OUR VISION FOR SUCCESSFUL PUBLIC SERVICES

E3PO is a Brussels based association that represents private companies or national and international federations of private companies operating in all EU member states in the field of public infrastructure and services, under partnership with local authorities. It began its activity at the end of 2008.

The sectors represented in E3PO have a consolidated expertise in the management of Services of General Economic Interest (SGEI). Together, the founding members of E3PO represent 1 200 000 jobs in Europe and operate in sectors such as energy efficiency, waste management, environmental services, water management, toll motorways and civil works, and catering services.

E3PO’s objective is to promote the benefits that public authorities and the users of public services can derive from the management of SGEI in partnership with the private sector. E3PO wants to make available to EU decision-makers the expertise and field understanding of its members. It seeks to establish a level playing field from a legislative and regulatory standpoint between public and private management of public infrastructure and services.

E3PO welcomed with a high interest the 2009 November 19 Communication from the Commission which meets its own observations and analysis.

THE BENEFITS OF PUBLIC-PRIVATE PARTNERSHIPS

• Cooperation between the public sector and the private sector to help organise public services goes back a very long time in Europe. Over the centuries, public authorities at the national or local level have entrusted companies, NGOs or private entities with the duties and rights linked to the operation of public services or to the construction and operation of public infrastructure. This delegation to the private sector of missions linked to public duties has often taken the form of concessions.

Public authorities have done it for a variety of reasons: to get technical expertise, to adapt or improve their services, to generate efficiency, to address management issues, to optimise funding and to attract private financing.

• The phrase ‘PPP’ usually relates to an agreement between a public authority and a private entity involving the delivery of an economic activity. PPPs are usually applied to the provision in whole or in part of a public service or to the construction or rehabilitation and operation of public infrastructure.
PPPs do not constitute a specific legal category in community legislation. However, the constitution of a PPP is predicated on the conclusion of a contract between a public and a private party and that is regulated by EU legislation.

- The benefits that the public sector can derive from PPPs are extensive:
  - commitment to a specified level of performance and of quality in delivery;
  - optimisation of the cost of assets over their life cycle;
  - innovative approach to problem solving linked to competition between service providers.

Whilst the public sector retains control of service delivery through the specifications of the contract, it can shed a significant part of the risks to the private partner. It can also use the PPP approach to incorporate objectives linked to its sustainability or social policies.

**EUROPE’S CHALLENGES AND THE ROLE OF PPPs**

- Europe is facing major investments to adapt its infrastructure to environmental standards and to develop it so as to integrate a single economic space. Climate change is going to add its fair share of public investments for adaptation and for mitigation purposes. The move to a green economy has to take place at a fast pace.

  At the same time, public budgets have to adapt to a dual challenge. As Europe’s population gets older, social costs are escalating. Simultaneously, the economic crisis is going to result in public austerity measures as countries try to reduce excessive levels of public debt in a context of slow growth, and strive to meet the Maastricht criteria of stability.

- As for the OECD countries, the gap in the EU between public investment needs and public financing capability is growing sharply. Public authorities at national and local level will have to reduce deficits.

  And yet, the quality of public services and infrastructure cannot be compromised. High quality public services are at the core of European development; citizens expect them to improve in pace with technological progress and environmental and social constraints.
The Community and Members States will therefore have to keep spending, but they will have to optimise their expenditure to drive for “value for money”. Partnerships with the private sector can help deliver users-friendly, innovative and competitive solutions. They can make public spending more efficient. They can additionally help channel private investment into public infrastructure.

- Yet PPPs in the European Union are not very widely spread. Recourse to PPPs for the management of public services or for the provision of infrastructure varies greatly depending on sectors and countries. Some countries use PPPs extensively for operation of public services, others for the construction of infrastructure. But most EU members have a limited experience of them – if any at all.

This situation results from a mix of misconceptions – in particular the fear of some public authorities to loose control, lack of understanding of the benefits, lack of capability to manage the process, and significant practical obstacles at Community and national levels.

**PARTNERING FOR SUCCESS**

E3PO believes that PPP must play an increased role in the management of public services and delivery of infrastructure to help Europe meet the unprecedented challenges that it faces.

By seeking private expertise to devise holistic solutions to their problems and to meet performance criteria, public authorities will improve the quality of infrastructure and public services. They will stimulate innovation and competitiveness; they will accelerate the move to a carbonless society. They will genuinely help turn major challenges into growth and opportunities for Europe.

The "measures to be taken to go ahead", stated in the Communication of November 19, 2009, and the key specific actions to be started in 2010, announced in its conclusion, meet the expectations of the E3PO members. Our association is ready to work with the Commission on the implementation of its recommendations, in particular on the following objectives:

- to clarify the regulatory status of PPPs at European level, in order to prevent legal uncertainty;
- to help identify obstacles to PPPs through a dialogue with stakeholders;
- to ensure that public authorities have a fair access to EU funding and subsidies for infrastructure whatever the operating mode (public or private) applying to specific projects;
- to use existing community tools to assist in spreading information on PPPs and to identify national obstacles (such as differential VAT treatment);
- to help build the capacity of local decision makers to handle PPPs;
- to focus on the public investment needs of the EU and to consider how to channel private funding efficiently to complement tight public funding.

Brussels, 10th February 2010