms of value**, with a total of €1.4 billion (€2.4 billion in 2020).
- **Five countries closed at least two deals** (five countries in 2020 as well) and **13 countries closed at least one public-private partnership transaction** (compared to 11 in 2020).
- As shown in Annex 2, over the past five years, **France** and the **United Kingdom** have led the European public-private partnership market in terms of **the total number of deals closed**.

3. SECTOR BREAKDOWN

- As shown in Figure 3, in 2021 the **transport sector** remained the largest in value terms with €6.0 billion worth of transactions (€5.8 billion in 2020). The number of projects increased, with 16 transport projects reaching financial close in 2021 compared to 12 in 2020⁵.
- Nine projects closed in the **environment sector** with an aggregate value of €866 million (€658 million in 2020). It was the second most active sector in terms of value and the number of projects and included four district heating projects — all of which were in France — with an aggregate value of €385 million.
- The **telecommunications sector** closed three projects compared to four in 2020 with an aggregate value of €427 million (€1.1 billion in 2020). All three were broadband transactions in France.
- In the **education sector**, the number of projects that reached financial close decreased from 11 to five and the aggregate value similarly declined to €391 million (€866 million in 2020).
- The **recreation and culture sector** recorded four transactions compared to six in 2020 with an aggregate value of €126 million (€410 million in 2020). Three were aquatic centres (France, Germany and Poland).

Figure 3: Sector breakdown by value and number of PPP projects in 2021



⁵ See Annex 3 for more details on the evolution of the public-private partnership market in the transport, telecommunications and environment sectors over the last five years.

4. FINANCING⁶

- **14 of the 40** transactions that reached financial close in 2021 (compared to 10 out of 43 in 2020) involved the provision of debt by institutional investors (such as insurance companies and pension funds) through a variety of financing models.
- While three countries closed transactions involving institutional investor debt in 2020, seven countries (Austria, Bosnia and Herzegovina, France, Italy, Latvia, Serbia and the United Kingdom) benefited from institutional investor involvement in 2021.
- The role of the **European Union, national governments** and **public financial institutions** (domestic or supranational) remains relatively limited in 2021. As far as the EIB is concerned:
 - **Five of the 40 public-private partnership projects** that reached financial close during the year were financed by the EIB in 2021, for an aggregate lending volume of €827 million⁷.
 - The five projects in question were the **Vienna School Campus PPP (Rappachgasse and Landgutgasse)** in Austria, the **German Rolling Stock - Regensburg Donautal** and **Innovative Trains - North East Germany** in Germany, the **Pedemontana Lombarda Toll Motorway** in Italy and the **Kekava Bypass (E67/A7)** in Latvia.

5. NOTEWORTHY TRANSACTIONS

The following noteworthy public-private partnership projects reached financial close in 2021:

- The **Kekava Bypass (E67/A7) PPP** (€250 million) reached financial close in Latvia in 2021. This is the first public-private partnership transaction in Latvia since EPEC started collecting data for the European public-private partnership market (EPEC provided advisory support).
- The **D4 Expressway (Haje-Mirotice) PPP** (€530 million) reached financial close in the Czech Republic in 2021. This is the first public-private partnership road project in the Czech Republic and the second largest public-private partnership transaction since 1995 (EPEC provided advisory support).
- The **Jura, Doubs** and **Grand Paris Express** broadband network projects reached financial close in France. These broadband public-private partnership projects are part of the **Tres Haut Débit** government programme to improve high-speed internet provision.
- The **Vienna School Campus PPP (Rappachgasse and Landgutgasse)** (€100 million) reached financial close in Austria as part of its wider investment programme for education public-private partnerships announced for Vienna.

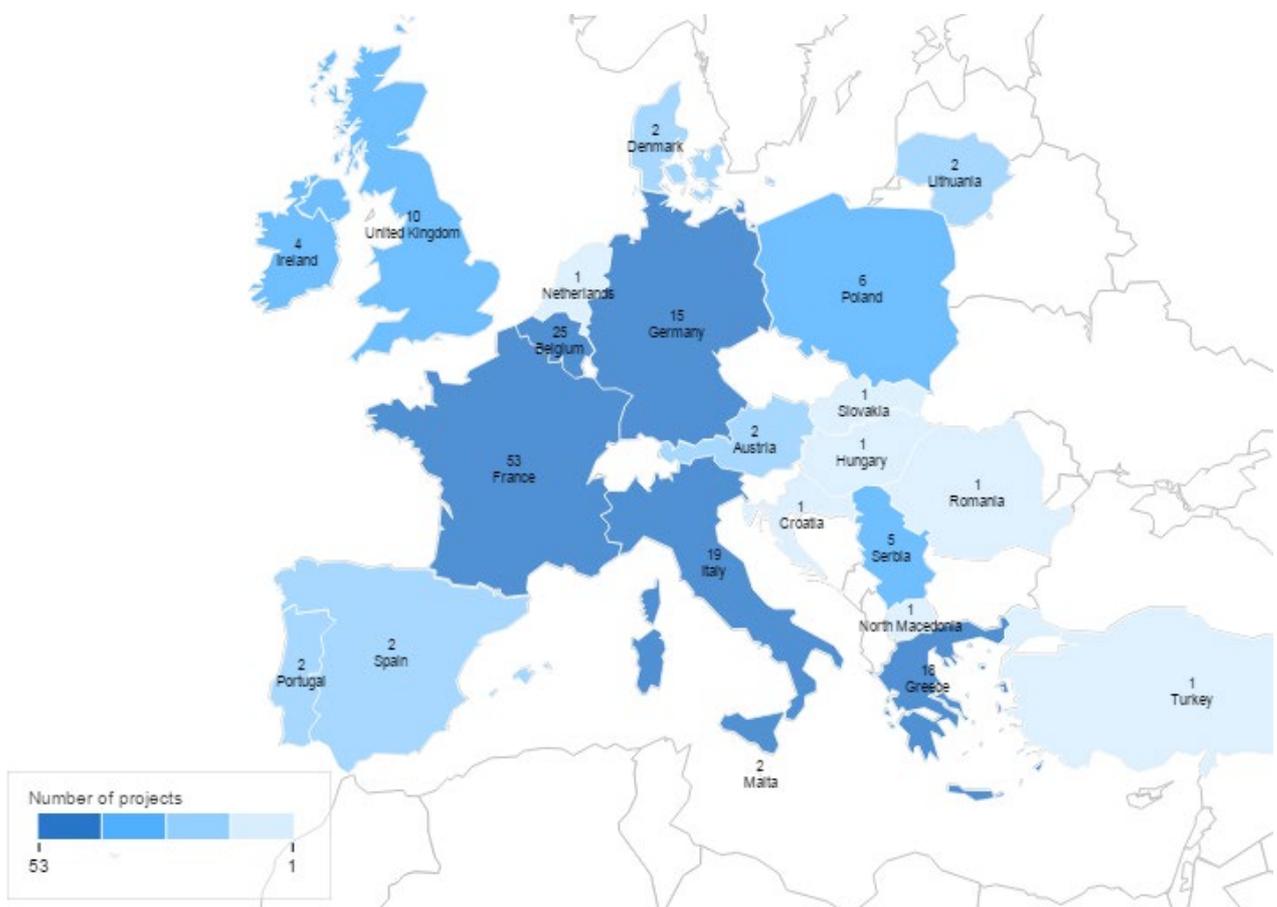
⁶ As the availability and quality of data on financing terms is limited in places, the information provided in this section should be treated with caution.

⁷ In 2021, the EIB also provided lending to two public-private partnerships that reached financial close in 2020 (Sofia Airport Concession in Bulgaria and Olsztyn Waste-to-Energy Plant in Poland). Annual updates of the list of public-private partnerships financed by the European Investment Bank are available at: [Public-private partnerships financed by the European Investment Bank from 1990 to 2021](#)

6. PROJECT PIPELINE

- As Figure 4 shows, the three countries with the highest number of projects in the pipeline⁸ are France (53 projects), Belgium (25 projects) and Italy (19 projects).
- Despite the fact that the central government in the United Kingdom ended the use of PFI and PF2 for new projects, a public-private partnership model continues to be used across multiple sectors in the country, including student housing, care homes and energy-from-waste.

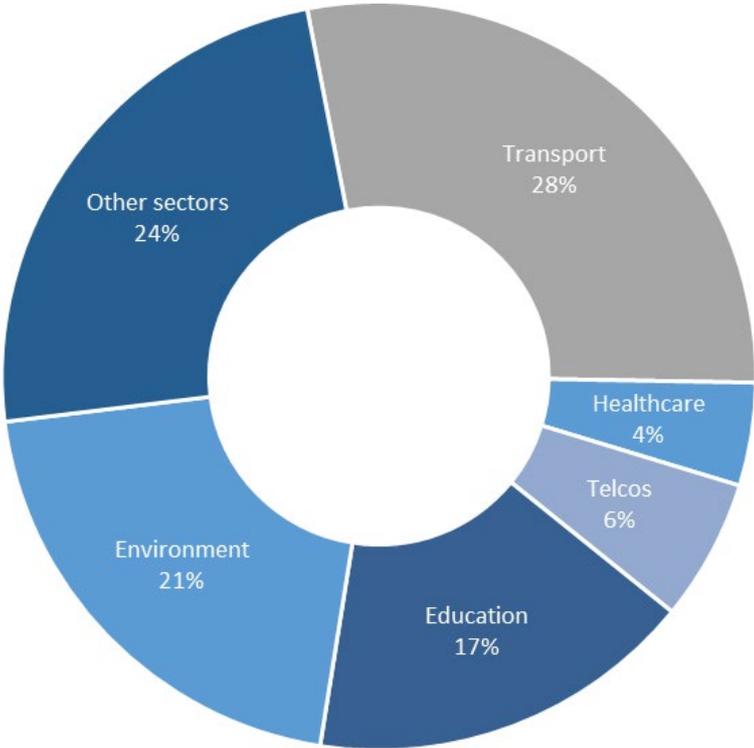
Figure 4: Number of PPP pipeline projects by country



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

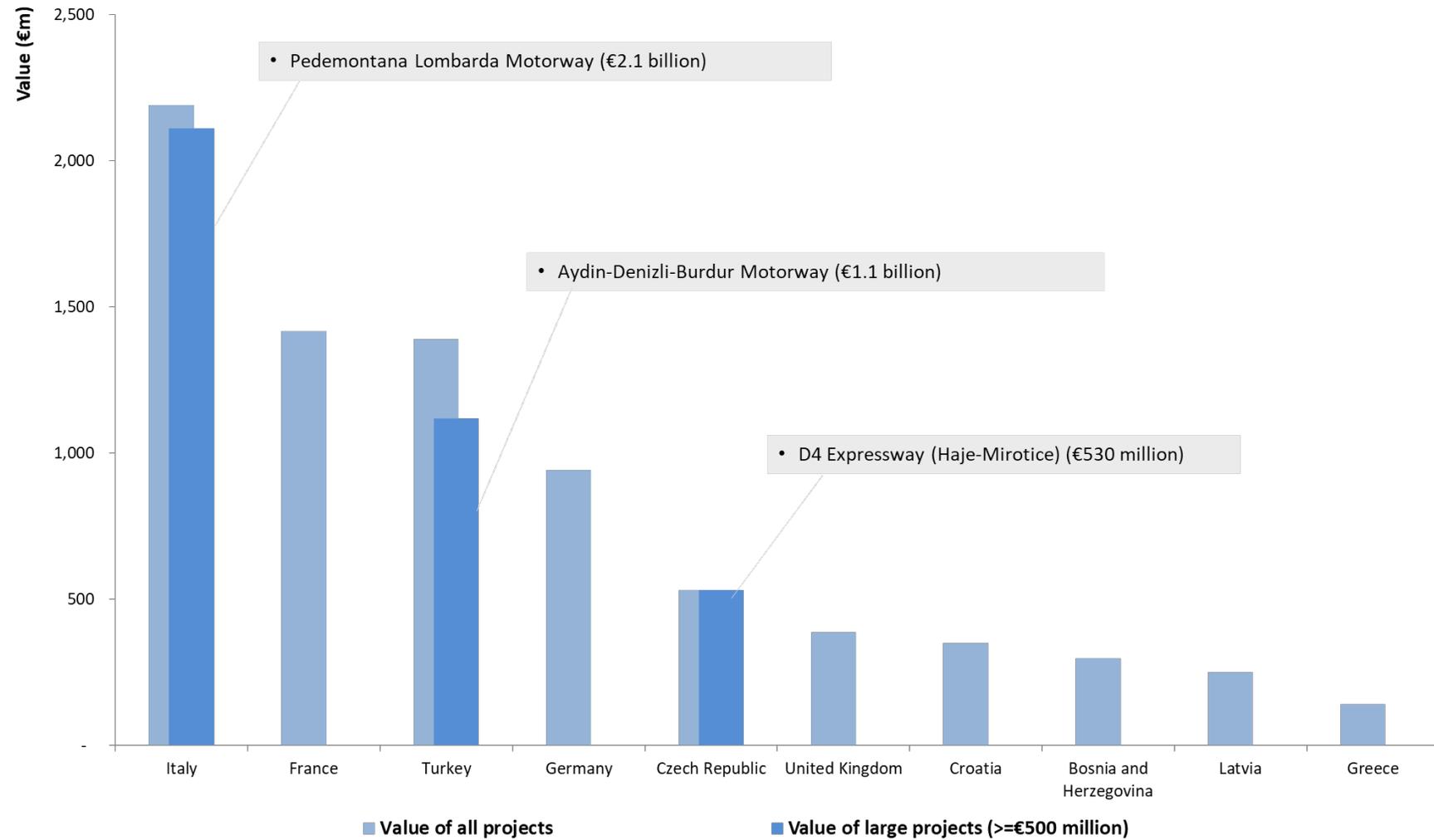
- In terms of the **number of projects**, the transport sector continues to dominate the pipeline, followed by the environment sector and the education sector (Figure 5).
- More than two-thirds of the French project pipeline are in the environment and transport sectors. Of the 20 environment projects, 14 are for district heating, and of the 18 transport projects, six are for urban transport and three for railways.
- Austria has tendered a concession for the development of the fibre network in the Liezen district. This project involves the 50-year design, build, finance, operation and maintenance of the regional fibre network and is part of the government's strategic plan to deploy fibre access throughout the country.

Figure 5: Number of projects by sector in the pipeline

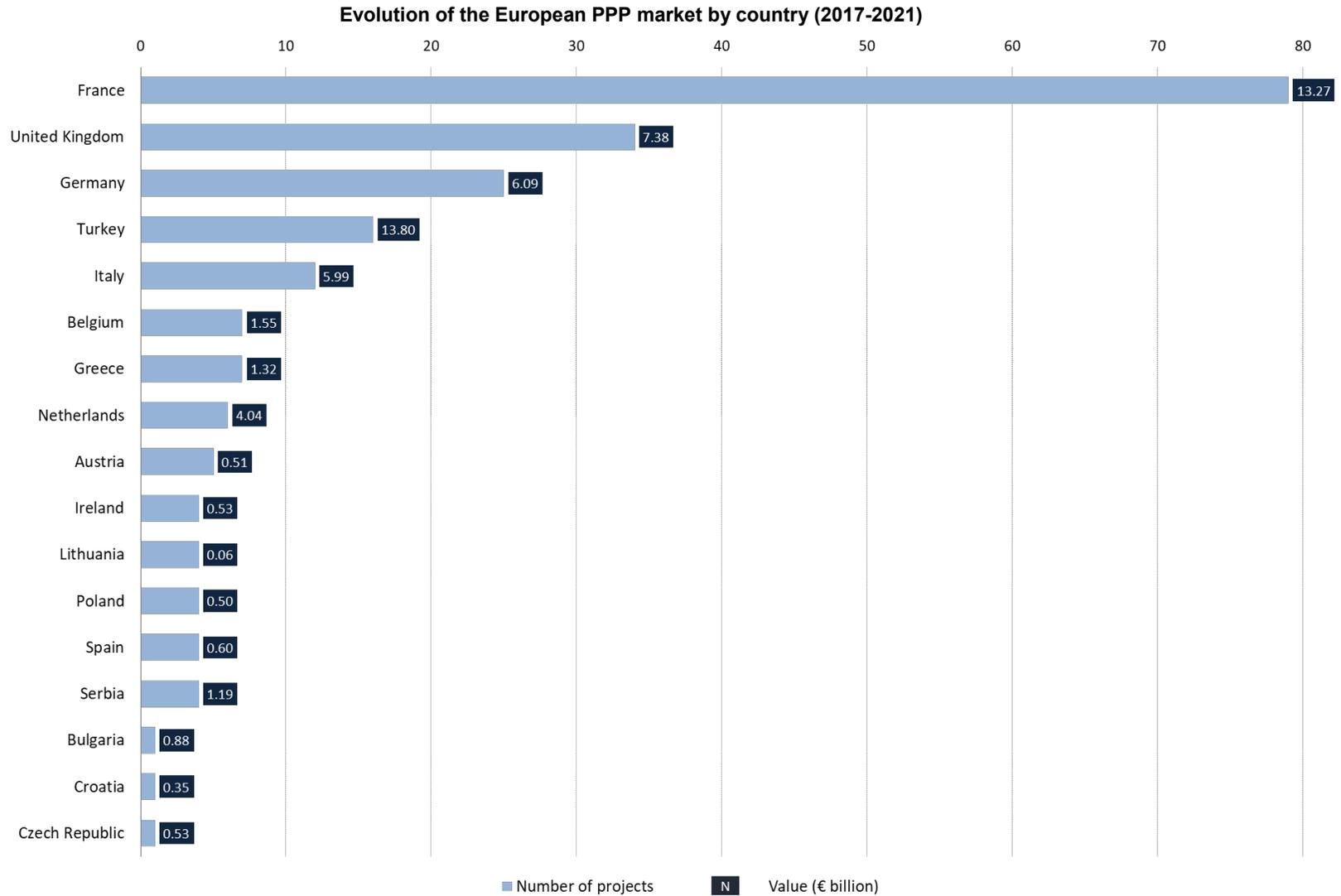


Annex 1

Large PPP projects (€500 million or more) as a proportion of overall activity in 2021

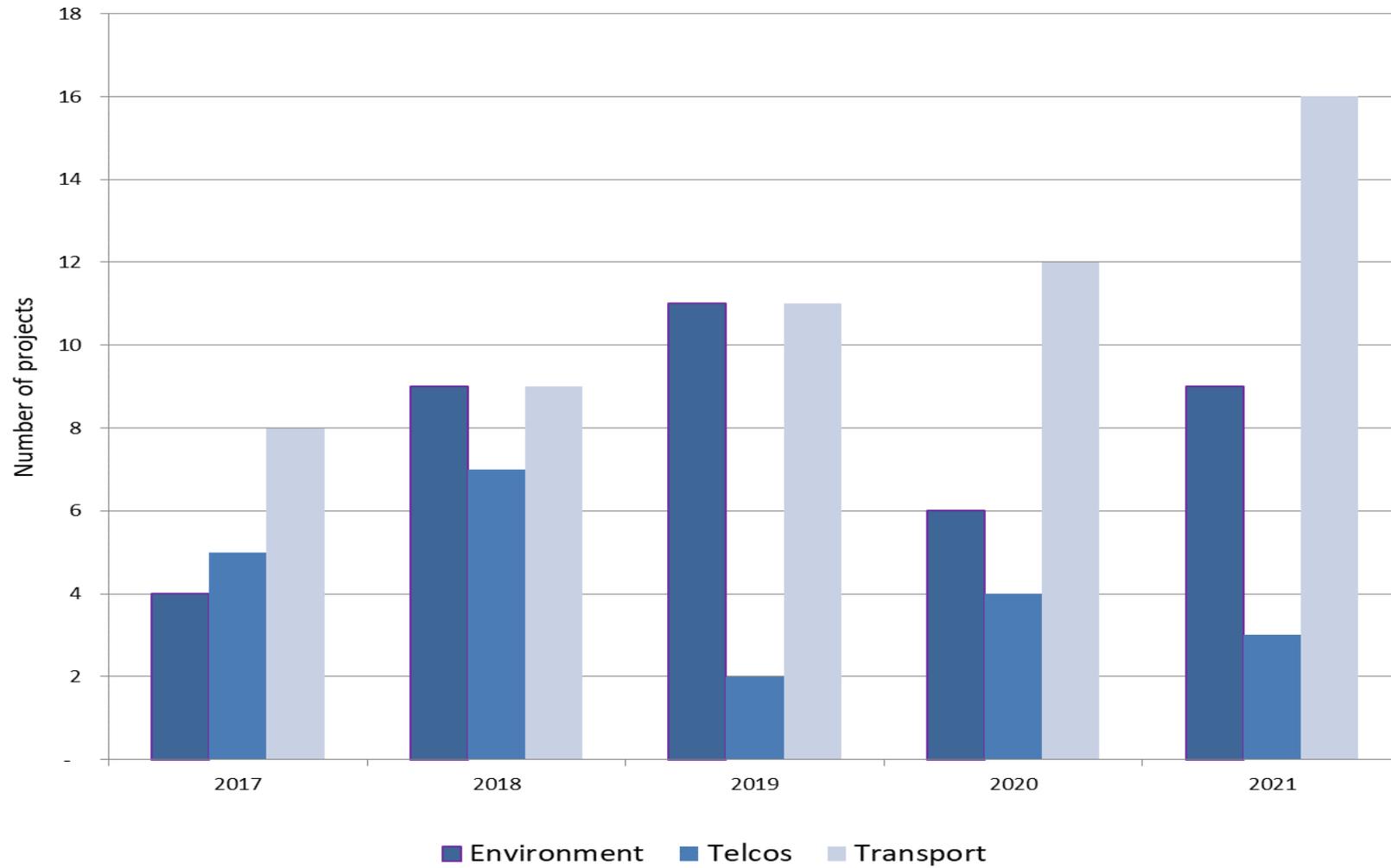


Annex 2

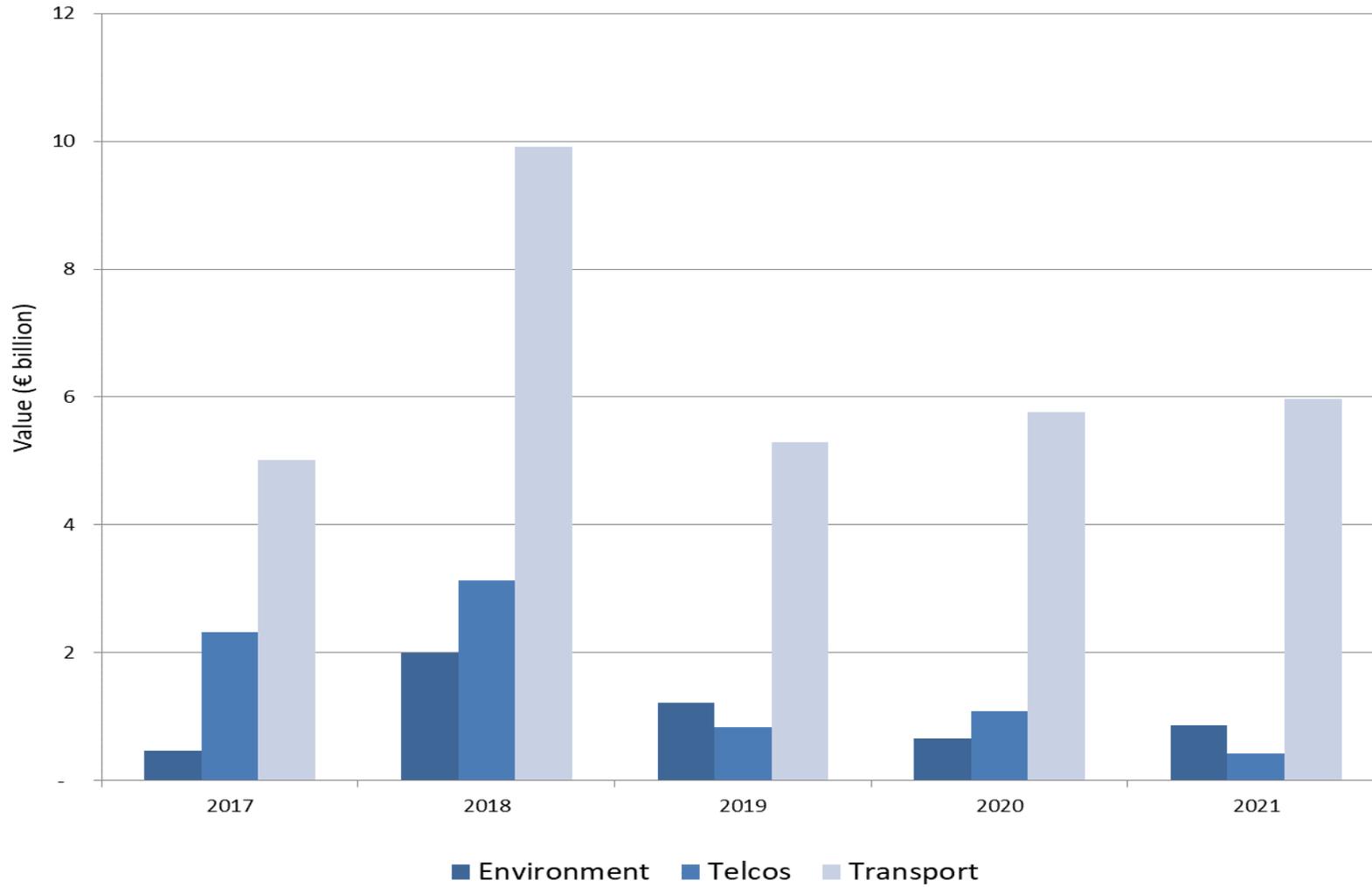


Annex 3

Evolution of the main PPP sectors by project number (2017-2021)



Evolution of the main PPP sectors by project value (2017-2021)



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