

Name of project: **E18 Program in Finland**

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Public Organization, managing the public interest: **Finnish Transport Agency**

Private Organization, developing the project: Several project companies, e.g. **Tieyhtio Vaalimaa Oy**

Capital Providers, financing the project: **private equity investors, European Investment Bank**

Why is this project a Case Study for PPPs: **an example of series of PPP projects fulfilling a strategic program**

Why is this project a Case Study for PPPs based on SDGs: **the E18 program demonstrates long-term planning of transport system, where PPPs can play a socially and financially sustainable role**

Context	→	To connect the capitals of Helsinki and Russia by high-capacity transport links
Strategy	→	Speeding the implementation by utilizing PPPs
Project KPI's	→	New, high-quality links without compromising routine project appraisal
Impact	→	Long-term impacts on the economy, traffic safety, international connectivity
Scale up & replicate	→	Scalable when institutional capacities and political stability is present
Management Team	→	Finnish Ministry of Transport and Communications, Finnish Transport Agency

Strategy:

- 1) A strong political and societal consensus was built, and a strategic development program to operationalize the shared vision was initiated. Also the logic favored the vision: after Soviet Union's collapse the Finnish-Russian trade was plunging and new concrete initiatives were needed.
- 2) The program was designed to include a series of projects, the first of which were necessary anyway and would be a 'no regret' strategy for Finland. Projects nearest to Helsinki were carried out first and answered not only to the strategic program but to the needs of population concentration to the Helsinki capital region.
- 3) All projects, even when developed as PPPs, were subject to routine feasibility analysis, design processes and social and environmental impact assessments. This way, the public interests were not compromised at any stage. The first project contracts were signed in 2005 and the most recent project contract has been just signed.
- 4) All projects so far have been considered moderate successes. Minor technical difficulties, that are not associated with the procurement model, have been faced e.g. regarding tunnel systems. No serious budget, time or quality issues have been experienced. However, projects are still in the or construction operating phase.
- 5) All projects are based on availability and quality of service payments. The very first PPP project was based on shadow tolls (this project not being part of the program), but this payment mechanism was considered non-sustainable. Also institutional financiers such as the EIB provide good control mechanisms for projects.

TASK FORCE to explore ways of contributing to the Sustainable Development Goals

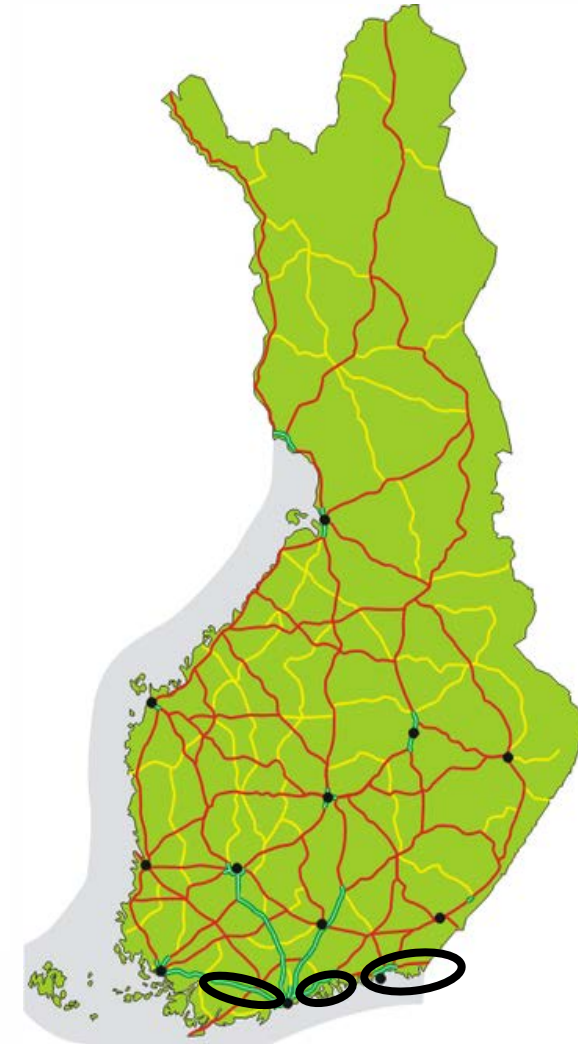
Project KPI's:

1) Projects:

- Project 1: E18 Muurla-Lohja, signed 2005, opened for traffic 2009, 700 MEUR – CAPEX 300 MEUR, OPEX 400 MEUR;
- Project 2: E18 Koskenkylä-Kotka, signed 2011, opened for traffic 2014, 623 MEUR – CAPEX 285, OPEX 338 MEUR; <http://www.liikennevirasto.fi/e18koskenkyla-kotka#.VtPmm01f1RA>
- Project 3: E18 Hamina-Vaalimaa, signed 2015, under construction, 378 MEUR – CAPEX 265 MEUR, OPEX 113 MEUR; <http://www.liikennevirasto.fi/e18vaalimaa#.VtPnFE1f1RA>

2) The financing is typical for basic project company arrangements, equity inputs from companies and institutional investors, debt input from major investment and commercial banks

3) For most projects there was multi-step development stages: network planning, project feasibility studies, programming, initial calls for expression of interest, pre-selection and call for tenders, possibly another round of tenders, negotiations, signing, commencement of construction, monitoring of construction, delivery and acceptance, opening for traffic. All these stages included standard public consultations and hearings.



Impact on People & Planet:

- 1) The projects will relieve congestion from the old roads and reduce travel times significantly
- 2) Especially southern coast areas are linked to the capital region, hence improving the level of service and expanding the commuting radius from Helsinki.
- 3) All projects have undergone a standard environmental impact assessment and these externalities have been internalized into the cost-benefit analyses. Even if carbon releases are reduced in the short run, new roads also generate more road transport and result in a considerable carbon footprint during their construction, so the net effect may not be positive.
- 4) For people's everyday life, the new roads provide better safety and generate better possibilities to access new labor markets, since the best supply of jobs is in Helsinki area. For international transports between Finland and Russia the new links provide great improvements. Especially the border-crossing arrangements are improved in conjunction with the road projects.

TASK FORCE to explore ways of contributing to the Sustainable Development Goals



UNITED NATIONS
Economic Commission for Europe
Business Advisory Board on PPP's

SDGs	Sustainable Development Goals	no impact	some impact	high impact	describe impact
1	end poverty				
2	end hunger				
3	well being - healthy lives				
4	quality education				
5	gender equality				
6	water and sanitation for all				
7	affordable and sustainable energy				
8	economic growth & decent jobs for all		✓		The projects improve the quality and resilience of the infrastructures.
9	resilient infrastructure, sustainable industrialization, foster innovation		✓		
10	reduce inequalities within and among countries				
11	cities inclusive, safe, resilient and sustainable		✓		The projects improve traffic safety.
12	responsible consumption by all				
13	combat climate change				
14	protect the ocean				
15	take care of the earth				
16	peaceful and inclusive societies, justice for all, accountable institutions at all levels		✓		The projects enhance international trade and cultural exchange.
17	mechanisms and partnerships to reach the goals				

The projects improve connectivity and functioning of labour markets.

The projects improve the quality and resilience of the infrastructures.

The projects improve traffic safety.

The projects enhance international trade and cultural exchange.

Scalability & Replicability of the (Case Study) project:

- 1) Can we scale up and replicate within the country? **Yes, for example when strategic investment programs are devised and agreed upon. These programs could well be international, involving more than one countries.**
- 2) Can we scale up and replicate the project globally? **Yes, same as above. However, it takes a long time to define and commit to long-term investment programs. International institutions can play a key role.**
- 3) Can we extrapolate the experience to other sectors? **Possibly, it would be worth experimenting.**
- 4) Describe the main key success factors for scaling up and replicating? **The main issue is strategic thinking and long-term commitment. This in turn requires some institutional maturity and stability. To avoid political turnarounds programs should be internationally driven with right kind of incentives.**
- 5) Describe what should be avoided in future projects? **Strong one-sided agendas and lack of transparency.**

People First is also about the Management Team that made it happen:

- 1) The main public organization was probably the Ministry of Transport and Communications, but even before that there were strong unofficial think tanks that initiated the strategies.
- 2) Investment banks and especially the European Commission and the European Investment Bank played key roles. The first mentioned as a high-level platform, since the program was perfectly in line with EU's TEN-T strategy, and the latter through rigorous project appraisal and monitoring.
- 3) A key success factor was also the project management skill that the Finnish Transport Agency had in designing and launching major projects. Also a substantial amount of preparatory analysis was carried out (in fact, almost a decade).
- 4) Curtin University would be proud to offer consultation and support for SDG -related activities
- 5) Sustainable development is in the core of Curtin's teaching and research portfolio.