

Finland: European and Nordic support for first Finnish PPP financing for public schools



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- **First municipal PPP financing in Finland, set to expand and improve education facilities in Espoo to promote inclusion, life-long learning and further improve quality of education.**
- **European Investment Bank (EUR 60m) and Nordic Investment Bank (up to EUR 75 m) and OP Corporate Bank (up to EUR 35 m) contribute with loans with 21.5 year tenor.**
- **Financing supported by European Commission's European Fund for Strategic Investments**

The city of Espoo has closed the first Finnish public-private-partnership (PPP) financing in support of public education infrastructure. Kumppanuuskoulut Oy, the special purpose vehicle that was founded for this purpose, will support the construction of eight schools and day-care centres, which will serve 4000 children and young people. The European Investment Bank has contributed with a 21.5-year tenor EUR 60 million loan, made available under the European Fund for Strategic Investments (EFSI), part of the Investment Plan for Europe. In addition, the Nordic Investment Bank (NIB) has provided an equally long-term loan of up to EUR 75 million to the project.

The agreement between Kumppanuuskoulut, the service provider, and the City of Espoo is the first municipal project to be carried out using the Public-Private Partnership (PPP) model in Finland. The new facilities are set to open their doors in the period between 2022 and 2024. Kumppanuuskoulut is responsible for the project's financing, planning, construction and

maintenance until the year 2042.

*"This project can really be a game changer for Finland. It's an excellent example of how the public sector can use financing under the "Investment Plan for Europe" to get private investors on board for the public good." EIB Vice-President **Thomas Östros** stated. "Finland is already topping the charts when it comes to successful education, and it's encouraging to see that they keep investing to provide children with the best possible facilities to learn and study in."*

Paolo Gentiloni, European Commissioner for the Economy, said: *"Thanks to a combination of EU support and private investment, the city of Espoo will soon have new schools and day-care centres that will be enjoyed by some 4,000 children and young people. I am pleased that the Investment Plan for Europe is helping to support education projects, and I congratulate Espoo for signing the first municipal public-private-partnership in Finland."*

*"The project has measurable sustainability targets and is the first of its kind to be implemented by a Finnish municipality for building construction", says **Henrik Normann**, NIB President & CEO. "Investments in early childhood education will allow Espoo to keep class sizes small and to provide advanced learning environments. This is expected to have positive and widely distributed effects on academic and labour market outcomes."*

*"The Espoo PPP project is an important milestone for the Finnish market, and an excellent example of seamless co-operation between the municipality, investor consortium and financial institutions," stated **Katja Keitaanniemi**, CEO of OP Corporate Bank plc, who acted as the sole commercial lender and the global agent in the transaction.*

The project will deliver on Espoo's commitment to school network optimisation and modernisation, and includes buildings to be constructed in focus areas with a growing population. Apart from being specifically designed to facilitate the use of modern pedagogical approaches and the use of ICT, the schools will also adhere to high energy efficiency standards, thus bringing additional value to the project in respect of EU objectives.

*"We are extremely happy to contribute from our part to the City of Espoo's "Schools in shape" programme, delivering facilities that are guaranteed to be safe, healthy and functional for children." Said **Jaakko Kouvalainen**, CEO of Kumppanuuskoulut Oy*

Consistent with the EU 2020 strategy, the school strategy is pursuing four high-level goals; promoting equality and inclusion; promoting quality learning outcomes; promoting lifelong learning; and to plan for an education that is relevant to personal, social, cultural and economic needs. The EIB offers long-term financing for sound and sustainable investment projects which contribute to furthering EU policy objectives, making this project an excellent fit.

Background information:

The **Nordic Investment Bank** (NIB) is an international financial institution owned by eight member countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Bank finances private and public projects in and outside the member countries. NIB has the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's.

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Kumppanuuskoulut Oy is a project company formed by Meridiam Investments II and YIT Suomi Oy. Meridiam is a company specialising in social infrastructure, energy and traffic projects, and it has led, managed and invested in 80 PPP projects of various types, totalling over EUR 7 billion. YIT is the largest Finnish and significant North European construction company and total revenues in 2019 was EUR 3.4 Bln. YIT develop and build apartments, business premises, entire areas and it is also specialised in demanding infrastructure construction.