



PPPs – overview of recent practical guidelines

Presentation by Eurostat

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Why produce the Guide?

- PPPs have an **important role** in boosting infrastructure investment
- Concerns about “Eurostat rules” **being an obstacle** to PPP deal flow
- Calls for more **clarity and stability** around the rules
- In some MS, the statistical treatment plays a **key role** in decision to procure PPPs





What is current use of PPPs in Member States?

Active users: BE, UK, IE, FR, NL, ES, PT

Less active users: SK, LT, SE

Non-users: BG, CZ, RO

Mainly used for infrastructure but also hospitals, prisons schools, waste, water treatment, public buildings





What is current recording of PPPs in MS?

Large MS (FR, IT, DE, PL and ES) – almost all ON BS

UK, BE, IE and NL - mixed

Collect data in the questionnaire related to EDP and contingent liabilities questionnaire





What is the Guide?

Aimed (mainly) at public sector PPP stakeholders

A practical and user-friendly guide on the statistical treatment of PPPs

- Captures **EU-wide** market practice
- Covers **typical PPP** contract provisions and structures
- **Links** the statistical rules to real PPP contract provisions
- **Clarifies** how specific contract provisions affect the statistical treatment
- Helps to **reach a conclusion** on the on/ off B-S treatment

About the Guide

- Explains Eurostat's **interpretation** of the rules and **approach** to assessing statistical treatment
- Based on **existing rules** (ESA 2010, MGDD 2016)
- **Clarifies** (but does not change) the existing rules
- Constitutes **official Eurostat guidance**



About the Guide

- Applies to PPPs only
 - not concessions
- Applies to projects that reach financial close after 29 Sept 2016
- Will assist national statistical authorities as well as PPP practitioners





How the Guide is structured

- **Introduction:** approach, scope and limitations
- **Chapter 1:** background to the Eurostat rules
- **Chapter 2:** what makes a project a PPP (Eurostat's definition)
- **Chapter 3:** how PPP contract provisions influence the statistical treatment
- **Chapter 4:** Eurostat's methodology for reaching a conclusion
- **Annex:** summary of issues that influence statistical treatment





Chapter 2: Is the project a PPP?

- Sector classification issues
 - **The sector classification of the contracting parties**
- Revenues received from the project
 - **The source of the Partner's revenues**
 - **The amount of revenues received by the Authority**
- The asset
 - **The type of asset**
 - **The nature of the works**
 - **The economic life of the asset**
- The scope of services provided by the partner (core maintenance / secondary)

Chapter 3: The influence of PPP contract provisions

- Theme 1** – The project site
- Theme 2** – Design and construction of the asset
- Theme 3** – Operation and maintenance of the asset
- Theme 4** – The payment mechanism
- Theme 5** – Other payment arrangements
- Theme 6** – Compensation, relief and force majeure events
- Theme 7** – Changes to the PPP contract
- Theme 8** – Changes in law
- Theme 9** – Insurance
- Theme 10** – Warranties and indemnities
- Theme 11** – Early termination of the PPP contract
- Theme 12** – Compensation on early termination of the PPP contract
- Theme 13** – Expiry of the PPP contract
- Theme 14** – Financing arrangements
- Theme 15** – Government influence
- Theme 16** – Miscellaneous provisions

Chapter 3: Continuation

Eurostat's comment:

- does not influence
- does influence
 - MODERATE
 - HIGH
 - VERY HIGH
 - ON BALANCE SHEET FOR GOVERNMENT

Chapter 4: Concluding the assessment

Step 1: identify issues that have an influence on the statistical treatment

- No influential issues – OFF B-S
- Influential (ON BALANCE SHEET) issues – ON B-S
- Influential (VERY HIGH/HIGH/MODERATE) issues – MOVE TO STEP 2. Look at threshold to decide ON or OFF

Chapter 4: Concluding the assessment

Step 3: reaching a conclusion

- If influential issues fall within specified thresholds → Strong presumption of OFF BALANCE SHEET treatment
- Otherwise → Strong presumption of ON BALANCE SHEET



Reaction to the Guide

- Positive response from PPP stakeholders (public and private)
- Various industry and country-wide dissemination events
- Translation proposed by several Member States

